

Alphabet Inc.
CONSOLIDATED BALANCE SHEETS

(In millions, except share amounts which are reflected in thousands and par value per share amounts)

	As of December 31, 2021	As of March 31, 2022 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,945	\$ 20,886
Marketable securities	118,704	113,084
Total cash, cash equivalents, and marketable securities	139,649	133,970
Accounts receivable, net	39,304	34,703
Income taxes receivable, net	966	919
Inventory	1,170	1,369
Other current assets	7,054	6,892
Total current assets	188,143	177,853
Non-marketable securities	29,549	30,544
Deferred income taxes	1,284	1,388
Property and equipment, net	97,599	104,218
Operating lease assets	12,959	12,992
Intangible assets, net	1,417	1,313
Goodwill	22,956	23,010
Other non-current assets	5,361	5,778
Total assets	\$ 359,268	\$ 357,096
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 6,037	\$ 3,436
Accrued compensation and benefits	13,889	9,803
Accrued expenses and other current liabilities	31,236	33,051
Accrued revenue share	8,996	8,116
Deferred revenue	3,288	3,198
Income taxes payable, net	808	4,344
Total current liabilities	64,254	61,948
Long-term debt	14,817	14,791
Deferred revenue, non-current	535	499
Income taxes payable, non-current	9,176	9,406
Deferred income taxes	5,257	2,843
Operating lease liabilities	11,389	11,363
Other long-term liabilities	2,205	2,242
Total liabilities	107,633	103,092
Contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share, 100,000 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: 15,000,000 shares authorized (Class A 9,000,000, Class B 3,000,000, Class C 3,000,000); 662,121 (Class A 300,737, Class B 44,665, Class C 316,719) and 658,763 (Class A 300,763, Class B 44,404, Class C 313,596) shares issued and outstanding	61,774	62,832
Accumulated other comprehensive income (loss)	(1,623)	(4,049)
Retained earnings	191,484	195,221
Total stockholders' equity	251,635	254,004
Total liabilities and stockholders' equity	\$ 359,268	\$ 357,096

Alphabet Inc.
CONSOLIDATED STATEMENTS OF INCOME

(In millions, except share amounts which are reflected in thousands and per share amounts)

	Quarter Ended March 31,	
	2021	2022
	(unaudited)	
Revenues	\$ 55,314	\$ 68,011
Costs and expenses:		
Cost of revenues	24,103	29,599
Research and development	7,485	9,119
Sales and marketing	4,516	5,825
General and administrative	2,773	3,374
Total costs and expenses	38,877	47,917
Income from operations	16,437	20,094
Other income (expense), net	4,846	(1,160)
Income before income taxes	21,283	18,934
Provision for income taxes	3,353	2,498
Net income	\$ 17,930	\$ 16,436
Basic earnings per share of Class A, Class B, and Class C stock	\$ 26.63	\$ 24.90
Diluted earnings per share of Class A, Class B, and Class C stock	\$ 26.29	\$ 24.62
Number of shares used in basic earnings per share calculation	673,220	660,171
Number of shares used in diluted earnings per share calculation	682,071	667,551

Alphabet Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Quarter Ended March 31,	
	2021	2022
	(unaudited)	
Operating activities		
Net income	\$ 17,930	\$ 16,436
Adjustments:		
Depreciation and impairment of property and equipment	2,525	3,591
Amortization and impairment of intangible assets	228	191
Stock-based compensation expense	3,745	4,504
Deferred income taxes	1,100	(2,090)
(Gain) loss on debt and equity securities, net	(4,751)	1,437
Other	(255)	140
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	2,794	4,364
Income taxes, net	785	3,820
Other assets	7	(776)
Accounts payable	(982)	(2,373)
Accrued expenses and other liabilities	(3,530)	(3,216)
Accrued revenue share	(444)	(828)
Deferred revenue	137	(94)
Net cash provided by operating activities	19,289	25,106
Investing activities		
Purchases of property and equipment	(5,942)	(9,786)
Purchases of marketable securities	(36,426)	(28,462)
Maturities and sales of marketable securities	39,248	29,779
Purchases of non-marketable securities	(646)	(776)
Maturities and sales of non-marketable securities	19	12
Acquisitions, net of cash acquired, and purchases of intangible assets	(1,666)	(173)
Other investing activities	30	355
Net cash used in investing activities	(5,383)	(9,051)
Financing activities		
Net payments related to stock-based award activities	(2,184)	(2,916)
Repurchases of stock	(11,395)	(13,300)
Proceeds from issuance of debt, net of costs	900	16,422
Repayments of debt	(937)	(16,420)
Proceeds from sale of interest in consolidated entities, net	10	0
Net cash used in financing activities	(13,606)	(16,214)
Effect of exchange rate changes on cash and cash equivalents	(143)	100
Net increase (decrease) in cash and cash equivalents	157	(59)
Cash and cash equivalents at beginning of period	26,465	20,945
Cash and cash equivalents at end of period	\$ 26,622	\$ 20,886

Reconciliation from net cash provided by operating activities to free cash flow (in millions; unaudited):

We provide free cash flow because it is a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that can be used for strategic opportunities, including investing in our business and acquisitions, and to strengthen our balance sheet.

	Quarter Ended March 31, 2022
Net cash provided by operating activities	\$ 25,106
Less: purchases of property and equipment	(9,786)
Free cash flow	<u><u>\$ 15,320</u></u>

Free cash flow: We define free cash flow as net cash provided by operating activities less capital expenditures.

Reconciliation from GAAP revenues to non-GAAP constant currency revenues (in millions, except percentages; unaudited):

We provide non-GAAP constant currency revenues and the non-GAAP percentage change in constant currency revenues because they facilitate the comparison of current results to historic performance by excluding the effect of foreign exchange rate movements and hedging activities, which are not indicative of our core operating results.

Comparison from the Quarter Ended March 31, 2020 to the Quarter Ended March 31, 2021

	Quarter Ended		% Change from Prior Year
	March 31, 2020	March 31, 2021	
EMEA revenues	\$ 12,845	\$ 17,031	33 %
EMEA constant currency revenues		16,102	25 %
APAC revenues	7,238	10,455	44 %
APAC constant currency revenues		10,092	39 %
Other Americas revenues	2,157	2,905	35 %
Other Americas constant currency revenues		3,096	44 %
United States revenues	18,870	25,032	33 %
Hedging gains (losses)	49	(109)	
Total revenues	<u>\$ 41,159</u>	<u>\$ 55,314</u>	34 %
Revenues, excluding hedging effect	\$ 41,110	\$ 55,423	
Exchange rate effect		(1,101)	
Total constant currency revenues		<u><u>\$ 54,322</u></u>	32 %

Comparison from the Quarter Ended March 31, 2021 to the Quarter Ended March 31, 2022

	Quarter Ended		% Change from Prior Year
	March 31, 2021	March 31, 2022	
EMEA revenues	\$ 17,031	\$ 20,317	19 %
EMEA constant currency revenues		21,628	27 %
APAC revenues	10,455	11,841	13 %
APAC constant currency revenues		12,440	19 %
Other Americas revenues	2,905	3,842	32 %
Other Americas constant currency revenues		3,923	35 %
United States revenues	25,032	31,733	27 %
Hedging gains (losses)	(109)	278	
Total revenues	\$ 55,314	\$ 68,011	23 %
Revenues, excluding hedging effect	\$ 55,423	\$ 67,733	
Exchange rate effect		1,991	
Total constant currency revenues		\$ 69,724	26 %

Comparison from the Quarter Ended December 31, 2021 to the Quarter Ended March 31, 2022

	Quarter Ended		% Change from Prior Quarter
	December 31, 2021	March 31, 2022	
EMEA revenues	\$ 23,153	\$ 20,317	(12)%
EMEA constant currency revenues		20,836	(10)%
APAC revenues	12,732	11,841	(7)%
APAC constant currency revenues		11,975	(6)%
Other Americas revenues	4,447	3,842	(14)%
Other Americas constant currency revenues		3,854	(13)%
United States revenues	34,790	31,733	(9)%
Hedging gains (losses)	203	278	
Total revenues	\$ 75,325	\$ 68,011	(10)%
Revenues, excluding hedging effect	\$ 75,122	\$ 67,733	
Exchange rate effect		665	
Total constant currency revenues		\$ 68,398	(9)%

Non-GAAP constant currency revenues and percentage change: We define non-GAAP constant currency revenues as total revenues excluding the effect of foreign exchange rate movements and hedging activities, and we use it to determine the constant currency revenue percentage change on year-on-year and quarter-on-quarter basis. Non-GAAP constant currency revenues are calculated by translating current quarter revenues using prior period exchange rates and excluding any hedging effect recognized in the current quarter. Constant currency revenue percentage change is calculated by determining the increase in current quarter non-GAAP constant currency revenues over prior period revenues, excluding any hedging effect recognized in the prior period.