

Alphabet, the parent company of Google, has grown its total shareholder's equity substantially in recent years. According to financial reports, Alphabet's owner's equity increased from \$251.6 billion in 2021 to \$256.1 billion in 2022 and on September 30, 2023, it jumps to \$273.202B. It shows a 7.72% increase year over year.

A major contributor to this equity growth is Alphabet's rising retained earnings, which grew from \$147.5 billion to \$160.7 billion over the same period. Retained earnings accumulate over time as Alphabet reinvests a portion of net income into the business rather than distributing it fully as dividends.

This growth in retained earnings and owner's equity has provided Alphabet with greater capacity to fund large initiatives aligned with its long-term vision. For example, the company has invested heavily in moonshot R&D projects, global infrastructure expansion, talent acquisition, and new products across its technology ecosystem.

In 2022, Alphabet increased R&D spending by over \$4 billion to \$31.4 billion. The company also commits over \$37 billion in capital expenditure annually, enabled by its balance sheet strength.

Retained earnings represent cumulative net income, while owner's equity encompasses all assets minus liabilities. Alphabet's ability to retain substantial profits and equity furnishes it with strategic flexibility to invest boldly and weather downturns as a leader in global technology.

References:

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