

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

FORM 10-Q

(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, 2026
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**

Alphabet Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

61-1767919

(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> |
|--|--------------------------|--|
| Class A Common Stock, \$0.001 par value | GOOGL | Nasdaq Stock Market LLC (Nasdaq Global Select Market) |
| Class C Capital Stock, \$0.001 par value | GOOG | Nasdaq Stock Market LLC (Nasdaq Global Select Market) |
| 2.375% Senior Notes due 2028 | — | Nasdaq Stock Market LLC |
| 2.500% Senior Notes due 2029 | — | Nasdaq Stock Market LLC |
| 4.125% Senior Notes due 2029 | — | Nasdaq Stock Market LLC |
| 2.875% Senior Notes due 2031 | — | Nasdaq Stock Market LLC |
| 4.625% Senior Notes due 2032 | — | Nasdaq Stock Market LLC |
| 3.000% Senior Notes due 2033 | — | Nasdaq Stock Market LLC |
| 3.125% Senior Notes due 2034 | — | Nasdaq Stock Market LLC |
| 3.375% Senior Notes due 2037 | — | Nasdaq Stock Market LLC |
| 3.500% Senior Notes due 2038 | — | Nasdaq Stock Market LLC |
| 5.500% Senior Notes due 2041 | — | Nasdaq Stock Market LLC |
| 4.000% Senior Notes due 2044 | — | Nasdaq Stock Market LLC |
| 3.875% Senior Notes due 2045 | — | Nasdaq Stock Market LLC |
| 4.000% Senior Notes due 2054 | — | Nasdaq Stock Market LLC |
| 5.875% Senior Notes due 2058 | — | Nasdaq Stock Market LLC |
| 4.375% Senior Notes due 2064 | — | Nasdaq Stock Market LLC |
| 6.125% Senior Notes due 2126 | — | Nasdaq Stock Market LLC |

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 22, 2026, there were 5,824 million shares of Alphabet's Class A stock outstanding, 836 million shares of Alphabet's Class B stock outstanding, and 5,456 million shares of Alphabet's Class C stock outstanding.

Alphabet Inc.
Form 10-Q
For the Quarterly Period Ended March 31, 2026

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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. Forward-looking statements generally can be identified by words such as, but not limited to, "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "predicts," "projects," "will be," "will continue," "will likely result," and similar expressions. These include, among other things, expectations regarding the growth of our business and revenues, including factors that may impact such growth, and fluctuations in our revenues and margins; statements relating to plans, expectations, and trends about our core business metrics, costs and expenses, capital expenditures, sources of funding, products and services, strategic business transactions, and other aspects of our business operations and strategies; statements regarding the global macroeconomic and regulatory environment; as well as other statements regarding our future operations, financial condition and prospects, and actual or potential risk and liability exposures. 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, 2025, as updated in this Quarterly Report on Form 10-Q. 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; 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, 2025, as updated in this Quarterly Report on Form 10-Q; and the trends discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025; 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, 2025 | As of March 31, 2026 (unaudited) |
|--|----------------------------|--|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 30,708 | \$ 38,063 |
| Marketable securities | 96,135 | 88,777 |
| Total cash, cash equivalents, and marketable securities | 126,843 | 126,840 |
| Accounts receivable, net | 62,886 | 62,999 |
| Other current assets | 16,309 | 23,914 |
| Total current assets | 206,038 | 213,753 |
| Non-marketable securities | 68,687 | 106,946 |
| Deferred income taxes | 9,113 | 1,995 |
| Property and equipment, net | 246,597 | 281,020 |
| Operating lease assets | 15,221 | 15,509 |
| Goodwill | 33,380 | 57,774 |
| Intangible assets, net | 1,283 | 9,444 |
| Other non-current assets | 14,962 | 17,478 |
| Total assets | <u>\$ 595,281</u> | <u>\$ 703,919</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 12,200 | \$ 16,852 |
| Accrued compensation and benefits | 17,546 | 13,947 |
| Accrued expenses and other current liabilities | 55,557 | 63,019 |
| Accrued revenue share | 10,864 | 10,208 |
| Deferred revenue | 6,578 | 7,162 |
| Total current liabilities | 102,745 | 111,188 |
| Long-term debt | 46,547 | 77,501 |
| Income taxes payable, non-current | 9,531 | 12,457 |
| Operating lease liabilities | 12,744 | 12,983 |
| Other long-term liabilities | 8,449 | 11,044 |
| Total liabilities | 180,016 | 225,173 |
| Commitments and Contingencies (Note 10) | | |
| 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); 12,088 (Class A 5,822, Class B 837, Class C 5,429) and 12,116 (Class A 5,824, Class B 836, Class C 5,456) shares issued and outstanding | 93,126 | 96,902 |
| Accumulated other comprehensive income (loss) | (1,916) | (2,180) |
| Retained earnings | 324,055 | 384,024 |
| Total stockholders' equity | 415,265 | 478,746 |
| Total liabilities and stockholders' equity | <u>\$ 595,281</u> | <u>\$ 703,919</u> |

See accompanying notes.

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

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2025 | 2026 |
| Revenues | \$ 90,234 | \$ 109,896 |
| Costs and expenses: | | |
| Cost of revenues | 36,361 | 41,271 |
| Research and development | 13,556 | 17,032 |
| Sales and marketing | 6,172 | 7,606 |
| General and administrative | 3,539 | 4,291 |
| Total costs and expenses | 59,628 | 70,200 |
| Income from operations | 30,606 | 39,696 |
| Other income (expense), net | 11,183 | 37,716 |
| Income before income taxes | 41,789 | 77,412 |
| Provision for income taxes | 7,249 | 14,834 |
| Net income | \$ 34,540 | \$ 62,578 |
| Basic net income per share (Note 12) | \$ 2.84 | \$ 5.17 |
| Diluted net income per share (Note 12) | \$ 2.81 | \$ 5.11 |

See accompanying notes.

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

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2025 | 2026 |
| Net income | \$ 34,540 | \$ 62,578 |
| Other comprehensive income (loss): | | |
| Change in foreign currency translation adjustment, net of income tax benefit (expense) of \$45 and \$(54) | 663 | (326) |
| Available-for-sale investments: | | |
| Change in net unrealized gains (losses) | 645 | (356) |
| Less: reclassification adjustment for net (gains) losses included in net income | (84) | (19) |
| Net change, net of income tax benefit (expense) of \$(159) and \$106 | 561 | (375) |
| Cash flow hedges: | | |
| Change in net unrealized gains (losses) | (313) | 279 |
| Less: reclassification adjustment for net (gains) losses included in net income | (197) | 158 |
| Net change, net of income tax benefit (expense) of \$131 and \$(117) | (510) | 437 |
| Other comprehensive income (loss) | 714 | (264) |
| Comprehensive income | \$ 35,254 | \$ 62,314 |

See accompanying notes.

Alphabet Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions; unaudited)

Three Months Ended March 31, 2025

| | Class A, Class B, Class C Stock and Additional Paid-In Capital | | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Stockholders' Equity |
|---|---|-----------|--|----------------------|----------------------------------|
| | Shares | Amount | | | |
| Balance as of December 31, 2024 | 12,211 | \$ 84,800 | \$ (4,800) | \$ 245,084 | \$ 325,084 |
| Stock issued | 27 | 0 | 0 | 0 | 0 |
| Stock-based compensation | 0 | 5,553 | 0 | 0 | 5,553 |
| Tax withholding related to vesting of restricted stock units, and other | 0 | (3,240) | 0 | 0 | (3,240) |
| Repurchases of stock | (83) | (815) | 0 | (14,486) | (15,301) |
| Dividends and dividend equivalents declared (\$0.20 per share) | 0 | 27 | 0 | (2,510) | (2,483) |
| Sale of interest in consolidated entities | 0 | 400 | 0 | 0 | 400 |
| Net income | 0 | 0 | 0 | 34,540 | 34,540 |
| Other comprehensive income (loss) | 0 | 0 | 714 | 0 | 714 |
| Balance as of March 31, 2025 | 12,155 | \$ 86,725 | \$ (4,086) | \$ 262,628 | \$ 345,267 |

Three Months Ended March 31, 2026

| | Class A, Class B, Class C Stock and Additional Paid-In Capital | | Accumulated Other Comprehensive Income (Loss) | Retained Earnings | Total Stockholders' Equity |
|---|---|-----------|--|----------------------|----------------------------------|
| | Shares | Amount | | | |
| Balance as of December 31, 2025 | 12,088 | \$ 93,126 | \$ (1,916) | \$ 324,055 | \$ 415,265 |
| Stock issued | 28 | 0 | 0 | 0 | 0 |
| Stock-based compensation | 0 | 6,793 | 0 | 0 | 6,793 |
| Tax withholding related to vesting of restricted stock units, and other | 0 | (6,267) | 0 | 0 | (6,267) |
| Dividends and dividend equivalents declared (\$0.21 per share) | 0 | 50 | 0 | (2,609) | (2,559) |
| Sale of interest in consolidated entities | 0 | 3,200 | 0 | 0 | 3,200 |
| Net income | 0 | 0 | 0 | 62,578 | 62,578 |
| Other comprehensive income (loss) | 0 | 0 | (264) | 0 | (264) |
| Balance as of March 31, 2026 | 12,116 | \$ 96,902 | \$ (2,180) | \$ 384,024 | \$ 478,746 |

See accompanying notes.

Alphabet Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2025 | 2026 |
| Operating activities | | |
| Net income | \$ 34,540 | \$ 62,578 |
| Adjustments: | | |
| Depreciation of property and equipment | 4,487 | 6,482 |
| Stock-based compensation expense | 5,516 | 6,751 |
| Deferred income taxes | (1,152) | 6,920 |
| Loss (gain) on debt and equity securities, net | (9,960) | (36,804) |
| Other | 481 | 1,265 |
| Changes in assets and liabilities, net of effects of acquisitions: | | |
| Accounts receivable, net | 1,638 | (363) |
| Income taxes, net | 7,197 | 8,101 |
| Other assets | (1,288) | (3,403) |
| Accounts payable | (880) | (240) |
| Accrued expenses and other liabilities | (4,929) | (6,002) |
| Deferred revenue | 500 | 505 |
| Net cash provided by operating activities | <u>36,150</u> | <u>45,790</u> |
| Investing activities | | |
| Purchases of property and equipment | (17,197) | (35,674) |
| Purchases of marketable securities | (18,453) | (31,041) |
| Maturities and sales of marketable securities | 20,345 | 38,001 |
| Purchases of non-marketable securities | (958) | (906) |
| Maturities and sales of non-marketable securities | 259 | 848 |
| Acquisitions, net of cash acquired, and purchases of intangible assets | (340) | (33,621) |
| Other investing activities | 150 | (996) |
| Net cash used in investing activities | <u>(16,194)</u> | <u>(63,389)</u> |
| Financing activities | | |
| Net payments related to stock-based award activities | (3,110) | (5,483) |
| Repurchases of stock | (15,068) | 0 |
| Dividend payments | (2,434) | (2,542) |
| Proceeds from issuance of debt, net of costs | 4,532 | 31,379 |
| Repayments of debt | (4,521) | (1,477) |
| Proceeds from sale of interest in consolidated entities, net | 400 | 3,200 |
| Net cash provided by (used in) financing activities | <u>(20,201)</u> | <u>25,077</u> |
| Effect of exchange rate changes on cash and cash equivalents | 43 | (123) |
| Net increase (decrease) in cash and cash equivalents | (202) | 7,355 |
| Cash and cash equivalents at beginning of period | 23,466 | 30,708 |
| Cash and cash equivalents at end of period | \$ 23,264 | \$ 38,063 |
| Supplemental disclosures of non-cash investing activities: | | |
| Property and equipment included in accrued liabilities and accounts payable | \$ 11,388 | \$ 24,131 |

See accompanying notes.

Alphabet Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Summary of Significant Accounting Policies**Nature of Operations**

Google was incorporated in California in September 1998 and re-incorporated in the State of Delaware in August 2003. In 2015, we implemented a holding company reorganization, and as a result, Alphabet Inc. ("Alphabet") became the successor issuer to Google.

We generate revenues by delivering relevant, cost-effective online advertising; cloud-based solutions that provide enterprise customers of all sizes with infrastructure, platform services, and applications; and sales of other products and services, such as fees received for subscription-based products, apps and in-app purchases, and devices.

Basis of Consolidation

The consolidated financial statements of Alphabet include the accounts of Alphabet and entities consolidated under the variable interest and voting models. Intercompany balances and transactions have been eliminated.

Unaudited Interim Financial Information

These unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (GAAP), and in our opinion, include all adjustments of a normal recurring nature necessary for fair financial statement presentation. Interim results are not necessarily indicative of the results to be expected for the full year ending December 31, 2026. We have made estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates.

These consolidated financial statements and other information presented in this Form 10-Q should be read in conjunction with the consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the SEC. There have been no material changes to our significant accounting policies from our Annual Report on Form 10-K for the year ended December 31, 2025, except for as described below.

Use of Estimates

Preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates due to uncertainties. On an ongoing basis, we evaluate our estimates, including those related to the allowance for credit losses; contingent liabilities; fair values of financial instruments; intangible assets and goodwill; income taxes; inventory; and useful lives of intangible assets and property and equipment, among others. We base our estimates on assumptions, both historical and forward looking, that are believed to be reasonable, and the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Acquired Intangible Assets

Intangible assets with definite lives are amortized over their estimated useful lives on a straight-line basis generally over periods ranging from one to 10 years, and are subsequently removed from the presentation of gross intangible assets and accumulated amortization once they are fully amortized.

Assets Held for Sale

We consider assets to be held for sale in the period when all of the criteria for a qualifying plan of sale are met. Upon designation as held for sale, we record the assets at the lower of their carrying value or their estimated fair value, reduced for the cost to sell the assets, and cease depreciation. Long-lived assets classified as held for sale are measured at fair value on a nonrecurring basis.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2024-03 "Income Statement: Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)" to improve the disclosures about an entity's expenses. Upon adoption, we will be required to disclose in the notes to the financial statements a disaggregation of certain expense categories included within the relevant expense captions on the consolidated statements of income. The standard is effective for our 2027 annual period, and our interim periods beginning in 2028, with early adoption permitted. The standard can be applied either prospectively or retrospectively. We are currently assessing adoption timing, the method of adoption, and the effect that the updated standard will have on our financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06 "Intangibles: Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software" to modernize the accounting for software costs under Subtopic 350-40, Intangibles-Goodwill and Other-Internal-Use Software (referred to as "internal-use software"). Upon adoption, we will be required to account for internal-use software under the updated capitalization criteria. The standard is effective for our interim and annual 2028 periods, with early adoption permitted. The standard can be applied either prospectively, retrospectively, or under a modified transition approach. We are currently assessing adoption timing, the method of adoption, and the effect that the updated standard will have on our consolidated financial statements.

Prior Period Reclassifications

Certain amounts in prior periods have been reclassified to conform with current period presentation.

Note 2. Revenues

Disaggregated Revenues

The following table presents revenues disaggregated by type (in millions):

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2025 | 2026 |
| Google Search & other | \$ 50,702 | \$ 60,399 |
| YouTube ads | 8,927 | 9,883 |
| Google Network | 7,256 | 6,971 |
| Google advertising | 66,885 | 77,253 |
| Google subscriptions, platforms, and devices | 10,379 | 12,384 |
| Google Services total | 77,264 | 89,637 |
| Google Cloud | 12,260 | 20,028 |
| Other Bets | 450 | 411 |
| Hedging gains (losses) | 260 | (180) |
| Total revenues | \$ 90,234 | \$ 109,896 |

The following table presents revenues disaggregated by geography, based on the addresses of our customers (in millions):

| | Three Months Ended March 31, | | | |
|-------------------------------|---------------------------------|-------|------------|-------|
| | 2025 | | 2026 | |
| United States | \$ 43,964 | 49 % | \$ 53,975 | 49 % |
| EMEA ⁽¹⁾ | 25,923 | 29 | 31,468 | 28 |
| APAC ⁽¹⁾ | 14,854 | 16 | 18,288 | 17 |
| Other Americas ⁽¹⁾ | 5,233 | 6 | 6,345 | 6 |
| Hedging gains (losses) | 260 | 0 | (180) | 0 |
| Total revenues | \$ 90,234 | 100 % | \$ 109,896 | 100 % |

⁽¹⁾ Regions represent Europe, the Middle East, and Africa (EMEA); Asia-Pacific (APAC); and Canada and Latin America ("Other Americas").

Revenue Backlog

As of March 31, 2026, we had \$467.6 billion of remaining performance obligations (“revenue backlog”), of which \$462.3 billion related to Google Cloud. Revenue backlog represents commitments in customer contracts that have not yet been recognized as revenue. We expect to recognize just over 50% of the revenue backlog as revenues over the next 24 months with the remainder to be recognized thereafter. The estimated revenue backlog and timing of revenue recognition for these commitments is largely driven by contract duration, our ability to deliver in accordance with relevant contract terms, and when our customers utilize services. Revenue backlog includes related deferred revenue currently recorded as well as amounts that will be invoiced in future periods and excludes cancellable contracts and payments we make to our customers not expected to be in exchange for distinct goods and services. In the first quarter of 2026, we elected to change our reporting of revenue backlog to now also include contracts with an original expected term of one year or less. As of March 31, 2026, the portion of our revenue backlog related to contracts with an original expected term of one year or less was approximately \$7.3 billion.

Deferred Revenues

We record deferred revenues when cash payments are received or due in advance of our performance, including amounts which are refundable. Deferred revenues primarily relate to Google Cloud and Google subscriptions, platforms, and devices. Total deferred revenue as of December 31, 2025 was \$8.6 billion, of which \$3.5 billion was recognized as revenues for the three months ended March 31, 2026. Total deferred revenue as of March 31, 2026 was \$9.8 billion.

Note 3. Financial Instruments**Fair Value Measurements*****Investments Measured at Fair Value on a Recurring Basis***

Cash equivalents and marketable equity securities are measured at fair value and classified within Level 1 and Level 2 in the fair value hierarchy, because we use quoted prices for identical assets in active markets or inputs that are based upon quoted prices for similar instruments in active markets.

Debt securities are measured at fair value and classified within Level 2 in the fair value hierarchy, because we use quoted market prices to the extent available or alternative pricing sources and models utilizing market observable inputs to determine fair value. The following tables summarize our cash, cash equivalents, and marketable securities measured at fair value on a recurring basis (in millions):

| | As of December 31, 2025 | | |
|---|---|---|------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total |
| Cash | | | \$ 15,305 |
| Cash equivalents: | | | |
| Money market funds | \$ 11,349 | \$ | 11,349 |
| Time deposits | 0 | 3,353 | 3,353 |
| Government bonds | 0 | 602 | 602 |
| Corporate debt securities | 0 | 99 | 99 |
| Total cash and cash equivalents | 11,349 | 4,054 | 30,708 |
| Marketable securities: | | | |
| Marketable equity securities | 4,402 | 1,911 | 6,313 |
| Time deposits | 0 | 0 | 0 |
| Government bonds | 0 | 50,549 | 50,549 |
| Corporate debt securities | 0 | 21,565 | 21,565 |
| Mortgage-backed and asset-backed securities | 0 | 17,708 | 17,708 |
| Total marketable securities | 4,402 | 91,733 | 96,135 |
| Total | \$ 15,751 | \$ 95,787 | \$ 126,843 |

| | As of March 31, 2026 | | |
|---|---|---|------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total |
| Cash | | | \$ 15,408 |
| Cash equivalents: | | | |
| Money market funds | \$ 16,686 | \$ 0 | \$ 16,686 |
| Time deposits | 0 | 2,966 | 2,966 |
| Government bonds | 0 | 2,946 | 2,946 |
| Corporate debt securities | 0 | 57 | 57 |
| Total cash and cash equivalents | 16,686 | 5,969 | 38,063 |
| Marketable securities: | | | |
| Marketable equity securities | 5,541 | 503 | 6,044 |
| Time deposits | 0 | 0 | 0 |
| Government bonds | 0 | 43,204 | 43,204 |
| Corporate debt securities | 0 | 21,763 | 21,763 |
| Mortgage-backed and asset-backed securities | 0 | 17,766 | 17,766 |
| Total marketable securities | 5,541 | 83,236 | 88,777 |
| Total | \$ 22,227 | \$ 89,205 | \$ 126,840 |

Investments Measured at Fair Value on a Nonrecurring Basis

Non-marketable equity securities accounted for under the measurement alternative are investments in privately held companies without readily determinable market values. The carrying value of these non-marketable equity securities is adjusted upward or downward to fair value upon observable transactions for identical or similar investments of the same issuer or impairment. Non-marketable equity securities that have been remeasured during the period based on observable transactions are classified within Level 2 or Level 3 in the fair value hierarchy, and remeasurements due to impairment are classified within Level 3. Our valuation methods include option pricing models, market comparable approach, and common stock equivalent method, which may include a combination of the observable transaction price at the transaction date and other unobservable inputs including volatility, expected time to exit, risk free rate, and the rights, and obligations of the securities we hold. These inputs vary significantly based on investment type.

As of March 31, 2026, the carrying value of our non-marketable equity securities accounted for under the measurement alternative was \$101.3 billion, of which \$73.6 billion was remeasured at fair value during the three months ended March 31, 2026 and was primarily classified within Level 2 of the fair value hierarchy at the time of measurement.

Debt and Equity Securities**Debt Securities**

The following table summarizes the estimated fair value of investments in available-for-sale marketable debt securities by effective contractual maturity dates (in millions):

| | As of March 31, 2026 |
|---------------------------------|-------------------------|
| Due in 1 year or less | \$ 14,323 |
| Due in 1 year through 5 years | 42,670 |
| Due in 5 years through 10 years | 12,471 |
| Due after 10 years | 13,269 |
| Total | <u>\$ 82,733</u> |

The following tables present fair values and gross unrealized gains and losses recorded to accumulated other comprehensive income (AOCI), less any expected credit losses, aggregated by investment category (in millions):

| | As of December 31, 2025 | | | |
|--|-------------------------|---------------------------|----------------------------|------------------|
| | Adjusted Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Time deposits | \$ 3,353 | \$ 0 | \$ 0 | \$ 3,353 |
| Government bonds | 49,087 | 443 | (26) | 49,504 |
| Corporate debt securities | 18,346 | 242 | (32) | 18,556 |
| Mortgage-backed and asset-backed securities | 14,337 | 174 | (128) | 14,383 |
| Total investments with fair value change reflected in other comprehensive income | <u>\$ 85,123</u> | <u>\$ 859</u> | <u>\$ (186)</u> | <u>\$ 85,796</u> |

| | As of March 31, 2026 | | | |
|--|----------------------|---------------------------|----------------------------|------------------|
| | Adjusted Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Time deposits | \$ 2,966 | \$ 0 | \$ 0 | \$ 2,966 |
| Government bonds | 44,465 | 272 | (101) | 44,636 |
| Corporate debt securities | 18,737 | 124 | (63) | 18,798 |
| Mortgage-backed and asset-backed securities | 14,627 | 109 | (160) | 14,576 |
| Total investments with fair value change reflected in other comprehensive income | <u>\$ 80,795</u> | <u>\$ 505</u> | <u>\$ (324)</u> | <u>\$ 80,976</u> |

The following tables present fair values and gross unrealized losses recorded to AOCI, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in millions):

| | As of December 31, 2025 | | | | | |
|---|-------------------------|-----------------|----------------------|-----------------|------------|-----------------|
| | Less than 12 Months | | 12 Months or Greater | | Total | |
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Government bonds | \$ 4,230 | \$ (9) | \$ 1,174 | \$ (17) | \$ 5,404 | \$ (26) |
| Corporate debt securities | 915 | 0 | 2,429 | (24) | 3,344 | (24) |
| Mortgage-backed and asset-backed securities | 1,377 | (4) | 3,035 | (124) | 4,412 | (128) |
| Total | \$ 6,522 | \$ (13) | \$ 6,638 | \$ (165) | \$ 13,160 | \$ (178) |

| | As of March 31, 2026 | | | | | |
|---|----------------------|-----------------|----------------------|-----------------|------------|-----------------|
| | Less than 12 Months | | 12 Months or Greater | | Total | |
| | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss | Fair Value | Unrealized Loss |
| Government bonds | \$ 14,349 | \$ (85) | \$ 890 | \$ (16) | \$ 15,239 | \$ (101) |
| Corporate debt securities | 5,506 | (17) | 1,826 | (19) | 7,332 | (36) |
| Mortgage-backed and asset-backed securities | 5,228 | (40) | 1,972 | (120) | 7,200 | (160) |
| Total | \$ 25,083 | \$ (142) | \$ 4,688 | \$ (155) | \$ 29,771 | \$ (297) |

We determine realized gains or losses on the sale or extinguishment of debt securities on a specific identification method. For certain marketable debt securities, we have elected the fair value option for which changes in fair value are recorded in other income (expense), net (OI&E). The fair value option was elected for these securities to align with the unrealized gains and losses from related derivative contracts.

The following table summarizes gains and losses for debt securities, reflected as a component of OI&E (in millions):

| | Three Months Ended | |
|--|--------------------|----------|
| | 2025 | 2026 |
| Unrealized gain (loss) on fair value option debt securities | \$ 97 | \$ (142) |
| Gross realized gain on debt securities | 266 | 83 |
| Gross realized loss on debt securities | (175) | (33) |
| (Increase) decrease in allowance for credit losses | 14 | (19) |
| Total gain (loss) on debt securities recognized in other income (expense), net | \$ 202 | \$ (111) |

Non-Marketable Securities

Our non-marketable securities primarily consist of non-marketable equity securities accounted for under the measurement alternative. The carrying value is measured at the total initial cost plus the cumulative net upward and downward adjustments (including impairments). We account for non-marketable equity securities through which we exercise significant influence, but do not have control over the investee under the equity method. Certain of our non-marketable securities include our investments in variable interest entities (VIEs) where we are not the primary beneficiary. See Note 5 for further details on VIEs.

Realized net gain (loss) on equity securities sold during the period reflects the difference between the sale proceeds and the carrying value of the equity securities at the beginning of the period or the purchase date, if later.

All gains and losses, including impairments, are included as components of OI&E.

The carrying values for non-marketable securities are summarized below (in millions):

| | As of December 31, 2025 | As of March 31, 2026 |
|--|----------------------------|-------------------------|
| Non-marketable securities: | | |
| Initial cost of non-marketable equity securities accounted for under the measurement alternative | \$ 28,429 | 29,489 |
| Cumulative upward adjustments | 44,485 | 80,792 |
| Cumulative downward adjustments (including impairments) | (8,820) | (8,935) |
| Carrying value of non-marketable equity securities accounted for under the measurement alternative | 64,094 | 101,346 |
| Equity method investments and other | 4,593 | 5,600 |
| Total non-marketable securities | \$ 68,687 | 106,946 |

Gains and Losses on Equity Securities

Gains and losses (including impairments), net, for equity securities included in OI&E are summarized below (in millions):

| | Three Months Ended March 31, | |
|---|---------------------------------|--------|
| | 2025 | 2026 |
| Unrealized gain on non-marketable equity securities accounted for under the measurement alternative | \$ 9,735 | 36,660 |
| Unrealized loss (including impairments) on non-marketable equity securities accounted for under the measurement alternative | (399) | (346) |
| Unrealized net gain (loss) on non-marketable equity securities accounted for under the measurement alternative | 9,316 | 36,314 |
| Realized net gain (loss) on marketable and other equity securities | 227 | 105 |
| Realized net gain (loss) on marketable and non-marketable equity securities sold during the period | 215 | 496 |
| Total gain (loss) on equity securities in other income (expense), net ⁽¹⁾ | \$ 9,758 | 36,915 |

⁽¹⁾ Excludes income (loss) and impairment from equity method investments. Refer to Note 7 for further details.

Cumulative net gains (losses), calculated as the difference between the sales price and purchase price, represent the total net gains (losses) recognized after the initial purchase date. This represents the total economic impact of the investment, regardless of when the gains or losses were previously recognized. Cumulative net gains on equity securities sold were \$161 million and \$502 million during the three months ended March 31, 2025 and 2026, respectively.

Derivative Financial Instruments

We utilize derivative instruments to manage risks relating to our ongoing business operations, including foreign currencies, interest rates, commodity prices, credit risk, and market prices of certain marketable equity securities. These derivatives are primarily classified within Level 2 of the fair value hierarchy.

We also enter into derivatives as a result of agreements with certain third parties to backstop certain payment obligations related to data centers, which we account for as credit derivatives. Additionally, a certain strategic investment includes forward funding commitments that are accounted for as equity derivatives, as they include rights to participate in future capital funding, the exercise of which is contingent upon the achievement of specified operational and financial milestones. These credit and equity derivatives are classified within Level 3 of the fair value hierarchy. Our valuation methods include probability-weighted expected return models, which may include a combination of observable and unobservable inputs, including counterparty risk, credit default rates, risk-free rate, and our contractual rights and obligations under the agreements.

We recognize derivative instruments in the Consolidated Balance Sheets at fair value. We present our foreign currency collars (an option strategy comprised of a combination of purchased and written options) at net fair values and present all other derivatives at gross fair values. The accounting treatment for derivatives is based on the intended use and hedge designation.

Cash Flow Hedges

We designate foreign currency forwards and options (including collars) as cash flow hedges to hedge certain forecasted revenue transactions denominated in currencies other than the US dollar. These contracts have maturities of 24 months or less.

Cash flow hedge amounts included in the assessment of hedge effectiveness are deferred in AOCI and reclassified to revenue when the hedged item is recognized in earnings. Hedge components excluded from our assessment of hedge effectiveness are amortized on a straight-line basis over the life of the hedging instrument in revenues. The difference between fair value changes of the excluded component and the amount amortized to revenues is recorded in AOCI.

As of March 31, 2026, the net accumulated gain on our foreign currency cash flow hedges before tax effect was \$415 million, which is expected to be reclassified from AOCI into revenues within the next 12 months.

Additionally, we may designate interest rate derivatives as cash flow hedges to manage our exposure to certain interest rate risks. Changes in the fair value of these derivatives are deferred in AOCI and reclassified to OI&E when the hedged item is recognized in earnings.

Net Investment Hedges

We designate foreign currency forwards, options (including collars), cross-currency swaps, and foreign currency-denominated debt as net investment hedges to hedge the foreign currency risks related to our investments in foreign subsidiaries. Net investment hedge amounts included in the assessment of hedge effectiveness are recognized in AOCI.

Changes in the fair value of hedge components of forward and option contracts that are excluded from the assessment of hedge effectiveness are recognized in OI&E. Hedge components of cross-currency swaps that are excluded from the assessment of hedge effectiveness are amortized over the life of the hedging instrument and recognized in OI&E. The difference between fair value changes of the excluded component and the amount amortized to OI&E is recorded in AOCI.

Foreign currency-denominated debt designated as net investment hedges had a carrying value of \$15.4 billion and \$19.6 billion as of December 31, 2025 and March 31, 2026, respectively.

Derivatives Not Designated as Hedging Instruments

We primarily enter into derivatives not designated as hedging instruments to manage risks related to our ongoing business operations. The primary risk managed is foreign exchange risk related to the remeasurement of monetary assets or liabilities denominated in currencies other than the functional currency of a subsidiary. Gains and losses on these foreign exchange derivatives are recorded within the "foreign currency exchange gain (loss), net" component of OI&E. We also enter into derivatives to manage other risks, including interest rates, commodity prices, credit risk, and market prices of certain marketable equity securities, the gains and losses from which are recorded within the "other" component of OI&E.

We have entered into agreements with certain third parties to backstop certain payment obligations relating to data centers, which we account for as credit derivatives. The notional amounts for these credit derivatives represent the maximum potential exposure regarding future payments in the event of specified default scenarios by underlying parties. These agreements carry remaining terms of up to 15 years and the total potential exposure reduces over time as the underlying parties fulfill their payment obligations. Upon a default under these backstops, we retain the right to assume the underlying leases for internal use or to sublease to third parties. Under specific conditions or following a predetermined period, we may elect to extinguish the backstop obligation by making a termination payment. If we elect such payment, our obligations may be partially offset by equity or cash receipts from counterparties. These potential inflows are not reflected in the notional amounts for credit derivatives.

The notional amounts for equity derivatives represent an agreement for future capital funding in the form of notes receivable or equity to be funded in multiple tranches contingent upon the achievement of specified operational and financial milestones through 2030. The fair value of these equity derivatives was not material as of March 31, 2026.

Gains and losses arising from these credit and equity derivatives are recorded within the "other" component of OI&E. See Note 7 for further details.

The gross notional amounts of outstanding derivative instruments were as follows (in millions):

| | As of December 31, 2025 | | As of March 31, 2026 | |
|---|----------------------------|--------|-------------------------|--------|
| Derivatives designated as hedging instruments: | | | | |
| Foreign exchange derivatives | | | | |
| Cash flow hedges | \$ | 23,852 | \$ | 23,448 |
| Net investment hedges | \$ | 14,203 | \$ | 14,020 |
| Derivatives not designated as hedging instruments: | | | | |
| Foreign exchange derivatives | | | | |
| | \$ | 56,085 | \$ | 51,976 |
| Equity derivatives | \$ | 0 | \$ | 30,000 |
| Credit derivatives | \$ | 16,940 | \$ | 28,436 |
| Other derivatives | \$ | 15,900 | \$ | 15,862 |

In April, 2026, we entered into additional agreements with certain third parties to backstop certain obligations relating to third-party data centers that we expect to be accounted for as credit derivatives with notional amounts totaling approximately \$15.3 billion.

See Note 5 for further details on variable interest entity considerations relating to our equity and credit derivatives.

The fair values of outstanding derivative instruments were as follows (in millions):

| | As of December 31, 2025 | | As of March 31, 2026 | |
|---|-------------------------|----------------------------|-----------------------|----------------------------|
| | Assets ⁽¹⁾ | Liabilities ⁽²⁾ | Assets ⁽¹⁾ | Liabilities ⁽²⁾ |
| Derivatives designated as hedging instruments: | | | | |
| Foreign exchange derivatives | | | | |
| | \$ | 316 | \$ | 197 |
| | | | \$ | 991 |
| | | | \$ | 39 |
| Derivatives not designated as hedging instruments: | | | | |
| Foreign exchange derivatives | | | | |
| | | 92 | | 15 |
| | | | | 244 |
| | | | | 472 |
| Credit derivatives | | 0 | | 69 |
| | | | | 0 |
| | | | | 339 |
| Other derivatives | | 324 | | 98 |
| | | | | 375 |
| | | | | 40 |
| Total derivatives not designated as hedging instruments | | 416 | | 182 |
| | | | | 619 |
| | | | | 851 |
| Total | \$ | 732 | \$ | 379 |
| | | | \$ | 1,610 |
| | | | \$ | 890 |

⁽¹⁾ Derivative assets are recorded as other current and non-current assets.

⁽²⁾ Derivative liabilities are recorded as accrued expenses and other liabilities, current and non-current.

The gains (losses) on derivatives and non-derivative financial instruments in cash flow hedging and net investment hedging relationships recognized in other comprehensive income are summarized below (in millions):

| | Three Months Ended March 31, | |
|---|---------------------------------|-------|
| | 2025 | 2026 |
| Cash flow hedging relationship: | | |
| Foreign exchange and other derivatives | | |
| Amount included in the assessment of effectiveness | \$ | (339) |
| Amount excluded from the assessment of effectiveness | | (61) |
| | | 259 |
| | | 83 |
| Net investment hedging relationship: | | |
| Amount included in the assessment of effectiveness | | |
| Foreign exchange derivatives | | (206) |
| Foreign currency-denominated debt | | 0 |
| | | 320 |
| | | 440 |
| Amounts excluded from the assessment of effectiveness | | |
| Foreign exchange derivatives | | 0 |
| | | 1 |
| Total | \$ | (606) |
| | | \$ |
| | | 1,103 |

The table below presents the gains (losses) of derivatives included in the Consolidated Statements of Income: (in millions):

| | Three Months Ended March 31, | | | |
|---|------------------------------|-----------------------------|------------|-----------------------------|
| | 2025 | | 2026 | |
| | Revenues | Other income (expense), net | Revenues | Other income (expense), net |
| Total amounts included in the Consolidated Statements of Income | \$ 90,234 | \$ 11,183 | \$ 109,896 | \$ 37,716 |
| Effect of cash flow hedges: | | | | |
| Foreign exchange derivatives | | | | |
| Amount included in the assessment of effectiveness | \$ 242 | \$ 0 | \$ (211) | \$ 0 |
| Amount excluded from the assessment of effectiveness | 18 | 0 | 31 | 0 |
| Effect of fair value hedges: | | | | |
| Foreign exchange derivatives | | | | |
| Hedged items | 0 | (9) | 0 | 0 |
| Amount included in the assessment of effectiveness | 0 | 9 | 0 | 0 |
| Amount excluded from the assessment of effectiveness | 0 | 1 | 0 | 0 |
| Effect of net investment hedges: | | | | |
| Foreign exchange derivatives | | | | |
| Amount excluded from the assessment of effectiveness | 0 | 31 | 0 | 62 |
| Effect of non-designated hedges: | | | | |
| Foreign exchange derivatives | 0 | 65 | 0 | (179) |
| Credit derivatives | 0 | 0 | 0 | (148) |
| Other derivatives | 0 | (71) | 0 | 14 |
| Total gains (losses) | \$ 260 | \$ 26 | \$ (180) | \$ (251) |

Offsetting of Derivatives

We enter into master netting arrangements and collateral security arrangements to reduce credit risk. Cash collateral received related to derivative instruments under our collateral security arrangements are included in other current assets with a corresponding liability. Cash and non-cash collateral pledged related to derivative instruments under our collateral security arrangements are primarily included in other current assets.

The gross amounts of derivative instruments subject to master netting arrangements with various counterparties, and cash and non-cash collateral received and pledged under such agreements were as follows (in millions):

| | As of December 31, 2025 | | | | | |
|-------------------------|--------------------------|---|--|--|--|-------------|
| | Gross Amounts Recognized | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts Presented in the Consolidated Balance Sheets | Gross Amounts Not Offset in the Consolidated Balance Sheets, but Have Legal Rights to Offset | | Net Amounts |
| | | | | Financial Instruments ⁽¹⁾ | Cash and Non-Cash Collateral Received or Pledged | |
| Derivatives assets | \$ 842 | \$ (110) | \$ 732 | \$ (140) | \$ (231) | \$ 361 |
| Derivatives liabilities | \$ 489 | \$ (110) | \$ 379 | \$ (140) | \$ (15) | \$ 224 |

As of March 31, 2026

| | Gross Amounts Recognized | Gross Amounts Offset in the Consolidated Balance Sheets | Net Amounts Presented in the Consolidated Balance Sheets | Gross Amounts Not Offset in the Consolidated Balance Sheets, but Have Legal Rights to Offset | | Net Amounts |
|-----------------------------------|--------------------------|---|--|--|--|-------------|
| | | | | Financial Instruments ⁽¹⁾ | Cash and Non-Cash Collateral Received or Pledged | |
| Derivatives assets ⁽¹⁾ | \$ 1,725 | \$ (115) | \$ 1,610 | \$ (470) | \$ (696) | \$ 444 |
| Derivatives liabilities | \$ 1,005 | \$ (115) | \$ 890 | \$ (470) | \$ (18) | \$ 402 |

⁽¹⁾ The balances as of December 31, 2025 and March 31, 2026 were related to derivatives allowed to be net settled in accordance with our master netting agreements.

Note 4. Leases

We have entered into operating and finance lease agreements primarily for data centers, land, and offices throughout the world with varying lease terms.

Components of lease costs were as follows (in millions):

| | Three Months Ended March 31, | |
|-------------------------------|------------------------------|----------|
| | 2025 | 2026 |
| Operating lease cost | \$ 790 | \$ 892 |
| Finance lease cost: | | |
| Amortization of lease assets | 96 | 226 |
| Interest on lease liabilities | 15 | 17 |
| Finance lease cost | 111 | 243 |
| Variable lease cost | 360 | 403 |
| Total lease cost | \$ 1,261 | \$ 1,538 |

Supplemental information related to leases was as follows (in millions):

| | As of December 31, 2025 | As of March 31, 2026 |
|---|-------------------------|----------------------|
| Weighted-average remaining lease term: | | |
| Operating leases | 7.6 years | 7.8 years |
| Finance leases | 8.3 years | 9.0 years |
| Weighted-average discount rate: | | |
| Operating leases | 3.6 % | 3.7 % |
| Finance leases | 3.1 % | 3.0 % |

| | As of December 31, 2025 | As of March 31, 2026 |
|--|----------------------------|-------------------------|
| Operating leases: | | |
| Operating lease assets | \$ 15,221 | \$ 15,509 |
| Accrued expenses and other liabilities | \$ 3,209 | \$ 3,178 |
| Operating lease liabilities | 12,744 | 12,983 |
| Total operating lease liabilities | \$ 15,954 | \$ 16,161 |
| Finance leases: | | |
| Property and equipment, at cost | \$ 6,822 | \$ 7,036 |
| Accumulated depreciation | (2,025) | (2,203) |
| Property and equipment, net | \$ 4,797 | \$ 4,833 |
| Accrued expenses and other liabilities | \$ 441 | \$ 177 |
| Other long-term liabilities | 2,059 | 2,037 |
| Total finance lease liabilities | \$ 2,500 | \$ 2,214 |

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2025 | 2026 |
| Cash payments for lease liabilities: | | |
| Operating cash flows used for operating leases | \$ 878 | \$ 918 |
| Operating cash flows used for finance leases | \$ 15 | \$ 17 |
| Financing cash flows used for finance leases ⁽¹⁾ | \$ 192 | \$ 522 |
| Assets obtained in exchange for lease liabilities: | | |
| Operating leases | \$ 697 | \$ 1,075 |
| Finance leases | \$ 523 | \$ 211 |

⁽¹⁾ Additionally, in the three month period ended March 31, 2026, we made \$634 million of lease prepayments for leases not yet commenced, which are expected to be accounted for as finance leases.

Future lease payments as of March 31, 2026 were as follows (in millions):

| | Operating Leases | Finance Leases |
|-----------------------------------|------------------|----------------|
| Remainder of 2026 | \$ 2,485 | \$ 144 |
| 2027 | 3,229 | 349 |
| 2028 | 2,643 | 339 |
| 2029 | 2,186 | 319 |
| 2030 | 1,797 | 247 |
| Thereafter | 6,467 | 1,237 |
| Total undiscounted lease payments | 18,807 | 2,635 |
| Less: imputed interest | (2,646) | (421) |
| Total lease liability balance | \$ 16,161 | \$ 2,214 |

As of March 31, 2026, we have entered into leases primarily related to data centers that have not yet commenced with future lease payments of \$75.6 billion that are not yet recorded. These leases will commence between 2026 and 2031 with non-cancelable lease terms primarily between one and 25 years.

Note 5. Variable Interest Entities

Consolidated VIEs

We consolidate VIEs in which we hold a variable interest and are the primary beneficiary. The results of operations and financial position of these VIEs are included in our consolidated financial statements.

Unconsolidated VIEs

We hold various forms of interests in VIEs, including certain of our investments in private companies and renewable energy entities, certain leases and credit backstops with data center entities, and certain backstops with energy infrastructure entities. Because we have determined that we do not direct the activities that most significantly impact the economic performance of these entities, we are not the primary beneficiary. Therefore, these VIEs are not consolidated within our financial statements.

Our investments in private companies and renewable energy VIEs are primarily accounted for as non-marketable securities under the measurement alternative or the equity method. The carrying value of these investments are included within non-marketable securities on our Consolidated Balance Sheets. See Note 3 for further details on investments. The maximum exposure to these VIEs is generally limited to the current carrying value plus future funding commitments. As of December 31, 2025 and March 31, 2026, future funding commitments were \$1.1 billion and \$40.7 billion, respectively. As of March 31, 2026, this amount includes commitments for a future private investment consisting of a \$10.0 billion capital commitment and \$30.0 billion of future capital funding contingent upon the achievement of specified operational and financial milestones through 2030, which is accounted for as an equity derivative. See Note 3 for further details on derivatives.

Leases with data center leasing VIEs are accounted for as finance leases and are included within total lease obligations disclosed in Note 4. The maximum exposure arising from leases with VIEs is limited to the net carrying value of commenced finance lease assets, plus the undiscounted future obligations for leases that have not yet commenced. See Note 4 for further details on leases.

Credit backstops we have provided to data center VIEs are accounted for as credit derivatives. The maximum exposure arising from credit backstops with VIEs is limited to the financial risk over the remaining period of the arrangements, as reflected by the credit derivative notional value. See Note 3 for further details on credit derivatives.

Backstop agreements we have provided to certain energy infrastructure VIEs are accounted for as financial guarantees. The maximum exposure to these VIEs is limited to the potential amount of future payments under these arrangements. See Note 10 for further details on financial guarantees.

Note 6. Debt

Short-Term Debt

We have a commercial paper program of up to \$25.0 billion, which is used for general corporate purposes. We had no commercial paper outstanding as of December 31, 2025 and March 31, 2026.

Our short-term debt balance also includes the current portion of certain long-term debt.

Long-Term Debt

During the first quarter of 2026, we issued fixed-rate senior unsecured notes consisting of: \$20.0 billion US dollar-denominated notes with a weighted-average coupon rate of 4.80% and a weighted-average maturity of 15 years; £5.5 billion Sterling-denominated notes with a weighted-average coupon rate of 5.31% and a weighted-average maturity of 31 years; and CHF3.1 billion Swiss Franc-denominated notes with a weighted-average coupon rate of 1.06% and a weighted-average maturity of 10 years.

Total outstanding long-term debt is summarized below (in millions, except percentages):

| | Maturity | Coupon Rate | Effective Interest Rate | As of December 31, 2025 | As of March 31, 2026 |
|---|-------------|---------------|-------------------------|----------------------------|-------------------------|
| Debt | | | | | |
| 2016 US dollar notes | 2026 | 2.00% | 2.23% | \$ 2,000 | \$ 2,000 |
| 2020 US dollar notes | 2027 - 2060 | 0.80% - 2.25% | 0.93% - 2.33% | 9,000 | 9,000 |
| 2025 US dollar notes ⁽¹⁾ | 2028 - 2075 | 3.88% - 5.70% | 4.00% - 5.79% | 22,500 | 22,500 |
| 2025 Euro notes ⁽²⁾ | 2028 - 2064 | 2.38% - 4.38% | 2.57% - 4.51% | 15,585 | 15,265 |
| 2026 US dollar notes | 2029 - 2066 | 3.70% - 5.75% | 3.93% - 5.84% | 0 | 20,000 |
| 2026 Sterling notes ⁽²⁾ | 2029 - 2126 | 4.13% - 6.13% | 4.23% - 6.19% | 0 | 7,310 |
| 2026 Swiss franc notes ⁽²⁾ | 2029 - 2051 | 0.43% - 1.87% | 0.52% - 1.90% | 0 | 3,833 |
| Other long-term debt | | | | 0 | 397 |
| Total face value of long-term debt | | | | 49,085 | 80,305 |
| Unamortized discount and debt issuance costs ⁽²⁾ | | | | (542) | (806) |
| Less: current portion of long-term notes ⁽³⁾ | | | | (1,996) | (1,998) |
| Total long-term debt | | | | \$ 46,547 | \$ 77,501 |

⁽¹⁾ Includes \$500 million of floating-rate notes due in 2028. Interest is calculated using the compounded Secured Overnight Financing Rate (SOFR) plus 0.52%, reset quarterly.

⁽²⁾ Principal, unamortized discount, and debt issuance costs for the foreign currency-denominated notes include the effect of foreign exchange rates.

⁽³⁾ Total current portion of long-term debt is included within accrued expenses and other current liabilities. See Note 7 for further details.

The notes in the table above are senior unsecured obligations and rank equally with each other. We may redeem the fixed-rate notes at any time in whole or in part at specified redemption prices. The floating-rate notes are not redeemable prior to maturity. Interest is payable quarterly for the floating-rate notes, semi-annually for the US dollar-denominated fixed-rate notes, and annually for the euro-, sterling-, and Swiss franc-denominated fixed-rate notes. The effective interest rates are based on proceeds received and contractual interest payments.

The total estimated fair value of the outstanding notes was approximately \$45.6 billion and \$75.3 billion as of December 31, 2025 and March 31, 2026, respectively. The fair value was determined based on observable market prices of identical instruments in less active markets and is categorized accordingly as Level 2 in the fair value hierarchy.

Credit Facility

As of March 31, 2026, we had \$11.7 billion of credit facilities expiring at various dates through April 2030, of which \$1.2 billion was outstanding. The outstanding debt under the credit facilities bears an interest rate of SOFR plus 1.5% to 2.25% that is paid quarterly.

Note 7. Supplemental Financial Statement Information

Accounts Receivable

The allowance for credit losses on accounts receivable was \$924 million and \$962 million as of December 31, 2025 and March 31, 2026, respectively.

Property and Equipment, Net

Property and equipment, net, consisted of the following (in millions):

| | As of December 31, 2025 | As of March 31, 2026 |
|---|----------------------------|-------------------------|
| Technical infrastructure ⁽¹⁾ | \$ 203,679 | \$ 217,886 |
| Office space | 48,348 | 48,772 |
| Corporate and other assets | 14,463 | 5,945 |
| Property and equipment, in service | 266,490 | 272,603 |
| Less: accumulated depreciation | (98,485) | (100,180) |
| Add: assets not yet in service | 78,592 | 108,597 |
| Property and equipment, net | <u>\$ 246,597</u> | <u>\$ 281,020</u> |

⁽¹⁾ As of December 31, 2025 and March 31, 2026, approximately 60% of technical infrastructure assets were comprised of servers and network equipment. The remaining balance was comprised of data center land and buildings and related assets.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in millions):

| | As of December 31, 2025 | As of March 31, 2026 |
|---|----------------------------|-------------------------|
| Accrued fines and settlements ⁽¹⁾ | \$ 15,594 | \$ 15,551 |
| Accrued purchases of property and equipment | 8,877 | 12,873 |
| Accrued customer liabilities | 5,029 | 4,965 |
| Payables to brokers for unsettled investment trades | 950 | 631 |
| Income taxes payable, net | 523 | 3,905 |
| Other accrued expenses and current liabilities | 24,584 | 25,094 |
| Accrued expenses and other current liabilities | <u>\$ 55,557</u> | <u>\$ 63,019</u> |

⁽¹⁾ See Legal Matters in Note 10 for further details.

Noncontrolling Interests

Total noncontrolling interests (NCI) in our consolidated subsidiaries were \$3.4 billion and \$7.2 billion as of December 31, 2025 and March 31, 2026, respectively, of which \$841 million and \$1.8 billion were redeemable noncontrolling interests (RNCI) as of December 31, 2025 and March 31, 2026, respectively. NCI and RNCI are included within additional paid-in capital. Net loss attributable to noncontrolling interests was not material for any period presented and is included within the "other" component of OI&E.

Accumulated Other Comprehensive Income (Loss)

Components of AOCI, net of income tax, were as follows (in millions):

| | Foreign Currency Translation Adjustments | Unrealized Gains (Losses) on Available-for-Sale Investments | Unrealized Gains (Losses) on Cash Flow Hedges | Total |
|--|--|--|---|-------------------|
| Balance as of December 31, 2024 | \$ (5,080) | \$ (299) | \$ 579 | \$ (4,800) |
| Other comprehensive income (loss) before reclassifications | 663 | 645 | (252) | 1,056 |
| Amounts excluded from the assessment of hedge effectiveness recorded in AOCI | 0 | 0 | (61) | (61) |
| Amounts reclassified from AOCI | 0 | (84) | (197) | (281) |
| Other comprehensive income (loss) | 663 | 561 | (510) | 714 |
| Balance as of March 31, 2025 | <u>\$ (4,417)</u> | <u>\$ 262</u> | <u>\$ 69</u> | <u>\$ (4,086)</u> |

| | Foreign Currency Translation Adjustments | Unrealized Gains (Losses) on Available-for-Sale Investments | Unrealized Gains (Losses) on Cash Flow Hedges | Total |
|--|--|--|---|------------|
| Balance as of December 31, 2025 | \$ (2,558) | \$ 678 | \$ (36) | \$ (1,916) |
| Other comprehensive income (loss) before reclassifications | (338) | (356) | 196 | (498) |
| Amounts excluded from the assessment of hedge effectiveness recorded in AOCI | 12 | 0 | 83 | 95 |
| Amounts reclassified from AOCI | 0 | (19) | 158 | 139 |
| Other comprehensive income (loss) | (326) | (375) | 437 | (264) |
| Balance as of March 31, 2026 | \$ (2,884) | \$ 303 | \$ 401 | \$ (2,180) |

The effects on net income of amounts reclassified from AOCI were as follows (in millions):

| AOCI Components | Location | Three Months Ended March 31, | |
|---|-----------------------------|---------------------------------|----------|
| | | 2025 | 2026 |
| Unrealized gains (losses) on available-for-sale investments | | | |
| Other income (expense), net | | \$ 104 | \$ 24 |
| Benefit (provision) for income taxes | | (20) | (5) |
| Net of income tax | | 84 | 19 |
| Unrealized gains (losses) on cash flow hedges | | | |
| Foreign exchange derivatives | Revenue | 242 | (211) |
| Interest rate derivatives | Other income (expense), net | 0 | 1 |
| Benefit (provision) for income taxes | | (45) | 52 |
| Net of income tax | | 197 | (158) |
| Total amount reclassified, net of income tax | | \$ 281 | \$ (139) |

Other Income (Expense), Net

Components of OI&E were as follows (in millions):

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2026 |
| Interest income | \$ 1,001 | \$ 1,381 |
| Interest expense ⁽¹⁾ | (34) | (533) |
| Foreign currency exchange gain (loss), net | (106) | 146 |
| Gain (loss) on debt securities, net | 202 | (111) |
| Gain (loss) on equity securities, net | 9,758 | 36,915 |
| Income (loss) and impairment from equity method investments, net | (22) | 60 |
| Other | 384 | (142) |
| Other income (expense), net | \$ 11,183 | \$ 37,716 |

⁽¹⁾ Interest expense is net of interest capitalized of \$79 million and \$265 million for the three months ended March 31, 2025 and 2026, respectively.

Note 8. Acquisitions and Divestitures

Wiz Acquisition

On March 11, 2026, we completed our acquisition of Wiz for \$29.5 billion, after purchase price adjustments and excluding post combination compensation arrangements. This acquisition represents an investment by Google Cloud to accelerate our capabilities in multicloud and artificial intelligence (AI)-driven security. Following the close of the acquisition, the financial results are included in our consolidated financial statements within the Google Cloud segment.

The preliminary purchase price was allocated as follows (in millions):

| | | |
|--|----|---------------|
| Intangible assets | \$ | 8,300 |
| Goodwill ⁽¹⁾ | | 22,689 |
| Net liabilities assumed ⁽²⁾ | | (1,522) |
| Total purchase price | \$ | <u>29,467</u> |

⁽¹⁾ Goodwill has been recorded in the Google Cloud segment and primarily attributable to synergies expected to arise after the acquisition. Goodwill is not deductible for tax purposes.

⁽²⁾ Includes \$660 million of acquired cash.

Intangible assets acquired as of the acquisition date were as follows:

| | Amount (in millions) | Weighted-Average Useful Life (in years) |
|----------------------------------|-------------------------|---|
| Patents and developed technology | \$ 3,600 | 7 |
| Customer relationships | 4,500 | 10 |
| Trade names and other | 200 | 7 |
| Total intangible assets | <u>\$ 8,300</u> | |

Intersect Acquisition

On March 10, 2026, we completed our acquisition of Intersect, a developer of renewable energy, for \$5.9 billion, after purchase price adjustments. This acquisition enables acceleration of data center capacity and energy development. Intersect is a VIE and we have determined we are the primary beneficiary. Following the close of the acquisition, the financial results are included in our consolidated financial statements and are allocated to our segments.

The preliminary purchase price was allocated as follows (in millions):

| | | |
|--|----|--------------|
| Goodwill ⁽¹⁾ | \$ | 2,170 |
| Property and equipment | | 5,111 |
| Debt | | (1,214) |
| Net liabilities assumed ⁽²⁾ | | (205) |
| Total purchase price | \$ | <u>5,862</u> |

⁽¹⁾ Goodwill has been allocated to Google Services and Google Cloud segments and primarily attributable to synergies expected to arise after the acquisition. Goodwill is not deductible for tax purposes.

⁽²⁾ Includes \$410 million of acquired cash.

Pending Divestiture

In March 2026, we entered into a definitive agreement to contribute our ownership interest in GFiber, a wholly owned subsidiary, into a newly formed entity. Upon closing, we expect to receive \$1.5 billion in cash, a \$2.0 billion note receivable, and a 49.99% equity interest. The remaining interest is expected to be accounted for as an unconsolidated VIE under the equity method of accounting, as we will no longer be the primary beneficiary. The transaction is expected to close in late 2026.

As of March 31, 2026, GFiber met the criteria for held for sale classification. No impairment loss was recognized upon classification as held for sale and we ceased depreciation of the related long-lived assets. Held for sale assets primarily consist of property and equipment of \$6.8 billion, which is included in other current assets in our Consolidated Balance Sheet as of March 31, 2026. The operating results of GFiber remain included within the Other Bets segment through the close of the transaction.

Note 9. Goodwill and Intangible Assets

Goodwill

Changes in the carrying amount of goodwill for the three months ended March 31, 2026 were as follows (in millions):

| | Google Services | Google Cloud | Other Bets | Total |
|--|-----------------|--------------|------------|-----------|
| Balance as of December 31, 2025 | \$ 24,870 | \$ 7,660 | \$ 850 | \$ 33,380 |
| Additions | 1,143 | 23,841 | 0 | 24,984 |
| Foreign currency translation and other adjustments | (28) | (3) | (559) | (590) |
| Balance as of March 31, 2026 | \$ 25,985 | \$ 31,498 | \$ 291 | \$ 57,774 |

Intangible Assets

Information regarding intangible assets was as follows (in millions):

| | As of December 31, 2025 | | | As of March 31, 2026 | | |
|--|-------------------------|--------------------------|---------------------|-----------------------|--------------------------|--------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| Patents and developed technology | \$ 1,332 | \$ (754) | \$ 578 | \$ 4,821 | \$ (735) | \$ 4,086 |
| Customer relationships | 582 | (318) | 264 | 5,090 | (355) | 4,735 |
| Trade names and other | 553 | (307) | 246 | 715 | (287) | 428 |
| Total definite-lived intangible assets | 2,467 | (1,379) | 1,088 | 10,626 | (1,377) | 9,249 |
| Indefinite-lived intangible assets | 195 | 0 | 195 | 195 | 0 | 195 |
| Total intangible assets | \$ 2,662 | \$ (1,379) | \$ 1,283 | \$ 10,821 | \$ (1,377) | \$ 9,444 |

Amortization expense relating to intangible assets was \$122 million and \$178 million for the three months ended March 31, 2025 and 2026, respectively.

Expected amortization expense of definite-lived intangible assets held as of March 31, 2026 was as follows (in millions):

| | | |
|--|----|-------|
| Remainder of 2026 | \$ | 1,080 |
| 2027 | | 1,310 |
| 2028 | | 1,146 |
| 2029 | | 1,098 |
| 2030 | | 1,061 |
| Thereafter | | 3,554 |
| Total definite-lived intangible assets | \$ | 9,249 |

Note 10. Commitments and Contingencies

Commitments

We have contractual obligations from contracts with remaining terms greater than one year primarily consisting of certain long-term supply agreements to secure future production capacity for technical infrastructure and inventory components. In addition, we have commitments for certain energy service agreements to secure energy for data center usage, and certain content licensing agreements. As of March 31, 2026, expected future fixed or minimum guaranteed commitments under these agreements were \$232.7 billion.

We expect contractual commitments under the long-term supply agreements and content licenses to generally be paid through 2030. The energy service agreements include terms ranging from two to 20 years, with payments through 2047, and generally include take-or-pay provisions for minimum quantities of energy supply and substantive termination fees.

Financial Guarantees

We provide financial guarantees to certain counterparties, primarily in the form of backstop agreements with varying terms through August 2026. These backstop agreements support counterparty procurement of long-lead time equipment for our future power purchase and energy agreements. As of March 31, 2026, our maximum potential amount of future payments under these guarantees was \$9.0 billion, upon which we may receive certain assets. The fair value of these obligations was not material.

Indemnifications

In the normal course of business, including to facilitate transactions in our services and products and corporate activities, we indemnify certain parties, including advertisers, Google Network partners, distribution partners, customers of Google Cloud offerings, lessors, and service providers with respect to certain matters. We have agreed to defend and/or indemnify certain parties against losses arising from a breach of representations or covenants, or out of intellectual property infringement or other claims made against certain parties. Several of these agreements limit the time within which an indemnification claim can be made and the amount of the claim. In addition, we have entered into indemnification agreements with our officers and directors, and our bylaws contain similar indemnification obligations to our agents.

It is not possible to make a reasonable estimate of the maximum potential amount under these indemnification agreements due to the unique facts and circumstances involved in each particular agreement. Additionally, the payments we have made under such agreements have not had a material adverse effect on our results of operations, cash flows, or financial position. However, to the extent that valid indemnification claims arise in the future, future payments by us could be significant and could have a material adverse effect on our results of operations or cash flows in a particular period.

As of March 31, 2026, we did not have any material indemnification claims that were probable or reasonably possible.

Legal Matters

We record a liability when we believe that it is probable that a loss has been incurred, and the amount can be reasonably estimated. If we determine that a loss is reasonably possible and the loss or range of loss can be estimated, we disclose the reasonably possible loss. We evaluate developments in our legal matters that could affect the amount of liability that has been previously accrued, and the matters and related reasonably possible losses disclosed, and make adjustments as appropriate.

Certain outstanding matters seek speculative, substantial, or indeterminate monetary amounts, substantial changes to our business practices and products, or structural remedies. Significant judgment is required to determine both the likelihood of there being a loss and the estimated amount of a loss related to such matters, and we may be unable to estimate the reasonably possible loss or range of losses. The outcomes of outstanding legal matters are inherently unpredictable and subject to significant uncertainties, and could, either individually or in aggregate, have a material adverse effect.

We expense legal fees in the period in which they are incurred.

Antitrust Matters

We are subject to formal and informal inquiries and investigations as well as litigation on various competition matters by regulatory authorities and private parties in the US, Europe, and other jurisdictions globally, including the following:

- *Android*: In July 2018, the European Commission (EC) announced its decision that certain provisions in Google's Android-related distribution agreements infringed European antitrust laws, imposed a €4.3 billion fine, and directed the termination of the conduct at issue. We appealed the EC decision and implemented changes to certain of our Android distribution practices. In September 2022, the General Court affirmed the EC decision but reduced the fine from €4.3 billion to €4.1 billion. We subsequently appealed the General Court's affirmation of the EC decision with the European Court of Justice, which remains pending. In 2018, we recognized a charge of \$5.1 billion for the fine, which we reduced by \$217 million in 2022.
- *AdSense for Search*: In March 2019, the EC announced its decision that certain provisions in Google's agreements with AdSense for Search partners infringed European antitrust laws, imposed a €1.5 billion fine, and directed actions related to AdSense for Search partners' agreements, which we implemented prior to the decision. In 2019, we recognized a charge of \$1.7 billion for the fine and appealed the EC decision. In September 2024, the General Court overturned the EC decision and annulled the €1.5 billion fine. The EC has appealed the General Court's decision with the European Court of Justice, which remains pending.

- *Search*: In October 2020, the US Department of Justice (DOJ) and a number of state Attorneys General filed a lawsuit in the US District Court for the District of Columbia concerning Google's Search and Search advertising practices and its compliance with US antitrust laws. In August 2024, the US District Court for the District of Columbia ruled against Google. A final judgment was entered in December 2025, which, among other things, imposes restrictions on how Google distributes its services and requires Google to share certain search data with and offer syndication services to certain competitors. In January 2026, we appealed the final judgment and moved to pause implementation of certain remedies. In February 2026, the DOJ and state Attorneys General also appealed.
- *Advertising Technology*: In December 2020, a number of state Attorneys General filed a lawsuit in the US District Court for the Eastern District of Texas concerning Google's advertising technology and its compliance with US antitrust laws and state deceptive trade laws. In January 2023, the DOJ, along with a number of state Attorneys General, filed a lawsuit in the US District Court for the Eastern District of Virginia concerning Google's advertising technology and its compliance with US antitrust laws, and a number of additional state Attorneys General subsequently joined the lawsuit. In April 2025, the US District Court for the Eastern District of Virginia issued a mixed decision in the DOJ case against Google, ruling that neither Google's advertiser tools nor the DoubleClick and AdMeld acquisitions were anticompetitive, but that Google's publisher tools unfairly excluded rivals. A separate proceeding to determine remedies, the range of which vary widely, took place in September 2025, with the parties presenting differing remedy proposals. The DOJ's remedy proposal includes structural remedies that could have a material adverse effect on our business. Closing arguments were held in November 2025, and we are awaiting a final judgment. After that judgment, we plan to appeal the adverse portion of the April 2025 decision and potentially aspects of the remedies decision. A trial in the state Attorneys General case in the Eastern District of Texas will take place after a decision on remedies is issued in the DOJ case. Given the nature of these matters, we cannot estimate a possible loss.

Further, in September 2025, the EC announced its decision that Google had infringed European competition laws through "self-preferencing" practices on the buy-side and the sell-side relating to Google's advertising technology business. The EC decision imposed a €3.0 billion fine and directed Google to cease and desist the alleged "self-preferencing" practices. We appealed the ruling in November 2025, which remains pending. We recognized a charge of \$3.5 billion in the third quarter of 2025, and we placed bank guarantees in the fourth quarter of 2025 in lieu of cash payment.

In September 2024, the United Kingdom (UK) also issued a Statement of Objections concerning Google's advertising technology and its compliance with UK antitrust laws, to which we responded.

- *Google Play*: In July 2021, a number of state Attorneys General filed a lawsuit in the US District Court for the Northern District of California concerning Google's operation of Android and Google Play and its compliance with US antitrust laws and state antitrust and consumer protection laws. In September 2023, we reached a settlement in principle with 50 state Attorneys General and three territories and recognized a charge. The court preliminarily approved the settlement in November 2025, and final approval remains pending before the court. In May 2024, we funded the settlement amount to an escrow agent.

In December 2023, a California jury delivered a verdict against Google in *Epic Games v. Google* related to Google Play's business. Epic did not seek monetary damages. The presiding judge issued a remedies decision in October 2024, ordering a variety of alterations to our business models and operations and contractual agreements for Android and Google Play. We appealed the judgment, including the jury verdict and aspects of the remedies ordered. In July 2025, the Court of Appeals denied our appeal, and we subsequently petitioned the US Supreme Court for review. While that appeal was pending, we implemented the effective ordered remedies in October 2025. In March 2026, we reached a settlement with Epic to seek modification of the remedies, implement certain changes regarding the operation of Google Play, and resolve certain other lawsuits Epic has filed regarding Google Play's business. Following the settlement, we withdrew our petition to the US Supreme Court in March 2026, and Epic and Google filed a joint motion to modify the injunction in April 2026, which is currently pending before the court.

- *European Digital Markets Act*: In March 2024, the EC opened two investigations regarding Google's compliance with certain provisions of the European Union's (EU) Digital Markets Act relating to Google Play and Search. In March 2025, the EC issued preliminary findings of non-compliance in both investigations, to which we responded. Given the nature of this matter, we cannot reasonably estimate a probable loss.

In addition to these antitrust proceedings, private individual and collective actions that overlap with claims pursued by regulatory authorities are pending in the US and in several other jurisdictions, including across Europe. Given the nature of these matters, we cannot estimate a possible loss.

We believe we have strong arguments against these open claims and will defend ourselves vigorously. We continue to cooperate with federal and state regulators in the US, the EC, and other regulators around the world.

Privacy Matters

We are subject to a number of privacy-related laws and regulations, and we currently are party to a number of privacy investigations and lawsuits ongoing in multiple jurisdictions. For example, there are ongoing investigations and litigation in the US and the EU, including those relating to our collection and use of location information, the choices we offer users, and advertising practices, which could result in significant fines, judgments, and product changes.

Patent and Intellectual Property Claims

We have had patent, copyright, trade secret, and trademark infringement lawsuits filed against us claiming that certain of our products, services, and technologies infringe others' intellectual property rights. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or orders preventing us from offering certain features, functionalities, products, or services. As a result, we may have to change our business practices and develop non-infringing products or technologies, which could result in a loss of revenues for us and otherwise harm our business. In addition, the US International Trade Commission (ITC) has increasingly become an important forum to litigate intellectual property disputes because an ultimate loss in an ITC action can result in a prohibition on importing infringing products into the US. Because the US is an important market, a prohibition on importation could have an adverse effect on us, including preventing us from importing many important products into the US or necessitating workarounds that may limit certain features of our products.

Further, our customers and partners may discontinue the use of our products, services, and technologies, as a result of injunctions or otherwise, which could result in loss of revenues and adversely affect our business.

Other

We are subject to claims, lawsuits, regulatory and government inquiries and investigations, other proceedings, and consent orders involving competition, intellectual property, data privacy and security, tax and related compliance, labor and employment, commercial disputes, content generated by our users, goods and services offered by advertisers or publishers using our platforms, design of our products and services, personal injury and other tort and nuisance theories, consumer protection, including how we moderate content on our platforms, AI, and other matters. For example, we periodically have data incidents that we report to relevant regulators as required by law. Such claims, consent orders, lawsuits, regulatory and government investigations, and other proceedings could result in substantial fines and penalties, injunctive relief, ongoing monitoring and auditing obligations, changes to our products and services, alterations to our business models and operations, and collateral related civil litigation or other adverse consequences, all of which could harm our business, reputation, financial condition, and operating results.

We have ongoing legal matters relating to Russia. For example, some matters concern civil judgments that include compounding penalties imposed upon us in connection with disputes regarding the termination of accounts, including those of sanctioned parties. We do not expect these ongoing legal matters will have a material adverse effect.

Non-Income Taxes

We are under audit by various domestic and foreign tax authorities with regards to non-income tax matters. The subject matter of non-income tax audits primarily arises from disputes on the tax treatment and tax rate applied to the sale of our products and services in these jurisdictions and the tax treatment of certain employee benefits. We accrue non-income taxes that may result from examinations by, or any negotiated agreements with, these tax authorities when a loss is probable and reasonably estimable. If we determine that a loss is reasonably possible and the loss or range of loss can be estimated, we disclose the reasonably possible loss. Due to the inherent complexity and uncertainty of these matters and judicial process in certain jurisdictions, the final outcome may be materially different from our expectations.

See Note 14 for further details regarding income tax contingencies.

Note 11. Stockholders' Equity

Share Repurchases

In the three months ended March 31, 2026, there were no repurchases of the company's Class A or Class C shares.

In April 2025, the company's Board of Directors authorized a \$70.0 billion share repurchase program for its Class A and Class C shares. As of March 31, 2026, \$69.5 billion remained available for Class A and Class C share repurchases.

Repurchases may be executed from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans. The repurchase programs do not have an expiration date.

Dividends

In the three months ended March 31, 2026, total cash dividends were \$1.2 billion for Class A, \$176 million for Class B, and \$1.1 billion for Class C shares, respectively.

In April 2026, the company's Board of Directors declared a quarterly cash dividend of \$0.22 per share, representing a 5% increase from the previous quarterly dividend of \$0.21 per share. The dividend is payable on June 15, 2026 to stockholders of record for each of the company's Class A, Class B, and Class C shares as of June 8, 2026.

The company has declared a quarterly cash dividend in the current quarter, and intends to pay quarterly cash dividends in the future, subject to review and approval by the company's Board of Directors in its sole discretion.

Note 12. Net Income Per Share

The following table sets forth the computation of basic and diluted net income per share of Class A, Class B, and Class C stock (in millions, except per share amounts):

Three Months Ended March 31,

| | 2025 | | | | 2026 | | | |
|---|-----------|----------|-----------|--------------|-----------|----------|-----------|--------------|
| | Class A | Class B | Class C | Consolidated | Class A | Class B | Class C | Consolidated |
| Basic net income per share: | | | | | | | | |
| Numerator | | | | | | | | |
| Allocation of distributed earnings (cash dividends paid) | \$ 1,167 | \$ 171 | \$ 1,096 | \$ 2,434 | \$ 1,223 | \$ 175 | \$ 1,144 | \$ 2,542 |
| Allocation of undistributed earnings | 15,367 | 2,264 | 14,475 | 32,106 | 28,889 | 4,153 | 26,994 | 60,036 |
| Net income | \$ 16,534 | \$ 2,435 | \$ 15,571 | \$ 34,540 | \$ 30,112 | \$ 4,328 | \$ 28,138 | \$ 62,578 |
| Denominator | | | | | | | | |
| Number of shares used in per share computation | 5,831 | 859 | 5,493 | 12,183 | 5,822 | 837 | 5,440 | 12,099 |
| Basic net income per share | \$ 2.84 | \$ 2.83 | \$ 2.83 | \$ 2.84 | \$ 5.17 | \$ 5.17 | \$ 5.17 | \$ 5.17 |
| Diluted net income per share: | | | | | | | | |
| Numerator | | | | | | | | |
| Allocation of total earnings for basic computation | \$ 16,534 | \$ 2,435 | \$ 15,571 | \$ 34,540 | \$ 30,112 | \$ 4,328 | \$ 28,138 | \$ 62,578 |
| Reallocation of total earnings as a result of conversion of Class B to Class A shares | 2,435 | 0 | 0 | (1) | 4,328 | 0 | 0 | (1) |
| Reallocation of undistributed earnings | (156) | (20) | 156 | (1) | (375) | (47) | 375 | (1) |
| Net income | \$ 18,813 | \$ 2,415 | \$ 15,727 | \$ 34,540 | \$ 34,065 | \$ 4,281 | \$ 28,513 | \$ 62,578 |
| Denominator | | | | | | | | |
| Number of shares used in basic computation | 5,831 | 859 | 5,493 | 12,183 | 5,822 | 837 | 5,440 | 12,099 |
| Weighted-average effect of dilutive securities | | | | | | | | |
| Add: | | | | | | | | |
| Conversion of Class B to Class A shares outstanding | 859 | 0 | 0 | (1) | 837 | 0 | 0 | (1) |
| Restricted stock units and other contingently issuable shares | 0 | 0 | 108 | 108 | 0 | 0 | 139 | 139 |
| Number of shares used in per share computation | 6,690 | 859 | 5,601 | 12,291 | 6,659 | 837 | 5,579 | 12,238 |
| Diluted net income per share | \$ 2.81 | \$ 2.81 | \$ 2.81 | \$ 2.81 | \$ 5.12 | \$ 5.11 | \$ 5.11 | \$ 5.11 |

(1) Not applicable for consolidated net income per share.

For the periods presented above, the holders of each class are entitled to equal per share dividends or distributions in liquidation in accordance with the Amended and Restated Certificate of Incorporation of Alphabet Inc. Holders of Alphabet unvested stock units are awarded dividend equivalents, which are subject to the same vesting conditions as the underlying award, and settled in Class C shares.

Immaterial differences in net income per share across our Class A, Class B, and Class C shares may arise due to the allocation of distributed earnings, which is based on the holders as of the record date, compared with the allocation of undistributed earnings and number of shares, which is based on the weighted average shares outstanding over the periods.

Note 13. Compensation Plans

Stock-Based Compensation

For the three months ended March 31, 2025 and 2026, total stock-based compensation (SBC) expense was \$5.5 billion and \$7.2 billion, including amounts associated with awards we expect to settle in Alphabet stock of \$5.3 billion and \$6.5 billion, respectively.

Stock-Based Award Activities

The following table summarizes the activities for unvested Alphabet restricted stock units (RSUs), which include dividend equivalents awarded to holders of unvested stock, for the three months ended March 31, 2026 (in millions, except per share amounts):

| | Number of Shares | Weighted- Average Grant-Date Fair Value |
|----------------------------------|---------------------|--|
| Unvested as of December 31, 2025 | 282 | \$ 159.75 |
| Granted | 90 | \$ 305.14 |
| Vested | (44) | \$ 155.46 |
| Forfeited/canceled | (7) | \$ 167.42 |
| Unvested as of March 31, 2026 | 321 | \$ 200.89 |

As of March 31, 2026, there was \$62.6 billion of unrecognized compensation cost related to unvested RSUs. This amount is expected to be recognized over a weighted-average period of 2.9 years.

Note 14. Income Taxes

The following table presents provision for income taxes (in millions, except for effective tax rate):

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2026 |
| Income before provision for income taxes | \$ 41,789 | \$ 77,412 |
| Provision for income taxes | \$ 7,249 | \$ 14,834 |
| Effective tax rate | 17.3 % | 19.2 % |

We are subject to income taxes in the US and foreign jurisdictions. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes. The total amount of gross unrecognized tax benefits was \$11.5 billion and \$13.4 billion, of which \$9.7 billion and \$11.6 billion, if recognized, would affect our effective tax rate, as of December 31, 2025 and March 31, 2026, respectively.

Note 15. Information about Segments and Geographic Areas

We report our segment results as Google Services, Google Cloud, and Other Bets:

- Google Services includes products and services such as ads, Android, Chrome, devices, Google Maps, Google Play, Search, and YouTube. Google Services generates revenues primarily from advertising; fees received for consumer subscription-based products such as YouTube TV, YouTube Music and Premium, and NFL Sunday Ticket, as well as Google One; the sale of apps and in-app purchases; and devices.
- Google Cloud includes infrastructure and platform services, applications, and other services for enterprise customers. Google Cloud generates revenues primarily from consumption-based fees and subscriptions received for Google Cloud Platform services, Google Workspace communication and collaboration tools, and other enterprise services.
- Other Bets is a combination of multiple operating segments that are not individually material. Revenues from Other Bets are generated primarily from the sale of autonomous transportation services and internet services.

Revenues, certain costs, such as costs associated with content and traffic acquisition, certain engineering activities, and devices, as well as certain operating expenses are directly attributable to our segments. Due to the integrated nature of Alphabet, other costs and expenses, such as technical infrastructure and office facilities, are

managed centrally at a consolidated level. These costs, including the associated depreciation, are allocated to operating segments as a service cost generally based on usage, headcount, or revenue.

Certain costs are not allocated to our segments because they represent Alphabet-level activities. These costs primarily include:

- certain AI-focused shared research and development activities, including employee compensation expenses and technical infrastructure usage costs associated with the development of our general AI models;
- corporate initiatives such as our philanthropic activities; and
- corporate shared costs such as certain finance, human resource, and legal costs, including certain fines and settlements.

Charges associated with employee severance and office space reductions are also not allocated to our segments. Additionally, hedging gains (losses) related to revenue are not allocated to our segments.

Our Chief Operating Decision Maker (CODM) is our Chief Executive Officer, Sundar Pichai. Our CODM uses segment operating income (loss) to allocate resources to our segments in our annual planning process and to assess the performance of our segments, primarily by monitoring actual results versus the annual plan. Our operating segments are not evaluated using asset information.

The following table presents revenue, profitability, and expense information about our segments (in millions):

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------------|
| | 2025 | 2026 |
| Revenues: | | |
| Google Services | \$ 77,264 | \$ 89,637 |
| Google Cloud | 12,260 | 20,028 |
| Other Bets | 450 | 411 |
| Hedging gains (losses) | 260 | (180) |
| Total revenues | <u>\$ 90,234</u> | <u>\$ 109,896</u> |
| Operating income (loss): | | |
| Google Services | \$ 32,682 | \$ 40,589 |
| Google Cloud | 2,177 | 6,598 |
| Other Bets | (1,226) | (2,100) |
| Alphabet-level activities | (3,027) | (5,391) |
| Total income from operations | <u>\$ 30,606</u> | <u>\$ 39,696</u> |
| Supplemental information about segment expenses: | | |
| Google Services: | | |
| Employee compensation expenses | \$ 11,337 | \$ 12,206 |
| Other costs and expenses | 33,245 | 36,842 |
| Total Google Services costs and expenses | <u>\$ 44,582</u> | <u>\$ 49,048</u> |
| Google Cloud: | | |
| Employee compensation expenses | \$ 5,412 | \$ 6,443 |
| Other costs and expenses | 4,671 | 6,987 |
| Total Google Cloud costs and expenses | <u>\$ 10,083</u> | <u>\$ 13,430</u> |

Google Services and Google Cloud employee compensation expenses include the costs associated with direct and allocated employees. Google Services and Google Cloud other costs and expenses primarily include direct costs, such as advertising and promotional activities, legal and other matters, and third-party services fees as well as allocated costs, such as technical infrastructure and office facilities usage costs. Additionally, Google Services other costs and expenses include content acquisition costs, traffic acquisition costs (TAC), and device costs.

See Note 2 for further details relating to revenues by geography.

The following table presents long-lived assets by geographic area, which includes property and equipment, net and operating lease assets (in millions):

| | <u>As of December 31, 2025</u> | <u>As of March 31, 2026</u> |
|-------------------------|------------------------------------|---------------------------------|
| Long-lived assets: | | |
| United States | \$ 195,337 | \$ 227,266 |
| International | 66,481 | 69,263 |
| Total long-lived assets | <u>\$ 261,818</u> | <u>\$ 296,529</u> |

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Please read the following discussion and analysis of our financial condition and results of operations together with "Note about Forward-Looking Statements" and our consolidated financial statements and related notes included under Item 1 of this Quarterly Report on Form 10-Q as well as our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, including Part I, Item 1A "Risk Factors," as updated in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Understanding Alphabet's Financial Results

Alphabet is a collection of businesses — the largest of which is Google. We report Google in two segments, Google Services and Google Cloud, and all non-Google businesses collectively as Other Bets. Supporting these businesses, we have centralized certain AI-related research and development focused on advanced research in AI and developing the frontier models that serve our businesses, which is reported in Alphabet-level activities. For further details on our segments, see Note 15 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Revenues and Monetization Metrics

We generate revenues by delivering relevant, cost-effective online advertising; cloud-based solutions that provide enterprise customers of all sizes with infrastructure, platform services, and applications; and sales of other products and services, such as fees received for subscription-based products, apps and in-app purchases, and devices. For additional information on how we recognize revenue, see Note 1 of the Notes to Consolidated Financial Statements included in Part II, Item 8 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

In addition to the long-term trends and their financial effect on our business discussed in "Trends in Our Business and Financial Effect" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, fluctuations in our revenues have been and may continue to be affected by a combination of factors, including:

- changes in foreign currency exchange rates;
- changes in pricing, such as those resulting from changes in fee structures, discounts, and customer incentives;
- general economic conditions and various external dynamics, including geopolitical events, regulations, and other measures and their effect on advertiser, consumer, and enterprise spending;
- new product, service, and market launches; and
- seasonality.

Additionally, fluctuations in our revenues generated from advertising ("Google advertising"), other sources ("Google subscriptions, platforms, and devices"), Google Cloud, and Other Bets have been, and may continue to be, affected by other factors unique to each set of revenues, as described below.

Google Services

Google Services revenues consist of Google advertising as well as Google subscriptions, platforms, and devices revenues.

Google Advertising

Google advertising revenues are comprised of the following:

- Google Search & other, which includes revenues generated on Google search properties (including revenues from traffic generated by search distribution partners who use Google.com as their default search in browsers, toolbars, etc.), and other Google owned and operated properties like Gmail, Google Maps, and Google Play;
- YouTube ads, which includes revenues generated on YouTube properties; and
- Google Network, which includes revenues generated on Google Network properties participating in AdMob, AdSense, and Google Ad Manager.

We use certain metrics to track how well traffic across various properties is monetized as it relates to our advertising revenues: paid clicks and cost-per-click pertain to traffic on Google Search & other properties, while impressions and cost-per-impression pertain to traffic on our Google Network properties.

Paid clicks represent engagement by users and include clicks on advertisements by end-users on Google search properties and other Google owned and operated properties including Gmail, Google Maps, and Google Play. Cost-per-click is defined as click-driven revenues divided by our total number of paid clicks and represents the average amount we charge advertisers for each engagement by users.

Impressions include impressions displayed to users on Google Network properties participating primarily in AdMob, AdSense, and Google Ad Manager. Cost-per-impression is defined as impression-based and click-based revenues divided by our total number of impressions, and represents the average amount we charge advertisers for each impression displayed to users.

As our business evolves, we periodically review, refine, and update our methodologies for monitoring, gathering, and counting the number of paid clicks and the number of impressions, and for identifying the revenues generated by the corresponding click and impression activity.

Fluctuations in our advertising revenues, as well as the change in paid clicks and cost-per-click on Google Search & other properties and the change in impressions and cost-per-impression on Google Network properties and the correlation between these items have been, and may continue to be, affected by factors in addition to the general factors described above, such as:

- advertiser competition for keywords;
- changes in advertising quality, formats, delivery, or policy;
- changes in device mix;
- seasonal fluctuations in internet usage, advertising expenditures, and underlying business trends, such as traditional retail seasonality; and
- traffic growth in emerging markets compared to more mature markets and across various verticals and channels.

Google Subscriptions, Platforms, and Devices

Google subscriptions, platforms, and devices revenues are comprised of the following:

- consumer subscriptions, which primarily include revenues from YouTube services, such as YouTube TV, YouTube Music and Premium, and NFL Sunday Ticket, as well as Google One, which offers access to our most capable Gemini models;
- platforms, which primarily include revenues from Google Play sales of apps and in-app purchases;
- devices, which primarily include sales of the Pixel family of devices; and
- other products and services.

Fluctuations in our Google subscriptions, platforms, and devices revenues have been, and may continue to be, affected by factors in addition to the general factors described above, such as changes in customer usage and demand, number of subscribers, and the timing of product launches.

Google Cloud

Google Cloud revenues are comprised of the following:

- Google Cloud Platform primarily generates consumption-based fees and subscriptions for infrastructure, platform, and other services. These services provide access to solutions such as AI offerings including our enterprise AI infrastructure, Vertex AI platform, and Gemini Enterprise; cybersecurity offerings; and data and analytics solutions.
- Google Workspace includes subscriptions for cloud-based communication and collaboration tools for enterprises, such as Gmail, Docs, Calendar, Drive, and Meet, with integrated features like Gemini for Google Workspace.
- Other enterprise services.

Fluctuations in our Google Cloud revenues have been, and may continue to be, affected by factors in addition to the general factors described above, such as changes in customer usage, demand, and supply availability. We

have signed a limited number of agreements to supply Tensor Processing Units (TPU) hardware to customers who require or provide on-premises infrastructure for specialized, high-scale workloads. We expect to begin recognizing revenues from these agreements later in 2026, with the significant majority to be recognized in 2027.

Other Bets

Revenues from Other Bets are generated primarily from the sale of autonomous transportation services and internet services.

Costs and Expenses

Our cost structure has two components: cost of revenues and operating expenses. Our operating expenses include costs related to research and development, sales and marketing, and general and administrative functions. Certain of our costs and expenses, including those associated with the operation of our technical infrastructure as well as components of our operating expenses, are generally less variable in nature and may not correlate to changes in revenue. Additionally, fluctuations in employee compensation expenses may not directly correlate with changes in headcount, due to factors such as annual SBC awards that vest over time.

Cost of Revenues

Cost of revenues is comprised of TAC and other costs of revenues.

- TAC includes:
 - amounts paid to our distribution partners who make available our search access points and other ad-supported services. Our distribution partners include browser providers, mobile carriers, original equipment manufacturers, and software developers; and
 - amounts paid to Google Network partners primarily for ads displayed on their properties.
- Other cost of revenues primarily includes:
 - content acquisition costs, which are payments to content providers from whom we license video and other content for distribution, primarily related to YouTube (we pay fees to these content providers based on revenues generated, subscriber counts, or a flat fee);
 - depreciation expense, primarily related to our technical infrastructure;
 - employee compensation expenses related to our technical infrastructure and other operations such as content review and customer and product support;
 - inventory and other costs related to the devices we sell; and
 - other technical infrastructure operations costs, including energy, equipment, and network capacity costs.

TAC as a percentage of revenues generated from ads placed on Google Network properties are significantly higher than TAC as a percentage of revenues generated from ads placed on Google Search & other properties, because most of the advertiser revenues from ads served on Google Network properties are paid as TAC to our Google Network partners.

Operating Expenses

Operating expenses are generally incurred during our normal course of business, which we categorize as either research and development, sales and marketing, or general and administrative.

The main components of our research and development expenses are:

- depreciation expense, primarily related to our technical infrastructure;
- employee compensation expenses for engineering and technical employees responsible for research and development related to our existing and new products and services;
- other technical infrastructure operations costs, including energy, equipment, and network capacity costs; and
- third-party services fees primarily relating to consulting and outsourced services in support of our engineering and product development efforts.

The main components of our sales and marketing expenses are:

- employee compensation expenses for employees engaged in sales and marketing, sales support, and certain customer service functions; and
- spend relating to our advertising and promotional activities in support of our products and services.

The main components of our general and administrative expenses are:

- employee compensation expenses for employees in finance, human resources, information technology, legal, and other administrative support functions;
- expenses relating to legal and other matters, including certain fines and settlements; and
- third-party services fees, including audit, consulting, outside legal, and other outsourced administrative services.

Other Income (Expense), Net

OI&E, net primarily consists of interest income (expense), the effect of foreign currency exchange gains (losses), net gains (losses) and impairment on our marketable and non-marketable securities, and income (loss) and impairment from our equity method investments.

For additional information, including how we account for our investments and factors that can drive fluctuations in the value of our investments, see Note 1 of the Notes to Consolidated Financial Statements included in Part II, Item 8 as well as Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as well as Note 3 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Provision for Income Taxes

Provision for income taxes represents the estimated amount of federal, state, and foreign income taxes incurred in the US and the many jurisdictions in which we operate. The provision includes the effect of reserve provisions and changes to reserves that are considered appropriate as well as the related net interest and penalties.

For additional information, see Note 1 of the Notes to Consolidated Financial Statements included in Part II, Item 8 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 as well as Note 14 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Executive Overview

The following table summarizes consolidated financial results (in millions, except for per share information and percentages):

| | Three Months Ended | | \$ Change | % Change |
|---|--------------------|------------|-----------|----------|
| | March 31, | | | |
| | 2025 | 2026 | | |
| Consolidated revenues | \$ 90,234 | \$ 109,896 | \$ 19,662 | 22 % |
| Cost of revenues | \$ 36,361 | \$ 41,271 | \$ 4,910 | 14 % |
| Operating expenses | \$ 23,267 | \$ 28,929 | \$ 5,662 | 24 % |
| Operating income | \$ 30,606 | \$ 39,696 | \$ 9,090 | 30 % |
| Operating margin | 34 % | 36 % | | 2 % |
| Other income (expense), net | \$ 11,183 | \$ 37,716 | \$ 26,533 | 237 % |
| Net income | \$ 34,540 | \$ 62,578 | \$ 28,038 | 81 % |
| Diluted net income per share ⁽¹⁾ | \$ 2.81 | \$ 5.11 | \$ 2.30 | 82 % |

⁽¹⁾ For additional information on the calculation of diluted net income per share, see Note 12 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

- Revenues were \$109.9 billion, an increase of 22% year over year, primarily driven by an increase in Google Services revenues of \$12.4 billion, or 16%, and an increase in Google Cloud revenues of \$7.8 billion, or 63%.

- Cost of revenues was \$41.3 billion, an increase of 14% year over year, primarily driven by increases in depreciation expense, TAC, content acquisition costs, and employee compensation expenses, partially offset by an accrual reversal for digital services tax related to the recently repealed law in Canada.
- Operating expenses were \$28.9 billion, an increase of 24% year over year, primarily driven by increases in employee compensation expenses, advertising and promotional activities, and depreciation expense.

Other Information:

- Google Cloud has entered into a limited number of agreements to supply multiple gigawatts of TPU hardware to customers who require or provide on-premises infrastructure for specialized, high-scale workloads. Revenues for these transactions are included in our backlog as of March 31, 2026. We expect to begin recognizing revenues from these agreements later in 2026, with the significant majority to be recognized in 2027. In connection with certain of these agreements, we have agreed to provide credit backstops to support third-party data centers and power infrastructure.
- In March 2026, we committed to a \$40.0 billion investment in a private company consisting of a \$10.0 billion capital commitment and \$30.0 billion of future capital funding contingent upon the achievement of specified operational and financial milestones.
- On March 11, 2026, we completed our acquisition of Wiz for \$29.5 billion, after purchase price adjustments and excluding post combination compensation arrangements. Following the close of the acquisition, the financial results are included in our consolidated financial statements within the Google Cloud segment. For additional information on the purchase price allocation, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.
- On March 10, 2026, we completed our acquisition of Intersect for \$5.9 billion, after purchase price adjustments. Following the close of the acquisition, the financial results are included in our consolidated financial statements and are allocated to our segments. For additional information on the purchase price allocation, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.
- In March 2026, we entered into a definitive agreement to contribute our ownership interest in GFiber into a newly formed entity. Upon closing, we expect to receive \$1.5 billion in cash, a \$2.0 billion note receivable, and a 49.99% equity interest. The transaction is expected to close in late 2026. For additional information on the pending divestiture, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.
- In February 2026, Waymo received \$16.0 billion in funding, the significant majority of which was funded by Alphabet.
- In the first quarter of 2026, we issued senior unsecured notes for net proceeds of \$31.1 billion, to be used for general corporate purposes.
- OI&E of \$37.7 billion for the three months ended March 31, 2026 included net gains on equity securities of \$36.9 billion, primarily related to unrealized gains on our non-marketable equity securities.
- Operating cash flow was \$45.8 billion for the three months ended March 31, 2026.
- Capital expenditures, which primarily reflected investments in technical infrastructure, were \$35.7 billion for the three months ended March 31, 2026.
- As of March 31, 2026, we had 194,668 employees.

We are monitoring ongoing developments surrounding geopolitical tension, international trade, and the macroeconomic environment. As a result, we may experience direct and indirect effects on our business, operations, and financial results. Our past results may not be indicative of our future performance, and our financial results may differ materially from historical trends.

Financial Results

Revenues

The following table presents revenues by type (in millions):

| | Three Months Ended March 31, | |
|--|---------------------------------|------------|
| | 2025 | 2026 |
| Google Search & other | \$ 50,702 | \$ 60,399 |
| YouTube ads | 8,927 | 9,883 |
| Google Network | 7,256 | 6,971 |
| Google advertising | 66,885 | 77,253 |
| Google subscriptions, platforms, and devices | 10,379 | 12,384 |
| Google Services total | 77,264 | 89,637 |
| Google Cloud | 12,260 | 20,028 |
| Other Bets | 450 | 411 |
| Hedging gains (losses) | 260 | (180) |
| Total revenues | \$ 90,234 | \$ 109,896 |

Google Services

Google Advertising

Google Search & other

Google Search & other revenues increased \$9.7 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026. The overall growth was driven by interrelated factors including increases in search queries resulting from growth in user adoption and usage on mobile devices; growth in advertiser spending; and improvements we have made in ad formats and delivery. Additionally, Google Search & other revenues were favorably affected by changes in foreign currency exchange rates for the three months ended March 31, 2026.

YouTube ads

YouTube ads revenues increased \$956 million from the three months ended March 31, 2025 to the three months ended March 31, 2026. The growth was driven by our direct response advertising products followed by our brand advertising products, both of which benefited from increased spending by our advertisers.

Google Network

Google Network revenues decreased \$285 million from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily due to a decrease in AdSense revenues, partially offset by an increase in AdMob revenues.

Monetization Metrics

The following table presents changes in monetization metrics for Google Search & other revenues (paid clicks and cost-per-click) and Google Network revenues (impressions and cost-per-impression), expressed as a percentage, from the three months ended March 31, 2025 to the three months ended March 31, 2026:

| | |
|----------------------------|------|
| Google Search & other | |
| Paid clicks change | 13 % |
| Cost-per-click change | 5 % |
| Google Network | |
| Impressions change | (9)% |
| Cost-per-impression change | 6 % |

Changes in paid clicks and impressions are driven by a number of interrelated factors, including changes in advertiser spending; ongoing product and policy changes; and, as it relates to paid clicks, fluctuations in search queries resulting from changes in user adoption and usage, primarily on mobile devices.

Changes in cost-per-click and cost-per-impression are driven by a number of interrelated factors including changes in device mix, geographic mix, advertiser spending, ongoing product and policy changes, product mix, property mix, and changes in foreign currency exchange rates.

Google Subscriptions, Platforms, and Devices

Google subscriptions, platforms, and devices revenues increased \$2.0 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026. The growth was primarily driven by an increase in subscriptions revenues. This increase was primarily due to the contribution from growth in paid subscriptions across both YouTube services and Google One. Additionally, Google subscriptions, platforms, and devices revenues were favorably affected by changes in foreign currency exchange rates for the three months ended March 31, 2026.

Google Cloud

Google Cloud revenues increased \$7.8 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026 primarily driven by growth in Google Cloud Platform largely from infrastructure and platform services.

Revenues by Geography

The following table presents revenues by geography as a percentage of revenues, determined based on the addresses of our customers:

| | Three Months Ended | | | |
|------------------------|--------------------|---|-----------|---|
| | March 31, | | March 31, | |
| | 2025 | | 2026 | |
| United States | 49 | % | 49 | % |
| EMEA | 29 | % | 28 | % |
| APAC | 16 | % | 17 | % |
| Other Americas | 6 | % | 6 | % |
| Hedging gains (losses) | 0 | % | 0 | % |

For additional information, see Note 2 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Costs and Expenses

Cost of Revenues

The following table presents cost of revenues, including TAC (in millions, except percentages):

| | Three Months Ended | | | | |
|--|--------------------|--------|-----------|--------|---|
| | March 31, | | March 31, | | |
| | 2025 | | 2026 | | |
| TAC | \$ | 13,748 | \$ | 15,228 | |
| Other cost of revenues | | 22,613 | | 26,043 | |
| Total cost of revenues | \$ | 36,361 | \$ | 41,271 | |
| Total cost of revenues as a percentage of revenues | | 40 | % | 38 | % |

Cost of revenues increased \$4.9 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026 due to an increase in other cost of revenues and TAC of \$3.4 billion and \$1.5 billion, respectively.

The increase in TAC from the three months ended March 31, 2025 to the three months ended March 31, 2026 was largely due to an increase in TAC paid to distribution partners, primarily driven by growth in revenues subject to TAC. The TAC rate decreased from 20.6% to 19.7% from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily due to a revenue mix shift from Google Network properties to Google Search & other properties. The TAC rates on Google Search & other revenues was substantially consistent from the three months ended March 31, 2025 to the three months ended March 31, 2026. The TAC rates on Google Network revenues reflected a slight increase from the three months ended March 31, 2025 to the three months ended March 31, 2026 due to a combination of factors, none of which were individually significant.

The increase in other cost of revenues from the three months ended March 31, 2025 to the three months ended March 31, 2026 was primarily due to increases in depreciation expense, content acquisition costs, largely for

YouTube, and employee compensation expenses, partially offset by an accrual reversal for digital services tax related to the recently repealed law in Canada.

Research and Development

The following table presents research and development expenses (in millions, except percentages):

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2025 | 2026 |
| Research and development expenses | \$ 13,556 | \$ 17,032 |
| Research and development expenses as a percentage of revenues | 15 % | 16 % |

Research and development expenses increased \$3.5 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily driven by increases in employee compensation expenses of \$2.5 billion and depreciation expense of \$506 million.

Sales and Marketing

The following table presents sales and marketing expenses (in millions, except percentages):

| | Three Months Ended March 31, | |
|--|---------------------------------|----------|
| | 2025 | 2026 |
| Sales and marketing expenses | \$ 6,172 | \$ 7,606 |
| Sales and marketing expenses as a percentage of revenues | 7 % | 7 % |

Sales and marketing expenses increased \$1.4 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily driven by increases in advertising and promotional activities of \$600 million, employee compensation expenses of \$404 million, and office space impairment charges of \$300 million.

General and Administrative

The following table presents general and administrative expenses (in millions, except percentages):

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2025 | 2026 |
| General and administrative expenses | \$ 3,539 | \$ 4,291 |
| General and administrative expenses as a percentage of revenues | 4 % | 4 % |

General and administrative expenses increased \$752 million from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily driven by increases in employee compensation expenses of \$272 million, expenses related to legal and other matters of \$208 million, and a combination of other factors, none of which were individually significant.

Segment Profitability

We report our segment results as Google Services, Google Cloud, and Other Bets. Additionally, certain costs are not allocated to our segments because they represent Alphabet-level activities. For further details on our segments, see Note 15 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

The following table presents segment operating income (loss) (in millions):

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2026 |
| Operating income (loss): | | |
| Google Services | \$ 32,682 | \$ 40,589 |
| Google Cloud | 2,177 | 6,598 |
| Other Bets | (1,226) | (2,100) |
| Alphabet-level activities ⁽¹⁾ | (3,027) | (5,391) |
| Total income from operations | \$ 30,606 | \$ 39,696 |

⁽¹⁾ Alphabet-level activities primarily reflect expenses related to our shared AI research and development.

Google Services

Google Services operating income increased \$7.9 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026. The increase in operating income was primarily driven by an increase in revenues, partially offset by an increase in TAC.

Google Cloud

Google Cloud operating income increased \$4.4 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026. The increase in operating income was primarily driven by an increase in revenues, partially offset by increases in usage costs for technical infrastructure and employee compensation expenses.

Other Bets

Other Bets operating loss increased \$874 million from the three months ended March 31, 2025 to the three months ended March 31, 2026. The increase in operating loss was primarily driven by an increase in employee compensation expenses and a combination of other factors, none of which were individually significant.

Other Income (Expense), Net

The following table presents OI&E (in millions):

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2026 |
| Interest income | \$ 1,001 | \$ 1,381 |
| Interest expense | (34) | (533) |
| Foreign currency exchange gain (loss), net | (106) | 146 |
| Gain (loss) on debt securities, net | 202 | (111) |
| Gain (loss) on equity securities, net | 9,758 | 36,915 |
| Income (loss) and impairment from equity method investments, net | (22) | 60 |
| Other | 384 | (142) |
| Other income (expense), net | \$ 11,183 | \$ 37,716 |

OI&E, net increased \$26.5 billion from the three months ended March 31, 2025 to the three months ended March 31, 2026, primarily due to increases in net unrealized gains on equity securities resulting from fair value adjustments on non-marketable equity securities.

For additional information, see Note 3 and Note 7 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Provision for Income Taxes

The following table presents provision for income taxes (in millions, except effective tax rate):

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2025 | 2026 |
| Income before provision for income taxes | \$ 41,789 | \$ 77,412 |
| Provision for income taxes | \$ 7,249 | \$ 14,834 |
| Effective tax rate | 17.3 % | 19.2 % |

The effective tax rate increased from the three months ended March 31, 2025 to the three months ended March 31, 2026. This increase was primarily due to an increase in acquisition-related tax integration costs, partially offset by an increase in SBC-related tax benefits and a discrete tax benefit in connection with the deconsolidation of one of the Bets.

The Organization for Economic Cooperation and Development (OECD) published model rules for the implementation of a minimum global effective tax rate of 15%. Many countries have implemented or are in the process of implementing the rules. In January 2026, the OECD introduced new guidance including a "Side-by-Side Safe Harbor" which, if elected, exempts US domestic operations from being taxed by global minimum tax rules. However, it does not exempt foreign subsidiaries from local minimum tax requirements. These rules did not have a material effect on our income tax provision for the three months ended March 31, 2026. As more countries enact these global minimum tax rules, our effective tax rate and cash tax payments could be affected.

Financial Condition

Cash, Cash Equivalents, and Marketable Securities

As of March 31, 2026, we had \$126.8 billion in cash, cash equivalents, and short-term marketable securities. Cash equivalents and marketable securities are comprised of time deposits, money market funds, highly liquid government bonds, corporate debt securities, mortgage-backed and asset-backed securities, and marketable equity securities.

Sources, Uses of Cash and Related Trends

Our principal sources of liquidity are cash, cash equivalents, and marketable securities, as well as the cash flow that we generate from operations. The primary use of capital continues to be to invest for the long-term growth of the business. We regularly evaluate our cash and capital structure, including the size, pace, and form of capital return to stockholders.

The following table presents cash flows (in millions):

| | Three Months Ended March 31, | |
|---|---------------------------------|-------------|
| | 2025 | 2026 |
| Net cash provided by operating activities | \$ 36,150 | \$ 45,790 |
| Net cash used in investing activities | \$ (16,194) | \$ (63,389) |
| Net cash provided by (used in) financing activities | \$ (20,201) | \$ 25,077 |

Cash Provided by Operating Activities

Our largest source of cash provided by operations are advertising revenues generated by Google Search & other properties, YouTube properties, and Google Network properties. In Google Services, we also generate cash through consumer subscriptions, the sale of apps and in-app purchases, and devices. In Google Cloud, we generate cash through consumption-based fees and subscriptions for infrastructure, platform, applications, and other cloud services.

Our primary uses of cash from operating activities include payments to distribution and Google Network partners, to employees for compensation, and to content providers. Other uses of cash from operating activities include payments to suppliers for devices, to tax authorities for income taxes, and other general corporate expenditures.

Net cash provided by operating activities increased from the three months ended March 31, 2025 to the three months ended March 31, 2026 due to an increase in cash received from customers, partially offset by an increase in cash payments for cost of revenues and operating expenses.

Cash Used in Investing Activities

Cash provided by investing activities consists primarily of maturities and sales of investments in marketable and non-marketable securities. Cash used in investing activities consists primarily of purchases of marketable and non-marketable securities, purchases of property and equipment, and payments for acquisitions.

Net cash used in investing activities increased from the three months ended March 31, 2025 to the three months ended March 31, 2026 primarily due to an increase in payments for acquisitions, an increase in purchases of property and equipment, driven by investments in technical infrastructure, and an increase in purchases of marketable securities, partially offset by an increase in maturities and sales of marketable securities.

Cash Provided by Financing Activities

Cash provided by financing activities consists primarily of proceeds from issuance of debt and proceeds from the sale of interests in consolidated entities. Cash used in financing activities consists primarily of repayments of debt, net payments related to stock-based award activities, and dividend payments.

Net cash provided by financing activities for the three months ended March 31, 2026 compared to net cash used in financing activities for the three months ended March 31, 2025 was primarily due to an increase in proceeds from issuance of debt and a decrease in repurchases of stock.

Liquidity and Material Cash Requirements

We expect existing cash, cash equivalents, short-term marketable securities, and cash flows from operations and financing activities to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for at least the next 12 months, and thereafter for the foreseeable future.

Capital Expenditures and Leases

We make investments in land, buildings, and servers and network equipment through purchases of property and equipment and lease arrangements to provide capacity for the growth of our services and products.

Capital Expenditures

Our capital investments in property and equipment consist primarily of the following major categories:

- technical infrastructure, which consists of our investments in servers and network equipment, data center land, and building construction and improvements; and
- office facilities, ground-up development projects, and building improvements.

Assets not yet in service are those that are not ready for their intended use, including assets in the process of construction or assembly, and consist primarily of technical infrastructure. The time frame from date of purchase to placement in service of these assets may extend from months to years. For example, our data center construction projects are generally multi-year projects with multiple phases, where we acquire land and buildings, construct buildings, and secure and install servers and network equipment.

During the three months ended March 31, 2025 and 2026, we spent \$17.2 billion and \$35.7 billion on capital expenditures, respectively. In 2026, we expect to significantly increase, relative to 2025, our investment in our technical infrastructure, including servers and network equipment and data centers. Depreciation of our property and equipment commences when such assets are ready for their intended use. For the three months ended March 31, 2025 and 2026, our depreciation on property and equipment was \$4.5 billion and \$6.5 billion, respectively.

Leases

As of March 31, 2026, the amount of total undiscounted future lease payments under operating and finance leases was \$18.8 billion and \$2.6 billion, respectively.

As of March 31, 2026, we have entered into leases primarily related to data centers that have not yet commenced with future lease payments of \$75.6 billion. These leases will commence between 2026 and 2031 with non-cancelable lease terms primarily between one and 25 years.

For additional information on leases, see Note 4 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Financing

As of March 31, 2026, we had senior unsecured notes outstanding with a total carrying value of \$79.1 billion.

During the first quarter of 2026, we issued fixed-rate senior unsecured notes consisting of: \$20.0 billion US dollar-denominated notes with a weighted-average coupon rate of 4.80% and a weighted-average maturity of 15 years; £5.5 billion Sterling-denominated notes with a weighted-average coupon rate of 5.31% and a weighted-average maturity of 31 years; and CHF3.1 billion Swiss Franc-denominated notes with a weighted-average coupon rate of 1.06% and a weighted-average maturity of 10 years.

As of March 31, 2026, we had \$11.7 billion of credit facilities expiring at various dates through April 2030, of which \$1.2 billion was outstanding. The outstanding debt under the credit facilities bears an interest rate of SOFR plus 1.5% to 2.25% that is paid quarterly. We also have a commercial paper program of up to \$25.0 billion, which is used for general corporate purposes. As of March 31, 2026, we had no commercial paper outstanding.

For additional information, see Note 6 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Share Repurchase Program

In the three months ended March 31, 2026, there were no repurchases of the company's Class A or Class C shares.

In April 2025, the company's Board of Directors authorized a \$70.0 billion share repurchase program for its Class A and Class C shares. As of March 31, 2026, \$69.5 billion remained available for Class A and Class C share repurchases.

For additional information, see Note 11 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Dividend Program

In the three months ended March 31, 2026, total cash dividends were \$1.2 billion for Class A, \$176 million for Class B, and \$1.1 billion for Class C shares, respectively.

In April 2026, the company's Board of Directors declared a quarterly cash dividend of \$0.22 per share, representing a 5% increase from the previous quarterly dividend of \$0.21 per share. The dividend is payable on June 15, 2026 to stockholders of record for each of the company's Class A, Class B, and Class C shares as of June 8, 2026.

The company has declared a quarterly cash dividend in the current quarter, and intends to pay quarterly cash dividends in the future, subject to review and approval by the company's Board of Directors in its sole discretion.

Accrued Legal and Regulatory

As of March 31, 2026, we had short-term accrued legal and regulatory fines and settlements of \$15.6 billion. This amount primarily included EC fines, in addition to accruals related to other legal matters and regulatory fines and settlements. For additional information, see Note 10 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Taxes

As of March 31, 2026, we had long-term income taxes payable of \$12.5 billion primarily related to unrecognized tax benefits. The timing and amount of any payment related to these unrecognized tax benefits are uncertain and cannot be estimated.

Purchase Commitments and Other Contractual Obligations

As of March 31, 2026, we had material purchase commitments and other contractual obligations totaling \$332.4 billion, of which \$138.0 billion was short-term. These purchase commitments primarily relate to costs for technical infrastructure and inventory through long-term supply agreements and open purchase orders. Additional contractual obligations include commitments for content licenses and energy take-or-pay contracts. For additional information related to our long-term supply agreements, energy take-or-pay contracts, and content licenses, see Note 10 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

As of March 31, 2026, we provided backstops in the form of financial guarantees and credit derivatives with maximum potential amount of future payments of \$9.0 billion and \$28.4 billion, respectively. Upon a default under these backstops, we retain the right to assume the underlying leases for internal use or to sublease to third parties. Under specific conditions or following a predetermined period, we may elect to extinguish the backstop obligation by making a termination payment. For additional information, see Note 3 and Note 10 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

We have also entered into an agreement to provide up to \$33.3 billion of future backstops to support the build-out of data center and energy supply infrastructure, subject to finalization of terms with data center providers. Against this remaining commitment, in April 2026, we entered into an agreement with a data center provider to backstop approximately \$15.3 billion. For additional information, see Note 3 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Additionally, as of March 31, 2026, we have commitments for a future private investment consisting of a \$10.0 billion capital commitment and \$30.0 billion of future capital funding contingent upon the achievement of specified operational and financial milestones through 2030, which is accounted for as an equity derivative. We expect to fund \$10.0 billion in the second quarter of 2026 in the form of a non-marketable security. For additional information, see Note 3 and Note 5 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

For agreements with variable terms, we do not estimate the non-cancelable obligation beyond any minimum quantities and/or pricing as of March 31, 2026. In certain instances, the amount of our contractual obligations may change based on the expected timing of order fulfillment from our suppliers. Power purchase and energy agreements without a fixed or minimum commitment are not included.

For details on risks related to our manufacturing and supply chain and other risks, refer to Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ending December 31, 2025.

Acquisitions and Divestitures

On March 11, 2026, we completed our acquisition of Wiz for \$29.5 billion, after purchase price adjustments and excluding post combination compensation arrangements. Following the close of the acquisition, the financial results are included in our consolidated financial statements within the Google Cloud segment. For additional information on the purchase price allocation, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

On March 10, 2026, we completed our acquisition of Intersect for \$5.9 billion, after purchase price adjustments. Following the close of the acquisition, the financial results are included in our consolidated financial statements and are allocated to our segments. For additional information on the purchase price allocation, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

In March 2026, we entered into a definitive agreement to contribute our ownership interest in GFiber, a wholly owned subsidiary, into a newly formed entity. Upon closing, we expect to receive \$1.5 billion in cash, a \$2.0 billion note receivable, and a 49.99% equity interest. The remaining interest is expected to be accounted for as an unconsolidated VIE under the equity method of accounting, as we will no longer be the primary beneficiary. The transaction is expected to close in late 2026.

For additional information, see Note 8 of the Notes to Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

See Part II, Item 7, "Critical Accounting Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no material changes to our critical accounting estimates from our Annual Report on Form 10-K for the year ended December 31, 2025, except for as described below.

Business Combinations

We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions.

We recognize intangible assets acquired in business combinations at fair value as of the acquisition date. Critical estimates in valuing the acquired intangible assets require judgment and the use of unobservable inputs,

including future expected cash flows, discount rates, estimated customer attrition rates and anticipated growth, and royalty rate, among others.

Other estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed.

Available Information

Our website is located at www.abc.xyz, and our investor relations website is located at www.abc.xyz/investor. Access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our Proxy Statements, and any amendments to these reports, is available on our investor relations website, free of charge, after we file or furnish them with the SEC and they are available on the SEC's website at www.sec.gov.

We webcast our earnings calls, as well as certain events we participate in or host with members of the investment community, via our investor relations YouTube channel and website. Our investor relations website also provides notifications of news or announcements regarding our financial performance and other items that may be material or of interest to our investors, including SEC filings, investor events, press and earnings releases, and blogs. We also share Google news and product updates on Google's Keyword blog at <https://www.blog.google/> and News From Google page on X at x.com/NewsFromGoogle, and our executive officers may also use certain social media channels, such as X and LinkedIn, to communicate information about earnings results and company updates, which may be of interest or material to our investors. Further, corporate governance information, including our certificate of incorporation, bylaws, corporate governance guidelines, board committee charters, and code of conduct, is also available on our investor relations website under the heading "Governance." The information contained on, or that may be accessed through our websites or our executive officers' social media channels, is not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of March 31, 2026, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see Note 10 "Commitments and Contingencies - Legal Matters" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including but not limited to those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which could harm our business, reputation, financial condition, and operating results, and may affect the trading price and price volatility of our Class A and Class C stock.

Below are material changes to our risk factors since our Annual Report on Form 10-K for the year ended December 31, 2025.

Risks Specific to our Company

Our increasing investment in new businesses, products, services, and technologies is inherently risky, and could divert management attention and harm our business, financial condition, and operating results.

We have invested and expect to expand our investment in new businesses, products, services, and technologies in a wide range of industries beyond online advertising. The investments that we are making across our businesses — such as building AI-optimized infrastructure, including our custom TPUs, and integrating AI capabilities into new and existing products and services — reflect our ongoing efforts to innovate and provide products and services that are helpful to users, advertisers, publishers, customers, content providers, and distribution partners. Our investments ultimately may not be commercially viable or may not result in an adequate return of capital and, in pursuing new strategies, we may incur unanticipated liabilities, including those arising from the implementation of new regulatory requirements.

We have invested and expect to significantly expand our investment in property and equipment, including our technical infrastructure, and we expect these assets to benefit our business over their estimated useful lives. Changes in facts and circumstances such as changes to historical asset performance, expected technology advancements, and future network deployment plans could change the period over which we expect to benefit from the asset and impact our financial condition and operating results.

Innovations in our products and services could also result in changes to user and customer behavior and affect our revenue trends. These endeavors involve significant risks and uncertainties, including diversion of resources and management attention from current operations, different monetization models, and the use of alternative investment, governance, or compensation structures that may fail to adequately align incentives across the company or otherwise accomplish their objectives.

Within Google Services, we continue to invest in devices, including our smartphones, home devices, and wearables, which is a highly competitive market with frequent introduction of new products and services, rapid adoption of technological advancements by competitors, increased market saturation in developed countries, short product life cycles, evolving industry standards, continual improvement in performance characteristics, and price and feature sensitivity on the part of consumers and businesses. There can be no assurance we will be able to provide devices that compete effectively.

Within Google Cloud, we devote significant resources to develop and deploy our enterprise-ready cloud services, including Google Cloud Platform and Google Workspace, and we are advancing our AI platforms and models to support these tools and technologies, including the development of our custom TPUs and how we deliver them to our customers. We are incurring significant and increasing costs and liabilities to build and maintain infrastructure to support cloud computing services, invest in cybersecurity, and hire talent. Meanwhile, our competitors are rapidly developing and deploying cloud-based services and capacity. Pricing and delivery models, which are subject to increasing regulatory scrutiny and requirements, are competitive and constantly evolving, and we may therefore not achieve our business objectives. Further, our business with financial services, healthcare, and public sector customers may present additional risks, including regulatory compliance risks. For instance, we may be subject to government audits and cost reviews, and any failure to comply or any deficiencies found may expose us to legal, financial, and reputational risks. Evolving laws and regulations may require us to make new capital investments, build new products, and seek partners to deliver localized services in other countries, and we may not be able to meet sovereign operating requirements.

To meet the AI compute capacity demands of our customers, we are engaging in the supply of our custom hardware which may increase our costs and operational complexity. We also have a number of large, long-duration commercial agreements, which could increase our liabilities and obligations in the event of nonperformance by us, our counterparties, or vendors. These include certain financial guarantees, such as backstops to support the build-out of third-party data centers and power infrastructure. In the event of such nonperformance or industry challenges, we may incur additional liabilities, have excess capacity that we cannot easily redeploy, and not receive payments from our counterparties or customers.

Within Other Bets, we are investing significantly in areas such as transportation and life sciences, among others. These investment areas face intense competition from large, experienced, and well-funded competitors, and our offerings, many of which involve the development of new and emerging technologies, may not be successful, or be able to compete effectively or operate at sufficient levels of profitability.

In addition, new and evolving products and services, including those that use AI, raise ethical, technological, legal, regulatory, and other challenges, which could harm our brands and demand for our products and services. Because all of these investment areas are inherently risky, no assurance can be given that such strategies and offerings will be successful or will not harm our reputation, financial condition, and operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

None.

ITEM 5. OTHER INFORMATION

10b5-1 Trading Plans

During the quarter ended March 31, 2026, the following Section 16 officer terminated a “Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K of the Exchange Act):

- Ruth M. Porat, President and Chief Investment Officer, Alphabet and Google, terminated a trading plan on March 3, 2026 that was originally adopted on November 29, 2025. The trading plan was scheduled to be in effect until March 2, 2027 to sell up to 154,486 shares (gross, plus any dividend equivalent units) of Class C Capital Stock issued upon the vesting of Ruth's Alphabet 2021 Performance Stock Units, as adjusted based on performance (shares sold are net of tax withholding).

There were no “non-Rule 10b5-1 trading arrangements” (as defined in Item 408 of Regulation S-K of the Exchange Act) adopted, modified, or terminated during the quarter ended March 31, 2026 by our directors and Section 16 officers. Each of the Rule 10b5-1 trading arrangements are in accordance with our Policy Against Insider Trading and actual sale transactions made pursuant to such trading arrangements will be disclosed publicly in Section 16 filings with the SEC in accordance with applicable securities laws, rules, and regulations.

ITEM 6. EXHIBITS

Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), certain instruments which define the rights of holders of long-term debt of Alphabet Inc. and its consolidated subsidiaries are not filed herewith, and the Company hereby agrees to furnish a copy of any such instrument to the SEC upon request.

| Exhibit Number | Description | Incorporated by reference herein | |
|----------------|--|--|-------------------|
| | | Form | Date |
| 4.1 | Indenture, dated February 12, 2016, between Alphabet Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee | Registration Statement on Form S-3 (File No. 333-209510) | February 16, 2016 |
| 4.2 | Form of Global Note representing the Registrant's 4.125% notes due 2029 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.3 | Form of Global Note representing the Registrant's 4.625% notes due 2032 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.4 | Form of Global Note representing the Registrant's 5.500% notes due 2041 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.5 | Form of Global Note representing the Registrant's 5.875% notes due 2058 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.6 | Form of Global Note representing the Registrant's 6.125% notes due 2126 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.7 | Form of Global Note representing the Registrant's 3.700% notes due 2029 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.8 | Form of Global Note representing the Registrant's 4.100% notes due 2031 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.9 | Form of Global Note representing the Registrant's 4.400% notes due 2033 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.10 | Form of Global Note representing the Registrant's 4.800% notes due 2036 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.11 | Form of Global Note representing the Registrant's 5.500% notes due 2046 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.12 | Form of Global Note representing the Registrant's 5.650% notes due 2056 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 4.13 | Form of Global Note representing the Registrant's 5.750% notes due 2066 | Current Report on Form 8-K (File No. 001-37580) | February 13, 2026 |
| 10.01 | * ♦ Alphabet Inc. Amended and Restated 2021 Stock Plan - Form of Alphabet CEO Performance Stock Unit Agreement | | |
| 10.02 | * ♦ Alphabet Inc. Amended and Restated 2021 Stock Plan - Form of Alphabet Non-CEO Performance Stock Unit Agreement | | |
| 10.03 | * ♦ Form of Waymo Bet Performance Stock Unit Agreement | | |
| 10.04 | * ♦ Form of Wing Bet Performance Unit Agreement | | |
| 31.01 | * Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | |
| 31.02 | * Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | |
| 32.01 | ‡ Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | |

| | | |
|---------|---|--|
| 101.INS | * | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | * | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | * | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | * | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | * | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | * | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | * | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

◆ Indicates management compensatory plan, contract, or arrangement.
 * Filed herewith.
 ‡ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 29, 2026

ALPHABET INC.
By: /s/ SUNDAR PICHAI
Sundar Pichai

Chief Executive Officer (Principal Executive Officer)

April 29, 2026

ALPHABET INC.
By: /s/ ANAT ASHKENAZI
Anat Ashkenazi

Senior Vice President, Chief Financial Officer