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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) **October 28, 2025**

Microsoft Corporation

Washington
(State or Other Jurisdiction
of Incorporation)

001-37845
(Commission
File Number)

91-1144442
(IRS Employer
Identification No.)

One Microsoft Way, Redmond, Washington 98052-6399

(425) 882-8080
www.microsoft.com/investor

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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.

Item 2.02. Results of Operations and Financial Condition

On October 29, 2025, Microsoft Corporation issued a press release announcing its financial results for the fiscal quarter ended September 30, 2025. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 7.01. Regulation FD Disclosure

On October 28, 2025, Microsoft Corporation posted a blog titled "The next chapter of the Microsoft-OpenAI partnership." A copy of the blog is furnished as Exhibit 99.2 to this report.

Microsoft Corporation is also furnishing an investor presentation titled "First Quarter Fiscal Year 2026 Results." A copy of the presentation is furnished as Exhibit 99.3 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibits 99.1, 99.2, and 99.3, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

- 99.1 [Press release, dated October 29, 2025, issued by Microsoft Corporation](#)
 - 99.2 [Microsoft blog, dated October 28, 2025, titled "The next chapter of the Microsoft-OpenAI partnership"](#)
 - 99.3 [Investor presentation, dated October 29, 2025, titled "First Quarter Fiscal Year 2026 Results"](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION

Date: October 29, 2025

/s/ ALICE L. JOLLA

Alice L. Jolla

Corporate Vice President and
Chief Accounting Officer

Microsoft Cloud and AI Strength Drives First Quarter Results

REDMOND, Wash. — October 29, 2025 — Microsoft Corp. today announced the following results for the quarter ended September 30, 2025, as compared to the corresponding period of last fiscal year:

- Revenue was \$77.7 billion and increased 18% (up 17% in constant currency)
- Operating income was \$38.0 billion and increased 24% (up 22% in constant currency)
- Net income, on a GAAP basis, was \$27.7 billion and increased 12%, and on a non-GAAP basis was \$30.8 billion and increased 22% (up 21% in constant currency)
- Diluted earnings per share, on a GAAP basis, was \$3.72 and increased 13%, and on a non-GAAP basis was \$4.13 and increased 23% (up 21% in constant currency)
- Non-GAAP results exclude the impact from investments in OpenAI, explained in the Non-GAAP Definition section below

“Our planet-scale cloud and AI factory, together with Copilots across high value domains, is driving broad diffusion and real-world impact,” said Satya Nadella, chairman and chief executive officer of Microsoft. “It’s why we continue to increase our investments in AI across both capital and talent to meet the massive opportunity ahead.”

“We delivered a strong start to the fiscal year, exceeding expectations across revenue, operating income, and earnings per share,” said Amy Hood, executive vice president and chief financial officer of Microsoft. “Continued strength in the Microsoft Cloud reflects the growing customer demand for our differentiated platform.”

The following table reconciles our financial results reported in accordance with generally accepted accounting principles (GAAP) to non-GAAP financial results. Additional information regarding our non-GAAP definition is provided below. All growth comparisons relate to the corresponding period in the last fiscal year.

	Three Months Ended September 30,	
	Net Income	Diluted Earnings per Share
(\$ in millions, except per share amounts)		
2024 As Reported (GAAP)	\$24,667	\$3.30
Impact from investments in OpenAI	523	0.07
2024 As Adjusted (non-GAAP)	\$25,190	\$3.37
2025 As Reported (GAAP)	\$27,747	\$3.72
Impact from investments in OpenAI	3,086	0.41
2025 As Adjusted (non-GAAP)	\$30,833	\$4.13
Percentage Change Y/Y (GAAP)	12%	13%
Percentage Change Y/Y Constant Currency	11%	11%
Percentage Change Y/Y (non-GAAP)	22%	23%
Percentage Change Y/Y (non-GAAP) Constant Currency	21%	21%

Business Highlights

Microsoft Cloud revenue was \$49.1 billion and increased 26% (up 25% in constant currency), and commercial remaining performance obligation increased 51% to \$392 billion.

Revenue in Productivity and Business Processes was \$33.0 billion and increased 17% (up 14% in constant currency), with the following business highlights:

- Microsoft 365 Commercial cloud revenue increased 17% (up 15% in constant currency)
- Microsoft 365 Consumer cloud revenue increased 26% (up 25% in constant currency)

- LinkedIn revenue increased 10% (up 9% in constant currency)
- Dynamics 365 revenue increased 18% (up 16% in constant currency)

Revenue in Intelligent Cloud was \$30.9 billion and increased 28% (up 27% in constant currency), with the following business highlights:

- Azure and other cloud services revenue increased 40% (up 39% in constant currency)

Revenue in More Personal Computing was \$13.8 billion and increased 4%, with the following business highlights:

- Windows OEM and Devices revenue increased 6%
- Xbox content and services revenue increased 1% (relatively unchanged in constant currency)
- Search and news advertising revenue excluding traffic acquisition costs increased 16% (up 15% in constant currency)

Microsoft returned \$10.7 billion to shareholders in the form of dividends and share repurchases in the first quarter of fiscal year 2026.

Business Outlook

Microsoft will provide forward-looking guidance in connection with this quarterly earnings announcement on its earnings conference call and webcast.

Quarterly Highlights, Product Releases, and Customer Stories

Every quarter Microsoft delivers hundreds of products, services, and enhancements. These releases are driven by years of significant research and development investments, to empower customers with greater productivity, security, and differentiated value.

This momentum is reflected in stories that showcase how our technology is [shaping industries and driving customer success](#). We share innovation updates on our product blogs across [Azure](#), [Microsoft 365](#), and more on our [Official Microsoft blog](#).

Webcast Details

Satya Nadella, chairman and chief executive officer, Amy Hood, executive vice president and chief financial officer, Alice Jolla, chief accounting officer, Keith Dolliver, corporate secretary and deputy general counsel, and Jonathan Neilson, vice president of investor relations, will host a conference call and webcast at 2:30 p.m. Pacific time (5:30 p.m. Eastern time) today to discuss details of the company's performance for the quarter and certain forward-looking information. To access the earnings call, dial (877) 407-0666 or +1-201-689-8023 for international. The webcast will be available at <http://www.microsoft.com/en-us/investor> for replay through the close of business on September 30, 2026.

Non-GAAP Definition

Impact from investments in OpenAI. In the first quarter of fiscal year 2026, net income and diluted earnings per share were impacted by losses from investments in OpenAI, which resulted in a decrease in net income and diluted earnings per share of \$3.1 billion and \$0.41, respectively. In the first quarter of fiscal year 2025, net income and diluted earnings per share were impacted by losses from investments in OpenAI, which resulted in a decrease in net income and diluted earnings per share of \$523 million and \$0.07, respectively.

Microsoft has provided non-GAAP financial measures related to the impact from investments in OpenAI to aid investors in better understanding our performance. Microsoft believes these non-GAAP measures assist investors by providing additional insight into its operational performance and help clarify trends affecting its business. For comparability of reporting, management considers non-GAAP measures in conjunction with GAAP financial results in evaluating business performance. The non-GAAP financial measures presented in this release should not be

considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP.

Constant Currency

Microsoft presents constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. All growth comparisons relate to the corresponding period in the last fiscal year. Microsoft has provided this non-GAAP financial information to aid investors in better understanding our performance. The non-GAAP financial measures presented in this release should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP.

Financial Performance Constant Currency Reconciliation

	Three Months Ended September 30,			
(\$ in millions, except per share amounts)	Revenue	Operating Income	Net Income	Diluted Earnings per Share
2024 As Reported (GAAP)	\$65,585	\$30,552	\$24,667	\$3.30
2024 As Adjusted (non-GAAP)	\$65,585	\$30,552	\$25,190	\$3.37
2025 As Reported (GAAP)	\$77,673	\$37,961	\$27,747	\$3.72
2025 As Adjusted (non-GAAP)	\$77,673	\$37,961	\$30,833	\$4.13
Percentage Change Y/Y (GAAP)	18%	24%	12%	13%
Percentage Change Y/Y (non-GAAP)	18%	24%	22%	23%
Constant Currency Impact	\$1,015	\$730	\$430	\$0.06
Percentage Change Y/Y Constant Currency	17%	22%	11%	11%
Percentage Change Y/Y (non-GAAP) Constant Currency	17%	22%	21%	21%

Segment Revenue Constant Currency Reconciliation

	Three Months Ended September 30,		
(\$ in millions)	Productivity and Business Processes	Intelligent Cloud	More Personal Computing
2024 As Reported (GAAP)	\$28,317	\$24,092	\$13,176
2025 As Reported (GAAP)	\$33,020	\$30,897	\$13,756
Percentage Change Y/Y (GAAP)	17%	28%	4%
Constant Currency Impact	\$656	\$251	\$107
Percentage Change Y/Y Constant Currency	14%	27%	4%

Selected Product and Service Revenue Constant Currency Reconciliation

	Three Months Ended September 30, 2025		
	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Microsoft Cloud	26%	(1)%	25%
Commercial remaining performance obligation	51%	0%	51%
Microsoft 365 Commercial cloud	17%	(2)%	15%
Microsoft 365 Consumer cloud	26%	(1)%	25%
LinkedIn	10%	(1)%	9%
Dynamics 365	18%	(2)%	16%
Azure and other cloud services	40%	(1)%	39%
Windows OEM and Devices	6%	0%	6%
Xbox content and services	1%	(1)%	0%
Search and news advertising excluding traffic acquisition costs	16%	(1)%	15%

About Microsoft

Microsoft (Nasdaq "MSFT" @microsoft) creates platforms and tools powered by AI to deliver innovative solutions that meet the evolving needs of our customers. The technology company is committed to making AI available broadly and doing so responsibly, with a mission to empower every person and every organization on the planet to achieve more.

Forward-Looking Statements

Statements in this release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of factors such as:

- intense competition in all of our markets that could adversely affect our results of operations;
- focus on cloud-based and AI services presenting execution and competitive risks;
- significant investments in products and services that may not achieve expected returns;
- acquisitions, joint ventures, and strategic alliances that could have an adverse effect on our business;
- cyberattacks and security vulnerabilities that could lead to reduced revenue, increased costs, liability claims, or harm to our reputation or competitive position;
- disclosure and misuse of personal data that could cause liability and harm to our reputation;
- the possibility that we may not be able to protect information in our products and services from use by others;
- abuse of our advertising, professional, marketplace, or gaming platforms that may harm our reputation or user engagement;
- products and services, how they are used by customers, and how third-party products and services interact with them, presenting security, privacy, and execution risks;
- issues about the use of AI in our offerings that may result in reputational or competitive harm, or liability;
- excessive outages, data losses, and disruptions of our online services if we fail to maintain an adequate operations infrastructure;
- supply or quality problems;
- potential consequences of new, existing, and evolving legal and regulatory requirements;
- claims against us that could result in adverse outcomes in legal disputes;
- uncertainties relating to our business with government customers;

- additional tax liabilities;
- an inability to protect and utilize our intellectual property may harm our business and operating results;
- claims that Microsoft has infringed the intellectual property rights of others;
- damage to our reputation or our brands that may harm our business and results of operations;
- adverse economic or market conditions that could harm our business;
- catastrophic events or geopolitical conditions, such as the COVID-19 pandemic, that could disrupt our business;
- exposure to increased economic and operational uncertainties from operating a global business, including the effects of foreign currency exchange; and
- the dependence of our business on our ability to attract and retain talented employees.

For more information about risks and uncertainties associated with Microsoft's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of Microsoft's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Microsoft's Investor Relations department at (800) 285-7772 or at Microsoft's Investor Relations website at <http://www.microsoft.com/en-us/investor>.

All information in this release is as of September 30, 2025. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

For more information, press only:

Microsoft Media Relations, WE Communications for Microsoft, (425) 638-7777, rrt@we-worldwide.com

For more information, financial analysts and investors only:

Jonathan Neilson, Vice President, Investor Relations, (425) 706-4400

Note to editors: For more information, news and perspectives from Microsoft, please visit the Microsoft News Center at <http://www.microsoft.com/news>. Web links, telephone numbers, and titles were correct at time of publication, but may since have changed. Shareholder and financial information is available at <http://www.microsoft.com/en-us/investor>.

MICROSOFT CORPORATION

INCOME STATEMENTS

(In millions, except per share amounts) (Unaudited)

	2025	Three Months Ended September 30, 2024
Revenue:		
Product	\$15,922	\$15,272
Service and other	61,751	50,313
Total revenue	77,673	65,585
Cost of revenue:		
Product	2,922	3,294
Service and other	21,121	16,805
Total cost of revenue	24,043	20,099
Gross margin	53,630	45,486
Research and development	8,146	7,544
Sales and marketing	5,717	5,717
General and administrative	1,806	1,673
Operating income	37,961	30,552
Other expense, net	(3,660)	(283)
Income before income taxes	34,301	30,269
Provision for income taxes	6,554	5,602
Net income	\$27,747	\$24,667
Earnings per share:		
Basic	\$3.73	\$3.32
Diluted	\$3.72	\$3.30
Weighted average shares outstanding:		
Basic	7,433	7,433
Diluted	7,466	7,470

COMPREHENSIVE INCOME STATEMENTS

(In millions) (Unaudited)

	2025	Three Months Ended September 30, 2024
Net income	\$27,747	\$24,667
Other comprehensive income (loss), net of tax:		
Net change related to derivatives	(3)	(10)
Net change related to investments	687	1,114
Translation adjustments and other	(98)	304
Other comprehensive income	586	1,408
Comprehensive income	\$28,333	\$26,075

BALANCE SHEETS
(In millions) (Unaudited)

	September 30, 2025	June 30, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$28,849	\$30,242
Short-term investments	73,163	64,323
Total cash, cash equivalents, and short-term investments	102,012	94,565
Accounts receivable, net of allowance for doubtful accounts of \$687 and \$944	52,894	69,905
Inventories	1,130	938
Other current assets	33,030	25,723
Total current assets	189,066	191,131
Property and equipment, net of accumulated depreciation of \$98,880 and \$93,653	230,861	204,966
Operating lease right-of-use assets	24,791	24,823
Equity and other investments	11,465	15,405
Goodwill	119,497	119,509
Intangible assets, net	21,236	22,604
Other long-term assets	39,435	40,565
Total assets	\$636,351	\$619,003
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$32,580	\$27,724
Current portion of long-term debt	7,832	2,999
Accrued compensation	9,201	13,709
Short-term income taxes	3,655	7,211
Short-term unearned revenue	58,987	64,555
Other current liabilities	22,741	25,020
Total current liabilities	134,996	141,218
Long-term debt	35,376	40,152
Long-term income taxes	26,569	25,986
Long-term unearned revenue	2,546	2,710
Deferred income taxes	2,852	2,835
Operating lease liabilities	17,348	17,437
Other long-term liabilities	53,588	45,186
Total liabilities	273,275	275,524
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid-in capital - shares authorized 24,000; outstanding 7,434 and 7,434	110,964	109,095
Retained earnings	254,873	237,731
Accumulated other comprehensive loss	(2,761)	(3,347)
Total stockholders' equity	363,076	343,479
Total liabilities and stockholders' equity	\$636,351	\$619,003

CASH FLOWS STATEMENTS

(In millions) (Unaudited)

	Three Months Ended September 30,	
	2025	2024
Operations		
Net income	\$27,747	\$24,667
Adjustments to reconcile net income to net cash from operations:		
Depreciation, amortization, and other	13,061	7,383
Stock-based compensation expense	2,983	2,832
Net recognized gains on investments and derivatives	(1,007)	(125)
Deferred income taxes	2,491	(1,433)
Changes in operating assets and liabilities:		
Accounts receivable	16,490	14,037
Inventories	(192)	(373)
Other current assets	(1,162)	(82)
Other long-term assets	(394)	(1,761)
Accounts payable	(614)	(916)
Unearned revenue	(5,418)	(5,553)
Income taxes	(2,944)	1,016
Other current liabilities	(5,507)	(5,479)
Other long-term liabilities	(477)	(33)
Net cash from operations	45,057	34,180
Financing		
Repayments of debt, maturities of 90 days or less	0	(5,746)
Repayments of debt	0	(966)
Common stock issued	689	706
Common stock repurchased	(5,650)	(4,107)
Common stock cash dividends paid	(6,169)	(5,574)
Other, net	(669)	(889)
Net cash used in financing	(11,799)	(16,576)
Investing		
Additions to property and equipment	(19,394)	(14,923)
Acquisition of companies, net of cash acquired and divestitures, and purchases of intangible and other assets	(578)	(1,849)
Purchases of investments	(17,671)	(1,620)
Maturities of investments	6,031	2,136
Sales of investments	3,262	1,968
Other, net	(6,209)	(913)
Net cash used in investing	(34,559)	(15,201)
Effect of foreign exchange rates on cash and cash equivalents	(92)	122
Net change in cash and cash equivalents	(1,393)	2,525
Cash and cash equivalents, beginning of period	30,242	18,315
Cash and cash equivalents, end of period	\$28,849	\$20,840

SEGMENT RESULTS
(In millions) (Unaudited)

	2025	Three Months Ended September 30, 2024
Productivity and Business Processes		
Revenue	\$33,020	\$28,317
Cost of revenue	5,721	5,294
Operating expenses	6,892	6,507
Operating income	<u>\$20,407</u>	<u>\$16,516</u>
Intelligent Cloud		
Revenue	\$30,897	\$24,092
Cost of revenue	12,314	8,614
Operating expenses	5,192	4,975
Operating income	<u>\$13,391</u>	<u>\$10,503</u>
More Personal Computing		
Revenue	\$13,756	\$13,176
Cost of revenue	6,008	6,191
Operating expenses	3,585	3,452
Operating income	<u>\$4,163</u>	<u>\$3,533</u>
Total		
Revenue	\$77,673	\$65,585
Cost of revenue	24,043	20,099
Operating expenses	15,669	14,934
Operating income	<u>\$37,961</u>	<u>\$30,552</u>

The next chapter of the Microsoft–OpenAI partnership

Oct 28, 2025 | Microsoft Corporate Blogs



Since 2019, Microsoft and OpenAI have shared a vision to advance artificial intelligence responsibly and make its benefits broadly accessible. What began as an investment in a research organization has grown into one of the most successful partnerships in our industry. As we enter the next phase of this partnership, we've signed a new definitive agreement that builds on our foundation, strengthens our partnership, and sets the stage for long-term success for both organizations.

First, Microsoft supports the OpenAI board moving forward with formation of a public benefit corporation (PBC) and recapitalization. Following the recapitalization, Microsoft holds an investment in OpenAI Group PBC valued at approximately \$135 billion, representing roughly 27 percent on an as-converted diluted basis, inclusive of all owners – employees, investors, and the OpenAI Foundation. Excluding the impact of OpenAI's recent funding rounds, Microsoft held a 32.5 percent stake on an as-converted basis in the OpenAI for-profit.

The agreement preserves key elements that have fueled this successful partnership – meaning OpenAI remains Microsoft's frontier model partner and Microsoft continues to have exclusive IP rights and Azure API exclusivity until Artificial General Intelligence (AGI).

It also refines and adds new provisions that enable each company to independently continue advancing innovation and growth.

What has evolved:

- Once AGI is declared by OpenAI, that declaration will now be verified by an independent expert panel.
 - Microsoft's IP rights for both models and products are extended through 2032 and now include models post-AGI, with appropriate safety guardrails.
-

- Microsoft's IP rights to research, defined as the confidential methods used in the development of models and systems, will remain until either the expert panel verifies AGI or through 2030, whichever is first. Research IP includes, for example, models intended for internal deployment or research only. Beyond that research IP does not include model architecture, model weights, inference code, finetuning code, and any IP related to data center hardware and software; and Microsoft retains these non-Research IP rights.
- Microsoft's IP rights now exclude OpenAI's consumer hardware.
- OpenAI can now jointly develop some products with third parties. API products developed with third parties will be exclusive to Azure. Non-API products may be served on any cloud provider.
- Microsoft can now independently pursue AGI alone or in partnership with third parties.
- If Microsoft uses OpenAI's IP to develop AGI, prior to AGI being declared, the models will be subject to compute thresholds; those thresholds are significantly larger than the size of systems used to train leading models today.
- The revenue share agreement remains until the expert panel verifies AGI, though payments will be made over a longer period of time.
- OpenAI has contracted to purchase an incremental \$250B of Azure services, and Microsoft will no longer have a right of first refusal to be OpenAI's compute provider.
- OpenAI can now provide API access to US government national security customers, regardless of the cloud provider.
- OpenAI is now able to release open weight models that meet requisite capability criteria.

As we step into this next chapter of our partnership, both companies are better positioned than ever to continue building great products that meet real-world needs, and create new opportunity for everyone and every business.



First Quarter Fiscal Year 2026 Results

October 29, 2025

Satya Nadella
Amy Hood
Jonathan Neilson

This presentation contains forward-looking statements, which are any predictions, projections, or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's earnings press release, in the comments made during the conference call, and in the Risk Factors section and other sections of our Form 10-K, Forms 10-Q, and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update forward-looking statements.

Agenda

Financial Summary and Highlights

Commercial Highlights

Segment Overview and Highlights

Appendix

FY26 Q1 Financial Summary

	GAAP and CC results			As Adjusted (non-GAAP)		
	FY26 Q1	Growth	CC Growth*	FY26 Q1	Growth**	CC Growth***
Productivity and Business Processes	\$33.0	17%	14%	\$33.0	17%	14%
Intelligent Cloud	\$30.9	28%	27%	\$30.9	28%	27%
More Personal Computing	\$13.8	4%	4%	\$13.8	4%	4%
Revenue	\$77.7	18%	17%	\$77.7	18%	17%
Cost of revenue	\$24.0	20%	19%	\$24.0	20%	19%
Gross margin	\$53.6	18%	16%	\$53.6	18%	16%
<i>Gross margin percentage</i>	69%	0 pts	—	69%	0 pts	—
Operating expense	\$15.7	5%	4%	\$15.7	5%	4%
Operating income	\$38.0	24%	22%	\$38.0	24%	22%
<i>Operating income percentage</i>	49%	2 pts	—	49%	2 pts	—
Other income and expense	(\$3.7)	—	—	\$0.4	—	—
Net income	\$27.7	12%	11%	\$30.8	22%	21%
Diluted earnings per share	\$3.72	13%	11%	\$4.13	23%	21%

Summary of Results

- Revenue increased 18% (up 17% CC) with growth across all segments
- Cost of revenue increased 20% (up 19% CC) driven by growth in Microsoft Cloud
- Gross margin increased 18% (up 16% CC) with growth across all segments. Gross margin percentage decreased slightly driven by scaling our AI infrastructure and growing usage of AI product features, partially offset by efficiency gains across the Microsoft Cloud.
- Operating expenses were \$15.7 billion, up 5% (up 4% CC) driven by investments in cloud and AI engineering, including compute capacity and AI talent to support product development across the portfolio
- Operating income grew 24% (up 22% CC) with growth across all segments
- Other income and expense was \$(3.7) billion. On a non-GAAP basis, results were \$0.4 billion as interest income more than offset interest expense.
- Effective tax rate was 19% and 20% on a non-GAAP basis
- Diluted earnings per share was \$3.72, up 13% (up 11% CC). On a non-GAAP basis, results were \$4.13, up 23% (up 21% CC).

*See Appendix for reconciliation of GAAP and non-GAAP measures, including constant currency ("CC"). **Adjusts for the impact from investments in OpenAI. ***Adjusts for constant currency in addition to the impact from investments in OpenAI.

FY26 Q1 Financial Highlights

Cash Returned to Shareholders

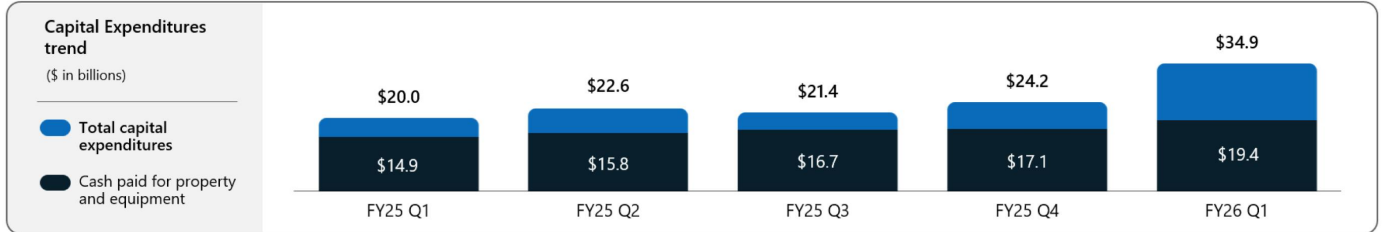
- Returned \$10.7 billion to shareholders with \$6.8 billion in dividends and \$4.0 billion in share repurchases

Capital Expenditures

- Capital expenditures including assets acquired under finance leases were \$34.9 billion, up 74% to support customer demand for our cloud and AI offerings. Roughly half of capital expenditures were for short-lived assets, primarily GPUs and CPUs, which support Azure platform demand, growing first-party applications and AI solutions, accelerating research and development by our product teams as well as continued replacement for end-of-life server and networking equipment.
- Long-lived assets include finance leases of \$11.1 billion, up 71% sequentially driven by the timing of lease commencements for large datacenter sites. These assets will support monetization over the next 15-year period and beyond.
- Cash paid for property and equipment was \$19.4 billion, up 30%, lower than capital expenditures primarily due to finance leases

Cash Flow

- Cash flow from operations was \$45.1 billion, up 32% driven by strong cloud billings and collections, partially offset by higher supplier payments
- Free cash flow was \$25.7 billion, up 33% reflecting the timing of cash paid for property and equipment. The sequential increase in capital expenditures includes a higher mix of finance leases which had a lower impact on free cash flow.



Includes non-GAAP constant currency ("CC") growth and free cash flow. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Commercial Highlights

Commercial Business

- Commercial bookings increased 112% (up 111% CC) year-over-year driven by Azure commitments from OpenAI. Results do not include any impact from the incremental Azure commitment with OpenAI announced on October 28th, 2025.
- Commercial remaining performance obligation of \$392 billion, up 51% year-over-year with a weighted average duration of roughly 2 years.

Microsoft Cloud

- Microsoft Cloud revenue of \$49.1 billion, up 26% (up 25% CC) year-over-year
- Microsoft Cloud gross margin percentage decreased year-over-year to 68% driven by scaling our AI infrastructure and growing usage of AI product features, partially offset by efficiency gains in Azure and Microsoft 365 Commercial cloud

Investor Metrics	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Commercial bookings growth (y/y)	30% / 23%	67% / 75%	18% / 17%	37% / 30%	112% / 111%
Commercial remaining performance obligation (in billions)	\$259	\$298	\$315	\$368	\$392
Microsoft Cloud revenue (in billions)	\$38.9	\$40.9	\$42.4	\$46.7	\$49.1
Microsoft Cloud revenue growth (y/y)	22%	21%	20% / 22%	27% / 25%	26% / 25%
Microsoft Cloud gross margin percentage	71%	70%	69%	68%	68%

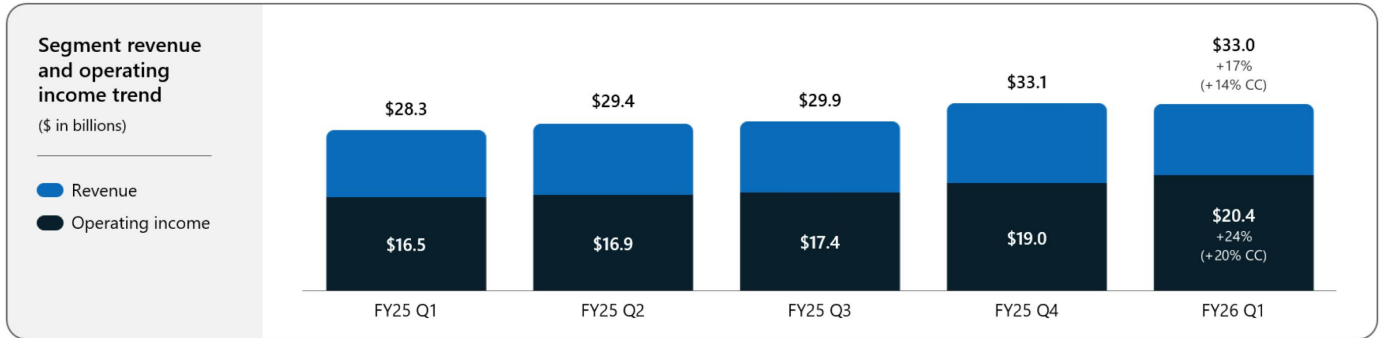
Growth rates include non-GAAP CC growth (GAAP % / CC %).

Microsoft Cloud includes Microsoft 365 Commercial cloud, Azure and other cloud services, the commercial portion of LinkedIn, and Dynamics 365. Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Overview: Productivity and Business Processes

Results

- Revenue grew 17% (up 14% CC) driven by Microsoft 365 Commercial cloud
- Cost of revenue grew 8%
- Gross margin dollars grew 19% (up 16% CC) and gross margin percentage increased driven by efficiency gains in Microsoft 365 Commercial cloud even with the impact of scaling our AI infrastructure and growing usage of AI product features
- Operating expenses grew 6% (up 5% CC) driven by investments in cloud and AI engineering, including compute capacity and AI talent to support product development that benefits the entire portfolio
- Operating income grew 24% (up 20% CC)



Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Highlights: Productivity and Business Processes

Microsoft 365 Commercial

- Microsoft 365 Commercial cloud revenue grew 17% (up 15% CC) with growth in revenue per user driven by E5 and M365 Copilot, as well as some benefit from in-period revenue recognition. Microsoft 365 Commercial seats grew 6% driven by small and medium business and frontline worker offerings.
- Microsoft 365 Commercial products revenue grew 17% (up 14% CC) driven by an increase in Office 2024 transactional purchasing as well as growth in the Windows Commercial on-premises components of Microsoft 365 suite sales

Microsoft 365 Consumer

- Microsoft 365 Consumer cloud revenue grew 26% (up 25% CC) driven by growth in revenue per user and Microsoft 365 Consumer subscriber growth of 7%

LinkedIn

- LinkedIn revenue grew 10% (up 9% CC) driven by growth in Marketing Solutions

Dynamics

- Dynamics 365 revenue grew 18% (up 16% CC) with growth across all workloads

Investor Metrics	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Microsoft 365 Commercial cloud revenue growth (y/y)	15% / 16%	16% / 15%	12% / 15%	18% / 16%	17% / 15%
Microsoft 365 Commercial seat growth (y/y)	8%	7%	7%	6%	6%
Microsoft 365 Consumer cloud revenue growth (y/y)	6% / 7%	8%	10% / 12%	20%	26% / 25%
LinkedIn revenue growth (y/y)	10% / 9%	9%	7% / 8%	9% / 8%	10% / 9%
Dynamics 365 revenue growth (y/y)	18% / 19%	19% / 18%	16% / 18%	23% / 21%	18% / 16%

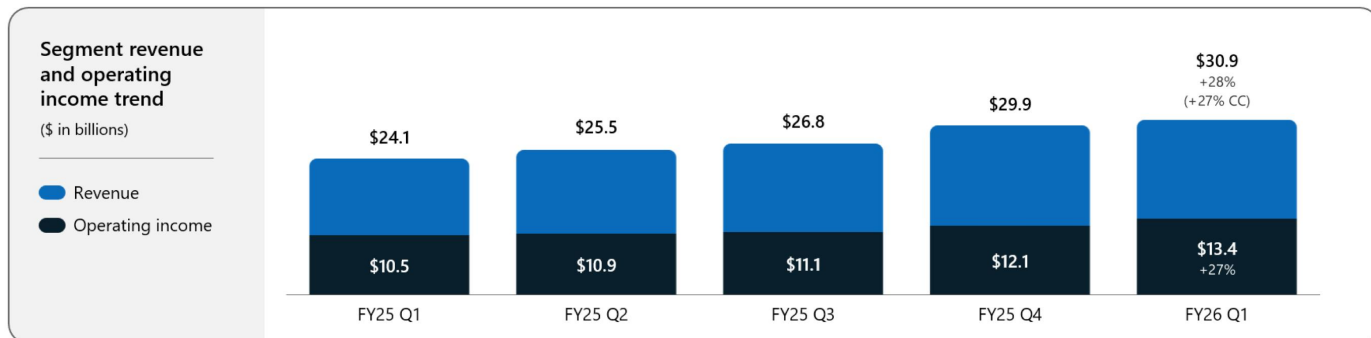
Growth rates include non-GAAP CC growth (GAAP % / CC %).

Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Overview: Intelligent Cloud

Results

- Revenue grew 28% (up 27% CC) driven by Azure
- Cost of revenue grew 43% (up 42% CC)
- Gross margin dollars grew 20% (up 19% CC) and gross margin percentage decreased driven by the impact of scaling our AI infrastructure, partially offset by efficiency gains in Azure
- Operating expenses grew 4% driven by investments in cloud and AI engineering, including compute capacity and AI talent to support product development that benefits the entire portfolio
- Operating income grew 27%



Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Highlights: Intelligent Cloud

Server Products and Cloud Services

- Azure and other cloud services revenue grew 40% (up 39% CC) driven by strong demand for our portfolio of services with continued growth across all workloads
- Server products revenue grew 1% (relatively unchanged CC) driven by an increase in transactional purchasing of Windows Server 2025

Enterprise and Partner Services

- Enterprise and partner services revenue grew 5% (up 3% CC) with growth in Enterprise Support Services, partially offset by a decline in Industry Solutions

Investor Metrics	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Azure and other cloud services revenue growth (y/y)	33% / 34%	31%	33% / 35%	39%	40% / 39%

Trended Revenue Growth

Server products revenue growth (y/y)	(1)%	(3)%	(6)% / (4)%	(2)% / (3)%	1% / 0%
Enterprise and partner services revenue growth (y/y)	(1)% / 0%	(1)%	5% / 6%	7% / 6%	5% / 3%

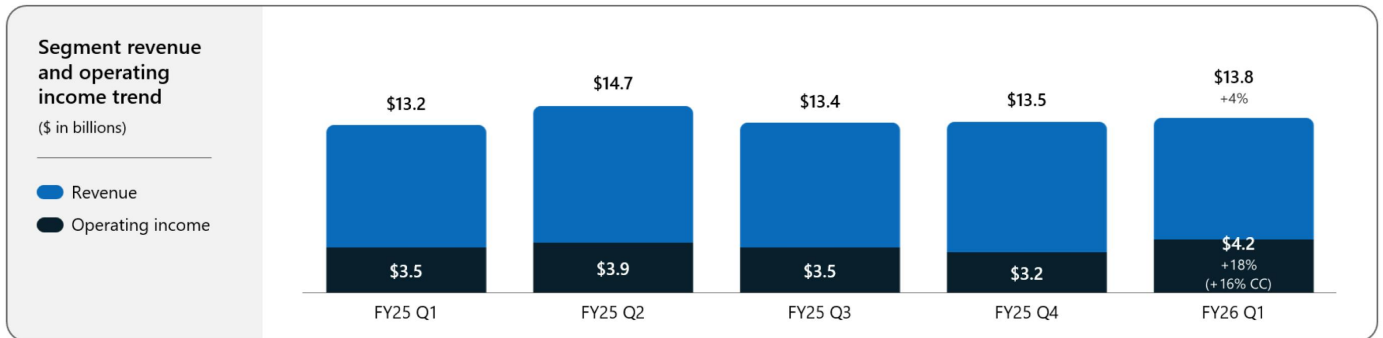
Growth rates include non-GAAP CC growth (GAAP % / CC %).

Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Overview: More Personal Computing

Results

- Revenue grew 4% driven by Windows OEM and Search and news advertising, partially offset by declines in our hardware businesses
- Cost of revenue declined 3% driven by lower hardware sales, partially offset by growth in Search and news advertising
- Gross margin dollars grew 11% (up 10% CC) and gross margin percentage increased driven by sales mix shift to higher margin businesses
- Operating expenses grew 4% (up 3% CC) driven by investments in AI talent and compute capacity to support product development that benefits the entire portfolio
- Operating income grew 18% (up 16% CC)



Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

FY26 Q1 Segment Highlights: More Personal Computing

Windows OEM and Devices

- Windows OEM and Devices revenue grew 6% driven by Windows OEM growth of 18% with demand ahead of Windows 10 end of support and inventory levels that remained elevated, partially offset by a decline in Devices

Gaming

- Xbox content and services revenue grew 1% (relatively unchanged CC) on a strong prior year comparable driven by growth in Xbox Game Pass and third-party content, partially offset by a decline in first-party content
- Xbox hardware revenue declined 29% (down 30% CC)

Search and News Advertising

- Search and news advertising revenue excluding traffic acquisition costs grew 16% (up 15% CC) driven by higher search volume and continued benefit from third-party partnerships

Investor Metrics	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4	FY26 Q1
Windows OEM and Devices revenue growth (y/y)	2%	4%	3%	3%	6%
Xbox content and services revenue growth (y/y)	61%	2%	8% / 9%	13% / 12%	1% / 0%
Search and news advertising revenue (ex TAC) growth (y/y)	18% / 19%	21% / 20%	21% / 23%	21% / 20%	16% / 15%

Growth rates include non-GAAP CC growth (GAAP % / CC %).

Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

Our presentation of first-quarter performance includes non-GAAP financial measures.

The following slides provide reconciliations between the GAAP and non-GAAP financial measures presented:

- Impact from investments in OpenAI
- Constant currency reconciliations
- Cash flow reconciliation

Impact from investments in OpenAI

Three Months Ended September 30,

(\$ in millions, except per share amounts)	Other Income and Expense	Effective Tax Rate	Net Income	Diluted Earnings per Share
2024 As Reported (GAAP)	\$(283)	19%	\$24,667	\$3.30
Impact from investments in OpenAI	\$688	0 pts	\$523	\$0.07
2024 As Adjusted (non-GAAP)	\$405	19%	\$25,190	\$3.37
2025 As Reported (GAAP)	\$(3,660)	19%	\$27,747	\$3.72
Impact from investments in OpenAI	\$4,061	1 pt	\$3,086	\$0.41
2025 As Adjusted (non-GAAP)	\$401	20%	\$30,833	\$4.13
Percentage Change Y/Y (GAAP)	—	1 pt	12%	13%
Percentage Change Y/Y Constant Currency	—	—	11%	11%
Percentage Change Y/Y (non-GAAP)	—	1 pt	22%	23%
Percentage Change Y/Y (non-GAAP) Constant Currency	—	—	21%	21%

The non-GAAP measures adjust for the impact from investments in OpenAI. We believe these non-GAAP measures aid investors by providing additional insight into our operational performance and help clarify trends affecting our business. For comparability of reporting, management considers non-GAAP measures in conjunction with GAAP financial results in evaluating business performance. The non-GAAP financial measures should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP.

Constant Currency Reconciliation

Three Months Ended September 30,

(\$ in millions, except per share amounts)	Revenue	Cost of Revenue	Gross Margin	Operating Expenses	Operating Income	Net Income	Diluted Earnings per Share
2024 As Reported (GAAP)	\$65,585	\$20,099	\$45,486	\$14,934	\$30,552	\$24,667	\$3.30
2024 As Adjusted (non-GAAP)	\$65,585	\$20,099	\$45,486	\$14,934	\$30,552	\$25,190	\$3.37
2025 As Reported (GAAP)	\$77,673	\$24,043	\$53,630	\$15,669	\$37,961	\$27,747	\$3.72
2025 As Adjusted (non-GAAP)	\$77,673	\$24,043	\$53,630	\$15,669	\$37,961	\$30,833	\$4.13
Percentage Change Y/Y (GAAP)	18%	20%	18%	5%	24%	12%	13%
Percentage Change Y/Y (non-GAAP)	18%	20%	18%	5%	24%	22%	23%
Constant Currency Impact	\$1,015	\$177	\$838	\$108	\$730	\$430	\$0.06
Percentage Change Y/Y Constant Currency	17%	19%	16%	4%	22%	11%	11%
Percentage Change Y/Y (non-GAAP) Constant Currency	17%	19%	16%	4%	22%	21%	21%

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Constant Currency Reconciliation

Segment Revenue

Three Months Ended September 30,

(\$ in millions)	Productivity and Business Processes	Intelligent Cloud	More Personal Computing
2024 As Reported (GAAP)	\$28,317	\$24,092	\$13,176
2025 As Reported (GAAP)	\$33,020	\$30,897	\$13,756
Percentage Change Y/Y (GAAP)	17%	28%	4%
Constant Currency Impact	\$656	\$251	\$107
Percentage Change Y/Y Constant Currency	14%	27%	4%

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Constant Currency Reconciliation

Segment Cost of Revenue

Three Months Ended September 30, 2025

	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Productivity and Business Processes	8%	0%	8%
Intelligent Cloud	43%	(1)%	42%
More Personal Computing	(3)%	0%	(3)%

Segment Gross Margin

Three Months Ended September 30, 2025

	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Productivity and Business Processes	19%	(3)%	16%
Intelligent Cloud	20%	(1)%	19%
More Personal Computing	11%	(1)%	10%

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Constant Currency Reconciliation

Segment Operating Expense

Three Months Ended September 30, 2025

	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Productivity and Business Processes	6%	(1)%	5%
Intelligent Cloud	4%	0%	4%
More Personal Computing	4%	(1)%	3%

Segment Operating Income

Three Months Ended September 30, 2025

	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Productivity and Business Processes	24%	(4)%	20%
Intelligent Cloud	27%	0%	27%
More Personal Computing	18%	(2)%	16%

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Constant Currency Reconciliation

Selected Product and Service Information

Three Months Ended September 30, 2025

	Percentage Change Y/Y (GAAP)	Constant Currency Impact	Percentage Change Y/Y Constant Currency
Commercial bookings	112%	(1)%	111%
Commercial remaining performance obligation	51%	0%	51%
Microsoft Cloud revenue	26%	(1)%	25%
Microsoft 365 Commercial cloud revenue	17%	(2)%	15%
Microsoft 365 Commercial products revenue	17%	(3)%	14%
Microsoft 365 Consumer cloud revenue	26%	(1)%	25%
LinkedIn revenue	10%	(1)%	9%
Dynamics 365 revenue	18%	(2)%	16%
Azure and other cloud services revenue	40%	(1)%	39%
Server products revenue	1%	(1)%	0%
Enterprise and partner services revenue	5%	(2)%	3%
Windows OEM and Devices revenue	6%	0%	6%
Xbox content and services revenue	1%	(1)%	0%
Xbox hardware revenue	(29)%	(1)%	(30)%
Search and news advertising revenue excluding traffic acquisition costs	16%	(1)%	15%

We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.

Cash Flow Reconciliation

Three Months Ended September 30,

(\$ in millions)	2025	2024	Percentage Change Y/Y
Net Cash from Operations (GAAP)	\$45,057	\$34,180	32%
Additions to Property and Equipment	\$(19,394)	\$(14,923)	*
Free Cash Flow	\$25,663	\$19,257	33%

*Not meaningful.

Free cash flow is included as an additional clarifying item to aid investors by providing additional insight into our operational performance and help clarify trends affecting our business. This non-GAAP financial measure should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP.

