



Q1 2024 Financial Results

April 29, 2024

MicroStrategy Q1 2024 Earnings Call

Safe Harbor Statement

FORWARD-LOOKING STATEMENTS

Some of the information we provide in this presentation regarding our future expectations, plans, and prospects may constitute forward-looking statements. Actual results may differ materially from these forward-looking statements due to various important factors, including the risk factors discussed in our most recent 10-K filed with the SEC. We assume no obligation to update these forward-looking statements, which speak only as of today.

Also, in this presentation, we will refer to certain non-GAAP financial measures. Reconciliations showing GAAP versus non-GAAP results are available in our earnings release and the appendix of this presentation, which were issued today and are available on our website at www.microstrategy.com.





Operational Results

Phong Le, President & Chief Executive Officer

MicroStrategy World 2024

April 29 – May 2 | Las Vegas, NV



Business Highlights

Q1 2024

Bitcoin Holdings

214,400

Acquired for a total cost of \$7.54 billion, or \$35,180 per bitcoin as of April 26, 2024

- Acquired 25,250 bitcoin since the end of 2023 for \$1.65B at average price of \$65,232
- Total market value of bitcoin holdings ~\$14B
- Largest corporate holder of bitcoin in the world

Subscription Services Revenues

\$23.0M

increase of **22%** YoY

- First to market with AI + BI platform integration
- Accelerated cloud transition; available on Google Cloud Marketplace in April 2024
- Healthy corporate liquidity and cash flows

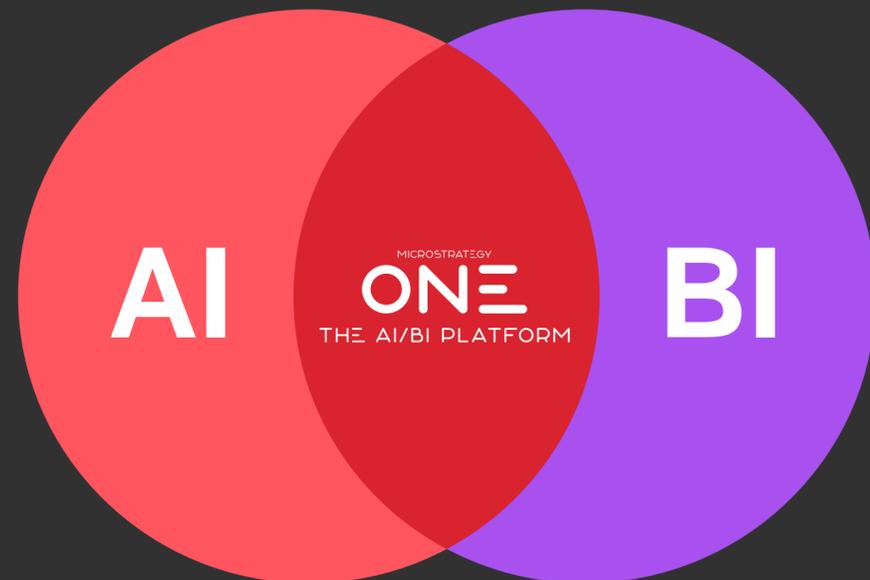


Grow AI and Cloud

Multi-cloud | Cloud-native | Marketplace

MicroStrategy AI

- First to market in AI/BI cloud offering
- Microsoft Azure OpenAI partnership
- Auto: SQL, Dashboard, Answers, Expert
- Embedded, customizable, AI-bot



MicroStrategy Cloud

- Focus on customer migration & new business growth
- Accelerate subscription revenue growth
- On Azure, AWS, Google marketplaces



Bitcoin Development Company

MicroStrategy's unique value proposition

Bitcoin Development Company

Bitcoin and Software Development ¹

Bitcoin Holdings

Excess Cash ²

Cash

Equity

Debt

*\$825M total excess cash
on balance sheet invested*

\$3.2B of equity issued

*\$3.6B in senior secured and
convertible debt outstanding*

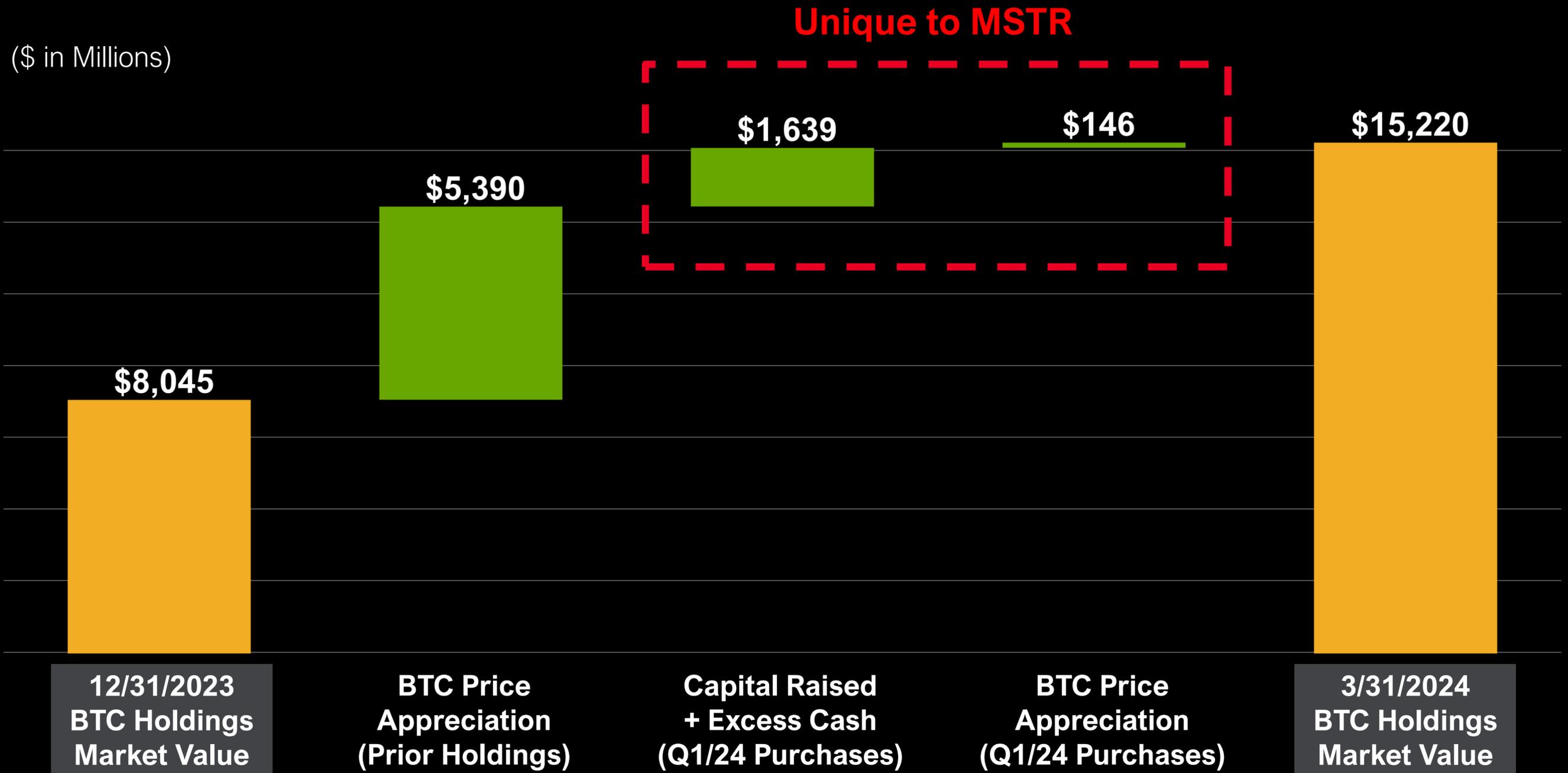
Increase Bitcoin Holdings and Shareholder Value

(1) Includes bitcoin acquisition, bitcoin advocacy initiatives, and software development related to BI, AI, Cloud, and Bitcoin.

(2) Excess Cash refers to cash in excess of the minimum cash, cash equivalents and short-term investments that the Company is required to hold under its Treasury Reserve Policy, which may include cash generated by operating activities and cash from the proceeds of financing activities.



Q1 2024 Value Creation from Bitcoin Activities



BTC Count	189,150		Additions: 25,128		214,278
BTC Market Price	\$42,531		Avg Price: \$65,238		\$71,028



MicroStrategy Bitcoin Net Asset Value

Hypothetical scenarios in which bitcoin price increases – Illustrative

Bitcoin Forward Price	\$64,000	\$100,000	\$150,000	\$250,000
Spot Bitcoin Price	-	56%	135%	290%
MSTR (Current Leverage)	-	75%	180%	395%
MSTR (Incremental \$0.5B Leverage)	-	78%	190%	410%
MSTR (Incremental \$1.0B Leverage)	-	82%	195%	425%

Note: Rounded to the nearest 5% up or down for higher forward prices. Leverage levels set forth above are provided for illustrative purposes only and do not reflect any current plans of the Company. Percentage amounts above refer to the mathematical outputs only based solely on the underlying assumptions and are not a projection or prediction of future bitcoin prices or underlying bitcoin net asset values. Scenarios in which the bitcoin forward price declines would result in a proportionate decrease in bitcoin net asset value, and there can be no assurance that the bitcoin forward price or the value of MicroStrategy's bitcoin holdings will not decrease materially relative to the current prices.

Assumptions: Bitcoin Net Asset Value = Bitcoin Holdings Market Value less Total Outstanding Debt. No change to MSTR share count, no conversion of outstanding convertible debt, ignores interest on debt for simplification of mathematical exercise, no indication on the time frame for the forward bitcoin price or debt maturity, excludes software business. Incremental leverage scenarios assume that MSTR is able to issue the additional debt and invest the proceeds in bitcoin at market prices as of April 26, 2024.





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

Revenue and Billings

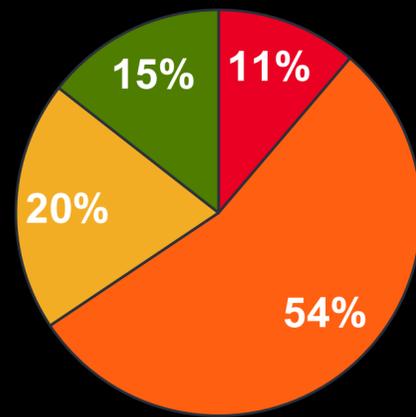
Q1 2024

(\$ in Millions)

Total Revenues

\$115.2M

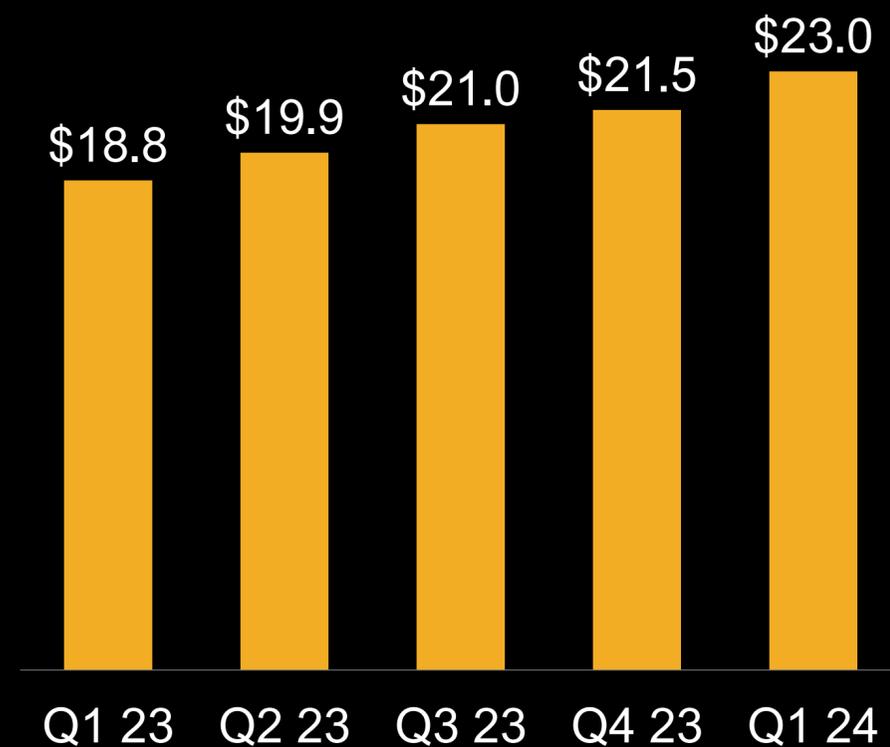
Q1 2024 Total Revenues
5% YoY decrease



- Product Licenses
- Support
- Subscription Services
- Other Services

Subscription Services Revenues

Q1 2024 **+22%** YOY increase



Non-GAAP Subscription Billings⁽¹⁾

Q1 2024 **+30%** YOY increase



(1) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Non-GAAP Subscription Billings.



Cost Structure and Operating Income

- MicroStrategy continues to operate under one reportable segment. Beginning in Q1 2024, we updated our quarterly reporting to differentiate operating results between the Software Business and Corporate & Other⁽¹⁾
- Loss from operations from software business for Q1 2024 was approximately \$11M, which includes approximately \$18M from non-cash stock-based compensation expense
- Q1 non-GAAP adjusted income from software business was \$6.9M

(\$ in Millions)	Q1/23			Q1/24		
	Software Business	Corporate & Other	Consolidated	Software Business	Corporate & Other	Consolidated
GAAP Operating Income/(Loss)						
Total Revenues	121.9	-	121.9	115.2	-	115.2
Total Cost of Revenues	27.9	-	27.9	30.0	-	30.0
Gross Profit	94.0	-	94.0	85.2	-	85.2
Total Operating Expenses	94.5	19.8	114.3	96.1	192.8	288.9
Income /(Loss) from Operations	(0.5)	(19.8)	(20.3)	(10.9)	(192.8)	(203.7)
Non-GAAP Adj. Income						
Stock-Based Compensation Expense	17.6		17.6	17.8		17.8
Non-GAAP Adj. Income /(Loss) from Operations	17.0		(2.8)	6.9		(185.9)

(1) Corporate & Other includes impairment charges and other third-party costs associated with our digital asset holdings.

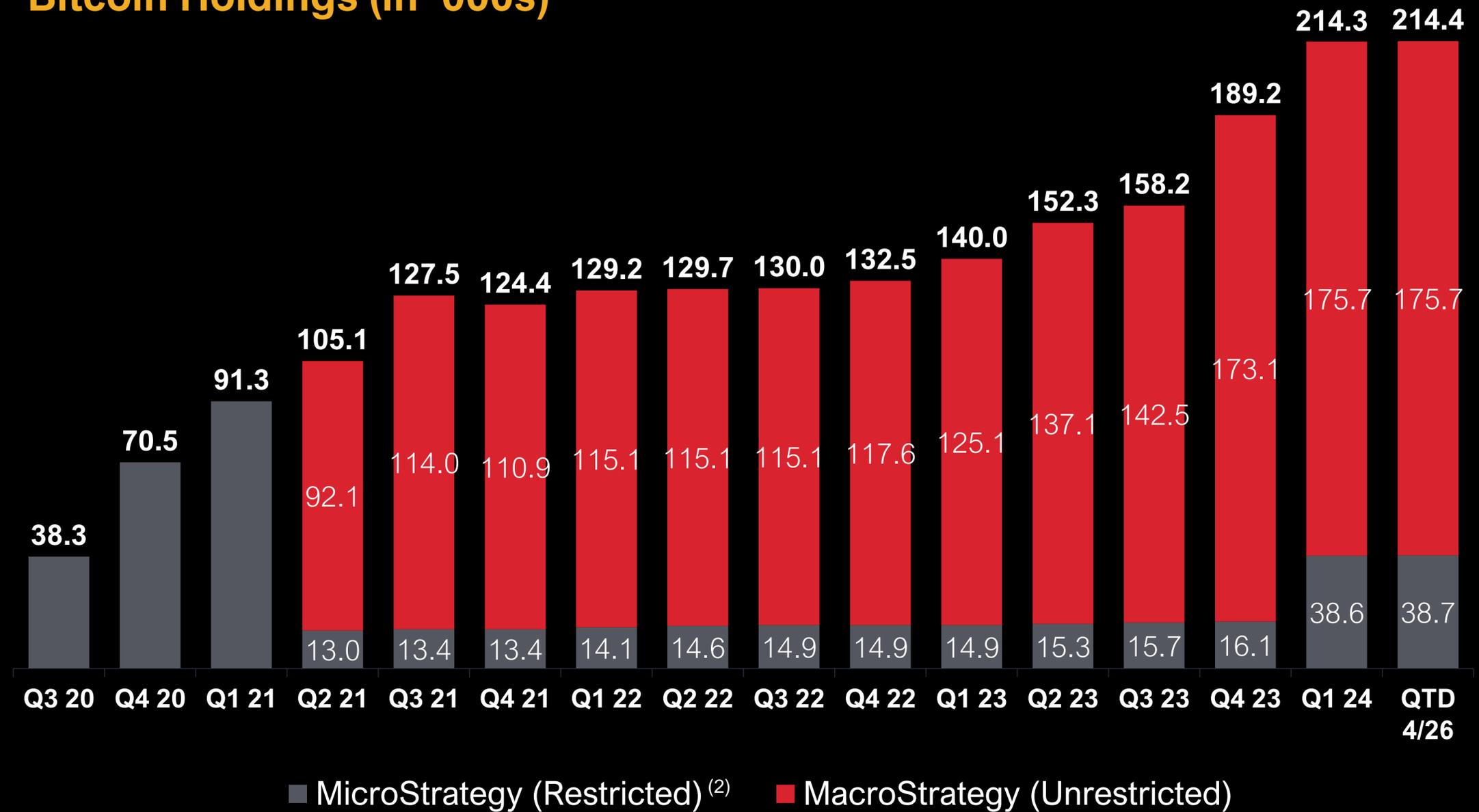


Growth in Bitcoin Holdings

MicroStrategy has acquired additional bitcoin in every quarter since Q3 2020

- **214,400 bitcoins⁽¹⁾** held on balance sheet, acquired for a total cost of \$7.54 billion, or \$35,180 per bitcoin
- Year to date 2024
 - **2,652 bitcoins** purchased for \$137 million using proceeds from capital markets activities (Macro)
 - **20,180 bitcoins** purchased for \$1.4 billion using proceeds from capital markets activities (Micro)
 - **2,418 bitcoins** purchased for \$136 million using excess cash (Micro)

Bitcoin Holdings (in '000s)



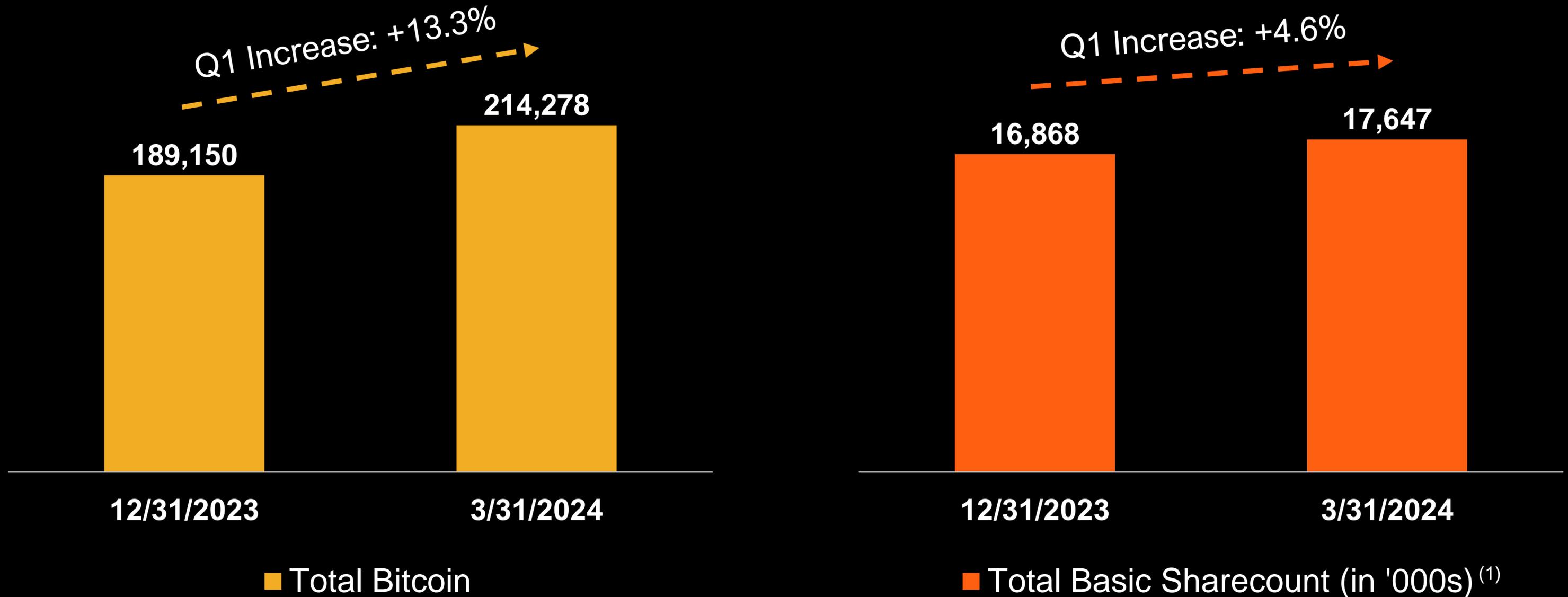
(1) As of April 26, 2024.

(2) All bitcoin holdings were unrestricted prior to Q2 2021.



Impact of Intelligent Leverage

Bitcoin count increase at a faster pace than basic share count increase



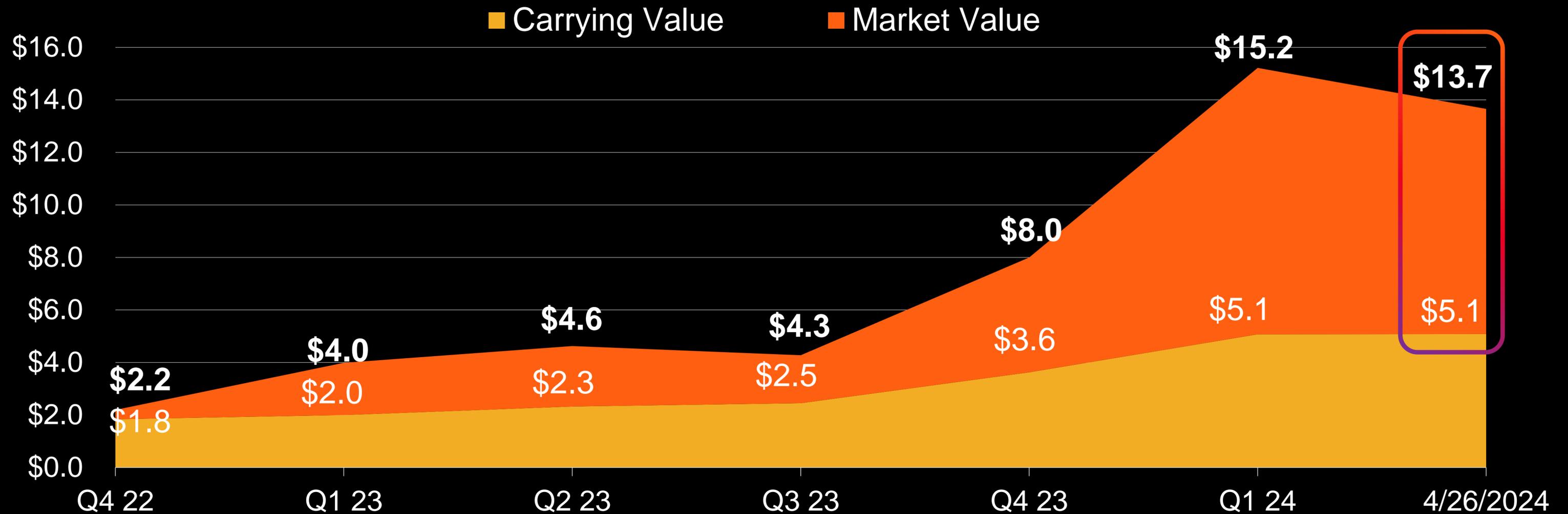
(1) Adjusted diluted shares outstanding increased 4.8% from 20.763M on 12/31/2023 to 21.766M on 3/31/2024. See reconciliation to basic shares outstanding on slide 30.



Bitcoin Holdings Carrying Value vs. Market Value

- Aggregate cost of \$7.5 billion and current market value of \$13.7 billion
- Carrying value of \$5.1 billion, net of ~\$2.5 billion in cumulative impairment charges

(\$ in Billions)



Note: Calculations are based on prices as of 4pm Eastern Time on the last day of the respective quarter or date noted.

(1) The carrying value presented for 4/26/24 equals the 3/31/24 carrying value of our bitcoin plus the cost of bitcoin purchases during April 2024 and does not reflect any impairment charges incurred after 3/31/24.



Strong Capital Structure

- Weighted average annual fixed interest rate of 1.3%, or approximately \$46M annualized fixed interest expense

	Principal Instruments	Maturity ⁽¹⁾	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028	\$500	6.125%	\$30.6
Converts	Convertible Senior Notes	Dec 2025	\$650	0.750%	\$4.9
		Feb 2027	\$1,050	0.000%	\$0.0
		Mar 2030	\$800	0.625%	\$5.0
		Mar 2031	\$604	0.875%	\$5.3
	Subtotal⁽²⁾:		\$3,604	1.270%	\$45.8

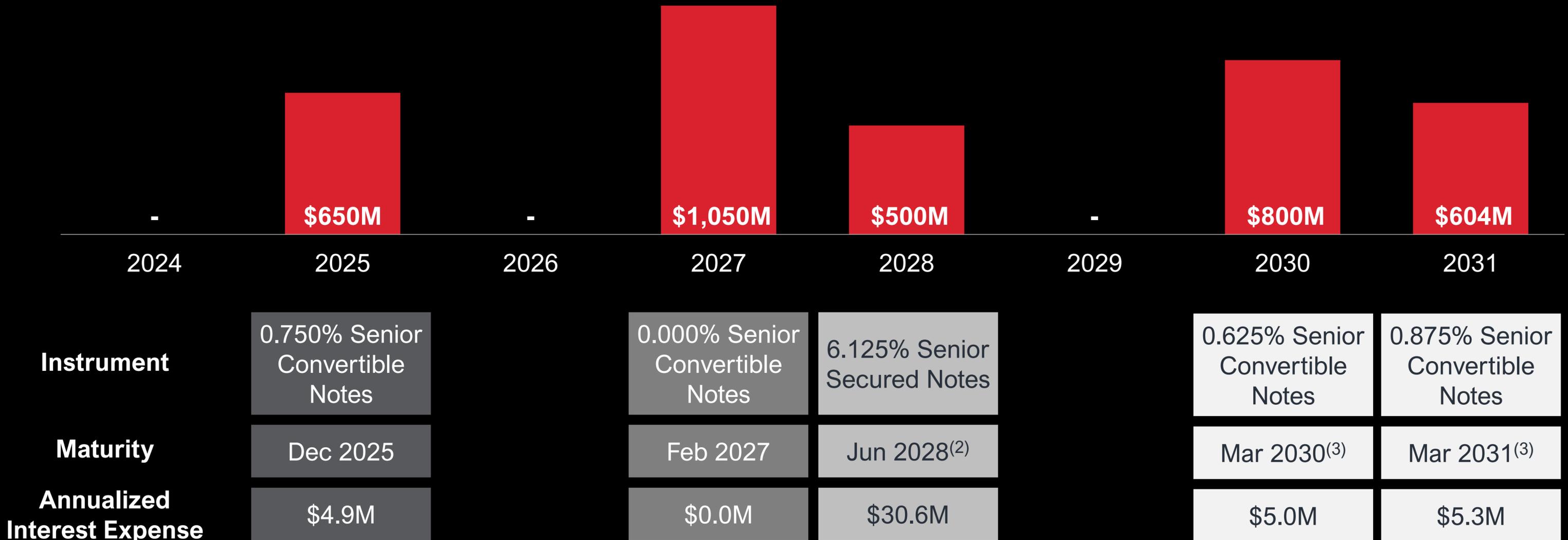
(1) Please refer to the 2023 10-K for the springing maturity provisions on the senior secured notes and the Q1 2024 Earnings Release for investor controlled put option on 2030 and 2031 convertible notes.

(2) Excludes \$10.2M principal amount and interest payable on our other long-term secured debt. Please refer to the 2023 10-K for further detail.



Principal Debt Maturities⁽¹⁾

- Total \$3.6B debt outstanding at weighted average annual fixed interest rate of 1.3%, ~\$46M annualized fixed interest expense



(1) Excludes \$10.2M principal amount of other long-term secured debt as of March 31, 2024. Please refer to the 2023 10-K for further detail.
 (2) Please refer to the 2023 10-K for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.
 (3) Please refer to the Q1 2024 Earnings Release for investor controlled put option on 2030 and 2031 convertible notes.

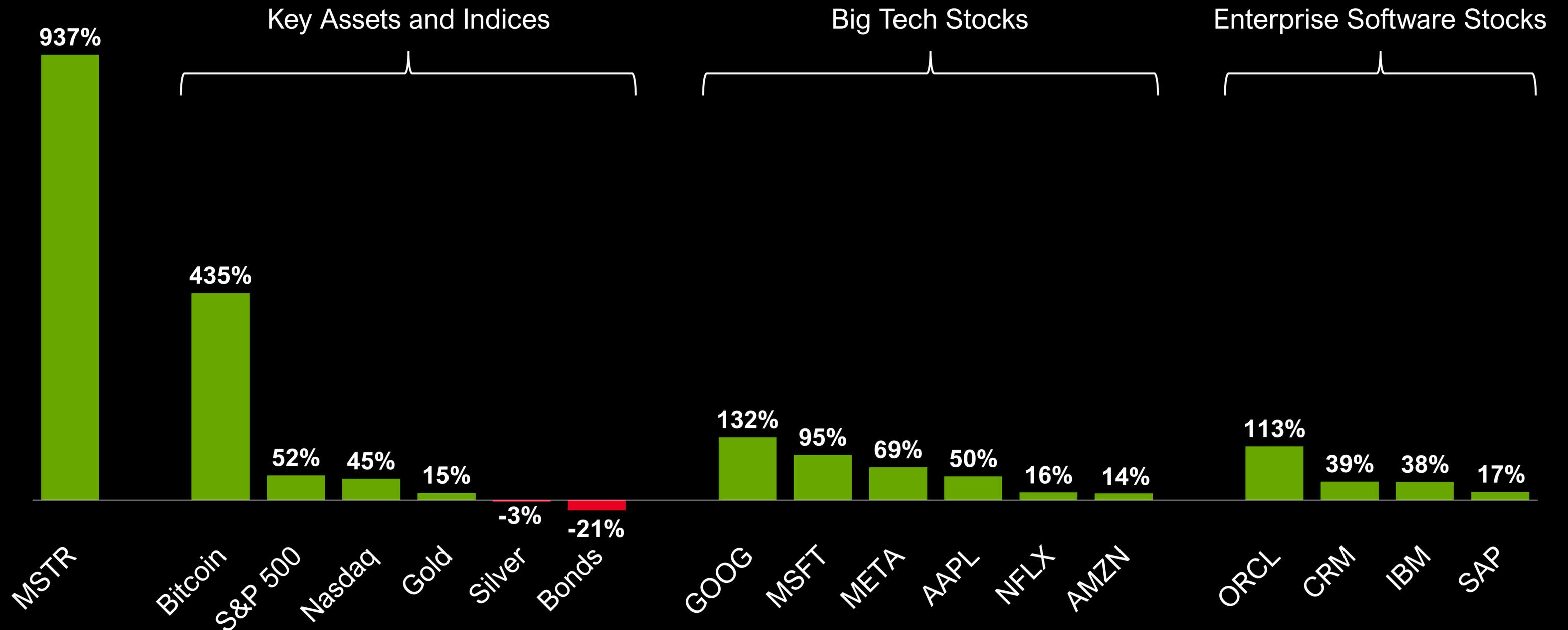




Strategy & Bitcoin

Michael Saylor, Executive Chairman

MicroStrategy Outperformance Since Adoption of Bitcoin Strategy

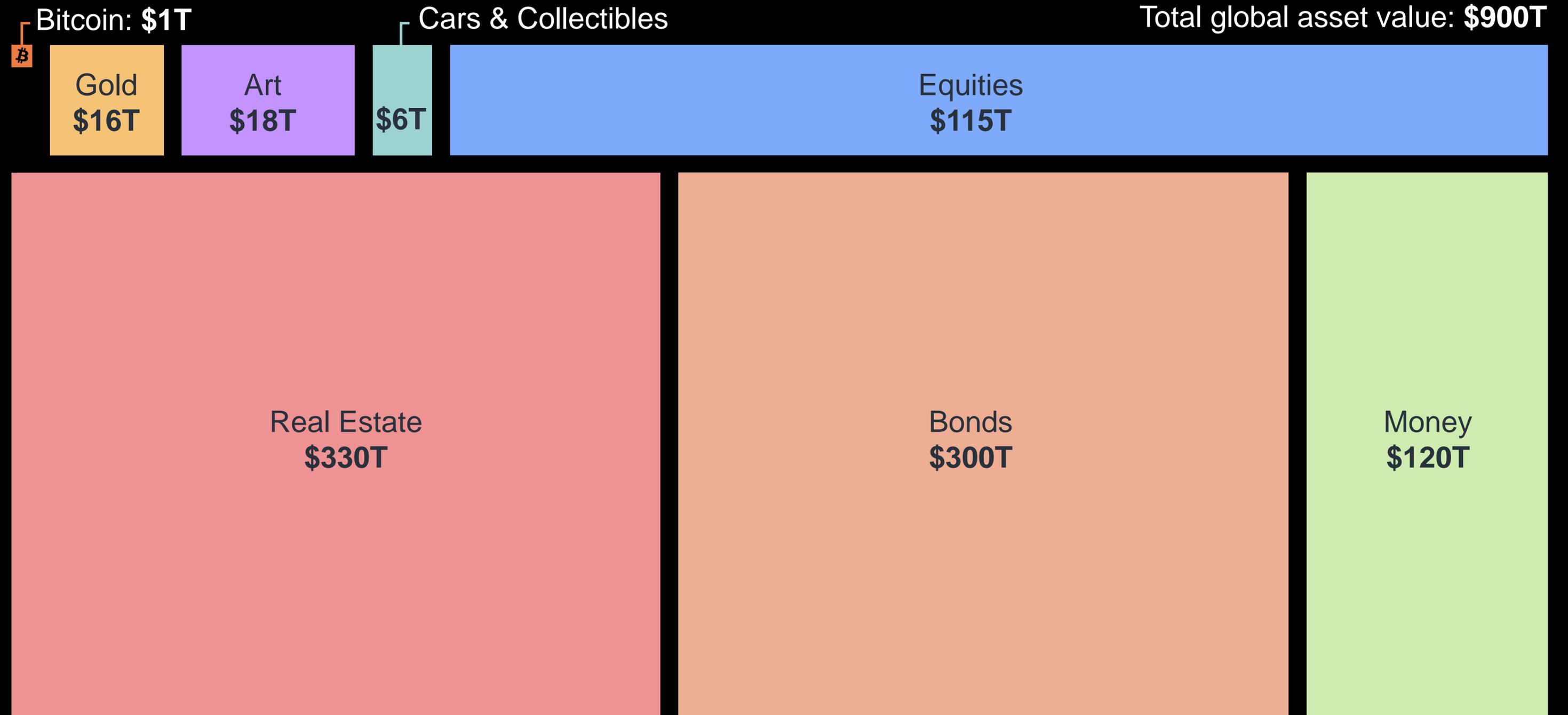


Stock performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on April 26, 2024.

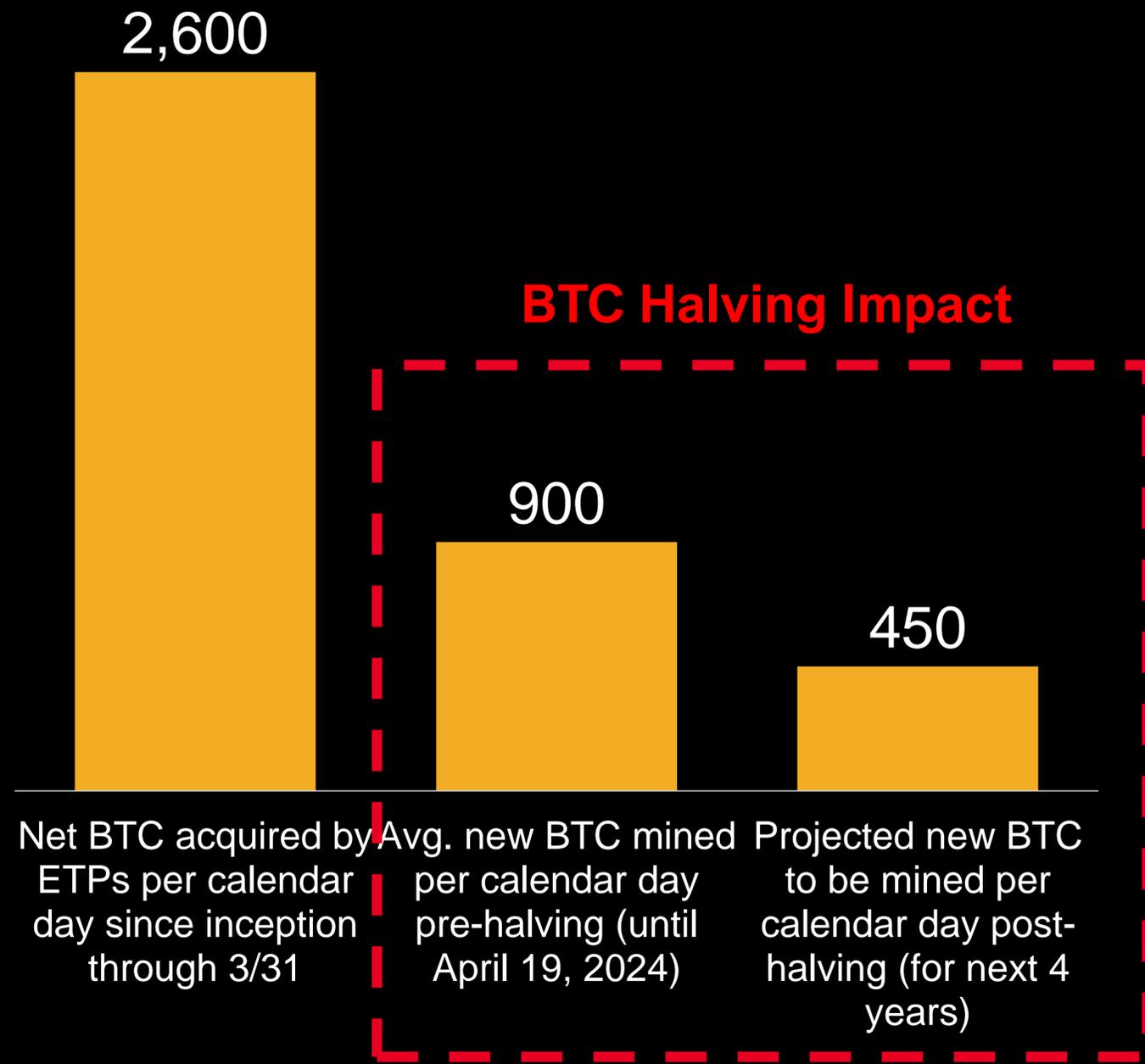


We are Still Early to Bitcoin



Bitcoin 2024 Halving Supply Shock

Highest Stock to Flow Ratio in the World



What if an investor with unlimited capital announced a program to acquire 450 BTC daily at the market price for the next four years and hold the asset forever?

At Bitcoin Price	Daily (\$M)	Next 4 Years (\$Bn)
\$60,000	27.0	39.4
\$100,000	45.0	65.7
\$150,000	67.5	98.6
\$250,000	112.5	164.3

Source: <https://heyapollo.com/bitcoin-etf>, <https://mempool.space/>, <https://www.bitcoinsensus.com/bitcoin-halving-countdown>.

Note: Bitcoin "halving" refers to the decrease in the block reward from 6.25 to 3.125 bitcoins per block, resulting in fewer bitcoins generated per block.



MicroStrategy – Bitcoin Development Company

Unique value proposition versus Spot Bitcoin ETPs

	MicroStrategy	Spot Bitcoin ETPs
1 Company Structure	Operating company Active control over capital structure No management fee	Trust company Limited control over capital structure Non-zero management fee
2 Ability to Develop Software	Ability to innovate to create incremental value	None
3 Ability to Generate Cash from Operations	Reinvest cash from software business <i>(\$825M to date)</i>	None
4 Ability to Leverage Capital Markets	Debt – Secured or Unsecured Convertible or Structured Notes Equity, Preferred Equity <i>(\$3.6B debt and \$3.2B equity capital raised)</i>	Limited

Note: Based on the Company's own view of the relative positioning of the various categories shown. MicroStrategy is not an exchange traded product ("ETP") or an exchange-traded fund ("ETF") registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF and does not operate as an ETP or ETF. See Appendix slide 31 for additional information.

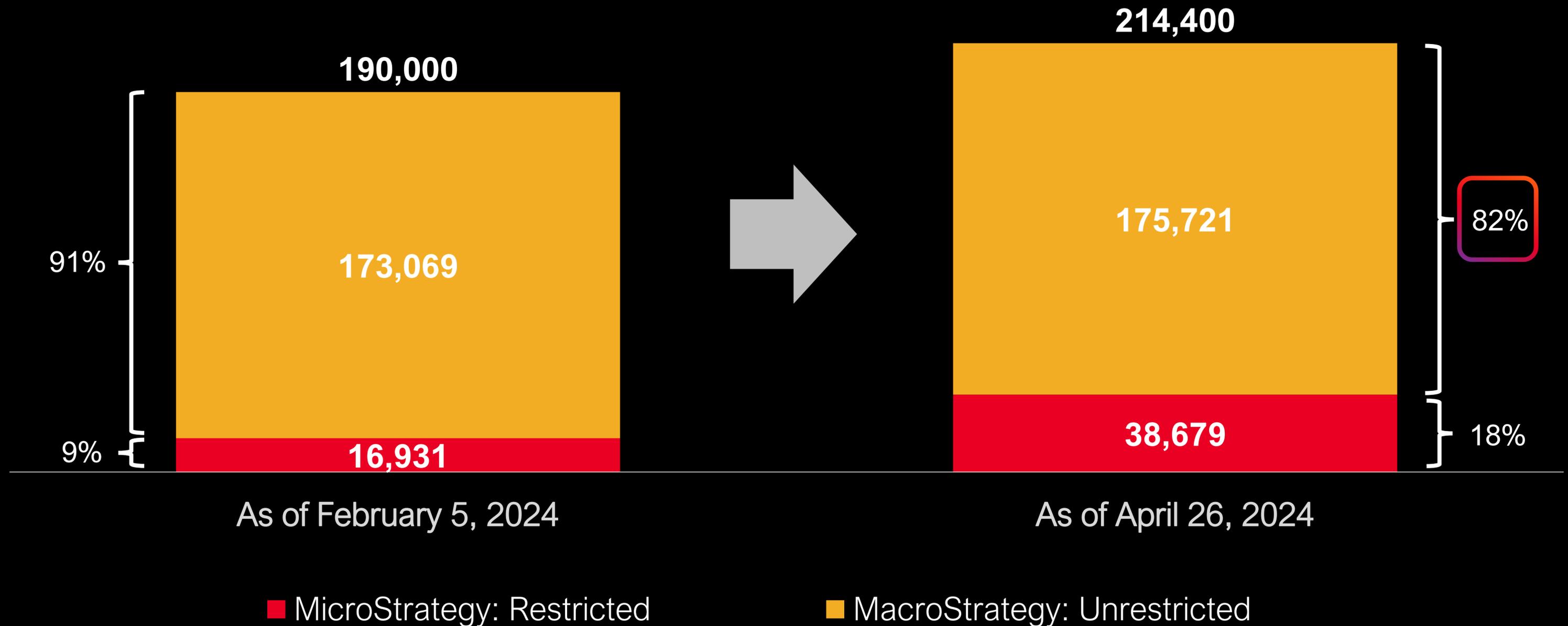




Appendix

Current Bitcoin Holdings

82% of our total bitcoin holdings are unencumbered as of April 26, 2024



Capital Markets Activities to Acquire More Bitcoin

Strong track record of accretive capital allocation strategy

Capital Markets Activity

~\$3.6B

Proceeds from Corporate Debt

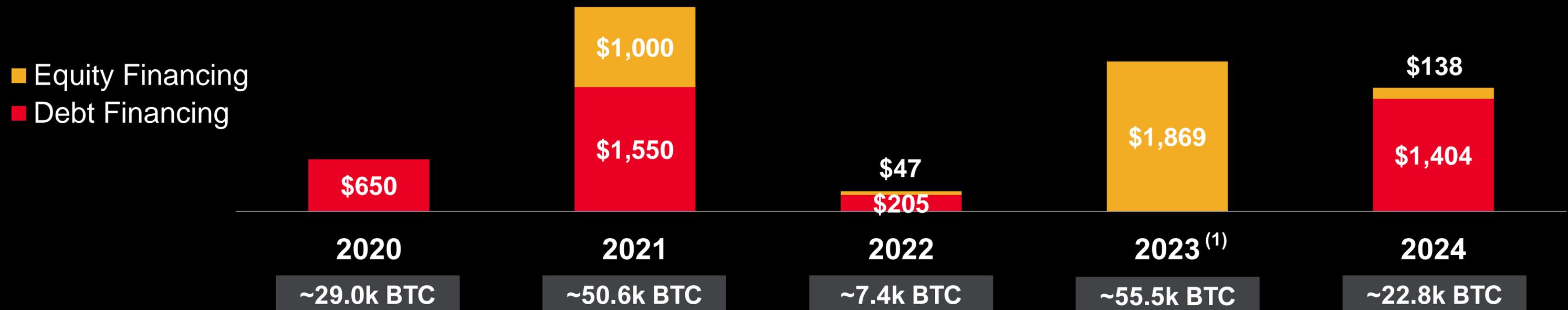
~\$3.2B

Proceeds from Equity

~165K

Bitcoins Purchased with Debt & Equity

Capital Raised for Bitcoin Purchases (Gross Proceeds in \$M)



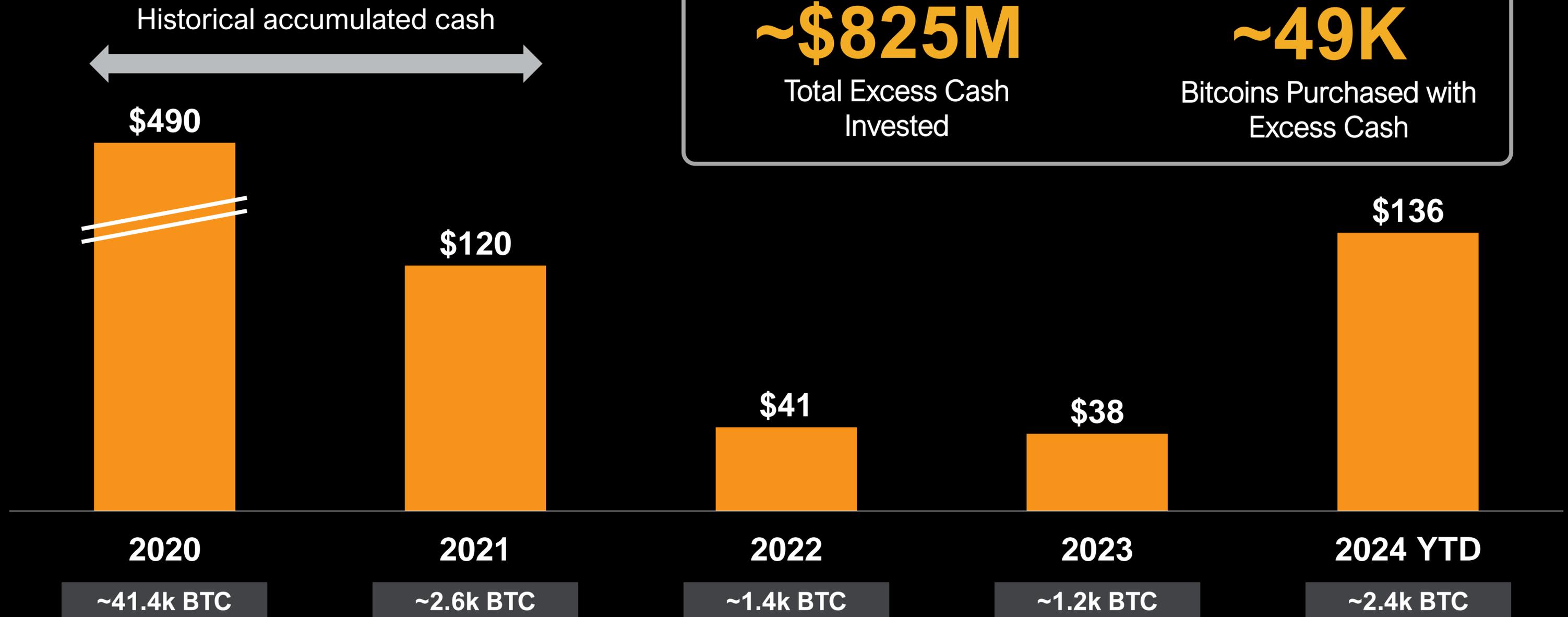
(1) Does not include \$160M of incremental equity issued in 2023 to repay \$205M of bitcoin-backed loan raised in 2022.



Use of Excess Cash to Acquire More Bitcoin

Incremental bitcoin accretion per share through purchases using excess cash

(\$ in Millions)



Non-GAAP Reconciliations (\$ in Millions)

Q1 2024

Reconciliation of GAAP to non-GAAP income (loss) from operations

	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Revenues	\$122.1	\$125.4	\$132.6	\$121.9	\$120.4	\$129.5	\$124.5	\$115.2
Cost of Revenues	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0
Operating Expenses	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9
GAAP Income (Loss) from Operations	\$(918.1)	\$6.1	\$(193.7)	\$(20.3)	\$(26.7)	\$(25.2)	\$(42.8)	\$(203.7)
GAAP Operating Margin %	-752%	5%	-146%	-17%	-22%	-20%	-34%	-177%
Share-Based Compensation	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8
Non-GAAP Income (Loss) from Operations	(\$902.8)	\$23.0	(\$176.7)	(\$2.8)	(\$11.2)	(\$8.4)	(\$23.1)	(\$185.9)
Non-GAAP Operating Margin %	-740%	18%	-133%	-2%	-9%	-7%	-19%	-161%
Digital Asset Impairment Losses, Net of Gains on Sale	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6

Reconciliation of subscription services revenues to non-GAAP subscription billings

	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Current Deferred Subscription Services Revenues	\$40.3	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7	\$65.5	\$60.3
Subscription Services Revenues	\$14.0	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0	\$21.5	\$23.0
Change in Current Deferred Subscription Services Revenues	\$6.1	\$(2.0)	\$13.6	\$(5.1)	\$3.2	\$(4.2)	\$19.8	\$(5.2)
Non-GAAP Subscription Billings	\$20.1	\$14.4	\$31.1	\$13.7	\$23.1	\$16.8	\$41.3	\$17.7



Non-GAAP Reconciliations (\$ in Millions)

Q1 2024

Reconciliation of non-GAAP operating expenses

	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
GAAP Operating Expenses	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9
Share-Based Compensation ⁽¹⁾	\$14.2	\$15.8	\$15.9	\$16.5	\$14.4	\$15.6	\$18.5	\$16.4
Non-GAAP Operating Expenses	\$1,000.7	\$78.1	\$283.6	\$97.8	\$105.6	\$112.5	\$120.5	\$272.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6

Reconciliation of total non-GAAP expenses

	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Cost of Revenues	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0
Operating Expenses	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9
Total GAAP Expenses	\$1,040.2	\$119.3	\$326.3	\$142.2	\$147.1	\$154.7	\$167.3	\$318.9
Share-Based Compensation	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8
Total Non-GAAP Expenses	\$1,024.9	\$102.4	\$309.2	\$124.7	\$131.6	\$137.9	\$147.6	\$301.2
Digital Asset Impairment Losses, Net of Gains on Sale	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6

(1) Share-Based Compensation shown reflects the amounts recorded to Sales & Marketing, Research & Development, and General & Administrative only.



Non-GAAP Reconciliations (\$ in Millions)

Q1 2024

Reconciliation of total non-GAAP expenses

	Q1 23	Q1 24
GAAP Expenses		
Cost of Revenues	\$27.9	\$30.0
Sales & Marketing	\$36.1	\$33.5
Research & Development	\$31.4	\$29.2
General & Administrative	\$27.9	\$34.7
Digital Asset Impairment Losses, Net of Gains on Sale	\$18.9	\$191.6
Total GAAP Expenses	\$142.2	\$318.9
Share-Based Compensation		
Cost of Revenues	\$1.0	\$1.4
Sales & Marketing	\$5.1	\$4.7
Research & Development	\$3.9	\$3.1
General & Administrative	\$7.5	\$8.6
Total Share-Based Compensation	\$17.6	\$17.8
Non-GAAP Expenses		
Cost of Revenues	\$26.9	\$28.6
Sales & Marketing	\$31.0	\$28.8
Research & Development	\$27.4	\$26.1
General & Administrative	\$20.4	\$26.1
Digital Asset Impairment Losses, Net of Gains on Sale	\$18.9	\$191.6
Total Non-GAAP Expenses	\$124.7	\$301.2



Basic and Adjusted Diluted Shares Outstanding Calculation

	6/30/2020	12/31/2020	12/31/2021	12/31/2022	12/31/2023	3/31/2024
Total Bitcoin Holdings	-	70,470	124,391	132,500	189,150	214,278
Shares Outstanding (in '000s)						
Class A	7,651	7,623	9,322	9,585	14,904	15,683
Class B	2,035	1,964	1,964	1,964	1,964	1,964
Basic Shares Outstanding ⁽¹⁾	9,686	9,587	11,286	11,549	16,868	17,647
2025 Convert Shares @\$398	-	1,633	1,633	1,633	1,633	1,633
2027 Convert Shares @\$1,432	-	-	733	733	733	733
2030 Convert Shares @\$1,498	-	-	-	-	-	534
2031 Convert Shares @\$2,327	-	-	-	-	-	259
Options Outstanding	1,481	1,157	1,167	1,577	1,294	703
RSU/PSU Unvested	-	74	105	120	235	257
Adj. Diluted Shares Outstanding ⁽²⁾	11,167	12,451	14,924	15,612	20,763	21,766

(1) Basic Shares Outstanding reflects the actual Class A and Class B common stock outstanding as of the dates presented.

(2) Adjusted Diluted Shares Outstanding reflects the maximum potential impact from conversion of our 2025, 2027, 2030, and 2031 Convertible Notes at conversion prices of \$398, \$1,432, \$1,498, \$2,327 respectively, outstanding stock option awards at the respective weighted average exercise price at the end of each period, outstanding restricted stock units, and performance stock units at the maximum number of shares that may be issued for such outstanding awards.



Additional Information

MicroStrategy is not an exchange traded product (“ETP”) or an exchange-traded fund (“ETF”) registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF, and does not operate as an ETP or ETF. In particular, unlike spot bitcoin ETPs, we (i) do not seek for our shares of Class A common stock to track the value of the underlying bitcoin we hold before payment of expenses and liabilities, (ii) do not benefit from various exemptions and relief under the Securities Exchange Act of 1934, as amended, including Regulation M, and other securities laws, which enable spot bitcoin ETPs to continuously align the value of their shares to the price of the underlying bitcoin they hold through share creation and redemption, (iii) are a Delaware corporation rather than a statutory trust, and do not operate pursuant to a trust agreement that would require us to pursue one or more stated investment objectives, (iv) are subject to federal income tax at the entity level and the other risk factors applicable to an operating business, such as ours, and (v) are not required to provide daily transparency as to our bitcoin holdings or our daily NAV.

