
Section 1: 8-K (8-K)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
February 8, 2017

LIMELIGHT NETWORKS, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33508
(Commission
File Number)

20-1677033
(I.R.S. Employer
Identification Number)

222 South Mill Avenue, 8th Floor
Tempe, AZ 85281
(Address, including zip code, of principal executive offices)

(602) 850-5000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On February 8, 2017, the Company issued a press release regarding its financial results for the fourth quarter ended December 31, 2016, and certain other information. The full text of this press release is furnished herewith as Exhibit 99.1.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Limelight Networks, Inc. Press Release dated February 8, 2017 (furnished herewith). |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 8, 2017

LIMELIGHT NETWORKS, INC.

By: /s/ Michael DiSanto

Michael DiSanto

Chief Administrative and Legal Officer & Secretary

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|---|
| 99.1 | Limelight Networks, Inc. Press Release dated February 8, 2017 (furnished herewith). |

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

February 8, 2017

Limelight Networks Reports Financial Results for the Fourth Quarter and Full Year of 2016

- Q4 Revenue of \$43.8 million, up 2 percent, year over year and up 11 percent sequentially
- Q4 Gross Margin of 44.9%, up 390 basis points, year over year
- Q4 GAAP EPS of \$(0.04) and Non-GAAP EPS of \$0.02
- Cash and marketable securities of \$66.2 million

Limelight Networks, Inc. (Nasdaq:LLNW) (Limelight), a global leader in digital content delivery, today reported revenue of \$43.8 million for the fourth quarter of 2016, up 2 percent, compared to \$42.7 million in the fourth quarter of 2015, and up 11 percent, compared to \$39.5 million in the third quarter of 2016. Currency headwinds negatively impacted year-over-year comparison by \$0.3 million and sequential comparison by \$0.5 million.

Gross margin was 44.9% in the fourth quarter of 2016, an increase of 390 basis points from 41.0% in the fourth quarter of 2015, and up 380 basis points from 41.1% in the third quarter of 2016.

Limelight reported a net loss of \$3.9 million, or \$0.04 per basic share, for the fourth quarter of 2016, compared to a net loss of \$4.1 million, or \$0.04 per basic share in the fourth quarter of 2015.

Non-GAAP net income was \$1.8 million, or \$0.02 per basic share for the fourth quarter of 2016, compared to a non-GAAP net loss of \$0.4 million, or break-even per basic share in the fourth quarter of 2015.

EBITDA was \$1.9 million for the fourth quarter of 2016, compared to \$2.1 million for the fourth quarter of 2015. Adjusted EBITDA was \$7.5 million for the fourth quarter of 2016 compared to \$5.3 million for the fourth quarter of 2015.

For the full year ended December 31, 2016, Limelight reported revenue of \$168.2 million, a decrease of 2% compared to \$170.9 million for the year ended December 31, 2015. Currency negatively impacted full year revenue by \$0.8 million.

Gross margin was 42.4% for the year ended December 31, 2016, an increase of 250 basis points compared to 39.9% for the year ended December 31, 2015.

Limelight reported a net loss of \$73.9 million, or \$0.71 per basic share, for the year ended December 31, 2016, compared to a net loss of \$24.0 million, or \$0.24 per basic share, in 2015. The full year 2016 net loss includes a \$54.0 million provision for litigation related to the settlement and license agreement with Akamai.

Non-GAAP net income was \$0.8 million, or \$0.01 per basic share, for the year ended December 31, 2016, compared to a

non-GAAP net loss of \$11.2 million, or \$0.11 per basic share, in the same period of 2015.

EBITDA was negative \$51.9 million for the year ended December 31, 2016, compared to negative \$4.8 million for the year ended December 31, 2015. Adjusted EBITDA was \$22.8 million for the year ended December 31, 2016, compared to \$6.9 million for the year ended December 31, 2015.

Limelight ended the fourth quarter with 510 employees and employee equivalents, up from 502 at the end of the third quarter of 2016, and up slightly from 509 at the end of 2015.

Commenting on the fourth quarter and full year results, Chief Executive Officer, Robert Lento said, "The fourth quarter was our strongest of the year, and 2016 was our best year ever across a number of operational and financial metrics. These results help solidify our belief, that the transition to profitable growth is underway and gaining momentum."

"We operate in an attractive industry and our position is improving significantly. We've set aggressive goals for 2017 and we are pleased with the business trends as we begin the year. We believe our disciplined approach to drive better business performance is the best way to build a stronger company that delivers superior solutions for our customers and incremental value for our shareholders."

Based on current conditions, Limelight is confirming the following guidance for 2017:

- Revenue between \$175 million and \$180 million,
- GAAP gross margin expansion greater than 150 basis points over 2016,
- Non-GAAP earnings per share between \$0.02 and \$0.06 per share,
- Adjusted EBITDA is expected to be between \$22 million and \$27 million, and
- Capital expenditures at approximately \$20 million dollars.

Financial Tables

Limelight Networks, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except per share data)

| | December 31, 2016 | September 30, 2016 | December 31, 2015 |
|---|----------------------|-----------------------|----------------------|
| | | (Unaudited) | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 21,734 | 74,400 | \$ 44,680 |
| Marketable securities | 44,453 | — | 28,322 |
| Accounts receivable, net | 27,418 | 22,859 | 26,795 |
| Income taxes receivable | 125 | 117 | 170 |
| Deferred income taxes | 88 | 85 | 89 |
| Prepaid expenses and other current assets | 4,865 | 5,347 | 9,578 |
| Total current assets | 98,683 | 102,808 | 109,634 |
| Property and equipment, net | 30,352 | 29,643 | 36,143 |
| Marketable securities, less current portion | 40 | 40 | 40 |
| Deferred income taxes, less current portion | 1,017 | 1,317 | 1,252 |
| Goodwill | 76,243 | 76,437 | 76,143 |
| Other assets | 1,794 | 1,848 | 2,415 |
| Total assets | \$ 208,129 | 212,093 | \$ 225,627 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 8,790 | 9,922 | \$ 9,137 |
| Deferred revenue | 2,138 | 1,400 | 2,890 |
| Capital lease obligations | — | — | 466 |
| Income taxes payable | 188 | 141 | 204 |
| Provision for litigation | 18,000 | 18,000 | — |
| Other current liabilities | 12,836 | 10,828 | 10,857 |
| Total current liabilities | 41,952 | 40,291 | 23,554 |
| Capital lease obligations, less current portion | — | — | 1,436 |
| Deferred income taxes | 152 | 148 | 137 |
| Deferred revenue, less current portion | 22 | 30 | 92 |
| Provision for litigation, less current portion | 27,000 | 31,500 | — |
| Other long-term liabilities | 1,435 | 1,747 | 2,311 |
| Total liabilities | 70,561 | 73,716 | 27,530 |
| 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; 107,059, 105,218 and 102,299 shares issued and outstanding at December 31, 2016, September 30, 2016 and December 31, 2015, respectively | 107 | 105 | 102 |
| Additional paid-in capital | 490,819 | 486,574 | 477,202 |
| Accumulated other comprehensive loss | (11,038) | (9,901) | (10,812) |
| Accumulated deficit | (342,320) | (338,401) | (268,395) |
| Total stockholders' equity | 137,568 | 138,377 | 198,097 |
| Total liabilities and stockholders' equity | \$ 208,129 | 212,093 | \$ 225,627 |

Limelight Networks, Inc.
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | | | Twelve Months Ended | | | | |
|--|--------------------|-------------------|-------------------|---------------------|-------------------|--------------------|--------------------|-------------------|
| | Dec. 31, 2016 | Sept. 30, 2016 | Percent Change | Dec. 31, 2015 | Percent Change | Dec. 31, 2016 | Dec. 31, 2015 | Percent Change |
| Revenues | \$ 43,778 | \$ 39,473 | 11 % | \$ 42,739 | 2 % | \$ 168,234 | \$ 170,912 | (2)% |
| Cost of revenue: | | | | | | | | |
| Cost of services (1) | 19,642 | 18,834 | 4 % | 20,388 | (4)% | 78,857 | 84,818 | (7)% |
| Depreciation — network | 4,474 | 4,401 | 2 % | 4,811 | (7)% | 18,032 | 17,975 | — % |
| Total cost of revenue | 24,116 | 23,235 | 4 % | 25,199 | (4)% | 96,889 | 102,793 | (6)% |
| Gross profit | 19,662 | 16,238 | 21 % | 17,540 | 12 % | 71,345 | 68,119 | 5 % |
| Gross profit percentage | 44.9% | 41.1% | | 41.0% | | 42.4% | 39.9% | |
| Operating expenses: | | | | | | | | |
| General and administrative (1) | 7,960 | 8,033 | (1)% | 5,509 | 44 % | 30,042 | 25,027 | 20 % |
| Sales and marketing (1) | 8,215 | 7,711 | 7 % | 8,101 | 1 % | 32,945 | 37,868 | (13)% |
| Research and development (1) | 6,094 | 5,626 | 8 % | 6,678 | (9)% | 24,335 | 28,016 | (13)% |
| Depreciation and amortization | 590 | 613 | (4)% | 1,005 | (41)% | 2,452 | 2,929 | (16)% |
| Provision for litigation | — | — | NA | — | NA | 54,000 | — | NM |
| Total operating expenses | 22,859 | 21,983 | 4 % | 21,293 | 7 % | 143,774 | 93,840 | 53 % |
| Operating loss | (3,197) | (5,745) | (44)% | (3,753) | (15)% | (72,429) | (25,721) | 182 % |
| Other income (expense): | | | | | | | | |
| Interest expense | (54) | (406) | (87)% | (25) | 116 % | (918) | (29) | NM |
| Interest income | 101 | 8 | NM | 86 | 17 % | 123 | 317 | (61)% |
| Other, net | (570) | 151 | (477)% | (407) | 40 % | (98) | 1,748 | (106)% |
| Total other income (expense) | (523) | (247) | 112 % | (346) | 51 % | (893) | 2,036 | (144)% |
| Loss before income taxes | (3,720) | (5,992) | (38)% | (4,099) | (9)% | (73,322) | (23,685) | 210 % |
| Income tax expense | 199 | 130 | 53 % | 46 | 333 % | 603 | 267 | 126 % |
| Net loss | <u>\$ (3,919)</u> | <u>\$ (6,122)</u> | (36)% | <u>\$ (4,145)</u> | (5)% | <u>\$ (73,925)</u> | <u>\$ (23,952)</u> | 209 % |
| Net loss per share: | | | | | | | | |
| Basic and diluted | <u>\$ (0.04)</u> | <u>\$ (0.06)</u> | | <u>\$ (0.04)</u> | | <u>\$ (0.71)</u> | <u>\$ (0.24)</u> | |
| Weighted average shares used in per share calculation: | | | | | | | | |
| Basic and diluted | 105,942 | 104,860 | | 101,391 | | 104,350 | 100,105 | |

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

Limelight Networks, Inc.
Supplemental Financial Data
(In thousands)
(Unaudited)

| | Three Months Ended | | | Twelve Months Ended | |
|---|--------------------|-------------------|------------------|---------------------|--------------------|
| | Dec. 31, 2016 | Sept. 30, 2016 | Dec. 31, 2015 | Dec. 31, 2016 | Dec. 31, 2015 |
| Share-based compensation: | | | | | |
| Cost of services | \$ 375 | \$ 209 | \$ 563 | \$ 1,493 | \$ 2,047 |
| General and administrative | 1,951 | 1,616 | 1,002 | 7,070 | 5,398 |
| Sales and marketing | 776 | 641 | 716 | 2,792 | 2,657 |
| Research and development | 581 | 521 | 582 | 2,104 | 2,236 |
| Total share-based compensation | <u>\$ 3,683</u> | <u>\$ 2,987</u> | <u>\$ 2,863</u> | <u>\$ 13,459</u> | <u>\$ 12,338</u> |
| Depreciation and amortization: | | | | | |
| Network-related depreciation | \$ 4,474 | \$ 4,401 | \$ 4,811 | \$ 18,032 | \$ 17,975 |
| Other depreciation and amortization | 590 | 611 | 544 | 2,438 | 1,866 |
| Amortization of intangible assets | — | 2 | 461 | 14 | 1,063 |
| Total depreciation and amortization | <u>\$ 5,064</u> | <u>\$ 5,014</u> | <u>\$ 5,816</u> | <u>\$ 20,484</u> | <u>\$ 20,904</u> |
| Net decrease in cash, cash equivalents and marketable securities: | <u>\$ (8,213)</u> | <u>\$ 43,515</u> | <u>\$ 3,427</u> | <u>\$ (6,815)</u> | <u>\$ (20,082)</u> |
| End of period statistics: | | | | | |
| Approximate number of active customers | 851 | 875 | 963 | 851 | 963 |
| Number of employees and employee equivalents | 510 | 502 | 509 | 510 | 509 |

Limelight Networks, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

| | Three Months Ended | | | Twelve Months Ended | |
|--|--------------------|-------------------|------------------|---------------------|------------------|
| | Dec. 31, 2016 | Sept. 30, 2016 | Dec. 31, 2015 | Dec. 31, 2016 | Dec. 31, 2015 |
| Operating activities | | | | | |
| Net loss | \$ (3,919) | \$ (6,122) | \$ (4,145) | \$ (73,925) | \$ (23,952) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities of continuing operations: | | | | | |
| Depreciation and amortization | 5,064 | 5,014 | 5,816 | 20,484 | 20,904 |
| Share-based compensation | 3,683 | 2,987 | 2,863 | 13,459 | 12,338 |
| Accrual of provision for litigation | — | — | — | 54,000 | — |
| Foreign currency remeasurement (gain) loss | 76 | 343 | 492 | 585 | (1,591) |
| Deferred income taxes | 195 | (39) | 67 | 170 | 46 |
| Gain on sale of property and equipment | (218) | (162) | — | (514) | — |
| Accounts receivable charges | 101 | 69 | 299 | 137 | 1,037 |
| Amortization of premium on marketable securities | 48 | — | 42 | 67 | 194 |
| Realized loss on sale of marketable securities | — | — | — | 32 | — |
| Changes in operating assets and liabilities: | | | | | |
| Accounts receivable | (4,661) | 1,944 | 57 | (760) | (5,210) |
| Prepaid expenses and other current assets | 315 | 941 | (490) | 4,648 | (194) |
| Income taxes receivable | (15) | 16 | 9 | 39 | 44 |
| Other assets | 22 | 50 | 1,477 | 580 | 3,064 |
| Accounts payable and other current liabilities | (1,087) | 1,769 | (425) | (1,757) | 85 |
| Deferred revenue | 730 | (1,091) | (681) | (822) | (932) |
| Income taxes payable | 68 | (21) | (2) | (8) | (80) |
| Payments for provision for litigation | (4,500) | (4,500) | — | (9,000) | — |
| Other long term liabilities | (307) | (213) | 1,358 | (857) | 688 |
| Net cash provided by (used in) operating activities of continuing operations | (4,405) | 985 | 6,737 | 6,558 | 6,441 |
| Investing activities | | | | | |
| Purchases of marketable securities | (45,629) | — | — | (45,629) | (16,821) |
| Sale and maturities of marketable securities | 1,000 | — | 5,700 | 29,315 | 22,620 |
| Change in restricted cash | — | 62,790 | — | — | — |
| Purchases of property and equipment | (4,897) | (2,986) | (3,960) | (9,563) | (24,714) |
| Proceeds from sale of property and equipment | 504 | — | — | 504 | — |
| Net cash provided by (used in) investing activities of continuing operations | (49,022) | 59,804 | 1,740 | (25,373) | (18,915) |
| Financing activities | | | | | |
| Principal payments on capital lease obligations | — | (4,207) | (95) | (4,685) | (453) |
| Payment of employee tax withholdings related to restricted stock vesting | (676) | (362) | (348) | (1,982) | (2,627) |
| Cash paid for purchase of common stock | — | — | — | — | (957) |
| Proceeds from line of credit | — | (12,790) | — | — | — |
| Proceeds from employee stock plans | 1,839 | 48 | 1,287 | 2,743 | 4,018 |
| Net cash provided by (used in) financing activities of continuing operations | 1,163 | (17,311) | 844 | (3,924) | (19) |
| Effect of exchange rate changes on cash and cash equivalents | (402) | 37 | (93) | (207) | (594) |
| Net increase (decrease) in cash and cash equivalents | (52,666) | 43,515 | 9,228 | (22,946) | (13,087) |
| Cash and cash equivalents, beginning of period | 74,400 | 30,885 | 35,452 | 44,680 | 57,767 |
| Cash and cash equivalents, end of period | \$ 21,734 | \$ 74,400 | \$ 44,680 | \$ 21,734 | \$ 44,680 |

Use of Non-GAAP Financial Measures

To evaluate our business, we consider and use non-generally accepted accounting principles (Non-GAAP) net

income (loss), EBITDA and Adjusted EBITDA as supplemental measures of operating performance. These measures include the same adjustments that management takes into account when it reviews and assesses operating performance on a period-to-period basis. We consider Non-GAAP net income (loss) to be an important indicator of overall business performance. We define Non-GAAP net income (loss) to be U.S. GAAP net loss, adjusted to exclude provision for litigation, share-based compensation, litigation expenses, and amortization of intangible assets. We believe that EBITDA provides a useful metric to investors to compare us with other companies within our industry and across industries. We define EBITDA as U.S. GAAP net income (loss) adjusted to exclude depreciation and amortization, interest expense, interest and other (income) expense, and income tax expense. We define Adjusted EBITDA as EBITDA adjusted to exclude provision for litigation, share-based compensation and

litigation expenses. We use Adjusted EBITDA as a supplemental measure to review and assess operating performance. Our management uses these Non-GAAP financial measures because, collectively, they provide valuable information on the performance of our on-going operations, excluding non-cash charges, taxes and non-core activities (including interest payments related to financing activities). These measures also enable our management to compare the results of our on-going operations from period to period, and allow management to review the performance of our on-going operations against our peer companies and against other companies in our industry and adjacent industries. We believe these measures also provide similar insights to investors, and enable investors to review our results of operations “through the eyes of management.”

Furthermore, our management uses these Non-GAAP financial measures to assist them in making decisions regarding our strategic priorities and areas for future investment and focus.

The terms Non-GAAP net income (loss), EBITDA and Adjusted EBITDA are not defined under U.S. GAAP, and are not measures of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Our Non-GAAP net income (loss), EBITDA and Adjusted EBITDA have limitations as analytical tools, and when assessing our operating performance, Non-GAAP net income (loss), EBITDA and Adjusted EBITDA should not be considered in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Some of these limitations include, but are not limited to:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- these measures do not reflect changes in, or cash requirements for, our working capital needs;
- Non-GAAP net income (loss) and Adjusted EBITDA do not reflect the cash requirements necessary for litigation costs, including provision for litigation and litigation expenses;
- these measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt that we may incur;
- these measures do not reflect income taxes or the cash requirements for any tax payments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will be replaced sometime in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- while share-based compensation is a component of operating expense, the impact on our financial statements compared to other companies can vary significantly due to such factors as the assumed life of the options and the assumed volatility of our common stock; and
- other companies may calculate Non-GAAP net income (loss), EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by relying primarily on our U.S. GAAP results and using Non-GAAP net income (loss), EBITDA and Adjusted EBITDA only as supplemental support for management’s analysis of business performance. Non-GAAP net income (loss), EBITDA and Adjusted EBITDA are calculated as follows for the periods presented in thousands:

Reconciliation of Non-GAAP Financial Measures

Limelight is presenting the most directly comparable U.S. GAAP financial measures and reconciling the non-GAAP financial metrics to the comparable U.S. GAAP measures. Per share amounts may not foot due to rounding.

Limelight Networks, Inc.
Reconciliation of U.S. GAAP Net Loss to Non-GAAP Net Income (Loss)
(In thousands)
(Unaudited)

| | Three Months Ended | | | | | | Twelve Months Ended | | | |
|--|--------------------|----------------|--------------------|-------------|-------------------|-------------|---------------------|----------------|--------------------|------------------|
| | December 31, 2016 | | September 30, 2016 | | December 31, 2015 | | December 31, 2016 | | December 31, 2015 | |
| | Amount | Per Share | Amount | Per Share | Amount | Per Share | Amount | Per Share | Amount | Per Share |
| U.S. GAAP net loss | \$ (3,919) | \$ (0.04) | \$ (6,122) | \$ (0.06) | \$ (4,145) | \$ (0.04) | \$ (73,925) | \$ (0.71) | \$ (23,952) | \$ (0.24) |
| Provision for litigation | — | — | — | — | — | — | 54,000 | 0.52 | — | — |
| Share-based compensation | 3,683 | 0.03 | 2,987 | 0.03 | 2,863 | 0.03 | 13,459 | 0.13 | 12,338 | 0.12 |
| Litigation expenses | 1,998 | 0.02 | 2,837 | 0.03 | 402 | — | 7,284 | 0.07 | (613) | (0.01) |
| Amortization of intangible assets | — | — | 2 | — | 461 | — | 14 | — | 1,063 | 0.01 |
| Non-GAAP net income (loss) | <u>\$ 1,762</u> | <u>\$ 0.02</u> | <u>\$ (296)</u> | <u>\$ —</u> | <u>\$ (419)</u> | <u>\$ —</u> | <u>\$ 832</u> | <u>\$ 0.01</u> | <u>\$ (11,164)</u> | <u>\$ (0.11)</u> |
| Weighted average shares used in per share calculation: | | 105,942 | | 104,860 | | 101,391 | | 104,350 | | 100,105 |

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, 2016 | September 30, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| | U.S. GAAP net loss | \$ (3,919) | \$ (6,122) | \$ (4,145) | \$ (73,925) |
| Depreciation and amortization | 5,064 | 5,014 | 5,816 | 20,484 | 20,904 |
| Interest expense | 54 | 406 | 25 | 918 | 29 |
| Interest and other (income) expense | 469 | (159) | 321 | (25) | (2,065) |
| Income tax expense | 199 | 130 | 46 | 603 | 267 |
| EBITDA | <u>\$ 1,867</u> | <u>\$ (731)</u> | <u>\$ 2,063</u> | <u>\$ (51,945)</u> | <u>\$ (4,817)</u> |
| Provision for litigation | — | — | — | 54,000 | — |
| Share-based compensation | 3,683 | 2,987 | 2,863 | 13,459 | 12,338 |
| Litigation expenses | 1,998 | 2,837 | 402 | 7,284 | (613) |
| Adjusted EBITDA | <u>\$ 7,548</u> | <u>\$ 5,093</u> | <u>\$ 5,328</u> | <u>\$ 22,798</u> | <u>\$ 6,908</u> |

For future periods, we are unable to provide a reconciliation of EBITDA and Adjusted EBITDA to net loss as a result of the uncertainty regarding, and the potential variability of, the amounts of depreciation and amortization, interest expense, interest and other (income) expense and income tax expense, that may be incurred in the future.

Conference Call

At approximately 4:30 p.m. EST (1:30 p.m. PST) today, management will host a quarterly conference call for investors. Investors can access this call toll-free at 877-388-8480 within the United States or +1 678-809-1592 outside of the U.S. The conference call will also be audio cast live from <http://www.limelight.com> and a replay will be available following the call from the Limelight website.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties. These statements include, among others, statements regarding our expectations regarding revenue, gross margin, non-GAAP net income, capital expenditures, litigation, and our future prospects. Our expectations and beliefs regarding these matters may not materialize. The potential risks and uncertainties that could cause actual results or outcomes to differ materially from the results or outcomes predicted include, among other things, reduction of demand for our services from new or existing customers, unforeseen changes in our hiring patterns, adverse outcomes in litigation, and experiencing expenses that exceed our expectations. A detailed discussion of these factors and other risks that affect our business is contained in our SEC filings, including our most recent reports on Forms 10-K and 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available online on our investor relations website at investors.limelightnetworks.com and on the SEC website at www.SEC.gov. All information provided in this release and in the attachments is as of February 8, 2017, and we undertake no duty to update this information in light of new information or future events, unless required by law.

About Limelight

Limelight Networks (NASDAQ: LLNW), a global leader in digital content delivery, empowers customers to better engage online audiences by enabling them to securely manage and globally deliver digital content, on any device. The company's award winning Limelight Orchestrate™ platform includes an integrated suite of content delivery technology and services that helps organizations secure digital content, deliver exceptional multi-screen experiences, improve brand awareness, drive revenue, and enhance customer relationships - all while reducing costs. For more information, please visit www.limelight.com, read our [blog](#), follow us on [Twitter](#), [Facebook](#) and [LinkedIn](#) and be sure to visit [Limelight Connect](#).

Copyright (C) 2017 Limelight Networks, Inc. All rights reserved. All product or service names are the property of their respective owners.

Source: Limelight Networks

Language:

English

CONTACT:

Limelight Networks, Inc.
Sajid Malhotra, 602-850-5778
ir@llnw.com

Ticker Slug:

Ticker: LLNW

Exchange: NASDAQ

[\(Back To Top\)](#)