

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report: May 7, 2026
(Date of earliest event reported)

AKAMAI TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-27275
(Commission File Number)

04-3432319
(IRS Employer Identification No.)

145 Broadway
Cambridge, Massachusetts 02142
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (617) 444-3000

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

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

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, \$.01 par value	AKAM	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On May 7, 2026, Akamai Technologies, Inc. announced its financial results for the fiscal quarter ended March 31, 2026. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information provided under this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated May 7, 2026
104	Cover page interactive data file (the cover page XBRL tags are embedded within the inline XBRL document)

SIGNATURES

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

Dated: May 7, 2026

AKAMAI TECHNOLOGIES, INC.

/s/ Edward McGowan

Edward McGowan

Executive Vice President, Chief Financial Officer and Treasurer

FOR IMMEDIATE RELEASE

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AKAMAI REPORTS FIRST QUARTER 2026 FINANCIAL RESULTS

First quarter revenue of \$1.074 billion, up 6% year-over-year and up 4% when adjusted for foreign exchange*

Cloud Infrastructure Services revenue of \$95 million, up 40% year-over-year and up 39% when adjusted for foreign exchange*

Security revenue of \$590 million, up 11% year-over-year and up 9% when adjusted for foreign exchange*

GAAP net income per diluted share of \$0.71, down 13% year-over-year and down 14% when adjusted for foreign exchange*, and non-GAAP net income per diluted share* of \$1.61, down 5% year-over-year and when adjusted for foreign exchange*

Leading, U.S. based frontier model provider commits \$1.8 billion over seven years for Cloud Infrastructure Services

CAMBRIDGE, Mass. – May 7, 2026 – Akamai Technologies, Inc. (NASDAQ: AKAM), the cybersecurity and cloud computing company that powers and protects business online, today reported financial results for the first quarter ended March 31, 2026.

“Akamai delivered a strong start to 2026, highlighted by a 40% year-over-year increase in Cloud Infrastructure Services (CIS) revenue and security growth of 11%,” said Dr. Tom Leighton, Akamai’s Chief Executive Officer. “And, today, we are very pleased to announce that a leading frontier model provider has committed to \$1.8 billion over seven years for CIS, further validating our position as a key infrastructure provider in the AI economy. Our security portfolio is also uniquely positioned to benefit from the rapid evolution of AI, with our enterprise customers needing our security products and expertise more than ever before.”

Akamai delivered the following results for the first quarter ended March 31, 2026:

Revenue: Revenue was \$1.074 billion, a 6% increase over first quarter 2025 revenue of \$1.015 billion and a 4% increase when adjusted for foreign exchange.*

Revenue by solution:

- Security revenue was \$590 million, up 11% year-over-year and up 9% when adjusted for foreign exchange*
- Delivery and other cloud applications revenue was \$389 million, down 7% year-over-year and down 8% when adjusted for foreign exchange*
- Cloud Infrastructure Services revenue was \$95 million, up 40% year-over-year and up 39% when adjusted for foreign exchange*

Revenue by geography:

- U.S. revenue was \$543 million, up 3% year-over-year
- International revenue was \$530 million, up 9% year-over-year and up 5% when adjusted for foreign exchange*

Income from operations: GAAP income from operations was \$114 million, a 26% decrease from first quarter 2025. GAAP operating margin for the first quarter was 11%, down 4 percentage points from the same period last year.

Non-GAAP income from operations* was \$283 million, an 8% decrease from first quarter 2025. Non-GAAP operating margin* for the first quarter was 26%, down 4 percentage points from the same period last year.

Net income: GAAP net income was \$106 million, a 14% decrease from first quarter 2025. Non-GAAP net income* was \$239 million, down 7% from first quarter 2025.

EPS: GAAP net income per diluted share was \$0.71, a 13% decrease from first quarter 2025 and a 14% decrease when adjusted for foreign exchange.* Non-GAAP net income per diluted share* was \$1.61, a 5% decrease from first quarter 2025 and when adjusted for foreign exchange.*

Adjusted EBITDA*: Adjusted EBITDA* was \$427 million, a 3% decrease from first quarter 2025.

Supplemental cash information: Cash from operations for the first quarter of 2026 was \$313 million, or 29% of revenue. Cash, cash equivalents and marketable securities was \$1.733 billion as of March 31, 2026.

Share repurchases: The Company spent \$206 million in the first quarter of 2026 to repurchase 2 million shares of common stock at a weighted average price of \$105.47 per share. The Company had 146 million shares of common stock outstanding as of March 31, 2026.

Financial guidance: The Company reports the following financial guidance for the second quarter and full year 2026:

	Three Months Ending June 30, 2026		Year Ending December 31, 2026	
	Low End	High End	Low End	High End
Revenue (in millions)	\$ 1,075	\$ 1,100	\$ 4,445	\$ 4,550
Non-GAAP operating margin *	25 %	26 %	26 %	26 %
Non-GAAP net income per diluted share *	\$ 1.45	\$ 1.65	\$ 6.40	\$ 7.15
Non-GAAP tax rate*	18.5 %	18.5 %	18.5 %	18.5 %
Shares used in non-GAAP per diluted share calculations * (in millions)	146	146	147	147

The guidance that is provided on a non-GAAP basis cannot be reconciled to the closest GAAP measures without unreasonable effort because of the unpredictability of the amounts and timing of events affecting the items Akamai excludes from non-GAAP measures. For example, stock-based compensation is unpredictable for Akamai's performance-based awards, which can fluctuate significantly based on current expectations of the future achievement of performance-based targets. Amortization of intangible assets, acquisition-related costs and restructuring costs are all impacted by the timing and size of potential future actions, which are difficult to predict. In addition, from time to time, Akamai excludes certain items that occur infrequently, which are also inherently difficult to predict and estimate. It is also difficult to predict the tax effect of the items Akamai excludes and to estimate certain discrete tax items, such as the resolution of tax audits or changes to tax laws. As such, the costs that are being excluded from non-GAAP guidance are difficult to predict and a reconciliation or a range of results could lead to disclosure that would be imprecise or potentially misleading. Material changes to any one of the exclusions could have a significant effect on our guidance and future GAAP results.

* See *Use of Non-GAAP Financial Measures* below for definitions

Quarterly Conference Call

Akamai will host a conference call today at 4:30 p.m. ET that can be accessed through 1-833-634-5020 (or 1-412-902-4238 for international calls) and using passcode Akamai Technologies call. A live webcast of the call may be accessed at www.akamai.com in the Investor Relations section. In addition, a replay of the call will be available for two weeks following the conference by calling 1-855-669-9658 (or 1-412-317-0088 for international calls) and using passcode 8699709. The archived webcast of this event may be accessed through the Akamai website.

About Akamai

Akamai is the cybersecurity and cloud computing company that powers and protects business online. Our market-leading security solutions, superior threat intelligence and global operations team provide defense in depth to safeguard enterprise data and applications everywhere. Akamai's full-stack cloud computing solutions deliver performance and affordability on the world's most distributed platform. Global enterprises trust Akamai to provide the industry-leading reliability, scale and expertise they need to grow their business with confidence. Learn more at akamai.com and akamai.com/blog, or follow Akamai Technologies on X and LinkedIn.

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(in thousands)</i>	March 31, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 622,383	\$ 930,231
Marketable securities	308,062	256,302
Accounts receivable, net	881,076	793,666
Prepaid expenses and other current assets	319,102	306,481
Total current assets	2,130,623	2,286,680
Marketable securities	802,670	733,228
Property and equipment, net	2,411,721	2,333,462
Operating lease right-of-use assets	1,665,915	1,469,700
Acquired intangible assets, net	589,355	614,542
Goodwill	3,202,906	3,206,525
Deferred income tax assets	627,603	622,776
Other assets	214,959	212,730
Total assets	<u>\$ 11,645,752</u>	<u>\$ 11,479,643</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 151,439	\$ 125,054
Accrued expenses	286,427	319,622
Deferred revenue	203,681	151,186
Operating lease liabilities	369,110	336,613
Other current liabilities	25,130	35,043
Total current liabilities	1,035,787	967,518
Deferred revenue	19,929	17,088
Deferred income tax liabilities	34,840	31,089
Convertible senior notes	4,107,607	4,105,355
Operating lease liabilities	1,390,988	1,233,420
Other liabilities	147,776	147,802
Total liabilities	6,736,927	6,502,272
Total stockholders' equity	4,908,825	4,977,371
Total liabilities and stockholders' equity	<u>\$ 11,645,752</u>	<u>\$ 11,479,643</u>

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<i>(in thousands, except per share data)</i>			
Revenue	\$ 1,073,610	\$ 1,094,912	\$ 1,015,139
Costs and operating expenses:			
Cost of revenue ⁽¹⁾⁽²⁾	471,299	452,501	418,945
Research and development ⁽¹⁾	141,576	139,453	123,549
Sales and marketing ⁽¹⁾	157,062	149,065	134,131
General and administrative ⁽¹⁾⁽²⁾	163,809	176,490	155,933
Amortization of acquired intangible assets	25,187	27,925	27,637
Restructuring charge	183	54,602	361
Total costs and operating expenses	959,116	1,000,036	860,556
Income from operations	114,494	94,876	154,583
Interest and marketable securities income, net	17,547	18,256	19,530
Interest expense	(8,257)	(7,893)	(6,750)
Other (expense) income, net	(1,786)	(1,320)	6,020
Income before provision for income taxes	121,998	103,919	173,383
Provision for income taxes	15,679	18,847	50,212
Net income	\$ 106,319	\$ 85,072	\$ 123,171
Net income per share:			
Basic	\$ 0.73	\$ 0.59	\$ 0.83
Diluted	\$ 0.71	\$ 0.58	\$ 0.82
Shares used in per share calculations:			
Basic	145,270	144,224	149,052
Diluted	150,022	146,970	151,064

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

(2) Includes depreciation and amortization (see supplemental table for figures)

AKAMAI TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Cash flows from operating activities:			
Net income	\$ 106,319	\$ 85,072	\$ 123,171
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	183,751	182,505	174,022
Stock-based compensation	128,681	119,225	111,978
(Benefit) provision for deferred income taxes	(1,749)	2,307	31,383
Amortization of debt issuance costs	2,148	1,877	1,605
Gain on investments	—	(57)	(9,313)
Other non-cash reconciling items, net	2,709	42,121	2,142
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(94,272)	(34,871)	(25,677)
Prepaid expenses and other current assets	(10,096)	(25,648)	(37,129)
Accounts payable and accrued expenses	(42,035)	13,917	(109,906)
Deferred revenue	56,281	(16,811)	14,948
Other current liabilities	(10,353)	25,527	(20,276)
Other non-current assets and liabilities	(8,876)	(28,580)	(5,748)
Net cash provided by operating activities	<u>312,508</u>	<u>366,584</u>	<u>251,200</u>
Cash flows from investing activities:			
Cash paid for business acquisition, net of cash acquired	—	(55,902)	—
Cash paid for asset acquisition	—	—	(29,930)
Purchases of property and equipment and capitalization of internal-use software development costs	(191,847)	(204,695)	(196,008)
Purchases of short- and long-term marketable securities	(161,455)	(113,325)	(7,080)
Proceeds from sales, maturities and redemptions of short- and long-term marketable securities	35,606	7,459	1,112,955
Other, net	(1,798)	71	(3,091)
Net cash (used in) provided by investing activities	<u>(319,494)</u>	<u>(366,392)</u>	<u>876,846</u>
Cash flows from financing activities:			
Payments from the issuance of convertible senior notes, net of issuance costs	—	(594)	—
Proceeds from the issuance of common stock under stock plans	21,619	13,553	20,182
Employee taxes paid related to net share settlement of stock-based awards	(106,574)	(13,789)	(72,063)
Repurchases of common stock	(205,886)	—	(499,963)
Other, net	(868)	(872)	(406)
Net cash used in financing activities	<u>(291,709)</u>	<u>(1,702)</u>	<u>(552,250)</u>
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(5,672)	1,496	5,431
Net (decrease) increase in cash, cash equivalents and restricted cash	(304,367)	(14)	581,227
Cash, cash equivalents and restricted cash at beginning of period	931,308	931,322	519,084
Cash, cash equivalents and restricted cash at end of period	<u>\$ 626,941</u>	<u>\$ 931,308</u>	<u>\$ 1,100,311</u>

AKAMAI TECHNOLOGIES, INC.
SUPPLEMENTAL REVENUE DATA – REVENUE BY SOLUTION ⁽¹⁾

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Security	\$ 589,790	\$ 592,358	\$ 530,695
Delivery and other cloud applications	389,208	408,888	416,843
Cloud Infrastructure Services	94,612	93,666	67,601
Total revenue	<u>\$ 1,073,610</u>	<u>\$ 1,094,912</u>	<u>\$ 1,015,139</u>
Revenue growth rates year-over-year:			
Security	11 %	11 %	8 %
Delivery and other cloud applications	(7)	(3)	(6)
Cloud Infrastructure Services	40	45	30
Total revenue	<u>6 %</u>	<u>7 %</u>	<u>3 %</u>
Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates ⁽²⁾:			
Security	9 %	9 %	10 %
Delivery and other cloud applications	(8)	(3)	(5)
Cloud Infrastructure Services	39	44	31
Total revenue	<u>4 %</u>	<u>6 %</u>	<u>4 %</u>

AKAMAI TECHNOLOGIES, INC.
SUPPLEMENTAL REVENUE DATA – REVENUE BY GEOGRAPHY

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
U.S.	\$ 543,147	\$ 552,849	\$ 528,739
International	530,463	542,063	486,400
Total revenue	<u>\$ 1,073,610</u>	<u>\$ 1,094,912</u>	<u>\$ 1,015,139</u>
Revenue growth rates year-over-year:			
U.S.	3 %	4 %	3 %
International	9	11	2
Total revenue	<u>6 %</u>	<u>7 %</u>	<u>3 %</u>
Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates ⁽²⁾:			
U.S.	3 %	4 %	3 %
International	5	8	5
Total revenue	<u>4 %</u>	<u>6 %</u>	<u>4 %</u>

(1) 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 for revenue by solution category have been recast to reflect this change.

(2) See *Use of Non-GAAP Financial Measures* below for a definition

AKAMAI TECHNOLOGIES, INC.
OTHER SUPPLEMENTAL DATA

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<i>(in thousands, except end of period statistics)</i>			
Stock-based compensation:			
Cost of revenue	\$ 21,677	\$ 19,196	\$ 18,928
Research and development	48,857	44,918	42,268
Sales and marketing	24,981	23,082	22,440
General and administrative	33,166	32,029	28,342
Total stock-based compensation	<u>\$ 128,681</u>	<u>\$ 119,225</u>	<u>\$ 111,978</u>
Depreciation and amortization:			
Network-related depreciation	\$ 84,048	\$ 85,827	\$ 78,325
Capitalized internal-use software development amortization	42,568	39,383	40,095
Other depreciation and amortization	17,251	16,313	15,884
Non-GAAP depreciation and amortization ⁽¹⁾	143,867	141,523	134,304
Capitalized stock-based compensation amortization ⁽²⁾	14,538	12,919	11,963
Capitalized interest expense amortization ⁽²⁾	159	138	118
Amortization of acquired intangible assets	25,187	27,925	27,637
Total depreciation and amortization	<u>\$ 183,751</u>	<u>\$ 182,505</u>	<u>\$ 174,022</u>
Capital expenditures ⁽¹⁾⁽³⁾:			
Purchases of property and equipment	\$ 118,915	\$ 80,474	\$ 147,990
Capitalized internal-use software development costs	87,422	73,270	77,910
Total capital expenditures	<u>\$ 206,337</u>	<u>\$ 153,744</u>	<u>\$ 225,900</u>
<i>Capex as a percentage of revenue ⁽¹⁾</i>	<i>19 %</i>	<i>14 %</i>	<i>22 %</i>
End of period statistics:			
Number of employees	11,419	11,382	10,811

(1) See *Use of Non-GAAP Financial Measures* below for a definition

(2) Amortization of capitalized stock-based compensation and interest expense in this table excludes amortization of capitalized stock-based compensation and interest expense capitalized related to cloud-computing arrangements. However, the amounts are included in our total amortization of capitalized stock-based compensation and interest expense that is excluded from our non-GAAP measures (see reconciliations of GAAP to non-GAAP measures).

(3) Capital expenditures presented in this table are reported on an accrual basis, which differs from the cash-basis presentation in the statements of cash flows. The primary difference between the two is the change in purchases of property and equipment and capitalization of internal-use software development costs accrued for, but not paid, at period end versus prior periods.

AKAMAI TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP INCOME FROM OPERATIONS, NET INCOME AND TAX RATE

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Income from operations	\$ 114,494	\$ 94,876	\$ 154,583
<i>GAAP operating margin</i>	<i>11 %</i>	<i>9 %</i>	<i>15 %</i>
Amortization of acquired intangible assets	25,187	27,925	27,637
Stock-based compensation	128,681	119,225	111,978
Amortization of capitalized stock-based compensation and capitalized interest expense	15,016	13,490	12,359
Restructuring charge	183	54,602	361
Acquisition-related (benefit) costs	(759)	1,861	95
Legal settlements	—	4,000	—
Operating adjustments	168,308	221,103	152,430
Non-GAAP income from operations	\$ 282,802	\$ 315,979	\$ 307,013
<i>Non-GAAP operating margin</i>	<i>26 %</i>	<i>29 %</i>	<i>30 %</i>
Net income	\$ 106,319	\$ 85,072	\$ 123,171
Operating adjustments (from above)	168,308	221,103	152,430
Amortization of debt issuance costs	2,148	1,877	1,605
Gain on cost method investments, net	—	(57)	(9,313)
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(37,515)	(37,929)	(11,797)
Non-GAAP net income	\$ 239,260	\$ 270,066	\$ 256,096
GAAP tax rate	13 %	18 %	29 %
Income tax effect of non-GAAP adjustments and certain discrete tax items	5	(1)	(10)
Non-GAAP tax rate	18 %	17 %	19 %

AKAMAI TECHNOLOGIES, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INCOME PER DILUTED SHARE

	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
<i>(in thousands, except per share data)</i>			
GAAP net income per diluted share	\$ 0.71	\$ 0.58	\$ 0.82
Adjustments to net income:			
Amortization of acquired intangible assets	0.17	0.19	0.18
Stock-based compensation	0.86	0.81	0.74
Amortization of capitalized stock-based compensation and capitalized interest expense	0.10	0.09	0.08
Restructuring charge	—	0.37	—
Acquisition-related (benefit) costs	(0.01)	0.01	—
Legal settlements	—	0.03	—
Amortization of debt issuance costs	0.01	0.01	0.01
Gain on cost method investments, net	—	—	(0.06)
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(0.25)	(0.26)	(0.08)
Adjustment for shares ⁽¹⁾	0.02	—	—
Non-GAAP net income per diluted share	\$ 1.61	\$ 1.84	\$ 1.70
Shares used in GAAP per diluted share calculations	150,022	146,970	151,064
Impact of benefit from note hedge transactions ⁽¹⁾	(1,338)	—	—
Shares used in non-GAAP per diluted share calculations ⁽¹⁾	148,684	146,970	151,064

(1) Shares used in non-GAAP per diluted share calculations have been adjusted for the three months ended March 31, 2026 for the benefit of Akamai's note hedge transactions. During this period, Akamai's average stock price was in excess of \$93.01, which is the initial conversion price of Akamai's convertible senior notes due in May 2033. See *Use of Non-GAAP Financial Measures* below for further definition.

AKAMAI TECHNOLOGIES, INC.
RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA

<i>(in thousands)</i>	Three Months Ended		
	March 31, 2026	December 31, 2025	March 31, 2025
Net income	\$ 106,319	\$ 85,072	\$ 123,171
<i>Net income margin</i>	10 %	8 %	12 %
Interest and marketable securities income, net	(17,547)	(18,256)	(19,530)
Provision for income taxes	15,679	18,847	50,212
Depreciation and amortization	143,867	141,523	134,304
Amortization of capitalized stock-based compensation and capitalized interest expense	15,016	13,490	12,359
Amortization of acquired intangible assets	25,187	27,925	27,637
Stock-based compensation	128,681	119,225	111,978
Restructuring charge	183	54,602	361
Acquisition-related (benefit) costs	(759)	1,861	95
Legal settlements	—	4,000	—
Interest expense	8,257	7,893	6,750
Gain on cost method investments, net	—	(57)	(9,313)
Other expense, net	1,786	1,377	3,293
Adjusted EBITDA	\$ 426,669	\$ 457,502	\$ 441,317
<i>Adjusted EBITDA margin</i>	40 %	42 %	43 %

Use of Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America (GAAP), Akamai provides 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 Akamai's 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, non-GAAP tax rate, capital expenditures, non-GAAP depreciation and amortization, capex as a percentage of revenue and impact of foreign currency exchange rates, as discussed below.

Management believes that these non-GAAP financial measures reflect Akamai's 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 Akamai's 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 Akamai's ongoing operating results.

The non-GAAP financial measures do not replace the presentation of Akamai's GAAP financial measures and should only be used as a supplement to, not as a substitute for, Akamai's financial results presented in accordance with GAAP. Akamai has provided a reconciliation of non-GAAP financial measures used in its financial reporting and investor presentations to the most directly comparable GAAP financial measures. This reconciliation can be found in the "Supplemental Financial Information" on the Investor Relations section of Akamai's website.

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

- **Amortization of acquired intangible assets** – Akamai has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions Akamai has 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, Akamai excludes amortization of acquired intangible assets from its 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 Akamai's 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 Akamai's current financial results to previous and future periods difficult to interpret; therefore, Akamai believes it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from its non-GAAP financial measures in order to highlight the performance of Akamai's core business and to be consistent with the way many investors evaluate its performance and compare its 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 Akamai excludes acquisition-related costs from its 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 the acquisition transactions and do not reflect Akamai's core operations.
- **Restructuring charge** – Akamai has incurred restructuring charges from programs that have significantly changed either the scope of the business undertaken by the Company 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. Akamai excludes these items from its non-GAAP financial measures when evaluating its 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 its business.

- **Amortization of debt issuance costs and capitalized interest expense** – The issuance costs of Akamai's convertible senior notes are amortized to interest expense and are excluded from Akamai's 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** – Akamai has recorded gains and losses from the disposition, changes to fair value and impairment of cost method investments. Akamai believes excluding these amounts from its non-GAAP financial measures is useful to investors as the types of events giving rise to these gains and losses are not representative of Akamai's core business operations and ongoing operating performance.
- **Legal settlements** – Akamai has incurred losses related to the settlement of legal matters. Akamai believes excluding these amounts from its non-GAAP financial measures is useful to investors as the types of events giving rise to them are not representative of Akamai's core business operations.
- **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 acquisitions), if any. Akamai believes that applying the non-GAAP adjustments and their related income tax effect allows Akamai to highlight income attributable to its core operations.

Akamai's definitions of its non-GAAP financial measures are outlined below:

Non-GAAP income from operations – GAAP income from operations adjusted for the following items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; amortization of capitalized interest expense; acquisition-related costs; restructuring charges; legal settlements; and other non-recurring or unusual items that may arise from time to time.

Non-GAAP operating margin – Non-GAAP income from operations stated as a percentage of revenue.

Non-GAAP net income – GAAP net income adjusted for the following tax-affected items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; acquisition-related costs; restructuring charges; legal settlements; amortization of debt issuance costs; 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.

Non-GAAP net income per diluted share, or EPS – 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 Akamai pursuant to the note hedge transactions entered into in connection with the issuances of Akamai's 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, Akamai 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, 2029 and 2027, and those that matured in 2025, unless Akamai's weighted average stock price is greater than \$93.01, \$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.

Adjusted EBITDA – 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 – Adjusted EBITDA stated as a percentage of revenue.

Non-GAAP tax rate – GAAP tax rate excluding the tax effect of non-GAAP adjustments and certain discrete tax items.

Capital expenditures, or capex – Purchases of property and equipment and capitalization of internal-use software development costs presented on an accrual basis, which differs from the cash-basis presentation included in the statements of

cash flows. The primary difference between the two is the change in purchases of property and equipment and capitalization of internal-use software development costs accrued for, but not paid, at period end versus prior periods.

Capex as a percentage of revenue – Capital expenditures, or capex, stated as a percentage of revenue.

Non-GAAP depreciation and amortization – GAAP depreciation and amortization (which consists of depreciation and amortization of property and equipment, capitalized stock-based compensation, capitalized interest expense and acquired intangible assets), less depreciation and amortization excluded from non-GAAP results (which consists of depreciation and amortization of capitalized stock-based compensation, capitalized interest expense and acquired intangible assets).

Impact of foreign currency exchange rates – Revenue and earnings from international operations have historically been an important contributor to Akamai's financial results. Consequently, Akamai's 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 its 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.

Akamai Statement Under the Private Securities Litigation Reform Act

This release and related management commentary on our quarterly earnings conference call scheduled for later today contain statements that are not statements of historical fact and constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about expected future financial performance, expectations, plans and prospects of Akamai, including our outlook, guidance, growth objectives, statements about the anticipated benefits, timing, revenue and capital expenditure associated with customer commitments, including the commitment by a leading, U.S. based frontier model provider for Cloud Infrastructure Services, statements about expected levels of capital expenditure and infrastructure deployment and statements about our products, including Akamai Inference Cloud, and their anticipated capabilities, scalability and performance. In some cases, you can identify forward-looking statements by the following words: “may,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “ongoing,” “committed,” “positioned,” or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors including, but not limited to, inability to continue to generate cash at the same level as prior years; failure of our investments in innovation to generate solutions that are accepted in the market; inability to increase our revenue at the same rate as in the past and keep our expenses from increasing at a greater rate than our revenues; effects of competition, including pricing pressure and changing business models; changes in customer or user preferences or demands; impact of macroeconomic trends, including economic uncertainty, turmoil in the financial services industry, the effects of inflation, fluctuating interest rates, foreign currency exchange rate and monetary supply fluctuations, international tensions and volatility in capital markets; conditions and uncertainties in the geopolitical environment, including sanctions and disruptions resulting from the ongoing war in Ukraine and the U.S.-Israel military conflict with Iran and related hostilities in the Middle East; continuing supply chain and logistics costs, constraints, changes or disruptions; risks associated with large customer commitments, including the customer's ability to fulfill its purchase obligations, our ability to deploy the infrastructure necessary to service such commitments on anticipated timelines and our ability to procure sufficient hardware and memory at anticipated costs and on anticipated delivery schedules; our ability to achieve projected levels of capital expenditure and the anticipated returns therefrom; defects or disruptions in our products or IT systems, including outages, cyber-attacks, data breaches or malware; difficulties in integrating our acquisitions and investments; failure to realize the expected benefits of any of our acquisitions, reorganizations or investments; changes to economic, political and regulatory conditions in the United States and internationally, including changes in government policies, regulations and resources; our ability to attract and retain key personnel; delay in developing or failure to develop new products, service offerings or functionalities, and if developed, lack of market acceptance of such service offerings and functionalities or failure of such solutions to operate as expected, and other factors that are discussed in our Annual Report on Form 10-K, quarterly reports on Form 10-Q, and other documents filed with the SEC.

In addition, the statements in this press release and on our quarterly earnings conference call represent Akamai's expectations and beliefs as of the date of this press release. Akamai anticipates that subsequent events and developments may cause these expectations and beliefs to change. However, while Akamai may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Akamai's expectations or beliefs as of any date subsequent to the date of this press release.