

**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) August 21, 2024

**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**

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**(425) 882-8080**

**[www.microsoft.com/investor](http://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 7.01. Regulation FD Disclosure**

On August 21, 2024, Microsoft Corporation posted presentation materials to the Investor Relations section of its website titled “Fiscal Year 2025 Investor Metrics.” A copy of the presentation materials is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 and Exhibit 99.1, 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 [Investor Presentation](#)

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  
(Registrant)

Date: August 21, 2024

/s/ ALICE L. JOLLA

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Alice L. Jolla  
Corporate Vice President and  
Chief Accounting Officer



# FY25 Investor Metrics

August 2024

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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 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

Disclosure framework

Updates for FY25

- Segment changes
- Metric changes
- FY25 Q1 Outlook updates

# Disclosure framework

To enhance investor understanding of our business, Microsoft regularly discloses supplemental financial information, business highlights, and key performance indicators

## SEC filings (10-Qs and 10-K)

### Earnings press release and slides

- Business highlights and comparative view of performance (GAAP and constant currency)

### Investor metrics

- Enable investors to evaluate progress against our ambitions
- Provide transparency into performance trends
- Reflect the continued evolution of our products and services

### Earnings commentary

- Momentum and innovation from a product, customer, and partner perspective

# Updates for FY25 – Segment structure

FY24 Segment structure	
<b>Productivity and Business Processes</b>	
<b>Office products and cloud services</b>	Office Commercial products and cloud services
	Office Consumer products and cloud services
<b>Dynamics products and cloud services</b>	Dynamics 365
	Dynamics products
<b>LinkedIn</b>	
<b>Intelligent Cloud</b>	
<b>Server products and cloud services</b>	Azure and other cloud services
	Server products
<b>Enterprise and partner services</b>	
<b>More Personal Computing</b>	
<b>Windows</b>	Windows OEM
	Windows Commercial products and cloud services
	Windows other
<b>Devices</b>	
<b>Search and news advertising</b>	
<b>Gaming</b>	Xbox content and services
	Xbox hardware

FY25 Segment structure	
<b>Productivity and Business Processes</b>	
<b>Microsoft 365 Commercial products and cloud services</b>	Microsoft 365 Commercial cloud
	Microsoft 365 Commercial products
<b>Microsoft 365 Consumer products and cloud services</b>	Microsoft 365 Consumer cloud
	Office Consumer products
<b>Dynamics products and cloud services</b>	Dynamics 365
	Dynamics products
<b>LinkedIn</b>	
<b>Intelligent Cloud</b>	
<b>Server products and cloud services</b>	Azure and other cloud services
	Server products
<b>Enterprise and partner services</b>	
<b>More Personal Computing</b>	
<b>Windows and Devices</b>	Windows OEM and Devices
	Windows other
<b>Search and news advertising</b>	
<b>Gaming</b>	Xbox content and services
	Xbox hardware



# Updates for FY25 – Segment changes

## Key segment change – Microsoft 365 Commercial

- We have brought revenue from the commercial components of Microsoft 365 together in the Productivity and Business Processes (“PBP”) segment to align to how the business is managed. “Microsoft 365 Commercial products and cloud services” will now be reported in SEC filings and our KPIs have been adjusted as well. Microsoft 365 Commercial products and cloud services now includes:
  - Office Commercial products and cloud services revenue, already in the PBP segment
  - Enterprise Mobility + Security (“EMS”) and Power BI per-user revenue, previously reported in Azure within the Intelligent Cloud (“IC”) segment
  - Windows Commercial products and cloud services revenue, previously reported in Windows within the More Personal Computing (“MPC”) segment
- The cloud portion of Microsoft 365 Commercial will be reported as “Microsoft 365 Commercial cloud” and the on-premises portion will be reported as “Microsoft 365 Commercial products”

## Other segment changes

- Copilot Pro revenue has moved from Office Consumer products and cloud services in our PBP segment to Search and news advertising in our MPC segment to align to how the business is managed. We then renamed “Office Consumer products and cloud services” to “Microsoft 365 Consumer products and cloud services” given the current branding of the product.
- Nuance Enterprise revenue has moved from Server products and cloud services in the IC segment to Dynamics products and cloud services in the PBP segment. Nuance Healthcare revenue remains in Server products and cloud services. These changes better align to how the businesses are managed.
- Windows revenue (now excluding Windows Commercial revenue as noted above) and Devices revenue will now be reported together in SEC filings to bring revenue from PC market-driven businesses together
- Revenue moved from Search and news advertising in the MPC segment to Azure in the IC segment, and therefore will be included in Microsoft Cloud metrics, to better align with similar commercial services

## Metric changes

## FY25 Investor metrics

### Commercial metrics

- Commercial bookings growth
- Commercial remaining performance obligation
- Commercial revenue annuity mix
- Microsoft Cloud revenue and revenue growth
- Microsoft Cloud gross margin percentage

### Productivity & Business Processes; Intelligent Cloud

- Microsoft 365 Commercial cloud revenue growth
- Microsoft 365 Commercial seat growth
- Microsoft 365 Consumer cloud revenue growth
- Microsoft 365 Consumer subscribers
- Dynamics 365 revenue growth
- LinkedIn revenue growth
- Azure and other cloud services revenue growth

### More Personal Computing

- Windows OEM and Devices revenue growth
- Xbox content and services revenue growth
- Search and news advertising revenue (ex TAC) growth

## Microsoft 365 Commercial cloud metric

### What changes and why?

- As a result of the Microsoft 365 Commercial segment change, "Microsoft 365 Commercial cloud revenue growth" metric created in the PBP segment to align to how the business is managed. The metric is comprised of:
  - Office 365 Commercial revenue
  - EMS revenue and Power BI per-user revenue, previously in the Azure metric within the IC segment
  - Cloud portion of Windows Commercial revenue, previously in the Windows Commercial metric within the MPC segment
- With EMS revenue and Power BI per-user revenue moved into Microsoft 365 Commercial cloud metric, Azure metric now more closely aligns to consumption business
- "Office 365 Commercial seat growth" renamed to "Microsoft 365 Commercial seat growth" to align with product branding

### What does not change?

- Definition and calculation previously used for Office 365 Commercial seat growth remains unchanged for Microsoft 365 Commercial seat growth

# Microsoft 365 Commercial cloud metric change

FY24 Segment structure		
<b>Productivity and Business Processes</b>		
<b>Office products and cloud services</b>	Office Commercial products and cloud services	Office 365 Commercial
		Office Commercial products
	Office Consumer products and cloud services	
<b>Dynamics products and cloud services</b>	Dynamics 365	
	Dynamics products	
<b>LinkedIn</b>		
<b>Intelligent Cloud</b>		
<b>Server products and cloud services</b>	Azure and other cloud services	Azure consumption
		EMS & Power BI per-user
		Other cloud services
	Server products	
<b>Enterprise and partner services</b>		
<b>More Personal Computing</b>		
<b>Windows</b>	Windows OEM	Windows Commercial cloud
	Windows Commercial products and cloud services	Windows Commercial products
	Windows other	
<b>Devices</b>		
<b>Search and news advertising</b>		
<b>Gaming</b>	Xbox content and services	
	Xbox hardware	

FY25 Segment structure		
<b>Productivity and Business Processes</b>		
<b>Microsoft 365 Commercial products and cloud services</b>	Microsoft 365 Commercial cloud	Office 365 Commercial
		EMS & Power BI per-user
		Windows Commercial cloud
		Office Commercial products
		Windows Commercial products
<b>Microsoft 365 Consumer products and cloud services</b>	Microsoft 365 Consumer cloud	
	Office Consumer products	
<b>Dynamics products and cloud services</b>	Dynamics 365	
	Dynamics products	
<b>LinkedIn</b>		
<b>Intelligent Cloud</b>		
<b>Server products and cloud services</b>	Azure and other cloud services	Azure consumption
		Other cloud services
	Server products	
<b>Enterprise and partner services</b>		
<b>More Personal Computing</b>		
<b>Windows and Devices</b>	Windows OEM and Devices	
	Windows other	
<b>Search and news advertising</b>		
<b>Gaming</b>	Xbox content and services	
	Xbox hardware	

## Other metric changes

### What changes and why?

- Copilot Pro subscribers removed from Microsoft 365 Consumer subscribers metric to align with the corresponding Copilot Pro revenue movement out of Microsoft 365 Consumer
- Windows OEM revenue growth and Devices revenue growth metrics replaced by "Windows OEM and Devices revenue growth" metric to align to how the PC market-driven businesses are managed
- We elevated our cloud revenue growth metrics for Microsoft 365 Commercial, Microsoft 365 Consumer, Dynamics 365, and Azure to be KPIs, which have replaced the former "products and cloud services" KPIs. This elevation aligns to our strategic focus on cloud growth. Changes are as follows:

FY24 Metrics		FY25 Metrics
Office Commercial products and cloud services revenue growth	➔	Microsoft 365 Commercial cloud revenue growth
Office Consumer products and cloud services revenue growth		Microsoft 365 Consumer cloud revenue growth
Dynamics products and cloud services revenue growth		Dynamics 365 revenue growth
Server products and cloud services revenue growth		Azure and other cloud services revenue growth

# FY25 Investor metrics restated

Restated metrics with significant impact from changes in this presentation

Investor Metrics	FY24 As reported					FY24 Restated				
	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY24	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY24
Microsoft 365 Commercial cloud revenue growth (y/y) <sup>1</sup>	Not previously reported					20% / 19%	20% / 18%	17%	15% / 16%	18%
Azure and other cloud services revenue growth (y/y) <sup>1,2,3</sup>	29% / 28%	30% / 28%	31%	29% / 30%	30%	31% / 30%	33% / 31%	35%	34% / 35%	33%
AI services point contribution to Azure	3pts	6pts	7pts	8pts	6pts	5pts	9pts	10pts	11pts	9pts
Windows OEM and Devices revenue growth (y/y) <sup>4</sup>	Not previously reported					(5)%	4%	2%	(1)% / 0%	0%
Search and news advertising revenue (ex TAC) growth (y/y) <sup>3</sup>	10% / 9%	8% / 7%	12%	19%	12%	8% / 7%	6% / 4%	8%	15% / 16%	9%

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

Metric changes in this presentation: (1) Microsoft 365 Commercial metric change noted on slide 9; (2) Nuance Enterprise change noted on slide 6; (3) Search metric changes noted on slide 6; (4) Windows OEM and Devices metric change noted on slide 6

# FY25 Q1 Outlook updates



# FY25 Q1 Outlook updated

We will report our FY25 Q1 results in the structure discussed on the prior slides. Therefore, we have provided mechanical updates only to our outlook as provided on July 30, 2024 for the changes discussed in this presentation.

	As provided on July 30, 2024	Updated outlook
Foreign currency impact	<ul style="list-style-type: none"> <li>Decrease to revenue growth at the total company and all individual segment levels of less than 1 point</li> <li>Decrease to COGS growth of less than 1 point and no meaningful impact to Opex growth</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>
Productivity and Business Processes	<ul style="list-style-type: none"> <li>Revenue of \$20.3 to \$20.6 billion</li> </ul>	<ul style="list-style-type: none"> <li>Revenue of \$27.75 to \$28.05 billion</li> </ul>
Intelligent Cloud	<ul style="list-style-type: none"> <li>Revenue of \$28.6 to \$28.9 billion</li> </ul>	<ul style="list-style-type: none"> <li>Revenue of \$23.80 to \$24.10 billion</li> </ul>
More Personal Computing	<ul style="list-style-type: none"> <li>Revenue of \$14.9 to \$15.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>Revenue of \$12.25 to \$12.65 billion</li> </ul>
Cost of revenue	<ul style="list-style-type: none"> <li>COGS of \$19.95 to \$20.15 billion including approximately \$0.7 billion of purchase accounting adjustments, as well as integration and transaction-related costs from the Activision acquisition</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Expenses of \$15.2 to \$15.3 billion including approximately \$0.2 billion of purchase accounting adjustments, as well as integration and transaction-related costs from the Activision acquisition</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>
Other income and expense	<ul style="list-style-type: none"> <li>Expected to be roughly \$(650) million</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>
Effective tax rate	<ul style="list-style-type: none"> <li>Approximately 19%</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>

# FY25 Q1 Outlook updated

## Mechanical updates for KPI changes in this presentation only

As provided on July 30, 2024

Commercial Business	
Commercial bookings	Healthy growth on a growing expiry base
Microsoft Cloud gross margin percentage	Roughly 70%
Productivity and Business Processes	
Office 365 Commercial revenue	Growth of approximately 14% in constant currency
Office Commercial products revenue	Decline in mid- to high-teens
Office Consumer products and cloud services revenue	Growth in low-to mid-single digits
LinkedIn revenue	Growth in high-single digits
Dynamics products and cloud services revenue	Growth in low- to mid-teens
Intelligent Cloud	
Azure and other cloud services revenue	Growth of 28% to 29% in constant currency
Server products revenue	Decline in low-single digits
Enterprise and partner services revenue	Decline in low-single digits
More Personal Computing	
Windows OEM revenue	Relatively flat year-over-year
Devices revenue	Growth in low- to mid-single digits
Windows Commercial products and cloud services revenue	Growth in mid-single digits
Gaming revenue	Growth in mid-30s including approximately 40 points* of net impact from the Activision acquisition
Xbox content and services revenue	Growth in low- to mid-50s
Search and news advertising revenue (ex TAC)	Growth in mid- to high-teens

\*The net impact from the Activision acquisition includes adjusting for the movement of Activision content from third-party to first-party.

Updated outlook

Commercial Business	
Commercial bookings	No change
Microsoft Cloud gross margin percentage	No change
Productivity and Business Processes	
Microsoft 365 Commercial cloud revenue	Growth of approximately 15% in constant currency
Microsoft 365 Commercial products revenue	Decline in mid-single digits
Microsoft 365 Consumer products and cloud services revenue	No change
LinkedIn revenue	No change
Dynamics products and cloud services revenue	No change
Intelligent Cloud	
Azure and other cloud services revenue	Growth of approximately 33% in constant currency, sequentially lower by 1 to 2 points
Server products revenue	No change
Enterprise and partner services revenue	No change
More Personal Computing	
Windows OEM and Devices revenue	Growth in low-single digits
Included in the Microsoft 365 Commercial cloud and products revenue outlook above	
Gaming revenue	No change
Xbox content and services revenue	No change
Search and news advertising revenue (ex TAC)	Growth in mid-teens

# Appendix

## FY25 Investor metric definitions

### Commercial metrics

**Commercial bookings growth:** for commercial products and cloud services, sum of revenue growth, plus change in balance of unearned revenue plus the change in contracted not billed balance

**Commercial remaining performance obligation:** commercial portion of revenue allocated to remaining performance obligations, which includes unearned revenue and amounts that will be invoiced and recognized as revenue in future periods

**Commercial revenue annuity mix:** percentage of sales where revenue is recognized over more than one period

**Microsoft Cloud revenue and revenue growth:** revenue from Microsoft 365 Commercial cloud, Azure and other cloud services, the commercial portion of LinkedIn, Dynamics 365, and other commercial cloud properties

**Microsoft Cloud gross margin percentage:** gross margin percentage for our Microsoft Cloud business

## FY25 Investor metric definitions

Productivity & Business  
Processes; Intelligent  
Cloud

**Microsoft 365 Commercial cloud revenue growth:** revenue from Microsoft 365 Commercial subscriptions, comprising Microsoft 365 Commercial, Exchange, SharePoint, Microsoft Teams, Microsoft 365 Security and Compliance, Enterprise Mobility + Security, the cloud portion of Windows Commercial, the per-user portion of Power BI, Microsoft Viva, and Copilot for Microsoft 365

**Microsoft 365 Commercial seat growth:** the number of Microsoft 365 Commercial seats at end of period where seats are paid users covered by a Microsoft 365 Commercial subscription

**Microsoft 365 Consumer cloud revenue growth:** revenue from Microsoft 365 Consumer subscriptions and other consumer services

**Microsoft 365 Consumer subscribers:** the number of Microsoft 365 Consumer subscribers at end of period

**Dynamics 365 revenue growth:** revenue from Dynamics 365, including a set of intelligent, cloud-based applications across ERP, CRM, Power Apps, and Power Automate

**LinkedIn revenue growth:** revenue from LinkedIn, including Talent Solutions, Marketing Solutions, Premium Subscriptions, and Sales Solutions

**Azure and other cloud services revenue growth:** revenue from Azure and other cloud services, including cloud and AI consumption-based services, GitHub cloud services, Nuance Healthcare cloud services, virtual desktop offerings, and other cloud services

## FY25 Investor metric definitions

### More Personal Computing

**Windows OEM & Devices revenue growth:** revenue from sales of Windows Pro and non-Pro licenses sold through the OEM channel and sales of first-party Devices, including Surface, HoloLens, and PC accessories

**Xbox content and services revenue growth:** revenue from Xbox content and services, comprising first- and third-party content (including games and in-game content), Xbox Game Pass and other subscriptions, Xbox Cloud Gaming, advertising, third-party disc royalties, and other cloud services

**Search and news advertising revenue (ex TAC) growth:** revenue from search and news advertising excluding traffic acquisition costs ("TAC") paid to Bing Ads network publishers and news partners

