



Q3 2022 Financial Results

November 1, 2022

MicroStrategy Q3 2022 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-Q 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

Q3 2022

Financial Highlights

\$125.4M

Total Revenues, a decrease of **2%** YoY, or an increase of **4%** on a constant currency basis

\$38.7M

Total Software Licenses Revenues⁽¹⁾, an increase of **5%** YoY, or **11%** on a constant currency basis

\$16.4M

Subscription Services Revenues, an increase of **51%** YoY, or **59%** on a constant currency basis

\$14.4M

Current Subscription Billings⁽²⁾, an increase of **79%** YoY

(1) Total Software Licenses Revenues is the “Total Product Licenses and Subscription Services Revenues” in our consolidated statements of operations.

(2) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Current Subscription Billings.



Q3 2022

MicroStrategy Differentiators and Focus on Innovation

Enterprise Analytics

- Drive business transformation through modern analytics tools and techniques
- Replace and consolidate departmental and legacy BI use cases

Embedded Analytics

- Develop differentiated, developer focused solutions for embedded analytics and technology companies
- Target this market for aggressive share gains

Multi-Cloud

- Provide leading enterprise cloud analytics product and services
- Continue investment in cloud agility. Multi-cloud, hybrid cloud, portability between public & private cloud
- Grow by migrating on-prem customers, expanding existing cloud customers, and defaulting new customers to cloud

Insights

- AI/ML powered augmented experiences
- Alerting. Predictive. Personalized recommendations
- Released Q3, continued advancement



Q3 2022

Growth with Our Leading Managed Cloud Service



On-Prem Migrations & Footprint Expansion

- Growth by migrating on-prem customers, expanding footprints of existing cloud customers, and onboarding new customers on the cloud as primary deployment model
- Cloud agility avoids lock-in to a single technology stack and takes advantage of each provider's best features



FedRAMP

NEW MicroStrategy Cloud for Government

- Growth with our new managed solution for the federal sector, the first independent enterprise analytics platform with FedRAMP authorization – built on a modern, cloud-native architecture
- Authorization to Operate expected shortly



WORLD 2023

Back in Person

How to Attend

- Registration Opens November 8
- Early Bird Rate \$995 (through 2022)
- microstrategy.com/world23

Focus

- Transformation, Innovation, Modernization
- Bitcoin for Corporations

Agenda

- Keynote Addresses
- Sessions & Workshops
- Partner Exhibits & Demos
- Education & Certifications
- Dedicated Networking Events
- 1:1 with MicroStrategy Leaders
- Exclusive Conference Party

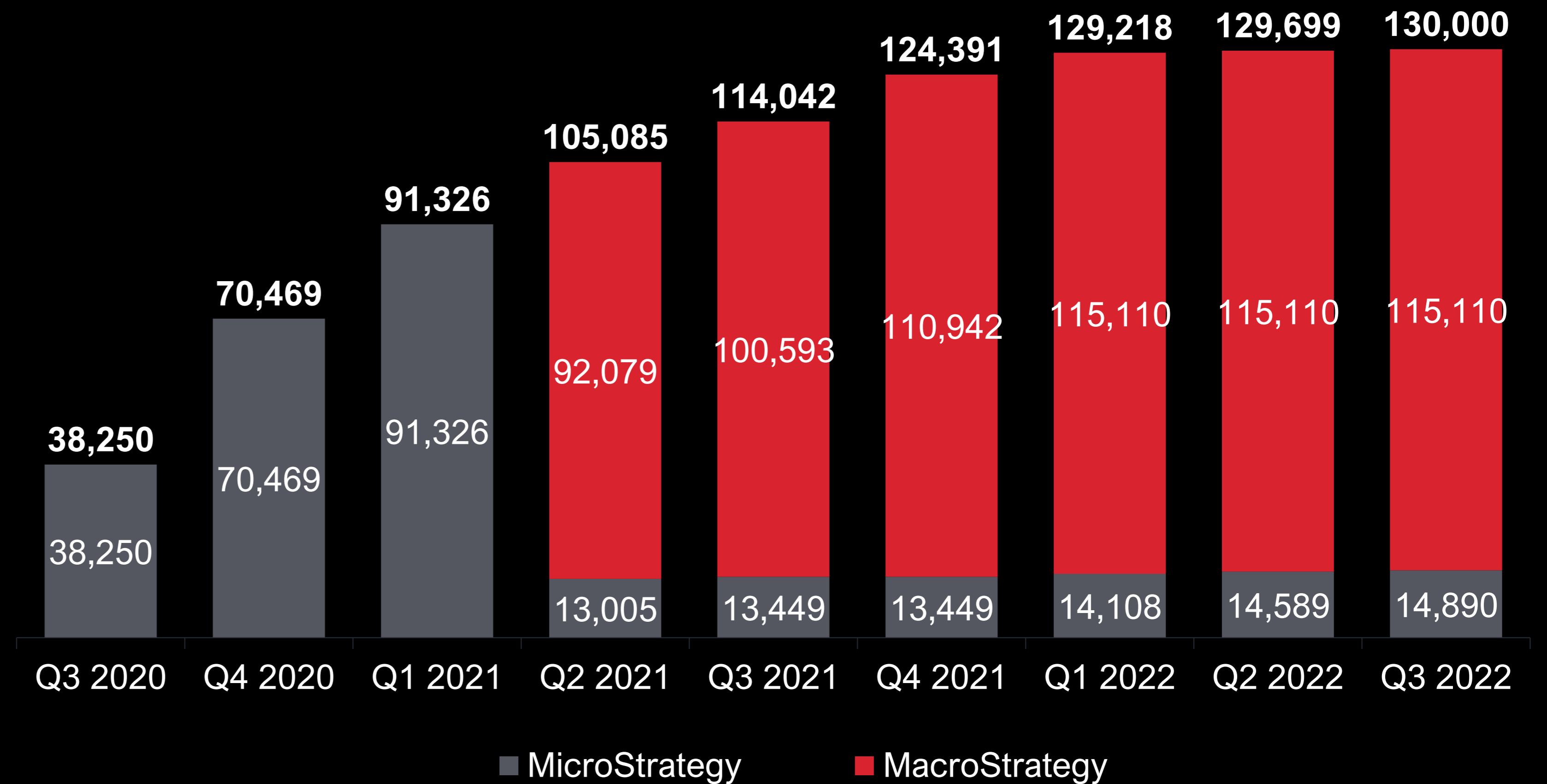


Q3 2022

Bitcoin Highlights

- In Q3, we purchased ~301 bitcoins for \$6 million at an average purchase price of ~\$19,860 per bitcoin, net of fees and expenses
- As of September 30, 2022, the Company held 130,000 bitcoins acquired for a total cost of ~\$4 billion, or \$30,639 per bitcoin, net of fees and expenses
- **MicroStrategy has a long-term time horizon**
- **Core business is insulated from near-term bitcoin price volatility**
 - Sufficient liquidity to cover debt service payments
 - No near-term debt maturities

Approximate Number of Bitcoins Held at End of Quarter





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

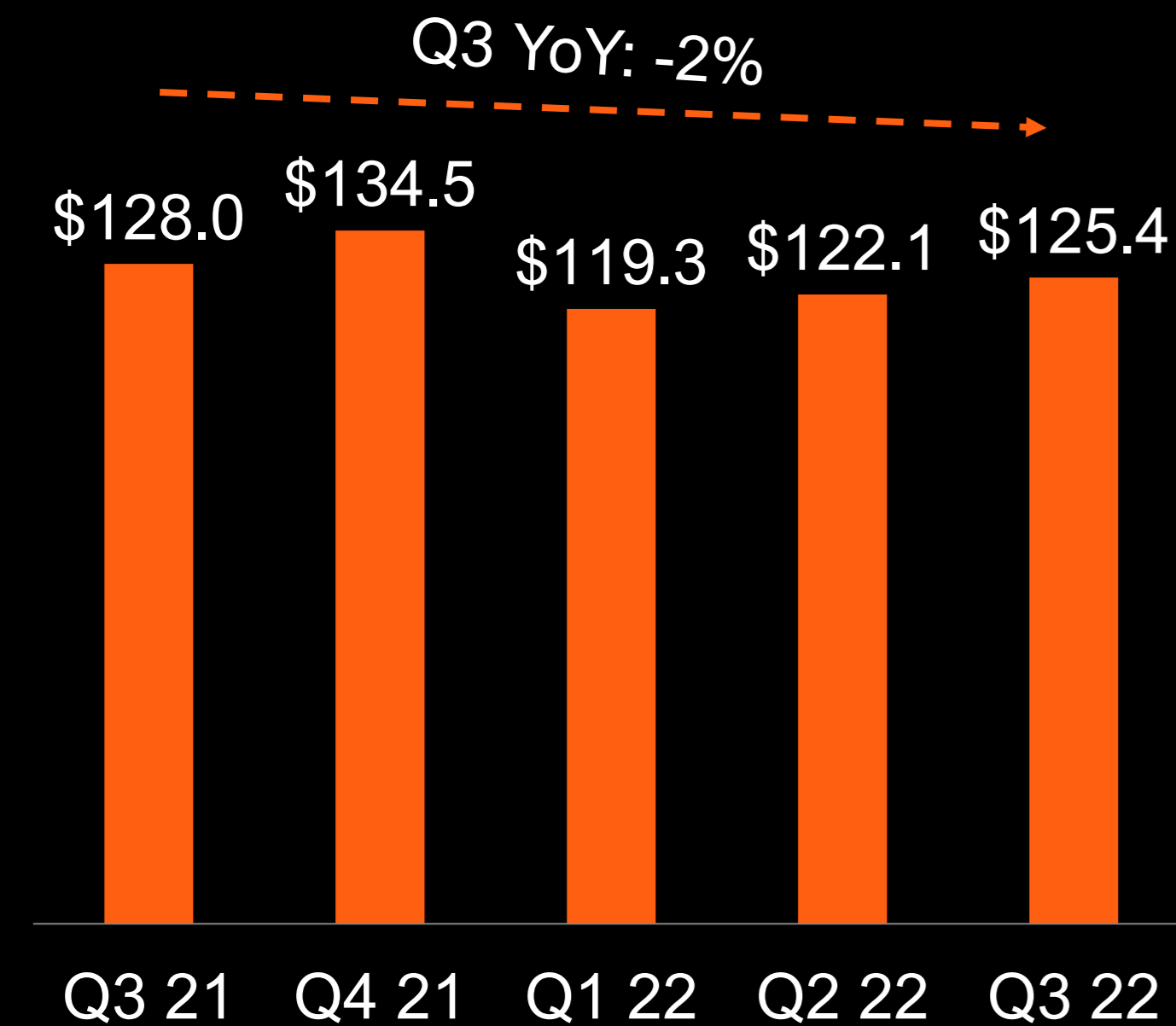
Q3 2022

Revenue Components

(\$ in Millions)

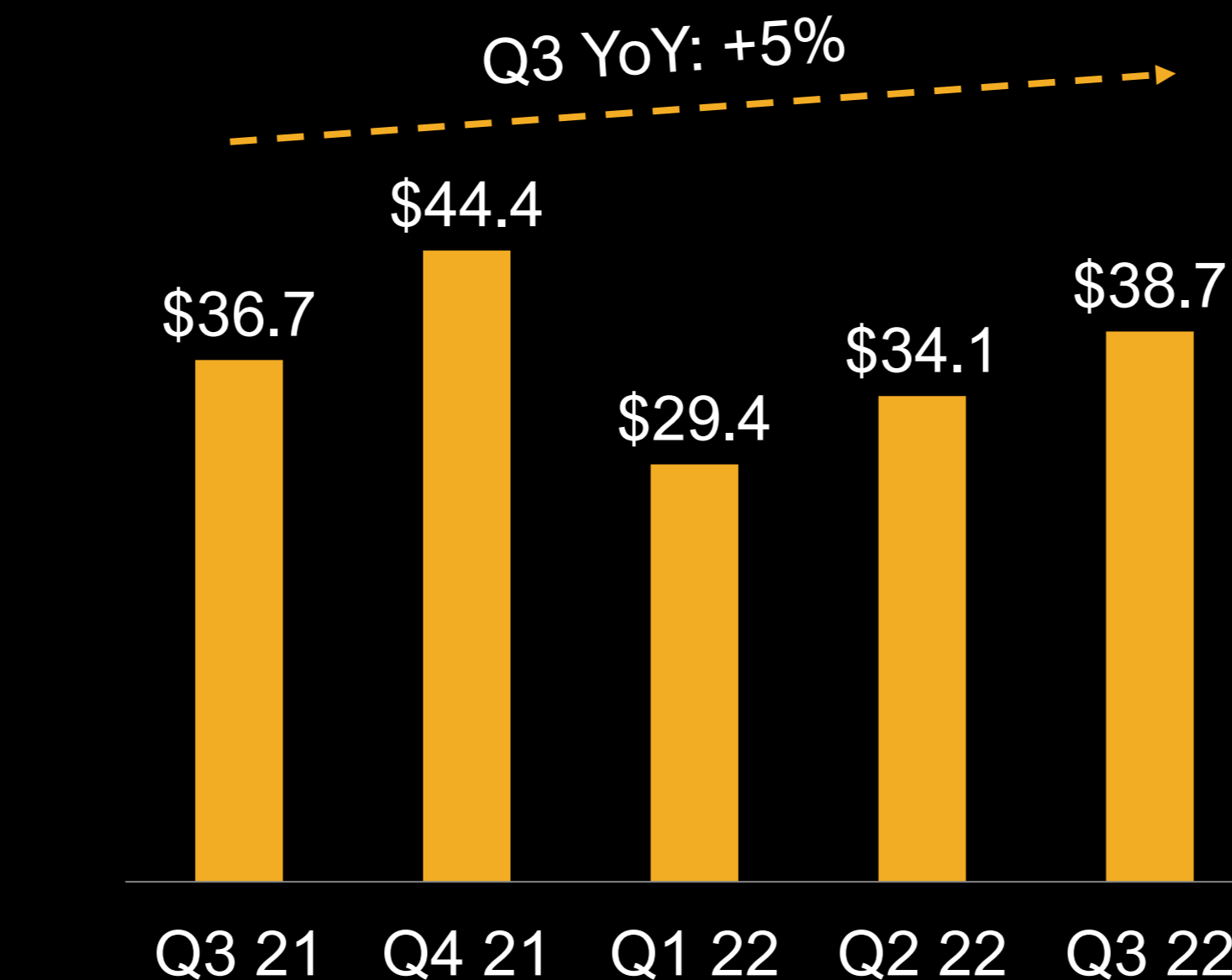
Total Revenues

Q3 2022: **-2%** YOY
Constant FX: **+4%** YOY



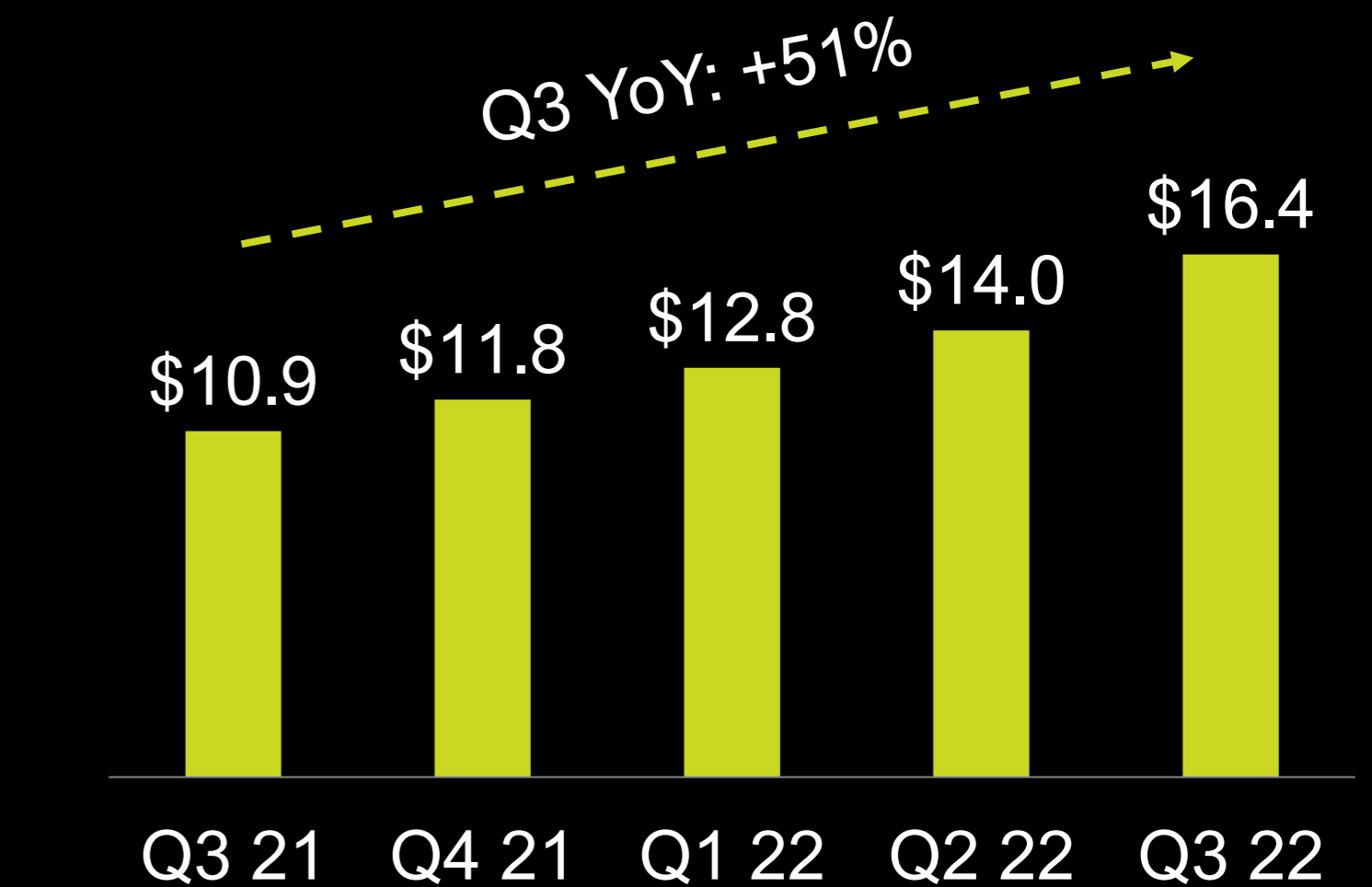
Total Software Licenses Revenues⁽¹⁾

Q3 2022: **+5%** YOY
Constant FX: **+11%** YOY



Subscription Services Revenues

Q3 2022: **+51%** YOY
Constant FX: **+59%** YOY



(1) Total Software Licenses Revenues is the "Total Product Licenses and Subscription Services Revenues" in our consolidated statements of operations.

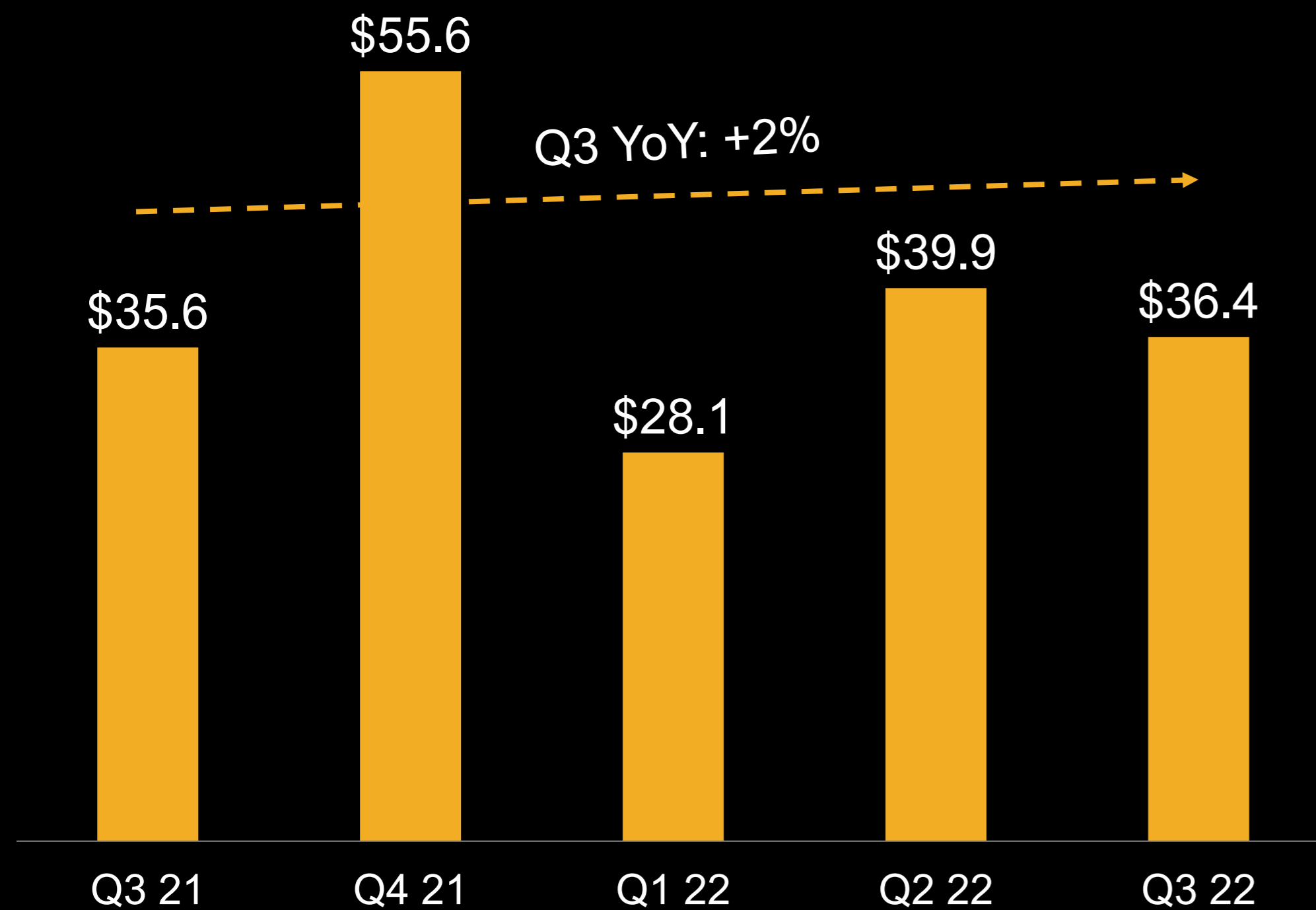


Q3 2022

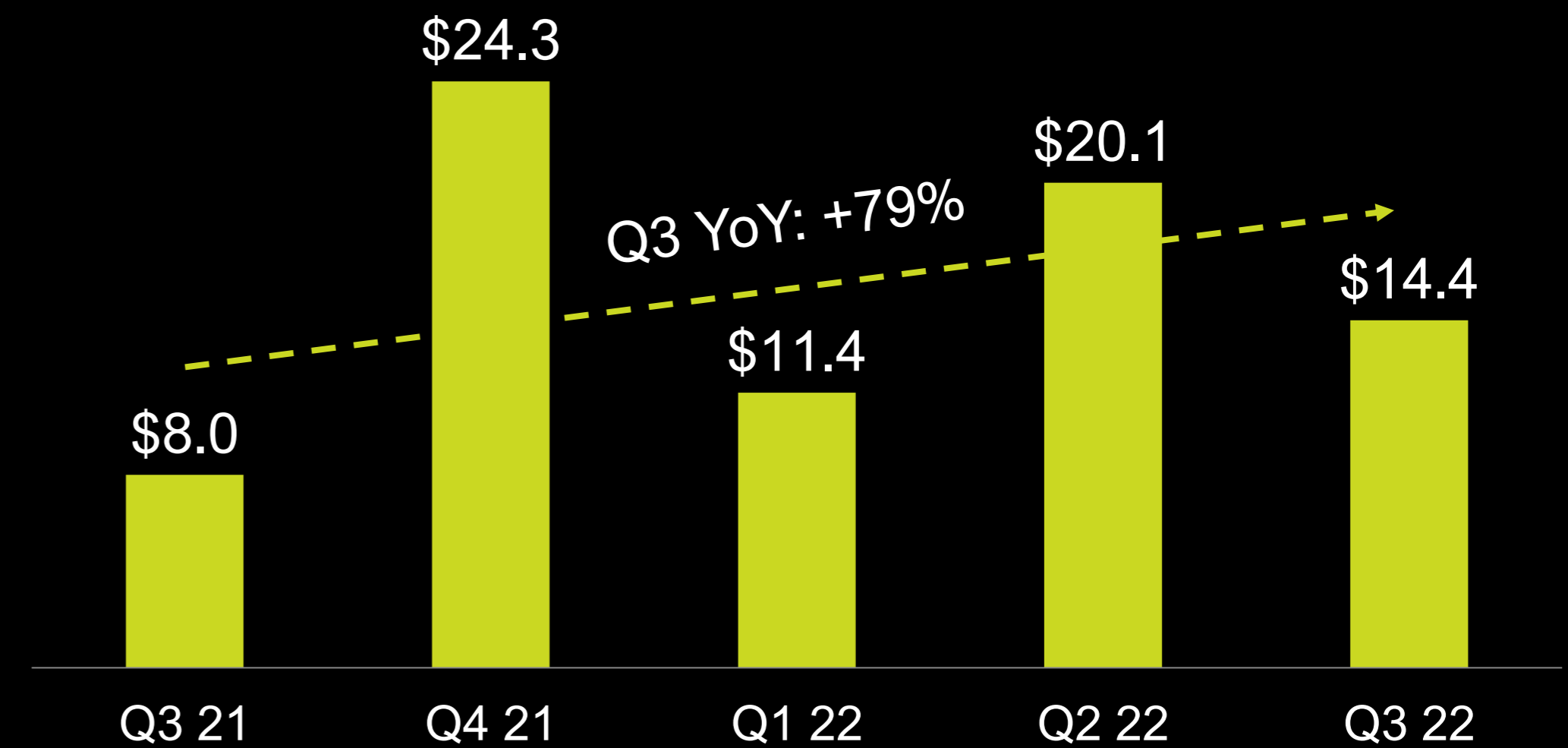
Billings Components

(\$ in Millions)

Current Software Licenses Billings⁽¹⁾



Current Subscription Billings⁽¹⁾



(1) Please refer to the Appendix for a reconciliation of Total Software Licenses Revenues to Current Software Licenses Billings, and Subscription Services Revenues to Current Subscription Billings.

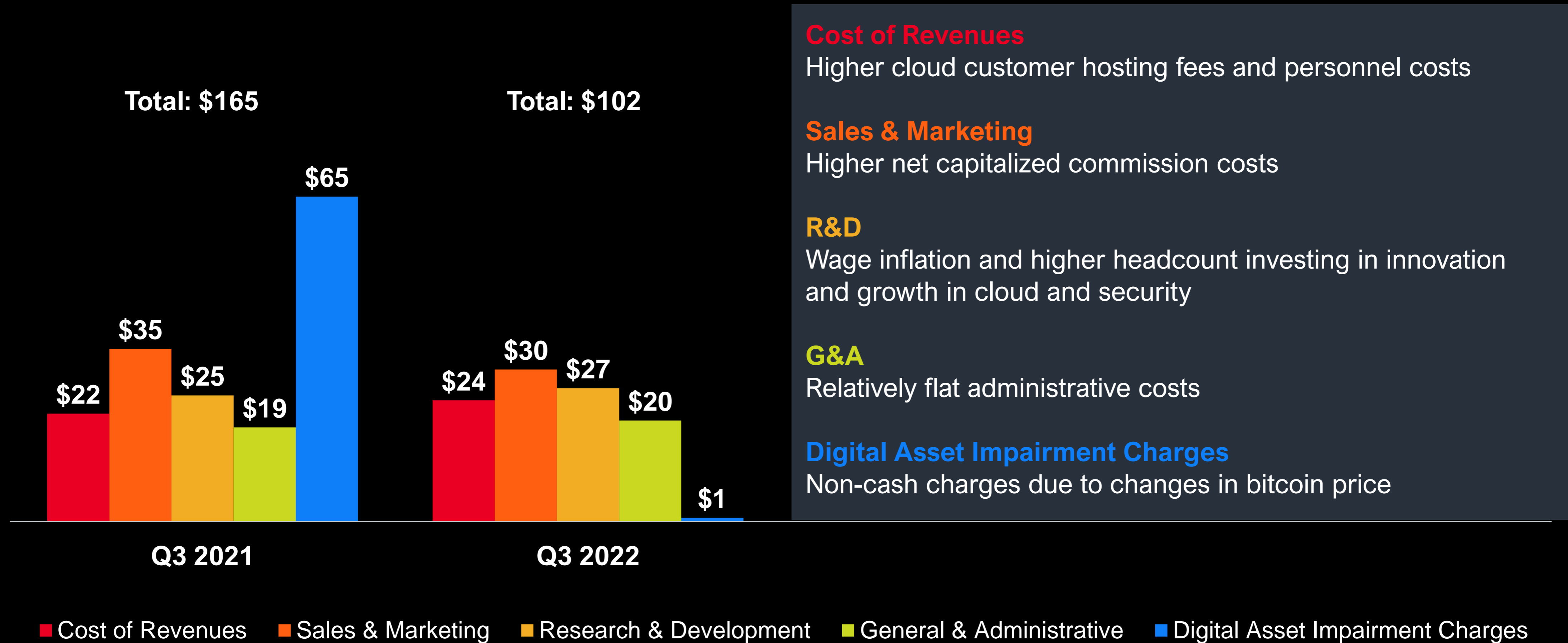


Q3 2022

Cost Structure and Drivers

(\$ in Millions)

Non-GAAP Expenses By Type



Please refer to the Appendix for a reconciliation of each component of Non-GAAP Expenses including Non-GAAP Cost of Revenues, Non-GAAP Sales & Marketing Expense, Non-GAAP Research & Development Expense, and Non-GAAP General & Administrative Expense.

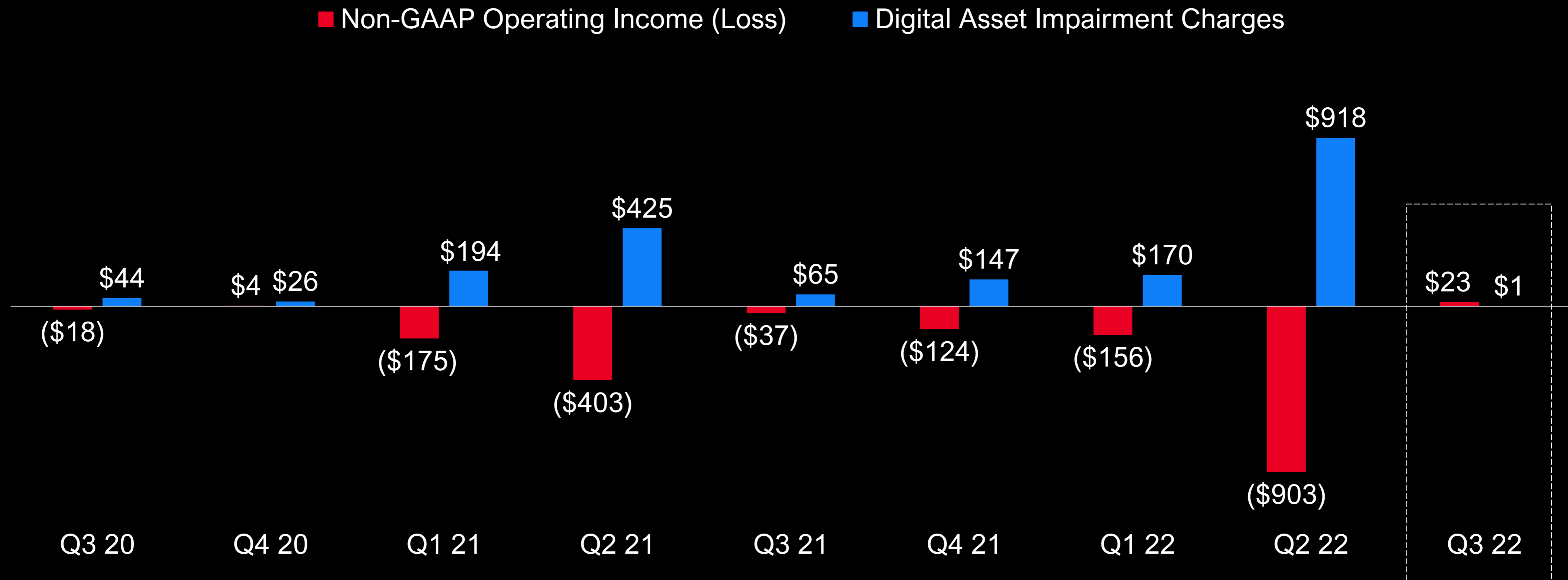


Q3 2022

Non-GAAP Operating Income (Loss)

(\$ in Millions)

- Q3 2022 non-GAAP operating income was \$23 million or 18% margin
- Non-cash digital asset impairment charge was \$0.7 million



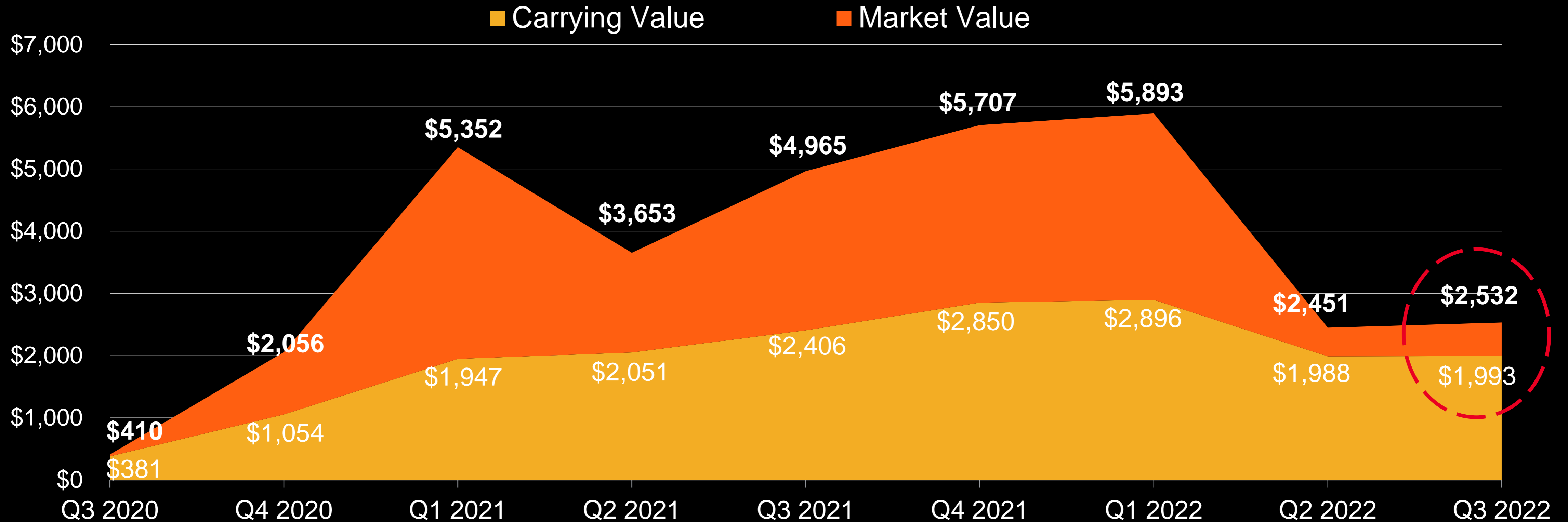
Please refer to the Appendix for a reconciliation of non-GAAP Operating Income (Loss).



Q3 2022

Bitcoin Holdings Carrying Value vs. Market Value

(\$ in Millions)



- Aggregate cost of ~\$4.0 billion and carrying value of ~\$2.0 billion, reflecting ~\$2.0 billion in cumulative impairment charges

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



Solid Capital Structure Framework

- Software business not correlated to market volatility of bitcoin
- Sufficient liquidity through operating cash flows to service the debt
- \$500M at-the-market (“ATM”) equity offering program outstanding; no shares issued under the program to date

	Principal Instruments	Maturity	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028 ⁽¹⁾	\$500	6.125%	\$30.6
	Bitcoin-Collateralized Loan	Mar 2025	\$205	~6.20% ⁽²⁾	~\$12.7 ⁽²⁾
Converts	Convertible Senior Notes	Dec 2025	\$650	0.75%	\$4.9
		Feb 2027	\$1,050	0.00%	\$0.0
	Subtotal⁽³⁾:		\$2,405	2.01%	\$48.2
Equity	Equity Issuance	NA	\$1,000	NA	NA
	Total:		\$3,405		

(1) Please refer to the Q3 2022 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

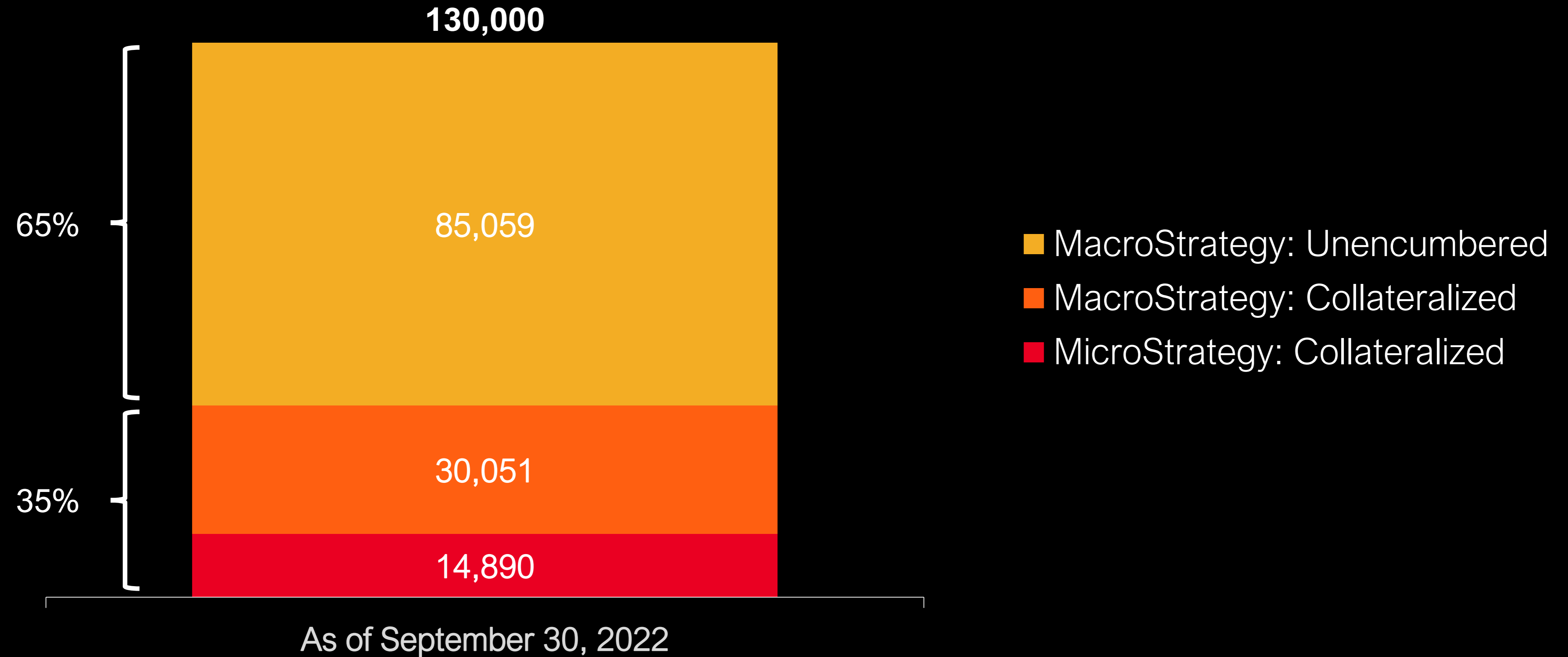
(2) Represents approximate interest rate as of 9/30/22. The annual interest rate is floating based on SOFR30DAYAVG + 3.70% and the annual interest expense will be floating accordingly.

(3) Excludes \$11M principal amount and interest payable on our other long-term secured debt. Please refer to the Q3 2022 10-Q for further detail.



Q3 2022

Current Bitcoin Holdings

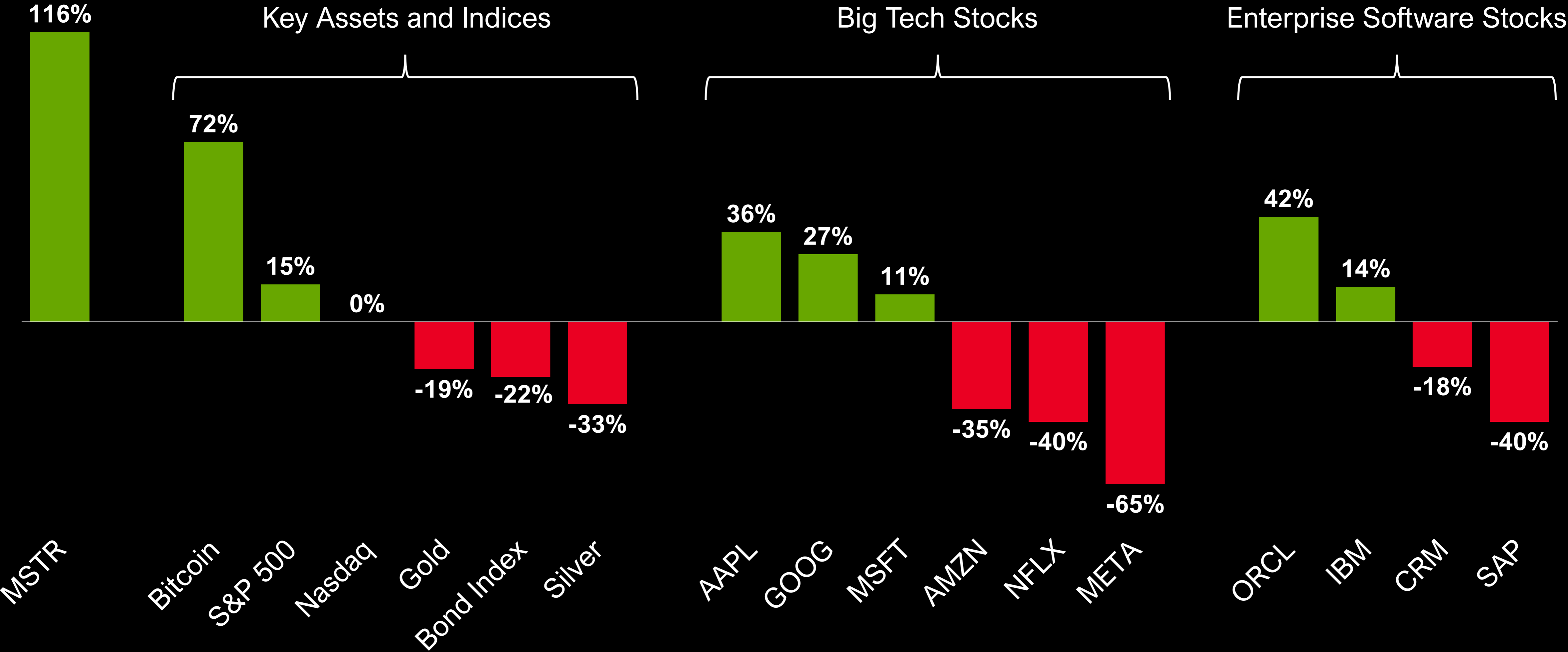




Strategy & Bitcoin

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 and TradingView as of 4pm Eastern Time on October 31, 2022.

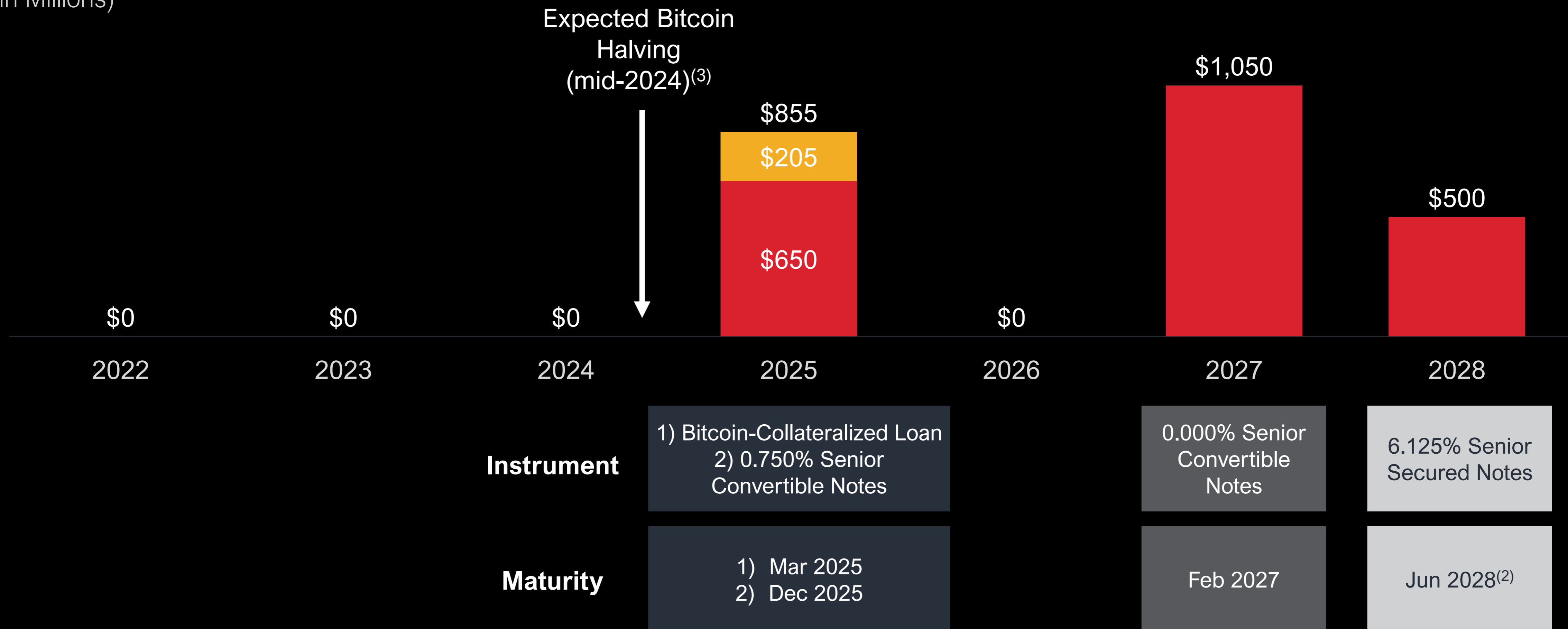




Appendix

Balance Sheet – Principal Debt Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes \$11M principal amount of other long-term secured debt. Please refer to the Q3 2022 10-Q for further detail.

(2) Please refer to the Q3 2022 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

(3) Bitcoin "halving", which is expected to next occur in mid-2024, 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 Q3 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

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

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Revenues	\$122.9	\$125.4	\$128.0	\$134.5	\$119.3	\$122.1	\$125.4
Cost of Revenues	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4
Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9
GAAP Income (Loss) from Operations	\$(183.2)	\$(414.2)	\$(49.7)	\$(137.5)	\$(170.0)	\$(918.1)	\$6.1
GAAP Operating Margin %	-149%	-330%	-39%	-102%	-142%	-752%	5%
Share-Based Compensation	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9
Non-GAAP Income (Loss) from Operations	(\$175.4)	(\$403.2)	(\$37.5)	(\$124.3)	(\$155.6)	(\$902.8)	\$23.0
Non-GAAP Operating Margin %	-143%	-322%	-29%	-92%	-130%	-740%	18%
Digital Asset Impairment Losses	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7



MicroStrategy Q3 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total software licenses revenues to current software licenses billings

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Current Deferred Product Licenses Revenues	\$0.2	\$0.5	\$2.3	\$1.0	\$1.1	\$0.8	\$0.4
Current Deferred Subscription Services Revenues	\$23.0 ⁽¹⁾	\$25.9	\$23.1	\$35.6	\$34.2	\$40.3	\$38.3
Current Deferred Software Licenses Revenues	\$23.2 ⁽¹⁾	\$26.5	\$25.4	\$36.6	\$35.3	\$41.0	\$38.7
Product Licenses Revenues	\$21.3	\$22.2	\$25.8	\$32.5	\$16.5	\$20.1	\$22.3
Subscription Services Revenues	\$10.0	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4
Total Software Licenses Revenues ⁽²⁾	\$31.3	\$32.5	\$36.7	\$44.4	\$29.4	\$34.1	\$38.7
Change in Current Deferred Software Licenses Revenues	\$(1.6)	\$3.3	\$(1.1)	\$11.2	\$(1.3)	\$5.8	\$(2.3)
Current Software Licenses Billings	\$29.7	\$35.8	\$35.6	\$55.6	\$28.1	\$39.9	\$36.4

Reconciliation of subscription services revenues to current subscription billings

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Current Deferred Subscription Services Revenues	\$23.0 ⁽¹⁾	\$25.9	\$23.1	\$35.6	\$34.2	\$40.3	\$38.3
Subscription Services Revenues	\$10.0	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4
Change in Current Deferred Subscription Services Revenues	\$(0.3)	\$2.9	\$(2.8)	\$12.5	\$(1.4)	\$6.1	\$(2.0)
Current Subscription Billings	\$9.7	\$13.3	\$8.0	\$24.3	\$11.4	\$20.1	\$14.4

(1) Adjusted to exclude un-invoiced amounts related to multi-year subscription contracts for consistency with current period presentation.

(2) Total Software Licenses Revenues is the "Total Product Licenses and Subscription Services Revenues" in our consolidated statements of operations.



MicroStrategy Q3 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of non-GAAP operating expenses

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
GAAP Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9
Share-Based Compensation ⁽¹⁾	\$7.4	\$10.6	\$11.5	\$12.2	\$13.4	\$14.2	\$15.8
Non-GAAP Operating Expenses	\$276.1	\$505.9	\$143.9	\$235.7	\$250.2	\$1,000.7	\$78.1
Digital Asset Impairment Losses	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7

Reconciliation of total non-GAAP expenses

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Cost of Revenues	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4
Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9
Total GAAP Expenses	\$306.1	\$539.6	\$177.7	\$272.0	\$289.2	\$1,040.2	\$119.3
Share-Based Compensation	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9
Total Non-GAAP Expenses	\$298.3	\$528.5	\$165.5	\$258.8	\$274.8	\$1,024.9	\$102.4
Digital Asset Impairment Losses	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7

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



MicroStrategy Q3 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total non-GAAP expenses

	Q3 21	Q3 22
GAAP Expenses		
Cost of Revenues	\$22.3	\$25.4
Sales & Marketing	\$38.2	\$35.4
Research & Development	\$28.2	\$30.5
General & Administrative	\$23.8	\$27.3
Digital Asset Impairment	\$65.2	\$0.7
Total GAAP Expenses	\$177.7	\$119.3
Share-Based Compensation		
Cost of Revenues	\$0.7	\$1.1
Sales & Marketing	\$3.6	\$4.9
Research & Development	\$3.0	\$3.8
General & Administrative	\$4.9	\$7.0
Total Share-Based Compensation	\$12.2	\$16.9
Non-GAAP Expenses		
Cost of Revenues	\$21.6	\$24.3
Sales & Marketing	\$34.6	\$30.5
Research & Development	\$25.3	\$26.7
General & Administrative	\$18.8	\$20.2
Digital Asset Impairment	\$65.2	\$0.7
Total Non-GAAP Expenses	\$165.5	\$102.4

