

EXHIBIT B

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

FORM 10-K

(Mark One)



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

For the fiscal year ended December 31, 2025

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 No.)

**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
2.875% Senior Notes due 2031	—	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
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
4.375% Senior Notes due 2064	—	Nasdaq Stock Market LLC

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

Title of each class

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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Alphabet Inc.

Making AI Helpful for Everyone

We believe AI is a profound platform shift that can bring meaningful and positive change to people and societies across the world, and to our business. We aim to build the most advanced, safe, and responsible AI through our full-stack approach, which spans AI-optimized infrastructure; world-class research, including models and tooling; and our products and platforms that bring AI to billions of people, developers, and enterprises.

At the foundation of our full-stack approach is our AI-optimized infrastructure — a key differentiator enabling us to power our own products, such as Search and YouTube, and support the services we provide to our Google Cloud customers. Our technical infrastructure allows us to use and offer our customers a range of AI accelerator options, including specialized Graphics Processing Units (GPUs) and our own custom-built Tensor Processing Units (TPUs), such as Ironwood, our seventh-generation TPU. We are focused on driving efficiencies in our data centers, allowing us to leverage our technical infrastructure to deliver our products and services at an increasing scale while simultaneously enabling world-class research and model development.

Over the last decade, our research teams have pushed the boundaries of AI forward, which is displayed through Gemini 3, our most intelligent AI model yet. Designed to deliver advanced multimodal understanding, Gemini 3 represents our most capable iteration of agentic and generative coding technologies. Gemini 3 integrates enhanced reasoning capabilities to support visualizations and interactive user experiences across our product ecosystem, including Search and the Gemini app.

As technology continues to improve rapidly, we are focused on bringing our latest AI advances to our products and platforms. We continue to help our users access information and knowledge, express themselves, and get things done by embedding the power of generative AI and Gemini into our products and platforms. Today, all 15 of our half-billion-user products — including seven with two billion users — use our Gemini models. For our Google Cloud customers, our offerings are helping organizations stay at the forefront of innovation with solutions such as Gemini Enterprise and Gemini for Google Workspace.

Guided by our AI principles, we believe our approach to AI must be both bold and responsible. That means developing AI in a way that maximizes the positive benefits to society while addressing its potential challenges.

Moonshots

Many companies get comfortable doing what they have always done, making only incremental changes. This incrementalism leads to irrelevance over time, especially in technology, where change tends to be revolutionary, not evolutionary.

Our early investments in AI started out as moonshots but are now incorporated into our core products and central to future developments. In Other Bets, our fully autonomous driving technology company, Waymo, is now providing fully autonomous, paid ride-hailing services to customers in multiple cities. Isomorphic Labs is reimagining the drug discovery process from first principles, applying AI to accelerate the development of new medicines. We continue to look toward the future and to invest for the long term, most notably for the application of AI to our products and services, as well as other frontier technologies such as quantum computing.

Privacy and Security

We make it a priority to protect the privacy and security of our products, users, and customers, even if there are near-term financial consequences. We do this by continuously investing in building products that are secure by default; strictly upholding responsible data practices that emphasize privacy by design; and building easy-to-use settings that put people in control. We are continually enhancing these efforts over time, whether by enabling users to auto-delete their data, applying privacy technologies like on-device processing, giving people tools to control their experience, or advancing anti-malware, anti-phishing, and password security features.

Google

For reporting purposes Google comprises two segments: Google Services and Google Cloud.

Google Services***Serving Our Users***

We have always been committed to building helpful products that can improve the lives of millions of people worldwide. Our product innovations are what make our services widely used, and our brand one of the most recognized in the world. Google Services' core products and platforms include ads, Android, Chrome, devices, Gmail, Google Drive,

Google Gemini, Google Maps, Google Photos, Google Play, Search, and YouTube, with broad and growing adoption by users around the world.

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Our products and services have come a long way since the company was founded more than 25 years ago. While Google Search started as a way to find web pages, organized into ten blue links, we have driven technical advancements and product innovations that have transformed Google Search into a dynamic, multimodal experience. Large language models have made it possible to express more natural language queries, vastly improving the types of questions users can ask, and the quality of results. For example, AI Overviews makes it easier to ask Google anything and get a helpful response. AI Mode allows users to ask more nuanced questions that might have previously taken multiple searches, using Gemini's advanced reasoning, thinking, and multimodal capabilities.

This drive to make information more accessible and helpful has led us over the years to improve the discovery and creation of digital content both on the web and through platforms like Google Play and YouTube. People are consuming many forms of digital content, including watching long and short form videos and podcasts, streaming TV, playing games, listening to music, reading books, and using apps. Working with content creators and partners, we continue to build new ways for people around the world to create and find great digital content.

Fueling all of these great digital experiences are extraordinary platforms and devices. That is why we continue to invest in platforms like our Android mobile operating system, Chrome browser, and Chrome operating system, as well as our family of devices. We see tremendous potential for devices to be helpful and make people's lives easier by combining the best of our AI, software, and hardware. This potential is reflected in our latest generation of devices, such as the new Pixel 10 series and the Pixel Watch 4. Creating products and services that people rely on every day is a journey that we are investing in for the long-term.

How We Make Money

We have built world-class advertising technologies for advertisers, agencies, and publishers to power their digital marketing businesses. Our advertising solutions help millions of companies grow their businesses through our wide range of products across devices and formats, and we aim to ensure positive user experiences by serving the right ads at the right time and by building deep partnerships with brands and agencies. AI has been foundational to our advertising business for more than a decade. Products like Demand Gen, Performance Max, and Product Studio use the full power of our AI to help advertisers find untapped and incremental conversion opportunities.

Google Services generates revenues primarily by delivering both performance and brand advertising that appears on Google Search & other properties, YouTube, and Google Network partners' properties ("Google Network properties"). We continue to invest in both performance and brand advertising and seek to improve the measurability of advertising so advertisers understand the effectiveness of their campaigns.

- **Performance advertising** creates and delivers relevant ads that users will click on leading to direct engagement with advertisers. Performance advertising lets our advertisers connect with users while driving measurable results. Our ads tools allow performance advertisers to create simple text-based ads.
- **Brand advertising** helps enhance users' awareness of and affinity for advertisers' products and services, through videos, text, images, and other interactive ads that run across various devices. We help brand advertisers deliver digital videos and other types of ads to specific audiences for their brand-building marketing campaigns.

We have allocated substantial resources to stopping bad advertising practices and protecting users on the web. We focus on creating the best advertising experiences for our users and advertisers in many ways, including filtering out invalid traffic, removing billions of bad ads from our systems every year, and closely monitoring the sites, apps, and videos where ads appear and blocklisting them when necessary to ensure that ads do not fund bad content.

In addition, Google Services generates revenues from products and services beyond advertising, including:

- **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; and
- **devices**, which primarily include sales of the Pixel family of devices.

Google Cloud

Through our Google Cloud Platform and Google Workspace offerings, Google Cloud generates revenues primarily from consumption-based fees and subscriptions for infrastructure, platform, applications, and other cloud services. Customers use Google Cloud in multiple ways such as:

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- **AI-optimized Infrastructure:** runs on our Cloud, at the edge, or in customers' data centers. It can be used to migrate and modernize information technology (IT) systems and to train and serve various types of AI models. Our AI infrastructure delivers cost-performance for AI workloads. We offer a range of AI accelerators, including our custom TPUs and specialized GPUs, as well as AI-optimized storage offerings, and efficient AI software.
- **Developer Platform:** delivers a fully managed AI development platform, through Vertex AI, for accessing, tuning, augmenting, and deploying custom models and agents, helping customers build applications with more than 200 foundation models, including our Gemini family, third-party, and open models.
- **Cybersecurity:** provides AI-powered threat intelligence and cybersecurity solutions to help customers detect, analyze, protect against, and respond to a broad range of cybersecurity threats.
- **Data and Analytics:** enables customers to migrate, clean, prepare, and feed data into their models. Our data platform also unifies data lakes, data warehouses, data governance, and advanced machine learning into a single platform that helps users analyze data using AI models across any cloud.
- **Agents:**
 - Gemini Enterprise: empowers teams to discover, create, share, and run AI agents all in one secure platform, bringing the best of Google AI to employees through an intuitive chat interface, helping to automate workflows and drive smarter business outcomes.
 - Gemini for Google Workspace: brings our AI-powered agents into Gmail, Docs, Sheets, and more to help users write, organize, visualize, accelerate workflows, and have more productive meetings.

Other Bets

Across Alphabet, we are also using technology to try to solve big problems that affect a wide variety of industries, including transportation and health technology. Alphabet's investment in the portfolio of Other Bets includes businesses that are at various stages of development, ranging from those in the research and development phase, such as X, our moonshot factory focused on developing breakthrough technologies, to those that are scaling commercialization, such as Waymo, which is expanding to more cities domestically, entering international markets, and further scaling operations.

Other Bets operate as independent companies and some of them have their own boards with independent members and outside investors. While these early-stage businesses naturally come with considerable uncertainty, some of them are already generating revenue and making important strides in their industries. Revenues from Other Bets are generated primarily from the sale of autonomous transportation and internet services.

Competition

Our business is characterized by rapid change as well as new and disruptive technologies. We face formidable competition in every aspect of our business, including but not limited to, from:

- general purpose search engines and information services;
- vertical search engines and e-commerce providers for queries on topics such as those related to travel, jobs, and health, which users may navigate directly to rather than go through Google;
- online advertising platforms and networks, including online shopping and streaming services;
- other forms of advertising, such as billboards, magazines, newspapers, radio, and television, as our advertisers typically advertise in multiple media, both online and offline;
- digital content and application platform providers;
- providers of enterprise cloud services;
- AI model developers and providers of AI products and services;
- companies that design, manufacture, and market consumer hardware products, including businesses that have developed proprietary platforms;
- providers of digital video services;
- social networks, which users may rely on for product or service referrals, rather than seeking information through traditional search engines; and
- providers of workspace communication and connectivity products.

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Competing successfully depends heavily on our ability to continually develop and distribute innovative products and technologies to the marketplace across our businesses. For example, for advertising, competing successfully depends on attracting and retaining:

- users, for whom other products and services are literally one click away, on the basis of the relevance of our advertising, as well as the general usefulness, security, and availability of our products and services;
- advertisers, primarily based on our ability to generate sales leads, and ultimately customers, and to deliver their advertisements in an efficient and effective manner across a variety of distribution channels even as trends in advertising mediums and user preferences change; and
- content providers, primarily based on the quality of our advertiser base, our ability to help these partners generate revenues from advertising, and the terms of our agreements with them.

For additional information about competition, see Item 1A Risk Factors of this Annual Report on Form 10-K.

Culture and Workforce

Our people are critical for our continued success, so we work hard to create an environment where employees can have fulfilling careers and perform at a high level. We offer industry-leading benefits and programs to take care of the diverse needs of our employees and their families, including opportunities for career growth and development, resources to support their financial health, and access to excellent healthcare choices. Our competitive compensation programs help us to attract and retain key talent, and we will continue to invest in recruiting talented people to technical and non-technical roles and rewarding them well. We provide a variety of high-quality training and support to managers to build and strengthen their capabilities — ranging from courses for new managers, to learning resources that help them provide feedback and manage performance, to coaching and individual support.

As of December 31, 2025, Alphabet had 190,820 employees. We have work councils and statutory employee representation obligations in certain countries, and we are committed to supporting protected labor rights, maintaining an open culture, and listening to our employees.

When appropriate we partner with outside companies on a contractual basis to provide a specialized service or to temporarily cover a short-term need. The employees of our suppliers and staffing partners — vendors and temporary staff, respectively — and independent contractors who are self-employed, make up our extended workforce. We choose our partners and staffing agencies carefully, and review their compliance with Google's Supplier Code of Conduct.

Government Regulation

We are subject to numerous United States (US) federal, state, and local, as well as foreign laws, and regulations covering a wide variety of subjects, and the scope of this coverage continues to broaden with continuing new legal and regulatory developments in the US and internationally. Like other companies in the technology industry, we face increasingly heightened scrutiny from both US and foreign governments with respect to our compliance with laws and regulations. Many of these laws and regulations are evolving and their applicability and scope, as interpreted by the courts, remain uncertain. Particularly with regard to AI; competition; consumer protection; content moderation, including access restrictions for minors; data privacy and security; intellectual property; news publications; and sustainability and other social matters, we have seen an increase in new and evolving laws and regulations, as well as related enforcement actions and investigations, being proposed and implemented in recent years by legislative and regulatory bodies around the world. As we have seen in recent years, different laws and regulations on the same topic may not always have the same requirements (and sometimes may seem to have conflicting requirements), and even when requirements overlap, the rules are not always consistently implemented, interpreted, and enforced from jurisdiction to jurisdiction.

Our compliance with these laws and regulations may be onerous and could, individually or in the aggregate, increase our cost of doing business, make our products and services less useful, limit our ability to pursue certain business practices or offer certain products and services (either in certain geographies or at all), cause us to change our business models and operations, affect our competitive position relative to our peers, or otherwise harm our business, reputation, financial condition, and operating results.

For additional information about government regulation applicable to our business, see Item 1A Risk Factors; Trends in Our Business and Financial Effect in Part II, Item 7; and Legal Matters in Note 10 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 7. 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," Part I, Item 1 "Business," Part I, Item 1A "Risk Factors," and our consolidated financial statements and related notes included under Item 8 of this Annual Report on Form 10-K.

The following section generally discusses 2025 results compared to 2024 results. Discussion of 2024 results compared to 2023 results to the extent not included in this report can be found in Item 7 of our 2024 Annual Report on Form 10-K.

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 Part I, Item 1 Business and Note 15 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Trends in Our Business and Financial Effect

The following long-term trends have contributed to the results of our consolidated operations, and we anticipate that they will continue to affect our future results:

- **As we continue to grow our business and meet the evolving behaviors and needs of our users and customers, our revenue growth and mix along with our cost and margin profiles are being influenced by a number of factors, including:**

Expanded AI Offerings in our Products and Services: The continuing evolution of the online world has contributed to the growth of our business. We expect that this evolution, including user engagement with AI products and services, will continue to benefit our business and our revenues. As we continue to incorporate AI into our products and services, such as with AI Overviews and AI Mode in Search, and with enterprise AI solutions on our Google Cloud Platform, we may monetize differently than our historical consumer and enterprise offerings which could affect revenue growth rates and margin trends. When developing new products and services we generally focus first on user experience and then on monetization. At the same time, we face increasing competition, including from other developers and providers of AI products and services, which may affect our revenues.

Increasing Revenues Beyond Advertising: Revenues from cloud, consumer subscriptions, platforms, and devices, which may have differing characteristics than our advertising revenues, have grown over time. Certain of these revenues have been growing at a rate higher than our advertising revenues, becoming a larger percentage of our consolidated revenues, and we expect this trend to continue. The margins on these revenues vary significantly and are generally lower than the margins on our advertising revenues.

Increased Investment in Technical Infrastructure: We continue to invest in capital expenditures as we scale our technical infrastructure, in particular for AI, to meet the demand of our users and enterprise customers and to support research internally. We invested heavily in capital expenditures in 2025 and in 2026, we expect to significantly increase, relative to 2025, our investment in our technical infrastructure, including servers and network equipment, and data centers. The costs associated with operating our technical infrastructure - depreciation, energy, equipment, and network capacity - are expected to significantly increase as developing and serving AI offerings require more compute power than our historical consumer and enterprise offerings. While our technical infrastructure costs increase, we expect to continue to drive efficiencies in our data centers, for example, through the design of our AI models and our TPU and GPU-based technical infrastructure.

Continued Investment in Intellectual Property through R&D and Acquisitions: We continue to make significant research and development investments in areas of strategic focus as we seek to develop new, innovative offerings, and improve our existing offerings across our businesses. Acquisitions and strategic investments remain important elements in our use of capital and contribute to the breadth and depth of our offerings, expand our expertise in engineering and other functional areas, and build strong partnerships around strategic initiatives.

Traffic Acquisition Costs Growth and Rate Changes: We expect traffic acquisition costs ("TAC") paid to our distribution partners and Google Network partners to increase as our advertising revenues grow. Our overall TAC as a percentage of our advertising revenues ("TAC rate") has been decreasing primarily due to a revenue mix

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shift from Google Network properties to Google Search & other properties. Our TAC rate will continue to be affected by changes in device mix; geographic mix; partner agreement terms; partner mix; the percentage of queries channeled through paid access points; product mix; the relative revenue growth rates of advertising revenues from different channels; and revenue share terms.

• **We have raised capital through external financing in the form of debt and we may continue to seek debt or other forms of financing in the future to support our capital and operating needs.**

In 2025, we raised capital through the issuance of debt and we expect to continue to assess the use of debt and other forms of financing in the future. We expect to continue to enter into finance leases, primarily for data centers. Additionally, in 2025, we provided credit support, such as through backstops and guarantees, to certain infrastructure related counterparties and may continue to provide additional credit support in the future.

• **We face an evolving regulatory environment, and we are subject to claims, lawsuits, investigations, and other forms of potential legal liability, which could affect our business practices and financial results.**

Changes in social, political, economic, tax, and regulatory conditions or in laws and policies governing a wide range of topics and related legal matters, including investigations, lawsuits, and regulatory actions, have resulted in fines and caused us to change our business practices. As the regulatory environment continues to evolve, we may continue to incur fines and we expect increased costs associated with compliance, modifications to our products and services, and limitations on our ability to pursue certain business practices. For additional information, see Part I, Item 1A Risk Factors and Legal Matters in Note 10 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

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 Item 8 of this Annual Report on Form 10-K.

In addition to the long-term trends and their financial effect on our business discussed above, 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; and
- 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.

Net cash provided by operating activities increased from 2024 to 2025 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 2024 to 2025, primarily due to an increase in purchases of property and equipment, driven by investments in technical infrastructure, and a decrease in maturities and sales of marketable securities.

Cash Used in 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 repurchases of stock, repayments of debt, net payments related to stock-based award activities, and dividend payments.

Net cash used in financing activities decreased from 2024 to 2025 due to an increase in proceeds from issuance of debt and a decrease in repurchases of stock, partially offset by repayments of debt.

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 years ended December 31, 2024 and 2025, we spent \$52.5 billion and \$91.4 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 years ended December 31, 2024 and 2025, our depreciation on property and equipment was \$15.3 billion and \$21.1 billion, respectively.

Leases

As of December 31, 2025, the amount of total undiscounted future lease payments under operating leases was \$18.3 billion, of which \$3.3 billion is short-term, and total undiscounted future lease payments under finance leases was \$2.9 billion, of which \$491 million is short-term.

As of December 31, 2025, we have entered into leases primarily related to data centers that have not yet commenced with short-term and long-term future lease payments of \$5.8 billion and \$52.7 billion, respectively. These leases will commence between 2026 and 2031 with non-cancelable lease terms primarily between one and 25 years.

In January 2026, we executed a power purchase agreement which we expect to be accounted for as a lease resulting in future payments depending on certain agreement terms of \$9.9 billion between 2027 and 2047. If certain contractual

conditions for the project are not met, we would instead make a one-time payment of approximately \$3.5 billion and assume ownership of the power generating assets.

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For additional information on leases, see Note 4 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Financing

As of December 31, 2025, we had senior unsecured notes outstanding with a total carrying value of \$48.5 billion, of which \$2.0 billion was short-term. The associated short-term and long-term future interest payments were \$1.8 billion and \$35.7 billion, respectively.

During 2025, we issued \$22.5 billion of US dollar-denominated senior unsecured notes and €13.25 billion of euro-denominated senior unsecured notes for general corporate purposes, comprised of the following:

- **May 2025:** We issued \$5.0 billion of US dollar-denominated fixed-rate senior unsecured notes with a weighted-average coupon rate of 4.89%, and a weighted-average maturity of approximately 24 years. We also issued €6.75 billion of euro-denominated fixed-rate senior unsecured notes with a weighted-average coupon rate of 3.31%, and a weighted-average maturity of approximately 14 years.
- **November 2025:** We issued \$500 million of US dollar-denominated floating-rate senior unsecured notes and \$17.0 billion of US dollar-denominated fixed-rate senior unsecured notes with a weighted-average coupon rate of 4.92% and a weighted-average maturity of approximately 20 years. We also issued €6.5 billion of euro-denominated fixed-rate senior unsecured notes with a weighted-average coupon rate of 3.44% and a weighted-average maturity of approximately 16 years.

As of December 31, 2025, we had \$10.0 billion of revolving credit facilities, \$4.0 billion expiring in April 2026 and \$6.0 billion expiring in April 2030. No amounts have been borrowed under the credit facilities. We also have a commercial paper program of up to \$25.0 billion, which is used for general corporate purposes. As of December 31, 2025, we had no commercial paper outstanding.

For additional information, see Note 6 of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

We use contract manufacturers for our technical infrastructure and device assembly and may supply them with components purchased directly from suppliers. Certain of these arrangements result in a portion of the cash received from and paid to contract manufacturers to be presented as financing activities on the Consolidated Statements of Cash Flows included in Item 8 of this Annual Report on Form 10-K.

Share Repurchase Program

During 2025, we repurchased and subsequently retired 240 million shares for \$45.4 billion.

In April 2024, the company's Board of Directors authorized a \$70.0 billion share repurchase program for its Class A and Class C shares. In April 2025, the company's Board of Directors authorized an additional \$70.0 billion share repurchase program for its Class A and Class C shares. As of December 31, 2025, \$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 8 of this Annual Report on Form 10-K.

Dividend Program

During the year ended December 31, 2025, total cash dividends were \$4.8 billion for Class A, \$703 million for Class B, and \$4.5 billion for Class C shares, respectively.

In April 2025, the company's Board of Directors increased the quarterly cash dividend by 5% to \$0.21 per share of outstanding Class A, Class B, and Class C shares.

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 December 31, 2025, 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 8 of this Annual Report on Form 10-K.

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Alphabet Inc.

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

	Year Ended December 31,		
	2023	2024	2025
Operating activities			
Net income	\$ 73,795	\$ 100,118	\$ 132,170
Adjustments:			
Depreciation of property and equipment	11,946	15,311	21,136
Stock-based compensation expense	22,460	22,785	24,953
Deferred income taxes	(7,763)	(5,257)	8,348
Loss (gain) on debt and equity securities, net	823	(2,671)	(24,620)
Other	4,330	3,419	2,108
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(7,833)	(5,891)	(8,779)
Income taxes, net	523	(2,418)	(3,226)
Other assets	(2,143)	(1,397)	(4,542)
Accounts payable	664	359	907
Accrued expenses and other liabilities	3,937	(1,161)	12,939
Accrued revenue share	482	1,059	899
Deferred revenue	525	1,043	2,420
Net cash provided by operating activities	101,746	125,299	164,713
Investing activities			
Purchases of property and equipment	(32,251)	(52,535)	(91,447)
Purchases of marketable securities	(77,858)	(86,679)	(103,773)
Maturities and sales of marketable securities	86,672	103,428	83,240
Purchases of non-marketable securities	(3,027)	(5,034)	(5,716)
Maturities and sales of non-marketable securities	947	882	1,367
Acquisitions, net of cash acquired, and purchases of intangible assets	(495)	(2,931)	(1,592)
Other investing activities	(1,051)	(2,667)	(2,370)
Net cash used in investing activities	(27,063)	(45,536)	(120,291)
Financing activities			
Net payments related to stock-based award activities	(9,837)	(12,190)	(14,167)
Repurchases of stock	(61,504)	(62,222)	(45,709)
Dividend payments	0	(7,363)	(10,049)
Proceeds from issuance of debt, net of costs	10,790	13,589	64,564
Repayments of debt	(11,550)	(12,701)	(32,427)
Proceeds from sale of interest in consolidated entities, net	8	1,154	400
Net cash used in financing activities	(72,093)	(79,733)	(37,388)
Effect of exchange rate changes on cash and cash equivalents	(421)	(612)	208
Net increase (decrease) in cash and cash equivalents	2,169	(582)	7,242
Cash and cash equivalents at beginning of period	21,879	24,048	23,466
Cash and cash equivalents at end of period	<u>\$ 24,048</u>	<u>\$ 23,466</u>	<u>\$ 30,708</u>
Supplemental disclosures of non-cash investing activities:			
Purchases of property and equipment included in accrued liabilities and accounts payable	\$ 7,435	\$ 10,326	\$ 15,090

See accompanying notes.

Alphabet Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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 and goodwill; income taxes; inventory; and useful lives of 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.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to our customers, and the collectibility of an amount that we expect in exchange for those goods or services is probable. Sales and other similar taxes are excluded from revenues.

Google Advertising

Google advertising revenues consist of revenues from:

- Google Search and other 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 properties; and
- Google Network properties, including revenues from Google Network properties participating in AdMob, AdSense, and Google Ad Manager.

Our customers generally purchase advertising inventory through Google Ads, Google Ad Manager, Google Display & Video 360, and Google Marketing Platform, among others.

We offer advertising by delivering both performance and brand advertising. We recognize revenues for performance advertising when a user engages with the advertisement. For brand advertising, we recognize revenues when the ad is displayed, or a user views the ad.

For ads placed on Google Network properties, we evaluate whether we are the principal (i.e., report revenues on a gross basis) or agent (i.e., report revenues on a net basis). Generally, we report advertising revenues for ads placed on Google Network properties on a gross basis, that is, the amounts billed to our customers are recorded as revenues, and amounts paid to Google Network partners are recorded as cost of revenues. Where we are the principal, we control the advertising inventory before it is transferred to our customers. Our control is evidenced by our sole ability to monetize the advertising inventory before it is transferred to our customers and is further supported by us being primarily responsible to our customers and having a level of discretion in establishing pricing.

Google Subscriptions, Platforms, and Devices