

Alphabet Inc.

Consolidated Statements of Cash Flows

(Using Indirect Method)

Currency: All amounts in millions (M) and billions (B) USD

| OPERATING ACTIVITIES | 2022 | 2023 | 2024 |
|--|-----------------|------------------|------------------|
| Net income | \$59.97B | \$73.80B | \$100.12B |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation of property and equipment | \$13.48B | \$11.95B | \$15.31B |
| Stock-based compensation expense | \$19.36B | \$22.46B | \$22.79B |
| Deferred income taxes | \$(8.08)B | \$(7.76)B | \$(5.26)B |
| Loss (gain) on debt and equity securities, net | \$5.52B | \$823M | \$(2.67)B |
| Other | \$3.48B | \$4.33B | \$3.42B |
| Changes in assets and liabilities, net of effects of acquisitions: | | | |
| Accounts receivable, net | \$(2.32)B | \$(7.83)B | \$(5.89)B |
| Income taxes, net | \$584M | \$523M | \$(2.42)B |
| Other assets | \$(5.05)B | \$(2.14)B | \$(1.40)B |
| Accounts payable | \$707M | \$664M | \$359M |
| Accrued expenses and other liabilities | \$3.92B | \$3.94B | \$(1.16)B |
| Accrued revenue share | \$(445)M | \$482M | \$1.06B |
| Deferred revenue | \$367M | \$525M | \$1.04B |
| Net cash provided by operating activities | \$91.50B | \$101.75B | \$125.30B |

| INVESTING ACTIVITIES | 2022 | 2023 | 2024 |
|--|-------------------|-------------------|-------------------|
| Purchases of property and equipment | \$(31.49)B | \$(32.25)B | \$(52.54)B |
| Purchases of marketable securities | \$(78.87)B | \$(77.86)B | \$(86.68)B |
| Maturities and sales of marketable securities | \$97.82B | \$86.67B | \$103.43B |
| Purchases of non-marketable securities | \$(2.53)B | \$(3.03)B | \$(5.03)B |
| Maturities and sales of non-marketable securities | \$150M | \$947M | \$882M |
| Acquisitions, net of cash acquired, and purchases of intangible assets | \$(6.97)B | \$(495)M | \$(2.93)B |
| Other investing activities | \$1.59B | \$(1.05)B | \$(2.67)B |
| Net cash used in investing activities | \$(20.30)B | \$(27.06)B | \$(45.54)B |

| FINANCING ACTIVITIES | 2022 | 2023 | 2024 |
|--|-------------------|-------------------|-------------------|
| Net payments related to stock-based award activities | \$(9.30)B | \$(9.84)B | \$(12.19)B |
| Repurchases of stock | \$(59.30)B | \$(61.50)B | \$(62.22)B |
| Dividend payments | \$0B | \$0B | \$(7.36)B |
| Proceeds from issuance of debt, net of costs | \$52.87B | \$10.79B | \$13.59B |
| Repayments of debt | \$(54.07)B | \$(11.55)B | \$(12.70)B |
| Proceeds from sale of interest in consolidated entities, net | \$35M | \$8M | \$1.15B |
| Net cash used in financing activities | \$(69.76)B | \$(72.09)B | \$(79.73)B |

| OTHER | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|
| Effect of exchange rate changes on cash and cash equivalents | \$(506)M | \$(421)M | \$(612)M |

| CASH FLOW SUMMARY | 2022 | 2023 | 2024 |
|--|-----------------|-----------------|-----------------|
| Net increase (decrease) in cash and cash equivalents | \$934M | \$2.17B | \$(582)M |
| Cash and cash equivalents at beginning of period | \$20.95B | \$21.88B | \$24.05B |
| Cash and cash equivalents at end of period | \$21.88B | \$24.05B | \$23.47B |

Method Used: Indirect Method

The **Indirect Method** starts with net income and adjusts for:

1. **Non-cash items** (depreciation, stock-based compensation, deferred taxes)
2. **Investment gains/losses** (unrealized gains/losses on securities)
3. **Working capital changes** (changes in receivables, payables, accrued expenses)

This method reconciles net income (from income statement) to actual cash generated from operations by removing non-cash transactions and timing differences between when income is recognized versus when cash is actually received or paid.

Key Highlights for 2024:

- **Operating Cash Flow:** \$125.30B (strong increase from \$101.75B in 2023)
- **Major Investment:** \$52.54B in property and equipment (primarily technical infrastructure for AI)
- **Capital Returns:** \$62.22B in stock repurchases + \$7.36B in dividends = \$69.58B returned to shareholders
- **Net Cash Position:** Slight decrease of \$582M despite strong operating performance due to heavy investments