

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	December 31, 2020	September 30, 2020	December 31, 2019
	(Unaudited)	(Unaudited)	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 46,795	\$ 75,169	\$ 18,335
Marketable securities	76,928	49,623	-
Accounts receivable, net	31,675	42,222	34,476
Income taxes receivable	68	81	82
Prepaid expenses and other current assets	15,588	12,561	9,920
Total current assets	171,054	179,656	62,813
Property and equipment, net	46,418	47,493	46,136
Operating lease right of use assets	10,150	10,844	12,842
Marketable securities, less current portion	40	40	40
Deferred income taxes	1,530	1,428	1,319
Goodwill	77,753	77,126	77,102
Other assets	7,233	7,459	9,117
Total assets	\$ 314,178	\$ 324,046	\$ 209,369
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 4,587	\$ 12,437	\$ 12,020
Deferred revenue	933	797	976
Operating lease liability obligations	2,465	2,654	2,056
Income taxes payable	253	153	178
Other current liabilities	17,560	17,584	13,398
Total current liabilities	25,798	33,625	28,628
Convertible senior notes, net	100,945	99,937	-
Operating lease liability obligations, less current portions	11,265	11,745	13,488
Deferred income taxes	279	251	239
Deferred revenue, less current portion	220	230	161
Other long-term liabilities	479	579	316
Total liabilities	138,986	146,367	42,832
Commitments and contingencies			
Stockholders' equity:			
Convertible preferred stock, \$0.001 par value; 7,500 shares authorized; no shares issued and outstanding	-	-	-
Common stock, \$0.001 par value; 300,000 shares authorized; 123,653, 122,824 and 118,368 shares issued and outstanding at December 31, 2020, September 30, 2020 and December 31, 2019, respectively	124	123	118
Additional paid-in capital	556,512	552,559	530,285
Accumulated other comprehensive loss	(7,511)	(9,379)	(9,210)
Accumulated deficit	(373,933)	(365,624)	(354,656)
Total stockholders' equity	175,192	177,679	166,537
Total liabilities and stockholders' equity	\$ 314,178	\$ 324,046	\$ 209,369

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended			Twelve Months Ended				
	December 31, 2020	September 30, 2020	Percent Change	December 31, 2019	Percent Change	December 31, 2020	December 31, 2019	Percent Change
Revenue	\$ 55,394	\$ 59,243	-6%	\$ 60,129	-8%	\$ 230,194	\$ 200,634	15%
Cost of revenue:								
Cost of services (1)	33,103	31,905	4%	28,586	16%	125,509	99,897	26%
Depreciation - network	5,468	5,602	-2%	5,288	3%	21,579	19,193	12%
Total cost of revenue	<u>38,571</u>	<u>37,507</u>	3%	<u>33,874</u>	14%	<u>147,088</u>	<u>119,090</u>	24%
Gross profit	16,823	21,736	-23%	26,255	-36%	83,106	81,544	2%
Gross profit percentage	30.4%	36.7%		43.7%		36.1%	40.6%	
Operating expenses:								
General and administrative (1)	7,464	7,751	-4%	7,554	-1%	31,284	30,785	2%
Sales and marketing (1)	9,666	10,456	-8%	10,399	-7%	42,945	43,078	0%
Research & development (1)	5,066	5,425	-7%	5,459	-7%	21,680	22,534	-4%
Depreciation and amortization	542	384	41%	328	65%	1,591	872	82%
Total operating expenses	<u>22,738</u>	<u>24,016</u>	-5%	<u>23,740</u>	-4%	<u>97,500</u>	<u>97,269</u>	0%
Operating (loss) income	(5,915)	(2,280)	NM	2,515	NM	(14,394)	(15,725)	NM
Other income (expense):								
Interest expense	(2,183)	(1,674)	NM	(45)	NM	(3,939)	(76)	NM
Interest income	29	10	NM	25	NM	69	427	NM
Other, net	28	25	NM	169	NM	(368)	80	NM
Total other (expense) income	<u>(2,126)</u>	<u>(1,639)</u>	NM	<u>149</u>	NM	<u>(4,238)</u>	<u>431</u>	NM
(Loss) income before income taxes	(8,041)	(3,919)	NM	2,664	NM	(18,632)	(15,294)	NM
Income tax expense	268	66	NM	206	NM	645	750	NM
Net (loss) income	<u>(8,309)</u>	<u>(3,985)</u>	NM	<u>2,458</u>	NM	<u>(19,277)</u>	<u>(16,044)</u>	NM
Net (loss) income per share:								
Basic	<u>\$ (0.07)</u>	<u>\$ (0.03)</u>		<u>\$ 0.02</u>		<u>\$ (0.16)</u>	<u>\$ (0.14)</u>	
Diluted	<u>\$ (0.07)</u>	<u>\$ (0.03)</u>		<u>\$ 0.02</u>		<u>\$ (0.16)</u>	<u>\$ (0.14)</u>	
Weighted average shares used in per share calculation:								
Basic	123,225	122,363		117,603		121,196	115,890	
Diluted	123,225	122,363		123,801		121,196	115,890	

(1) Includes share-based compensation (see supplemental table for figures)

LIMELIGHT NETWORKS, INC.
SUPPLEMENTAL FINANCIAL DATA
(In thousands)
(Unaudited)

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
	<u>December 31, 2020</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Share-based compensation:					
Cost of services	\$ 313	\$ 130	\$ 376	\$ 1,998	\$ 1,495
General and administrative	1,840	1,272	1,858	7,611	8,098
Sales and marketing	764	206	597	3,519	2,263
Research and development	562	315	484	2,589	1,922
Total share-based compensation	<u>\$ 3,479</u>	<u>\$ 1,923</u>	<u>\$ 3,315</u>	<u>\$ 15,717</u>	<u>\$ 13,778</u>
Depreciation and amortization:					
Network-related depreciation	\$ 5,468	\$ 5,602	\$ 5,288	\$ 21,579	\$ 19,193
Other depreciation and amortization	542	384	328	1,591	872
Total depreciation and amortization	<u>\$ 6,010</u>	<u>\$ 5,986</u>	<u>\$ 5,616</u>	<u>\$ 23,170</u>	<u>\$ 20,065</u>
Net increase (decrease) in cash, cash equivalents and marketable securities:	<u>\$ (1,069)</u>	<u>\$ 106,592</u>	<u>\$ 285</u>	<u>\$ 105,388</u>	<u>\$ (32,131)</u>
End of period statistics:					
Approximate number of active customers	527	534	599	527	599
Number of employees and employee equivalents	618	620	610	618	610

LIMELIGHT NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended			Twelve Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Operating activities					
Net income (loss)	\$ (8,309)	\$ (3,985)	\$ 2,458	\$ (19,277)	\$ (16,044)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,010	5,986	5,616	23,170	20,065
Share-based compensation	3,479	1,923	3,315	15,717	13,778
Foreign currency remeasurement (gain) loss	327	27	79	214	(25)
Deferred income taxes	(14)	(95)	300	(94)	270
Loss (gain) on sale of property and equipment	7	(1)	-	6	(56)
Accounts receivable charges	325	163	519	801	1,793
Amortization of premium on marketable securities	519	87	1	606	30
Realized loss on marketable securities	(3)	-	9	(3)	9
Noncash interest expense	1,070	868	-	1,938	-
Changes in operating assets and liabilities:					
Accounts receivable	10,221	2,862	823	2,000	(10,228)
Prepaid expenses and other current assets	(3,038)	(2,232)	(324)	(5,717)	(1,101)
Income taxes receivable	16	(10)	(3)	19	40
Other assets	258	757	(1,547)	2,762	(4,188)
Accounts payable and other current liabilities	(9,228)	1,222	(2,383)	(1,069)	1,292
Deferred revenue	126	(172)	(232)	17	(789)
Income taxes payable	86	(17)	(143)	71	61
Payments related to litigation, net	-	-	-	-	(3,040)
Other long term liabilities	(99)	276	15	167	(121)
Net cash provided by operating activities	<u>1,753</u>	<u>7,659</u>	<u>8,503</u>	<u>21,328</u>	<u>1,746</u>
Investing activities					
Purchases of marketable securities	(36,064)	(52,690)	-	(88,754)	(10,279)
Sale and maturities of marketable securities	8,272	2,900	3,211	11,172	35,364
Purchases of property and equipment	(2,957)	(7,180)	(10,480)	(25,085)	(34,704)
Proceeds from sale of property and equipment	1	1	-	2	51
Net cash used in investing activities	<u>(30,748)</u>	<u>(56,969)</u>	<u>(7,269)</u>	<u>(102,665)</u>	<u>(9,568)</u>
Financing activities					
Proceeds from issuance of debt, net	-	121,600	-	121,600	-
Purchase of capped calls	-	(16,413)	-	(16,413)	-
Payment of debt issuance costs	(75)	(784)	-	(859)	-
Payment of employee tax withholdings related to restricted stock vesting	(891)	(1,041)	(1,079)	(4,878)	(3,607)
Proceeds from employee stock plans	1,377	2,598	3,290	10,068	4,406
Net cash provided by financing activities	<u>411</u>	<u>105,960</u>	<u>2,211</u>	<u>109,518</u>	<u>799</u>
Effect of exchange rate changes on cash and cash equivalents	210	319	58	279	(25)
Net increase (decrease) in cash and cash equivalents	<u>(28,374)</u>	<u>56,969</u>	<u>3,503</u>	<u>28,460</u>	<u>(7,048)</u>
Cash and cash equivalents, beginning of period	<u>75,169</u>	<u>18,200</u>	<u>14,832</u>	<u>18,335</u>	<u>25,383</u>
Cash and cash equivalents, end of period	<u>\$ 46,795</u>	<u>\$ 75,169</u>	<u>\$ 18,335</u>	<u>\$ 46,795</u>	<u>\$ 18,335</u>

LIMELIGHT NETWORKS, INC.
Reconciliation of U.S. GAAP Net Income (Loss) to Non-GAAP Net Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended						Twelve Months Ended			
	December 31, 2020		September 30, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
U.S. GAAP net (loss) income	\$ (8,309)	\$ (0.07)	\$ (3,985)	\$ (0.03)	\$ 2,458	\$ 0.02	\$ (19,277)	\$ (0.16)	\$ (16,044)	\$ (0.14)
Share-based compensation	3,479	0.03	1,923	0.02	3,315	0.03	15,717	0.13	13,778	0.12
Noncash interest expense	1,070	0.01	868	0.01	-	-	1,938	0.02	-	-
Non-GAAP net (loss) income	<u>\$ (3,760)</u>	<u>\$ (0.03)</u>	<u>\$ (1,194)</u>	<u>\$ (0.01)</u>	<u>\$ 5,773</u>	<u>\$ 0.05</u>	<u>\$ (1,622)</u>	<u>\$ (0.01)</u>	<u>\$ (2,266)</u>	<u>\$ (0.02)</u>
Weighted average shares used in per share calculation		123,225		122,363		117,603		121,196		115,890

LIMELIGHT NETWORKS, INC.
Reconciliation of U.S. GAAP Net Loss to EBITDA to Adjusted EBITDA
(In thousands)
(Unaudited)

	Three Months Ended			Twelve Months Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
U.S. GAAP net (loss) income	\$ (8,309)	\$ (3,985)	\$ 2,458	\$ (19,277)	\$ (16,044)
Depreciation and amortization	6,010	5,986	5,616	23,170	20,065
Interest expense	2,183	1,674	45	3,939	76
Interest and other (income) expense	(57)	(35)	(194)	299	(507)
Income tax expense	268	66	206	645	750
EBITDA	\$ 95	\$ 3,706	\$ 8,131	\$ 8,776	\$ 4,340
Share-based compensation	3,479	1,923	3,315	15,717	13,778
Adjusted EBITDA	<u>\$ 3,574</u>	<u>\$ 5,629</u>	<u>\$ 11,446</u>	<u>\$ 24,493</u>	<u>\$ 18,118</u>