**Microsoft Cloud Strength Drives Fourth Quarter Results**

**REDMOND, Wash. — July 25, 2023 —** Microsoft Corp. today announced the following results for the quarter ended June 30, 2023, as compared to the corresponding period of last fiscal year:

* Revenue was $56.2 billion and increased 8% (up 10% in constant currency)
* Operating income was $24.3 billion and increased 18% (up 21% in constant currency)
* Net income was $20.1 billion and increased 20% (up 23% in constant currency)
* Diluted earnings per share was $2.69 and increased 21% (up 23% in constant currency)

“Organizations are asking not only how – but how fast – they can apply this next generation of AI to address the biggest opportunities and challenges they face – safely and responsibly,” said Satya Nadella, chairman and chief executive officer of Microsoft. “We remain focused on leading the new AI platform shift, helping customers use the Microsoft Cloud to get the most value out of their digital spend, and driving operating leverage.”

“We delivered a solid close to the fiscal year driven by Microsoft Cloud quarterly revenue of $30.3 billion, up 21% (up 23% in constant currency) year-over-year,” said Amy Hood, executive vice president and chief financial officer of Microsoft.

**Business Highlights**

Revenue in Productivity and Business Processes was $18.3 billion and increased 10% (up 12% in constant currency), with the following business highlights:

* Office Commercial products and cloud services revenue increased 12% (up 14% in constant currency) driven by Office 365 Commercial revenue growth of 15% (up 17% in constant currency)
* Office Consumer products and cloud services revenue increased 3% (up 6% in constant currency) and Microsoft 365 Consumer subscribers grew to 67.0 million
* LinkedIn revenue increased 5% (up 7% in constant currency)
* Dynamics products and cloud services revenue increased 19% (up 21% in constant currency) driven by Dynamics 365 revenue growth of 26% (up 28% in constant currency)

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| COMPREHENSIVE INCOME STATEMENTS | | | | | | | |
| (In millions) (Unaudited) | | | | | | | |
|  |  |  |  |  |  |  |  |
|  | **Three Months Ended June 30,** | | |  | **Twelve Months Ended June 30,** | | |
|  |  |
|  | **2023** |  | **2022** |  | **2023** |  | **2022** |
| Net income | **$20,081** |  | $16,740 |  | **$72,361** |  | $72,738 |
| Other comprehensive income (loss), net of tax: |  |  |  |  |  |  |  |
| Net change related to derivatives | **20** |  | (2) |  | **(14)** |  | 6 |
| Net change related to investments | **(648)** |  | (1,313) |  | **(1,444)** |  | (5,360) |
| Translation adjustments and other | **(71)** |  | (887) |  | **(207)** |  | (1,146) |
| Other comprehensive loss | **(699)** |  | (2,202) |  | **(1,665)** |  | (6,500) |
| Comprehensive income | **$19,382** |  | $14,538 |  | **$70,696** |  | $66,238 |

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| BALANCE SHEETS | | | |
| (In millions) (Unaudited) | | | |
|  | | | |
|  | **June 30, 2023** |  | **June 30,**  **2022** |
| **Assets** |  |  |  |
| Current assets: |  |  |  |
| Cash and cash equivalents | **$34,704** |  | $13,931 |
| Short-term investments | **76,558** |  | 90,826 |
| Total cash, cash equivalents, and short-term investments | **111,262** |  | 104,757 |
| Accounts receivable, net of allowance for doubtful  accounts of **$650** and $633 | **48,688** |  | 44,261 |
| Inventories | **2,500** |  | 3,742 |
| Other current assets | **21,807** |  | 16,924 |
| Total current assets | **184,257** |  | 169,684 |
| Property and equipment, net of accumulated  depreciation of **$68,251** and $59,660 | **95,641** |  | 74,398 |
| Operating lease right-of-use assets | **14,346** |  | 13,148 |
| Equity investments | **9,879** |  | 6,891 |
| Goodwill | **67,886** |  | 67,524 |
| Intangible assets, net | **9,366** |  | 11,298 |
| Other long-term assets | **30,601** |  | 21,897 |
| Total assets | **$411,976** |  | $364,840 |
| **Liabilities and stockholders' equity** |  |  |  |
| Current liabilities: |  |  |  |
| Accounts payable | **$18,095** |  | $19,000 |
| Current portion of long-term debt | **5,247** |  | 2,749 |
| Accrued compensation | **11,009** |  | 10,661 |
| Short-term income taxes | **4,152** |  | 4,067 |
| Short-term unearned revenue | **50,901** |  | 45,538 |
| Other current liabilities | **14,745** |  | 13,067 |
| Total current liabilities | **104,149** |  | 95,082 |
| Long-term debt | **41,990** |  | 47,032 |
| Long-term income taxes | **25,560** |  | 26,069 |
| Long-term unearned revenue | **2,912** |  | 2,870 |
| Deferred income taxes | **433** |  | 230 |
| Operating lease liabilities | **12,728** |  | 11,489 |
| Other long-term liabilities | **17,981** |  | 15,526 |
| Total liabilities | **205,753** |  | 198,298 |
| Commitments and contingencies |  |  |  |
| Stockholders' equity: |  |  |  |
| Common stock and paid-in capital - shares authorized   24,000; outstanding **7,432** and 7,464 | **93,718** |  | 86,939 |
| Retained earnings | **118,848** |  | 84,281 |
| Accumulated other comprehensive loss | **(6,343)** |  | (4,678) |
| Total stockholders' equity | **206,223** |  | 166,542 |
| Total liabilities and stockholders' equity | **$411,976** |  | $364,840 |