



Q4 2023 Financial Results

February 6, 2024

MicroStrategy Q4 2023 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

2023 Year in Review

Bitcoin Holdings

190,000

as of February 5, 2024

- Acquired 56,650 bitcoin in 2023 for \$1.9B at average price of \$33,580
- Total market value of bitcoin holdings ~\$8.1B
- Largest corporate holder of bitcoin in the world

Subscription Services Revenues

\$81.2M

increase of **34%** YoY

- First to market with AI + BI platform integration
- Accelerated cloud transition
- Streamlined, agility-focused organization
- Healthy corporate liquidity and cash flows





***“MicroStrategy is the world’s first
Bitcoin Development Company”***

MicroStrategy (Nasdaq: MSTR) considers itself the world’s first Bitcoin development company.

We are a publicly-traded operating company committed to the continued development of the bitcoin network through our activities in the financial markets, advocacy and technology innovation. As an operating business, we are able to use cashflows as well as proceeds from equity and debt financings to accumulate bitcoin, which serves as our primary treasury reserve asset.

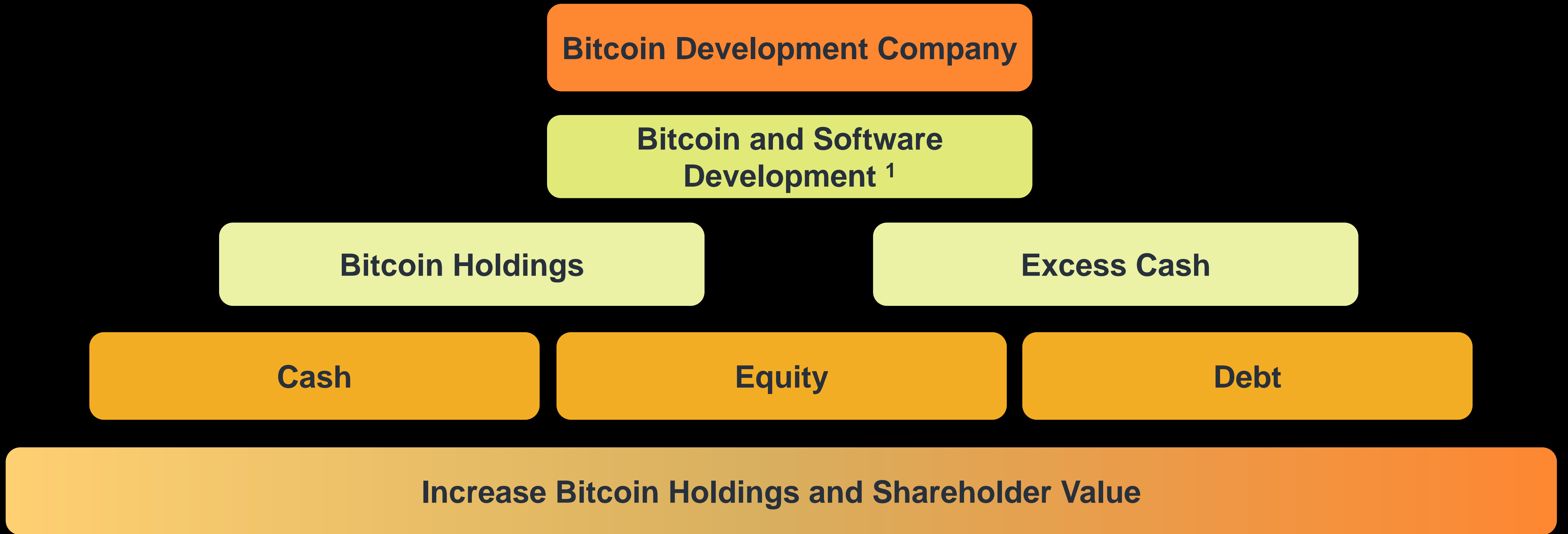
We also develop and provide industry-leading AI-powered enterprise analytics software that promotes our vision of Intelligence Everywhere and are using our software development capabilities to develop bitcoin applications.

We believe that the combination of our operating structure, bitcoin strategy and focus on technology innovation provides a unique opportunity for value creation.



Bitcoin Development Company

MicroStrategy's unique value proposition



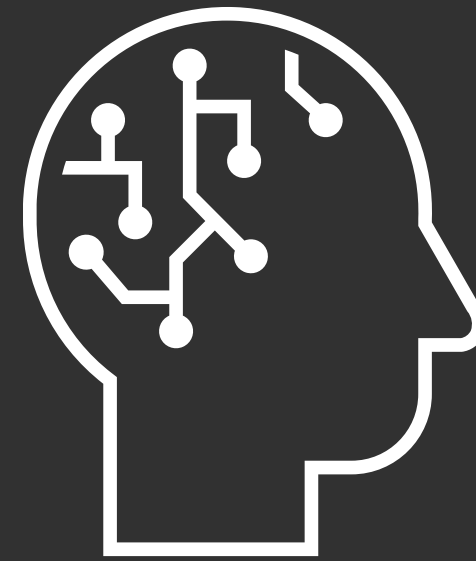
¹ Includes bitcoin acquisition, bitcoin advocacy initiatives, and software development related to BI, AI, Cloud, Bitcoin, and Lightning.



2024 Software Strategic Focus



Grow Cloud



Innovate with AI



Increase Profitability



Grow Cloud and AI

Multi-cloud | Cloud-native | Marketplace

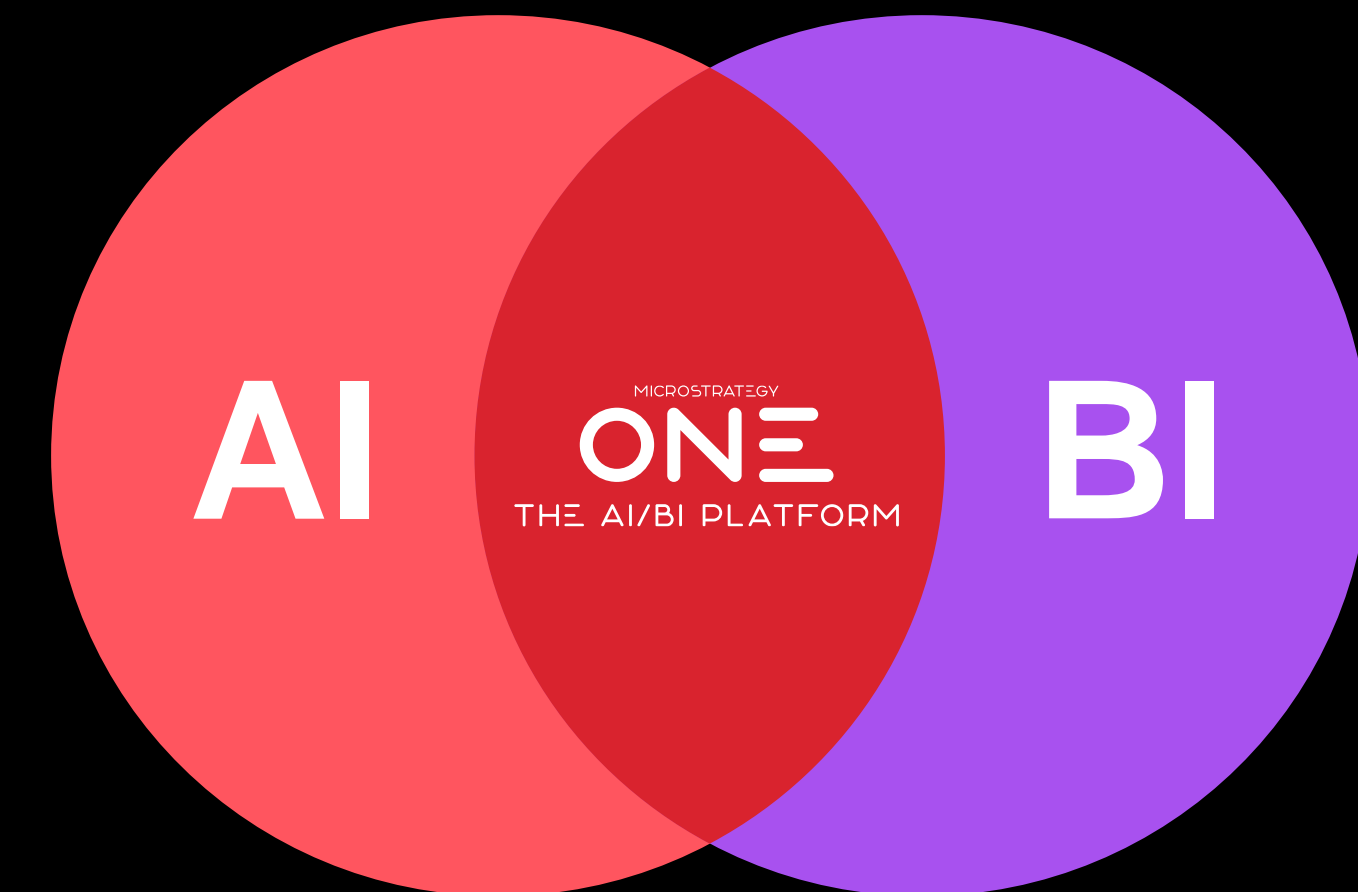
MicroStrategy **Cloud**

- Focus on customer migration & new business growth
- Accelerate subscription services revenues growth in 2024



MicroStrategy **AI**

- First to market in Q3 2023
- Microsoft Azure OpenAI partnership
- Embedded, customizable, AI-bot



Operating Profitability

	2022A	2023A	2024 Targets
Revenue	\$499M	\$496M	Growing
Non-GAAP Operating Income	(\$1,212M)	(\$45M)	\$70-\$90M ⁽¹⁾
Digital Asset Impairments	\$1,286M	\$116M	N/A ⁽²⁾

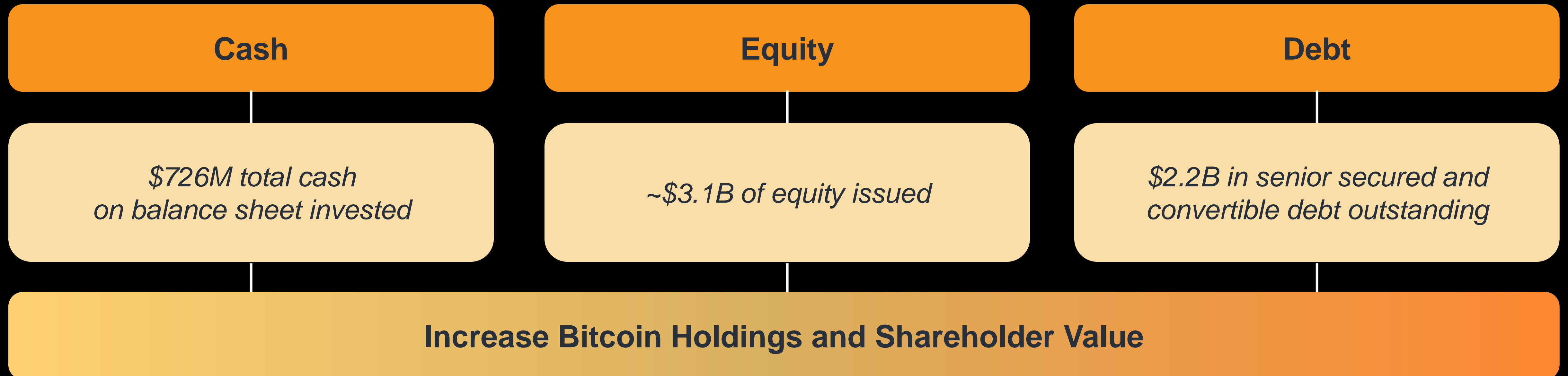
(1) 2024 targeted non-GAAP operating income excludes any digital asset impairment charges for 2024.

(2) Digital asset impairments will be at least \$29 million on the bitcoin held as of December 31, 2023, based on changes in the market price of bitcoin through February 5, 2024.



Intelligent Leverage

MicroStrategy is unique in acquiring bitcoin using excess cash on balance sheet and proceeds from issuances of equity and corporate debt





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

Revenue and Billings

Q4 2023

(\$ in Millions)

Total Revenues

\$124.5M

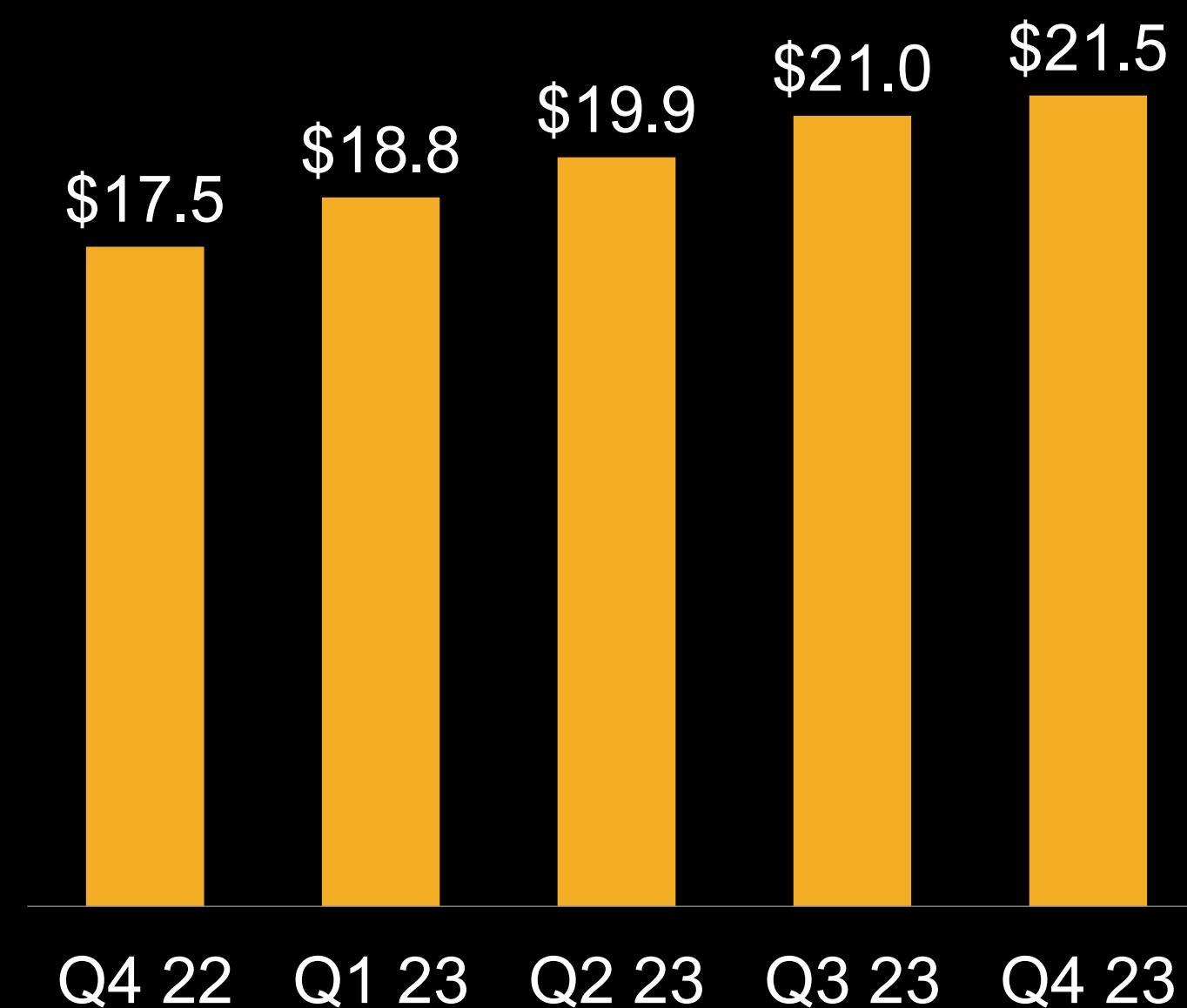
Q4 2023 Total Revenues
6% YoY decrease

\$496.3M

FY 2023 Total Revenues
1% YoY decrease

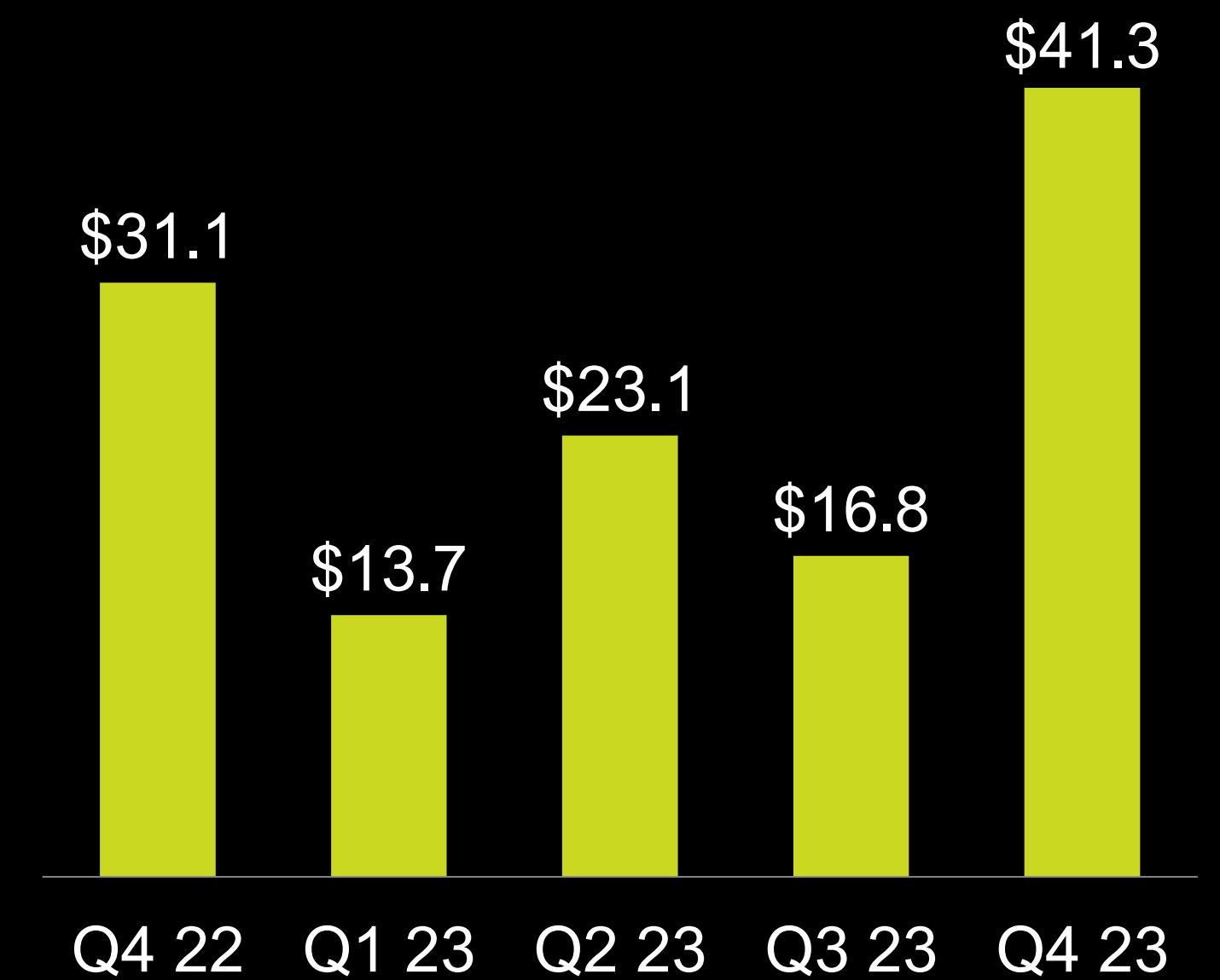
Subscription Services Revenues

Q4 2023 **+23%** YOY increase



Current Subscription Billings

Q4 2023 **+33%** YOY increase



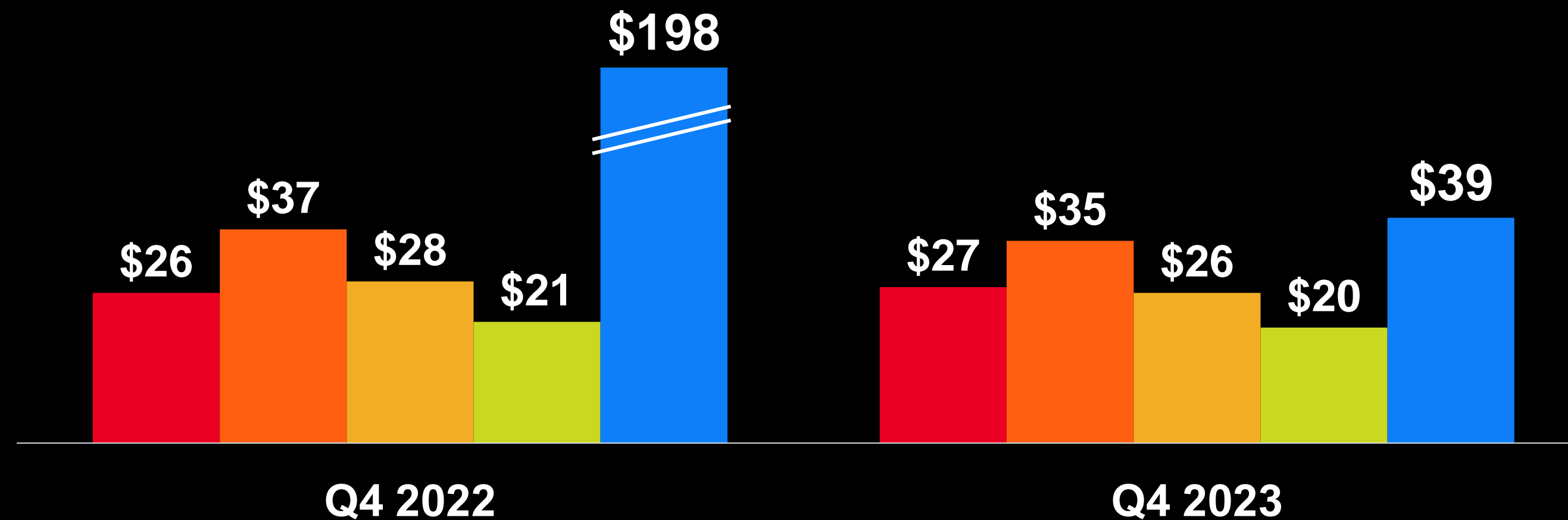
Disciplined Cost Structure

- Total Non-GAAP expenses for Q4 down 52% year over year
- Headcount 10% lower YoY
- Non-GAAP operating loss for Q4 of \$23 million, which includes \$39 million of non-cash bitcoin impairment charges

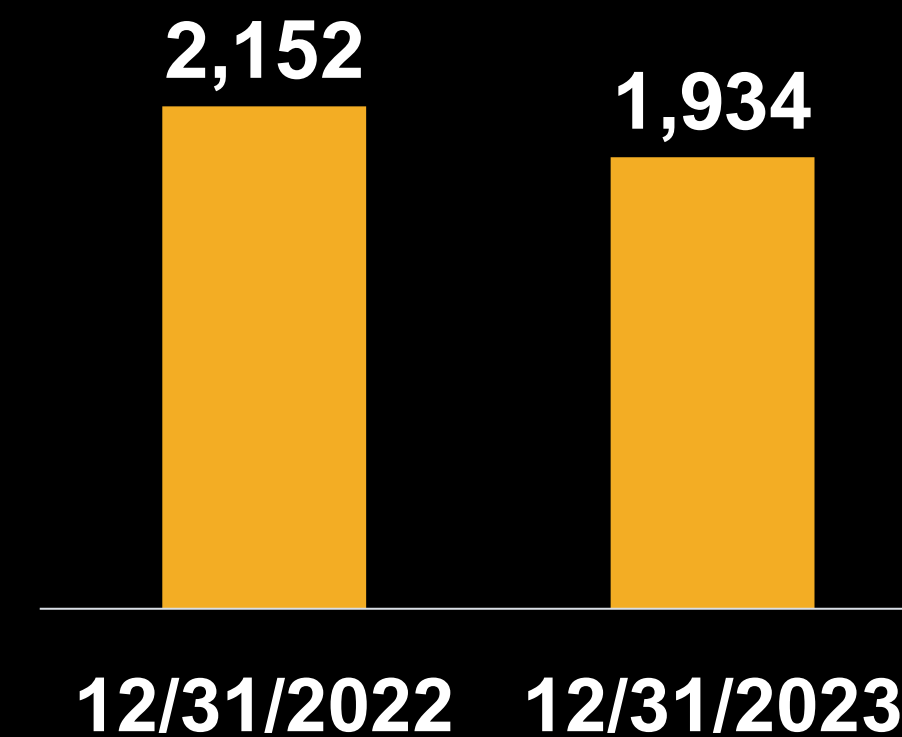
Non-GAAP Expenses By Type (\$M)

Total: \$309M

Total: \$148M



Headcount



- Cost of Revenues
- Sales & Marketing
- Research & Development
- General & Administrative
- Digital Asset Impairment Charges

■ Total Headcount

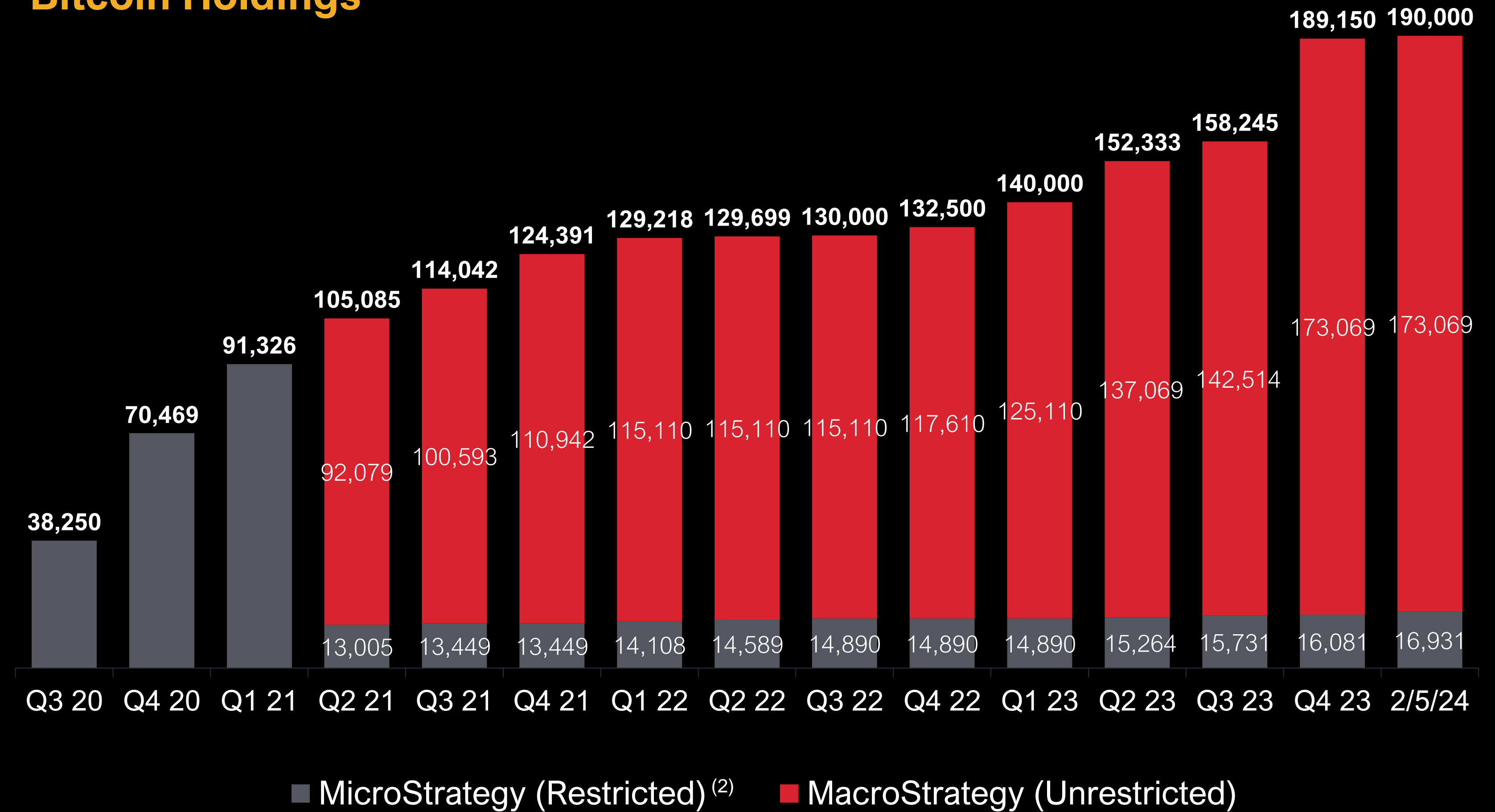


Growth in Bitcoin Holdings

MicroStrategy has acquired additional bitcoin in every quarter since Q3 2020

- In Q4 2023
 - **30,555 bitcoins** purchased for \$1.2 billion using proceeds from capital markets activities (Macro)
 - **350 bitcoins** purchased for \$13.4 million using excess cash (Micro)
- In Q1 2024
 - **850 bitcoins** purchased for \$37.2 million using excess cash (Micro)
- **190,000 bitcoins⁽¹⁾** held on balance sheet, acquired for a total cost of \$5.93 billion, or \$31,224 per bitcoin

Bitcoin Holdings



(1) As of February 5, 2024.

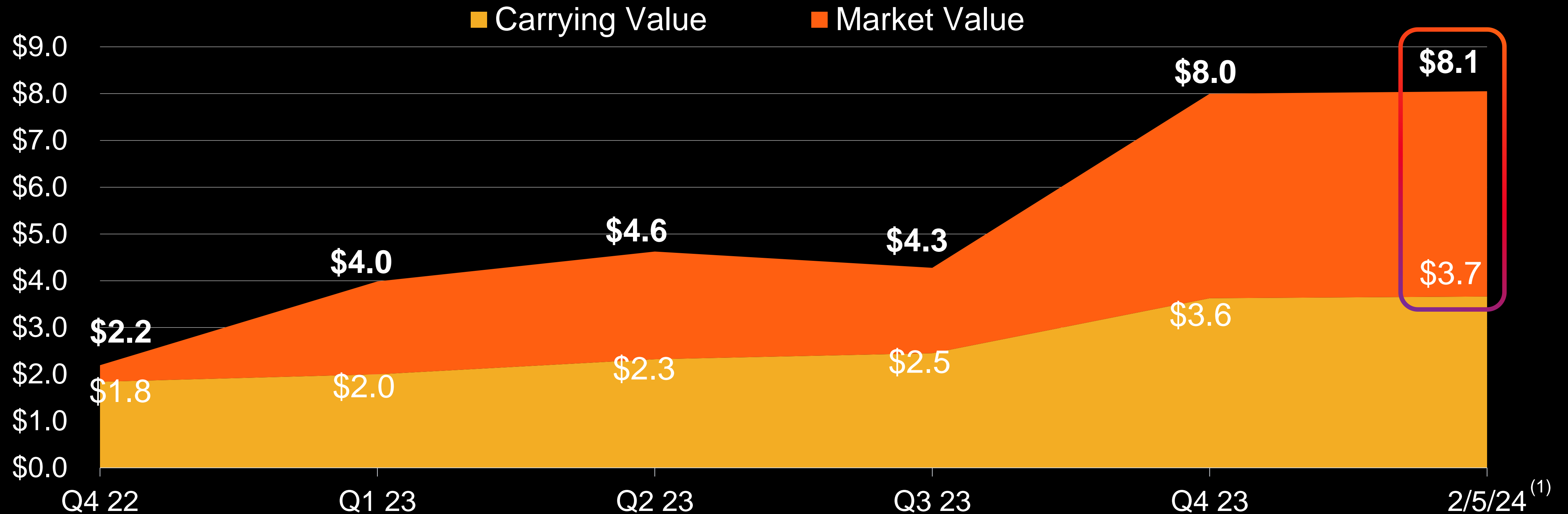
(2) All bitcoin holdings were unrestricted prior to Q2 2021.



Bitcoin Holdings Carrying Value vs. Market Value

- Aggregate cost of \$5.9 billion and current market value of \$8.1 billion
- Carrying value of \$3.7 billion, net of ~\$2.3 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.

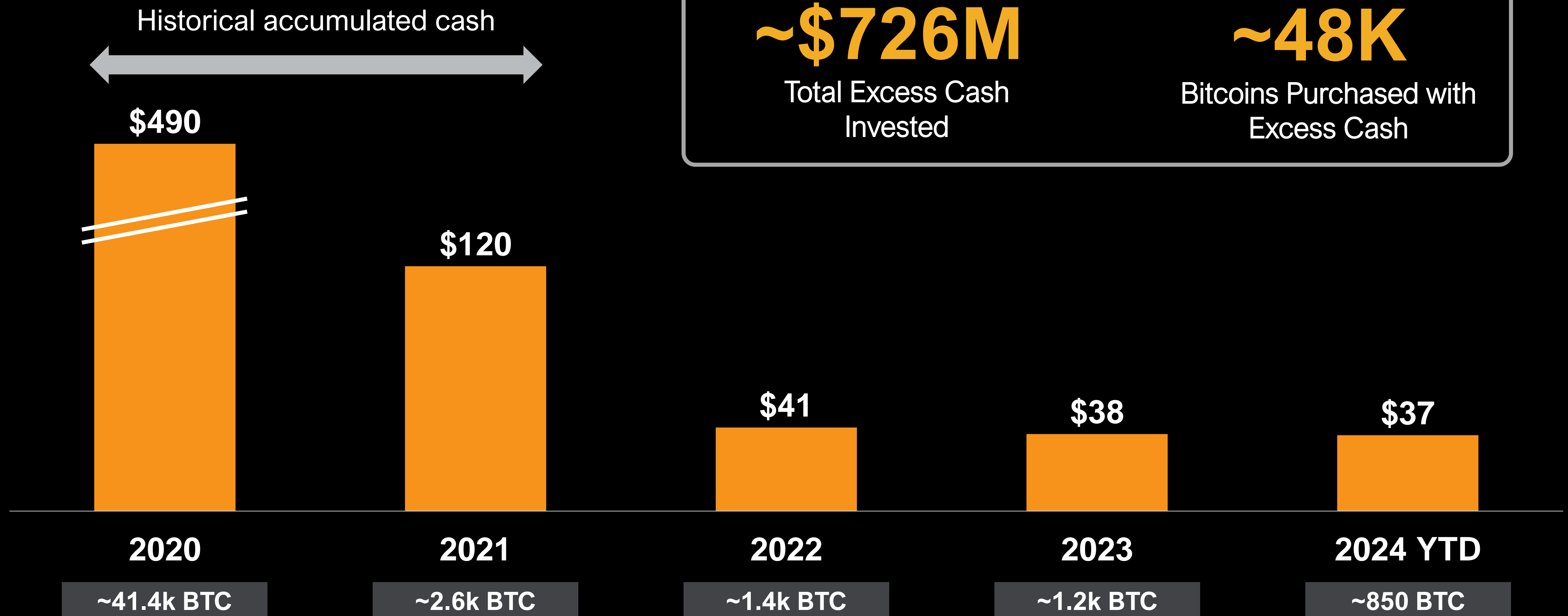
(1) The carrying value presented for 2/5/24 equals the 12/31/23 carrying value of our bitcoin plus the cost of bitcoin purchases during 2024 and does not reflect any impairment charges incurred after 12/31/23.



Use of Excess Cash to Acquire More Bitcoin

Incremental bitcoin accretion per share through purchases using excess cash

(\$ in Millions)



Capital Markets Activities to Acquire More Bitcoin

Strong track record of accretive capital allocation strategy

Capital Markets Activity

~\$2.2B

Net Proceeds from Debt

~\$3.1B

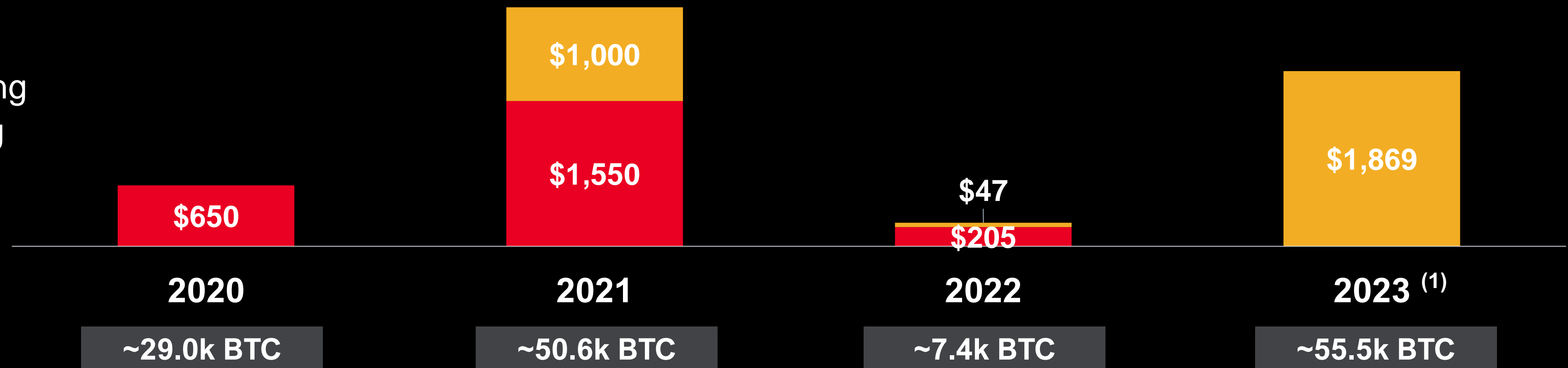
Net Proceeds from Equity

~142K

Bitcoins Purchased with Debt & Equity

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

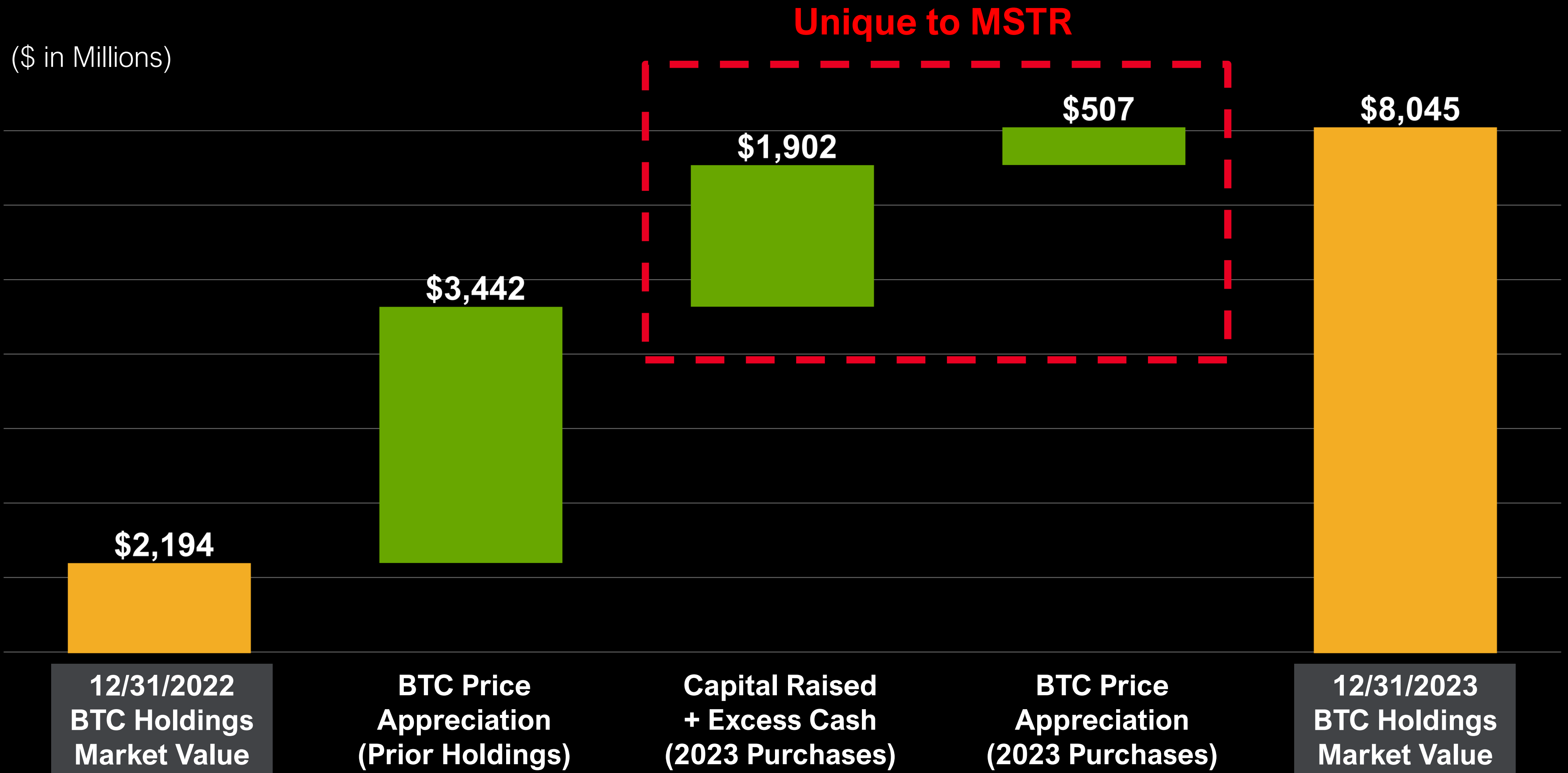
■ Equity Financing
■ Debt Financing



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



2023 Value Creation from Bitcoin Activities



BTC Count	132,500		Additions: 56,650		189,150
BTC Price	\$16,556		Avg Price: \$33,580		\$42,531



MicroStrategy Bitcoin Net Asset Value

Hypothetical scenarios in which bitcoin price increases – Illustrative

Bitcoin Forward Price	\$43,000	\$69,000	\$100,000	\$250,000
Spot Bitcoin Price	-	60%	135%	480%
MSTR (Current Leverage)	-	85%	180%	660%
MSTR (Incremental \$0.5B Leverage)	-	90%	190%	700%
MSTR (Incremental \$1.0B Leverage)	-	95%	205%	740%

Note: Rounded to the nearest 5% up or down. 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 is less than \$43,000 would result in a proportionate decrease in bitcoin net asset value.

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 February 5, 2024.

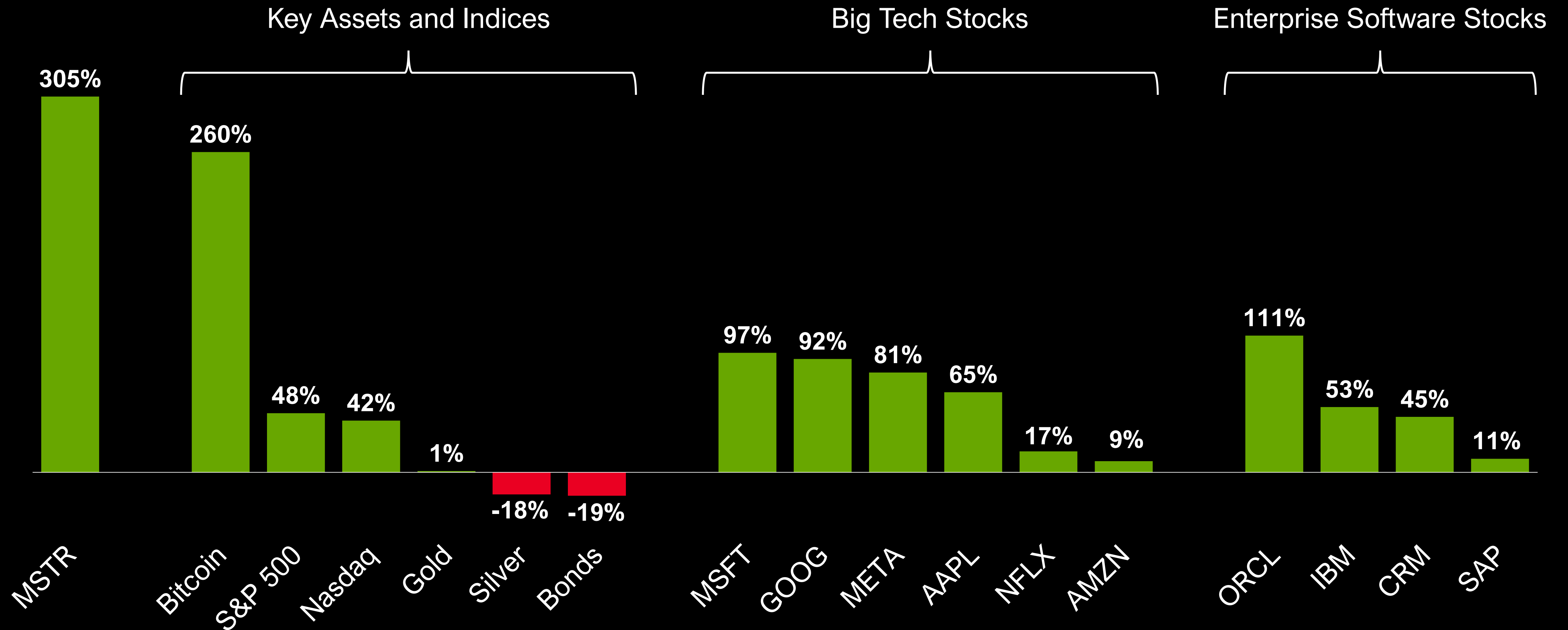




Strategy & Bitcoin

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 4pm Eastern Time on February 2, 2024.



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>(\$726M to date; ~\$40M per year in 2022/23)</i>	None
4 Ability to Leverage Capital Markets	Debt – Secured or Unsecured Convertible or Structured Notes Equity, Preferred Equity <i>(\$2.2B debt and \$3.1B equity capital invested)</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 30 for additional information.

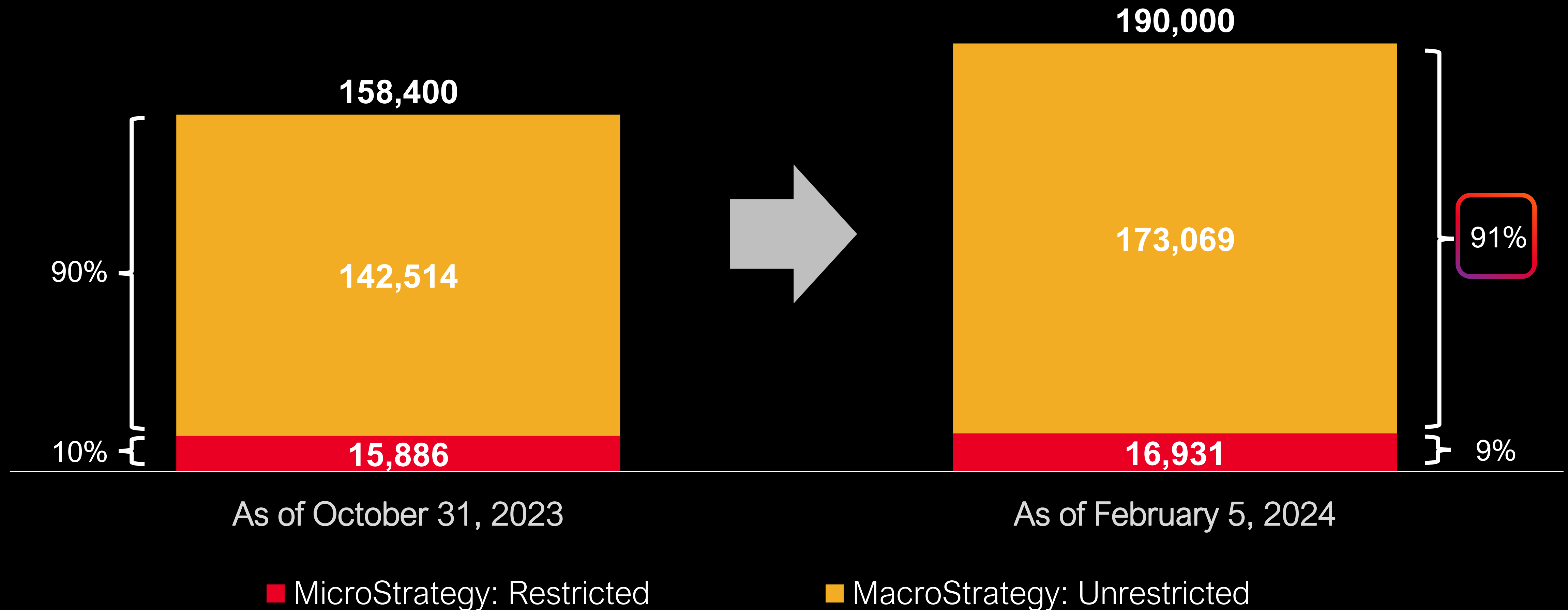




Appendix

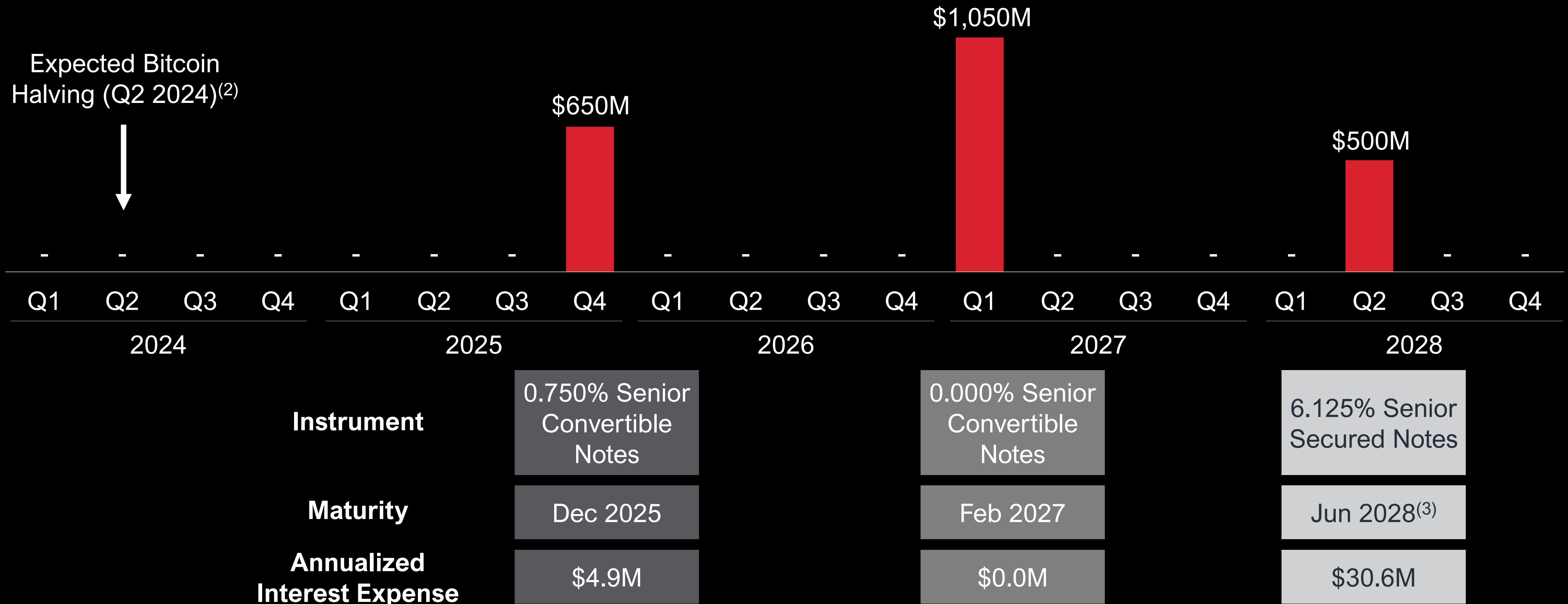
Current Bitcoin Holdings

- 91% of our total bitcoin holdings are unencumbered as of February 5, 2024



ATM Equity Program and Principal Debt Maturities⁽¹⁾

- Received \$1.2B net proceeds from issuances under the at-the-market (“ATM”) equity offering program in Q4; remaining ~\$138M capacity
- Total \$2.2B debt outstanding at weighted average annual fixed interest rate 1.6%, ~\$36M annualized fixed interest expense



(1) Excludes \$10.5M principal amount of other long-term secured debt. Please refer to the Q3 2023 10-Q for further detail.

(2) Bitcoin "halving", which is expected to next occur in April 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.

(3) Please refer to the Q3 2023 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.



Non-GAAP Reconciliations (\$ in Millions)

Q4 2023

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

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Revenues	\$119.3	\$122.1	\$125.4	\$132.6	\$121.9	\$120.4	\$129.5	\$124.5
Cost of Revenues	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2
Operating Expenses	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0
GAAP Income (Loss) from Operations	\$(170.0)	\$(918.1)	\$6.1	\$(193.7)	\$(20.3)	\$(26.7)	\$(25.2)	\$(42.8)
GAAP Operating Margin %	-142%	-752%	5%	-146%	-17%	-22%	-20%	-34%
Share-Based Compensation	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7
Non-GAAP Income (Loss) from Operations	(\$155.6)	(\$902.8)	\$23.0	(\$176.7)	(\$2.8)	(\$11.2)	(\$8.4)	(\$23.1)
Non-GAAP Operating Margin %	-130%	-740%	18%	-133%	-2%	-9%	-7%	-19%
Digital Asset Impairment Losses, Net of Gains on Sale	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2

Reconciliation of subscription services revenues to non-GAAP current subscription billings

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Current Deferred Subscription Services Revenues	\$34.2	\$40.3	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7	\$65.5
Subscription Services Revenues	\$12.8	\$14.0	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0	\$21.5
Change in Current Deferred Subscription Services Revenues	\$(1.4)	\$6.1	\$(2.0)	\$13.6	\$(5.1)	\$3.2	\$(4.2)	\$19.8
Non-GAAP Current Subscription Billings	\$11.4	\$20.1	\$14.4	\$31.1	\$13.7	\$23.1	\$16.8	\$41.3

Reconciliation of subscription services revenues to annual subscription billings

	FY 2022	FY 2023
Current Deferred Subscription Services Revenues	\$51.9	\$65.5
Subscription Services Revenues	\$60.7	\$81.2
Change in Current Deferred Subscription Services Revenues	\$16.3	\$13.7
Non-GAAP Annual Subscription Billings	\$77.0	\$94.8



Non-GAAP Reconciliations (\$ in Millions)

Q4 2023

Reconciliation of non-GAAP operating expenses

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
GAAP Operating Expenses	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0
Share-Based Compensation ⁽¹⁾	\$13.4	\$14.2	\$15.8	\$15.9	\$16.5	\$14.4	\$15.6	\$18.5
Non-GAAP Operating Expenses	\$250.2	\$1,000.7	\$78.1	\$283.6	\$97.8	\$105.6	\$112.5	\$120.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2

Reconciliation of total non-GAAP expenses

	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Cost of Revenues	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2
Operating Expenses	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0
Total GAAP Expenses	\$289.2	\$1,040.2	\$119.3	\$326.3	\$142.2	\$147.1	\$154.7	\$167.3
Share-Based Compensation	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7
Total Non-GAAP Expenses	\$274.8	\$1,024.9	\$102.4	\$309.2	\$124.7	\$131.6	\$137.9	\$147.6
Digital Asset Impairment Losses, Net of Gains on Sale	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2

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



Non-GAAP Reconciliations (\$ in Millions)

Q4 2023

Reconciliation of total non-GAAP expenses

	Q4 22	Q4 23
GAAP Expenses		
Cost of Revenues	\$26.7	\$28.2
Sales & Marketing	\$41.4	\$40.3
Research & Development	\$31.6	\$30.2
General & Administrative	\$28.9	\$29.4
Digital Asset Impairment Losses, Net of Gains on Sale	\$197.6	\$39.2
Total GAAP Expenses	\$326.3	\$167.3
Share-Based Compensation		
Cost of Revenues	\$1.1	\$1.2
Sales & Marketing	\$4.6	\$5.5
Research & Development	\$3.7	\$4.1
General & Administrative	\$7.6	\$8.9
Total Share-Based Compensation	\$17.0	\$19.7
Non-GAAP Expenses		
Cost of Revenues	\$25.6	\$27.0
Sales & Marketing	\$36.8	\$34.8
Research & Development	\$28.0	\$26.0
General & Administrative	\$21.3	\$20.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$197.6	\$39.2
Total Non-GAAP Expenses	\$309.2	\$147.6



Basic and Adjusted Diluted Shares Outstanding Calculation

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

(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 and 2027 Convertible Notes at conversion prices of \$398 and \$1,432, respectively, outstanding stock option awards at average exercise price of \$287, outstanding restricted stock units and performance stock units as of the dates presented.



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.

