Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K

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The following are important factors that could cause our actual operating results to differ materially from those indicated or suggested by forward- looking statements made in this annual report on Form 10- K or presented elsewhere by management from time to time. Financial and Operational Risks ~~We may face slowing~~ **Slowing** revenue growth ~~which could~~ **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 in future periods and could decline, which could negatively impact 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** compute ~~and security~~ solutions and our ability to maintain the prices we charge for them. ~~In particular, varying levels of the amount of~~ **Revenue we generate from our delivery solutions is impacted by pricing pressure due to competition and fluctuations in content** traffic **as** ~~on our network can have~~ a **result of, among other factors, changes** ~~significant impact on our short- term revenue growth rate. We experienced a significant increase~~ in **the popularity of our customers' content including video delivery and gaming. For example,** revenue from our delivery solutions **increased significantly** in 2020 due in large part to greater consumption of online media and games during the onset of the COVID- 19 pandemic and **the** associated stay- at- home orders across the globe. ~~In 2021~~ **However, as these orders were lifted** and ~~2022~~ **more return- to- work policies were adopted** , our revenue ~~growth~~ from delivery solutions declined ~~as stay- at- home orders were lifted. Numerous factors impact our revenue, traffic and sales growth including: • our ability to build on recurring revenue commitments for our security, compute and delivery offerings; • our ability to develop new products; • the pace of introduction of over- the- top video delivery initiatives by our customers; • the popularity of our customers' streaming offerings as compared to those offered by other companies; • factors that impact the pricing and unit pricing we can obtain for our offerings; • variation in the popularity of online gaming; • customers utilizing their own data centers and implementing solutions that limit or eliminate reliance on third- party providers like us; • the adoption of permanent hybrid or work from home policies by employees; and • general macroeconomic, regulatory and geopolitical conditions, including the war in Ukraine, and industry pressures~~ . We have **continued to** ~~experienced~~ - **experience** ~~significant growth in~~ revenue ~~from~~ **declines in** our **delivery solutions and expect this trend to continue in the near future. Our** security ~~and compute~~ solutions ~~in recent years~~ **currently generate the largest portion of our revenue** . ~~If we do not~~ **Our ability to generate revenue in our security business depends on our ability to** increase our industry recognition as a **provider of** security ~~and compute~~ solutions ~~provider~~ , develop or acquire new solutions in a rapidly- changing environment where security threats are constantly evolving ~~or~~ **and** ensure that our solutions operate effectively and are competitive with products offered by others **. In addition** , ~~our security~~ **an increasing proportion of** ~~or~~ **our revenue has been generated by our** compute **solutions. Our ability to generate** revenue ~~,~~ **in** ~~or~~ **our** ~~both~~ **compute business is dependent on our ability to successfully continue building our compute infrastructure** , **attract a customer base that has traditionally partnered with more established companies in the compute industry and develop effective, price competitive and attractive solutions. If we are unable to increase revenues, our profitability and stock price could suffer. See the risk factor titled," Global conditions have in the past and** may ~~decline~~ **in the future harm our industry, business and results of operations" below. Global conditions have in the past and may in the future harm our industry, business and results of operations** . We **operate globally and as a result, our business, revenues and profitability** are ~~dependent upon the overall~~ **impacted by global macroeconomic conditions. The success of our activities is affected by general** economic ~~health of our current~~ and **market conditions, including, among others,** ~~prospective customers and the continued growth and evolution of information~~ **inflation , interest** ~~technology. We have experienced revenue declines in recent quarters for portions of our business that include our delivery- based solutions and expect this trend to continue because of continued pricing pressure due to competition and fluctuations in traffic growth~~ rates **, tax rates, economic uncertainty, political instability, warfare, changes in laws, trade barriers, the actual or perceived failure or financial difficulties of financial institutions, reduced consumer confidence and spending and economic and trade sanctions** . For example, approximately 1 % of our 2021 revenue had been generated from traffic into Russia, Belarus and Ukraine, and we experienced a decline in revenue in 2022 **and 2023** related to the war in Ukraine due to a decrease in traffic in these countries. In addition, **due** ~~in 2021 and 2022, some of our customers continued~~ to ~~experience disruptions to their businesses following the emergence of COVID- 19 variants. These disruptions or~~ changes in international **tax laws** , **we expect** ~~national, regional and local economic conditions could adversely affect~~ our **effective income tax rate will** ~~business. Any of these circumstances would negatively impact our revenues. Our ability to~~ increase ~~our overall revenue also depends on many other factors including how well we can: • retain existing customers, including by maintaining the levels of existing services they buy and by delivering consistent and quality performance levels; • upsell new solutions to existing customers; • expand our customer base; • develop and sell innovative and appealing new solutions; • continue to expand our sales internationally; • successfully integrate our recent acquisitions into our business; • address potential commoditization of certain of our solutions, which can lead to lower prices and loss of customers to competitors; • maintain pricing and make decisions on pricing strategy; • successfully manage the sales cycle, including improving the ability of or pace at which our customers or prospects purchase new services and solutions; • counteract multi- vendor policies that could cause customers to reduce their reliance on us; • handle other competitive threats to our business; • adapt to changes~~ in **2024** ~~our customer contracting models from a committed revenue structure to a" pay- as- you- go" approach, which would make it easier for customers to stop doing business with us, or from traditional overage billing models to ones that do not incorporate surcharges for usage above committed levels; and • manage the impact of changes in~~

~~general economic conditions, geopolitical conditions, industry pressures, public health issues, natural disasters and public unrest on our ability to sell, market and provide our solutions. If we are unable to increase revenues, our profitability and stock price could suffer. Global economic and geopolitical conditions may harm our industry, business and results of operations. We operate globally and as a result, our business, revenues and profitability are impacted by global macroeconomic conditions. The success of our activities is affected by general economic and market conditions, including, among others, inflation, interest rates, tax rates, economic uncertainty, political instability, warfare, changes in laws, trade barriers, reduced consumer confidence and spending and economic and trade sanctions~~ . The U. S. capital markets **have** experienced and **may** continue to experience extreme volatility and disruption ~~following the global outbreak of COVID- 19~~ in ~~2020 and~~ the **recent past** ~~Russian invasion of Ukraine in 2022~~ . Furthermore, inflation rates in the U. S. have recently increased to levels not seen in decades. 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~~ **these** unfavorable economic conditions could increase our operating costs, which could negatively impact our profitability. Geopolitical destabilization and warfare have impacted and could continue to impact global currency exchange rates, resources from our suppliers, and **our** ability to operate or grow our business. **In addition** ~~For example, as a result of the recent uncertain macroeconomic environment~~ , we have **recently** experienced **rising energy costs in** ~~elongated sales cycles with our customers and prospects and customers are~~ **areas** ~~delaying purchases of our solutions~~ **in which we operate, particularly in Europe** . Additionally, we have offices and employees located in regions that historically have and may **again** experience periods of political instability, warfare, changes in laws, trade barriers ~~,~~ and economic and trade sanctions. Adverse conditions in these countries ~~directly~~ **have in the past and may in the future** affect our operations ~~. As a result~~ , **including disruptions** ~~our operations and employees could be disrupted and may not be able~~ to ~~function at full capacity~~ **our workforce, supply chains, networks, financial systems and other critical infrastructure** , which could adversely affect our business, results of operations, financial condition ~~,~~ and cash flows **. For example, approximately five percent of our global employees are located in Tel Aviv, Israel and some of our employees have been mobilized as members of the Israeli military reserves. The ongoing war 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 ~~, even with the potential challenges discussed above,~~ 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 ~~; however~~ **and may incur varying levels of expense based on strategic initiatives, including acquisitions and the build out of our network to support our compute solutions. In addition** , many of our expenses are fixed costs for a certain amount of time **which** ~~so it~~ may ~~not be possible~~ **impact our ability** to reduce costs in a timely manner or without incurring ~~fees to exit certain obligations early. In addition~~ **additional** ~~, we have seen our~~ costs ~~increase and our costs may continue to increase due to rising inflation, increasing cost of labor, interest rates, supply chain disruptions or other market conditions. For example, we have experienced rising energy costs in areas in which we operate, particularly in Europe~~ . If we are unable to increase revenue ~~through traffic growth, growth of sales of our products and services or otherwise~~ and limit expenses, our results of operations will suffer. We **have in the past and** may **in the future** take certain steps to reduce expenses, ~~but~~ **however,** there are no assurances that we will be able to effectively reduce our expenses **and** ~~. If we are required to further reduce expenses to maintain or improve profitability,~~ 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 compute solutions have become, and are expected to continue to be, an ~~increasingly~~ important part of our business, we must be particularly adept at developing new security **solutions** ~~and compute services~~ that meet the constantly- changing threat landscape **and** ~~. In addition, we must continue to develop~~ compute and compute- to- edge 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 ~~and the addressing~~ of our customers' needs. The development timetable ~~to commercial release~~ is uncertain and we ~~must~~ **may** commit significant resources to developing ~~new services or features without knowing whether our investments will result in~~ solutions ~~the market will accept, and we may choose to invest in business areas~~ for which a viable market **may** ~~for our products does~~ not ultimately develop. For example, with the ~~recent~~ acquisition of Linode, we are ~~focused on~~ investing ~~in our suite of cloud computing products. We have invested~~ significant resources **in** ~~toward integrating Linode into~~ our ~~edge~~ **compute solutions and** platform ~~, including connecting Linode' s existing locations into our private backbone~~ , working on expanding the capacity of these facilities ~~and~~ **,** adding additional sites **and developing increased compute 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 and manage an uncertain supply chain for server related hardware. In addition, we have also 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; we may find that attractive acquisition targets are too expensive for us to pursue which could cause us to pursue more time- consuming internal development. Failure to develop, on a cost- effective basis, innovative ~~new~~ 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, **long- term product roadmap,** customer service, technical expertise, security, ease- of- use, breadth of services offered, price and financial strength. 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. **This is particularly true with respect to our compute solutions, as a small number of very large competitors have established themselves as leaders in the compute business.** As a result, some ~~of these~~ competitors may be able to: ~~•~~ develop superior products or services; ~~•~~ leverage better name recognition, particularly in the security and compute 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; ~~•~~ 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; ~~• spend more money on research and development, including offering~~ --- **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. Smaller and more nimble competitors may 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; ~~• in some cases, use funds from public securities offerings or private financings to strengthen their business to enable them to better compete with 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. 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. 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; 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 could face the loss of customers **from these** ~~as a result of recent and any future~~ incidents as they seek alternative or supplemental providers. We have also periodically experienced customer dissatisfaction with the quality of some of our delivery, security, compute 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 could be obligated to provide credits for future service, or face contract termination with refunds of prepaid amounts, which could harm our business. ~~While we have robust quality control processes in place, there may be additional errors and defects in our hardware, software and open- source components that we leverage that may adversely affect our operations.~~ We may not have in place adequate quality assurance procedures to ensure that we detect errors in our hardware, software and open- source components we use in a timely manner, and we may have insufficient resources to efficiently address multiple service incidents happening simultaneously or in rapid succession ~~. We continue to invest in improving our processes and systems~~ . 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 ~~and~~ **,** reduced profitability ~~. An increasing portion of~~ **and other negative consequences which could harm** our **business** ~~revenue is derived from sales of security solutions~~ . Defects in our security solutions 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. An increasing portion of our revenue is also derived from the sales of compute~~ solutions. We are devoting significant resources to develop and deploy our own competing cloud ~~- based~~ **computing offering. The rapid development** and ~~SaaS software~~ **deployment of new compute infrastructure 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 compute infrastructure by our customers who control many aspects of their use of our compute** services **and experimental technologies could affect our reputation and ability to execute our** strategies. **It** ~~While we believe our expertise and infrastructure provides us with a strong foundation to compete, it~~ is **also** uncertain whether our strategies **to develop and deploy our own competing cloud computing offering** will attract the customers or generate the revenue required to be successful.

These costs may 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 increased 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. These upgrades and improvements may be difficult and costly. ~~In addition, we could face strains on, or failures of, our internal IT systems if governmental restrictions or vaccine or other mandates due to the emergence of variants in connection with the ongoing COVID- 19 pandemic or other emergencies limit the ability of our command center personnel to work in our physical locations.~~ 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 regularly face attempts to gain unauthorized access or deliver malicious software to ~~the~~ Akamai Connected Cloud 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 Distributed Denial of Service **(DDoS)** attacks, infrastructure attacks, botnets, malicious file uploads, application abuse, credential abuse, **social engineering,** ransomware, bugs, viruses, worms and malicious software programs. **Additionally, the use of artificial intelligence by bad actors has heightened the sophistication and effectiveness of these types of attacks.** There **have in the past and** could **in the future** be attempts to infiltrate our systems through our supply chain and contractors. 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 may intensify during periods of heightened geopolitical tensions or armed conflict, such as the ongoing war in Ukraine ~~. While we have taken~~ and **the Israel- Hamas War. We** ~~continue to take actions to mitigate against attacks by state actors and others, we~~ may not be able to anticipate the techniques used in such attacks, as they change frequently and may not be recognized until launched. ~~To~~ **While we have, from time to time, experienced threats to and breaches of our and our third- party vendors' data and systems, to** date **, to our knowledge** , cyber threats and other attacks have not resulted in any material adverse ~~impact~~ **effect** to our business or operations, but such threats are constantly evolving, increasing the difficulty of detecting and successfully defending against them. The complexities in managing the security profile of a distributed network with vast scale and geographic reach that evolves to incorporate new capabilities expose us to both known and unknown vulnerabilities. We have discovered vulnerabilities in software used in our technology, such as the vulnerability in Apache Log4j 2 referred to as " Log4Shell " identified in late 2021 that impacted a large portion of the internet ecosystem, and may have other undiscovered vulnerabilities. ~~While the impact to date of Log4Shell on our systems was relatively modest, these vulnerabilities~~ **Vulnerabilities** , resident in either software or configurations, may 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. ~~See also the risk factor captioned" We utilize third- party technology in our business, and failures or vulnerabilities, and / or litigation, related to these technologies may adversely affect our business" below.~~ To protect our corporate and deployed networks, we ~~must~~ **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. ~~This is~~ **For example, our ongoing efforts to continually enhance the security and reliability of Akamai Connected Cloud, customer applications and corporate systems comprise various initiatives and mitigation efforts, including, but not limited to, 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 ~~. We~~ **, and** may **be unsuccessful** ~~need to increase our related spending~~ in **preventing** ~~the future, which could reduce our operating margin. Any actual, alleged or perceived breach of network~~ security ~~in our systems or networks, or any other actual, alleged or perceived data security incident~~ **incidents that may have** ~~we, our customers or our third- party suppliers suffer, can~~ **an adverse effect on** ~~result in damage to~~ our **business and** reputation ~~; negative publicity; loss of channel partners, customers and sales; loss of competitive advantages; increased costs to remedy any problems and otherwise respond to any incident; regulatory investigations and enforcement actions; costly~~

~~litigation; and other liabilities~~ . **For example,** ~~With~~ **with** the ~~recent~~ acquisition of Linode, we are adapting 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 compute products. If we fail to mitigate these **harms** or if there is a significant cybersecurity event using our compute products or our compute products are perceived to be less reliable than our competitors, it could result in loss of customers and reputational damage. ~~In addition~~ **Any actual** , **alleged or perceived breach of network security in our systems or networks, or any other actual, alleged or perceived compromise or data security incident** we ~~may incur significant~~ **, our customers or our third- party suppliers suffer, can result in 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 ~~operational consequences of~~ **otherwise respond to any incident; regulatory** ~~investigating~~ **investigations** ~~, remediating, eliminating~~ and **enforcement actions** ~~putting in place additional tools~~ and **fines; costly litigation;** ~~devices designed to prevent actual or perceived security breaches~~ and other **liabilities** ~~security incidents, as well as the costs to comply with any notification obligations resulting from any security incidents. Any of these negative outcomes could adversely impact the market perception of our solutions and customer and investor confidence in our company and otherwise seriously harm our business and operating results~~ . If we cannot maintain compatibility with our customers' IT infrastructure, including their chosen third- party applications, our business will be harmed. Our products interoperate with our customers' IT ~~infrastructure~~ **infrastructures** that often ~~has~~ **have** different specifications, ~~utilizes~~ - **utilize** diverse technology ~~,~~ and ~~requires~~ - **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~~ **customers ' technology is dependent on our customers because our customers** , and in particular ~~these~~ **those** ~~chosen~~ **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 ~~, and as a result our business could be adversely affected~~ . 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** ~~employee increases~~ , **new** ~~customer~~ **customers** ~~additions~~ and revenue growth in recent quarters has been attributable to our business outside the U. S. Our operations in ~~foreign~~ **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 ~~, including the recent strengthening of the U. S. dollar which has led to a decrease in our revenue from certain customers and corresponding pressure on our earnings~~ ; ~~•~~ 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 ~~foreign~~ **international** governments impose limitations on doing business with significant current or potential customers; ~~• adjusting to~~ **difficulty in staffing, training, developing and managing international operations as a result of distance, language, cultural** ~~different~~ **differences , differences in** employee / employer relationships ~~and different regulations governing such relationships; • becoming subject to regulatory oversight; • corporate and personal liability for~~ - **or** ~~alleged or actual violations of laws and~~ regulations; ~~• difficulty in staffing, training, developing and managing foreign operations as a result of distance, language, cultural differences 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, such as the sanctions imposed in connection with the Russian invasion of Ukraine, 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 ~~foreign~~ **international** markets; ~~•~~ macroeconomic developments and changes in the labor markets in which we operate; ~~•~~ geopolitical developments, including 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, political unrest, ~~the imposition of sanctions, export controls,~~ warfare, military or armed conflict, such as the Russian invasion of Ukraine **and the ongoing Israel- Hamas War** , terrorist attacks, public health emergencies ~~such as the ongoing COVID- 19 pandemic~~ , energy crises and natural disasters that could disrupt our ability to provide services or limit customer purchases of them ~~; • reliance~~ **. For example, approximately five percent of our global employees are located in Tel Aviv, Israel and have been and may continue to be impacted by the Israel- Hamas War. A number of our employees have been, and more may be, required to report for military duty which could impact our ability to operate and successfully complete ongoing initiatives particularly with respect to our security offerings and our efforts to move our internal applications from third- party clouds to Akamai Connected Cloud. In addition, further attacks by Hamas or other groups** on ~~one~~ **Israel could further impact** ~~or~~ **our workforce,** ~~more channel partners over which we have limited control or~~ **our** ~~influence on~~ **operations and our offices located in Tel Aviv. Furthermore,** a ~~day~~ **widening of the conflict in the Middle East or further escalation could lead to broader geopolitical destabilization and macro** - **economic impacts** ~~to- day basis; and • potentially adverse tax consequences~~ . ~~We~~ **In addition, we** are subject to laws and regulations worldwide that differ among jurisdictions, affecting our operations in areas such as intellectual property ownership and infringement; tax; anti-corruption; internet and technology regulations; so- called" fair share" or internet content taxes; foreign exchange controls and cash repatriation; data privacy; cyber security; competition; consumer protection; and employment. 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** or agents will not violate such laws or our policies. Violations of these laws and regulations can result in fines; **additional costs related to governmental investigations;** criminal sanctions against us, our officers or our employees; prohibitions on the conduct of our business; and damage to our reputation ~~. See also the risk factor captioned Other regulatory developments could negatively impact our business below~~ . 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 network, we are dependent in part upon transmission capacity provided by third- party telecommunications network providers, the availability of 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. In particular, following our acquisition of Linode, our ~~plans~~ **efforts** to increase the size and scale of our ~~cloud computing~~ **compute** ~~offerings will~~ **solutions 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, or perform maintenance on existing servers for any reason, ~~such as the imposition of stay- at- home orders imposed in connection with the ongoing COVID- 19 pandemic or other emergencies,~~ impedes our ability to expand or maintain capacity. As a result, there can be no assurance that we are adequately prepared for unexpected increases in capacity demands by our customers, particularly those under cyber- attack or impacted by geopolitical conditions **, such as the ongoing war in Ukraine or the Israel- Hamas War** . Failure to put in place 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. ~~The~~ Akamai Connected Cloud relies on hardware equipment, including hundreds of thousands of servers deployed around the world. ~~Global~~ **Disruptions in our** supply chain ~~constraints~~ **have occurred** in the **past** ~~wake of the COVID- 19 pandemic continue to increase lead times for equipment components, which adds risk to our ability to flex to meet future business needs~~ and ~~expand our global compute presence. Disruptions in our supply chain~~ could prevent us from purchasing needed equipment at attractive prices or at all. For example, 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 unrest, trade sanctions or other political activity, public health issues ~~(such as the ongoing COVID- 19 pandemic)~~ , safety issues, natural disasters or general economic conditions. Failure to have adequate equipment, including server equipment, could harm the quality of our services, which could lead to the loss of customers and revenue. Acquisitions and other strategic transactions ~~we complete~~ 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 ~~the~~ technologies, operations and personnel ~~of acquired businesses~~ **while maintaining the quality standards that are consistent with our reputation** ; ~~•~~ potential disruptions of our ongoing business **and distraction of management attention** ; ~~• potential distraction of management; •~~ 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 ~~generally~~ seen ~~escalating~~ **relatively high** valuations of **, and valuation expectations for,** many technology companies and increasing allocation of risk to acquirors; ~~• assumption of legal risks related to compliance with laws, including privacy and anti- corruption regulations; •~~ failure to realize synergies or other expected benefits; ~~•~~ lawsuits resulting from an acquisition or disposition; ~~• retention of~~ **the inability to retain** the acquired company' s key talent; ~~•~~ **exposure to cybersecurity risks and** ~~there~~ -- **the** ~~may be unexpected regulatory changes resulting~~ **cost associated with remediating those risks** in **connection with the** ~~operating difficulties and expenditures; •~~ acquisition of IT systems ~~that expose us to cybersecurity risks and additional costs to remedy such risks~~ ; ~~•~~ 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 Connected Cloud and the migration of certain applications and products from third party cloud providers onto Akamai Connected Cloud, 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 Connected Cloud 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 ~~we use a significant portion of our available cash to pay for acquisitions that are not successful, it could harm our balance sheet and limit our flexibility to pursue other opportunities without having enjoyed the intended benefits of the acquisition. As we complete any future acquisitions, we may encounter difficulty in incorporating acquired technologies into our offerings while maintaining the quality standards that are consistent with our brand and reputation. If we are not successful in completing acquisitions or other strategic transactions that we may pursue in the future, we may incur substantial expenses and devote~~

~~significant management time and resources without a successful result. Future acquisitions could require use of substantial portions of our available cash or result in dilutive issuances of securities. If~~ current and potential large customers shift to hardware- based or other DIY internal solutions **for content and application delivery or security protection** , our business will be negatively impacted. We are reliant on **some of our** ~~large~~ **larger** ~~media and other~~ customers to direct traffic to our network for a significant part of our revenues. In the past, some of ~~those~~ **our** customers have determined that it is better for them to employ a " do- it- yourself " or " 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 ~~. Essentially, this is another form of competition for us~~ . 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. ~~If additional~~ **While the number of customers implementing a DIY strategy has decreased in recent years, if multiple** large customers shift to this model, traffic on our network and our contracted revenue commitments would decrease, which would 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. Like other companies in our industry, we have experienced ~~, and we expect to continue to experience,~~ difficulty in hiring and retaining highly skilled employees with appropriate qualifications, and, if we fail to attract new personnel or fail to retain and motivate our current personnel or effectively train our current employees to support our business needs, our business and future growth prospects could suffer. For example, none of our officers or key employees is 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 computing. Such efforts will require time, expense and attention by our employees as there is significant competition for talented individuals ~~in the regions in which our primary offices are located, which affects both our ability to retain key employees and hire new ones and new hires require significant training~~ . This competition results in increased costs in the form of cash and stock- based compensation and can have a dilutive impact on our stock. In addition, **our ability to hire and retain employees may be adversely affected by volatility in the price of our stock 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. In addition,** we are retasking certain ~~of our~~ employees to work on our compute solutions which will require the use of our resources and if we are unable to successfully retrain our employees, our compute business may suffer **. Furthermore, geopolitical events may impact our retention efforts. For example, the ongoing Israel- Hamas War has and could continue to impact our workforce in Tel Aviv, 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 ~~effectively manage our operations and~~ maintain our company culture **and manage new risks** as our business evolves and our work practices change could harm us. **We** ~~Our future operating results will depend on our ability to manage our operations and we~~ believe our culture has been a key contributor to our success to date. As a result of the diversification of our business, personnel growth, ~~increased usage of alternative working arrangements, including~~ the ~~designation~~ **deployment** of **our FlexBase program** ~~over 95 % of roles as flexible and able to work remotely~~ , acquisitions and international expansion in recent years, many of our employees are now based outside of our Cambridge, Massachusetts ~~headquarters; however, most key management decisions are made by a relatively small group of individuals based primarily at our~~ headquarters. 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, properly train them and manage ~~out~~ 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. We rolled out our FlexBase program in May 2022, which allows the more than 95 % of our workforce designated as flexible to choose ~~whether they want~~ to work from an Akamai office, their home office or a combination of both. **This** ~~Although we believe a flexible working policy will help us attract and retain talent, our FlexBase~~ program could, among other things, negatively impact employee morale and productivity, inhibit our ability to **effectively** ~~hire and~~ train new employees and impede our ability to support customers at the levels they expect. In addition, 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. Members of our workforce who access company data and systems remotely may not have access to technology that is as robust as that in our offices, which could cause the networks, information systems, applications and other tools available to those remote workers to be more limited or less reliable than in our offices. We may also be exposed to risks associated with the locations of remote workers, including compliance with local laws and regulations or exposure to compromised internet infrastructure. ~~Allowing members of our workforce to work remotely may create intellectual property risk if employees create intellectual property on our behalf while residing in a jurisdiction with unenforced or uncertain intellectual property laws.~~ Further, if employees fail to inform us of changes in their work location, we may be exposed to additional risks without our knowledge. If we are unable to effectively **maintain** ~~transition to~~ 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. 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. In February 2021, we announced a significant reorganization to create two new business groups linked to our security and edge delivery technologies as well as establishing a unified global sales force **. During the first quarter of 2023, management committed to an action to restructure certain parts of the company, including reducing headcount, to enable it to prioritize investments in the fastest growing areas of the business** . 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. Disruptions in operations may occur as a result of taking these actions. Taking these actions may also result in significant expense for us, including with respect to workforce reductions, as well as decreased productivity due to employee distraction and unanticipated employee turnover. Substantial expense or business disruptions resulting from restructuring and reorganization activities 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. In particular, ~~in October 2021,~~ **the Organisation for Economic Co- operation and Development (“ OECD ”) and participating OECD member countries continue to work toward the enactment of** a **15 %** ~~global consortium of countries agreed to establish a new framework for international tax reform, including the general rules for redefined jurisdictional taxation rights and a~~ global minimum **corporate** tax **rate for companies with revenue above € 750 million** ~~of 15 % (Pillar 2). In December 2022~~ , ~~the~~ **calculated on a country- by- country basis.** European Union member states ~~voted unanimously~~ **have begun** to **enact** ~~adopt a Directive implementing the Pillar 2 (~~ global minimum tax ~~)~~ **rate** rules ~~giving~~ **into domestic law. In particular, on December 16, 2022, the Swiss parliament approved a constitutional amendment to implement the global minimum tax rate rules and the amendment was approved by public vote on June 18, 2023. On December 22, 2023, the Swiss Federal Council declared some of the rules to be in effect beginning in 2024. The global minimum tax is a significant structural change to the international tax framework, which is expected to affect the tax position of multinational or large scale domestic enterprise groups that fall under its scope, including us, beginning in 2024. Although enactment of the global minimum tax has begun, the OECD and participating OECD** member **countries continue** ~~states until December 31, 2023~~ to ~~implement~~ **work towards defining** the ~~Directive into national legislation~~ **underlying rules and administrative procedures** . ~~Further details regarding implementation of~~ **We will continue to monitor** these **developments** ~~rules are expected~~ and ~~if implemented~~ **evaluate the impact of the global minimum tax** , ~~such reform may~~ **which we anticipate will** increase our **liability for corporate taxes and our effective income** tax **rate** ~~liabilities and compliance costs and reduce our profitability~~ . We have recorded certain tax reserves to address potential exposures involving our income tax and **indirect** ~~sales and use~~ 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. **The** ~~On August 16, 2022, President Joseph R. Biden signed into law the~~ Inflation Reduction Act of 2022 (“ IRA ”) ~~. The IRA~~ includes a 15 % corporate alternative minimum tax for companies with modified GAAP net income in excess of $ 1 billion, a 1 % excise tax on certain stock repurchases, and numerous environmental and green energy tax credits. Currently, we are not subject to the corporate alternative minimum tax. **The** ~~We are currently evaluating the impacts~~ - **impact** of the excise tax on our stock repurchase program **was** ~~; however, we do not currently expect the new law to have a material~~ **immaterial** ~~impact on our results of operations~~ **for the year ended December 31, 2023** . 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 ~~the~~ **their local** currencies **, but many** of ~~the local countries~~ **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 2023, the strength of the U. S. dollar had a negative impact on our revenue and a positive impact on our operating expenses.** In addition, our financial results are subject to changes in exchange rates that impact the settlement of transactions in non- functional currencies. ~~While~~ **In addition,** we have ~~implemented a~~ **recently experienced increased volatility in** foreign currency **exchange rates** ~~hedging program to mitigate transactional exposures~~ , ~~there is~~ **due to a number of factors, including geopolitical and economic developments. We may** ~~no~~ **not** ~~guarantee that~~ **be able to effectively manage** such **volatility** ~~program will be effective. If the accounting estimates we make~~ , and ~~the assumptions on which we rely, in preparing~~ our financial ~~statements prove inaccurate, our actual reported~~ results ~~may~~ **have in the past and could in the future** be adversely **impacted as** ~~affected. Our financial statements have been prepared in accordance with accounting principles generally accepted in the U. S. The~~

~~preparation of these financial statements requires us to make estimates and judgments about, among other things, taxes, revenue recognition, stock- based compensation, capitalization of internal- use software development costs, investments, contingent obligations, allowance for current expected credit losses, intangible assets and restructuring charges. These estimates and judgments affect, among other things, the reported amounts of our assets, liabilities, revenue and expenses, the amounts of charges accrued by us, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. If our estimates or the assumptions underlying them are not correct, actual results may differ materially from our estimates and we may need to, among other things, accrue significant additional charges that could adversely affect our results of operations, which in turn could adversely affect our stock price. Errors in our financial statements have occurred in the past and may occur in the future. For example, see Note 23 for~~ a ~~description~~ **result** of **such volatility** ~~an error identified in January 2023~~. In addition, **such volatility, even when it increases** ~~new accounting pronouncements and interpretations of accounting pronouncements have occurred and may occur~~ -- **our** ~~in the~~ **revenues or decreases our expenses, impacts our ability to accurately predict our** future ~~that could adversely affect our reported financial~~ 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 ~~foreign~~ **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. Selling to government entities can be highly competitive, expensive, and time consuming, 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. 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 ~~of contracts~~, **fee** ~~refund~~ **refunds** ~~of a portion of fees received~~, 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 technology software, services, and other technology ~~in order~~ to operate critical functions of our business, including the integration of certain of these technologies into our network, products and services. If these software, services, or other technology become unavailable 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 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. Legal and Regulatory Risks Evolving privacy regulations could negatively impact our profitability and business operations. **The nature and breadth of** ~~Laws~~ **laws** and regulations **, or expanded interpretation of these laws and regulations,** that ~~apply~~ **relate** to **privacy on** the internet ~~related to privacy~~ and international data transfer restrictions ~~could pose risks~~ **may increase in the future. Accordingly, we are unable** to **assess the possible effect of compliance with future requirements** ~~our~~ - **or** ~~revenues~~ **whether our compliance efforts will materially impact our business**, ~~intellectual property and customer relationships~~ **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, such as the European Union' s General Data Protection Regulation (" GDPR"), and the California Consumer Privacy Act of 2018 (" CCPA"), and industry self- regulatory codes have been enacted, and more 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. 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 ~~expense~~ **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 the GDPR, the CCPA or other **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 ~~firms~~ **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** ~~Although we take steps intended to improve the security controls across our business groups and geographies, 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. ~~Local~~ **U. S.** and ~~foreign~~ **international** laws and regulations that apply to the internet related to, among other things, 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 and restrictions on social media or other content could pose risks to our revenues, intellectual property and customer relationships as well as increase expenses or create other disadvantages to our business. Section 230 of the U. S. Communications Decency Act, often referred to as 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. Regulations have 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 applications **,** which caused a reduction in revenue to us. In addition, such laws and regulations could cause internet service providers, or others, to block our products in order to enforce content- blocking efforts. In addition, 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. **In addition to regulations related to content, enactment and expansion of laws related to the use of artificial intelligence and machine learning in our operations and increased regulation of cloud services providers also could increase costs of doing business, subject us to potential liability or regulatory risk and introduce other disadvantages to our business, including brand or reputational harm.** Interpretations of laws or regulations that would subject us to regulatory enforcement actions, supervision or, in the alternative, 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. ~~As noted with privacy compliance above, engineering~~ **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 ~~expense~~ **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~~ **. 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 and other litigation and 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. ~~In addition, from time to time, we use various contractual, technical and expert resources to reduce the likelihood of end user activity that is illegal, fraudulent or harmful to third parties. There can be no assurance that any of these initiatives will be successful or reduce such illegal, fraudulent or harmful content on our platform. Furthermore, such initiatives may also result in negative interactions with end users, negative perceptions of our policies or increased onboarding time for new customers.~~ 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- based services. In addition, catastrophic natural disasters, such as an earthquake, fire, flood or other act of God ~~, catastrophic event or pandemic,~~ 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; ~~•~~ 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; ~~•~~ 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, ~~increasing~~ **elevated** interest rates, recessionary economic cycles, protracted economic slowdowns and overall market volatility; ~~•~~ repurchases of shares of our common stock; **the issuance of additional shares** ~~• successful cyber- attacks affecting our~~ - **or** ~~network~~ **securities convertible into, or exchangeable or exercisable** ~~or~~ **for** ~~systems~~ **, shares of our common stock, including under our equity compensation plans** ; ~~• changes in the composition of company management, including company executives and the board of directors; •~~ entry into, or termination of, relationships with material customers and partners; ~~•~~ **and** performance by other companies in our industry ~~; and • geopolitical conditions such as acts of terrorism, military or armed conflicts, such as the Russian invasion of Ukraine, or global pandemics~~ . 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 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. 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 2025, ~~and we had~~ total principal amount of $ 1, 150. 0 million of convertible senior notes outstanding due in 2027 **and total principal amount of $ 1, 265 million of convertible senior notes outstanding due in 2029** . We also entered into a credit facility in November 2022 that provides for an initial $ 500. 0 million revolving credit facility, and under specified circumstances, the credit facility can be increased to up to $ 1 billion in aggregate principal amount. As of December 31, ~~2022~~ **2023** , there were no outstanding borrowings under the credit facility. 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. 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 following a fundamental change, we would be in default under the terms of the notes, which could seriously harm our business. Although the terms of our credit facility include certain financial ratios 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 ~~. We may issue additional shares of our common stock or instruments convertible into shares of our common stock and thereby materially and adversely affect the market price of our common stock. Our board of directors has the authority to issue additional shares of our common stock or other instruments convertible into, or exchangeable or exercisable for, shares of our common stock. If we issue additional shares of our common stock or instruments convertible into, or exchangeable or exercisable for, shares of our common stock, it may materially and adversely affect the market price of our common stock~~ . 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. These provisions include: ~~•~~ our board of directors having 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 needing to 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 ~~•~~ the ability of our board of directors to issue, without stockholder approval, shares of undesignated preferred stock. Further, 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. ~~We have identified a material weakness in our internal control over financial reporting, and our management has concluded that our disclosure controls and procedures are not effective. While we are working to remediate the identified material weakness, we cannot assure you that additional material weaknesses or significant deficiencies will not occur in the future.~~ 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. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. As **previously** disclosed ~~in this Form 10- K, in the course of our audit~~ for ~~fiscal~~ **the year ended December 31,** 2022, we identified a material weakness in the Company' s internal control over financial reporting as of December 31, 2022 related to income taxes. ~~The~~ **Although this** material weakness ~~was caused by~~ **has been remediated, there** ~~an~~ **can be no assurance that we will not identify additional** ~~inadequate control over the adoption and application of new accounting standards related to income taxes and resulted in immaterial~~ -- **material weaknesses** ~~errors to net deferred tax assets and provision for income taxes for the interim periods ended March 31, 2022, June 30, 2022 and September 30, 2022. We are~~ in **internal** ~~the process of~~

~~designing and implementing changes in processes and~~ controls **in** ~~to remediate~~ the **future or** ~~material weakness. We cannot assure you~~ that the measures we may take ~~in the~~ **to remediate any such** future **control deficiencies** will be ~~sufficient to remediate the control deficiencies that led to a material weakness in our internal controls over financial reporting or that they will prevent or avoid potential future material weaknesses. The material weakness in the Company' s internal control over financial reporting will not be considered remediated until the controls operate for a sufficient period of time and management has concluded, through testing that these controls operate effectively~~ -- **effective** ~~. If we do not successfully remediate the material weakness, or if other material weaknesses or other deficiencies arise in the future, we may be unable to accurately report our financial results, which could cause our financial results to be materially misstated and require restatement~~ . We need to continue to enhance and maintain our processes and systems and adapt them to changes as our business evolves and we rearrange management responsibilities and reorganize our business. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive and time- consuming and requires significant management attention. **Furthermore, as our business changes, including by expanding our operations in different markets, increasing reliance on channel partners and completing acquisitions, our internal controls may become more complex and we may be required to expend significantly more resources to ensure our internal controls remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify additional 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.** We cannot be certain that our internal control measures will provide ~~in the future~~ adequate control over our financial processes and reporting and ensure compliance with Section 404. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results, may result in a restatement of our financial statements for prior periods, cause us to fail to meet our reporting obligations, and could 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, as our business changes, including by expanding our operations in different markets, increasing reliance on channel partners and completing acquisitions, our internal controls may become more complex and we may be required to expend significantly more resources to ensure our internal controls remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify additional 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.~~