Registered no. 03921701

Akamai Technologies Limited
Annual report
for the year ended 31 December 2021

Akamai Technologies Limited
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Strategic report for the year ended 31 December 2021

Akamai Technologies Limited ("the company") is a wholly-owned subsidiary of Akamai Technologies Inc. The Directors present their strategic report on the company for the year ended 31 December 2021.

Principal activities
The company's principal activity is the delivery of internet content and applications to customers in a more reliable and cost-effective manner.

Business review
Our revenue growth in 2021 as compared to 2020 reflected the success of our efforts to increase our monthly and annual recurring contractual revenue. Business development activities continue to grow with revenue increasing by 2% in comparison to 2020. The company is currently focusing more on domestic business. The market for solutions offered by Company continues to grow globally and locally. This is mainly due to the ever-increasing importance of the Internet for businesses and individuals, the growing importance of multi-media content on corporate websites, increasing "cloud computing" and the growing number of broadband Internet connections.

The company is in a strong financial position as at 31 December 2021, with net current assets of £44,546,888 (2020: £41,978,846).

Principal risks and uncertainties
The principal risks and uncertainties of the company are integrated with the principal risks of the Akamai Technologies Inc. group and are discussed in Part 1 of the group annual financial statements. The risks and uncertainties which are particularly applicable to Akamai Technologies Limited are:

Market competition
The company operates in an extremely competitive market. We rely on our parent company to ensure that our products and services represent the best technology available to our customers. We look to ensure that our pricing remains competitive and represents good value to our customers.

Management of growth
The company has grown each year since its incorporation and we plan to continue to do so in the future. As the business grows, there is a risk that overheads increase disproportionately. As receivables increase, collections can slow and bad debts increase. We control overheads against budget and our dedicated revenues team control receivables and credit control.

Key Performance Indicators
The development, performance and position of the company is integrated within that of the group, which is discussed in Part 2 of the group annual financial statements. The key performance indicators which are particularly applicable to Akamai Technologies Limited are:

Revenue
Revenue increased by 1.67% in the year (2020: 9.44%) to £146,310,667 (2020: £143,900,567), as a result of winning new clients and expanding the portfolio of products sold to existing clients.

Overheads
Administrative expenses have decreased by 7.20% in 2021 (2020: decreased by 8.21%); within this staff costs decreased by 0.88% in the year 2021 (2020: decreased by 10.16%) with the average headcount of 178 in 2021 (2020: 191).

Akamai Technologies Limited
Strategic report for the year ended 31 December 2021 (continued)

Section 172(1) statement
The Directors are well aware of their duty under s.172 of the Companies Act to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationship with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company

Our mission and strategy
The technology landscape is rapidly evolving, driving enterprises to enhance their digital capabilities to improve productivity, transform customer experience, increase brand awareness and drive competitive advantage. At the same time, security threats are growing more prevalent and advanced. Company's purpose is to help our customers capitalize on today's opportunities and mitigate the risks presented by this dynamic environment by providing solutions that secure, deliver and optimize content and business applications over the Internet.

Our culture is intended to deliver high standards of business conduct and promote the long-term success of the Company. Ethical values lie at the heart of decision-making and are placed to achieve durable benefits that come from doing business ethically. The Company is dedicated to operating at the highest level of excellence, honesty and fairness.

As Akamai Technologies Inc. group is viewed as one organization, key corporate governance related policies and procedures are developed centrally and are not differentiated on legal subsidiary structure. Policies are global in nature and applicable to all subsidiaries regardless of their size and location. Corporate governance related policies and procedures are implemented across the entire group, including the Company.

In practice, policies affecting employees are set at the Akamai Technologies Inc. group level and apply to each individual Akamai Technologies Limited employee. Among others, to communicate the Company's commitment to ethics, the Company maintains the Code of Business Conduct and Ethics, which is readily available to all employees. In order to ensure all employees awareness and help drive compliance, all employees are required to sign an acknowledgement of receipt and review of the Code of Business Conduct and Ethics. Each employee annually completes anti-bribery and security awareness trainings. In addition, on an annual basis, each employee is subject to required business conduct and ethics certification. Each employee undergoes annual training and acknowledge their responsibility under the Code of Business Conduct and Ethics. Employees are required to electronically confirm that they have read and understood the Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics embodies our values and expectations to which our standards and employee policies are aligned. Every employee is expected to exercise the highest level of integrity and comply with principles and all applicable laws and rules. Not only is this the right thing to do, it is key to help ensure that we continue to be successful in the future.

Also, the Code of Business Conduct and Ethics addresses how to identify and raise an ethical issue and the ranges for remedial action. If it is determined that an Akamai Technologies Inc. group employee has violated the Code or any law, rule or regulation, the Company will take appropriate disciplinary action against the employee. This may range from a warning to termination to referral for criminal prosecution or other disciplinary action that the Company deems appropriate, depending on the circumstances.

Akamai Technologies Limited
Strategic report for the year ended 31 December 2021 (continued)

Stakeholder engagement
The Board is responsible for the long-term success of the Company. In the performance of these duties, it has regard to the interests of the Company's key stakeholders and the potential impact of the decisions it makes on all stakeholders. The Board recognizes the important role the Company has to play in society and strongly believes that the Company will only succeed by working with customers, governments, business partners and other stakeholders.

Taking into consideration that the day-to-day running of the Company is conducted in terms of divisions and regions, by discharging those responsibilities, The Board believes governance of the Company is best achieved by delegation of its authority to executive management across Akamai Technologies Inc. group, subject to monitoring by the Board. It is both necessary and expedient to effective operations of the Company.

The Board's oversight of the execution of strategy and focus on performance included:

- Receiving quarterly business review reports presented by Sales Vice President,
- Reviewing the quarterly financial results,
- Receiving performance updates,
- Approval of the statutory financial statements,
- Receiving reports from the External Auditor,
- Attending Annual General Meeting,
- Recommending dividend proposal,
- Reviewing employee survey results (Global People Survey),
- Approval of agreements (Stock-settled equity compensation award chargeback agreement, Reseller agreements),
- Receiving quarterly EMEA region updates dedicated to various areas such as human resources, legal, marketing, networks, services and support,
- Receiving reports regarding effectiveness of implemented internal controls,
- Reviewing updates announced on online platform dedicated to sharing information within the Company.

Principal decisions
In making the following principal decisions for 2021, the Board considered feedback from the stakeholder engagement initiatives described below as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly.

<u>Dividends</u>
As discussed on page 9 of the Directors' Report, the Board recommended payment of dividend for the financial year ended 31 December 2021 at the rate of £285,000 per ordinary share at a total cost of £28,500,000.

In making this decision, the Board both analysed distributable profits available for the purpose and considered interests of various stakeholders. In order to realize long-term value for shareholders, the Board determined that dividend payment would bring a positive outcome for the whole Akamai Technologies Inc. group by providing cash injections available for further investments. In addition, the Board considered long-term implications of this decision, because preserving liquidity and solvency is crucial to the continued success of the Company and achievement of strategic objectives, which in turn affects employees, business relationship and reputation. In particular, the Directors assessed the Company's results of operations, cash requirements, future business prospects and concluded that dividends payment would not have an adverse impact on the Company's financial condition, especially on its ability to pay salaries to employees and serve its debts to suppliers and other creditors.

Akamai Technologies Limited
Strategic report for the year ended 31 December 2021 (continued)

Workforce
The Board recognizes that Akamai Technologies Inc. group employees are fundamental and core to business and delivery of strategic ambitions. The success of business depends on attracting, retaining and motivating employees. The company relies on the skills and talents of dedicated workforce. The Company is committed to growing with our people and making the Company a great workplace that supports professional and personal development.

At the Company, the diversity of our workforce and uniqueness of every employee is appreciated. Akamai Technologies Inc. group is committed to a work environment free from all forms of inappropriate behaviour, including discrimination.
The Company is committed to ensure that we are fostering an environment that they are happy to work in and that best support their well-being.

There are multiple initiatives aiming at engaging employees and recognizing their interests, including:

- Global People Survey – employee engagement survey, to gain insight into employees' overall satisfaction with the Company, their jobs and other aspects of their workplace experience, including a broad range of subjects such as collaboration, working conditions, development, reputation, benefits and awards, diversity and inclusion, operational excellence,
- All-Hands Meetings – presentations of strategy, quarterly overview on performance updates and also Q&A sessions,
- Volunteering Days – employees can take paid volunteer time for volunteer activities,
- Intranet 'Aloha' – channel for sharing information and as a depository of in-house news items of interest,
- Akamai University – e-learning platform offering self-development modules in various areas like for example time management or technical training,
- Retirement Savings Scheme – the Company contributes to the UK defined contribution pension retirement scheme,
- Wellness at Akamai Technologies Inc. group – the mission is to empower employees to take action to improve their health. The aim is to foster a community where wellness in an integrated part of daily life so that employees can be more productive, feel more fulfilled.

Community and environment
The Board endorses a culture to doing business the right way. The Company is dedicated to providing a great place to work and to contributing to the communities in which we operate. Some ongoing and recent activities to promote this goal are as follows:

- Danny Lewin Care Days – honouring co-founder by giving back to local communities. Each year in September we honour and celebrate our co-founder Danny Lewin's spirit and during these days diverse volunteer projects are organized.
- Akamai Foundation – focused on promoting math excellence among children.

Akamai Technologies Inc. group mission is to provide a work environment where all employees feel that they can contribute and perform to the best of their abilities. Akamai Technologies Inc. group diverse workforce combines workers from different backgrounds and experiences that together form a more creative, innovative and productive workplace. Bringing together a diverse workforce in an inclusive environment captures the experiences, cultures, talents, and thought perspectives that will drive innovation and our business strategy in a collaborative manner. A commitment to inclusion and diversity makes us a better company, a better competitor, and a better corporate citizen. Diversity creates more opportunities for a wider range and depth of different ideas. Out of these, the most innovative solutions for our customers and our business come to fruition time.

The Company have implemented a number of initiatives to foster inclusivity, including employee resource groups:

- Women's Forum – employee resource group that helps raise awareness, support professional development identify and create networking opportunities, and enable the next generation of women in tech to grow, advance, and lead in careers at Akamai,
- Out@akamai – people who identify as lesbian, gay, bisexual, and transgender can meet, share experiences, work to raise awareness, improve engagement,
- Parents@akamai – to create community of parents and caregivers who will provide encouragement and empowerment in the development of career goals while balancing their responsibilities outside the office.

The Company believes it is our responsibility to help create digital experiences that are fast, smart and secure, all while caring for the larger environment. The Company is committed to managing use of resources and mitigating the environmental impact of our operations and believes that can and should operate with a minimal environmental footprint. Efforts are centred to reduce greenhouse gas emissions arising from business operations through energy conservation, energy efficiency, responsibly manage and dispose of electronic waste.

To address the challenge of global climate change, Akamai Technologies Inc. group is dedicated to implementing sustainability practices by building employee awareness, water efficiency, source reduction, material reuse and recycling. It is important to remain conscious of environmental impact by using energy wisely and reducing waste in our operations whenever possible. To accomplish this, Akamai Technologies Inc. group is taking among others the following steps:

- Platform Efficiency – Akamai Intelligent Edge Platform is made up of servers and Akamai has been working towards reduction of network energy intensity per unit of capacity,
- Renewable energy initiative – because of the nature of Akamai's business, CO2 emissions represent the largest component of our ecosystem impact. Content delivery servers account for the vast majority of electricity consumption, so decarbonizing operations by putting more renewable energy on the electrical grid is a critical step to reduce the environmental impact.
- Managing E-Waste – electronic waste poses a growing economic and environmental threat as individuals and companies discard their old phones, servers, computers, network hardware, and so forth. Not only these items contain precious minerals, resources and metals that can be reused, but if we send these materials to landfill, it creates a significant amount of hazardous waste. Akamai remains committed to doing our part to address the worldwide waste crisis by partnering with E-Stewards-certified facilities to ensure our e-waste is recycled or reused whenever possible,
- Inspiring employees to make more sustainable decisions at work and in their lives through corporate communication, including shared sustainability tips (regarding computer use, lighting, travel, paper & printing, heating & cooling) announced within internal communication platform.

Business relationships
The Company believes that good relationships are crucial in business and will drive success. It is in these relationships that values and ethics can be used to mutual benefit and to build trustworthiness between parties.

Our suppliers are fundamental to the quality of our services and to ensuring that as a business we meet the high standards of conduct that we set ourselves. The Company established standards described in Procurement Policy that apply to all Akamai Technologies Inc. group employees and their goal is to ensure that the procurement of all goods and services is conducted in an honest, competitive, fair and transparent manner.

Besides this, for engaging in responsible business practices, each purchase order includes communication to suppliers with guiding principles about Akamai Technologies Limited expectations to follow the spirit of respect for all human rights and environment. We expect our suppliers to comply with all laws and regulations as well as the specific core principles that are as follows:

- Prohibit Child Labour (adhere to minimum age provisions of applicable laws and regulations),
- Prohibit Forced Labour and Abuse of Labour (prohibit physical abuse of employees and prohibit the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, slave labour, or any form of human trafficking),
- Eliminate Discrimination (maintain workplaces free from discrimination or physical or verbal harassment),
- Work Hours and Wages (compensate employees relative to the industry and local labour market; operate in full compliance with applicable wage, work hours, overtime, and benefits laws; offer employees opportunities to develop their skills and capabilities),
- Provide a Safe and Healthy Workplace (provide a secure, safe, and healthy workplace; maintain a productive workplace by minimizing the risk of accidents, injury, and exposure to health risks),
- Protect the Environment (conduct business in ways that protect and preserve the environment; meet applicable environmental laws, rules, and regulations),
- Business Integrity (conduct business with integrity, respecting relevant laws and avoiding bribes and fraudulent practices),
- Freedom of Association and Collective Bargaining (respect employees' right to join, form, or not to join a labour union without fear of reprisal, intimidation, or harassment),
- Grievance Procedure and Remedy (provide workers with a mechanism to express grievances without fear of reprisal and ensure concerns are appropriately addressed in a timely manner).

On a daily basis, the Company is committed to place orders efficiently, settle their bills when due (make payments within payment terms). The aim is to be transparent and build trust with suppliers.

The Company is dedicated to spending time considering customer satisfaction levels and understand customers' evolving needs so we can improve and adapt to meet them. The Company developed the Akamai Customer Experience Program that is intended to listen to our customers, advocates for our customers to ensure their feedback informs decision making & priorities and empower business with the data, tools and programs needed to better understand the current and future needs and goals of our customers. The Company is advised of customers views in a number of different ways, including:

- Check-in Pulse Questionnaire – customer survey to get visibility into shifting business priorities, new challenges and the health of our customer relationships. Customers stay loyal to companies that have learned how to keep changing to meet their needs. Survey results finds and defines the gaps between capabilities and best practices, thereby enabling the Company to move forward in a more customer-focused direction.
- Akamai CX Institute – initiative to provide business with a framework and set of tools that make it easy to collect and analyse customer feedback.

The Company recognizes the importance of delivering a great customer experience (what customers think and feel when they interact with the Company). An enhanced customer experience leads to better overall business results. Bringing customers into decision making process provides multiple advantages, impacting among others on:

- service quality improvement,
- new offerings development,
- competitive edge building,
- faster innovation.

Akamai Technologies Limited
Strategic report for the year ended 31 December 2021 (continued)

Listening to customers and their feedback leverage insights, knowledge and data we already have to provide focus and alignment on priorities.

In an increasingly customer-driven world, with the aim of meeting customers' needs more effectively, the Company reviews market reports to gather feedback from customer experience leaders, get insights to recommendations related to customer expectation and trends and resultant implications for customer experience professionals.

Values and culture
The Board set the tone at the top and empower value-based culture demonstrating commitment to high standards. The Company build a reputation for doing the right thing through following internal framework of core values, including:

- Customer First - we put our customers at the forefront of everything we do. Their success is our success;
- One Akamai - we achieve success through the cooperative exchange of skills and ideas. Through collaboration, we strive for win-win solutions that best serve both our teams and our customers;
- Innovation - we constantly challenge ourselves to create new products that deliver real customer value. We continuously find creative ways to solve problems and achieve results. Our technology leadership is unparalleled in the industry, and we are motivated to stay in the lead;
- Urgency & Persistence - we always act with a sense of urgency to solve the hardest problems. Even in the face of the biggest obstacles, we persevere with courage and fortitude to find solutions;
- Integrity & Trust – we conduct our business with the highest degree of ethics, honesty, and transparency. We are committed to earning the trust and confidence of our colleagues and customers, and we always aim to act for the absolute good of the whole;
- Inclusion - we consistently treat one another with respect and dignity, while valuing and celebrating diversity of thoughts, ideas, and solutions. We provide opportunities for our people to grow, flourish, and achieve great things;
- Giving Back - we provide active support and meaningful enrichment to the communities in which we live and work.

At Akamai Technologies Inc. group, we believe the Internet represents boundless opportunity. It can bring the world closer together and facilitate greater understanding among people. We are proud to be a part of the essential fabric of making the Internet work better for people. We also believe respect for human rights is fundamental to unlocking the potential of the Internet and an essential value for the communities in which we operate. At Akamai Technologies Inc. group, we are committed to ensuring our employees, customers, suppliers and individuals in the communities affected by our activities are treated with dignity and respect.

The Company is dedicated to creating a long-term value for customers, employees and society at large and this statement is a reflection of that commitment.

On behalf of the board

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Gerald Beck
Director
Date: 13 October 2022

Akamai Technologies Limited
Directors' report for the year ended 31 December 2021

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Future developments

The company will continue to sell its parent company's products in the coming year by winning new customers and providing additional products and services to existing customers. This will be accompanied by a similar cost increase in the personnel area related to salary increases. The growth of the company's business, resulting in increase of revenue and headcount, is planned to be sustained in the coming years. Due to the transfer pricing agreement with Akamai Technologies International AG, the company will continue to achieve sustained positive results.

Results and dividends

The statement of comprehensive income is set out on page 16. The company's profit for the financial year 2021 is £14,195,497 (2020: £13,091,231). A final dividend of £11,000,000 was paid in 2021 (2020: £nil). The recommended dividend to be paid out in 2022 is £28,500,000.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Gerald Deck
Joanna Bemben

Statement on engagement with suppliers, customers and others in a business relationship with the company

The stakeholder engagement statement is included in the Section 172(1) statement of Strategic report.

Branches

A branch of Akamai Technologies Limited was established on 13 April 2015 in Dubai, United Arab Emirates. The branch operates as a sales office for the Middle East market.

Financial risk management

The company is exposed to many market risk factors, including credit risk and foreign exchange risk. These risk factors may affect the company's results of operations, cash flows and financial position. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors and the Akamai Technologies Inc. group are implemented by the company's finance department. The company does not use derivative financial instruments and as such no hedge accounting is applied.

Credit risk
The company has implemented policies that require appropriate credit checks to be performed on potential customers before sales are made.

Foreign exchange risk
The company invoices certain customers in currencies other than British pounds sterling, and therefore the company is subject to foreign currency movements throughout the year. No management of this risk is undertaken locally.

Akamai Technologies Limited
Directors' report for the year ended 31 December 2021 (continued)

Research and development

The company does not incur any R&D costs itself. The activities related to the product development are taken by the ultimate and intermediate parent companies.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006.

The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Akamai Technologies Limited
Directors' report for the year ended 31 December 2021 (continued)

Streamlined energy and carbon reporting (SECR)

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Current reporting year	**1 January 2021 – 31 December 2021**	**1 January 2020 – 31 December 2020**
Location	UK	UK
Emissions from the combustion of gas (Scope 1) (tCO_2e)	4	0
Emissions from purchased electricity (tCO_2e) (Scope 2) (location based)	52	86
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO_2e) (Scope 3)	1	4
Total gross emissions based on the above (tCO_2e)	**57**	**90**
Energy consumption used to calculate Scope 1 emissions (kWh)	23,305	0
Energy consumption used to calculate Scope 2 emissions (kWh)	247,206	348,189
Energy consumption used to calculate Scope 3 emissions (kWh)	4,038	15,994
Total energy consumption based on above (kWh)	**274,549**	**364,183**
Intensity ratio: tCO_2e (gross Scope 1, 2 + 3) per full-time equivalents (FTEs)	0.3	0.5

Methodology
The 2021 SECR footprint is equivalent to 57 (2020: 90) tCO2e, with the largest portion being made up of emissions from electricity at 52 (2020: 86) tCO2e. Overall, the emissions have decreased by 36% since the previous reporting year.

Anthesis, *the largest group of sustainability experts globally, has calculated the above greenhouse gas* (GHG) emissions estimates to cover all material sources of emissions for which Akamai Technologies Limited is responsible. The methodology used was that of the GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

Raw data in the form of invoices, Landlord recharges and expense claims have been collected from Akamai Technologies Limited. For the Edinburgh site, only electricity costs for January 2021 to July 2021 were available, so consumption was estimated using the known unit rates (£/kWh) from the months where this was available (August to December 2021). At the London site, one set of invoices covers electricity consumption only however another set is provided for heating and cooling. The Landlord confirmed that heating and cooling is a mix of electricity, gas and water consumption and the percentage apportionment of each source was provided with 14% of the consumption attributed to electricity, 82% attributed to gas and 4% attributed to water. The consumption in the invoices was apportioned using these percentages and only the consumption for gas and electricity (excluding water) has been included in the calculations for SECR. This means that Scope 1 emissions have been reported in 2021 as data was available for gas consumption from the London office where previously, this information was not available. Energy consumption was converted to GHG estimates using the UK Government's GHG Conversion Factors for Company Reporting 2021.

Akamai Technologies Limited
Directors' report for the year ended 31 December 2021 (continued)

Energy Efficiency Action

Akamai Technologies Limited had no energy efficiency initiatives across the UK business in place between 1 January 2021 and 31 December 2021, as a result of the COVID-19 pandemic. Electricity consumption reduced at the offices which is attributable to the impact of the pandemic.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board

DocuSigned by:

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Gerald Beck

Director

Date: 13 October 2022

Independent auditors' report to the members of Akamai Technologies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Akamai Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2021; the Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Akamai Technologies Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements Independent auditors' report to the members of Akamai Technologies Limited (continued)does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of Akamai Technologies Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to revenue. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations of fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted to revenue with unusual account combinations, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Nathan Price

Nathan Price (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
13 October 2022

Akamai Technologies Limited
Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue	4	**146,310,667**	143,900,567
Cost of sales		**(90,207,345)**	(86,133,812)
Gross Profit		**56,103,322**	57,766,755
Administrative expenses		**(38,875,247)**	(41,890,642)
Operating profit	5	**17,228,075**	15,876,113
Profit before interest and taxation		**17,228,075**	15,876,113
Finance costs	7	**(97,814)**	(137,283)
Profit before taxation		**17,130,261**	15,738,830
Income tax expense	8	**(2,934,764)**	(2,647,599)
Profit for the financial year		**14,195,497**	13,091,231
Other comprehensive income/(expense): items that may be subsequently reclassified to profit or loss			
Currency translation differences		**18,482**	(48,089)
Total comprehensive income for the year		**14,213,979**	13,043,142

The company's results are derived entirely from continuing activities.

Akamai Technologies Limited
Statement of financial position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Property, plant and equipment	10	**1,335,239**	2,196,298
Right-of-use assets	11	**3,053,043**	3,941,514
		4,388,282	6,137,812
Current assets			
Trade and other receivables	12	**51,635,431**	63,236,117
Cash at bank and in hand		**27,466,470**	15,138,301
Current assets total		**79,101,901**	78,374,418
Total assets		**83,490,183**	84,512,230
Creditors: amounts falling due within one year	13	**(34,555,013)**	(36,395,572)
Net current assets		**44,546,888**	41,978,846
Total assets less current liabilities		**48,935,170**	48,116,658
Creditors: amounts falling due after more than one year	14	**(2,629,630)**	(4,308,286)
Provisions for liabilities	15	**(530,480)**	(530,480)
Net assets		**45,775,060**	43,277,892
Capital and reserves			
Called up share capital	16	**100**	100
Capital contribution		**4,161,584**	4,161,584
Currency translation adjustment		**(18,888)**	(37,370)
Retained earnings		**41,632,264**	39,153,578
Total shareholders' funds		**45,775,060**	43,277,892

The notes on pages 19 to 36 are an integral part of these financial statements.

The financial statements on pages 16 to 36 were approved by the directors on 13 October 2022 and were signed by:

DocuSigned by:

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Gerald Deck
Director
Akamai Technologies Limited

Registered No. 03921701

Akamai Technologies Limited
Statement of changes in equity for the year ended 31 December 2021

	Note	Called up share capital	Capital contribution	Retained earnings	Currency *translation* adjustment	Total Shareholders' funds
		£	£	£	£	£
Balance as at 1 January 2021		**100**	**4,161,584**	**39,153,578**	**(37,370)**	**43,277,892**
Profit for the financial year		-	-	14,195,497	-	14,195,497
Other comprehensive income		-	-	-	18,482	18,482
Total comprehensive income for the year		-	-	**14,195,497**	**18,482**	**14,213,979**
Dividend paid	9	-	-	(11,000,000)	-	(11,000,000)
Credit relating to equity-settled share-based payments	18	-	-	3,776,202	-	3,776,202
Charge from parent for equity-settled share-based payments		-	-	(4,493,013)	-	(4,493,013)
Balance as at 31 December 2021		**100**	**4,161,584**	**41,632,264**	**(18,888)**	**45,775,060**

	Note	Called up share capital	Capital contribution	Retained earnings	Currency translation adjustment	Total Shareholders' funds
		£	£	£	£	£
Balance as at 1 January 2020		**100**	**4,161,584**	**25,716,356**	**10,719**	**29,888,759**
Profit for the financial year		-	-	13,091,231	-	13,091,231
Other comprehensive expense		-	-	-	(48,089)	(48,089)
Total comprehensive income for the year		-	-	**13,091,231**	**(48,089)**	**13,043,142**
Credit relating to equity-settled share-based payments	18	-	-	3,945,217	-	3,945,217
Charge from parent for equity-settled share-based payments		-	-	(3,599,226)	-	(3,599,226)
Balance as at 31 December 2020		**100**	**4,161,584**	**39,153,578**	**(37,370)**	**43,277,892**

Capital contribution represents contribution of funds made by the shareholder of the Company (Akamai Technologies Netherlands BV).

Currency translation adjustment constitutes the foreign currency differences resulting from translating financial data of the branch established in United Arab Emirates from AED to GBP and related variations of exchange rate over time.

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021

1 General information

Akamai Technologies Limited is a wholly owned subsidiary of Akamai Technologies Inc. The company's principal activity is the delivery of internet content and applications to customers in a more reliable and cost-effective manner. The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 7 Air Street, 2nd Floor, Soho, London, United Kingdom, W1B 5AD.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Basis of preparation

The financial statements of Akamai Technologies Limited have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).
The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.
The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, "Financial Instruments: Disclosures".
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15, "Revenue from Contracts with Customers".
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a) (iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves. The current economic conditions continue to create uncertainty particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling (£)', which is also the company's functional currency.

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within administrative expenses.

Property, plant and equipment

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, which are principally as follows:

Computer equipment	3 years
Leasehold improvements	The shorter of 10 years or the term of the lease
Fixtures and fittings	5 years

2 Summary of significant accounting policies (continued)

Financial assets and liabilities

Classification
The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The company does not have financial assets measured subsequently at fair value.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets are subsequently carried at amortised cost using the effective interest method.

The company assesses on a forward looking basis as the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments.

Trade and other receivables

Trade and other receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

2 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share-based payments

The Akamai Technologies Limited issues equity-settled share based payments to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period, based on estimates of shares that will eventually vest.

The company has selected the Black-Scholes option-pricing model to determine the fair value of stock option awards; the fair value of the Restricted Stock Units (RSUs) is determined by the market value of the shares on the date of grant.

For employee stock purchase plan, restricted stock units and deferred stock units that contain only a service-based vesting feature, the company recognises compensation cost on a straight-line basis over the award's vesting period. For awards with a performance condition-based vesting feature, the company recognises compensation cost on a graded-vesting basis over the award's expected vesting period, commencing when achievement of the performance condition is deemed probable.

2 Summary of significant accounting policies (continued)

Share-based payments (continued)

In addition, for awards that vest and become exercisable only upon achievement of specified performance conditions, the company makes judgments and estimates each quarter about the probability that such performance conditions will be met or achieved. Any changes to those estimates that the company makes from time to time may have a significant impact on the stock-based compensation expense recorded and could materially impact the company's results of operation. At the end of each reporting period, the company revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. This recharge is accounted for as a deduction from equity.

Employee benefits

The company operates a defined contribution pension plan. Pension fund contributions are charged to the profit and loss account in the period in which payments are payable to the pension plans. The assets of the pension plans are held separately from the company, in independently administered funds.

Provisions

Provisions for other liabilities and charges are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the services have been transferred to the customer and the customer has control of these. The company's activities are described in detail below.

In the company's revenue recognition policy there are no significant management estimates utilised. The contract price is always defined in the signed agreements for specific performance obligations and recognised at point in time or over the time based on the type of service provided. The company is not utilising discounts or other customer-based incentives that would be treated as contract price adjustment. The company, in general, recognises revenue from types described below.

(a) *Services and license technology*

Revenue related to services and licensed technology is recognised when a contract to deliver the service or the licensed technology has been signed by both parties, the service or licensed technology has been delivered or made available to, and accepted (when applicable) by the customer, the fee for the service or licensed technology is fixed or determinable and collection is reasonably assured. Revenue is recognised as the service is delivered at point in time.

(b) *Content delivery and streaming services*

Revenue is recognised on content delivery and streaming services based on the customer's minimum monthly usage commitment plus usage in excess of the minimum commitment as defined in the service arrangement. Revenue is recognised over the time of the contract based on actual usage or fixed agreed monthly fees based on agreed minimal usage. Installation, integration and set-up fees are invoiced up-front and then recognised at point in time after completion of activity.

2 Summary of significant accounting policies (continued)

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

Revenue recognition (continued)

(c) *Professional services*

Revenue for professional services under time and material arrangements is recognised as the services are performed over the time. Revenues exclude value added tax and trade discounts.

The company is recognising revenue only in relation to the contracts with customers. The company is not utilising any incentives, rebates, bonuses or other transaction price adjustments.

Leases

The company leases various office locations. Rental contracts are typically made for fixed periods of 1 month to 10 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Summary of significant accounting policies (continued)

Leases (continued)

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 3.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Dividend distribution

Dividend distributions to the company's shareholders are recognised in the equity in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Recognition of deferred tax assets
The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

3 Critical accounting estimates and judgements (continued)

Critical accounting estimates and assumptions (continued)

Recognition of deferred tax assets (continued)
Significant items on which the company has exercised accounting judgement include recognition of deferred tax assets in respect of accounting versus tax depreciation of property, plant and equipment.

Critical judgements in applying the entity's accounting policies

There are no major sources of estimation uncertainty identified by the management.

4 Revenue

4(a) Disaggregation of revenue from contracts with customers

Revenue relates mainly to the principal activity of the company originating in the United Kingdom. An analysis by destination is shown below.

	2021 £	2020 £
United Kingdom	**131,416,109**	128,261,127
Rest of Europe	**6,886,318**	7,029,420
USA	**271,436**	385,937
Africa	**455,898**	311,835
Asia	**7,280,906**	7,912,248
Total	**146,310,667**	143,900,567

	2021 £	2020 £
Content delivery and streaming services	**120,163,707**	122,456,349
Professional services	**21,288,397**	16,710,643
Services and license technology	**4,858,563**	4,733,575
Total	**146,310,667**	143,900,567

4(b) Assets and liabilities related to contracts with customers

The company has recognised the following assets and liabilities related to contracts with customers.

	2021 £	2020 £	2019 £
Current contract assets recognised for costs incurred to obtain the contract	**2,560,835**	3,690,751	2,520,435
Non-current contract assets recognised for costs incurred to obtain the contract	**1,657,308**	1,464,592	1,594,137
Current contract liabilities	**(3,425,102)**	(3,906,341)	(7,429,055)
Non-current contract liabilities	**(166,745)**	(542,032)	(631,323)

(i) Significant changes in contract assets and liabilities

In 2021 contract assets have decreased as the amortization of last year higher balance was proportionally higher during 2021 and exceeded the amount of 2021 capitalizations.

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

4 Revenue (continued)

4(b) Assets and liabilities related to contracts with customers (continued)

Contract liabilities have decreased due to the few contracts ending during the year.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2021 **£**	2020 £
Revenue recognised that was included in the contract liability balance at the beginning of the year	**(3,906,341)**	(7,429,055)

(iii) Assets recognised from costs to obtain a contract

In addition to the contract balances disclosed above, the company has also recognised an asset in relation to costs to obtain a contract.

	2021 **£**	2020 £
Asset recognised from costs incurred to fulfil a contract at 31 December	**4,218,143**	5,155,342
Amortisation recognised as cost of providing services during the year	**3,732,933**	3,558,640
Contract assets relating to customers	**3,408,519**	4,446,245

5 Operating profit

	2021 **£**	2020 £
Operating profit is stated after charging:		
Wages and salaries	**22,706,076**	22,623,557
Social security costs	**4,949,987**	5,164,301
Credit relating to equity-settled share-based payments (note 18)	**3,776,202**	3,945,217
Other pension costs (note 17)	**895,138**	882,032
Staff costs	**32,327,403**	32,615,107
Depreciation of tangible owned fixed assets (note 10)	**958,549**	1,046,357
Depreciation charge on the right-of-use assets	**742,135**	1,058,572
Interest expense on the lease liabilities	**97,814**	137,283
Foreign exchange losses	**906,065**	606
Services provided by the company's auditors:		
Fees payable for the UK statutory audit*	**87,291**	102,348
Fees payable for the UAE branch statutory audit*	**23,386**	21,419

*The charge attributable to the company's auditors relates to the annual statutory audit of the company's financial statements. No non-audit services were performed in both 2021 and 2020.

6 Employees and Directors

Employees

The average monthly number of employees (including executive directors) employed by the company during the year was:

By activity	2021 Number	2020 Number
Administration	**24**	22
Customer support	**154**	169
	178	191

Directors

The remuneration of Gerald Deck and Joanna Bemben is paid by fellow subsidiaries which make no recharge to the company. Gerald Deck and Joanna Bemben are directors of a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, there is no remuneration disclosed in respect of Gerald Deck and Joanna Bemben. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of fellow subsidiaries.

There are no benefits accruing (2020: £nil) under a defined benefit contribution scheme to any director. No director exercised any stock options during 2021 (2020: none).

7 Finance costs

Finance expense	2021 £	2020 £
Lease liabilities	**(97,814)**	(137,283)
Total finance expense	**(97,814)**	(137,283)

8 Income tax expense

Tax expense included in profit or loss:

	2021 £	2020 £
Current tax:		
UK corporation tax on profits for the year	**3,248,211**	3,253,633
Adjustments in respect of prior years	**(62,697)**	(214,043)
Other relief	**(123,612)**	-
Total current tax	**3,061,902**	3,039,590
Deferred tax:		
Origination and reversal of timing differences	**24,561**	(386,161)
Adjustments in respect of prior years	**91,904**	(5,830)
Effect of changes in tax rates	**(243,603)**	-
Total deferred tax	**(127,138)**	(391,991)
Tax on profit	**2,934,764**	2,647,599

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Income tax expense (continued)

Factors affecting total tax charge for the current year:

The tax expense for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020:19%). The differences are explained below:

	2021 £	2020 £
Profit before taxation	**17,130,261**	15,738,830
Tax on profit before taxation at standard UK tax rate of 19% (2020: 19.00%)	**3,254,750**	2,990,378
Effects of:		
Adjustments in respect of prior years	**29,206**	(219,873)
Expenses not deductible	**50,072**	42,153
Tax rate changes	**(237,708)**	-
Effects of overseas tax rates	**(37,944)**	(41,447)
Other	**(123,612)**	(123,612)
Total tax charge	**2,934,764**	2,647,599

The UK government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. These changes were substantively enacted on 24 May 2021. Further announcements were made on 23 September 2022 in the 'mini-budget' that planned increases to corporation tax on 1 April 2023 will be cancelled, and that the rate would remain at 19%. Given these latest changes have not yet been substantively enacted, the Company's deferred tax assets as at 31 December 2021 have been calculated at a rate of 25%. If a rate of 19% was used the impact on deferred tax would be £215,652.

Deferred Tax

Deferred tax assets/liabilities are created due to temporary differences between book and tax values for the following categories: pension, stock-based compensation, and depreciation.

The movement in the deferred tax assets balance during the year is set out below:

	2021 £	2020 £
At 1 January	**(771,410)**	(379,419)
Adjustment in respect of prior years	**91,904**	(5,830)
Deferred tax credited to the statement of comprehensive income at standard UK tax rate of 19% (2020: 19.00%)	**24,561**	(386,161)
Tax rate changes	**(243,604)**	-
At 31 December	**(898,549)**	(771,410)

The deferred tax assets are as follows:	2021 £	2020 £
Excess of depreciation over capital allowances	**181,164**	270,751
Stock Based Compensation	**(1,081,664)**	(1,041,054)
Pensions	**1,951**	(1,107)
	(898,549)	(771,410)

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

9 Dividends paid

	2021 £	2020 £
Ordinary shares		
£110,000 (2020: £nil) per £1 share	**11,000,000**	-
	11,000,000	-

The directors are proposing a final dividend in respect of the financial year ending 31 December 2021 of £285,000 per share which will absorb an estimated £28,500,000 of shareholder's funds. It will be paid out in October 2022 to shareholders who are on the register of members at 13 October 2022.

10 Property, plant and equipment

	Computer equipment £	Leasehold improvements £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2021	**1,021,805**	**2,902,629**	**977,655**	**4,902,089**
Additions in the year	137,594	-	31,019	**168,613**
Disposals in the year	(152,216)	(48,678)	-	**(200,894)**
At 31 December 2021	**1,007,183**	**2,853,951**	**1,008,674**	**4,869,808**
Accumulated depreciation				
At 1 January 2021	**768,167**	**1,226,206**	**711,418**	**2,705,791**
Charge for the year	161,570	625,326	171,653	**958,549**
Disposals in the year	(129,771)	-	-	**(129,771)**
At 31 December 2021	**799,966**	**1,851,532**	**883,071**	**3,534,569**
Net book amount				
At 31 December 2021	**207,217**	**1,002,419**	**125,603**	**1,335,239**
At 31 December 2020	253,638	1,676,423	266,237	2,196,298

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Leases

The company has lease contracts for various real estates used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

11(a) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2021	2020
	£	£
Right-of-use assets		
Buildings	**3,053,043**	3,941,514
	3,053,043	3,941,514
Lease liabilities		
Current	**1,168,447**	1,424,892
Non-current	**2,462,885**	3,766,254
	3,631,332	5,191,146

Additions to the right-of-use assets during the 2021 financial year were £nil (2020: £nil).

In 2021, the company exercised their option to terminate the lease agreement for the office in Edinburgh effective on April 2022 which in effect reduces the lease term. The company appropriately accounted for this as a modification of lease. During 2021, the company recalculated the lease liability for the revised term using the company's incremental borrowing rate as at the date of the modification. The modification decreased the lease liability and right-of-use asset by £393,043.

11(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2021	2020
	£	£
Depreciation charge of right-of-use assets		
Buildings	**(742,135)**	(1,058,572)
	(742,135)	(1,058,572)
Impairment of right-of-use assets	**-**	(1,922,811)
Interest expense (included in finance costs)	**(97,814)**	(137,283)
Future minimum lease payments as at 31 December are as follows:		
Non later than one year	**1,253,810**	1,330,900
Later than one year and not later than five years	**2,605,372**	3,877,977
Later than five years	**-**	166,265
Total gross payments	**3,859,182**	5,375,142
Impact of finance expenses	**(227,850)**	(183,996)
Carrying amount of liability	**3,631,332**	5,191,146

The total cash outflow for leases in 2021 was £1,331,653 (2020: £1,394,658).

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Trade and other receivables

	2021	2020
	£	£
Trade receivables	**22,055,624**	24,190,813
Other receivables	**241,540**	159,339
Deferred tax assets (Note 8)	**898,549**	771,410
Amounts owed from group undertakings	**17,769,214**	25,724,037
Prepayments	**3,043,842**	2,788,930
Contract assets (Note 4)	**5,969,354**	8,136,996
Non-current contract assets (Note 4)	**1,657,308**	1,464,592
	51,635,431	63,236,117

Amounts owed from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade receivables are stated after provisions for impairment of £11,117 (2020: £15,817).

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**226,332**	284,899
Amounts owed to group undertakings	**19,121,654**	18,105,443
Lease liabilities (Note 11)	**1,168,447**	1,424,892
Other creditors	**95,115**	118,519
Corporation tax	**5,768**	894,807
Other taxes and social security	**6,099,903**	6,401,810
Accruals	**4,412,692**	5,258,861
Contract liabilities (Note 4)	**3,425,102**	3,906,341
	34,555,013	36,395,572

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14 Creditors: amounts falling due after more than one year

Amounts falling due after more than one year and less than five years:

	2021	2020
	£	£
Contract liabilities (Note 4)	**166,745**	542,032
Long-term Lease liabilities (Note 11)	**2,462,885**	3,599,989
	2,629,630	4,142,021

Amounts falling due after more than five years:

	2021	2020
	£	£
Long-term Lease liabilities (Note 11)	**-**	166,265
	-	166,265

Akamai Technologies Limited
Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Provisions for liabilities

	Asset retirement obligation	Total
	£	£
At 1 January 2021	530,480	530,480
Amount utilised	-	-
At 31 December 2021	**530,480**	**530,480**

Based on office lease agreements, the entity has an obligation to return office to its original state (restoration of space, removal of build-outs, etc.) at the end of the lease.

16 Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
100 (2020 : 100) ordinary shares of £1 each	**100**	100

All shares rank parri passu in all respects.

17 Pension contributions

The company operates a defined contribution scheme. The assets of the scheme are held separately from the company in independently administered funds.

The total contributions charged to the profit and loss account for the year ended 31 December 2021 amounted to £895,138 (2020: £882,032). There was £205,627 owing at the year-end (2020: £197,024) and £nil (2020: £nil) prepaid.

18 Share options

For the year ended 31 December the company recorded the following credit relating to equity-settled share-based payments:

	2021	2020
	£	£
Credit relating to equity-settled share-based payments by type of award:		
Restricted stock units	**3,473,945**	3,639,790
Employee stock purchase plan	**302,257**	305,426
Total credit relating to equity-settled share-based payments	**3,776,202**	3,945,217

Akamai Technologies Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Share options (continued)

Restricted stock units:
Restricted Stock Units ("RSUs") represent the right to receive one share of the ultimate parent company's common stock upon vesting. The parent company has issued RSUs that vest based on the passage of time assuming continued service with the company. These are granted at the discretion of the Board of Directors.

RSUs generally vest in installments over a three-year period following the grant date. The fair value of these RSUs was calculated based upon the parent company's closing stock price on date of grant, and the equity-related compensation expense is being recognised over the vesting period. As at the balance sheet date the RSUs are not re-valued and they are kept in historical amounts.

RSUs are granted to the employees using the equity method of settlement, which basically mean that each employee, who is included in RSU program, receives the granted number of shares on their broker accounts. Any further decision regarding those stock units is made solely by the employee.

A reconciliation of the movements in restricted stock units with service-based vesting conditions over the year to 31 December is shown below:

	2021		2020	
	Number	**Weighted average fair value (£)**	Number	Weighted average fair value (£)
Outstanding at start of year	88,240	65.30	128,386	37.79
Granted	72,084	71.95	52,346	72.44
Forfeited/Cancelled	(9,856)	66.73	(5,056)	54.55
Exercised	(57,895)	63.54	(84,239)	51.90
Transfers in	2,558	76.54	-	-
Transfers out	-	-	(3,197)	59.37
Outstanding at end of year	95,131	71.21	88,240	65.30

Employee stock purchase plan:
The ESPP allows participants to purchase shares of common stock at a 15% discount from the fair market value of the stock as determined on specific dates at six-month intervals. Shares are purchased on the last day of the 6-month vesting period. Shares are retained on employee's brokerage account and decision regarding the purchased shares is made by the employee only.

Akamai Technologies Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

19 Ultimate parent company and controlling party

The immediate parent undertaking is Akamai Technologies Netherlands BV, a company incorporated in the Netherlands.

The ultimate parent undertaking and controlling party is Akamai Technologies Inc., a company incorporated in the 145 Broadway, Cambridge, MA 02142, United States of America.

Akamai Technologies Inc. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Akamai Technologies Inc. are available from 8 Cambridge Center, Cambridge, MA, USA.