

Microsoft Corp.

Consolidated Cash Flow Statement

US\$ in millions

12 months ended:

| | |
|--|--|
| Net income | |
| Depreciation, amortization, and other | |
| Stock-based compensation expense | |
| Net recognized gains on investments and derivatives | |
| Deferred income taxes | |
| Deferral of unearned revenue | |
| Recognition of unearned revenue | |
| Accounts receivable | |
| Inventories | |
| Other current assets | |
| Other long-term assets | |
| Accounts payable | |
| Unearned revenue | |
| Income taxes | |
| Other current liabilities | |
| Other long-term liabilities | |
| Changes in operating assets and liabilities | |
| Adjustments to reconcile net income to net cash from operations | |
| Net cash from operations | |
| Repayments of short-term debt, maturities of 90 days or less, net | |
| Proceeds from issuance of debt | |
| Cash premium on debt exchange | |
| Repayments of debt | |
| Common stock issued | |
| Common stock repurchased | |
| Common stock cash dividends paid | |
| Other, net | |
| Net cash from (used in) financing | |
| Additions to property and equipment | |
| Acquisition of companies, net of cash acquired, and purchases of intangible and other assets | |
| Purchases of investments | |
| Maturities of investments | |
| Sales of investments | |
| Other, net | |
| Net cash used in investing | |
| Effect of foreign exchange rates on cash and cash equivalents | |
| Net change in cash and cash equivalents | |
| Cash and cash equivalents, beginning of period | |
| Cash and cash equivalents, end of period | |

| Jun 30, 2021 | Jun 30, 2020 | Jun 30, 2019 |
|---------------------|---------------------|---------------------|
| 61,271 | 44,281 | 39,240 |
| 11,686 | 12,796 | 11,682 |
| 6,118 | 5,289 | 4,652 |
| (1,249) | (219) | (792) |
| (150) | 11 | (6,463) |
| — | — | — |
| — | — | — |
| (6,481) | (2,577) | (2,812) |
| (737) | 168 | 597 |
| (932) | (2,330) | (1,718) |
| (3,459) | (1,037) | (1,834) |
| 2,798 | 3,018 | 232 |
| 4,633 | 2,212 | 4,462 |
| (2,309) | (3,631) | 2,929 |
| 4,149 | 1,346 | 1,419 |
| 1,402 | 1,348 | 591 |
| (936) | (1,483) | 3,866 |
| 15,469 | 16,394 | 12,945 |
| 76,740 | 60,675 | 52,185 |
| — | — | — |
| — | — | — |
| (1,754) | (3,417) | — |
| (3,750) | (5,518) | (4,000) |
| 1,693 | 1,343 | 1,142 |
| (27,385) | (22,968) | (19,543) |
| (16,521) | (15,137) | (13,811) |
| (769) | (334) | (675) |
| (48,486) | (46,031) | (36,887) |
| (20,622) | (15,441) | (13,925) |
| (8,909) | (2,521) | (2,388) |
| (62,924) | (77,190) | (57,697) |
| 51,792 | 66,449 | 20,043 |
| 14,008 | 17,721 | 38,194 |
| (922) | (1,241) | — |
| (27,577) | (12,223) | (15,773) |
| (29) | (201) | (115) |
| 648 | 2,220 | (590) |
| 13,576 | 11,356 | 11,946 |
| 14,224 | 13,576 | 11,356 |

| Period | 12/31/2021 | 12/31/2020 | 12/31/2019 |
|--|-------------------|-------------------|-------------------|
| Total Assets | 333,779.00 | 301,311.00 | 286,556.00 |
| Current Assets | 184,406.00 | 181,915.00 | 175,552.00 |
| Cash Cash Equivalents & Short Term Investment | 130,334.00 | 136,527.00 | 133,819.00 |
| Cash And Cash Equivalents | 14,224.00 | 13,576.00 | 11,356.00 |
| Cash | 7,272.00 | 6,998.00 | 5,755.00 |
| Cash Equivalents | 6,952.00 | 6,578.00 | 5,601.00 |
| Other Short Term Investments | 116,110.00 | 122,951.00 | 122,463.00 |
| Receivables | 38,043.00 | 32,011.00 | 29,524.00 |
| Accounts receivable | 38,043.00 | 32,011.00 | 29,524.00 |
| Other Receivables | | | |
| Inventory | 2,636.00 | 1,895.00 | 2,063.00 |
| Other Current Assets | 13,393.00 | 11,482.00 | 10,146.00 |
| Total non-current assets | 149,373.00 | 119,396.00 | 111,004.00 |
| Net PPE | 70,803.00 | 52,904.00 | 43,856.00 |
| Gross PPE | 122,154.00 | 96,101.00 | 79,186.00 |
| Properties | 0.00 | 0.00 | 0.00 |
| Land And Improvements | 3,660.00 | 1,823.00 | 1,540.00 |
| Machinery Furniture Equipment | 56,594.00 | 46,043.00 | 38,663.00 |
| Leases | 6,884.00 | 5,487.00 | 5,316.00 |
| Accumulated Depreciation | -51,351.00 | -43,197.00 | -35,330.00 |
| Investments And Advances | 5,984.00 | 2,965.00 | 2,649.00 |
| Investment in Financial Assets | 5,984.00 | 2,965.00 | 2,649.00 |
| Available for Sale Securities | 5,984.00 | 2,965.00 | 2,649.00 |
| Other Non Current Assets | 15,075.00 | 13,138.00 | 14,723.00 |
| Total Liabilities Net Minority Interest | 191,791.00 | 183,007.00 | 184,226.00 |
| Current Liabilities | 88,657.00 | 72,310.00 | 69,420.00 |
| Payables And Accrued Expenses | 17,337.00 | 14,660.00 | 15,047.00 |
| Payables | 17,337.00 | 14,660.00 | 15,047.00 |
| Accounts Payable | 15,163.00 | 12,530.00 | 9,382.00 |
| Current Debt And Capital Lease Obligation | 15,613.00 | 3,749.00 | 5,516.00 |
| Current Debt | 8,072.00 | 3,749.00 | 5,516.00 |
| Commercial Paper | 6,000.00 | 4,996.00 | 5,980.00 |
| Other Current Borrowings | 9,613.00 | 8,773.00 | 10,260.00 |
| Current Deferred Liabilities | 41,525.00 | 36,000.00 | 32,676.00 |
| Current Deferred Revenue | 7,612.00 | 36,000.00 | 32,676.00 |
| Other Current Liabilities | 11,666.00 | 10,027.00 | 9,351.00 |
| Total Non Current Liabilities Net Minority Interest | 103,134.00 | 110,697.00 | 114,806.00 |
| Long Term Debt And Capital Lease Obligation | 59,703.00 | 67,249.00 | 72,850.00 |
| Long Term Debt | 50,074.00 | 59,578.00 | 66,662.00 |
| Tradeand Other Payables Non Current | 27,190.00 | 29,432.00 | 29,612.00 |
| Other Non Current Liabilities | 13,427.00 | 10,632.00 | 7,581.00 |
| Total Equity Gross Minority Interest | 141,988.00 | 118,304.00 | 102,330.00 |
| Stockholders' Equity | 141,988.00 | 118,304.00 | 102,330.00 |
| Capital Stock | 83,111.00 | 80,552.00 | 78,520.00 |
| Common Stock | 83,111.00 | 80,552.00 | 102,330.00 |
| Retained Earnings | 57,055.00 | 34,566.00 | 24,150.00 |
| Gains Losses Not Affecting Retained Earnings | 1,822.00 | 3,186.00 | -340.00 |

| | | | |
|------------------------|------------------|------------------|------------------|
| Total Capitalization | 192,062.00 | 177,882.00 | 168,992.00 |
| Common Stock Equity | 141,988.00 | 118,304.00 | 102,330.00 |
| Net Tangible Assets | 84,477.00 | 67,915.00 | 52,554.00 |
| Working Capital | 95,749.00 | 109,605.00 | 106,132.00 |
| Invested Capital | 200,134.00 | 181,631.00 | 174,508.00 |
| Tangible Book Value | 84,477.00 | 67,915.00 | 52,554.00 |
| Total Debt | 67,775.00 | 70,998.00 | 78,366.00 |
| Net Debt | 43,922.00 | 49,751.00 | 60,822.00 |
| Share Issued | 7,519.00 | 7,571.00 | 7,643.00 |
| Ordinary Shares Number | 7,519.00 | 7,571.00 | 7,643.00 |

| |
|---------------------------------|
| 2,021.00 |
| |
| Current Assets (Current Year) |
| Current Assets (Prior Year) |
| Change in Current Assets |
| Change in NWC |
| |
| 2,020.00 |
| |
| Current Assets (Current Year) |
| Current Assets (Prior Year) |
| Change in Current Assets |
| Change in NWC |
| |
| 2,021.00 |
| |
| Cash (Current) |
| Short Term Debt (Current Year) |
| Long Term Debt (Current Year) |
| Current Year Net Debt |
| Change in Net Debt |
| 2,020.00 |
| |
| Cash (Current) |
| Short Term Debt (Current Year) |
| Long Term Debt (Current Year) |
| Current Year Net Debt |
| Change in Net Debt |

| Δ NWC | | |
|-------------------|--------------------------------------|-----------|
| 184,406.00 | Current Liabilities (Current Year) | 88,657.00 |
| 181,915.00 | Current Liabilities (Prior Year) | 72,310.00 |
| 2,491.00 | Change in Current Liabilities | 16,347.00 |
| -13,856.00 | | |

| Δ NWC | | |
|-----------------|--------------------------------------|-----------|
| 181,915.00 | Current Liabilities (Current Year) | 72,310.00 |
| 175,552.00 | Current Liabilities (Prior Year) | 69,420.00 |
| 6,363.00 | Change in Current Liabilities | 2,890.00 |
| 3,473.00 | | |

| Δ Net Debt | | |
|------------------|------------------------------|-----------|
| 14,224.00 | Cash (Prior) | 13,576.00 |
| 8,072.00 | Short Term Debt (Prior Year) | 3,749.00 |
| 50,074.00 | Long Term Debt (Prior Year) | 59,578.00 |
| 43,922.00 | Prior Year Net Debt | 49,751.00 |
| -5,829.00 | | |

| Change in Net Debt | | |
|--------------------|------------------------------|-----------|
| 13,576.00 | Cash (Prior) | 11,356.00 |
| 70,998.00 | Short Term Debt (Prior Year) | 78,366.00 |
| | Long Term Debt (Prior Year) | |
| 57,422.00 | Prior Year Net Debt | 67,010.00 |
| -9,588.00 | | |

2,019.00

Δ NWC

| | | | |
|---------------------------------|------------------|--------------------------------------|------------------|
| Current Assets (Current Year) | ##### | Current Liabilities (Current Year) | 69,420.00 |
| Current Assets (Prior Year) | ##### | Current Liabilities (Prior Year) | 58,488.00 |
| Change in Current Assets | 5,890.00 | Change in Current Liabilities | 10,932.00 |
| Change in NWC | -5,042.00 | | |

2,019.00

Δ Net Debt

| | | | |
|--------------------------------|-----------------|------------------------------|-----------|
| Cash (Current) | 11,356.00 | Cash (Prior) | 11,946.00 |
| Short Term Debt (Current Year) | 5,516.00 | Short Term Debt (Prior Year) | 3,998.00 |
| Long Term Debt (Current Year) | 78,366.00 | Long Term Debt (Prior Year) | 72,242.00 |
| Current Year Net Debt | 72,526.00 | Prior Year Net Debt | 64,294.00 |
| Change in Net Debt | 8,232.00 | | |

| Period | 12/31/2021 |
|---|-------------------|
| Total Revenue | 168,088.00 |
| Growth Y-o-Y | |
| Operating Revenue | 168,088.00 |
| Cost of Revenue | 52,232.00 |
| Gross Profit | 115,856.00 |
| Gross Margin | 0.69 |
| Operating Expense | 45,940.00 |
| Selling General and Administrative | 25,224.00 |
| Research & Development | 20,716.00 |
| Operating Income | 69,916.00 |
| Operating Margin | 0.42 |
| Net Non Operating Interest Income Expense | 0.20 |
| Interest Income | 2,131.00 |
| Interest Expense | 2,346.00 |
| Other Income Expense | 1,401.00 |
| Other Non Operating Income Expenses | 60.00 |
| Pretax Income | 71,102.00 |
| Tax Provision | 9,831.00 |
| Net Income Common Stockholders | 61,271.00 |
| Net Income | 61,271.00 |
| Growth Y-o-Y | 38.37% |
| Net Minority Interest | 61,271.00 |
| | |
| Net Income Common Stockholders | 61271 |
| Depreciation & amortization | 11,686 |
| Change in NWC | -13,856.00 |
| Operating Cash Flow | 86813 |
| CAPEX | -20,622 |
| FCFF | 107435 |
| Change in Net Debt | -5,829.00 |
| FCFE | 101606 |
| Terminal Value | |
| Total | 101606 |
| Forecast | 2019 |
| Revenue Growth forecast | n/a |
| CoGS as a % of Revenue | 34.10% |
| S&GA as a % of Revenue | 18.35% |
| Interest Income as a % of revenue | 2.19% |
| Interest Expense as a % of revenue | 2.13% |
| Normalized EBITDA | 65.05% |
| Other Expense or Income | 0.52% |
| Effective Tax Rate | 10.18% |
| Minority Interest as a % of Revenue | 31.18% |
| D&A as a % of Revenue | 9.28% |
| Change in NWC as a % of Revenue | -4.01% |
| Capex as a % of Revenue | -11.07% |
| Change in net Debt as a % of Revenue | 5.76% |

| | |
|--------------------------|---------------------|
| Equity Value | 2,433,204.58 |
| Share Outstanding | 7,496.00 |
| Price Per Share | 324.60 |
| Current Price | 252.40 |
| Buy / Sell | Buy |
| Upside | 29% |

| | | Forecast | | |
|-------------|-------------|-----------------|-----------------|-----------------|
| 12/31/2020 | 12/31/2019 | 12/31/2022 | 12/31/2023 | 12/31/2024 |
| 143,015.00 | 125,843.00 | 188,762.82 | 213,301.99 | 239,827.61 |
| 15% | 12% | 12% | 13% | 12% |
| 143,015.00 | 125,843.00 | 61,279.49 | 68,083.82 | 76,310.69 |
| 46,078.00 | 42,910.00 | -66,203.85 | -77,134.35 | -87,206.23 |
| 96,937.00 | 82,933.00 | 127,483.34 | 145,218.17 | 163,516.92 |
| 0.68 | 0.66 | 0.68 | 0.68 | 0.68 |
| 43,978.00 | 39,974.00 | | | |
| 24,709.00 | 23,098.00 | 22,651.54 | 25,596.24 | 28,779.31 |
| 19,269.00 | 16,876.00 | | | |
| 52,959.00 | 42,959.00 | 104,831.80 | 119,621.93 | 134,737.61 |
| 0.37 | 0.34 | 0.56 | 0.56 | 0.56 |
| 0.89 | 1,385.00 | | | |
| 2,680.00 | 2,762.00 | 3,357.79 | 3,794.30 | 4,266.15 |
| 2,591.00 | 2,686.00 | 3,361.11 | 3,798.06 | 4,270.37 |
| -12.00 | 653.00 | 1,604.48 | 1,813.07 | 2,038.53 |
| -87.00 | 422.00 | | | |
| 53,036.00 | 43,688.00 | 106,432.96 | 121,431.24 | 136,771.92 |
| 8,755.00 | 4,448.00 | 12,771.96 | 14,571.75 | 16,412.63 |
| 44,281.00 | 39,240.00 | | | |
| 44,281.00 | 39,240.00 | 93,661.00 | 106,859.49 | 120,359.29 |
| 12.85% | N/A | 52.86% | 14.09% | 12.63% |
| 44,281.00 | 39,240.00 | 62,037.49 | 71,299.42 | 80,166.01 |
| 44281 | 39240 | n/a | n/a | n/a |
| 12,796 | 11,682 | 15845 | 17905 | 20132 |
| 3473 | -5,042.00 | -15554 | -17576 | -19762 |
| 53604 | 55964 | 125060 | 142341 | 160253 |
| -15,441 | -13,925 | -21475 | -24267 | -27285 |
| 69045 | 69889 | 146536 | 166608 | 187538 |
| -9588 | 8,232.00 | -6588 | -5759 | -5036 |
| 59457 | 78121 | 139948 | 160849 | 182501 |
| 59457 | 78121 | 139948 | 160849 | 182501 |
| 2020 | 2021 | 2022 (F) | 2023 (F) | 2024 (F) |
| 13.65% | 17.53% | 16.00% | 14.00% | 15.00% |
| 32.22% | 31.07% | 32.46% | 31.92% | 31.82% |
| 17.28% | 15.01% | 12.00% | 12.00% | 12.00% |
| 1.87% | 1.27% | 1.78% | 1.78% | 1.78% |
| 1.81% | 1.40% | 1.78% | 1.78% | 1.78% |
| 56.65% | 73.26% | 64.99% | 64.96% | 67.74% |
| -0.01% | 0.83% | 0.85% | 0.85% | 0.85% |
| 16.51% | 13.83% | 12.00% | 12.00% | 12.00% |
| 30.96% | 36.45% | 32.87% | 33.43% | 33.43% |
| 8.95% | 6.95% | 8.39% | 8.39% | 8.39% |
| 8.95% | -8.24% | -8.24% | -8.24% | -8.24% |
| -10.80% | -12.27% | -11.38% | -11.38% | -11.38% |
| -6.70% | -3.47% | -3.49% | -2.70% | -2.10% |



| 12/31/2025 | 12/31/2026 |
|------------|----------------|
| 269,994.49 | 304,206.65 |
| 13% | 13% |
| 86,579.77 | 97,148.59 |
| -96,834.96 | -109,909.47 |
| 183,414.73 | 207,058.06 |
| 0.68 | 0.68 |
| | |
| 32,399.34 | 36,504.80 |
| | |
| 151,015.39 | 170,553.26 |
| 0.56 | 0.56 |
| | |
| 4,802.77 | 5,411.35 |
| 4,807.52 | 5,416.70 |
| 2,294.95 | 2,585.76 |
| | |
| 153,305.58 | 173,133.66 |
| 18,396.67 | 20,776.04 |
| | |
| 134,908.91 | 152,357.62 |
| 12.09% | 12.93% |
| 90,249.74 | 101,685.67 |
| | |
| n/a | n/a |
| 22664 | 25536 |
| -22248 | -25067 |
| 179820 | 202960 |
| -30717 | -34609 |
| 210537 | 237569 |
| -5073 | -10617 |
| 205464 | 226952 |
| | 3553950 |
| 205464 | 3780902 |
| 2025 (F) | 2026 (F) |
| 15.00% | 16.00% |
| 32.07% | 31.94% |
| 12.00% | 12.00% |
| 1.78% | 1.78% |
| 1.78% | 1.78% |
| 65.90% | 66.20% |
| 0.85% | 0.85% |
| 12.00% | 12.00% |
| 33.43% | 33.43% |
| 8.39% | 8.39% |
| -8.24% | -8.24% |
| -11.38% | -11.38% |
| -1.88% | -3.49% |

discount rate

| Company |
|---------|
| r |
| g |

CAF

| |
|------------------|
| Risk - Free Rate |
| Beta |
| Market Return |
| r |



| |
|------------------|
| Apple Inc |
| 9.6% |
| 3% |

| PM | Comments |
|-------------|-------------------------------------|
| 3.975% | Microsoft's risk free rate,internet |
| 0.9 | Yaahoo |
| 10.20% | average, based on S&P 500 |
| 9.6% | |

| Period | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
|----------------------|------------|------------|------------|------------|------------|
| Net Income | 22074 | 12193 | 20539 | 25489 | 16571 |
| Stockholders' Equity | 89,784 | 80,083 | 71,997 | 87,711 | 82,718 |
| ROE | 25% | 15% | 29% | 29% | 20% |

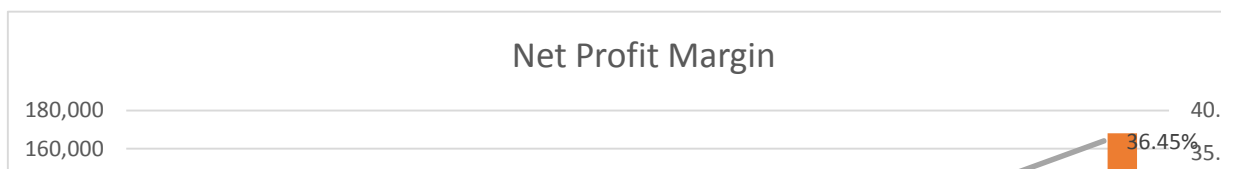
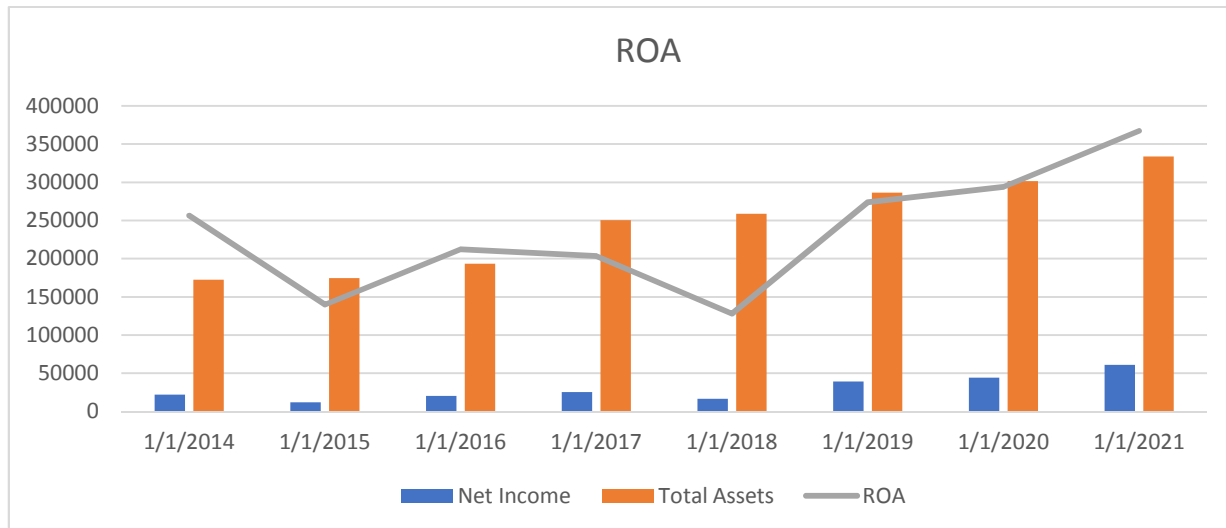
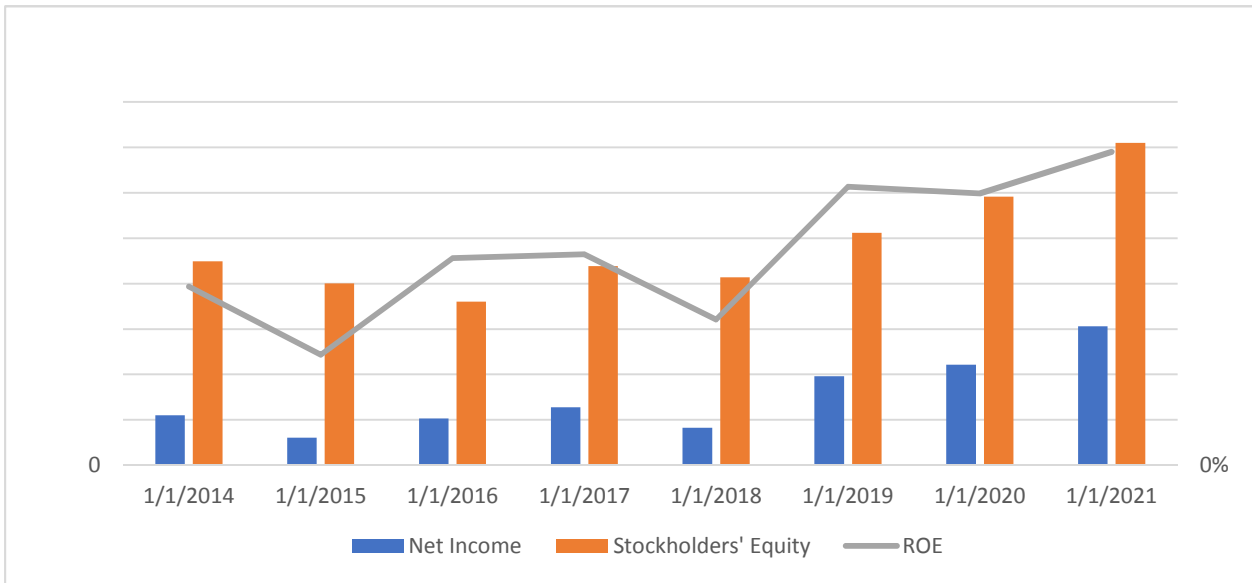
| Period | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
|--------------|------------|------------|------------|------------|------------|
| Net Income | 22074 | 12193 | 20539 | 25489 | 16571 |
| Total Assets | 172,384 | 174,472 | 193,468 | 250,312 | 258,848 |
| ROA | 13% | 7% | 11% | 10% | 6% |

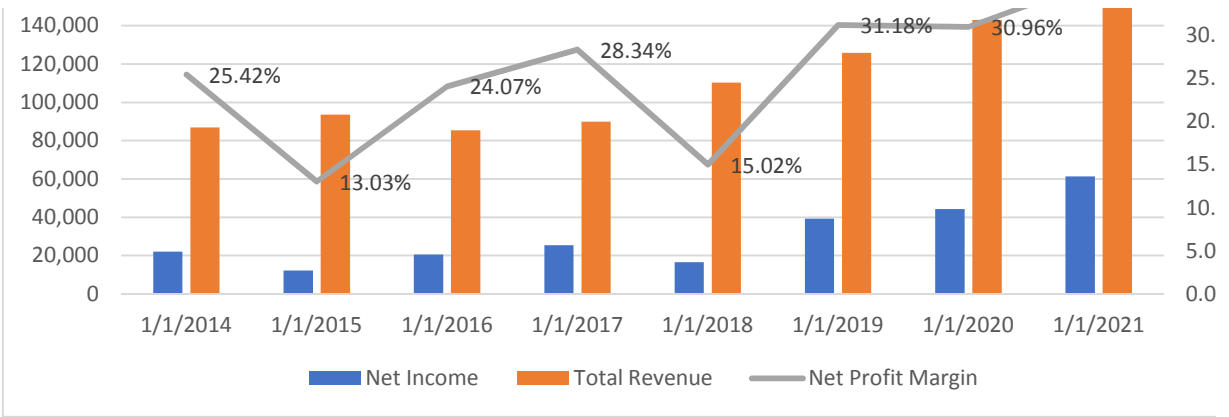
| Period | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
|-------------------|------------|------------|------------|------------|------------|
| Net Income | 22,074 | 12,193 | 20,539 | 25,489 | 16,571 |
| Total Revenue | 86830 | 93580 | 85320 | 89950 | 110360 |
| Net Profit Margin | 25.42% | 13.03% | 24.07% | 28.34% | 15.02% |

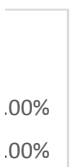
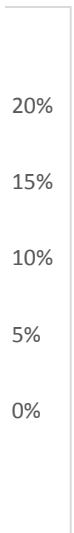
| 12/31/2019 | 12/31/2020 | 12/31/2021 |
|------------|------------|------------|
| 39240 | 44281 | 61271 |
| 102330 | 118304 | 141988 |
| 38% | 37% | 43% |

| 12/31/2019 | 12/31/2020 | 12/31/2021 |
|------------|------------|------------|
| 39240 | 44281 | 61271 |
| 286556 | 301311 | 333779 |
| 14% | 15% | 18% |

| 12/31/2019 | 12/31/2020 | 12/31/2021 |
|------------|------------|------------|
| 39240 | 44281 | 61271 |
| 125843 | 143015 | 168088 |
| 31.18% | 30.96% | 36.45% |







.00%

.00%

.00%

.00%

.00%

10%

10%

PRICE TO EARNING RATIO

| | Microsoft | Apple | Alphabet | Amazon |
|-----------------------|-----------|-------|----------|--------|
| Companies P/E | 34.22 | 29.19 | 26.77 | 51.33 |
| Industries P/E | 43.72 | 25.11 | 16.51 | 13.39 |

PRICE TO BOOK RATIO

| | Microsoft | Apple | Alphabet | Amazon |
|-----------------------|-----------|-------|----------|--------|
| Companies P/B | 15.58 | 18.81 | 7.62 | 12.24 |
| Industries P/B | 8.39 | 9.83 | 5.21 | 6.16 |

PRICE TO SALES RATIO

| | Microsoft | Apple | Alphabet | Amazon |
|-----------------------|-----------|-------|----------|--------|
| Companies P/S | 12.98 | 7.80 | 8.11 | 3.67 |
| Industries P/S | 7.14 | 7.05 | 5.57 | 1.63 |

