

# ***Q1 2021 FINANCIAL RESULTS***

*APRIL 29, 2021*

# ***MICROSTRATEGY Q1 2021 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](http://www.microstrategy.com).

# Q1 2021

## BUSINESS RESULTS

**\$122.9M**

Total Revenues, an increase of **10%** YoY, and an increase of **7%** from Q1 19

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**\$21.3M**

Product Licenses Revenues, an increase of **69%** YoY, and an increase of **16%** from Q1 19

**\$10.0M**

Subscription Services Revenues, an increase of **26%** YoY

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**\$9.5M**

Current Subscription Billings, an increase of **19%** YoY

**\$18.7M**

Non-GAAP Operating Income, an increase of **\$15.6M** YoY

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**\$82.0M**

Non-GAAP Operating Expenses, a decrease of **\$2.1M**, or **2%** YoY

*Please refer to the Appendix for a reconciliation of non-GAAP Operating Income, non-GAAP Operating Expenses and Subscription Services Revenues to Subscription Billings.*

# Q1 2021

## BUSINESS HIGHLIGHTS



Healthy mix of new and existing customers, on premises and in the Cloud



Cloud transition underway with strong revenue results and conversion activity



MicroStrategy World had over 12,000 attendees and included 175 hours of live and pre-recorded content



Over 1 million aggregate online video views of Bitcoin for Corporations content with over 8,000 attendees



Issued \$1.05 billion in aggregate principal amount of convertible notes with an interest rate of 0% and a 50% conversion premium

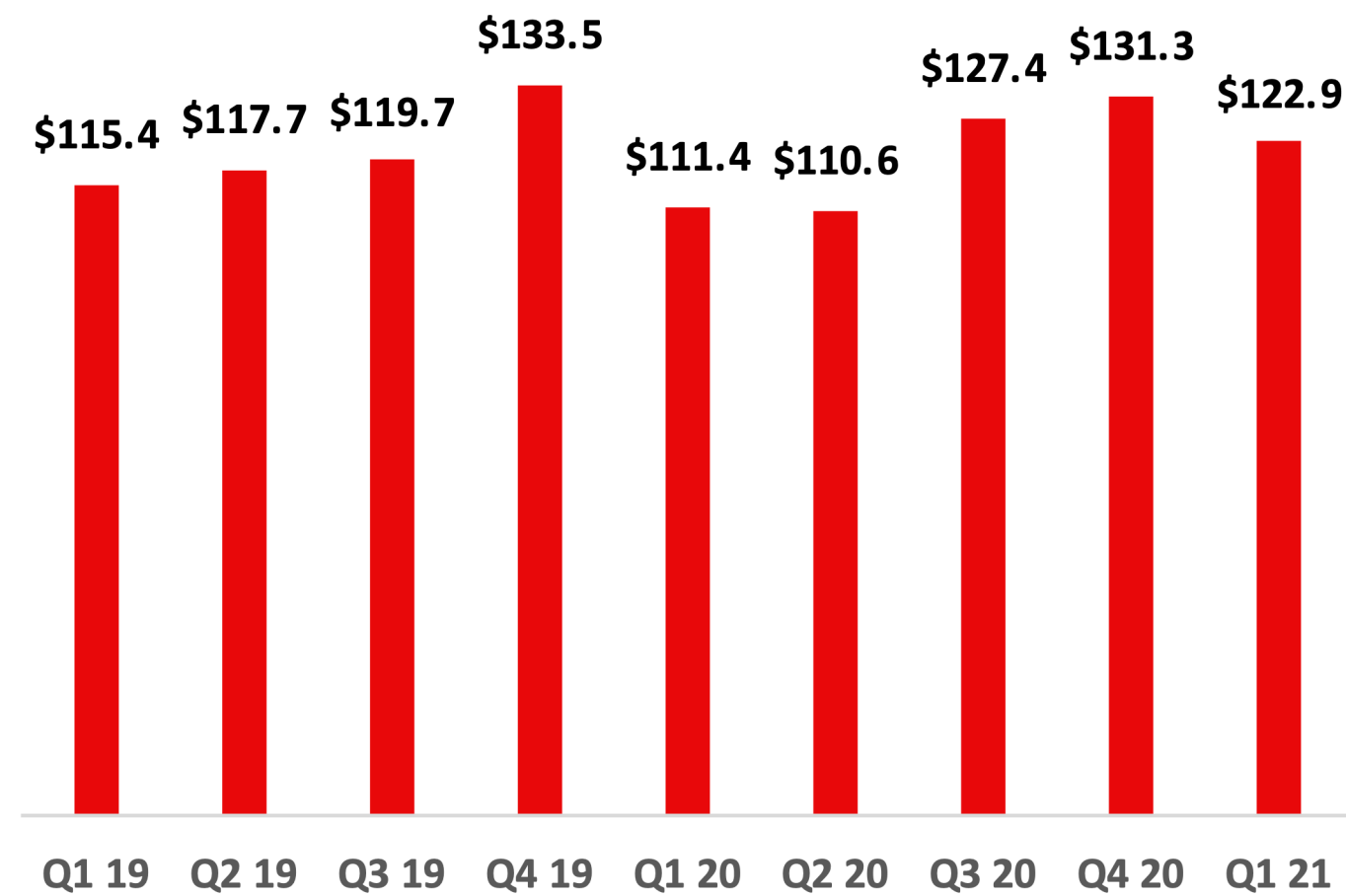


Acquired ~20,857 bitcoins for \$1.086 billion at an average price of \$52,087 using proceeds from convertible notes and excess cash

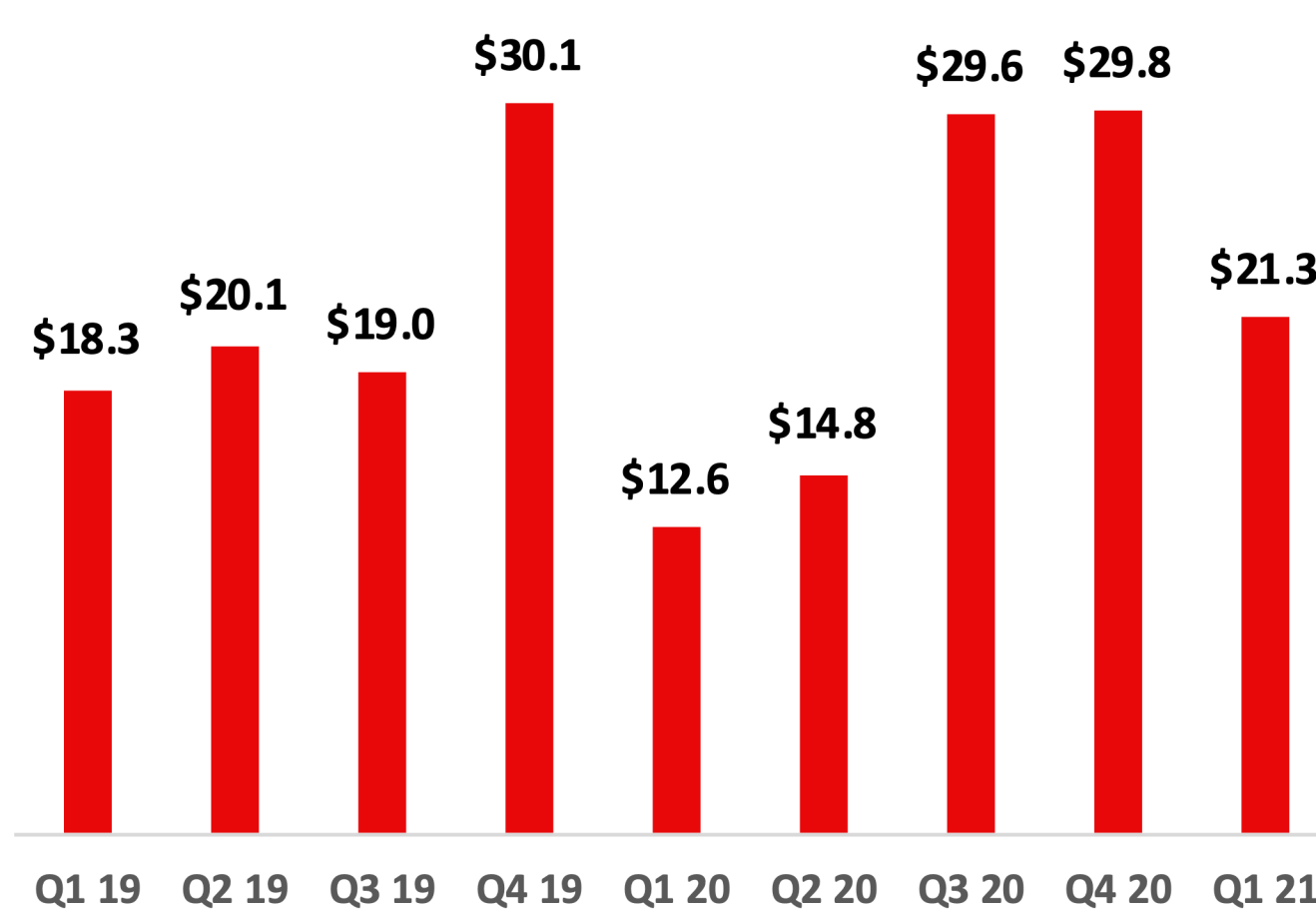
# Q1 2021

## FINANCIAL HIGHLIGHTS – REVENUE (IN MILLIONS)

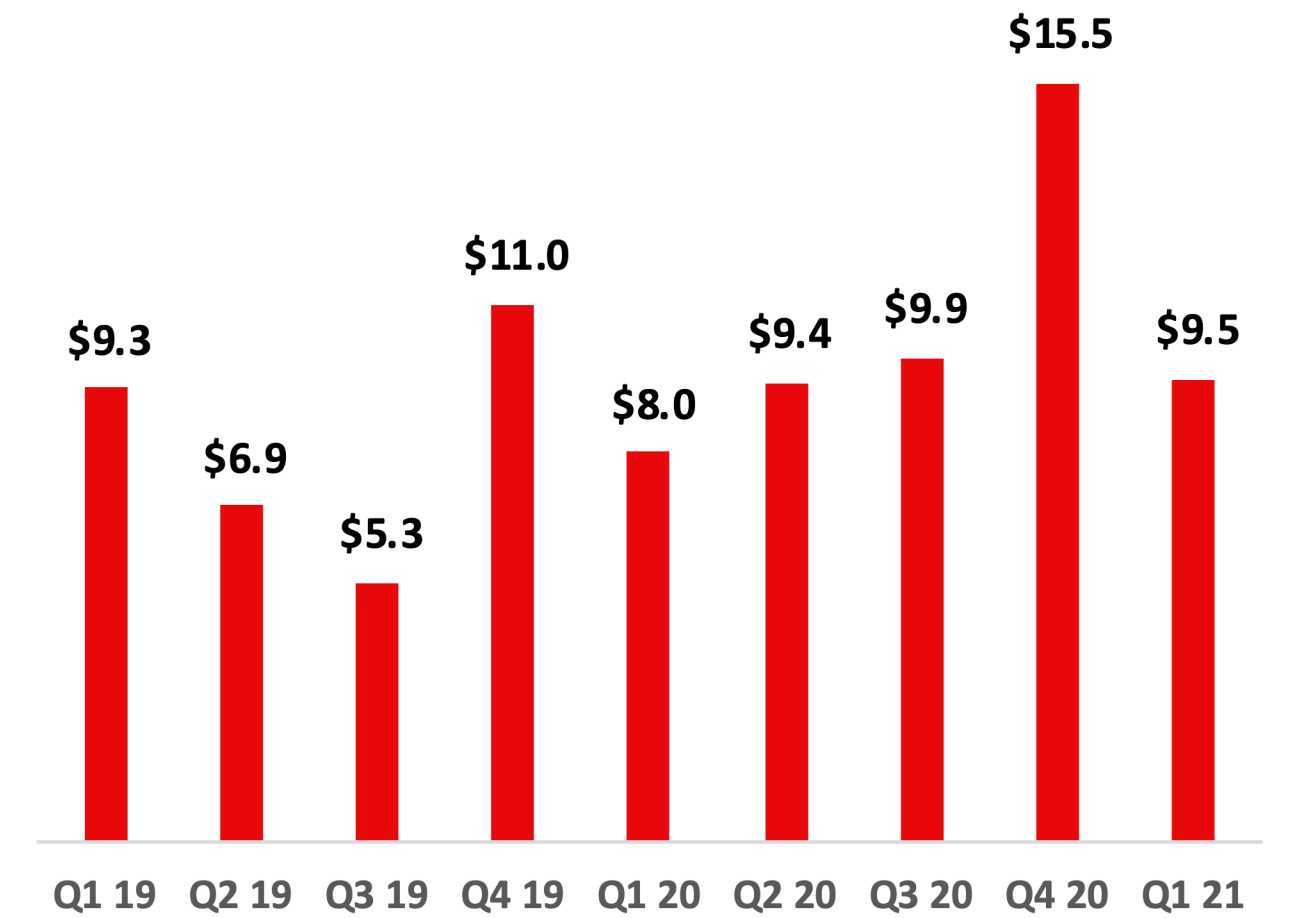
TOTAL REVENUES INCREASED **10%** YOY AND **7%** FROM Q1 19



PRODUCT LICENSES REVENUES INCREASED **69%** YOY AND **16%** FROM Q1 19



CONTINUED INCREASE IN CURRENT SUBSCRIPTION BILLINGS OF **19%** YOY



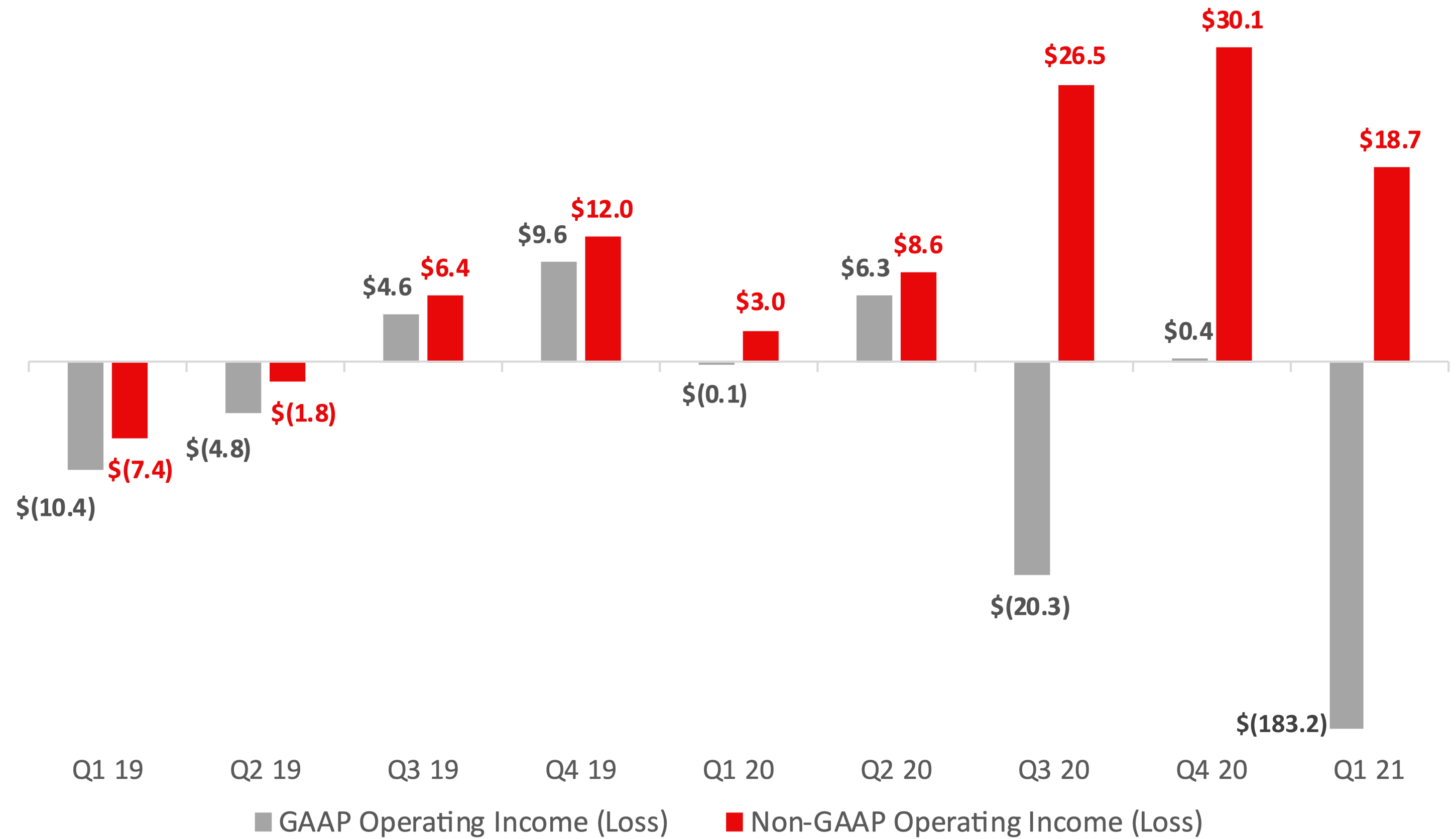
Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Subscription Billings.

# Q1 2021

## FINANCIAL HIGHLIGHTS – OPERATING INCOME (LOSS) IN MILLIONS

NON-GAAP OPERATING INCOME OF \$18.7M, UP 514% YOY

GAAP OPERATING LOSS INCLUDES \$194.1M DIGITAL ASSET IMPAIRMENT CHARGE



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

# Q1 2021

## FINANCIAL HIGHLIGHTS – CAPITAL ALLOCATION

### BITCOIN ACQUISITION

In Q1 21, purchased ~20,857 bitcoins at an aggregate cost of ~\$1.086 billion with an average purchase price of ~\$52,087 per bitcoin, inclusive of fees and expenses. This includes the proceeds from \$1.05 billion in convertible notes issued in Q1 2021 at 0 bps coupon and 50% premium.

As of 3/31/21 the company holds ~91,326 bitcoins at an aggregate cost of ~\$2.21 billion with an average purchase price of ~\$24,214 per bitcoin, inclusive of fees and expenses. The carrying value of our bitcoin holdings is \$1.95 billion and reflects \$264.8 million in cumulative impairment charges, which is reflected as a loss on our GAAP income statement in the period incurred.

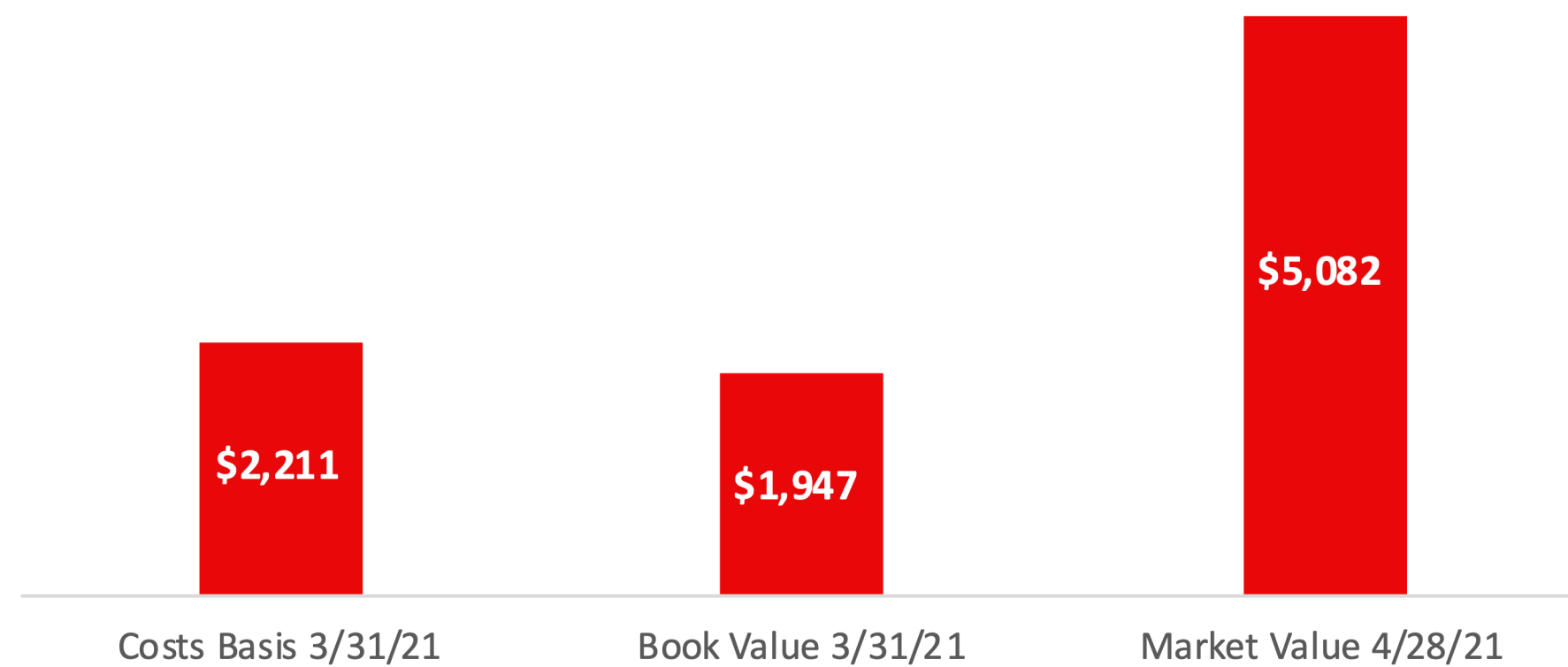
In April 2021, purchased ~253 bitcoins at an aggregate cost of ~\$15 million with an average price of ~\$59,339 per bitcoin, inclusive of fees and expenses.

The company currently holds ~91,579 bitcoins at an aggregate cost of ~\$2.23 billion with an average purchase price of ~\$24,311 per bitcoin, inclusive of fees and expenses.

The market value of the company's bitcoin holdings is ~\$5.1 billion and is calculated based on the company's current bitcoin holdings of ~91,579 and the market price of bitcoin of ~\$55,492 at 4 PM Eastern Time on 4/28/21.

*\*The market value of bitcoin is calculated based on 91,579 bitcoins and market price of \$55,492 at 4 PM Eastern Time on 4/28/21*

Bitcoin Value (\$M)



# *APPENDIX*



# MICROSTRATEGY Q1 2021 EARNINGS CALL

## NON-GAAP RECONCILIATIONS (\$M)

### RECONCILIATION OF GAAP TO NON-GAAP INCOME (LOSS) FROM OPERATIONS

	Q1 19	Q2 19	Q3 19	Q4 19	FY 2019	Q1 20	Q2 20	Q3 20	Q4 20	FY 2020	Q1 21
Revenue	\$115.4	\$117.7	\$119.7	\$133.5	\$486.3	\$111.4	\$110.6	\$127.4	\$131.3	\$480.7	\$122.9
Cost of Revenues	\$26.2	\$25.4	\$23.8	\$24.6	\$100.0	\$24.5	\$24.0	\$21.7	\$20.8	\$91.1	\$22.5
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3	\$283.5
Income (loss) from Operations	\$(10.4)	\$(4.8)	\$4.6	\$9.6	\$(1.0)	\$(0.1)	\$6.3	\$(20.3)	\$0.4	\$(13.6)	\$(183.2)
Operating Margin %	-9%	-4%	4%	7%	0%	0%	6%	-16%	0%	-3%	-149%
Stock-Based Compensation	\$3.0	\$3.0	\$1.8	\$2.3	\$10.2	\$3.1	\$2.2	\$2.6	\$3.3	\$11.2	\$7.7
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7	\$194.1
<b>Non-GAAP Income (loss) from Operations</b>	<b>(\$7.4)</b>	<b>(\$1.8)</b>	<b>\$6.4</b>	<b>\$12.0</b>	<b>\$9.2</b>	<b>\$3.0</b>	<b>\$8.6</b>	<b>\$26.5</b>	<b>\$30.1</b>	<b>\$68.2</b>	<b>\$18.7</b>
<b>Non-GAAP Operating Margin %</b>	<b>-6%</b>	<b>-2%</b>	<b>5%</b>	<b>9%</b>	<b>2%</b>	<b>3%</b>	<b>8%</b>	<b>21%</b>	<b>23%</b>	<b>14%</b>	<b>15%</b>

### RECONCILIATION OF SUBSCRIPTION SERVICES REVENUES TO SUBSCRIPTION BILLINGS

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Current deferred subscription services revenue	\$15.6	\$15.4	\$12.8	\$16.6	\$16.6	\$17.9	\$19.5	\$26.3	\$25.7
Subscription services revenues	\$7.1	\$7.1	\$7.9	\$7.3	\$8.0	\$8.0	\$8.3	\$8.8	\$10.0
Change in current deferred subscription services revenue	\$2.1	\$(0.2)	\$(2.6)	\$3.7	\$0.0	\$1.4	\$1.6	\$6.7	\$(0.6)
<b>Current Subscription Billings</b>	<b>\$9.3</b>	<b>\$6.9</b>	<b>\$5.3</b>	<b>\$11.0</b>	<b>\$8.0</b>	<b>\$9.4</b>	<b>\$9.9</b>	<b>\$15.5</b>	<b>\$9.5</b>

# MICROSTRATEGY Q1 2021 EARNINGS CALL

## NON-GAAP RECONCILIATIONS (\$M)

### RECONCILIATION OF NON-GAAP OPERATING EXPENSES

	Q1 19	Q2 19	Q3 19	Q4 19	FY 2019	Q1 20	Q2 20	Q3 20	Q4 20	FY 2020	Q1 21
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3	\$283.5
Stock-Based Compensation*	\$2.8	\$2.9	\$1.7	\$2.2	\$9.7	\$2.9	\$2.2	\$2.4	\$3.2	\$10.7	\$7.4
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7	\$194.1
<b>Non-GAAP Operating Expenses</b>	<b>\$96.7</b>	<b>\$94.3</b>	<b>\$89.6</b>	<b>\$97.1</b>	<b>\$377.7</b>	<b>\$84.0</b>	<b>\$78.1</b>	<b>\$79.3</b>	<b>\$80.5</b>	<b>\$321.9</b>	<b>\$82.0</b>

### RECONCILIATION OF TOTAL NON-GAAP EXPENSES

	Q1 19	Q2 19	Q3 19	Q4 19	FY 2019	Q1 20	Q2 20	Q3 20	Q4 20	FY 2020	Q1 21
Cost of Revenues	\$26.2	\$25.4	\$23.8	\$24.6	\$100.0	\$24.5	\$24.0	\$21.7	\$20.8	\$91.1	\$22.5
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3	\$283.5
<b>Total Expenses</b>	<b>\$125.8</b>	<b>\$122.6</b>	<b>\$115.1</b>	<b>\$123.9</b>	<b>\$487.3</b>	<b>\$111.5</b>	<b>\$104.3</b>	<b>\$147.7</b>	<b>\$130.9</b>	<b>\$494.4</b>	<b>\$306.1</b>
Stock-Based Compensation	\$3.0	\$3.0	\$1.8	\$2.3	\$10.2	\$3.1	\$2.2	\$2.6	\$3.3	\$11.2	\$7.7
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7	\$194.1
<b>Total Non-GAAP Expenses</b>	<b>\$122.7</b>	<b>\$119.5</b>	<b>\$113.3</b>	<b>\$121.6</b>	<b>\$477.1</b>	<b>\$108.4</b>	<b>\$102.0</b>	<b>\$100.9</b>	<b>\$101.2</b>	<b>\$412.5</b>	<b>\$104.2</b>

\*Stock-based compensation recorded to SM, RD, and GA only