**Q1-2025 Norstella Quarterly Market Participant Update**

Report Date: June 14, 2025

# EXECUTIVE SUMMARY

The company's performance has shown strong demand, particularly in Google Cloud, where customer demand has consistently outstripped capacity. To address this, the company is focused on ramping up its capabilities to meet customer needs while continuing to invest in long-term innovation. Recent strategic changes include the consolidation of teams, which enhances efficiency and accelerates the speed of bringing products to market. Overall, the company is committed to driving productivity and innovation responsibly, as reflected in its ongoing results.

# KEY TAKEAWAYS

* In Q1, Google experienced broad-based strength across various ad verticals, with Finance leading due to strong performance in Insurance. Retail, Healthcare, and Travel also contributed significantly to growth. For Q2, it is too early to make definitive comments, but potential impacts from the macro environment are acknowledged, particularly regarding changes to the de minimis exemption, which may create a slight headwind for the ads business in 2025, especially for APAC-based retailers. Google emphasizes its experience in navigating uncertain times and focuses on providing customers with insights into changing consumer behavior, including auction dynamics and query trend insights.

# FINANCIAL HIGHLIGHTS

* Net income increased 46% to $34.5 billion, with earnings per share rising 49% to $2.81. Free cash flow was $19 billion for the first quarter and $74.9 billion for the trailing twelve months. The company ended the quarter with $95 billion in cash and marketable securities. Google Services revenues grew 10% to $77.3 billion, driven by a 10% increase in Google Search and Other advertising revenues to $50.7 billion, and a 10% rise in YouTube advertising revenues. Other income and expenses amounted to $11.2 billion, mainly due to an unrealized gain on non-marketable equity securities. Depreciation expenses were just over $1 billion.