Microsoft Corp. (MSFT)

Four Key Themes into 4QFY EPS

MSFT	12m Price Target: **$610.00**	Price: **$388.84**	Upside: **56.9%**

Microsoft will report 4QFY (June) results on 7/29. Since 3Q EPS on 4/29, the stock is down 5% (vs. the Nasdaq up 5%), we believe primarily because of three overhangs: 1) upward revisions to capex with only small upward revisions to Azure, particularly given new signs that capex may be elevated for longer (e.g. Google's $80bn equity raise); 2) concerns around Microsoft's exposure to increased memory pricing via Nvidia, relative to competitors with more mature internal silicon offerings; and 3) the potential for Microsoft's knowledge worker applications business (Office 365) to be disintermediated with new AI competition, such as Claude Cowork, fueled by mixed reviews on Copilot.

We think risk/reward is positive into the print: the near-term fundamental outlook has improved and believe investor expectations are low:

- For 4QFY, Azure growth remains supply constrained but should accelerate for the second consecutive quarter. We see 40-41% cc growth as likely (vs. guidance of 39-40% cc).
- For 1QFY, we expect Azure guidance of 40-41% vs. the Street at 41% cc (with the potential for Microsoft to ultimately report slightly above this). Recall that Microsoft guided Azure to accelerate modestly in 1HFY27 vs. 2HFY26.
- We are raising our capex estimates for FY28-30 by ~10% based on ongoing supply/demand commentary and updated AI investment expectations from chip vendors. We are now at $319bn for FY28 (+30% yoy) including financial leases ($278bn excluding), vs. $287bn prior and the Street at $252bn including financial leases.
- On Copilot, we think a sustainable M365 acceleration will likely take time, but we expect positive datapoints in the meanwhile e.g. with Microsoft's seat count disclosure (>20mn in 3Q and

BUY

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Key Data

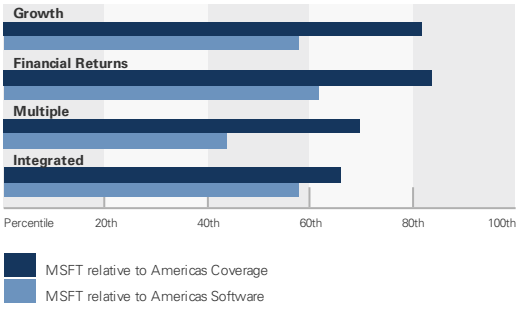
Market cap: $2.9tr
Enterprise value: $2.9tr
3m ADTV: $16.2bn
United States
Americas Software
M&A Rank: 3

GS Forecast

	6/25	6/26E	6/27E	6/28E
Revenue ($ mn) New	**281,724.0**	**329,440.2**	**387,103.7**	**466,617.4**
Revenue ($ mn) Old	281,724.0	329,440.2	387,103.7	463,474.2
EBITDA ($ mn)	156,528.0	193,093.1	240,672.0	309,384.6
EBIT ($ mn)	128,528.0	153,454.1	178,230.1	212,522.7
EPS ($) New	**13.91**	**16.75**	**19.32**	**22.93**
EPS ($) Old	13.91	16.75	19.47	23.61
P/E (X)	30.5	23.2	20.1	17.0
Dividend yield (%)	0.8	0.9	0.9	0.9
Net debt/EBITDA (X)	(0.3)	(0.2)	(0.2)	(0.1)

	3/26	6/26E	9/26E	12/26E
EPS ($)	4.27	4.22	4.66	4.77

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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BUY

Microsoft Corp. (MSFT)

Rating since Jan 21, 2021

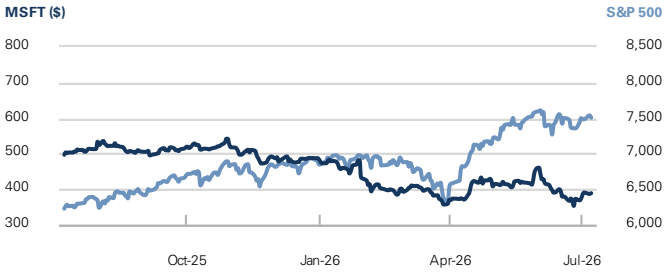
Ratios & Valuation

	6/25	6/26E	6/27E	6/28E
P/E (X)	30.5	23.2	20.1	17.0
EV/EBITDA (X)	19.8	14.7	11.9	9.3
EV/sales (X)	11.0	8.6	7.4	6.2
FCF yield (%)	2.3	2.1	1.0	0.6
EV/DACF (X)	22.1	15.7	13.2	10.3
CROCI (%)	29.6	30.9	28.5	27.9
ROE (%)	33.9	32.0	28.9	27.0
Net debt/EBITDA (X)	(0.3)	(0.2)	(0.2)	(0.1)
Net debt/equity (%)	(15.0)	(9.4)	(6.9)	(3.3)
Interest cover (X)	53.9	52.6	72.5	113.3
Inventory days	4.5	3.6	3.6	3.5
Receivable days	82.2	82.9	81.0	77.4
Days payable outstanding	103.3	114.2	126.2	129.2

Growth & Margins (%)

	6/25	6/26E	6/27E	6/28E
Total revenue growth	14.9	16.9	17.5	20.5
EBITDA growth	20.9	23.4	24.6	28.6
EPS growth	17.9	20.5	15.3	18.7
DPS growth	10.6	9.9	2.2	0.0
Gross margin	68.8	67.7	65.1	62.2
EBIT margin	45.6	46.6	46.0	45.5

Price Performance



	3m	6m	12m
Absolute	4.4%	(19.6)%	(21.9)%
Rel. to the S&P 500	(7.9)%	(25.8)%	(35.1)%

Source: FactSet. Price as of 7 Jul 2026 close.

Income Statement ($ mn)

	6/25	6/26E	6/27E	6/28E
Total revenue	281,724.0	329,440.2	387,103.7	466,617.4
Cost of goods sold	(87,831.0)	(106,274.8)	(135,052.6)	(176,457.0)
SG&A	(32,877.0)	(34,522.8)	(35,817.3)	(36,593.7)
R&D	(32,488.0)	(35,188.6)	(38,003.7)	(41,044.0)
Other operating inc./(exp.)	–	–	–	–
EBITDA	**156,528.0**	**193,093.1**	**240,672.0**	**309,384.6**
Depreciation & amortization	(28,000.0)	(39,639.0)	(62,442.0)	(96,861.9)
EBIT	**128,528.0**	**153,454.1**	**178,230.1**	**212,522.7**
Net interest inc./(exp.)	262.0	266.8	(141.7)	(534.5)
Income/(loss) from associates	–	–	–	–
Pre-tax profit	**126,319.0**	**154,741.9**	**178,088.3**	**211,988.2**
Provision for taxes	(22,442.0)	(29,852.1)	(33,836.8)	(40,277.8)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**103,877.0**	**124,889.9**	**144,251.5**	**171,710.4**
Net inc. (post-exceptionals)	**101,832.0**	**129,372.9**	**144,251.5**	**171,710.4**
EPS (basic, pre-except) ($)	**13.97**	**16.81**	**19.39**	**23.00**
EPS (diluted, pre-except) ($)	**13.91**	**16.75**	**19.32**	**22.93**
EPS (ex-ESO exp., dil.) ($)	**--**	**--**	**--**	**--**
DPS ($)	3.24	3.56	3.64	3.64
Div. payout ratio (%)	23.2	21.2	18.8	15.8
Wtd avg shares out. (basic) (mn)	7,433.8	7,429.0	7,440.3	7,464.1
Wtd avg shares out. (diluted) (mn)	7,467.8	7,454.0	7,465.3	7,489.1

Balance Sheet ($ mn)

	6/25	6/26E	6/27E	6/28E
Cash & cash equivalents	30,242.0	30,736.0	43,715.0	41,557.3
Accounts receivable	69,905.0	79,687.5	92,138.8	105,723.6
Inventory	938.0	1,149.4	1,492.1	1,923.5
Other current assets	90,046.0	83,838.5	62,103.4	44,428.3
Total current assets	**191,131.0**	**195,411.4**	**199,449.4**	**193,632.8**
Net PP&E	229,789.0	338,629.0	524,350.5	748,223.0
Net intangibles	142,113.0	137,986.0	135,086.0	133,086.0
Total investments	15,405.0	33,683.0	33,683.0	33,683.0
Other long-term assets	40,565.0	42,052.0	42,038.3	45,697.7
Total assets	**619,003.0**	**747,761.4**	**934,607.2**	**1,154,322.5**
Accounts payable	27,724.0	38,803.2	54,572.7	70,349.7
Short-term debt	0.0	0.0	0.0	0.0
Current lease liabilities	–	–	–	–
Other current liabilities	113,494.0	123,623.5	138,063.4	159,122.3
Total current liabilities	**141,218.0**	**162,426.7**	**192,636.1**	**229,472.0**
Long-term debt	40,152.0	27,003.5	18,164.5	9,325.5
Non-current lease liabilities	17,437.0	16,703.0	16,703.0	16,703.0
Other long-term liabilities	74,007.0	101,442.2	143,527.2	183,884.6
Total long-term liabilities	**134,306.0**	**148,235.4**	**181,933.3**	**213,976.0**
Total liabilities	**275,524.0**	**310,662.1**	**374,569.4**	**443,448.0**
Preferred shares	–	–	–	–
Total common equity	**343,479.0**	**437,099.3**	**560,037.8**	**710,874.5**
Minority interest	–	–	–	–
Total liabilities & equity	**619,003.0**	**747,761.4**	**934,607.2**	**1,154,322.5**
BVPS ($)	46.21	58.84	75.27	95.24

Cash Flow ($ mn)

	6/25	6/26E	6/27E	6/28E
Net income	101,832.0	129,372.9	144,251.5	171,710.4
D&A add-back	34,153.0	43,999.3	62,442.0	96,861.9
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(5,350.0)	(8,324.0)	15,616.0	15,192.7
Others	5,527.0	9,510.0	10,478.4	11,434.2
Cash flow from operations	**136,162.0**	**174,558.2**	**232,787.9**	**295,199.3**
Capital expenditures	(64,551.0)	(112,596.1)	(203,178.5)	(278,376.9)
Acquisitions	(5,978.0)	(1,291.0)	–	–
Divestitures	–	–	–	–
Others	(2,070.0)	(3,232.0)	24,000.0	22,167.0
Cash flow from investing	**(72,599.0)**	**(117,119.1)**	**(179,178.5)**	**(256,209.9)**
Dividends paid	(24,082.0)	(26,442.9)	(27,076.2)	(27,162.6)
Share issuance/(repurchase)	(16,364.0)	(21,010.7)	(4,715.3)	(5,145.4)
Inc/(dec) in debt	(8,962.0)	(7,419.5)	(8,839.0)	(8,839.0)
Others	(2,228.0)	(2,072.0)	–	–
Cash flow from financing	**(51,636.0)**	**(56,945.1)**	**(40,630.4)**	**(41,147.0)**
Total cash flow	**11,927.0**	**494.0**	**12,979.0**	**(2,157.6)**
Free cash flow	71,611.0	61,962.1	29,609.4	16,822.3
Free cash flow per share (basic) ($)	9.63	8.34	3.98	2.25

Source: Company data, Goldman Sachs Research estimates.



15mn in 2QFY), in its AI disclosure ($37mn in ARR/+123% yoy in 3Q, likely 42-43mn /+115%-120% yoy in 4Q), and in more commentary around a frontier ecosystem being built alongside frontier models.

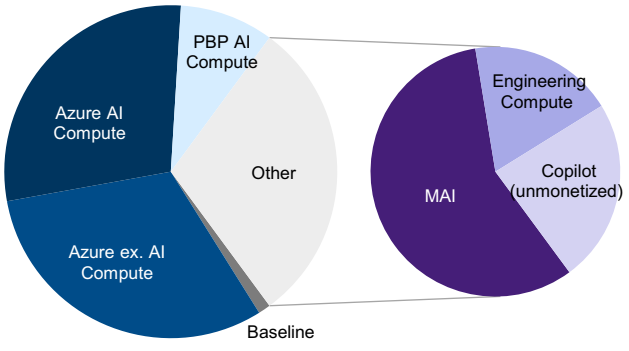
For the stock to begin outperforming, we believe addressing overhangs will be key: a) new supply coming online, such that Azure can beat and raise even while Microsoft makes internal investments; b) more datapoints on production progress with Maia, AMD as a second source, and memory procurement strategy; c) more Copilot seat monetization alongside better user feedback and engagement. We see 12-month risk/reward as favorable at current levels and continue to view Microsoft as well positioned in our coverage to compound AI driven product cycles, from AI compute leadership to Copilot and agent orchestration at the platform and application layers.

1) 4Q Azure Expectations

We see a reasonable case where Microsoft reports Azure growth of 40-41% cc (a similar beat to last quarter at 1%) and guides to 40-41% cc for 4Q26 vs. the Street at 41% cc. Recall that Azure growth in any given quarter is a function of new capacity coming online, and Microsoft's strategic allocation to internal use cases vs. external customers.

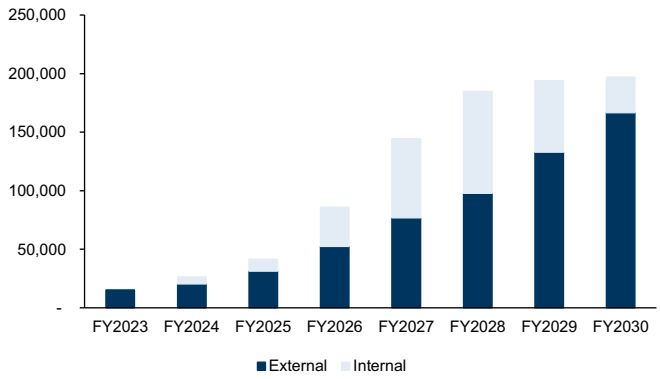
- **Supply remains constrained but capacity has been increasing.** While guidance continues to be supply driven, we are encouraged by Microsoft's ability to drive more revenue out of its existing infrastructure and by capacity continuing to come online, such that Azure growth accelerated in 3QFY and is on track to accelerate in 4Q and 1H. In particular, the Fairwater datacenter in Wisconsin is expected to scale to 2GW of capacity in 2026, although capacity will come online unevenly, which makes it challenging to track from the outside.
- **Strategic allocation of capacity towards internal use cases trades off Azure growth.** Microsoft is prioritizing compute for first party applications (Copilot) and internal R&D (e.g., MAI) over short-term Azure revenue to ultimately drive greater strategic AI positioning across multiple layers of the technology stack and better returns over the medium term. Recall that in 2Q, Microsoft stated that Azure would have grown >40% (44% GSe) if it had allocated all incremental GPU capacity to Azure. We expect the company to continue making such strategic allocation decisions between internal initiatives and external customers; post a step up in LTM investment, we believe this internal mix as a % of total allocations is closer to a steady-state trajectory. Please see our February deep dive into capacity allocation here.

Exhibit 1: We estimate FY26 compute capex by use case to inform our Azure estimates



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Our estimate of external vs. internal compute allocation
External (3rd party) vs. Internal (1st party apps, R&D)



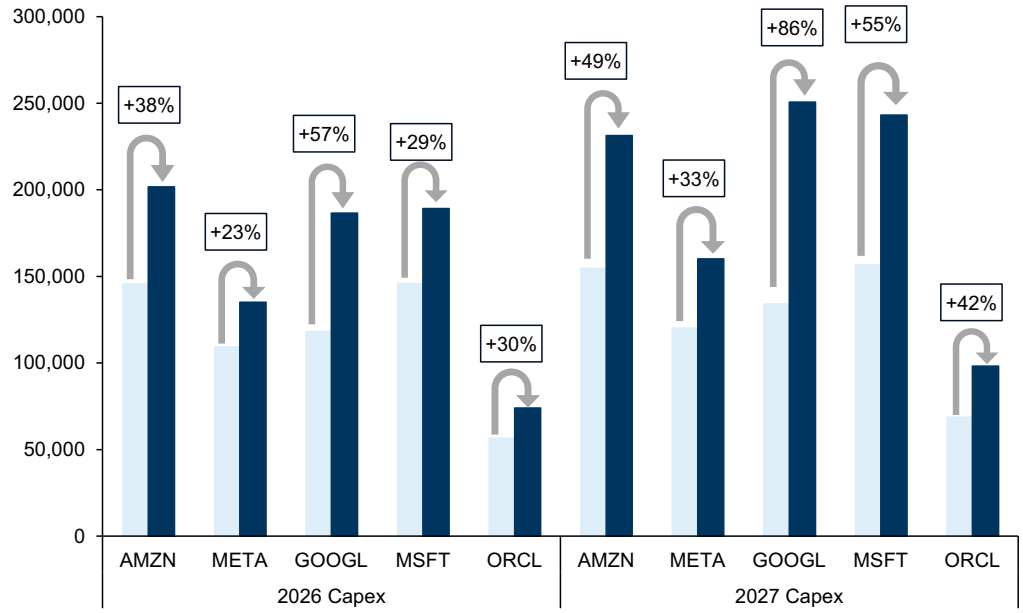
Source: Company data, Goldman Sachs Global Investment Research

2) Capex and Internal Silicon

There is still upward bias to capex; we raise our FY28/29/30 estimates by ~10%. This follows the Street raising FY27 capex by 37% after 3Q earnings when Microsoft guided to $190bn of capex in CY26. While we believe Microsoft has front loaded more of its non-GPU capex over the last 2-3 years, AI spending expectations from NVDA, AVGO, and AMD support upward capex revisions, as do new signals from competitors such as Google's $80bn equity raise and Meta's new entry into selling compute. Additionally, Microsoft procures a greater percentage of its silicon from NVIDIA vs. other hyperscalers given 1) their exposure to OpenAI (which has historically been more optimized for NVIDIA hardware) and 2) Maia being less mature than other custom silicon. In April, Microsoft disclosed that ~$25bn of CY26 capex (~13%) is associated with higher component pricing, and we expect that >50% of this is tied to memory increases. We are now 7%/26%/14%/10% above the Street (FactSet) for FY27/28/29/30 capex. **As a result of higher capex expectations and our prior work on capex conversion to revenue, we raise Azure revenue by 2%/3%/7% in FY28/29/30.**

On internal silicon: The near-term bear case is well understood: Maia is behind peers, NVIDIA dependence remains high, and the company lacks the multi-generation custom silicon track record of competitors. **Our focus shifts to the steps Microsoft can take to improve its silicon strategy,** including: ramping volume with AMD as a second source (our November Ignite meeting with Scott Guthrie indicated an ongoing ramp), and a step function improvement in Maia 300 next year that reflects learnings to date from Maia 100 and Maia 200 limitations. Microsoft can strengthen its position by building a broader silicon ecosystem, securing deeper design and manufacturing partnerships, and placing measured bets on alternative inference-oriented architectures that could prove more efficient for agentic AI workloads over time. At the same time, closing the gap in memory (Maia 200 has HBM3 vs. NVIDIA Vera Rubin has HBM4) will be increasingly important, as memory bandwidth is a key determinant of AI system performance and economics. **Ultimately, the opportunity for Microsoft is not necessarily to build the industry's best chip, but to optimize hardware, software, and infrastructure around its own unique workloads.**

Exhibit 3: Hyperscalers' 2026/2027 capex estimates have increased by 36%/55% since January
Hyperscaler Street C2026/C2027 capex estimates ($mm)



AMZN, GOOGL, and META capex refers to additions to PP&E; MSFT capex includes fin leases

Source: Visible Alpha Consensus Data

What our forecasts imply for revenue/GW

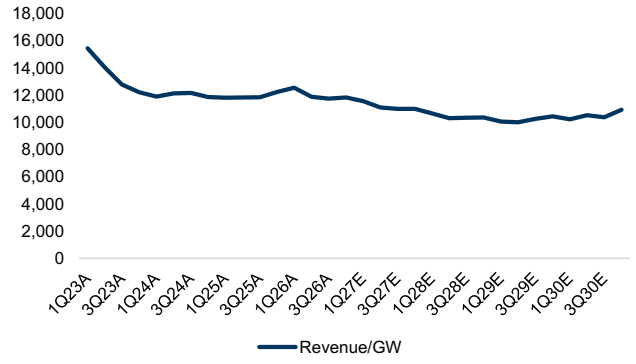
Our forecasts imply revenue/GW declines from ~12bn in FY26 to ~10bn in FY29. The primary drivers of this decline are mix shift toward internal allocations (not monetized directly in Azure) and input cost increases— with upside to Azure numbers driven by either new GW coming online, improving revenue/GW, or supply chain efficiencies driving lower compute spend per GW added.

- **A case for improving revenue/GW:** Improving revenue/GW could be possible as a result of better GW monetization through Copilot (i.e. customers moving past free trials), revenue mix toward inference vs. training, and improvements in the amount of compute delivered per GW via improving silicon (either from advancements in Microsoft's internal Maia chips or through new generations of NVIDIA chips).
- In this analysis, we assume that compute capex per GW added is going up due to higher component pricing. We also attempt to adjust out any revenue within Azure that is not tied to compute spend and factor in hypothetical cloud hosting costs of Microsoft's PBP business in order to normalize vs. pure play cloud computing businesses.
- This analysis suggests that Microsoft's revenue/GW is ~$12bn, lower vs. our previous estimates driven by updated company commentary and further adjustments.

We also note Microsoft's per GW economics are benefiting from more meaningful PaaS bundling and cross sell, such as via CPU pull through as AI applications drive incremental consumption of Azure's broader stack, including CPU compute, storage, databases, and networking. These are higher margin services today vs.

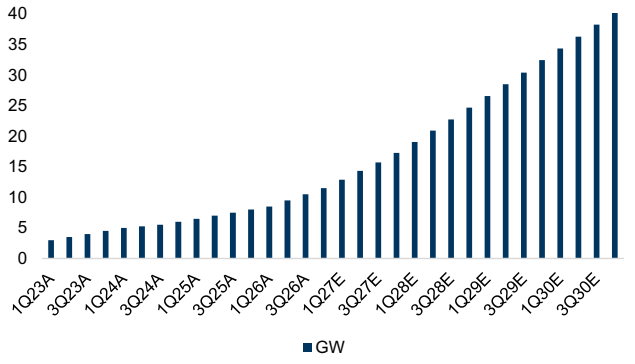
GPU-heavy inference workloads. Additionally, continued improvements in model efficiency and hardware performance should result in lower cost delivery of AI over time. We include a more detailed analysis of gross margin dynamics in our Agentic Economy May Report.

Exhibit 4: We see a scenario where Microsoft pulls levers to realize steady or improving revenue/GW, which would drive upside to our estimates



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: We estimate Microsoft will scale to ~40 GW of capacity by mid 2030



Source: Company data, Goldman Sachs Global Investment Research

3) Copilot and the Frontier Ecosystem

Shifting Center of Gravity: As discussed in Revisiting Moats IV, there has been increased focus on value increasingly accruing to the ecosystem that helps enterprises safely operationalize AI. Microsoft's view is that the opportunity for enterprises is to differentiate by running a model that continuously learns from their proprietary data, workflows, and institutional knowledge (Frontier ecosystem post). Doing this in a way that does not expose IP to foundation model companies (private reinforcement learning) is key. The emerging debate is less about which model wins and more about who owns the enterprise intelligence layer sitting above those models. Microsoft appears increasingly well positioned as the orchestration, security, and governance layer that allows customers to benefit from frontier AI innovation without fully outsourcing control to a single model vendor. Microsoft's recent $2.5 bn investment in its new Frontier Company organization, which expands on the FDE model, is a tangible example of this strategy and underscores the belief that long-term AI value creation will come from connecting models, proprietary enterprise data, workflows, and business outcomes rather than simply providing access to the most capable frontier model.

The impact of increased Copilot usage on margins: Given Copilot pricing is seat based, we note investor concerns that increased usage will pressure margins for this business medium term. In our view, Microsoft should be able to charge commensurate with value provided and has been thoughtful about including fair usage clauses in contracts as well as charging for higher compute features. We have already seen Microsoft be reactive to higher usage in GitHub Copilot where they pivoted to more usage based pricing. Given capacity constraints, Microsoft has the ability to monetize AI compute through either Azure or Copilot — with Copilot as the higher margin option which supports increased usage benefiting margins longer term.

4) The value of Microsoft's gaming business

Based on a mark-to-market version of our SOTP analysis published on 4/6/26 (link), we estimate the value of Microsoft's gaming business at ~$30bn. On 7/6, Microsoft announced a significant restructuring of its Xbox business and is spinning outour of its studios (Compulsion Games, Double Fine Productions, Ninja Theory, and Undead Labs). Microsoft has invested in its gaming business in recent years, including by acquiring Activision Blizzard in 2023or ~$70bn, but growth has been disappointing in recent quarters (we expect revenue down 5% in FY26) and investment in AI data centers is causing costs to increaseor gaming hardware (or example through increased memory costs), pressuring margins. Asha Sharma, Xbox CEO, highlighted three goals of the restructuring in a letter to employees: 1) resetting the content portfolio (ex. spinning out studios and shifting investments), 2) resetting the platform (ex. getting rid of management layers and streamlining infrastructure), and 3) resetting operations (reducing fragmentation to help the Xbox businesses move in a shared direction).

Exhibit 6: Microsoft Illustrative Segment-Based SOTP Using an EV/EBIT Approach
$mm, except per-share data

Illustrative segment-based valuation analysis using EV/EBIT

While Microsoft does not breakdown the operating margin profiles of each sub-segment, we make estimatesor this approach, reconcilingor the overall margin profiles of PBC, IC, and MPC. We show the updated EV/EBIT version of our SOTP given that we believe the EV/EBIT framework is more valuableor framing the various parts of Microsoft's business.

- **Productivity and Business Processes**
  - **Dynamics Products and Cloud Services.** We estimate Dynamics Products and Cloud Services operates at a ~50% GAAP EBIT margin, which we expect expands ~100bps in C2027E. We apply an EV/EBIT multiple of 10x (vs. 12.3x prior on a market to market of comps) on our C2027E GAAP EBIT estimate of $5bn, in-line with large-cap ERP and CRM SaaS peer.

- **LinkedIn.** We estimate LinkedIn operates at ~55% GAAP EBIT margin, which we expect to expand by ~100bps by C2027E. We apply an EV/EBIT multiple of 8x (unchanged) on our C2027E GAAP EBIT estimate of $12bn to reflect a typical mature internet business multiple.

- **Intelligent Cloud**
  - **Azure and Other Cloud Services.** We estimate Azure and Other Cloud Services operates at a low 40s GAAP EBIT margin, which we expect to decline by ~250pts by C2027E. EV/Sales multiple of 12x (or EV/Sales/Growth multiple of 0.3x vs. 12.6x EV/Sales prior on a mark to market of comps) on our C2027E revenue estimate of $175bn. We apply a multiple-to-growth of 0.30x to reflect a 10% premium to GOOGL, AMZN, and DOCN's current average EV/'27 Sales/Growth multiple of ~0.26x given that Azure bodes a better profitability profile at comparable growth rates. We apply an EV/Sales multiple to account for the variability across the Hyperscalers' overall business margin profiles.
  - **Server Products.** We estimate Server Products operates at ~50% GAAP EBIT margin, which we expect to remain steady by C2027E. We apply an EV/EBIT multiple of 13x (unchanged) on our C2027E GAAP EBIT estimate of $11bn to reflect a typical mature infrastructure software multiple.
  - **Enterprise and Partner Services.** We estimate Enterprise and Partner Services operates at ~25% GAAP EBIT margin, which we expect to remain steady by C2027E. We apply an EV/EBIT multiple of 6x (vs. 8.4x prior on a mark to market of comps) on our C2027E GAAP EBIT estimate of $2bn, a 25% discount to mature system integrators given its slower EBIT growth relative to peers.

- **More Personal Computing**
  - **Windows and Devices.** We estimate Windows and Devices operates at ~20% GAAP EBIT margin, which we expect to decline ~150bps by C2027E. We apply a 5x EV/EBIT multiple (vs. 13.4x prior) on our C2027E GAAP EBIT estimate of $3bn; derived by taking a significant discount to mature infrastructure and hardware peers given the negative growth of this business (25% discount to HP). Our old methodology was derived from 80% weighting to a 15.2x multiple to reflect mature infrastructure peers with software-like margins, and 20% weighting to a 6.2x multiple to reflect hardware peers.
  - **Search and News Advertising.** We estimate Search and News Advertising operates at ~55% GAAP EBIT margin, which we expect to expand by ~100bps by C2027E. EV/Sales multiple of 2x (or EV/Sales/Growth multiple of 0.3x) on our C2027E revenue estimate of $17bn. We apply a multiple-to-growth of 0.3x, a 50% discount to the implied multiple on Google Search and Other (based on Eric Sheridan's SOTP analysis, unchanged) at GOOGL's last closing price. We employ an EV/Sales multiple to account for Google's search business growth at a greater scale.
  - **Gaming.** We estimate Gaming operates at a ~13% GAAP EBIT margin, which we expect to expand by ~100bps by C2027E. We apply an 11x multiple (12x prior on market to market) on our C2027E GAAP EBIT estimate of $3bn, in line

with both software and hardware-heavy gaming peers.

Backing out these segments from the consolidated enterprise value (based on 7/6 close of $387), implies an enterprise value for M365 Commercial and Consumer of $492bn, implying ~4x EV/27 Sales or 6x GAAP EBIT, which we believe already reflects a significant amount of disintermediation risk.

Please also see our other recent Microsoft reports:

- Initiation (1/11)
- Takeaways from our HQ Field Trip (1/15)
- Assessing the impact of potentially higher power costs (1/19)
- 2Q Review (1/28)
- Feedback from investor conversations (2/4)
- Understanding external vs. internal capex use cases (2/12)
- Maia 200, an updated inference cost curve, and implications for Microsoft's internal silicon strategy (2/22)
- Revisiting Moats II: Datapoints on General Intelligence Tools (3/5)
- 3QFY Preview & framing the M365 business using SOTP (4/6/26)
- 3Q Review (4/30)
- Nine Conversations in Silicon Valley last week (6/7/26)

Valuation and Risks: We maintain our Buy rating and 12-month price target of $610, based on a 28x P/E multiple to Microsoft's SNTM adjusted net income. We lower our forward EPS estimates reflecting higher capex estimates driving higher depreciation. Key downside risks include: less-than-expected revenue contribution from OpenAI partnership, longer ramp for internal silicon which can limit market share gains or gross margin expansion, greater investments in projects outside of expectations (e.g., non-Azure), key leadership changes, and more meaningful shift to custom software that could negatively impact its applications business.

Disclosure Appendix

Reg AC

I, Gabriela Borges, CFA, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

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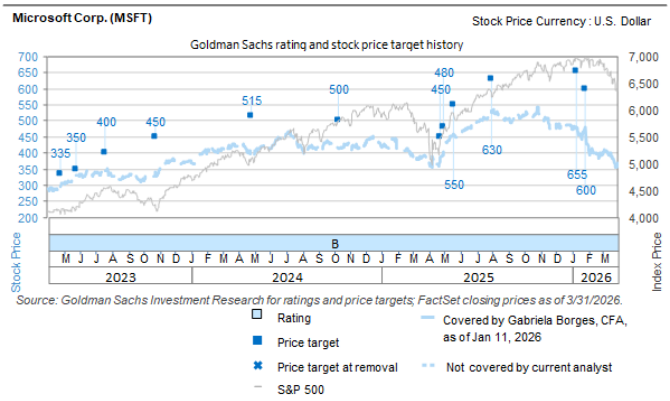
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Goldman Sachs Investment Research global Equity coverage universe

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Target price history table(s)

Microsoft Corp. (MSFT)

Date of report	Target price ($)	Closing price ($)
30-Apr-26	610.00	407.78
29-Jan-26	600.00	433.50
11-Jan-26	655.00	479.28
31-Jul-25	630.00	533.50
20-May-25	550.00	458.17
01-May-25	480.00	425.40
24-Apr-25	450.00	387.30
10-Oct-24	500.00	415.84
26-Apr-24	515.00	406.32
25-Oct-23	450.00	340.67
21-Jul-23	400.00	343.77

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