

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

**FORM 10-Q**

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

For the Quarterly Period Ended December 31, 2024

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 001-37845

**MICROSOFT CORPORATION**

WASHINGTON  
(STATE OF INCORPORATION)

91-1144442  
(I.R.S. ID)

ONE MICROSOFT WAY, REDMOND, WASHINGTON 98052-6399  
(425) 882-8080  
[www.microsoft.com/investor](http://www.microsoft.com/investor)

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

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, \$0.00000625 par value per share	MSFT	NASDAQ
3.125% Notes due 2028	MSFT	NASDAQ
2.625% Notes due 2033	MSFT	NASDAQ

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 ☒

Accelerated Filer ☐

Non-accelerated Filer ☐

Smaller Reporting Company ☐

Emerging Growth Company ☐

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of January 23, 2025
Common Stock, \$0.00000625 par value per share	7,433,982,235 shares

**MICROSOFT CORPORATION**  
**FORM 10-Q**  
**For the Quarter Ended December 31, 2024**  
**INDEX**

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
a) Income Statements for the Three and Six Months Ended December 31, 2024 and 2023	3
b) Comprehensive Income Statements for the Three and Six Months Ended December 31, 2024 and 2023	4
c) Balance Sheets as of December 31, 2024 and June 30, 2024	5
d) Cash Flows Statements for the Three and Six Months Ended December 31, 2024 and 2023	6
e) Stockholders' Equity Statements for the Three and Six Months Ended December 31, 2024 and 2023	7
f) Notes to Financial Statements	8
g) Report of Independent Registered Public Accounting Firm	32
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 3. Quantitative and Qualitative Disclosures About Market Risk	47
Item 4. Controls and Procedures	47
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	48
Item 1A. Risk Factors	48
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	62
Item 5. Other Information	62
Item 6. Exhibits	63
<b>SIGNATURE</b>	64

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**  
**INCOME STATEMENTS**

(In millions, except per share amounts) (Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Revenue:				
Product	\$ 16,219	\$ 18,941	\$ 31,491	\$ 34,476
Service and other	53,413	43,079	103,726	84,061
Total revenue	69,632	62,020	135,217	118,537
Cost of revenue:				
Product	3,856	5,964	7,150	9,495
Service and other	17,943	13,659	34,748	26,430
Total cost of revenue	21,799	19,623	41,898	35,925
Gross margin	47,833	42,397	93,319	82,612
Research and development	7,917	7,142	15,461	13,801
Sales and marketing	6,440	6,246	12,157	11,433
General and administrative	1,823	1,977	3,496	3,451
Operating income	31,653	27,032	62,205	53,927
Other expense, net	(2,288)	(506)	(2,571)	(117)
Income before income taxes	29,365	26,526	59,634	53,810
Provision for income taxes	5,257	4,656	10,859	9,649
Net income	\$ 24,108	\$ 21,870	\$ 48,775	\$ 44,161
Earnings per share:				
Basic	\$ 3.24	\$ 2.94	\$ 6.56	\$ 5.94
Diluted	\$ 3.23	\$ 2.93	\$ 6.53	\$ 5.92
Weighted average shares outstanding:				
Basic	7,435	7,432	7,434	7,431
Diluted	7,468	7,468	7,469	7,465

Refer to accompanying notes.

## COMPREHENSIVE INCOME STATEMENTS

(In millions) (Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Net income	<u>\$ 24,108</u>	<u>\$ 21,870</u>	<u>\$ 48,775</u>	<u>\$ 44,161</u>
Other comprehensive income (loss), net of tax:				
Net change related to derivatives	34	(3)	24	18
Net change related to investments	(434)	1,331	680	1,071
Translation adjustments and other	(1,034)	660	(730)	305
Other comprehensive income (loss)	<u>(1,434)</u>	<u>1,988</u>	<u>(26)</u>	<u>1,394</u>
Comprehensive income	<u>\$ 22,674</u>	<u>\$ 23,858</u>	<u>\$ 48,749</u>	<u>\$ 45,555</u>

Refer to accompanying notes.