

# Annual Report 2022



Dear shareholders, colleagues, customers, and partners:

We are living through a period of historic economic, societal, and geopolitical change. The world in 2022 looks nothing like the world in 2019. As I write this, inflation is at a 40-year high, supply chains are stretched, and the war in Ukraine is ongoing. At the same time, we are entering a technological era with the potential to power awesome advancements across every sector of our economy and society. As the world's largest software company, this places us at a historic intersection of opportunity and responsibility to the world around us.

**Our mission to empower every person and every organization on the planet to achieve more** has never been more urgent or more necessary. For all the uncertainty in the world, one thing is clear: People and organizations in every industry are increasingly looking to digital technology to overcome today's challenges and emerge stronger. And no company is better positioned to help them than Microsoft.

Every day this past fiscal year I have had the privilege to witness our customers use our platforms and tools to connect what technology *can* do with what the world *needs* it to do.

Here are just a few examples:

- Ferrovial, which builds and manages some of the world's busiest airports and highways, is using our cloud infrastructure to build safer roads as it prepares for a future of autonomous transportation.
- Peace Parks Foundation, a nonprofit helping protect natural ecosystems in Southern Africa, is using Microsoft Dynamics 365 and Power BI to secure essential funding, as well as our Azure AI and IoT solutions to help rangers scale their park maintenance and wildlife crime prevention work.
- One of the world's largest robotics companies, Kawasaki Heavy Industries, is using the breadth of our tools—from Azure IoT and HoloLens—to create an industrial metaverse solution that brings its distributed workforce together with its network of connected equipment to improve productivity and keep employees safe.
- Globo, the biggest media and TV company in Brazil, is using Power Platform to empower its employees to build their own solutions for everything from booking sets to setting schedules.
- And Ørsted, which produces a quarter of the world's wind energy, is using the Microsoft Intelligent Data Platform to turn data from its offshore turbines into insights for predictive maintenance.

Amid this dynamic environment, we delivered record results in fiscal year 2022: We reported \$198 billion in revenue and \$83 billion in operating income. And the Microsoft Cloud surpassed \$100 billion in annualized revenue for the first time.

## OUR RESPONSIBILITY

As a corporation, our purpose and actions must be aligned with addressing the world's problems, not creating new ones. At our very core, we need to deliver innovation that helps drive broad economic growth. We, as a company, will do well when the world around us does well.

That's what I believe will lead to widespread human progress and ultimately improve the lives of everyone. There is no more powerful input than digital technology to drive the world's economic output. This is the core thesis for our being as a company, but it's not enough. As we drive global economic growth, we must also commit to creating a more inclusive, equitable, sustainable, and trusted future.

### *Support inclusive economic growth*

We must ensure the growth we drive reaches every person, organization, community, and country. This starts with increasing access to digital skills. This year alone, more than 23 million people accessed digital skills training as part of our global skills initiative.

## ISSUER PURCHASES OF EQUITY SECURITIES, DIVIDENDS, AND STOCK PERFORMANCE

### MARKET AND STOCKHOLDERS

Our common stock is traded on the NASDAQ Stock Market under the symbol MSFT. On July 25, 2022, there were 86,465 registered holders of record of our common stock.

### SHARE REPURCHASES AND DIVIDENDS

#### Share Repurchases

On September 20, 2016, our Board of Directors approved a share repurchase program authorizing up to \$40.0 billion in share repurchases. This share repurchase program commenced in December 2016 and was completed in February 2020.

On September 18, 2019, our Board of Directors approved a share repurchase program authorizing up to \$40.0 billion in share repurchases. This share repurchase program commenced in February 2020 and was completed in November 2021.

On September 14, 2021, our Board of Directors approved a share repurchase program authorizing up to \$60.0 billion in share repurchases. This share repurchase program commenced in November 2021, following completion of the program approved on September 18, 2019, has no expiration date, and may be terminated at any time. As of June 30, 2022, \$40.7 billion remained of this \$60.0 billion share repurchase program.

We repurchased the following shares of common stock under the share repurchase programs:

(In millions)	Shares	Amount	Shares	Amount	Shares	Amount
Year Ended June 30,	2022		2021		2020	
First Quarter	21	\$ 6,200	25	\$ 5,270	29	\$ 4,000
Second Quarter	20	6,233	27	5,750	32	4,600
Third Quarter	26	7,800	25	5,750	37	6,000
Fourth Quarter	28	7,800	24	6,200	28	5,088
Total	<u>95</u>	<u>\$ 28,033</u>	<u>101</u>	<u>\$ 22,970</u>	<u>126</u>	<u>\$ 19,688</u>

All repurchases were made using cash resources. Shares repurchased during the fourth and third quarters of fiscal year 2022 were under the share repurchase program approved on September 14, 2021. Shares repurchased during the second quarter of fiscal year 2022 were under the share repurchase programs approved on both September 14, 2021 and September 18, 2019. Shares repurchased during the first quarter of fiscal year 2022, fiscal year 2021, and the fourth quarter of fiscal year 2020 were under the share repurchase program approved on September 18, 2019. Shares repurchased during the third quarter of fiscal year 2020 were under the share repurchase programs approved on both September 20, 2016 and September 18, 2019. All other shares repurchased were under the share repurchase program approved on September 20, 2016. The above table excludes shares repurchased to settle employee tax withholding related to the vesting of stock awards of \$4.7 billion, \$4.4 billion, and \$3.3 billion for fiscal years 2022, 2021, and 2020, respectively.