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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-27275

Akamai Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**04-3432319**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

145 Broadway
Cambridge, MA 02142
(617) 444-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - par value $0.01 per share	AKAM	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of August 3, 2026: 143,716,609

AKAMAI TECHNOLOGIES, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2026

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PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements (Unaudited)*

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data) (unaudited)	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,480,257	$ 930,231
Marketable securities	1,875,130	256,302
Accounts receivable, net of reserves of $7,803 and $7,706 at June 30, 2026, and December 31, 2025, respectively	953,445	793,666
Prepaid expenses and other current assets	341,254	306,481
Total current assets	4,650,086	2,286,680
Marketable securities	1,260,918	733,228
Property and equipment, net	2,636,028	2,333,462
Operating lease right-of-use assets	1,689,018	1,469,700
Acquired intangible assets, net	564,281	614,542
Goodwill	3,202,854	3,206,525
Deferred income tax assets	852,383	622,776
Other assets	217,852	212,730
Total assets	$ 15,073,420	$ 11,479,643

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS, continued

(in thousands, except share data) (unaudited)	June 30, 2026	December 31, 2025
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 273,378	$ 125,054
Accrued expenses	277,771	319,622
Deferred revenue	200,269	151,186
Convertible senior notes	1,705,576	—
Operating lease liabilities	370,448	336,613
Other current liabilities	13,777	35,043
Total current liabilities	2,841,219	967,518
Deferred revenue	21,337	17,088
Deferred income tax liabilities	40,077	31,089
Convertible senior notes	5,857,252	4,105,355
Operating lease liabilities	1,405,710	1,233,420
Other liabilities	159,308	147,802
Total liabilities	10,324,903	6,502,272
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued or outstanding	—	—
Common stock, $0.01 par value; 700,000,000 shares authorized; 153,403,797 shares issued and 143,591,450 shares outstanding at June 30, 2026, and 149,711,094 shares issued and 144,711,094 outstanding at December 31, 2025	1,534	1,497
Additional paid-in capital	2,289,038	2,080,487
Accumulated other comprehensive loss	(116,894)	(94,756)
Treasury stock, at cost, 9,812,347 shares at June 30, 2026, and 5,000,000 shares at December 31, 2025	(1,035,813)	(434,786)
Retained earnings	3,610,652	3,424,929
Total stockholders' equity	4,748,517	4,977,371
Total liabilities and stockholders' equity	$ 15,073,420	$ 11,479,643

The accompanying notes are an integral part of the condensed consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data) (unaudited)	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Revenue	$ 1,099,682	$ 1,043,494	$ 2,173,292	$ 2,058,633
Costs and operating expenses:				
Cost of revenue (exclusive of amortization of acquired intangible assets shown below)	485,932	426,535	957,231	845,480
Research and development	148,821	125,838	290,397	249,387
Sales and marketing	170,045	146,239	327,107	280,370
General and administrative	187,686	162,597	351,495	318,530
Amortization of acquired intangible assets	25,089	27,721	50,276	55,358
Restructuring charge	1,825	3,103	2,008	3,464
Total costs and operating expenses	1,019,398	892,033	1,978,514	1,752,589
Income from operations	80,284	151,461	194,778	306,044
Interest and marketable securities income, net	31,672	14,129	49,219	33,659
Interest expense	(9,078)	(8,201)	(17,335)	(14,951)
Other (expense) income, net	(2,851)	(5,451)	(4,637)	569
Income before provision for income taxes	100,027	151,938	222,025	325,321
Provision for income taxes	20,623	48,320	36,302	98,532
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789
Net income per share:				
Basic	$ 0.55	$ 0.72	$ 1.28	$ 1.54
Diluted	$ 0.52	$ 0.71	$ 1.22	$ 1.53
Shares used in per share calculations:				
Basic	144,660	144,757	144,965	146,905
Diluted	153,686	145,249	151,854	148,156

The accompanying notes are an integral part of the condensed consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands) (unaudited)	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789
Other comprehensive (loss) gain:				
Foreign currency translation adjustments	3,999	46,703	(13,616)	68,487
Change in unrealized (loss) gain on investments, net of income tax benefit (expense) of $1,358, $(413), $2,711 and $(28) for the three and six months ended June 30, 2026 and 2025, respectively	(4,269)	1,265	(8,522)	89
Other comprehensive (loss) gain	(270)	47,968	(22,138)	68,576
Comprehensive income	$ 79,134	$ 151,586	$ 163,585	$ 295,365

The accompanying notes are an integral part of the condensed consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands) (unaudited)	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net income	$ 185,723	$ 226,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	369,288	349,483
Stock-based compensation	274,971	224,754
(Benefit) provision for deferred income taxes	(4,481)	44,063
Amortization of debt issuance costs	5,180	3,250
Gain on investments	—	(9,313)
Other non-cash reconciling items, net	6,425	3,982
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(171,804)	(33,117)
Prepaid expenses and other current assets	(33,341)	(29,699)
Accounts payable and accrued expenses	(15,094)	(84,541)
Deferred revenue	53,986	23,117
Other current liabilities	(22,209)	(22,457)
Other non-current assets and liabilities	(9,870)	14,038
Net cash provided by operating activities	638,774	710,349
Cash flows from investing activities:		
Cash (paid) received for business acquisitions, net of cash acquired	(37)	790
Cash paid for asset acquisition	—	(29,930)
Purchases of property and equipment	(246,613)	(263,312)
Capitalization of internal-use software development costs	(170,987)	(156,477)
Purchases of short- and long-term marketable securities	(2,268,108)	(669,795)
Proceeds from sales of short- and long-term marketable securities	5,837	266,004
Proceeds from maturities and redemptions of short- and long-term marketable securities	109,251	1,053,221
Other, net	(3,102)	(6,521)
Net cash (used in) provided by investing activities	(2,573,759)	193,980

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

(in thousands) (unaudited)	For the Six Months Ended June 30, 2026	2025
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	—	250,000
Repayment of borrowings under revolving credit facility	—	(250,000)
Proceeds from the issuance of convertible senior notes, net of issuance costs	3,452,749	1,702,188
Proceeds from the issuance of warrants related to convertible senior notes	657,125	330,855
Purchase of note hedge related to convertible senior notes	(893,725)	(605,820)
Repayment of convertible senior notes	—	(1,149,992)
Proceeds related to the issuance of common stock under stock plans	35,967	29,241
Employee taxes paid related to net share settlement of stock awards	(150,076)	(97,929)
Repurchases of common stock	(615,744)	(799,963)
Other, net	(1,459)	(2,035)
Net cash provided by (used in) financing activities	2,484,837	(593,455)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	579	21,501
Net increase in cash, cash equivalents and restricted cash	550,431	332,375
Cash, cash equivalents and restricted cash at beginning of period	931,308	519,084
Cash, cash equivalents and restricted cash at end of period	$ 1,481,739	$ 851,459
Supplemental disclosures of cash flow information:		
Cash paid for interest expense	11,994	11,380
Cash paid for operating lease liabilities	225,077	156,036
Non-cash activities:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	399,587	182,731
Purchases of property and equipment and capitalization of internal-use software development costs included in accounts payable and accrued expenses	191,192	75,565
Capitalization of stock-based compensation	75,752	63,918
Reconciliation of cash and cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 1,480,257	$ 850,302
Restricted cash	1,482	1,157
Cash, cash equivalents and restricted cash	$ 1,481,739	$ 851,459

The accompanying notes are an integral part of the condensed consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Three Months Ended June 30, 2026						
	Common Stock						
(in thousands, except share data) (unaudited)	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance at April 1, 2026	145,549,131	$ 1,524	$ 2,123,150	$ (116,624)	$ (630,473)	$ 3,531,248	$ 4,908,825
Issuance of common stock upon the vesting of restricted and deferred stock units, net of shares withheld for employee taxes	556,520	5	(26,650)				(26,645)
Issuance of common stock under employee stock purchase plan	463,290	5	35,247				35,252
Stock-based compensation			178,157				178,157
Issuance of warrants related to convertible senior notes			657,125				657,125
Purchase of note hedge related to convertible senior notes, net of deferred taxes of $215,734			(677,991)				(677,991)
Repurchases of common stock	(3,046,290)				(411,671)		(411,671)
Re-issuance of treasury stock for 401(k) employer match	68,799				6,331		6,331
Net income						79,404	79,404
Foreign currency translation adjustment				3,999			3,999
Change in unrealized loss on investments, net of tax				(4,269)			(4,269)
Balance at June 30, 2026	143,591,450	$ 1,534	$ 2,289,038	$ (116,894)	$ (1,035,813)	$ 3,610,652	$ 4,748,517

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, continued

	Three Months Ended June 30, 2025						
	Common Stock			Accumulated Other			
(in thousands, except share data) (unaudited)	Shares	Amount	Additional Paid-in Capital	Comprehensive Loss	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance at April 1, 2025	146,086,802	$ 1,578	$ 2,673,892	$ (135,385)	$ (1,051,593)	$ 3,096,069	$ 4,584,561
Issuance of common stock upon the vesting of restricted and deferred stock units, net of shares withheld for employee taxes	408,226	4	(12,785)				(12,781)
Issuance of common stock under employee stock purchase plan	458,208	4	29,568				29,572
Stock-based compensation			131,756				131,756
Issuance of warrants related to convertible senior notes			330,855				330,855
Purchase of note hedge related to convertible senior notes, net of deferred taxes of $149,509			(456,311)				(456,311)
Repurchases of common stock	(3,870,468)				(302,244)		(302,244)
Re-issuance of treasury stock for 401(k) employer match	117,143				10,514		10,514
Net income						103,618	103,618
Foreign currency translation adjustment				46,703			46,703
Change in unrealized gain on investments, net of tax				1,265			1,265
Balance at June 30, 2025	143,199,911	$ 1,586	$ 2,696,975	$ (87,417)	$ (1,343,323)	$ 3,199,687	$ 4,467,508

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, continued

	Six Months Ended June 30, 2026						
	Common Stock						
(in thousands, except share data) (unaudited)	Shares	Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2026	144,711,094	$ 1,497	$ 2,080,487	$ (94,756)	$ (434,786)	$ 3,424,929	$ 4,977,371
Issuance of common stock upon the vesting of restricted and deferred stock units, net of shares withheld for employee taxes	3,229,413	32	(153,943)				(153,911)
Issuance of common stock under employee stock purchase plan	463,290	5	35,247				35,252
Stock-based compensation			348,113				348,113
Issuance of warrants related to convertible senior notes			657,125				657,125
Purchase of note hedge related to convertible senior notes, net of deferred taxes of $215,734			(677,991)				(677,991)
Repurchases of common stock	(4,998,432)				(617,557)		(617,557)
Re-issuance of treasury stock for 401(k) employer match	186,085				16,530		16,530
Net income						185,723	185,723
Foreign currency translation adjustment				(13,616)			(13,616)
Change in unrealized loss on investments, net of tax				(8,522)			(8,522)
Balance at June 30, 2026	143,591,450	$ 1,534	$ 2,289,038	$ (116,894)	$ (1,035,813)	$ 3,610,652	$ 4,748,517

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, continued

	Six Months Ended June 30, 2025												
	Common Stock												
(in thousands, except share data) (unaudited)	Shares	Amount		Additional Paid-in Capital		Accumulated Other Comprehensive Loss		Treasury Stock		Retained Earnings		Total Stockholders' Equity	
Balance at January 1, 2025	150,025,096	$	1,556	$	2,618,384	$	(155,993)	$	(558,488)	$	2,972,898	$	4,878,357
Issuance of common stock upon the vesting of restricted and deferred stock units, net of shares withheld for employee taxes	2,527,444		26		(98,513)								(98,487)
Issuance of common stock under employee stock purchase plan	458,208		4		29,568								29,572
Stock-based compensation					272,992								272,992
Issuance of warrants related to convertible senior notes					330,855								330,855
Purchase of note hedge related to convertible senior notes, net of deferred taxes of $149,509					(456,311)								(456,311)
Repurchases of common stock	(10,028,703)								(805,335)				(805,335)
Re-issuance of treasury stock for 401(k) employer match	217,866								20,500				20,500
Net income											226,789		226,789
Foreign currency translation adjustment							68,487						68,487
Change in unrealized gain on investments, net of tax							89						89
Balance at June 30, 2025	143,199,911	$	1,586	$	2,696,975	$	(87,417)	$	(1,343,323)	$	3,199,687	$	4,467,508

The accompanying notes are an integral part of the condensed consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Basis of Presentation

Akamai Technologies, Inc. (the “Company”) develops and provides solutions for global enterprises to build, secure and accelerate their applications and digital experiences. Its massively distributed global network is comprised of core and distributed compute sites, more than 4,300 edge points-of-presence in over 130 countries and approximately 700 cities. The Company was incorporated in Delaware in 1998 and is headquartered in Cambridge, Massachusetts. The Company is currently organized and operates as one operating and reportable segment.

The accompanying interim condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. These financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation in the accompanying interim condensed consolidated financial statements.

Certain information and footnote disclosures normally included in the Company’s annual audited consolidated financial statements and accompanying notes have been condensed in, or omitted from, these interim financial statements. Accordingly, the unaudited interim condensed consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s annual report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on February 20, 2026. The December 31, 2025 condensed consolidated balance sheet included herein is derived from the Company's audited consolidated financial statements.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited interim condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair statement of the results of all interim periods reported herein.

Recently Adopted Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board ("FASB") issued guidance which provides targeted improvements and clarifications related to the recognition and measurement of expected credit losses, particularly for off-balance-sheet credit exposures and certain practical expedients. The Company adopted this guidance on January 1, 2026 on a prospective basis. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

In November 2024, the FASB issued guidance which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The Company adopted this guidance on January 1, 2026 on a prospective basis. The adoption of this standard did not have an impact on the Company's condensed consolidated financial statements as it did not have any induced conversions.

Recent Accounting Pronouncements

In September 2025, the FASB issued guidance which modernizes the accounting for internal-use software by removing all references to software development stages given the evolution of software development. The targeted improvements aim to increase the operability of the recognition guidance for internal-use software. The guidance also seeks to clarify the disclosure requirements for internal-use software. This guidance will be effective for the Company on January 1, 2028, and is to be applied prospectively, modified prospectively or retrospectively. The Company is evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In November 2024, the FASB issued guidance to enhance income statement disclosures through additional disclosures of specified information about certain costs and expenses. This guidance will be effective for the Company's annual period ending December 31, 2027 and interim periods beginning on January 1, 2028, and is to be applied prospectively with the option to adopt retrospectively. The Company is evaluating the impact the update will have on its disclosures.

2. Investments and Fair Value Measurements

Available-for-sale marketable securities held as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

		Gross Unrealized			Classification on Balance Sheet	
	Amortized Cost	Gains	Losses	Aggregate Fair Value	Short-Term Marketable Securities	Long-Term Marketable Securities
As of June 30, 2026						
Time deposits	$ 37,577	$ —	$ —	$ 37,577	$ 37,577	$ —
Commercial paper	997,441	—	(1,779)	995,662	971,744	23,918
Corporate bonds	1,677,190	275	(5,374)	1,672,091	858,452	813,639
U.S. government agency obligations	394,641	—	(567)	394,074	—	394,074
	$ 3,106,849	$ 275	$ (7,720)	$ 3,099,404	$ 1,867,773	$ 1,231,631
As of December 31, 2025						
Time deposits	$ 31,035	$ —	$ —	$ 31,035	$ 31,035	$ —
Corporate bonds	920,142	3,921	(127)	923,936	217,139	706,797
	$ 951,177	$ 3,921	$ (127)	$ 954,971	$ 248,174	$ 706,797

The Company holds money market funds and mutual funds, which are classified as equity securities. These securities are not included in the available-for-sale securities table above, but are included in marketable securities in the interim condensed consolidated balance sheets.

Unrealized gains and unrealized losses on investments classified as available-for-sale are included within accumulated other comprehensive loss in the interim condensed consolidated balance sheets. Upon realization, those amounts are reclassified from accumulated other comprehensive loss to interest and marketable securities income, net in the interim condensed consolidated statements of income. As of June 30, 2026, the Company did not hold any available-for-sale marketable securities in a continuous unrealized loss position for more than 12 months.

Contractual maturities of the Company’s available-for-sale marketable securities held as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

	June 30, 2026	December 31, 2025
Due in 1 year or less	$ 1,867,773	$ 248,174
Due after 1 year through 5 years	1,231,631	706,797
	$ 3,099,404	$ 954,971

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Fair Value Measurements

The fair value measurements within the fair value hierarchy of the Company's financial assets as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

	Total Fair Value	Fair Value Measurements at Reporting Date Using	
		Level 1	Level 2
As of June 30, 2026			
Cash Equivalents and Marketable Securities:			
Money market funds	$ 1,016,873	$ 1,016,873	$ —
Time deposits	127,152	—	127,152
Commercial paper	995,662	—	995,662
Corporate bonds	1,672,091	—	1,672,091
U.S. government agency obligations	394,074	—	394,074
Mutual funds	32,078	32,078	—
	$ 4,237,930	$ 1,048,951	$ 3,188,979
As of December 31, 2025			
Cash Equivalents and Marketable Securities:			
Money market funds	$ 409,326	$ 409,326	$ —
Time deposits	103,038	—	103,038
Commercial paper	34,962	—	34,962
Corporate bonds	923,936	—	923,936
Mutual funds	28,981	28,981	—
	$ 1,500,243	$ 438,307	$ 1,061,936

As of June 30, 2026 and December 31, 2025, the fair value of the Company's financial assets were determined utilizing a Level 1 or Level 2 valuation. Level 1 valuations are based upon the market prices for such investments that are readily available in active markets and Level 2 valuations are based upon the available quoted prices for similar assets in active markets (or identical assets in an inactive market).

When developing fair value estimates, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. When available, the Company uses quoted market prices to measure fair value. The valuation technique used to measure fair value for the Company's Level 1 and Level 2 assets is a market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets. If market prices are not available, the fair value measurement is based on models that use primarily market-based parameters including yield curves, volatilities, credit ratings and currency rates. In certain cases where market rate assumptions are not available, the Company is required to make judgments about the assumptions market participants would use to estimate the fair value of a financial instrument.

3. Accounts Receivable

Net accounts receivable consisted of the following as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Trade accounts receivable	$ 741,841	$ 577,914
Unbilled accounts receivable	219,407	223,458
Gross accounts receivable	961,248	801,372
Allowances for current expected credit losses and other reserves	(7,803)	(7,706)
Accounts receivable, net	$ 953,445	$ 793,666

A summary of activity in the accounts receivable allowance for current expected credit losses and other reserves for the six months ended June 30, 2026 and 2025 was as follows (in thousands):

	June 30, 2026	June 30, 2025
Beginning balance	$ 7,706	$ 3,522
Charges to income from operations	7,192	6,708
Collections from customers previously reserved and other	(7,095)	(5,049)
Ending balance	$ 7,803	$ 5,181

Charges to income from operations primarily represents charges to provision for doubtful accounts for increases in the allowance for current expected credit losses.

4. Incremental Costs to Obtain a Contract with a Customer

Deferred costs associated with obtaining customer contracts, specifically commission and incentive payments, as of June 30, 2026 and December 31, 2025 were as follows (in thousands):

	June 30, 2026	December 31, 2025
Deferred costs included in prepaid expenses and other current assets	$ 78,684	$ 69,983
Deferred costs included in other assets	83,524	92,525
Total deferred costs	$ 162,208	$ 162,508

Information related to incremental costs to obtain a contract with a customer for the three and six months ended June 30, 2026 and 2025 were as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Amortization expense related to deferred costs	$ 22,420	$ 15,375	$ 43,151	$ 29,164
Incremental costs capitalized	$ 24,728	$ 17,783	$ 43,569	$ 32,084

Amortization expense related to deferred costs is primarily included in sales and marketing expense in the interim condensed consolidated statements of income.

5. Acquired Intangible Assets and Goodwill

Acquired intangible assets that are subject to amortization consisted of the following as of June 30, 2026 and December 31, 2025 (in thousands):

	June 30, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed technologies	$ 465,832	$ (267,472)	$ 198,360	$ 465,832	$ (250,436)	$ 215,396
Customer-related intangible assets	726,024	(395,139)	330,885	725,494	(363,724)	361,770
Trademarks and trade names	15,255	(12,665)	2,590	15,247	(12,080)	3,167
Acquired license rights	44,810	(12,364)	32,446	44,810	(10,601)	34,209
Total	$ 1,251,921	$ (687,640)	$ 564,281	$ 1,251,383	$ (636,841)	$ 614,542

Based on the Company's acquired intangible assets as of June 30, 2026, aggregate expense related to amortization of acquired intangible assets is expected to be $49.8 million for the remainder of 2026, and $85.6 million, $79.0 million,

$74.0 million and $66.7 million for 2027, 2028, 2029 and 2030, respectively.

The changes in the carrying amount of goodwill for the six months ended June 30, 2026 were as follows (in thousands):

Balance as of January 1, 2026	$	3,206,525
Measurement period adjustments related to an acquisition completed in prior year		13
Foreign currency translation		(3,684)
Balance as of June 30, 2026	$	3,202,854

The Company tests goodwill for impairment at least annually. Through the date the interim condensed consolidated financial statements were issued, no triggering events have occurred that would indicate that a potential impairment exists.

6. Acquisition

LayerX

In July 2026, the Company acquired all the outstanding equity interests of LayerX Security Ltd. ("LayerX") for approximately $205.0 million in cash, subject to post-closing adjustments. The allocation of the purchase price has not been finalized as of the date of the filing of these financial statements. The acquisition is intended to enhance the Company's security portfolio with the addition of LayerX's browser-based artificial intelligence usage control and secure enterprise browser technology.

7. Debt

Convertible Senior Notes

In May 2026, the Company issued $1,750.0 million in principal amount of convertible senior notes due 2032 and $1,750.0 million in principal amount of convertible senior notes due 2030, and entered into related convertible note hedge and warrant transactions. The Company intends to use a portion of the net proceeds to fund the accelerated capital expenditure requirements to support its cloud infrastructure services and for general corporate purposes.

The Company has five convertible senior notes ("2033 Notes", "2032 Notes", "2030 Notes", "2029 Notes" and "2027 Notes") outstanding with a par value totaling $7,640.0 million (collectively, the "Notes") that are senior unsecured obligations of the Company and bear interest payable semi-annually in arrears. The following table summarizes further details of the Notes:

Notes	Issuance Date	Maturity Date	Principal Amount (in thousands)	Coupon Interest Rate	Effective Interest Rate
2033 Notes	May 19, 2025	May 15, 2033 [1]	$ 1,725,000	0.250 %	0.484 %
2032 Notes	May 22, 2026	May 15, 2032	$ 1,750,000	0.000 %	0.231 %
2030 Notes	May 22, 2026	May 15, 2030	$ 1,750,000	0.000 %	0.348 %
2029 Notes	August 18, 2023	February 15, 2029	$ 1,265,000	1.125 %	1.388 %
2027 Notes	August 16, 2019	September 1, 2027	$ 1,150,000	0.375 %	0.539 %

(1) Holders of the 2033 Notes have the right to require the Company to repurchase for cash all or a portion of their 2033 Notes on May 15, 2031 if the last reported sale price of the Company's common stock on the trading day immediately preceding the business day immediately preceding May 15, 2031 is less than the conversion price per share. The repurchase price will be equal to 100% of the principal amount of the 2033 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the optional repurchase date.

On May 1, 2025, the Company repaid $1,150.0 million in par value of convertible senior notes that matured (“2025 Notes”). The 2025 Notes were senior unsecured obligations of the Company and bore interest at 0.125%.

Conversion Rights of the Notes

At their option, holders may exercise the conversion right of the respective Notes at the following specified times and rates to receive the principal amount in cash and receive any amount in excess of the principal amount in cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election.

Prior to the close of business on the business day immediately preceding the conversion date, as noted in the table below, under the following circumstances a holder may exercise their conversion right:

- during any calendar quarter commencing after the calendar quarter ended September 30, 2025 for the 2033 Notes, September 30, 2026 for the 2032 Notes and the 2030 Notes, December 31, 2023 for the 2029 Notes and December 31, 2019 for the 2027 Notes (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period in which the trading price per $1,000 principal amount of the respective Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; or

- upon the occurrence of specified corporate events.

On or after the respective conversion date, as noted in the table below, holders may convert all or any portion of their respective Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date.

The market price trigger condition for the 2033 Notes was met as of June 30, 2026, because the closing price of the Company's common stock exceeded 130% of the conversion price for at least 20 trading days during the 30 consecutive trading days ending June 30, 2026. Accordingly, the 2033 Notes are convertible at the option of the holders during the three months ended September 30, 2026. As a result, the Company has reclassified the carrying value of the 2033 Notes from non-current liabilities to current liabilities in the interim condensed consolidated balance sheets as of June 30, 2026. As of June 30, 2026, and through the date of this filing, no holders have submitted notes for conversion, and no conversions have occurred.

If the Company undergoes a fundamental change at any time prior to the maturity date, holders of the Notes will have the right, at their option, to require the Company to repurchase for cash all or any portion of their Notes at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date.

The conversion rights for the outstanding Notes as of June 30, 2026 are as follows:

Notes	Conversion Date	Conversion Rate [1]	Conversion Price per Share [1]
2033 Notes	January 15, 2033	10.7513	$ 93.01
2032 Notes	January 15, 2032	5.2408	$ 190.81
2030 Notes	January 15, 2030	4.9650	$ 201.41
2029 Notes	October 15, 2028	7.9170	$ 126.31
2027 Notes	May 1, 2027	8.6073	$ 116.18

(1) The conversion rate for the Notes is established as a number of shares of the Company's common stock per $1,000 principal amount of the Notes, that is equivalent to the conversion price per share, subject to adjustments in certain events. Upon the occurrence of certain corporate events the Company will increase the conversion rate for a holder that elects to convert its Notes.

Components and Fair Value of the Notes

The Notes consisted of the following components as of June 30, 2026 and December 31, 2025 (in thousands):

	2033 Notes	2032 Notes	2030 Notes	2029 Notes	2027 Notes	Total
As of June 30, 2026						
Principal	$ 1,725,000	$ 1,750,000	$ 1,750,000	$ 1,265,000	$ 1,150,000	$ 7,640,000
Less: issuance costs, net of amortization	(19,424)	(23,624)	(23,412)	(8,586)	(2,126)	(77,172)
Net carrying amount	$ 1,705,576	$ 1,726,376	$ 1,726,588	$ 1,256,414	$ 1,147,874	$ 7,562,828
Estimated fair value [1]	$ 2,522,054	$ 1,611,155	$ 1,650,023	$ 1,509,891	$ 1,381,875	$ 8,674,998
As of December 31, 2025						
Principal	$ 1,725,000	$ —	$ —	$ 1,265,000	$ 1,150,000	$ 4,140,000
Less: issuance costs, net of amortization	(21,390)	—	—	(10,187)	(3,068)	(34,645)
Net carrying amount	$ 1,703,610	$ —	$ —	$ 1,254,813	$ 1,146,932	$ 4,105,355
Estimated fair value [1]	$ 1,918,062	$ —	$ —	$ 1,254,981	$ 1,158,407	$ 4,331,450

(1) The fair values were determined based on the quoted prices of the Notes in an inactive market on the last trading day of the reporting period and have been classified as Level 2 within the fair value hierarchy.

Note Hedges and Warrants

To minimize the impact of potential dilution upon conversion of the Notes, the Company entered into convertible note hedge transactions with respect to its common stock concurrently with each respective note issuance month. The note hedge transactions cover an approximate number of shares of the Company's common stock at a strike price that corresponds to the conversion prices for the Notes, also subject to adjustment, and are exercisable upon conversion of the Notes. The note hedge transactions expire upon the respective maturity dates of the Notes. The Company determined that the note hedges meet the definition of a derivative and are classified in stockholders' equity, as the note hedges are indexed to the Company's common stock, and the Company, at its election, may receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. The Company recorded the purchase of the hedges as a decrease to additional paid-in capital. The Company does not recognize subsequent changes in fair value of the note hedges in its interim condensed consolidated financial statements.

Separately, the Company also entered into warrant transactions concurrently with each of the note issuances, whereby the Company sold warrants to acquire, subject to anti-dilution adjustments, shares of the Company’s common stock at a predetermined strike price per share. The convertible note hedge and warrant transactions will generally have the effect of increasing the conversion price of each of the Notes to the respective strike price related to the warrant transactions. The Company determined that the warrants meet the definition of a derivative and are classified in stockholders’ equity, as the warrants are indexed to the Company's common stock, and the Company, at its election, may pay or deliver to holders cash or shares of the Company's common stock. The Company recorded the proceeds from the issuance of the warrants as an increase to additional paid-in capital. The Company does not recognize subsequent changes in fair value of the warrants in its interim condensed consolidated financial statements. The following table summarizes the main terms impacting the note hedges and warrants (in thousands, except per share data):

	2033 Notes	2032 Notes	2030 Notes	2029 Notes	2027 Notes
Note hedge transaction costs	$ 605,820	$ 553,700	$ 340,025	$ 236,555	$ 312,225
Shares covered by note hedge transactions	18,546	9,171	8,689	10,015	9,898
Shares related to warrant transactions	18,546	9,171	8,689	10,015	9,898
Strike price per share related to warrant transactions	$ 155.02	$ 282.68	$ 247.35	$ 180.44	$ 178.74
Aggregate proceeds from sale of warrants	$ 330,855	$ 384,475	$ 272,650	$ 90,195	$ 185,150

Revolving Credit Facilities

In January 2025, the Company entered into a $150.0 million uncommitted revolving credit agreement ("2025 Credit Agreement"). Any outstanding borrowings are secured by collateral, consisting primarily of available-for-sale marketable securities. Borrowings under the 2025 Credit Agreement may be used to finance working capital needs and for general corporate purposes. The 2025 Credit Agreement does not expire but is cancellable at any time and any borrowings can be due on demand. Borrowings under the 2025 Credit Agreement will bear a specified interest rate, based on the Secured Overnight Financing Rate, and interest period at the time of the confirmed borrowing. There were no outstanding borrowings under the 2025 Credit Agreement as of June 30, 2026.

In November 2022, the Company entered into a revolving credit agreement (“2022 Credit Agreement”), which was amended in May 2025 to increase the aggregate revolving commitments to $1.0 billion. Borrowings under the 2022 Credit Agreement may be used to finance working capital needs and for general corporate purposes. The 2022 Credit Agreement expires on November 22, 2028, and any amounts outstanding thereunder will become due and payable, subject to up to a one-year extension at the Company's request and with the consent of the lenders party thereto.

Borrowings under the 2022 Credit Agreement bear interest, at the Company's option, at a term benchmark rate plus a spread of 0.75% to 1.125%, a reference rate plus a spread of 0.75% to 1.125%, or a base rate plus a spread of 0.00% to 0.125%, in each case with such spread being determined based on the Company's consolidated leverage ratio specified in the 2022 Credit Agreement. Regardless of what amounts, if any, are outstanding under the 2022 Credit Agreement, the Company is also obligated to pay an ongoing commitment fee on undrawn amounts at a rate of 0.07% to 0.125%, with such rate being based on the Company's consolidated leverage ratio specified in the 2022 Credit Agreement.

The 2022 Credit Agreement contains customary representations and warranties, affirmative and negative covenants and events of default. As of June 30, 2026, the Company was in compliance with all covenants. The negative covenants include restrictions on subsidiary indebtedness, liens and fundamental changes. These covenants are subject to a number of important exceptions and qualifications. The principal financial covenant requires a maximum consolidated leverage ratio. There were no outstanding borrowings under the 2022 Credit Agreement as of June 30, 2026.

Interest Expense

The Notes bear interest at fixed rates that are payable semi-annually in arrears on their respective interest payment dates each year, except for the 2030 Notes and the 2032 Notes, which have a zero coupon interest. Interest expense, together with ongoing commitment fees under the terms of the Company's credit agreements, included in the interim condensed consolidated statements of income for the three and six months ended June 30, 2026 and 2025 was as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Amortization of debt issuance costs	$ 3,416	$ 2,022	$ 6,059	$ 3,981
Coupon interest payable on 2033 Notes	1,078	491	2,156	491
Coupon interest payable on 2029 Notes	3,558	3,558	7,116	7,116
Coupon interest payable on 2027 Notes	1,078	1,078	2,156	2,156
Coupon interest payable on 2025 Notes	—	124	—	483
Interest payable and commitment fees under the credit agreements	332	1,305	727	1,455
Capitalization of interest expense	(384)	(377)	(879)	(731)
Total interest expense	$ 9,078	$ 8,201	$ 17,335	$ 14,951

8. Restructuring

During the fourth quarter of 2025, management committed to an action to restructure certain parts of the Company to align investments and simplify organizational structure to long-term growth priorities (“Q4 2025 Action”). As a result, certain headcount reductions were necessary. Additionally, the Company planned for the end of life of certain solutions which resulted in impairments to completed technologies and customer-related acquired intangible assets, as well as capitalized internal-use software. The Company does not expect to incur material additional charges related to this action.

The Company also recognizes restructuring charges related to completed acquisitions for severance and related expenses paid to redundant employees, fees paid to terminate redundant contracts and impairments of redundant long-lived assets, primarily duplicative facility-related assets, acquired intangible assets and capitalized internal-use software. The Company does not expect to incur material additional charges related to past acquisitions.

The Company's restructuring charges during the three and six months ended June 30, 2026 and 2025 were as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Q4 2025 action	$ (791)	$ —	$ (548)	$ —
Acquisitions related and other	2,616	3,103	2,556	3,464
Total restructuring charge	$ 1,825	$ 3,103	$ 2,008	$ 3,464

The liability for restructuring charges for employee severance and related expenses is included in other current liabilities on the interim condensed consolidated balance sheets. The changes in the liability for the six months ended June 30, 2026 were as follows (in thousands):

	Q4 2025 Action	Acquisitions Related and Other	Total
Balance as of January 1, 2026	$ 20,750	$ 1,646	$ 22,396
Costs incurred	(474)	(107)	(581)
Cash disbursements	(17,592)	(495)	(18,087)
Translation adjustments and other	8	(18)	(10)
Balance as of June 30, 2026	$ 2,692	$ 1,026	$ 3,718

9. Stockholders' Equity

Share Repurchase Program

In May 2024, the board of directors authorized a $2.0 billion share repurchase program, effective May 2024 through June 2027, of which $564.8 million remains available for repurchase as of June 30, 2026. The Company's goals for the share repurchase program are to offset the dilution created by its employee equity compensation programs over time and provide the flexibility to return capital to shareholders as business and market conditions warrant, while still preserving its ability to pursue other strategic opportunities, including investments in its cloud infrastructure services.

During the three and six months ended June 30, 2026, the Company repurchased 3.0 million and 5.0 million shares of its common stock, respectively, for $409.9 million and $615.7 million, respectively.

Stock-Based Compensation

Components of total stock-based compensation included in the Company's interim condensed consolidated statements of income for the three and six months ended June 30, 2026 and 2025 were as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	$ 24,659	$ 19,314	$ 46,336	$ 38,242
Research and development	53,997	39,803	102,854	82,071
Sales and marketing	26,456	22,263	51,437	44,703
General and administrative	41,178	31,396	74,344	59,738
Total stock-based compensation	146,290	112,776	274,971	224,754
Provision for income taxes	(39,236)	(20,465)	(74,457)	(35,262)
Total stock-based compensation, net of income taxes	$ 107,054	$ 92,311	$ 200,514	$ 189,492

In addition to the amounts of stock-based compensation reported in the table above, the Company's interim condensed consolidated statements of income also include stock-based compensation reflected as a component of amortization primarily consisting of capitalized internal-use software; the additional stock-based compensation was $15.2 million and $30.1 million for the three and six months ended June 30, 2026, respectively, before taxes, and $12.2 million and $24.4 million for the three and six months ended June 30, 2025, respectively, before taxes.

In 2026, the Company introduced a new benefit allowing retirement-eligible employees to qualify for continued vesting of all unvested equity awards post-employment, subject to the satisfaction of specified conditions. This reduced the service periods which resulted in an increase in stock-based compensation expense for the three and six months ended June 30, 2026.

10. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss, net of tax, which is reported as a component of stockholders' equity, for the six months ended June 30, 2026 were as follows (in thousands):

	Foreign Currency Translation	Net Unrealized Gains (Losses) on Investments	Total
Balance as of January 1, 2026	$ (97,536)	$ 2,780	$ (94,756)
Other comprehensive loss	(13,616)	(8,522)	(22,138)
Balance as of June 30, 2026	$ (111,152)	$ (5,742)	$ (116,894)

There were no amounts reclassified from accumulated other comprehensive loss to net income for the six months ended June 30, 2026.

11. Revenue from Contracts with Customers

The Company sells its services through a sales force located both domestically and internationally. Revenue derived from operations outside of the U.S. is determined based on the country in which the sale originated. Other than the U.S., no single country accounted for 10% or more of the Company’s total revenue for any reported period. Revenue by geography included in the Company’s interim condensed consolidated statements of income for the three and six months ended June 30, 2026 and 2025 was as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
U.S.	$ 550,426	$ 527,607	$ 1,093,573	$ 1,056,346
International	549,256	515,887	1,079,719	1,002,287
Total revenue	$ 1,099,682	$ 1,043,494	$ 2,173,292	$ 2,058,633

Beginning with the first quarter of 2026, the Company began reporting its revenue in three solution categories: security, delivery and other cloud applications and cloud infrastructure services. Recognizing cloud infrastructure services as a primary growth area and a significant focus of investment in the Company's cloud computing portfolio, the Company began reporting its revenue separately. Prior period amounts reported in the table below for revenue by solution category have been recast to reflect this change.

Security includes solutions that are designed to protect business online by keeping infrastructure, websites, applications, APIs, networks and users safe. Delivery and other cloud applications is comprised of delivery solutions that are designed to enable business online, including media delivery and web and mobile performance, as well as other cloud applications. Cloud infrastructure services includes compute and storage solutions, EdgeWorkers product and the compute partner solutions running on the Company's platform. Revenue by solution category included in the Company’s interim condensed consolidated statements of income for the three and six months ended June 30, 2026 and 2025 was as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Security	$ 604,436	$ 551,914	$ 1,194,226	$ 1,082,609
Delivery and other cloud applications	395,927	420,117	785,135	836,960
Cloud infrastructure services	99,319	71,463	193,931	139,064
Total revenue	$ 1,099,682	$ 1,043,494	$ 2,173,292	$ 2,058,633

Most of the Company's solutions represent stand-ready obligations that are satisfied over time as the customer simultaneously receives and consumes the services provided by the Company. Accordingly, the majority of the Company's revenue is recognized over time, generally ratably over the term of the arrangement due to consistent monthly usage commitments that expire each period. Any usage over a given commitment is recognized in the period in which the units are served. A small percentage of the Company's contracts are satisfied at a point in time, such as one-time professional services contracts, integration services and most license sales where the primary obligation is delivery of the license at the start of the term. In these cases, revenue is recognized at a point in time of delivery or satisfaction of the performance obligation.

During the six months ended June 30, 2026 and 2025, the Company recognized $116.5 million and $112.7 million of revenue that was included in deferred revenue as of December 31, 2025 and 2024, respectively.

As of June 30, 2026, the aggregate amount of remaining performance obligations from contracts with customers was $7.6 billion. The Company expects to recognize approximately 40% of its remaining performance obligations as revenue over the next 12 months and approximately 40% over the next two to three years, with the remaining thereafter. Remaining performance obligations represent the amount of the transaction price under contracts with customers that are attributable to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. This consists of future committed revenue for monthly, quarterly or annual periods within current noncancellable contracts with customers, as well as deferred revenue arising from consideration invoiced in prior periods for which the related performance obligations have not been satisfied. It excludes estimates of variable consideration such as usage-based contracts with no committed contract as well as anticipated renewed contracts. Revenue recognized during the six months ended June 30, 2026 and 2025, related to performance obligations satisfied in previous periods was not material.

12. Income Taxes

The Company's effective income tax rate is based on estimated income for the year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods. Potential discrete adjustments include tax charges or benefits related to stock-based compensation, changes in tax legislation, settlements of tax audits or assessments, uncertain tax positions and acquisitions, among other items.

The Company’s effective income tax rate was 16.4% and 30.3% for the six months ended June 30, 2026 and 2025, respectively. The lower effective tax rate for the six months ended June 30, 2026 was primarily due to an increase in the excess tax benefit related to stock-based compensation, a change in the valuation allowance recorded against state credits and an increase to the benefit of U.S. federal, state and foreign research and development credits. These amounts are partially offset by an increase in non-deductible transfer pricing and a decrease in foreign income taxed at lower rates.

For the six months ended June 30, 2026, the effective income tax rate was lower than the federal statutory tax rate due to the excess tax benefit related to stock-based compensation, the benefit of U.S. federal, state and foreign research and development credits and foreign income taxed at lower rates. These amounts were partially offset by an increase in certain tax reserves and non-deductible stock-based compensation.

For the six months ended June 30, 2025, the effective income tax rate was higher than the federal statutory tax rate due to a shortfall in the tax benefit related to stock-based compensation, non-deductible stock-based compensation and an increase in certain tax reserves. These amounts were partially offset by foreign income taxed at lower rates and the benefit of U.S. federal, state and foreign research and development credits.

In July 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2026. The OBBBA did not have a material impact on the Company's condensed consolidated financial statements.

13. Net Income per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the applicable period. Diluted net income per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential common stock. Potential common stock consists of shares issuable pursuant to stock awards, convertible senior notes and warrants issued by the Company. The dilutive effect of outstanding stock awards is reflected in diluted earnings per share by application of the treasury stock method and the dilutive effect of the convertible securities is reflected in diluted earnings per share by application of the if-converted method.

The components used in the computation of basic and diluted net income per share for the three and six months ended June 30, 2026 and 2025 were as follows (in thousands, except per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789
Denominator:				
Shares used for basic net income per share	144,660	144,757	144,965	146,905
Effect of dilutive securities:				
Stock awards	3,673	492	3,543	1,251
Convertible senior notes	5,353	—	3,346	—
Warrants related to issuance of convertible senior notes	—	—	—	—
Shares used for diluted net income per share	153,686	145,249	151,854	148,156
Basic net income per share	$ 0.55	$ 0.72	$ 1.28	$ 1.54
Diluted net income per share	$ 0.52	$ 0.71	$ 1.22	$ 1.53

For the three and six months ended June 30, 2026 and 2025, certain potential outstanding shares from service-based stock awards and warrants were excluded from the computation of diluted net income per share because the effect of including these items was anti-dilutive. Additionally, certain market- and performance-based stock awards were excluded from the computation of diluted net income per share because the underlying market and performance conditions for such stock awards had not been met as of these dates. The number of potentially outstanding shares excluded from the computation of diluted net income per share for the three and six months ended June 30, 2026 and 2025 were as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Service-based stock awards	365	2,389	3,119	5,066
Market- and performance-based stock awards	1,795	1,583	1,798	1,583
Warrants related to issuance of convertible senior notes	56,320	50,552	47,390	41,279
Total shares excluded from computation	58,480	54,524	52,307	47,928

14. Segment Information

The Company’s chief operating decision-maker ("CODM") is the chief executive officer and the executive management team. As of June 30, 2026, the Company is currently organized and operates as one operating and reportable segment. The Company is not organized by market and is managed and operated as one business. A single management team that reports to the chief executive officer comprehensively manages the entire business. The Company does not operate any material separate lines of business or separate business entities with respect to its services. Accordingly, the Company does not accumulate discrete financial information with respect to separate entities. The CODM assesses performance and makes decisions on optimizing the allocation of resources across functions and strategic investments using consolidated net income. Segment assets represent total assets as reported on the interim condensed consolidated balance sheets.

Information regarding the Company's one operating segment for the three and six months ended June 30, 2026 and 2025 was as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 1,099,682	$ 1,043,494	$ 2,173,292	$ 2,058,633
Less:				
Co-location costs	99,494	87,189	198,364	170,950
Bandwidth fees	53,521	45,647	106,330	93,470
Network build-out and supporting services	74,415	58,223	141,798	112,297
Payroll and related costs	439,495	391,431	866,819	771,945
Capitalized salaries and related costs	(88,846)	(80,183)	(178,868)	(160,954)
Facilities-related costs	22,906	21,274	43,681	43,143
Software and related services	21,577	21,403	41,545	41,521
Other segment items [1]	61,396	54,435	111,549	101,147
Depreciation and amortization	185,537	175,461	369,288	349,483
Stock-based compensation	146,290	112,776	274,971	224,754
Restructuring charge	1,825	3,103	2,008	3,464
Acquisition-related (benefit) costs	1,788	1,274	1,029	1,369
Interest and marketable securities income, net	(31,672)	(14,129)	(49,219)	(33,659)
Interest expense	9,078	8,201	17,335	14,951
Other expense (income), net	2,851	5,451	4,637	(569)
Provision for income taxes	20,623	48,320	36,302	98,532
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789

(1) Other segment items includes marketing programs and related costs, third-party professional service fees, non-income related tax expense and other expenses.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This quarterly report on Form 10-Q, particularly Management's Discussion and Analysis of Financial Condition and Results of Operations set forth below, and notes to our unaudited interim condensed consolidated financial statements included herein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of Akamai Technologies, Inc., which we refer to as "we," "us," or the "Company." All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management as of the date hereof based on information currently available to our management. Use of words such as "believes," "could," "expects," "anticipates," "intends," "plans," "seeks," "projects," "estimates," "should," "would," "forecasts," "if," "continues," "goal," "likely," "may," "will," variations of such words or similar expressions are intended to identify a forward-looking statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions. Actual results may differ materially from the forward-looking statements we make as a result of various factors, including, but not limited to: potential slowing revenue growth, global economic and geopolitical conditions, including changes in customer spending and inflation, tariffs, trade restrictions, export controls and retaliatory measures, our ability to acquire or develop new solutions, our ability to compete effectively, including our ability to continue to grow our artificial intelligence ("AI") infrastructure, compute services and solutions, including risks that our AI initiatives may not be successful or may introduce operational, security or regulatory risks, security risks stemming from ineffective information technology systems or cybersecurity breaches, risks of maintaining global operations, including physical attacks on or destruction of data centers and critical infrastructure in regions affected by armed conflict, regulatory developments, supply chain disruptions, significant increases in server, memory and co-location costs due to market dynamics, intellectual property claims or disputes, investment related risks and maintaining an effective system of internal controls. See "Risk Factors" elsewhere in this quarterly report on Form 10-Q and in our other reports filed with the Securities and Exchange Commission for a discussion of certain risks associated with our business. We disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise, including the potential impact of any mergers, acquisitions, divestitures or other events that may be announced after the date hereof.

Our management's discussion and analysis of our financial condition and results of operations is based upon our unaudited interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q, which we have prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The preparation of these unaudited interim condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related items, including, but not limited to, revenue recognition, accounts receivable and related reserves, valuation and impairment of marketable securities, goodwill and acquired intangible assets, capitalized internal-use software development costs, impairment and useful lives of long-lived assets, income taxes and stock-based compensation. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time they are made. Actual results may differ from our estimates. See the section entitled "Application of Critical Accounting Policies and Estimates" in our annual report on Form 10-K for the year ended December 31, 2025 for further discussion of our critical accounting policies and estimates.

Overview

We develop and provide solutions for global enterprises to build, secure and accelerate their applications and digital experiences through our massively distributed global infrastructure, which underpins our security, delivery and other cloud applications and cloud infrastructure services solutions, and is central to our financial success. Together, these solutions are positioned to benefit from the rapid evolution of AI. The key factors that influence our financial success include our ability to build on recurring revenue commitments across our product portfolios and increase traffic on our network. We must also continue to develop, scale and successfully bring to market our cloud infrastructure services, including Akamai Cloud and compute-to-edge solutions, that meet the reliability needs of professional users and enterprises. Additionally, our performance depends on our ability to effectively manage the prices we charge for our solutions considering the market dynamics on our cost structure driven by hyperscalers, continuously develop new and existing products and appropriately manage our capital spending and other operational expenses.

Revenue

We primarily derive revenue from the sale of solutions to customers pursuant to contracts having terms of one year or longer, which allows us to have a consistent and predictable base level of revenue. Services included in our contracts consist of security, the delivery of content, applications and software over the internet, cloud infrastructure and professional services. In addition to a base level of revenue, we are also dependent on our ability to increase our product offerings and to cross-sell additional solutions to our new and existing customers, particularly for our security and cloud infrastructure services portfolios. Our revenue is also impacted by customer renewals and the pricing for such renewals, the rate of adoption and timing of customer offerings, variability of one-time events, usage of cloud computing services and the amount of traffic we serve on our network. Geopolitical, economic and other developments that impact our customers' businesses can also impact our ability to attract new customers or continue to cross-sell additional services to existing customers and traffic levels for customers with variable usage. Over the longer term, our ability to continually develop and expand our product portfolio, to successfully bring those products to market and to effectively manage the prices we charge for our solutions considering the market dynamics on our cost structure driven by hyperscalers, are key factors impacting our revenue growth.

We have observed the following trends related to our revenue in recent years:

- Increased sales of our security solutions, led by application security solutions and microsegmentation solutions, and increased sales of our cloud infrastructure services solutions, attributable to enhanced services on our platform, have made a significant contribution to revenue growth. Our security and cloud infrastructure services solutions continue to contribute to a large portion of our revenue. We plan to continue to invest in these areas with a focus on AI applications for our security products and cloud infrastructure services, including expanding our platform, to further advance our product portfolios, sales capabilities and our recent large multi-year cloud infrastructure services commitments.

- Traffic growth on our network has improved, but remains moderated as compared to prior years. We, and the industry more broadly, are seeing growth at a slower pace than we have experienced in the past. In particular, customers in verticals such as media and gaming have optimized their traffic to manage through underlying business challenges at a time of global macroeconomic and geopolitical headwinds. Some of our customers' businesses have been impacted by these headwinds, and as a result, they may continue to reduce their spending or optimize their traffic, which would reduce traffic on our network and revenue. In prior years we also experienced incremental traffic growth from past asset acquisitions. We expect the moderation of traffic growth trends to continue for the remainder of 2026.

- The prices paid by some of our delivery and security customers have declined in recent years at contract renewal due to competition, which negatively impacts our revenue growth rates. We have been able to mitigate some of the negative impacts to our revenue growth rates by upselling incremental solutions to our existing customers. We are taking steps upon contract renewals to sign customers to multi-year contracts that reflect the significant cost increases we have experienced from hyperscaler market dynamics and their traffic volumes to better align unit pricing.

- Revenue from our international operations continues to grow, particularly from new customer acquisition and cross-selling of incremental solutions. Because we publicly report in U.S. dollars, our reported revenue results are negatively impacted when the U.S. dollar strengthens and benefit when the U.S. dollar weakens.

- We have experienced variations in certain types of revenue from quarter-to-quarter. These quarterly variations in revenue are attributable to, among other things, the timing of large customer contract renewals; the frequency and timing of purchases of custom solutions or licensed software; the nature and timing of software and gaming releases by our customers; holiday season activity; and whether there are large live sporting or other events or situations that impact the amount of media traffic on our network.

Expenses

Our level of profitability is impacted by our expenses, including direct costs to support our revenue such as bandwidth and co-location costs, which includes energy to power our network. We have observed the following trends related to our profitability in recent years:

- Co-location costs are a significant portion of our cost of revenue. As we continue to scale our cloud infrastructure services, including our platform to support AI applications, we have experienced a significant increase in our co-location costs, particularly as competition for data center space has continued to increase, including from hyperscalers. We have entered into, and expect to continue to enter into, longer term leases that include certain financial commitments. The costs of the financial commitments are expensed ratably over the lease term, and, as a result, in some cases, we are incurring costs in advance of these locations being fully utilized. We continue to improve our internal-use software and remain disciplined in managing our hardware deployments, which enables us to use servers more efficiently. We will need to continue to effectively manage our co-location costs to maintain or improve current levels of profitability.

- Network bandwidth costs are also a significant portion of our cost of revenue. We have been able to manage these costs through investment in internal-use software development to improve the performance and efficiency of our network and, more recently, improved pricing on contract renewals with our bandwidth providers. We will need to continue to focus on effectively managing our bandwidth costs to maintain or improve current levels of profitability.

- Network build-out and supporting service costs represent another significant portion of our cost of revenue. These costs include maintenance and supporting services incurred as we continue to operate our growing network, compute partner program costs incurred as we expand our use of partners and costs of third-party cloud providers used for some of our operations. We have seen some of these costs increase in recent years as a result of our network expansion, and particularly the build out of our platform to support our cloud infrastructure services. We will need to continue to effectively manage our network build-out and supporting service costs in an effort to control costs.

- Our employees are core to the operations of our business, and payroll and related costs, including stock-based compensation, is our largest expense. It is important to the success of our operations that we offer competitive compensation packages. However, we are focused on remaining disciplined in allocating our resources to support our faster growing security and cloud infrastructure services solutions, including maintaining operational efficiencies to mitigate the rising cost of talent. Over the past few years, we redesigned some of our compensation programs by shifting certain plans from a cash-based to stock-based, such as our 401(k) matching program in 2025. Additionally, in 2026, we introduced a new retirement benefit to our existing compensation programs. These programs are designed to better align employee incentives with the interests of our stockholders, which has increased our stock-based compensation.

- Depreciation expense related to our network equipment also contributes to our overall expense levels. In recent years, we have invested in our network, particularly as part of building out our platform to support our cloud infrastructure services, which increased our capital expenditures and resulting depreciation expense. We plan to continue investing in our platform to support our faster growing cloud infrastructure services, including support for new enterprise customers, and to support future revenue growth from AI applications. We are also experiencing a significant increase in server and memory costs due to market dynamics driven by hyperscalers, which will increase our future capital expenditures and resulting depreciation expense.

- Growth in our international operations incrementally increases our exposure to foreign currency fluctuations. Because we publicly report in U.S. dollars, our expenses are positively impacted when the U.S. dollar strengthens and are negatively impacted when the U.S. dollar weakens.

Global Economic Conditions

Global macroeconomic and geopolitical conditions continue to impact our customers, as well as our business and revenue growth rates. We, along with our customers, continue to manage through an uncertain period of fluctuating inflation, regulatory policies and resources that may negatively impact business, economic and political uncertainty, decreased consumer confidence and pressure on prices during contract renewals, uncertain energy supplies, heightened geopolitical tensions and conflict, potential for supply chain disruptions, changes in legislation and regulations, including U.S. and international tax laws, volatility and increasing tensions related to changing trade policies, including tariffs, fluctuations in foreign exchange rates and elevated interest rates. To the extent these macroeconomic conditions continue, the impact may adversely affect our business, operations and financial results.

Results of Operations

The following sets forth, as a percentage of revenue, interim condensed consolidated statements of income data for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	100 %	100 %	100 %	100 %
Costs and operating expenses:				
Cost of revenue (exclusive of amortization of acquired intangible assets shown below)	44	41	44	41
Research and development	14	12	13	12
Sales and marketing	15	14	15	14
General and administrative	17	16	16	15
Amortization of acquired intangible assets	2	3	2	3
Restructuring charge	—	—	—	—
Total costs and operating expenses [1]	93	85	91	85
Income from operations [1]	7	15	9	15
Interest and marketable securities income, net	3	1	2	2
Interest expense	(1)	(1)	(1)	(1)
Other (expense) income, net	—	(1)	—	—
Income before provision for income taxes [1]	9	15	10	16
Provision for income taxes	2	5	2	5
Net income [1]	7 %	10 %	9 %	11 %

(1) Amounts may not foot due to rounding.

Revenue

Beginning in the first quarter of 2026, revenue by solution was reported as security, delivery and other cloud applications and cloud infrastructure services. Recognizing cloud infrastructure services as a primary growth area and a significant focus of investment in our cloud computing portfolio, we began reporting its revenue separately. Prior period amounts reported in the table below for revenue by solution category have been recast to reflect this change. Revenue by solution category during the periods presented was as follows (in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2026	2025	% Change	% Change at Constant Currency	2026	2025	% Change	% Change at Constant Currency
Security	$ 604,436	$ 551,914	10 %	9 %	$ 1,194,226	$ 1,082,609	10 %	9 %
Delivery and other cloud applications	395,927	420,117	(6)	(5)	785,135	836,960	(6)	(6)
Cloud infrastructure services	99,319	71,463	39	39	193,931	139,064	39	39
Total revenue	$ 1,099,682	$ 1,043,494	5 %	5 %	$ 2,173,292	$ 2,058,633	6 %	5 %

During the three and six months ended June 30, 2026, the increase in our revenue, as compared to the same periods in 2025, was primarily the result of continued growth in sales of our security and cloud infrastructure services solutions, partially offset by a decline in revenue from our delivery and other cloud applications solutions due to downward pricing of contract renewals.

The increase in security solutions revenue for the three and six months ended June 30, 2026, as compared to the same periods in 2025, was due to growth in sales of key products in our security solutions portfolio, including our API security, web application and Guardicore segmentation solutions.

The decrease in delivery and other cloud applications solutions revenue for the three and six months ended June 30, 2026, as compared to the same periods in 2025, was driven by a decrease in delivery revenue due to downward pricing of contract renewals. Additionally, we believe macroeconomic headwinds are causing some delivery and other cloud applications customers to increase their focus on cost optimization, which negatively impacted traffic on our network and had a negative impact on delivery and other cloud applications revenue.

The increase in cloud infrastructure services solutions revenue for the three and six months ended June 30, 2026, as compared to the same periods in 2025, was due to growth in sales to new and existing customers of our compute solutions, as well as the compute partner solutions running on our platform.

Revenue derived in the U.S. and internationally during the periods presented was as follows (in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2026	2025	% Change	% Change at Constant Currency	2026	2025	% Change	% Change at Constant Currency
U.S.	$ 550,426	$ 527,607	4 %	4 %	$ 1,093,573	$ 1,056,346	4 %	4 %
As a percentage of revenue	*50 %*	*51 %*			*50 %*	*51 %*		
International	549,256	515,887	6	7	1,079,719	1,002,287	8	6
As a percentage of revenue	*50 %*	*49 %*			*50 %*	*49 %*		
Total revenue	$ 1,099,682	$ 1,043,494	5 %	5 %	$ 2,173,292	$ 2,058,633	6 %	5 %

For the three and six months ended June 30, 2026 and 2025, no single country outside the U.S. accounted for 10% or more of revenue during these periods. Changes in foreign currency exchange rates negatively impacted our revenue by $1.1 million during the three months ended June 30, 2026 and positively impacted our revenue by $17.5 million during the six months ended June 30, 2026, as compared to the same periods in 2025.

Cost of Revenue

Cost of revenue consisted of the following for the periods presented (in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Co-location costs	$ 99,494	$ 87,189	14 %	$ 198,364	$ 170,950	16 %
Bandwidth fees	53,521	45,647	17	106,330	93,470	14
Network build-out and supporting services	74,415	58,223	28	141,798	112,297	26
Payroll and related costs	91,633	84,908	8	181,766	169,368	7
Stock-based compensation, including amortization of prior capitalized amounts	38,753	30,572	27	74,089	60,869	22
Depreciation of network equipment	84,735	81,824	4	168,783	160,149	5
Amortization of internal-use software	43,381	38,172	14	86,101	78,377	10
Total cost of revenue	$ 485,932	$ 426,535	14 %	$ 957,231	$ 845,480	13 %
As a percentage of revenue	*44 %*	*41 %*		*44 %*	*41 %*	

The increase in cost of revenue during the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to:

- network build-out and supporting services, particularly due to partner costs as we expand our compute partner program;
- co-location costs, depreciation of network equipment and bandwidth fees as a result of investment in our network, particularly as we build out our platform, including to support cloud infrastructure services and AI applications, to support future growth and scalability;
- stock-based compensation as a result of a new benefit that reduced the service period for retirement eligible employees effective in 2026 and from achievement of our performance-based compensation plan; and
- payroll and related costs as a result of headcount growth to support our operations and the impact of annual merit increases.

During the remainder of 2026, we expect our cost of revenue to increase as compared to 2025, in particular our co-location costs, bandwidth fees, depreciation of network equipment and amortization of internal-use software as we continue to invest in our platform to support cloud infrastructure services to provide us the ability to scale. Due to the market dynamics driven by the hyperscalers, we are also experiencing price increases for co-location, server and memory costs, which will increase our co-location costs and depreciation of network equipment. Additionally, we expect network build-out and supporting services to increase due to our compute partner programs to support the growth of our cloud infrastructure services solutions and stock-based compensation to increase as a result of a new benefit that reduced the service period for retirement eligible employees.

Research and Development Expenses

Research and development expenses consisted of the following for the periods presented (in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Payroll and related costs	$ 165,476	$ 150,953	10 %	$ 330,520	$ 297,545	11 %
Stock-based compensation	53,997	39,803	36	102,854	82,071	25
Capitalized salaries and related costs	(78,585)	(71,960)	9	(159,333)	(144,038)	11
Other expenses	7,933	7,042	13	16,356	13,809	18
Total research and development	$ 148,821	$ 125,838	18 %	$ 290,397	$ 249,387	16 %
As a percentage of revenue	*14 %*	*12 %*		*13 %*	*12 %*	

The increase in research and development expenses during the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to higher payroll and related costs and stock-based compensation as a result of headcount growth from our strategic initiatives and the impact of annual merit increases. Additionally, stock-based compensation increased as a result of a new benefit that reduced the service period for retirement eligible employees effective in 2026 and from achievement of our performance-based compensation plan.

Research and development costs are expensed as incurred, other than certain internal-use software development costs eligible for capitalization. Capitalized development costs consist of payroll and related costs for personnel and external consulting expenses involved in the development of internal-use software used to deliver our services and operate our network. During the three months ended June 30, 2026 and 2025, we capitalized $37.1 million and $29.0 million, respectively, of stock-based compensation. During the six months ended June 30, 2026 and 2025, we capitalized $69.0 million and $58.4, respectively. These capitalized internal-use software development costs are amortized to cost of revenue over their estimated useful lives, ranging from two to ten years based on the software developed and its expected useful life.

During the remainder of 2026, we expect our research and development costs to increase as compared to 2025, in particular payroll and related costs, including stock-based compensation, in support of our faster growing security and cloud infrastructure services solutions and employees acquired through recent acquisitions. We also expect stock-based compensation to increase during the remainder of 2026 as a result of a new benefit that reduced the service period for retirement eligible employees. However, we plan to continue to carefully manage costs in an effort to manage our operating margins.

Sales and Marketing Expenses

Sales and marketing expenses consisted of the following for the periods presented (in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Payroll and related costs	$ 116,547	$ 96,275	21 %	$ 225,070	$ 188,639	19 %
Stock-based compensation	26,456	22,263	19	51,437	44,703	15
Marketing programs and related costs	16,280	16,554	(2)	32,403	27,769	17
Other expenses	10,762	11,147	(3)	18,197	19,259	(6)
Total sales and marketing	$ 170,045	$ 146,239	16 %	$ 327,107	$ 280,370	17 %
As a percentage of revenue	*15 %*	*14 %*		*15 %*	*14 %*	

The increase in sales and marketing expenses during the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to higher payroll and related costs as a result of headcount growth as part of our reinvestment in our go-to-market strategy. Additionally, stock-based compensation increased as a result of a new benefit that reduced the service period for retirement eligible employees effective in 2026 and from achievement of our performance-based compensation plan. The increase in sales and marketing expenses during the six months ended June 30, 2026, as compared to the same period in 2025, was also due to marketing programs and related costs from the timing of events and increased campaigns.

During the remainder of 2026, we expect our sales and marketing expenses to increase as compared to 2025, in particular payroll and related costs primarily due to our reinvestment in headcount as part of our go-to-market strategy to drive acquisition of new customers for our faster growing security and cloud infrastructure services solutions and from employees acquired through recent acquisitions. Additionally, we expect an increase in stock-based compensation as a result of a new benefit that reduced the service period for retirement eligible employees. However, we plan to continue to carefully manage costs in an effort to manage our operating margins.

General and Administrative Expenses

General and administrative expenses consisted of the following for the periods presented (in thousands):

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2026	2025	% Change	2026	2025	% Change
Payroll and related costs	$ 65,259	$ 58,477	12 %	$ 128,129	$ 114,969	11 %
Stock-based compensation	41,178	31,396	31	74,344	59,738	24
Depreciation and amortization	18,240	16,487	11	36,378	32,973	10
Facilities-related costs	22,906	21,274	8	43,681	43,143	1
Provision for doubtful accounts	2,337	551	324	3,454	1,706	102
Acquisition-related costs	1,788	1,274	40	1,029	1,369	(25)
Software and related service costs	17,476	17,653	(1)	33,785	34,399	(2)
Other expenses	18,502	15,485	19	30,695	30,233	2
Total general and administrative	$ 187,686	$ 162,597	15 %	$ 351,495	$ 318,530	10 %
As a percentage of revenue	*17 %*	*16 %*		*16 %*	*15 %*	

The increase in general and administrative expenses during the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to higher payroll and related costs and stock-based compensation as a result of headcount growth to support our operations and the impact of the annual merit increases. Additionally, stock-based compensation increased as a result of a new benefit that reduced the service period for retirement eligible employees effective in 2026 and from achievement of our performance-based compensation plan.

During the remainder of 2026, we expect our general and administrative expenses to increase as compared to 2025, to support the operations of the business. In particular, we expect stock-based compensation to increase as a result of a new benefit that reduced the service period for retirement eligible employees. However, we plan to continue to carefully manage costs in an effort to manage our operating margins.

Amortization of Acquired Intangible Assets

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(in thousands)	2026	2025	% Change	2026	2025	% Change
Amortization of acquired intangible assets	$ 25,089	$ 27,721	(9)%	$ 50,276	$ 55,358	(9)%
As a percentage of revenue	*2 %*	*3 %*		*2 %*	*3 %*	

The decrease in amortization of acquired intangible assets for the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to a decrease in the value of acquired intangible assets as a result of impairments of certain completed technologies recognized in the fourth quarter of 2025. Based on acquired intangible assets at June 30, 2026, we expect amortization of acquired intangible assets to be approximately $49.8 million for the remainder of 2026, and $85.6 million, $79.0 million, $74.0 million and $66.7 million for 2027, 2028, 2029 and 2030, respectively.

Restructuring Charge

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(in thousands)	2026	2025	% Change	2026	2025	% Change
Restructuring charge	$ 1,825	$ 3,103	(41)%	$ 2,008	$ 3,464	(42)%
As a percentage of revenue	*— %*	*— %*		*— %*	*— %*	

The restructuring charge for the three and six months ended June 30, 2026 was driven by management's commitment to an action initiated during the fourth quarter of 2025 to restructure certain parts of the company to align investments and simplify organizational structure to long-term growth priorities, as well as actions related to our acquisitions. We do not expect to incur material additional charges related to these actions.

The restructuring charge for the three and six months ended June 30, 2025 was primarily driven by management's commitment to redeploy headcount and resources to support our faster growing security and cloud computing solutions. The charges recognized during these periods include severance and related expenses for certain headcount reductions and impairments to capitalized internal-use software. We do not expect to incur material additional charges related to this action.

Non-Operating Income

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(in thousands)	2026	2025	% Change	2026	2025	% Change
Interest and marketable securities income, net	$ 31,672	$ 14,129	124 %	$ 49,219	$ 33,659	46 %
As a percentage of revenue	*3 %*	*1 %*		*2 %*	*2 %*	
Interest expense	$ (9,078)	$ (8,201)	11 %	$ (17,335)	$ (14,951)	16 %
As a percentage of revenue	*(1)%*	*(1)%*		*(1)%*	*(1)%*	
Other (expense) income, net	$ (2,851)	$ (5,451)	(48)%	$ (4,637)	$ 569	(915)%
As a percentage of revenue	*— %*	*(1)%*		*— %*	*— %*	

Interest and marketable securities income, net consists of interest earned on invested cash and marketable securities balances and income and losses on mutual funds that are associated with our employee non-qualified deferred compensation plan. The increase for the three and six months ended June 30, 2026, as compared to the same periods in 2025, was primarily due to interest earned from marketable securities purchased during the three months ended June 30, 2026 using proceeds from our convertible senior notes due 2032 and 2030.

Interest expense is related to our debt transactions, which are described in Note 7 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q.

Other (expense) income, net primarily represents net foreign exchange gains and losses due to foreign exchange rate fluctuations on the remeasurement of monetary assets and liabilities that are not denominated in the functional currency and gains and losses on cost method investments, as well as other non-operating expense and income items. Other (expense) income, net may fluctuate in the future based on changes in foreign currency exchange rates or other events.

Provision for Income Taxes

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(in thousands)	2026	2025	% Change	2026	2025	% Change
Provision for income taxes	$ 20,623	$ 48,320	(57)%	$ 36,302	$ 98,532	(63)%
As a percentage of revenue	*2 %*	*5 %*		*2 %*	*5 %*	
Effective income tax rate	*21 %*	*32 %*		*16 %*	*30 %*	

For the three months ended June 30, 2026, as compared to the same period in 2025, our provision for income taxes decreased due to a decrease in profitability, an increase in the excess tax benefit related to stock-based compensation, a change in the valuation allowance recorded against state credits and a decrease in certain tax reserves. These amounts were partially offset by a decrease in foreign income taxed at lower rates. For the six months ended June 30, 2026, as compared to the same period in 2025, our provision for income taxes decreased due to an increase in the excess tax benefit related to stock-based compensation, a decrease in profitability, a decrease in certain tax reserves and a decrease in net controlled foreign corporation tested income (formerly global intangible low-taxed income). These amounts were partially offset by a decrease in foreign income taxed at lower rates.

For the three months ended June 30, 2026, our effective income tax rate was consistent with the federal statutory tax rate as the impacts of the excess tax benefit related to stock-based compensation and the benefit of U.S. federal, state and foreign research and development credits were largely offset by an increase in certain tax reserves and non-deductible stock-based compensation. For the six months ended June 30, 2026, our effective income tax rate was lower than the federal statutory tax rate due to the excess tax benefit related to stock-based compensation, the benefit of U.S. federal, state and foreign research and development credits and foreign income taxed at lower rates. These amounts were partially offset by an increase in certain tax reserves and non-deductible stock-based compensation.

For the three months ended June 30, 2025, our effective income tax rate was higher than the federal statutory tax rate due to an increase in certain tax reserves and non-deductible stock-based compensation. These amounts were partially offset by foreign income taxed at lower rates and the benefit of U.S. federal, state and foreign research and development credits. For the six months ended June 30, 2025, our effective income tax rate was higher than the federal statutory tax rate due to a shortfall in the tax benefit related to stock-based compensation, non-deductible stock-based compensation and an increase in certain tax reserves. These amounts were partially offset by foreign income taxed at lower rates and the benefit of U.S. federal, state and foreign research and development credits.

In July 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2026. The OBBBA did not have a material impact on our condensed consolidated financial statements.

In determining our net deferred tax assets and valuation allowances, annualized effective income tax rates and cash paid for income taxes, management is required to make judgments and estimates about domestic and foreign profitability, the timing and extent of the utilization of net operating loss carryforwards, applicable tax rates, transfer pricing methodologies and tax planning strategies. Judgments and estimates related to our projections and assumptions are inherently uncertain; therefore, actual results could differ materially from our projections.

Use of Non-GAAP Financial Measures

In addition to providing financial measurements based on GAAP, we provide additional financial metrics that are not prepared in accordance with GAAP ("non-GAAP financial measures"). Management uses non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes, to measure executive compensation and to evaluate our financial performance. These non-GAAP financial measures are non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and impact of foreign currency exchange rates, as discussed below.

Management believes that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparison of financial results across accounting periods and to those of our peer companies. Management also believes that these non-GAAP financial measures enable investors to evaluate our operating results and future prospects in the same manner as management. These non-GAAP financial measures may exclude expenses and gains that may be unusual in nature, infrequent or not reflective of our ongoing operating results.

The non-GAAP financial measures do not replace the presentation of our GAAP financial measures and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP.

The non-GAAP adjustments, and our basis for excluding them from non-GAAP financial measures, are outlined below:

- **Amortization of acquired intangible assets –** We have incurred amortization of intangible assets, included in our GAAP financial statements, related to various acquisitions we have made. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization can vary significantly and is unique to each acquisition; therefore, we exclude amortization of acquired intangible assets from our non-GAAP financial measures to provide investors with a consistent basis for comparing pre- and post-acquisition operating results.

- **Stock-based compensation and amortization of capitalized stock-based compensation** – Stock-based compensation is an important aspect of the compensation paid to our employees which includes long-term incentive plans to encourage retention, performance-based plans to encourage achievement of specified financial targets, short-term incentive awards with a one year vest and shares issued as part of a retirement savings program. The grant date fair value of the stock-based compensation awards varies based on the stock price at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award types. This makes the comparison of our current financial results to previous and future periods difficult to interpret; therefore, we believe it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from our non-GAAP financial measures in order to highlight the performance of our core business and to be consistent with the way many investors evaluate our performance and compare our operating results to peer companies.

- **Acquisition-related costs** – Acquisition-related costs include transaction fees, advisory fees, due diligence costs and other direct costs associated with strategic activities. Acquisition-related costs are impacted by the timing and size of the acquisitions, and we exclude acquisition-related costs from our non-GAAP financial measures to provide a useful comparison of operating results to prior periods and to peer companies because such amounts vary significantly based on the magnitude of our acquisition transactions and do not reflect our core operations.

- **Restructuring charge –** We have incurred restructuring charges from programs that have significantly changed either the scope of the business undertaken by us or the manner in which that business is conducted. These charges include severance and related expenses for workforce reductions, impairments of long-lived assets that will no longer be used in operations (including acquired intangible assets, right-of-use assets, other facility-related property and equipment and internal-use software) and termination fees for any contracts cancelled as part of these programs. We exclude these items from our non-GAAP financial measures when evaluating our continuing business performance as such items vary significantly based on the magnitude of the restructuring action and do not reflect expected future operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or past operations of our business.

- **Amortization of debt issuance costs and capitalized interest expense –** The issuance costs of our convertible senior notes are amortized to interest expense and are excluded from our non-GAAP results because management believes the non-cash amortization expense is not representative of ongoing operating performance.

- **Gains and losses on cost method investments** – We have recorded gains and losses from the disposition, changes to fair value and impairment of cost method investments. We believe excluding these amounts from our non-GAAP financial measures is useful to investors as the types of events giving rise to these gains and losses are not representative of our core business operations and ongoing operating performance.

- **Income tax effect of non-GAAP adjustments and certain discrete tax items** – The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments is the difference between GAAP and non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes certain discrete tax items (such as the impact of intercompany sales of intellectual property related to our acquisitions), if any. We believe that applying the non-GAAP adjustments and their related income tax effect allows us to highlight income attributable to our core operations.

The following table reconciles GAAP income from operations to non-GAAP income from operations and non-GAAP operating margin for the periods presented (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Income from operations	$ 80,284	$ 151,461	$ 194,778	$ 306,044
Amortization of acquired intangible assets	25,089	27,721	50,276	55,358
Stock-based compensation	146,290	112,776	274,971	224,754
Amortization of capitalized stock-based compensation and capitalized interest expense	15,434	12,288	30,450	24,647
Restructuring charge	1,825	3,103	2,008	3,464
Acquisition-related costs	1,788	1,274	1,029	1,369
Non-GAAP income from operations	$ 270,710	$ 308,623	$ 553,512	$ 615,636
GAAP operating margin	7 %	15 %	9 %	15 %
Non-GAAP operating margin	25 %	30 %	25 %	30 %

The following table reconciles GAAP net income to non-GAAP net income for the periods presented (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789
Amortization of acquired intangible assets	25,089	27,721	50,276	55,358
Stock-based compensation	146,290	112,776	274,971	224,754
Amortization of capitalized stock-based compensation and capitalized interest expense	15,434	12,288	30,450	24,647
Restructuring charge	1,825	3,103	2,008	3,464
Acquisition-related costs	1,788	1,274	1,029	1,369
Amortization of debt issuance costs	3,032	1,645	5,180	3,250
Gain on cost method investments, net	—	—	—	(9,313)
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(37,039)	(11,069)	(74,554)	(22,866)
Non-GAAP net income	$ 235,823	$ 251,356	$ 475,083	$ 507,452

The following table reconciles GAAP net income per diluted share to non-GAAP net income per diluted share for the periods presented (in thousands, except per share data):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
GAAP net income per diluted share	$ 0.52	$ 0.71	$ 1.22	$ 1.53
Amortization of acquired intangible assets	0.16	0.19	0.33	0.37
Stock-based compensation	0.95	0.78	1.81	1.52
Amortization of capitalized stock-based compensation and capitalized interest expense	0.10	0.08	0.20	0.17
Restructuring charge	0.01	0.02	0.01	0.02
Acquisition-related costs	0.01	0.01	0.01	0.01
Amortization of debt issuance costs	0.02	0.01	0.03	0.02
Gain on cost method investments, net	—	—	—	(0.06)
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(0.24)	(0.08)	(0.49)	(0.15)
Adjustment for shares (1)	0.06	—	0.07	—
Non-GAAP net income per diluted share (2)	$ 1.59	$ 1.73	$ 3.20	$ 3.43
Shares used in GAAP per diluted share calculations	153,686	145,249	151,854	148,156
Impact of benefit from note hedge transactions (1)	(5,353)	—	(3,346)	—
Shares used in non-GAAP per diluted share calculations (1)	148,333	145,249	148,508	148,156

(1) Shares used in non-GAAP per diluted share calculations have been adjusted for the three and six months ended June 30, 2026, for the benefit of our note hedge transactions. During these periods, our average stock price was in excess of one or more of our convertible senior notes' initial conversion prices. See further definition below.
(2) Amounts may not foot due to rounding.

Non-GAAP net income per diluted share is calculated as non-GAAP net income divided by weighted average diluted common shares outstanding. Diluted weighted average common shares outstanding are adjusted in non-GAAP per share calculations for the shares that would be delivered to us pursuant to the note hedge transactions entered into in connection with the issuances of our convertible senior notes. Under GAAP, shares delivered under hedge transactions are not considered offsetting shares in the fully-diluted share calculation until they are delivered. However, we would receive a benefit from the note hedge transactions and would not allow the dilution to occur, so management believes that adjusting for this benefit provides a meaningful view of operating performance. With respect to the convertible senior notes due in each of 2033, 2032, 2030, 2029 and 2027, and those that matured in 2025, unless our weighted average stock price is greater than $93.01, $190.81, $201.41, $126.31, $116.18 and $95.10, respectively, the initial conversion prices, there will be no difference between GAAP and non-GAAP diluted weighted average common shares outstanding.

We consider Adjusted EBITDA to be another important indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Adjusted EBITDA eliminates items that we do not consider to be part of our core operations. We define Adjusted EBITDA as GAAP net income excluding the following items: interest and marketable securities income and losses; income taxes; depreciation and amortization of tangible and intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; acquisition-related costs; restructuring charges; legal settlements; foreign exchange gains and losses; interest expense; amortization of capitalized interest expense; gains and losses on cost method investments; and other non-recurring or unusual items that may arise from time to time. Adjusted EBITDA margin represents Adjusted EBITDA stated as a percentage of revenue.

The following table reconciles GAAP net income to Adjusted EBITDA and Adjusted EBITDA margin for the periods presented (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	$ 79,404	$ 103,618	$ 185,723	$ 226,789
Interest and marketable securities income, net	(31,672)	(14,129)	(49,219)	(33,659)
Provision for income taxes	20,623	48,320	36,302	98,532
Depreciation and amortization	145,356	135,757	289,223	270,061
Amortization of capitalized stock-based compensation and capitalized interest expense	15,434	12,288	30,450	24,647
Amortization of acquired intangible assets	25,089	27,721	50,276	55,358
Stock-based compensation	146,290	112,776	274,971	224,754
Restructuring charge	1,825	3,103	2,008	3,464
Acquisition-related costs	1,788	1,274	1,029	1,369
Interest expense	9,078	8,201	17,335	14,951
Gain on cost method investments, net	—	—	—	(9,313)
Other expense, net	2,851	5,451	4,637	8,744
Adjusted EBITDA	$ 416,066	$ 444,380	$ 842,735	$ 885,697
Net income margin	7 %	10 %	9 %	11 %
Adjusted EBITDA margin	38 %	43 %	39 %	43 %

Impact of Foreign Currency Exchange Rates

Revenue and earnings from our international operations have historically been an important contributor to our financial results. Consequently, our financial results have been impacted, and management expects they will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, when the local currencies of our international subsidiaries weaken, generally our consolidated results stated in U.S. dollars are negatively impacted.

Because exchange rates are a meaningful factor in understanding period-to-period comparisons, management believes the presentation of the impact of foreign currency exchange rates on revenue and earnings enhances the understanding of our financial results and evaluation of performance in comparison to prior periods. The dollar impact of changes in foreign currency exchange rates presented is calculated by translating current period results using monthly average foreign currency exchange rates from the comparative period and comparing them to the reported amount. The percentage change at constant currency presented is calculated by comparing the prior period amounts as reported and the current period amounts translated using the same monthly average foreign currency exchange rates from the comparative period.

Liquidity and Capital Resources

To date, we have financed our operations primarily through public and private sales of debt and equity securities and cash generated by operations. As of June 30, 2026, our cash, cash equivalents and marketable securities, which are detailed in Note 2 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q, totaled $4.6 billion. We place our cash investments in instruments that meet high-quality credit standards, as specified in our investment policy. Our investment policy is also designed to limit the amount of our credit exposure to any one issue or issuer and seeks to manage these assets to achieve our goals of preserving principal and maintaining adequate liquidity at all times.

Changes in cash, cash equivalents and marketable securities are dependent upon changes in, among other things, working capital items such as accounts receivable, deferred revenue, accounts payable, various accrued expenses and operating lease obligations, as well as changes in our capital and financial structure due to common stock repurchases, debt repayments and issuances, purchases and sales of marketable securities, cash paid for acquisitions and similar events. We believe our strong balance sheet, cash position and access to funds available under our revolving credit facilities are important competitive differentiators that provide the financial stability and flexibility to enable us to continue to make investments at opportune times. We expect to continue to evaluate strategic investments to strengthen our business.

As of June 30, 2026, we had cash and cash equivalents of $363.5 million held in accounts outside the U.S. The U.S. Tax Cuts and Jobs Act establishes a territorial tax system in the U.S., which provides companies with the potential ability to repatriate earnings with minimal U.S. federal income tax impact. As a result, our liquidity is not expected to be materially impacted by the amount of cash and cash equivalents held in accounts outside the U.S.

Cash Provided by Operating Activities

	For the Six Months Ended June 30,	
(in thousands)	2026	2025
Net income	$ 185,723	$ 226,789
Non-cash reconciling items included in net income	651,383	616,219
Changes in operating assets and liabilities	(198,332)	(132,659)
Net cash provided by operating activities	$ 638,774	$ 710,349

The decrease in cash provided by operating activities for the six months ended June 30, 2026, as compared to the same period in 2025, was due to timing of customer collections, higher payroll and related costs due to increased headcount and higher lease payments for co-location facilities as we expand our network.

Cash Provided by Investing Activities

	For the Six Months Ended June 30,	
(in thousands)	2026	2025
Cash (paid) received for business acquisitions, net of cash acquired	$ (37)	$ 790
Cash paid for asset acquisition	—	(29,930)
Purchases of property and equipment and capitalization of internal-use software development costs	(417,600)	(419,789)
Net marketable securities activity	(2,153,020)	649,430
Other, net	(3,102)	(6,521)
Net cash (used in) provided by investing activities	$ (2,573,759)	$ 193,980

The increase in cash used in investing activities during the six months ended June 30, 2026, as compared to the same period in 2025, was primarily due to an increase in purchases of marketable securities using proceeds from our convertible senior notes, which were issued in May 2026.

Net Cash Provided by Financing Activities

	For the Six Months Ended June 30,	
(in thousands)	2026	2025
Net convertible senior notes activity	$ 3,216,149	$ 277,231
Activity related to stock-based compensation	(114,109)	(68,688)
Repurchases of common stock	(615,744)	(799,963)
Other, net	(1,459)	(2,035)
Net cash provided by (used in) financing activities	$ 2,484,837	$ (593,455)

The increase in cash provided by financing activities during the six months ended June 30, 2026, as compared to the same period in 2025, was primarily due to our net convertible senior notes activity. During the six months ended June 30, 2026, we issued $3,500.0 million in par value of convertible senior notes. During the six months ended June 30, 2025, we issued $1,725.0 million in par value of convertible senior notes and repaid $1,150.0 million in convertible senior notes which were due in May

2025.

In May 2024, our board of directors authorized a $2.0 billion share repurchase program, effective May 2024 through June 2027. During the six months ended June 30, 2026, we repurchased 5.0 million shares of common stock at a weighted average price of $123.19 per share for an aggregate of $615.7 million. As of June 30, 2026, $564.8 million remained available for future share repurchases under the authorization program. Our goals for the share repurchase program are to offset the dilution created by our employee equity compensation programs over time and provide the flexibility to return capital to stockholders as business and market conditions warrant, while still preserving our ability to pursue other strategic opportunities. The timing and amount of any future share repurchases is determined by our management based on its evaluation of market conditions and other factors. We do not expect any share repurchases for the remainder of 2026 as we continue to invest in our platform to support cloud infrastructure services.

Convertible Senior Notes

In May 2026, we issued $1,750.0 million in principal amount of convertible senior notes due 2030 ("2030 Notes") and $1,750.0 million in principal amount of convertible senior notes due 2032 ("2032 Notes") and entered into related convertible note hedge and warrant transactions. We intend to use a portion of the net proceeds to fund the accelerated capital expenditure requirements in support of our cloud infrastructure services, prioritizing the rapid build-out of our global footprint and for general corporate purposes. Additionally, we used a portion of the net proceeds for share repurchases.

As of June 30, 2026, we had $7,640.0 million of convertible senior notes outstanding that are senior unsecured obligations and bear interest payable semi-annually in arrears, except for the 2030 Notes and 2032 Notes, which have zero coupon interest. These notes mature between September 2027 and May 2033. We have reclassified the carrying value of the convertible senior notes due 2033 ("2033 Notes") from non-current liabilities to current liabilities in the interim condensed consolidated balance sheets as of June 30, 2026 because the market price trigger condition for the 2033 Notes was met as of June 30, 2026. Accordingly, the 2033 Notes are convertible at the option of the holders during the three months ended September 30, 2026. As of June 30, 2026, and through the date of this filing, no holders have submitted notes for conversion, and no conversions have occurred. The terms of the notes and related hedge and warrant transactions are discussed more fully in Note 7 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q.

Revolving Credit Facilities

In January 2025, we entered into a $150.0 million uncommitted revolving credit agreement ("2025 Credit Agreement"). Any outstanding borrowings are secured by collateral, consisting primarily of available-for-sale marketable securities. The 2025 Credit Agreement does not expire but is cancellable at any time and any borrowings can be due on demand. Borrowings under the 2025 Credit Agreement will bear a specified interest rate, based on the Secured Overnight Financing Rate, and interest period at the time of the confirmed borrowing. There were no outstanding borrowings under the 2025 Credit Agreement as of June 30, 2026.

In November 2022, we entered into a revolving Credit Agreement ("2022 Credit Agreement"), which was amended in May 2025 to increase the aggregate revolving commitments to $1.0 billion, which allows us to borrow up to $1.0 billion at various interest rates and contains customary representations and warranties, affirmative and negative covenants and events of default. The 2022 Credit Agreement expires on November 22, 2028. As of June 30, 2026, we were in compliance with all covenants. There were no outstanding borrowings under the 2022 Credit Agreement as of June 30, 2026.

The terms of the revolving credit agreements are discussed more fully in Note 7 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q.

Operating Leases

We have entered into operating leases for real estate assets related to office space and co-location assets related to space or racks at co-location facilities and related equipment for our servers and other networking equipment. In addition, we have entered into an operating lease with a data center operator for space in the Virginia area that we contemporaneously subleased to an affiliate of a large social media customer. A portion of the space at the subleased data center commenced in 2025, and the remainder of the space commenced in January 2026. Both the lease payments and associated sublease income are expected to substantially offset each other. As of June 30, 2026, there have been no significant changes in our obligations under these operating lease arrangements from those reported on Form 10-K for the year ended December 31, 2025, other than normal period-to-period variations, particularly as we execute on our expansion plans for cloud infrastructure services.

Purchase Commitments

We enter into long-term agreements with network and internet service providers for bandwidth, as well as execute purchase orders for the purchase of goods or services in the ordinary course of business, which may contain minimum commitments. These minimum commitments may vary from period to period depending on the timing and length of contract renewals with our vendors, and on our plans for network expansion, including our expansion plans related to our cloud infrastructure services.

Liquidity Outlook

Based on our present business plan, we expect our current cash, cash equivalents and marketable securities balances and our forecasted cash flows from operations to be sufficient to meet our foreseeable cash needs for at least the next 12 months. Our foreseeable cash needs, in addition to our recurring operating costs, include our expected capital expenditures, particularly planned investments in support of our cloud infrastructure services and our AI infrastructure, investments in information technology, potential strategic acquisitions, anticipated share repurchases, lease and purchase commitments and settlements of other liabilities.

Off-Balance Sheet Arrangements

We have entered into indemnification agreements with third parties, including vendors, customers, landlords, our officers and directors, stockholders of acquired companies, joint venture partners and third parties to which we license technology. Generally, these indemnification agreements require us to reimburse losses suffered by a third party due to various events, such as lawsuits arising from patent or copyright infringement or our negligence. These indemnification obligations are considered off-balance sheet arrangements in accordance with the authoritative guidance for guarantor’s accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. See also Note 13 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2025 for further discussion of these indemnification agreements. The fair value of guarantees issued or modified during the six months ended June 30, 2026 was determined to be immaterial.

As of June 30, 2026, we did not have any additional material off-balance sheet arrangements.

Significant Accounting Policies and Estimates

See Note 2 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2025. There have been no material changes to our significant accounting policies and estimates from those reported in our annual report on Form 10-K for the year ended December 31, 2025.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Interest Rate Risk

Our portfolio of cash equivalents and short- and long-term investments is maintained in a variety of securities that are detailed in Note 2 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q. The majority of our investments are classified as available-for-sale securities and carried at fair market value with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss within stockholders' equity. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio. We do not currently hedge our interest rate exposure and do not enter into financial instruments for trading or speculative purposes. If market interest rates were to increase by 100 basis points, reflected uniformly across the yield curve regardless of the duration to maturity, from June 30, 2026 levels, the fair value of our available-for-sale portfolio would decline by approximately $25.8 million.

As of June 30, 2026, we had $7,640.0 million in aggregate principal amount of convertible senior notes outstanding that are senior unsecured obligations with fixed annual interest rates. The terms of the notes are discussed more fully in Note 6 to the interim condensed consolidated financial statements included elsewhere in this quarterly report on Form 10-Q. Due to the fixed annual interest rate, these notes do not give rise to financial or economic interest exposure associated with changes in interest rates. However, the fair value of fixed rate debt instruments fluctuates when interest rates change. Additionally, the fair value can be affected when the market price of our common stock fluctuates. We carry the notes at face value less an unamortized discount on our interim condensed consolidated balance sheet, and we present the fair value for required disclosure purposes only.

Our exposure to risk for changes in interest rates relates primarily to any borrowings under our credit agreements, which have variable rates of interest. As of June 30, 2026, we had no outstanding borrowings under the 2025 Credit Agreement or the 2022 Credit Agreement.

Foreign Currency Risk

Growth in our international operations will incrementally increase our exposure to foreign currency fluctuations as well as other risks typical of international operations that could impact our business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures and other regulations and restrictions. Because we publicly report in U.S. dollars, our reported revenue results are negatively impacted when the U.S. dollar strengthens and benefit when the U.S. dollar weakens and has an opposite effect on our expenses where our expenses are positively impacted when the U.S. dollar strengthens and are negatively impacted when the U.S. dollar weakens. However, the impact to expenses only partially offsets the impact to our revenue.

Transaction Exposure

Foreign exchange rate fluctuations may adversely impact our consolidated results of operations as exchange rate fluctuations on transactions denominated in currencies other than functional currencies result in gains and losses that are reflected in our interim condensed consolidated statements of income. We enter into short-term foreign currency forward contracts to offset foreign exchange gains and losses generated by the re-measurement of certain assets and liabilities recorded in non-functional currencies. Changes in the fair value of these derivatives, as well as re-measurement gains and losses, are recognized in our interim condensed consolidated statements of income within other expense, net. Foreign currency transaction gains and losses from these forward contracts were determined to be immaterial during the six months ended June 30, 2026. We do not enter into derivative financial instruments for trading or speculative purposes.

Translation Exposure

To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased revenue and operating expenses. Conversely, our revenue and operating expenses will decrease when the U.S. dollar strengthens against foreign currencies. A hypothetical 10% strengthening or weakening in the value of the U.S. dollar relative to the foreign currencies in which our revenues and expenses are denominated would not result in a material impact to our interim condensed consolidated financial statements.

Foreign exchange rate fluctuations may also adversely impact our consolidated financial condition as the assets and liabilities of our international operations are translated into U.S. dollars in preparing our interim condensed consolidated balance sheet. These gains or losses are recorded as a component of accumulated other comprehensive loss within stockholders' equity.

Credit Risk

Concentrations of credit risk with respect to accounts receivable are limited to certain customers to which we make substantial sales. Our customer base consists of a large number of geographically dispersed customers diversified across numerous industries. We believe that our accounts receivable credit risk exposure is limited. As of June 30, 2026, no customer had an accounts receivable balance greater than 10% of total accounts receivable. As of December 31, 2025, there was one customer with an accounts receivable balance of 10% of total accounts receivable. We believe that at June 30, 2026, the concentration of credit risk related to accounts receivable was insignificant.

Item 4. *Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2026. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

We are party to various litigation matters, governmental proceedings, investigations, claims and disputes that we consider routine and incidental to our business. We do not currently expect the results of any of these matters to have a material effect on our business, results of operations, financial condition or cash flows.

Item 1A. *Risk Factors*

Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Quarterly Report on Form 10-Q. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment.

Risk Factors Summary

The following is a summary of the principal risks that could materially adversely affect our business, results of operations and financial condition. This summary should be read in conjunction with the more detailed discussion of risks set forth in this section and the other information in this Quarterly Report on Form 10-Q, and should not be relied upon as an exhaustive summary of the material risks facing our business.

- Our revenue growth may slow, remain flat or decline, negatively impacting our profitability and stock price, due to pricing pressure from competition, customer optimization initiatives, "do-it-yourself" strategies by large customers and reduced traffic on our network.
- Global macroeconomic and geopolitical conditions, including inflation, elevated interest rates, tariffs, trade restrictions, energy costs, supply disruptions, economic uncertainty and international tensions, have adversely affected and may continue to adversely affect customer demand, our costs and the pricing of our services.
- Our global operations subject us to risks that could harm our business, including geopolitical instability, warfare and armed conflict, physical attacks on data centers or critical infrastructure, foreign currency fluctuations, regulatory complexity and challenges in managing a geographically dispersed workforce.
- We face intense competition from companies in our markets, which may result in pricing pressure, loss of customers, or inability to grow our security, delivery and other cloud applications and cloud infrastructure services.
- We and the third parties upon which we rely face a variety of evolving cybersecurity threats, including threats enhanced by increasingly capable AI tools, that could cause security incidents or data breaches, resulting in significant costs, legal liability, regulatory enforcement, reputational harm and loss of business.
- Defects, errors or service disruptions in our platform, products, internal systems or third-party technology we rely upon could lead to customer losses, liability and harm to our business.
- We may not be successful in our AI initiatives, which could adversely affect our business, reputation or financial results; our use of AI may also introduce operational, security, intellectual property and regulatory risks.

- Evolving privacy regulations, including international data transfer restrictions, data localization requirements and “digital sovereignty” frameworks, could negatively impact our profitability and business operations.
- Other regulatory developments, including those affecting the internet, content liability, AI, cloud services or critical infrastructure, as well as potential amendments to Section 230 and emerging AI governance laws, could negatively impact our business or increase our exposure to legal liability.
- Our business strategy depends on the ability to source adequate transmission capacity, co-location facilities and equipment; failure to access those resources, including due to competition, supply constraints, tariff-driven cost increases or infrastructure damage, could lead to loss of revenue and service disruptions.
- Acquisitions and other strategic transactions could result in operating difficulties, dilution, diversion of management attention and other harmful consequences that may adversely impact our business and results of operations.
- If we are unable to recruit and retain key employees and qualified sales, research and development, technical, marketing and support personnel, our ability to compete could be harmed.
- Our restructuring and reorganization activities may be disruptive to our operations and harm our business.
- Our stock price has been, and may continue to be, volatile, and your investment could lose value.
- Any failure to meet our debt obligations would damage our business; we have significant debt, and our ability to repay or refinance this debt depends on factors beyond our control.

Financial and Operational Risks

Slowing, flat or limited revenue growth has in the past and may continue to negatively impact our profitability and stock price.

The overall revenue growth we have enjoyed in recent years may not continue and could decline, negatively impacting our profitability and stock price. Our ability to generate revenue depends on the amount of services we deliver, continued growth in demand for our security, delivery and other cloud applications and cloud infrastructure services solutions and our ability to maintain or increase the prices we charge for them. If we are unable to increase revenues, our profitability and stock price could suffer.

Revenue from our delivery and other cloud applications solutions is impacted by pricing pressure due to competition and fluctuations in content traffic as a result of, among other factors, changes in the popularity of our customers' content including video delivery and gaming, and economic pressures on our customers that can cause them to take steps to optimize their platforms, including through "do-it-yourself" ("DIY") initiatives or redistributing traffic among multiple providers. Such steps by our customers have in the past and may in the future reduce traffic on our network, negatively impacting revenue. Although the rate of decline has diminished in recent periods, we have continued to experience revenue declines in our delivery and other cloud applications solutions, and ongoing competition, pricing pressure, and potential further shifts toward DIY or alternative sourcing strategies may continue to impact our delivery revenue.

Our security solutions currently generate the largest portion of our revenue. Our ability to generate security revenue depends on our ability to increase our industry recognition as a provider of security solutions, navigate a highly competitive market, develop or acquire new solutions in a rapidly-changing environment where security threats are constantly evolving and ensure that our solutions operate effectively and are competitive with products offered by others, particularly as larger providers increasingly offer broader platforms of security services. Further, competition and pricing pressure has, and may continue to impact, revenue of certain of our security solutions, including during contract renewals. Reduced traffic levels on our network has in the past, and may in the future, negatively impact revenue from our security solutions.

In addition, an increasing proportion of our revenue has been generated by our cloud infrastructure services solutions. Our ability to generate revenue in our cloud infrastructure services solutions depends on our ability to successfully continue building our platform, developing AI capabilities, attract a customer base that has traditionally partnered with more established companies in the cloud computing industry, develop effective, price competitive and attractive solutions and increase prices without reducing customer adoption, usage or retention.

Global conditions have in the past and may in the future harm our industry, business and results of operations.

Because we operate globally, our business, revenues and profitability are impacted by global macroeconomic and geopolitical conditions. The success of our activities is affected by general economic, political and market conditions, including, inflation, foreign exchange rates, interest rates, tax rates, supply chain issues, energy prices or supply disruptions, economic uncertainty or contraction, political instability, warfare or acts of terrorism, public health crises, changes in laws, policy- and regulatory-related changes resulting from U.S. and non-U.S. government and regulators' actions and regulatory priorities, trade barriers including announced or expected tariffs, changes in export controls, the actual or perceived failure or financial difficulties of financial institutions, reduced consumer confidence and spending and economic and trade sanctions. Global and regional economic and geopolitical conditions can impact our customers, potentially making non-U.S. companies reluctant to enter into contracts with U.S. providers or to permit cross-border data transfers. Such conditions can also cause customers to take cost-savings measures, such as optimization and DIY initiatives, reduction or delay of information technology spending, contract renegotiation and lengthening of procurement and sales cycles, which have in the past and may in the future negatively impact our revenues by reducing traffic on our network. The U.S. capital markets have recently experienced and may continue to experience extreme volatility and disruption and inflation rates in the U.S. have been elevated compared to historical rates and have fluctuated. In addition, the current U.S. presidential administration has imposed or indicated an intention to impose tariffs or export controls (including on advanced computing and networking technologies and services) on certain countries that could further adversely impact trade relations, result in higher costs and decreased purchasing power of our customers, put increased pressure on supply chains and create general market instability. Such economic volatility has in the past and could in the future adversely affect our business, financial condition, results of operations and cash flows and future market disruptions could negatively impact us. For example, these unfavorable economic conditions could slow our revenue growth or increase our operating costs, which could negatively impact our profitability. Geopolitical destabilization, the escalation of international tensions and warfare, including the ongoing U.S-Israel military conflict with Iran and related hostilities in the Middle East, have impacted and could continue to impact global currency exchange rates, resources from our suppliers, availability or pricing of energy and other inputs, our ability to compete effectively and our ability to operate or grow our business. The emergence of armed conflict targeting commercial technology infrastructure, including physical attacks on data centers, could further disrupt global supply chains, impair availability of critical cloud and network services and heighten operational risks for technology companies, including us. Cybersecurity threats can also intensify during periods of geopolitical destabilization, increasing the risk of attempted attacks on our systems, suppliers and customers.

The ongoing military conflict between the United States and Iran, including broader hostilities involving Israel and other regional actors, has introduced risks to technology companies with operations or infrastructure in the Middle East. Recent events have demonstrated that commercial data centers and cloud infrastructure in the region may be physically targeted through missile, drone or other attacks, as evidenced by Iranian strikes on data center facilities in the Persian Gulf in early 2026. Such attacks have resulted in structural damage, prolonged service outages and the physical destruction of computing equipment, and state actors have publicly identified U.S. technology company assets in the region as potential military targets. Although our globally distributed network architecture is designed to provide a degree of resilience against localized infrastructure disruptions, including by enabling traffic to be routed across our platform, we rely on third-party co-location providers and network infrastructure in the Middle East and other conflict-affected regions, and any physical attacks on, or destruction of, such infrastructure could disrupt our network, impair our ability to deliver services to customers in the region and cause us to incur significant remediation costs. In addition, escalating hostilities have caused, and may continue to cause, disruptions to regional supply chains, telecommunications connectivity, undersea cables, energy infrastructure and transportation networks, any of which could adversely affect operations, increase our costs or impair our ability to serve customers.

Additionally, we have offices, employees and infrastructure located in regions that historically have and may again experience periods of political instability, warfare or acts of terrorism, public health crises, changes in laws, trade barriers and economic and trade sanctions. Approximately six percent of our global employees are located in Israel and have been impacted by military conflicts or other hostilities in and around or involving Israel, including being required to report for military duty. Any further escalations or conflicts impacting Israel could cause harm to our employees or otherwise impair their ability to work for extended periods of time.

Failure to control expenses could reduce our profitability, which would negatively impact our stock price.

Maintaining or improving our profitability depends both on our ability to increase our revenue and limit our expenses. We base our decisions about expense levels and investments on estimates of our future revenue and future anticipated rates of growth and may incur varying levels of expense based on strategic initiatives, including acquisitions and the build out of our network to support our cloud infrastructure services solutions. In addition, many of our expenses are fixed costs for a certain amount of time which may impact our ability to reduce costs in a timely manner or without incurring additional costs. Further, we are subject to cost increases that we may not be able to successfully mitigate or pass on to our customers and we could lose customers who are unwilling to accept price increases, which could reduce our revenue. If we are unable to increase revenue, limit expenses, or manage increasing costs our results of operations will suffer. We have in the past and may in the future take certain steps to reduce expenses or to raise our prices to offset cost increases, however, there are no assurances that we will be able to effectively reduce or offset our expenses and such actions may negatively affect our ability to invest in our business for innovation, systems improvements and other initiatives.

If we do not develop or acquire new solutions that are attractive to our customers, our revenue and operating results could be adversely affected.

Innovation is important to our future success. In particular, as security and cloud infrastructure services solutions have become, and are expected to continue to be, an important part of our business, we must be particularly adept at developing new security and cloud infrastructure services solutions that meet the constantly-changing threat landscape and compute-to-edge and AI inference solutions that meet the needs of professional users and enterprises looking to increase the utility of the internet for their business.

The process of developing new solutions and product enhancements is complex, lengthy and uncertain and has become increasingly complex due to the sophistication of our customers' needs. The development timetable is uncertain and we may commit significant resources to developing solutions for which a viable market may not develop. For example, we are investing significant resources in our cloud infrastructure services solutions and platform, working on expanding capacity, adding additional sites and developing increased cloud computing features and functionality. Success in these efforts is not guaranteed and will largely depend on our ability to create products that are competitive in the enterprise market, source additional co-location facilities, manage an uncertain supply chain for server related hardware and adapt our offerings to new or emerging technologies and changes in customer requirements, including those related to AI workloads. In addition, we have experienced, and may in the future experience, delays in developing and releasing new products and product enhancements. This could cause our expenses to grow more rapidly than our revenue.

Trying to innovate through acquisition can be costly and with uncertain prospects for success; attractive acquisition targets may be too expensive for us to pursue which could cause us to pursue more time-consuming internal development.

Failure to develop or acquire, on a cost-effective basis, innovative or enhanced solutions that are attractive to customers and profitable to us could have a material detrimental effect on our business, results of operations, financial condition and cash flows.

If we are unable to compete effectively and adapt to changing market conditions, our business will be adversely affected.

We compete in markets that are intensely competitive and rapidly changing. Our current and potential competitors vary by size, product offerings and geographic region and range from start-ups that offer solutions competing with a discrete part of our business to large technology or telecommunications companies that offer, or may be planning to introduce, products and services that are broadly competitive with what we do. The primary competitive factors in our market are differentiation of technology, global presence, quality of solutions, reliability, long-term product roadmap, data center maintenance and acquisition, supply chain resilience, customer service, technical expertise, security, ease-of-use, breadth of services offered, price and financial strength. Ultimately, any type of increased competition could result in price and revenue reductions, loss of customers and loss of market share or inability to penetrate new markets, each of which could materially impact our business, profitability, financial condition, results of operations and cash flows.

Many of our current and potential competitors have substantially greater financial, technical and marketing resources, larger customer bases, broader product portfolios, longer operating histories, greater brand recognition and more established relationships in the industry than we do. As a result, some competitors have in the past and may in the future be able to: develop superior products or services; leverage better name recognition, particularly in the security and cloud computing markets; enter new markets more easily or better manage the impact of changes in general economic conditions, geopolitical conditions and industry pressures; gain greater market acceptance for their products and services; enter into long-term contracts with our potential customers; increase their points of presence and proximity to enterprise data centers and end users faster than us; secure server components (including memory), co-location space and power on preferred terms and with priority access, which can constrain industry supply and increase our costs; expand their offerings more efficiently and more rapidly; bundle their products that are competitive with ours with other solutions they offer in a way that makes our offerings less appealing to, or more costly for, current and potential customers; more quickly adapt to new or emerging technologies and changes in customer requirements; take advantage of acquisition, investment and other opportunities more readily; offer lower prices than ours, including at levels that may not be profitable for us to match; spend more money on the promotion, marketing and sales of their products and services; offer higher salaries to talented professionals which may impact our ability to hire or retain engineering and other personnel; and implement shorter sales cycles with customers and prospects. This is particularly true with respect to our AI and cloud infrastructure services solutions, as a small number of very large competitors have established themselves as incumbents in these industries and exert significant purchasing power and priority access to servers, memory, co-location capacity and power.

Smaller and more nimble competitors have in the past and may in the future be able to: attract customers by offering less sophisticated versions of products and services than we provide at lower prices than those we charge; develop new business models that are disruptive to us; and respond more quickly than we can to new or emerging technologies, changes in customer requirements and market and industry developments, resulting in superior offerings.

We and other companies that compete in this industry and these markets experience continually shifting business relationships, reputations, commercial focuses and business priorities, all of which occur in reaction to industry and market forces and the emergence of new opportunities. These shifts have led or could lead to our customers or partners becoming our competitors; customers implementing multi-vendor policies and seeking out one or more of our competitors to provide content and application delivery or security protection services; network suppliers no longer seeking to work with us; and technology companies that previously did not appear to show interest in the markets we seek to address entering into those markets as our competitors. With this constantly changing environment, we may face operational difficulties in adjusting to the changes or our core strategies could become obsolete. Any of these or other developments could harm our business.

Defects or disruptions in our products and IT systems could require us to increase spending on upgrading systems, diminish demand for our solutions or subject us to substantial liability.

Our solutions are highly complex and are designed to be deployed in and across numerous large and complex networks that we do not control. From time to time, we have needed to correct errors and defects in the proprietary and open-source software that underlies our platform that have given rise to service incidents, outages and disruptions or otherwise impacted our operations. We have in the past and could in the future face the loss of customers from these incidents as they seek alternative or supplemental providers. We have also periodically experienced customer dissatisfaction with the quality of some of our delivery, security, cloud computing and other services, which has led to a loss of business and could lead to a loss of customers in the future. Furthermore, most of our customer agreements contain service level commitments. If we fail to meet these contractual commitments, we have in the past and may in the future be obligated to provide credits for future service, or face contract termination with refunds of prepaid amounts, which could harm our business.

We may not have in place adequate quality assurance procedures to ensure that we detect errors in our hardware, software and open-source components that we use in a timely manner, and we may have insufficient resources to efficiently address multiple service incidents happening simultaneously or in rapid succession. If we are unable to efficiently and cost-effectively fix errors or other problems that we identify and improve the quality of our solutions or systems, or if there are unidentified errors that allow persons to improperly access our services or systems, we could experience litigation, the need to issue credits to customers, loss of revenue and market share, damage to our reputation, diversion of management attention, increased expenses, reduced profitability and other negative consequences which could harm our business.

Defects in our security solutions or human error could lead to negative publicity, loss of business, damages payments to customers, diminishing customer appeal and other negative consequences which could harm our business. As our solutions are adopted by an increasing number of enterprises and governments, it is possible that the adversaries behind advanced malicious actions will specifically focus on finding ways to defeat our products and services. If they are successful, we could experience a serious impact on our reputation and financial condition as a provider of security solutions.

We are devoting significant resources to develop and deploy our own competing cloud computing offering. The rapid development and deployment of new compute infrastructure—both hardware and software—bears the risk of bugs and unforeseen failures that could affect our reputation and ability to execute our strategies. The risks of such bugs and unforeseen failures introduced to our platform by our customers who control many aspects of their use of our cloud computing services and experimental technologies could affect our reputation, ability to execute our strategies and our financial condition. It is also uncertain whether our strategies to develop and deploy our own competing cloud computing offering will attract additional customers or generate enough revenue to be successful. The costs related to these efforts may also reduce the gross and operating margins we have previously achieved. Failure to adequately and rapidly deploy additional points of presence, increased proximity to enterprise data centers and end users and develop competitive offerings could result in negative publicity, loss of business, diminishing customer appeal and other negative consequences which could harm our business.

Our business relies on our data systems, traffic measurement systems, billing systems, ordering processes and other operational and financial reporting and control systems. We also rely on third-party software for certain essential operational services and a failure or disruption in these services could materially and adversely affect our ability to manage our business effectively. All of these systems have become increasingly complex due to the complexity of our business, use of third-party software and services, acquisitions of new businesses with different systems and changing regulation over controls and procedures. As a result, these systems have in the past and could in the future generate errors that impact traffic measurement or invoicing, revenue recognition and financial forecasting or other parts of our business. We will need to continue to upgrade and improve our data systems, traffic measurement systems, billing systems, ordering processes and other operational and financial systems, procedures and controls, which may be difficult and costly. If we are unable to adapt our systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, our business may be adversely affected.

Cybersecurity breaches and attacks on us, our contractors or our third-party vendors, as well as steps we need to take in an effort to prevent them, can lead to significant costs and disruptions that would harm our business, financial results and reputation.

We and the third-parties upon which we rely face a variety of evolving threats, which could cause cybersecurity incidents and/or data breaches, such as cyber-attacks, malicious internet-based activity, online and offline fraud and other similar activities. Such threats are prevalent and continue to rise, are increasingly difficult to detect and come from a variety of sources and may be enhanced or facilitated by AI. In particular, advances in AI capabilities, including increasingly sophisticated AI models and associated coding agents capable of autonomously discovering and exploiting software vulnerabilities, are expected to become more broadly accessible over time, including to nation-state actors and other well-resourced threat actors. The availability of such capabilities could materially increase the speed, scale and effectiveness of cyberattacks against us, our customers and third-party providers, and could compress the time available to identify, test and deploy patches or other mitigations in response to newly discovered vulnerabilities, placing significant pressure on our vulnerability management, product development and security operations functions. We regularly face attempts to gain unauthorized access or deliver malicious software to Akamai's platforms, products and services and our internal IT systems, with the goal of stealing proprietary information related to our business, products, employees and customers; disrupting our systems and services or those of our customers or others; or demanding ransom to return control of such systems and services. These attempts take a variety of forms, including DDoS attacks, infrastructure attacks, botnets, malicious file uploads, computer malware, application abuse, credential abuse, social engineering (including phishing attacks), ransomware, bugs, viruses, worms malicious software programs, business email compromises, misuse of employee credentials and wrongful conduct by insider employees or vendors, all of which may be enhanced or facilitated by AI. Further, attempts to disrupt or gain unauthorized access to our and our third-party vendors' information systems from malicious third parties or insider threats may incorporate widely varying and frequently changing tactics, which may be enhanced or facilitated by AI. Malicious actors are known to attempt to fraudulently induce employees and suppliers to disclose sensitive information through illegal electronic spamming, phishing or other tactics. Other parties may attempt to gain unauthorized physical access to our facilities in order to infiltrate our internal-use information systems. Furthermore, nation state and hacktivist attacks against us or our customers have in the past and may in the future intensify during periods of heightened geopolitical tensions or armed conflict, such as the ongoing war in Ukraine and the U.S.-Israel military conflict with Iran and related hostilities in the Middle East. We may not be able to anticipate the techniques used in such attacks, as they change frequently and may not be recognized until launched. The rapidly changing technological and geopolitical landscape may also create new, unexpected, or unknown risks for which we may not immediately be prepared, requiring increased risk mitigation expenditures.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that such terms are sufficient to protect us from liabilities, damages, or claims related to our privacy and data security obligations. Further, although we maintain cyber liability insurance, this insurance may not provide adequate coverage against potential liabilities related to any experienced cybersecurity incident or breach.

Like other companies in our industry, we, and our third-party providers, have experienced and will continue to experience threats and cybersecurity incidents relating to our information technology systems and infrastructure. For example, we have discovered vulnerabilities in software and hardware used in our technology, such as the AMD "Inception" vulnerability identified in mid-2023 that potentially impacted a large portion of the internet ecosystem, and may have other undiscovered vulnerabilities. Vulnerabilities, resident in software, hardware or configurations, have in the past and may in the future require significant operational efforts to mitigate and may persist for extended periods of time and the effects of any such vulnerability could be exacerbated. Similar security risks exist with respect to acquired companies, our business partners and the third-party vendors that we rely on for aspects of our information technology support services and administrative functions. As a result, we are subject to risks that the activities of our business partners and third-party vendors may adversely affect our business even if an attack or breach does not directly target our systems.

To protect our corporate and deployed networks, we aim to continuously engineer more secure solutions, enhance security and reliability features, improve the deployment of software updates to address security vulnerabilities, develop mitigation technologies that help to secure customers from attacks and maintain the digital security infrastructure that protects the integrity of our network and services. For example, our efforts to continually enhance the security and reliability of our globally distributed infrastructure, customer applications and corporate systems comprise various initiatives and mitigation efforts, including upgrading access and configuration controls; improving security instrumentation, monitoring, detection and prevention tools; enhancing software inventory and tracking and patching systems; upgrading encryption processes and protections; enhancing authorization methods in applications; enhancing data loss prevention and endpoint security management capabilities; upgrading vulnerability identification, assessment and remediation processes and technologies; and enhancing the security of passwords and other credentials, as applicable and appropriate. Our efforts to engineer more secure solutions are frequently costly, with a negative impact on near-term profitability, and may be unsuccessful in preventing security incidents that may have an adverse effect on our business and reputation.

For example, with the continued build out of our platform to support cloud infrastructure services, we continue to adapt procedures for mitigating risks that have in the past or may in the future materialize, including any harms that may arise from abuse of our cloud computing products. If we fail to mitigate these harms or if there is a significant cybersecurity event using our cloud computing products or our cloud computing products are perceived to be less reliable than our competitors, it could result in loss of customers and reputational damage.

Any actual, alleged or perceived breach of network security in our systems or networks, or any other actual, alleged or perceived outage, compromise or data security incident we, our customers or our third-party suppliers suffer, has in the past and could in the future result in legal reporting obligations; damage to our reputation; negative publicity; loss of channel partners, customers and sales; loss of revenue; loss of competitive advantages; increased costs to remedy any problems and otherwise respond to any incident; regulatory investigations and enforcement actions and fines; costly litigation; and other liabilities.

If we cannot maintain compatibility with our customers’ IT infrastructure, including their chosen third-party services, our business will be harmed.

Our products interoperate with our customers' IT infrastructures that often have different specifications, utilize diverse technology and require compatibility with multiple communication protocols. Therefore, the functionality of our technology often needs to have, and maintain, compatibility with our customers' technology environment, including their chosen third-party technology. Aspects of our technology's compatibility with our customers' technology is dependent on our customers because our customers, and in particular those who implement third-party applications within their environments, may change features, restrict our access to, or alter their applications within their discretion and in a manner that causes incompatibilities or causes us significant costs to maintain compatibility. Such changes could functionally limit or prevent the compatibility of our products with our customers’ IT infrastructure, which would negatively affect adoption of our products and harm our business. If we fail to update our products to achieve compatibility with new third-party applications that our customers use, we may not be able to offer the functionality that our customers need, which would harm our business.

We face risks associated with global operations that could harm our business.

A significant portion of our hiring, new customers and revenue growth in recent years has been attributable to our business outside the U.S. Our operations in international countries subject us to risks that may increase our costs, impact our financial results, disrupt our operations or make our operations less efficient and require significant management attention. These risks include: foreign exchange rate risks; uncertainty regarding liability for content or services, including uncertainty as a result of local laws and lack of legal precedent; loss of revenues if the U.S. or international governments impose limitations on doing business with significant current or potential customers; difficulty in staffing, training, developing and managing international operations as a result of distance, language, cultural differences, differences in employee/employer relationships or regulations; theft of intellectual property in high-risk countries where we operate; difficulties in enforcing contracts, collecting accounts and longer payment cycles in certain countries; difficulties in transferring funds from, or converting currencies in, certain countries; managing the costs and processes necessary to comply with export control, sanctions, anti-bribery and anti-corruption, data protection, cybersecurity and competition laws and regulations or other regulatory or contractual limitations on our ability to sell or develop our products and services in certain international markets; changes in regulatory rules or policies or changes in government enforcement priorities and resources; macroeconomic developments and changes in the labor markets in which we operate; geopolitical developments, including increasing international tensions or any that impact our or our customers’ ability to operate in or deliver content to a country; other circumstances outside of our control such as trade disputes, including the imposition of tariffs by the United States on imports from certain countries and any resulting counter-tariffs or macroeconomic impacts, political unrest, warfare, military or armed conflict, such as the Russian invasion of Ukraine, the Israel-Hamas war, the ongoing U.S.-Israel military conflict with Iran and related hostilities in the Middle East, terrorist attacks, public health emergencies, energy crises and natural disasters that could disrupt our ability to provide services or limit customer purchases of them. For example, approximately six percent of our global employees are located in Israel and have been and may continue to be impacted by hostilities in the region, including being required to report for military duty, which could impact our ability to operate and successfully complete ongoing initiatives.

In addition, we are subject to laws and regulations worldwide that differ among jurisdictions and may change, affecting our operations in areas such as intellectual property ownership and infringement; tax; anti-bribery and anti-corruption; technology sovereignty, internet, technology and export regulations; so-called "fair share" or internet content taxes; foreign exchange controls and cash repatriation; data privacy; cyber security; competition; consumer protection; corporate sustainability; and employment and immigration. Compliance with such requirements can be onerous and expensive and may otherwise impact our business operations negatively. Although we have policies, controls and procedures designed to help ensure compliance with applicable laws, there can be no assurance that our employees, contractors, suppliers, customers, channel partners, intermediaries, agents or acquired businesses will not violate such laws or our policies, or that our controls will timely prevent, detect or remediate misconduct. Violations of these laws and regulations can result in fines or disgorgement of profits; additional costs related to internal or governmental investigations; remedial undertakings; contract damages, criminal sanctions against us, our officers or our employees; suspension or debarment; loss of licenses or certifications; prohibitions on the conduct of our business; and damage to our reputation.

Our business strategy depends on the ability to source adequate transmission capacity, co-location facilities and the equipment we need to operate our network; failure to have access to those resources could lead to loss of revenue and service disruptions.

To operate and grow our globally distributed network serving our portfolio of services, we are dependent in part upon transmission capacity provided by third-party telecommunications network providers and co-location facilities to house our servers and equipment to support our operations. We may be unable to purchase the bandwidth and space we need from these providers due to limitations on their resources, increasing energy costs or other reasons outside of our control, including market dynamics driven by hyperscalers, significant cost increases in servers and memory and shortages of data center space and power. In particular, our efforts to increase the size and scale of our network infrastructure have required and may continue to require procuring significant additional space in co-location facilities. Inability to access facilities where we would like to install servers, secure sufficient power capacity or perform maintenance on existing servers for any reason impedes our ability to expand or maintain capacity. In addition, co-location facilities and other physical infrastructure on which we depend may be vulnerable to damage or destruction from armed conflict, military or terrorist attacks, natural disasters or other catastrophic events. Recent military conflicts have demonstrated that data centers and related infrastructure in conflict zones can be physically targeted, resulting in structural damage, prolonged outages and equipment loss. As a result, there can be no assurance that we are adequately prepared for unexpected increases in capacity demands by our customers or unexpected loss of infrastructure capacity. Failure to put in place or maintain the capacity we require to operate our business effectively could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers. In addition, these third-party providers can experience operational inefficiencies relating to power, climate controls, water, logistics and other unforeseen events which could result in increased costs, service disruptions and diminished customer experiences. We cannot guarantee that these providers have adequate measures in place to avoid service events that could impact our ability to operate portions of our network.

Akamai's platforms, products and services rely on hardware equipment, including hundreds of thousands of servers deployed around the world. Increasing demand and manufacturing limitations for certain necessary equipment or components may significantly impact pricing and availability. In addition disruptions in our supply chain have occurred in the past and could occur in the future that prevent us from purchasing needed equipment at attractive prices or at all. For example, we are experiencing continued volatility in certain server component costs, including as a result of recently imposed tariffs, that support the continued build out of our AI infrastructure, cloud infrastructure and platform services. In addition, from time to time, it has been, and may continue to be, more difficult to purchase equipment that is manufactured in areas that face disruptions to operations due to war, unrest, trade sanctions or other political activity, public health issues, safety issues, natural disasters or general economic conditions. For example, tariffs imposed by the United States on other countries and any resulting counter-tariffs have in the past and will in the future likely lead to increasing costs and supply chain disruptions. Failure to have adequate equipment, including server and other networking equipment, could harm the quality of our services, which could lead to the loss of customers and revenue.

Acquisitions and other strategic transactions could result in operating difficulties, dilution, diversion of management attention and other harmful consequences that may adversely impact our business and results of operations.

We expect to continue to pursue acquisitions and other types of strategic relationships that involve technology sharing or close cooperation with other companies. Acquisitions and other complex transactions are accompanied by a number of risks, including the following: difficulty integrating technologies, operations and personnel while maintaining the quality standards; potential disruptions of our ongoing business and distraction of management attention; diversion of financial and business resources from core operations or other attractive investments; financial consequences, such as increased operating expenses, incurrence of material post-closing liabilities, incurrence of additional debt and other dilutive effects on our earnings, particularly in the current environment where we have seen relatively high valuations of, and valuation expectations for, many technology companies and increasing allocation of risk to acquirors; failure to realize synergies or other expected benefits; lawsuits resulting from an acquisition or disposition; the inability to retain the acquired company's key talent; exposure to cybersecurity risks and the cost associated with remediating those risks in connection with the acquisition of IT systems; increased accounting charges such as impairment of goodwill or intangible assets, amortization of intangible assets acquired and a reduction in the useful lives of intangible assets acquired; the need to use substantial portions of available cash or dilutive issuances of securities to finance large transactions; and potential unknown liabilities and regulatory requirements associated with an acquired business.

The data practices and technology systems of businesses that we have acquired, or may acquire, and our efforts to integrate our acquisitions with our existing technologies have in the past and may in the future pose risks, such as cybersecurity vulnerabilities or past cybersecurity or privacy incidents. Following an acquisition, we work to enhance the security and reliability of our systems. As such, there is a period of increased cybersecurity risk during the period between closing an acquisition and the completion of our security upgrades and integration. For example, as part of the integration of the Linode compute platform into Akamai's platform and the migration of certain applications and products from third party cloud providers onto Akamai's platform, we have been working to enhance the security and reliability of the integrated systems. While we continue to make progress on these efforts, the mitigation of a number of risks is ongoing and thus certain underlying vulnerabilities remain that, if exploited, could negatively impact Akamai's platform and our customers. Despite our efforts to enhance the security and reliability of our systems, our information technology systems and those of third parties with whom we do business or communicate may be damaged, disrupted, or shut down due to attacks by unauthorized access, malicious software, computer viruses, undetected intrusion, hardware failures, or other events. In addition, our disaster recovery plans may be ineffective or inadequate.

Any inability to integrate completed acquisitions or combinations in an efficient and timely manner could have an adverse impact on our results of operations.

If current and potential large customers shift to DIY internal solutions for content and application delivery or security protection, our business will be negatively impacted.

We are reliant on some of our larger customers to direct traffic to our network for a significant part of our revenues. At times, some of our customers have determined that it is better for them to employ a DIY strategy by putting in place equipment, software and other technology solutions for content and application delivery and security protection within their internal systems instead of using our solutions for some or all of their needs. As the amount of money a customer spends with us increases, the risk that they will seek alternative solutions such as DIY or a multi-vendor policy likewise increases. While the number of customers implementing a DIY strategy had been decreasing, current global economic and geopolitical conditions may cause customers to increase their focus on DIY solutions, which could negatively impact traffic on our network, and, as a result, our revenue. For example, a large social media customer has taken steps to lower costs and reduce reliance on U.S. providers by optimizing its platform, including using a DIY component, which reduced traffic on our network and negatively impacted our revenue in 2024 and may continue to do so in the future. If our customers increase their use of DIY solutions or if multiple additional large customers shift to this model, traffic on our network and our contracted revenue commitments could decrease more significantly, which could negatively impact our business, profitability, financial condition, results of operations and cash flows.

If we are unable to recruit and retain key employees and qualified sales, research and development, technical, marketing and support personnel, our ability to compete could be harmed.

Our future success depends upon the services of our executive officers and other key technology, sales, research and development, marketing and support personnel who have critical industry experience and relationships. Attracting, hiring and retaining highly skilled and qualified employees continues to be a priority and a key dependency for our ongoing success. If we fail to attract new personnel, fail to retain and motivate our current personnel or fail to effectively train our employees to support our business needs, our business and future growth prospects could suffer. For example, none of our officers or key employees are bound by an employment agreement for any specific term, and members of our senior management have left our company over the years for a variety of reasons. In addition, effective succession planning is important to our long-term success and our failure to ensure effective transfer of knowledge and smooth transitions involving our officers and other key personnel could hinder our strategic planning and execution.

In addition, our future success will depend upon our ability to attract, train and retain employees, particularly in our expected areas of growth such as security and cloud infrastructure services. Such efforts will require time, expense and attention by our employees as there is significant competition for talented individuals. This competition results in increased costs in the form of cash and stock-based compensation and can have a dilutive impact on our stock. Our ability to hire and retain employees may be adversely affected by volatility in our stock price or our ability to obtain shareholder approval to offer additional stock to our employees, because a significant portion of our compensation is in the form of equity grants. We are retasking certain employees to work on our cloud infrastructure services solutions which will require the use of our resources and if we are unable to successfully retrain our employees, our cloud computing business may suffer. Furthermore, geopolitical events may impact our retention efforts. For example, the military conflict and other hostilities in the Middle East have impacted and could continue to impact our workforce in Israel, as employees have been and may continue to be required to report for military service or have other competing priorities. The loss of the services of a significant number of our employees or any of our key employees or our inability to attract and retain new talent in a timely fashion may be disruptive to our operations and overall business.

Our failure to manage new risks as our business evolves and our work practices change could harm us.

As a result of the diversification of our business, personnel growth, the deployment of our FlexBase program, acquisitions and international expansion in recent years, most of our employees are now based outside of our Cambridge, Massachusetts headquarters. Because most of our employees work remotely, we are subject to additional risks. For example, certain security systems in homes or other remote workplaces may be less secure than those used in our offices, which may subject us to increased security risks, including cybersecurity-related events, and expose us to risks of data or financial loss and associated disruptions to our business operations. If we are unable to effectively maintain a hybrid workforce, manage the cybersecurity and other risks of remote work and maintain our corporate culture and workforce morale, our business could be harmed or otherwise negatively impacted.

Additionally, if we are unable to appropriately increase management depth, enhance succession planning and decentralize our decision-making at a pace commensurate with our actual or desired growth rates, we may not be able to achieve our financial or operational goals. It is also important to our continued success that we hire qualified personnel, integrate new employees from our recent acquisitions, properly train them and manage poorly-performing personnel, all while maintaining our corporate culture and spirit of innovation. If we are not successful in these efforts, our growth and operations could be adversely affected.

Our restructuring and reorganization activities may be disruptive to our operations and harm our business.

Over the past several years, we have implemented internal restructurings and reorganizations designed to reduce the size and cost of our operations, improve operational efficiencies and reprioritize investments, enhance our ability to pursue market opportunities and accelerate our technology development initiatives. During the first quarter of 2023, the third quarter of 2024 and the fourth quarter of 2025, management committed to actions to restructure certain parts of the company, including reducing headcount, to enable it to prioritize investments in the fastest growing areas of the business and redeploy resources to support our strategic investments. We may take similar steps in the future as we seek to realize operating synergies, optimize our operations to achieve our target operating model and profitability objectives, respond to market forces or better reflect changes in the strategic direction of our business. In addition, in 2025 management introduced changes to the sales organization and sales compensation structure to work to optimize sales performance and to better align sales incentives to the fastest growing areas of the business. Disruptions in operations may occur as a result of taking these actions. Taking these actions may also result in significant expense, including with respect to workforce reductions, decreased productivity due to employee distraction and unanticipated employee turnover which could adversely affect our operating results.

We may have exposure to greater-than-anticipated tax liabilities.

Our future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, or changes in tax laws, regulations or accounting principles, as well as certain discrete items such as equity-related compensation. The Organisation for Economic Co-operation and Development ("OECD") and participating OECD member countries continue to work toward the enactment of a 15% global minimum corporate tax rate for large multinational enterprise groups, also known as "Pillar Two." Many of the participating countries have enacted legislation that became effective beginning in 2024, while other countries continue to work on defining the underlying rules and administrative procedures. Although the enacted and effective legislation in some countries was applicable to us as of January 1, 2024, and increased our effective income tax rate, the increase did not have a material impact on our overall results of operations or cash flows. We will continue to monitor and evaluate the impacts of the developing legislation.

We have recorded certain tax reserves to address potential exposures involving our income tax and indirect tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different jurisdictions. We are currently subject to tax audits in various jurisdictions. If the ultimate outcome of any tax audits are adverse to us, our reserves may not be adequate to cover our total actual liability, and we would need to take a financial charge. Although we believe our estimates, our reserves and the positions we have taken in all jurisdictions are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Fluctuations in foreign currency exchange rates affect our reported operating results in U.S. dollar terms.

Because we conduct a substantial portion of our business outside the United States, we face exposure to adverse movements in foreign currency exchange rates, which could have a material adverse impact on our financial results and cash flows. These exposures may change over time as business practices evolve and economic conditions change.

The fluctuations of currencies in which we conduct business can both increase and decrease our overall revenue and expenses for any given period. This exposure is the result of selling in multiple currencies, headcount in foreign locations and operating in countries where the functional currency is the local currency. Revenue generated and expenses incurred by our international subsidiaries are often denominated in their local currencies, but many of our expenses related to our operations in foreign jurisdictions are denominated in U.S. dollars. As a result, our consolidated U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. For example, in 2025, the weakening of the U.S. dollar had a positive impact on our revenue and increased our overall profitability, but if this dynamic reverses, it would have a negative impact on our revenue and profitability. In addition, our financial results are subject to changes in exchange rates that impact the settlement of transactions in non-functional currencies.

In addition, we have recently experienced increased volatility in foreign currency exchange rates, due to a number of factors, including geopolitical and economic developments. We may not be able to effectively manage such volatility, and our financial results have in the past and could in the future be adversely impacted as a result of such volatility. In addition, such volatility, even when it increases our revenues or decreases our expenses, impacts our ability to accurately predict our future results and earnings.

Our sales to government clients subject us to risks, including early termination, audits, investigations, sanctions and penalties.

We have customer contracts with the U.S. government, as well as international, state and local governments and their respective agencies and we may in the future increase sales to government entities. Sales to government entities are subject to a number of risks, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on our business and results of operations. Selling to government entities can be highly competitive, expensive, time consuming and subject to specific public tender and/or procurement processes and rules, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Such government entities often have the right to terminate these contracts at any time, without cause, and may require us to issue on-demand performance bonds or guarantees. There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending and demand and payment for our services may be impacted by public sector budgetary cycles and funding authorizations. These factors may combine to potentially limit the revenue we derive from government contracts in the future. Additionally, government contracts generally have requirements that are more complex than those found in commercial enterprise agreements and therefore are more costly to comply with. Such contracts are also subject to audits and investigations that could result in civil and criminal penalties and administrative sanctions, including contract termination, fee refunds, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

We utilize third-party technology in our business, and failures or vulnerabilities, and/or litigation, related to these technologies may adversely affect our business.

We utilize third-party software, services and other technology to operate critical functions of our business, including the integration of certain of these technologies into our network, products and services, and in some cases our products and services include features designed to enable our customers and partners to write and execute their own software within our platform. If these software, services, or other technology become unavailable, malfunction or contain vulnerabilities, our expenses could increase and our ability to operate our network, provide our products and our results of operations could be impaired until equivalent software, technology, or services are purchased or developed or any identified vulnerabilities or malfunctioning are remedied. If we are unable to procure the necessary third-party technology we may need to acquire or develop alternative technology, or we may have to resort to utilizing alternative technology of lower quality. This could limit and delay our ability to offer new or competitive products and increase our costs of production. As a result, our business could be significantly harmed. In addition, the use of third-party technology may expose us to third-party claims of intellectual property infringement which could cause us to incur significant costs in defense or alternative sourcing.

We rely on certain "open-source" software, which may contain security flaws or other deficiencies, and the use of which could result in our having to distribute our proprietary software, including source code, to third parties on unfavorable terms, either of which could materially affect our business.

Certain of our offerings use software that is subject to open-source licenses. Open-source code is software that is freely accessible, usable and modifiable; however, certain open-source code is governed by license agreements, the terms of which could require users of such software to make any derivative works of the software available to others on unfavorable terms or at no cost. Because we use open-source code, we may be required to take remedial action in order to protect our proprietary software. Such action could include replacing certain source code used in our software, discontinuing certain of our products or taking other actions that could be expensive and divert resources away from our development efforts. In addition, the terms relating to disclosure of derivative works in many open-source licenses are unclear and have not been interpreted by U.S. courts. If a court interprets one or more such open-source licenses in a manner that is unfavorable to us, we could be required to make certain of our key software generally available at no cost. We could also be subject to similar conditions or restrictions should there be any changes in the licensing terms of the open-source software incorporated into our products. In either event, we could be required to seek licenses from third parties in order to continue offering our products, to re-engineer our products or to discontinue the sale of our products in the event re-engineering cannot be accomplished on a timely or successful basis, any of which could adversely affect our business, operating results and financial condition. Furthermore, open-source software may have security flaws and other deficiencies that could make our solutions less reliable and damage our business, and these risks may be heightened by advances in AI capabilities that enable the more rapid discovery and exploitation of such vulnerabilities.

We may not be successful in our artificial intelligence initiatives, which could adversely affect our business, reputation, or financial results.

Artificial intelligence presents new risks, opportunities and challenges that may affect our business. In addition to ongoing investments to integrate AI and machine learning technology into our existing products and solutions and to use AI to enhance our business operations, we recently launched a platform enabling AI inferencing at the edge of the internet as a direct offering in the AI market. This introduces additional risks, as we now compete with established and emerging companies providing AI infrastructure and inference solutions. Given the nature of AI technology, we face significant competition from other companies and an evolving regulatory landscape. Our AI-focused initiatives may not be successful, and our competitors may incorporate AI into their products or market their AI solutions more successfully than us, which could impair our ability to compete effectively and adversely affect our financial results. Further, the rapid evolution of AI combined with the uncertain, rapidly evolving and often inconsistent regulatory landscape may require significant additional resources and costs and could in some cases limit our ability to implement AI capabilities in our solutions or to use AI to support business operations. AI systems and third-party AI services that we use may also introduce operational resilience and stability risks that could disrupt our services or customers' workloads and adversely affect our business, reputation or financial results. Further, data used to train AI-based systems may lead to harm to our reputation or financial results. Use of AI that has been trained on open-source code repositories for code development, for instance, may increase intellectual property risks, as well as risks related to ingestion of malicious code. Despite our implementation of programs designed to support responsible and safe AI use and development, we may not successfully address all issues that may arise. For example, user misuse of AI capabilities, privacy concerns, user consent, supply chain security, AI-related export controls, transparency and the accuracy, completeness and suitability of data sets are all potential issues that could adversely affect our business, reputation, or financial results.

Legal and Regulatory Risks

Evolving privacy regulations could negatively impact our profitability and business operations.

The nature and breadth of laws and regulations, or expanded interpretation of these laws and regulations, that relate to privacy on the internet and international data transfer restrictions may increase in the future. Accordingly, we are unable to assess the possible effect of compliance with future requirements or whether our compliance efforts will materially impact our business, results of operations or financial condition, as well as increase expenses or create other disadvantages to our business.

Privacy laws are rapidly proliferating, changing and evolving globally. Governments, private citizens and privacy advocates with class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. Numerous laws and industry self-regulatory codes have been enacted, and additional and revised laws are being considered that may affect how we use data generated from our network as well as our ability to reach current and prospective customers, understand how our solutions are being used and respond to customer requests allowed under the laws. In the U.S., more than a dozen states now have comprehensive privacy laws, adding complexity, variation in requirements, restrictions and potential legal risk requiring additional investment of resources in compliance programs. Any perception that our business practices, our data collection activities or how our solutions operate represent an invasion of privacy or improper practice, whether or not consistent with current regulations and industry practices, may subject us to public criticism or boycotts, class action lawsuits, reputational harm, or actions by regulators, or claims by industry groups or other third parties, all of which could disrupt our business and expose us to liability.

Engineering efforts to build new capabilities to facilitate compliance with increasing international data transfer restrictions and new and changing privacy laws and related customer demands could require us to take on substantial expenses and divert engineering resources from other projects. We might experience reduced demand for our offerings if we are unable to engineer products that meet our legal duties or help our customers meet their obligations under applicable data regulations, or if the changes we implement to comply with such laws and regulations make our offerings less attractive.

Our ability to leverage the data generated by our global networks is important to the value of many of the solutions we offer, our operational efficiency and future product development opportunities. Our ability to use data in this way may be constrained by regulatory developments. Compliance with applicable laws and regulations regarding personal data may require changes in services, business practices or internal systems that result in increased costs, lower revenue, reduced efficiency or greater difficulty in competing with other companies. Compliance with data regulations might limit our ability to innovate or offer certain features and functionality in some jurisdictions where we operate. Failure to comply with existing or new rules may result in significant penalties or orders to stop the alleged non-compliant activity, as well as negative publicity and diversion of management time and effort.

Our security controls over personal data, our training of employees and third parties on privacy, data security and other ethical data use practices we follow may not prevent the improper disclosure or misuse of customer or end-user data we process. Improper disclosure or misuse of personal data could harm our reputation, lead to legal exposure to customers or end users, or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

Other regulatory developments could negatively impact our business.

U.S. and international laws and regulations that apply to the internet, including content liability, security requirements, law enforcement access to information, critical infrastructure, net neutrality, so-called "fair share" or internet content taxes, international data transfer restrictions, sanctions, export controls, restrictions on social media or other platforms, applications or content, as well as developing regulatory concerns related to digital or cloud sovereignty, could pose risks to our revenues, intellectual property and customer relationships and could increase expenses or create other disadvantages to our business. Section 230 of the U.S. Communications Decency Act, ("Section 230"), gives websites that host user-generated content broad protection from legal liability for content posted on their sites. Proposals to repeal or amend Section 230 could expose us to greater legal liability in the conduct of our business. Our Acceptable Use Policy prohibits customers from using our network to deliver illegal or inappropriate content; if customers violate that policy, we may nonetheless face reputational damage, enforcement actions or lawsuits related to their content. In addition, laws and regulations related to content could cause internet service providers, or others, to block our products in order to enforce content-blocking efforts. Efforts to block a single product or domain name may end up blocking a number of other products or domain names in an overbroad manner that could affect our business.

Certain jurisdictions are adopting or tightening data localization and data residency requirements that restrict where customer or employee data may be stored, processed, accessed or encrypted. In the U.S., regulators are increasingly scrutinizing and restricting certain personal data transfers and transactions involving foreign countries. For example, the Department of Justice's January 8, 2025, rule on "Preventing Access to U.S. Sensitive Personal Data and Government-Related Data by Countries of Concern or Covered Persons," prohibits data brokerage transactions involving certain sensitive personal data categories to countries of concern, including China. The regulations also restrict certain investment agreements, employment agreements and vendor agreements involving such data and countries of concern, absent specified cybersecurity controls.

Some jurisdictions, particularly the European Union (the "EU"), are also exploring broader "digital sovereignty" frameworks placing operational, ownership and control requirements that must be met to provide services to certain markets or sectors. These measures have gathered steam over the past year based on the emergence of geopolitical tensions, including between the US and Europe. Together with limits on cross-border data transfers and government access or audit obligations, they may prevent us from providing services in certain cases, or require us to provide in-country or region-specific hosting, rely on designated local partners, modify or limit features, or maintain segregated environments and duplicative infrastructure, routing, logging and support models. These developments could decrease our addressable market, increase our costs and complexity, lengthen sales cycles, limit the functionality or performance of our services in some markets and reduce economies of scale. These risks may accelerate or vary by region due to geopolitical factors, including changes in sanctions, export or import controls, tariffs and other trade restrictions, or regional conflicts.

Regulations have also been enacted or proposed in a number of countries that limit the delivery of certain types of content into those countries. Enactment and expansion of such laws and regulations would negatively impact our revenues. For example, restrictions were adopted in India in 2020 prohibiting access to identified Chinese-owned applications which caused a reduction in revenue to us. In addition, in April 2024, the U.S. government enacted the Protecting Americans from Foreign Adversary Controlled Applications Act ("PAFACA"), which, among other things, prohibited the provision of certain types of services to a Chinese application if the application was not sold to a neutral third party by January 19, 2025. The President of the United States subsequently signed a series of Executive Orders delaying enforcement of the legislation, culminating with an Executive Order issued on September 25, 2025, which declared that a proposed sale of the Chinese-owned application's U.S. operations to a new joint-venture company complied with PAFACA's divestiture requirements and extended non-enforcement of PAFACA until January 23, 2026. These Executive Orders further directed the Department of Justice to issue guidance and letters stating there was no violation and no liability for conduct during the PAFACA non-enforcement periods, resulting in Akamai's receipt of an Attorney General determination that Akamai services had not violated the law and that we could continue providing services as contemplated by the Executive Orders without violating the law and without incurring any legal liability.

On January 22, 2026, the divestiture was finalized, and a new U.S.-based joint venture assumed operation of the U.S. application. Although the divestiture has been completed, certain aspects of the transaction could be subject to future governmental review or litigation. Further, it is difficult to predict whether any future legislative, regulatory or judicial actions, including those that may be brought against the Executive Orders, will be successful. There is no assurance that we will not be exposed to liability, and we may face significant fines, litigation, indemnification claims, negative publicity, reputational harm, diversion of management attention, interruptions in our operations, financial loss and other similar harms by continuing to provide services to this customer.

In addition, enactment and expansion of laws related to the use of AI and machine learning in our operations and increased regulation of cloud service providers also could increase the costs of doing business, subject us to potential liability or regulatory risk and introduce other disadvantages to our business, including brand or reputational harm. U.S. states have advanced and, in some cases, enacted numerous AI governance laws, creating a complicated legislative patchwork that may be litigated in state and federal courts, notwithstanding a December 2025 executive order endorsing a federal moratorium on enforcement of state AI laws. In Europe, the EU began implementing the Artificial Intelligence Act (the "AI Act") on August 1, 2024, with significant provisions scheduled to take effect in August 2026. The AI Act, which may be amended as part of the EU's Digital Omnibus, imposes significant obligations on providers and deployers of high-risk AI systems, and non-compliance can lead to substantial fines. If we develop or use AI systems governed by these laws or regulations, we may face burdensome and costly compliance obligations relating to data quality, transparency, human oversight and ethical and administrative requirements, as well as significant enforcement actions or litigation in the event of any perceived non-compliance. Interpretations of laws or regulations that would subject us to regulatory enforcement actions, supervision or, alternatively, require us to exit a line of business or a country, could lead to the loss of significant revenues and have a negative impact on the quality of our solutions. Engineering efforts to build new capabilities to facilitate compliance with law enforcement access requirements, content access restrictions or other regulations could require us to take on substantial expenses and divert engineering resources from other projects. These circumstances could harm our profitability.

We may need to defend against patent or copyright infringement claims, which would cause us to incur substantial costs or limit our ability to use certain technologies in the future.

As we expand our business and develop new technologies, products and services, we have become increasingly subject to intellectual property infringement and other claims and related litigation. We have also agreed to indemnify our customers and channel and strategic partners if our solutions infringe or misappropriate specified intellectual property rights. As a result, we have been and could again become involved in litigation or claims brought against customers or channel or strategic partners if our solutions or technology are the subject of such allegations. Any litigation or claims, whether or not valid, brought against us or pursuant to which we indemnify our customers or partners could result in substantial costs and diversion of resources and require us to do one or more of the following: cease selling, incorporating or using features, functionalities, products or services that incorporate the challenged intellectual property; pay substantial damages and incur significant litigation expenses; obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; or redesign products or services. If we are forced to take any of these actions, our business may be seriously harmed.

Our business will be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

We rely on a combination of patent, copyright, trademark and trade secret laws and contractual restrictions on disclosure to protect our intellectual property rights. These legal protections afford only limited protection, particularly in some regions outside the U.S. We have previously brought lawsuits against entities that we believed were infringing our intellectual property rights but have not always prevailed. Such lawsuits can be expensive and require a significant amount of attention from our management and technical personnel, and the outcomes are unpredictable. Monitoring unauthorized use of our solutions is difficult, and we cannot be certain that the steps we have taken or will take will prevent unauthorized use of our technology. Furthermore, we cannot be certain that any pending or future patent applications will be granted, that any future patent will not be challenged, invalidated or circumvented, or that rights granted under any patent that may be issued will provide competitive advantages to us. If we are unable to protect our proprietary rights from unauthorized use, the value of our intellectual property assets may be reduced. Although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. Such licenses may also be non-exclusive, meaning our competition may also be able to access such technology.

Litigation may adversely impact our business.

From time to time, we are or may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, breach of contract, employment, class action, whistleblower, other litigation, claims and governmental and other regulatory investigations and proceedings. In addition, under our charter, we could be required to indemnify and advance expenses to our directors and officers in connection with their involvement in certain actions, suits, investigations and other proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable and may not be covered by insurance, there can be no assurance that the results of any litigation matters will not have an adverse impact on our business, results of operations, financial condition or cash flows.

Global climate change, other disruptions and related natural resource conservation regulations could adversely impact our business.

The long-term effects of climate change on the global economy and our industry in particular remain unknown. For example, changes in weather where we operate may increase the costs of powering and cooling computer hardware we use to develop software and provide cloud services. In addition, catastrophic natural disasters, such as an earthquake, fire, flood or other act of God, and any similar disruption, as well as any derivative disruption, such as those to services provided through localized physical infrastructure, including utility or telecommunication outages, or any to the continuity of our, our partners', suppliers' and our customers' workforce, could have a material adverse impact on our business and operating results. In addition, pandemics or other public health crises, as well as any derivative disruptions such as those experienced during the COVID-19 pandemic, in places where we operate may adversely affect our results of operations. Our global operations are dependent on our network infrastructure, technology systems and website, including the supply of servers from our third-party partners, as well as our intellectual property and personnel and any disruption to these dependencies may negatively impact our ability to respond to customers, provide services and maintain local and global business continuity. Furthermore, some of our products and business functions are hosted or carried out by third parties that may be vulnerable to these same types of disruptions, the response to or resolution of which may be beyond our control. Any disruption to our business could cause us to incur significant costs to repair damages to our facilities, equipment, infrastructure and business relationships.

In addition, in response to concerns about global climate change, governments may adopt new regulations affecting the use of fossil fuels or requiring the use of alternative fuel sources which could adversely impact our business. Our deployed network of servers consumes significant energy resources, including those generated by the burning of fossil fuels. While we have invested in projects to support renewable energy development, our customers, investors and other stakeholders may require us to take more steps to demonstrate that we are taking ecologically responsible measures in operating our business. The costs and any expenses we may incur to make our network more energy-efficient and comply with any new regulations could make us less profitable in future periods. Failure to comply with applicable laws and regulations or other requirements imposed on us could lead to fines, lost revenue and damage to our reputation.

Investment-Related Risks

Our stock price has been, and may continue to be, volatile, and your investment could lose value.

The market price of our common stock has historically been volatile. Trading prices for our common stock may continue to fluctuate in response to a number of events and factors, including the following: quarterly variations in operating results; changes in guidance or failure to meet guidance; announcements by our customers related to their businesses that could be viewed as impacting their usage of our solutions; market speculation about whether we are a takeover target or considering a strategic transaction; announcements by us regarding acquisitions; announcements by competitors; the rapid development of AI technologies and market speculation regarding its potential competitive impact on particular industries or companies; activism by any single large stockholder or combination of stockholders or rumors about such activity; changes in financial estimates and recommendations by securities analysts; failure to meet the expectations of securities analysts; purchases or sales of our stock by our officers and directors; general economic conditions and other macroeconomic factors, such as inflationary pressures, foreign currency exchange rate fluctuations, energy prices, reduced consumer spending, elevated interest rates, the announcement or imposition of tariffs, recessionary economic cycles, protracted economic slowdowns and overall market volatility; repurchases of shares of our common stock; the issuance of additional shares or securities convertible into, or exchangeable or exercisable for, shares of our common stock, including under our equity compensation plans; entry into, or termination of, relationships with material customers and partners; and performance by other companies in our industry.

Furthermore, our revenue, particularly that portion attributable to usage of our solutions beyond customer commitments, can be difficult to forecast, and, as a result, our quarterly operating results can fluctuate substantially. This concern is particularly acute with respect to our media and commerce customers. In the future, our customer contracting models may change to move away from a committed revenue structure to a “pay-as-you-go” approach, which could make it easier for customers to reduce the amount of business they do with us or leave altogether. Changes in billing models and committed revenue requirements could, therefore, create challenges with our forecasting processes. Because a significant portion of our cost structure is largely fixed in the short-term, revenue shortfalls tend to have a disproportionately negative impact on our profitability. If we announce revenue or profitability results that do not meet or exceed our guidance, issue guidance that does not meet or exceed market expectations, or make changes in our guidance with respect to future operating results, our stock price may decrease significantly as a result.

Any of these events, as well as other circumstances discussed in these Risk Factors, may cause the price of our common stock to fall. In addition, the stock market in general, and the market prices of stock of publicly-traded technology companies in particular, have experienced significant volatility that often has been unrelated to the operating performance of affected companies. Our stock price may be especially susceptible to such fluctuations to the extent that investors perceive our business as aligned with the AI sector, causing our trading price to move in response to developments affecting AI-focused companies, including semiconductor and infrastructure providers, regardless of whether those developments have a direct impact on our business or financial results. These broad stock market fluctuations may adversely affect the market price of our common stock, regardless of our operating performance.

Any failure to meet our debt obligations or obtain financing would damage our business.

As of the date of this report, we had total principal amount of $1,150.0 million of convertible senior notes outstanding due in 2027, total principal amount of $1,265.0 million of convertible senior notes outstanding due in 2029, total principal amount of $1,750.0 million of convertible senior notes outstanding due in 2030, total principal amount of $1,750.0 million of convertible senior notes outstanding due in 2032 and total principal amount of $1,725.0 million of convertible senior notes outstanding due in 2033. In November 2022, we entered into a credit agreement, which was amended in May 2025 to increase the aggregate revolving commitments to $1.0 billion. We also entered into a credit agreement in January 2025 providing for a $150.0 million revolving credit facility. As of June 30, 2026, there were no outstanding borrowings under the credit facilities. Our ability to repay any amounts we borrow under our credit facility, refinance the notes, make cash payments in connection with conversions of the notes or repurchase the notes in the event of a fundamental change (as defined in the applicable indenture governing the notes) will depend on market conditions and our future performance, which is subject to economic, financial, competitive and other factors beyond our control. We also may not use the cash we have raised through future borrowing under the credit facility or the issuance of the convertible senior notes in an optimally productive and profitable manner. In particular, we may use the cash raised from our recent convertible senior notes financing more rapidly than we currently anticipate, including for capital expenditures, acquisitions, share repurchases or other strategic investments, which could reduce our liquidity, put pressure on our gross and operating margins and adversely affect our financial condition and results of operations. In addition, our capital expenditures have increased in recent periods, and we expect they will continue to increase, as we invest in expanding our cloud infrastructure services, AI capabilities and network capacity. These growing capital expenditures, together with ongoing operating expenses and our obligations to service our substantial indebtedness, have reduced and may continue to reduce our cash flow. A sustained decline in cash flow could limit our financial flexibility, restrict our ability to fund operations or pursue strategic opportunities, and increase our vulnerability to adverse changes in general economic and industry conditions. If we are unable to remain profitable or if we use more cash than we generate in the future, our level of indebtedness at such time could adversely affect our operations by increasing our vulnerability to adverse changes in general economic and industry conditions and by limiting or prohibiting our ability to obtain additional financing for additional capital expenditures, acquisitions and general corporate and other purposes. If we do not have sufficient cash upon conversion of the notes or to repurchase the notes if required by purchasers in accordance with the terms thereof, we would be in default under the terms of the notes, which could seriously harm our business. Although the terms of our credit facilities include certain covenants that potentially limit our future indebtedness, the terms of the notes do not. If we incur significantly more debt, this could intensify the risks described above. In addition, if we are unable to obtain financing to fund additional capital expenditures, acquisitions and general corporate and other purposes on reasonable terms, or at all, then our business, operations and financial condition may be harmed.

Because we currently do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We currently intend to retain our future earnings, if any, for use in the operation of our business and do not expect to pay any cash dividends in the foreseeable future on our common stock. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares, and our stock price has been, and may continue to be, volatile, and your investment could lose value. See the risk factor titled “Our stock price has been, and may continue to be, volatile, and your investment could lose value” above.

Provisions of our charter, by-laws and Delaware law may have anti-takeover effects that could prevent a change in control even if the change in control would be beneficial to our stockholders.

Provisions of our charter, by-laws and Delaware law could make it more difficult for a third party to control or acquire us, even if doing so would be beneficial to our stockholders. For example, our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director; stockholders must provide advance notice, additional disclosures and representations and warranties to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting; and our board of directors can issue, without stockholder approval, shares of undesignated preferred stock.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on Delaware law to prevent or delay an acquisition of us.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.

Section 404 of the Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We must continue to enhance and maintain our processes and systems and adapt them as our business evolves, including as we expand into new markets, increase reliance on channel partners, complete acquisitions and we rearrange management responsibilities. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive, time-consuming and requires significant management attention, and as our business changes our internal controls may become more complex and require additional resources to remain effective. In the past, we identified, and subsequently remediated, a material weakness in our internal control over financial reporting; however, we cannot be certain that our internal control measures will provide adequate control over our financial processes and reporting or ensure compliance with Section 404, and we may identify additional material weaknesses in internal controls in the future. Failure to develop or maintain effective controls, or difficulties encountered in their implementation or improvement, or the identification of additional material weaknesses—by us or by our independent registered public accounting firm—could harm our operating results, result in a restatement of prior-period financial statements, cause us to fail to meet our reporting obligations, and adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in the periodic reports we will file with the Securities and Exchange Commission. Furthermore, if we or our independent registered public accounting firm identify any material weaknesses, the disclosure of that fact, even if quickly remediated, could reduce the market's confidence in our financial statements and harm our stock price.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

(c) Issuer Purchases of Equity Securities

Period [(1)]	(a) Total Number of Shares Purchased [(2)]	(b) Average Price Paid per Share [(3)]	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(4)]	(d) Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs [(4)]
April 1, 2026 – April 30, 2026	428,344	$ 100.02	428,344	$ 931,787
May 1, 2026 – May 31, 2026	2,617,946	140.19	2,617,946	564,770
June 1, 2026 – June 30, 2026	—	—	—	564,770
Total	3,046,290	$ 134.54	3,046,290	

(1) Information is based on settlement dates of repurchase transactions.
(2) Consists of shares of our common stock, par value $0.01 per share.
(3) Includes commissions paid, but excludes any estimated excise taxes payable on share repurchases.
(4) Effective May 2024, our board of directors authorized a $2.0 billion share repurchase program through June 2027.

Item 5. *Other Information*

(c) Director and Officer Trading Arrangements

The following table describes, for the quarterly period covered by this report, each trading arrangement for the sale or purchase of Company securities adopted, terminated or for which the amount, pricing or timing provisions were modified by our directors and officers that is either (1) a contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a "Rule 10b5-1 trading arrangement") or (2) a "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K):

Name (Title)	Action Taken (Date of Action)	Type of Trading Arrangement	Nature of Trading Arrangement	Duration of Trading Arrangement	Aggregate Number of Securities to be Purchased or Sold
Mani Sundaram (Executive Vice President and General Manager of the Security Technology Group)	Adoption (May 22, 2026)	Rule 10b5-1 trading arrangement	Sales	Until November 26, 2026, or such earlier date upon which all transactions are completed or expire without execution	Up to 7,022 shares of common stock

Item 6. ***Exhibits***

Exhibit 3.1	Amended and Restated Certificate of Incorporation of Akamai Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 13, 2026)
Exhibit 3.2	Amended and Restated By-Laws of Akamai Technologies, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 13, 2026)
Exhibit 4.1	Indenture (including form of Notes) with respect to Akamai's 0.00% Convertible Senior Notes due May 15, 2030, dated as of May 22, 2026, between Akamai and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 22, 2026)
Exhibit 4.2	Indenture (including form of Notes) with respect to Akamai's 0.00% Convertible Senior Notes due May 15, 2032, dated as of May 22, 2026, between Akamai and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on May 22, 2026)
Exhibit 10.1	Form of Call Option Transaction Confirmation between Akamai and each Option Counterparty (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 22, 2026)
Exhibit 10.2	Form of Warrant Confirmation between Akamai and each Option Counterparty (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 22, 2026)
Exhibit 10.3	Akamai Technologies, Inc. 2026 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 13, 2026)
Exhibit 10.4	Akamai Technologies, Inc. Second Amended and Restated 2013 Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 13, 2026)
Exhibit 10.5	Amendment No. 3 by and among Akamai Technologies, Inc., the financial institutions identified therein as lenders and JPMorgan Chase Bank, N.A., as administrative agent, dated May 18, 2026 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 18, 2026)
Exhibit 31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
Exhibit 31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
Exhibit 32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101.INS)

* Submitted electronically herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2026 and December 31, 2025, (ii) Condensed Consolidated Statements of Income for the three and six months ended June 30, 2026 and 2025, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2026 and 2025, (iv) Condensed Consolidated Statements of Stockholders' Equity for the three and six months ended June 30, 2026 and 2025, (v) Condensed Consolidated Statements of

Cash Flows for the six months ended June 30, 2026 and 2025 and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.

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 thereunto duly authorized.

Akamai Technologies, Inc.

August 7, 2026	By: /s/ Edward McGowan
	Edward McGowan
	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, F. Thomson Leighton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akamai Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ F. Thomson Leighton

F. Thomson Leighton, Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Edward McGowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akamai Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ Edward McGowan

Edward McGowan, Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Akamai Technologies, Inc. (the "Company") for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, F. Thomson Leighton, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2026

/s/ F. Thomson Leighton
F. Thomson Leighton, Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Akamai Technologies, Inc. (the "Company") for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Edward McGowan, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2026

/s/ Edward McGowan

Edward McGowan, Executive Vice President, Chief Financial Officer and Treasurer