

Annual Report 2024

Balance sheets

Our fixed-income portfolio is diversified and consists primarily of investment-grade securities. We manage credit exposures relative to broad-based indices to facilitate portfolio diversification.

Equity

Securities held in our equity investments portfolio are subject to price risk.

SENSITIVITY ANALYSIS

The following table sets forth the potential loss in future earnings or fair values, including associated derivatives, resulting from hypothetical changes in relevant market rates or prices:

(In millions)

Risk Categories	Hypothetical Change	June 30, 2024	Impact
Foreign currency – Revenue	10% decrease in foreign exchange rates	\$ (9,605)	Earnings
Foreign currency – Investments	10% decrease in foreign exchange rates	(38)	Fair Value
Interest rate	100 basis point increase in U.S. treasury interest rates	(1,343)	Fair Value
Credit	100 basis point increase in credit spreads	(318)	Fair Value
Equity	10% decrease in equity market prices	(1,078)	Earnings

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INCOME STATEMENTS

(In millions, except per share amounts)

Year Ended June 30,	2024	2023	2022
Revenue:			
Product	\$ 64,773	\$ 64,699	\$ 72,732
Service and other	180,349	147,216	125,538
Total revenue	245,122	211,915	198,270
Cost of revenue:			
Product	15,272	17,804	19,064
Service and other	58,842	48,059	43,586
Total cost of revenue	74,114	65,863	62,650
Gross margin	171,008	146,052	135,620
Research and development	29,510	27,195	24,512
Sales and marketing	24,456	22,759	21,825
General and administrative	7,609	7,575	5,900
Operating income	109,433	88,523	83,383
Other income (expense), net	(1,646)	788	333
Income before income taxes	107,787	89,311	83,716
Provision for income taxes	19,651	16,950	10,978
Net income	\$ 88,136	\$ 72,361	\$ 72,738

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Basic	\$	11.86	\$	9.72	\$	9.70
Diluted	\$	11.80	\$	9.68	\$	9.65
Weighted average shares outstanding:						
Basic		7,431		7,446		7,496
Diluted		7,469		7,472		7,540

Refer to accompanying notes.

COMPREHENSIVE INCOME STATEMENTS

(In millions)						
Year Ended June 30,		2024		2023		2022
Net income	\$	88,136	\$	72,361	\$	72,738
Other comprehensive income (loss), net of tax:						
Net change related to derivatives		24		(14)		6
Net change related to investments		957		(1,444)		(5,360)
Translation adjustments and other		(228)		(207)		(1,146)
Other comprehensive income (loss)		753		(1,665)		(6,500)
Comprehensive income	\$	88,889	\$	70,696	\$	66,238

Refer to accompanying notes.

BALANCE SHEETS

(In millions)						
June 30,				2024		2023
Assets						
Current assets:						
Cash and cash equivalents			\$	18,315	\$	34,704
Short-term investments				57,228		76,558
Total cash, cash equivalents, and short-term investments				75,543		111,262
Accounts receivable, net of allowance for doubtful accounts of \$830 and \$650				56,924		48,688
Inventories				1,246		2,500
Other current assets				26,021		21,807
Total current assets				159,734		184,257
Property and equipment, net of accumulated depreciation of \$76,421 and \$68,251				135,591		95,641
Operating lease right-of-use assets				18,961		14,346
Equity and other investments				14,600		9,879
Goodwill				119,220		67,886
Intangible assets, net				27,597		9,366

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Total assets	\$ 512,163	\$ 411,976
balance sheets		
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 21,996	\$ 18,095
Short-term debt	6,693	0
Current portion of long-term debt	2,249	5,247
Accrued compensation	12,564	11,009
Short-term income taxes	5,017	4,152
Short-term unearned revenue	57,582	50,901
Other current liabilities	19,185	14,745
Total current liabilities	125,286	104,149
Long-term debt	42,688	41,990
Long-term income taxes	27,931	25,560
Long-term unearned revenue	2,602	2,912
Deferred income taxes	2,618	433
Operating lease liabilities	15,497	12,728
Other long-term liabilities	27,064	17,981
Total liabilities	243,686	205,753
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid-in capital – shares authorized 24,000; outstanding 7,434 and 7,432	100,923	93,718
Retained earnings	173,144	118,848
Accumulated other comprehensive loss	(5,590)	(6,343)
Total stockholders' equity	268,477	206,223
Total liabilities and stockholders' equity	\$ 512,163	\$ 411,976

Refer to accompanying notes.

CASH FLOWS STATEMENTS

(In millions)			
Year Ended June 30,	2024	2023	2022
Operations			
Net income	\$88,136	\$72,361	\$72,738
Adjustments to reconcile net income to net cash from operations:			
Depreciation, amortization, and other	22,287	13,861	14,460
Stock-based compensation expense	10,734	9,611	7,502
Net recognized losses (gains) on investments and derivatives	305	196	(409)
Deferred income taxes	(4,738)	(6,059)	(5,702)
Changes in operating assets and liabilities:			
Accounts receivable	(7,191)	(4,087)	(6,834)
Inventories	1,284	1,242	(1,123)

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Other long-term assets	(6,817)	(2,833)	(2,805)
balance sheets			
Accounts payable	3,545	(2,721)	2,943
Unearned revenue	5,348	5,535	5,109
Income taxes	1,687	(358)	696
Other current liabilities	4,867	2,272	2,344
Other long-term liabilities	749	553	825
Net cash from operations	118,548	87,582	89,035
Financing			
Proceeds from issuance of debt, maturities of 90 days or less, net	5,250	0	0
Proceeds from issuance of debt	24,395	0	0
Repayments of debt	(29,070)	(2,750)	(9,023)
Common stock issued	2,002	1,866	1,841
Common stock repurchased	(17,254)	(22,245)	(32,696)
Common stock cash dividends paid	(21,771)	(19,800)	(18,135)
Other, net	(1,309)	(1,006)	(863)
Net cash used in financing	(37,757)	(43,935)	(58,876)
Investing			
Additions to property and equipment	(44,477)	(28,107)	(23,886)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(69,132)	(1,670)	(22,038)
Purchases of investments	(17,732)	(37,651)	(26,456)
Maturities of investments	24,775	33,510	16,451
Sales of investments	10,894	14,354	28,443
Other, net	(1,298)	(3,116)	(2,825)
Net cash used in investing	(96,970)	(22,680)	(30,311)
Effect of foreign exchange rates on cash and cash equivalents	(210)	(194)	(141)
Net change in cash and cash equivalents	(16,389)	20,773	(293)
Cash and cash equivalents, beginning of period	34,704	13,931	14,224
Cash and cash equivalents, end of period	\$ 18,315	\$ 34,704	\$ 13,931

Refer to accompanying notes.

STOCKHOLDERS' EQUITY STATEMENTS

(In millions, except per share amounts)

Year Ended June 30,	2024	2023	2022
Common stock and paid-in capital			
Balance, beginning of period	\$ 93,718	\$ 86,939	\$ 83,111
Common stock issued	2,002	1,866	1,841
Common stock repurchased	(5,712)	(4,696)	(5,688)
Stock-based compensation expense	10,734	9,611	7,502
Other, net	181	(2)	173
Balance, end of period	100,923	93,718	86,939