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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended March 31, 2023  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: **001-37580**

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**Alphabet Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

**61-1767919**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

**1600 Amphitheatre Parkway**  
**Mountain View, CA 94043**

(Address of principal executive offices, including zip code)

**(650) 253-0000**

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Class A Common Stock, \$0.001 par value</b>	<b>GOOGL</b>	<b>Nasdaq Stock Market LLC</b> <b>(Nasdaq Global Select Market)</b>
<b>Class C Capital Stock, \$0.001 par value</b>	<b>GOOG</b>	<b>Nasdaq Stock Market LLC</b> <b>(Nasdaq Global Select Market)</b>

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of April 18, 2023, there were 5,941 million shares of Alphabet's Class A stock outstanding, 882 million shares of Alphabet's Class B stock outstanding, and 5,874 million shares of Alphabet's Class C stock outstanding.

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**Alphabet Inc.**  
**Form 10-Q**  
**For the Quarterly Period Ended March 31, 2023**

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### **Note About Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include, among other things, statements regarding:

- the growth of our business and revenues and our expectations about the factors that influence our success and trends in our business;
- fluctuations in our revenues and margins and various factors contributing to such fluctuations;
- our expectation that the continuing shift from an offline to online world will continue to benefit our business;
- our expectation that the portion of our revenues that we derive from non-advertising revenues will continue to increase and may affect our margins;
- our expectation that our traffic acquisition costs (TAC) and the associated TAC rate will fluctuate, which could affect our overall margins;
- our expectation that our monetization trends will fluctuate, which could affect our revenues and margins;
- fluctuations in our revenues, as well as the change in paid clicks and cost-per-click and the change in impressions and cost-per-impression, and various factors contributing to such fluctuations;
- our expectation that we will continue to periodically review, refine, and update our methodologies for monitoring, gathering, and counting the number of paid clicks and impressions;
- our expectation that our results will be affected by our performance in international markets as users in developing economies increasingly come online;
- our expectation that our foreign exchange risk management program will not fully offset our net exposure to fluctuations in foreign currency exchange rates;
- the expected variability of gains and losses related to hedging activities under our foreign exchange risk management program;
- the amount and timing of revenue recognition from customer contracts with commitments for performance obligations, including our estimate of the remaining amount of commitments and when we expect to recognize revenue;
- fluctuations in our capital expenditures;
- our plans to continue to invest in new businesses, products, services and technologies, systems, land and buildings for data centers, and infrastructure, as well as to continue to invest in acquisitions and strategic investments;
- our pace of hiring and our plans to provide competitive compensation programs;
- our expectation that our cost of revenues, research and development (R&D) expenses, sales and marketing expenses, and general and administrative expenses may increase in amount and/or may increase as a percentage of revenues and may be affected by a number of factors;
- estimates of our future compensation expenses;
- our expectation that our other income (expense), net (OI&E), will fluctuate in the future, as it is largely driven by market dynamics;
- fluctuations in our effective tax rate;
- seasonal fluctuations in internet usage and advertiser expenditures, underlying business trends such as traditional retail seasonality, which are likely to cause fluctuations in our quarterly results;
- the sufficiency of our sources of funding;
- our potential exposure in connection with new and pending investigations, proceedings, and other contingencies, including the possibility that certain legal proceedings to which we are a party could harm our business, financial condition, and operating results;
- our expectation that we will continue to face heightened regulatory scrutiny, and the sufficiency and timing of our proposed remedies in response to decisions from the European Commission (EC) and other regulators and governmental entities;

- the expected timing, amount, and effect of Alphabet Inc.'s share repurchases;
- our long-term sustainability and diversity goals;
- the unpredictability of the ongoing broader economic effects resulting from the war in Ukraine on our future financial results;
- the expected financial effect of our announced workforce reduction and office space optimization;
- our expectation that the change in estimated useful life of servers and certain network equipment will have a favorable effect on our 2023 operating results;

as well as other statements regarding our future operations, financial condition and prospects, and business strategies. Forward-looking statements may appear throughout this report and other documents we file with the Securities and Exchange Commission (SEC), including without limitation, the following sections: Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will be," "will continue," "may," "could," "will likely result," and similar expressions. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Quarterly Report on Form 10-Q, and in particular, the risks discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and those discussed in other documents we file with the SEC. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

As used herein, "Alphabet," "the company," "we," "us," "our," and similar terms include Alphabet Inc. and its subsidiaries, unless the context indicates otherwise.

"Alphabet," "Google," and other trademarks of ours appearing in this report are our property. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**Alphabet Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except par value per share amounts)

	As of December 31, 2022	As of March 31, 2023 (unaudited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 21,879	\$ 25,924
Marketable securities	91,883	89,178
Total cash, cash equivalents, and marketable securities	113,762	115,102
Accounts receivable, net	40,258	36,036
Inventory	2,670	2,315
Other current assets	8,105	8,532
Total current assets	164,795	161,985
Non-marketable securities	30,492	31,213
Deferred income taxes	5,261	6,885
Property and equipment, net	112,668	117,560
Operating lease assets	14,381	14,447
Intangible assets, net	2,084	1,968
Goodwill	28,960	28,994
Other non-current assets	6,623	6,439
Total assets	<u>\$ 365,264</u>	<u>\$ 369,491</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 5,128	\$ 4,184
Accrued compensation and benefits	14,028	9,954
Accrued expenses and other current liabilities	37,866	43,185
Accrued revenue share	8,370	7,816
Deferred revenue	3,908	3,715
Total current liabilities	69,300	68,854
Long-term debt	14,701	13,697
Deferred revenue, non-current	599	610
Income taxes payable, non-current	9,258	9,722
Deferred income taxes	514	542
Operating lease liabilities	12,501	12,799
Other long-term liabilities	2,247	2,373
Total liabilities	109,120	108,597
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share, 100 shares authorized; no shares issued and outstanding	0	0
Class A, Class B, and Class C stock and additional paid-in capital, \$0.001 par value per share: 300,000 shares authorized (Class A 180,000, Class B 60,000, Class C 60,000); 12,849 (Class A 5,964, Class B 883, Class C 6,002) and 12,722 (Class A 5,943, Class B 883, Class C 5,896) shares issued and outstanding	68,184	70,269
Accumulated other comprehensive income (loss)	(7,603)	(6,000)
Retained earnings	195,563	196,625
Total stockholders' equity	256,144	260,894
Total liabilities and stockholders' equity	<u>\$ 365,264</u>	<u>\$ 369,491</u>

See accompanying notes.

**Alphabet Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share amounts; unaudited)

	Three Months Ended	
	March 31,	
	2022	2023
Revenues	\$ 68,011	\$ 69,787
Costs and expenses:		
Cost of revenues	29,599	30,612
Research and development	9,119	11,468
Sales and marketing	5,825	6,533
General and administrative	3,374	3,759
Total costs and expenses	47,917	52,372
Income from operations	20,094	17,415
Other income (expense), net	(1,160)	790
Income before income taxes	18,934	18,205
Provision for income taxes	2,498	3,154
Net income	\$ 16,436	\$ 15,051
Basic net income per share of Class A, Class B, and Class C stock	\$ 1.24	\$ 1.18
Diluted net income per share of Class A, Class B, and Class C stock	\$ 1.23	\$ 1.17

See accompanying notes.

**Alphabet Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions; unaudited)

	Three Months Ended	
	March 31,	
	2022	2023
Net income	\$ 16,436	\$ 15,051
Other comprehensive income (loss):		
Change in foreign currency translation adjustment	39	596
Available-for-sale investments:		
Change in net unrealized gains (losses)	(2,478)	866
Less: reclassification adjustment for net (gains) losses included in net income	148	292
Net change, net of income tax benefit (expense) of \$633 and \$(330)	(2,330)	1,158
Cash flow hedges:		
Change in net unrealized gains (losses)	114	(74)
Less: reclassification adjustment for net (gains) losses included in net income	(249)	(77)
Net change, net of income tax benefit (expense) of \$44 and \$30	(135)	(151)
Other comprehensive income (loss)	(2,426)	1,603
Comprehensive income	\$ 14,010	\$ 16,654

See accompanying notes.