



Q1 2022 Financial Results

May 3, 2022

MicroStrategy Q1 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.



Q1 2022

Financial highlights

\$119.3M

Total Revenues, a decrease of **3%** YoY, or **almost flat** on a constant currency basis

\$12.8M

Subscription Services Revenues, an increase of **28%** YoY, or **30%** on a constant currency basis

\$155.6M

Non-GAAP Operating Loss

\$16.5M

Product Licenses Revenues, a decrease of **22%** YoY, or **20%** on a constant currency basis

\$11.4M

Current Subscription Billings, an increase of **18%** YoY

\$170.1M

Bitcoin Impairment Expenses

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



Q1 2022

Bitcoin highlights

Key Stats

~4,827

Bitcoins acquired at an aggregate cost of ~\$215M at average purchase price of ~\$44,645 per bitcoin, inclusive of fees and expenses

~\$205M

Proceeds from first ever bitcoin backed term loan

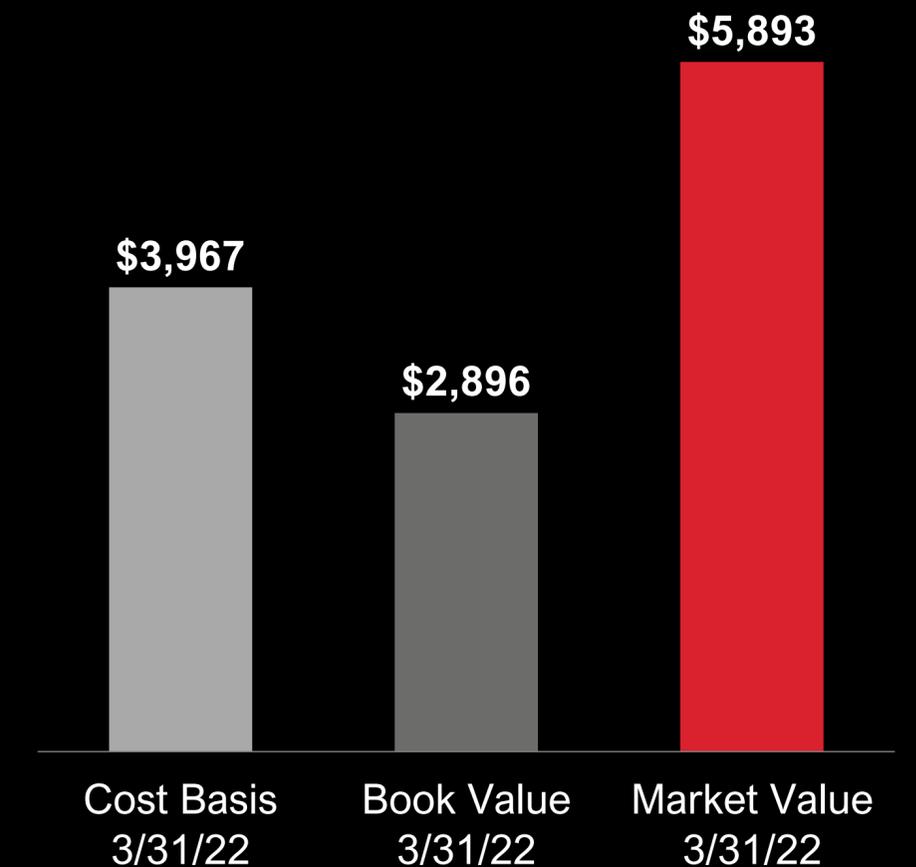
~129,218

Bitcoins held as of 3/31/22 at an aggregate cost of \$4.0B and carrying value of \$2.9B, reflecting ~\$1.1B in cumulative impairment charges

~\$5.9B

Market value of the company's bitcoin holdings as of 3/31/22 ⁽¹⁾

Bitcoin Value (\$M)



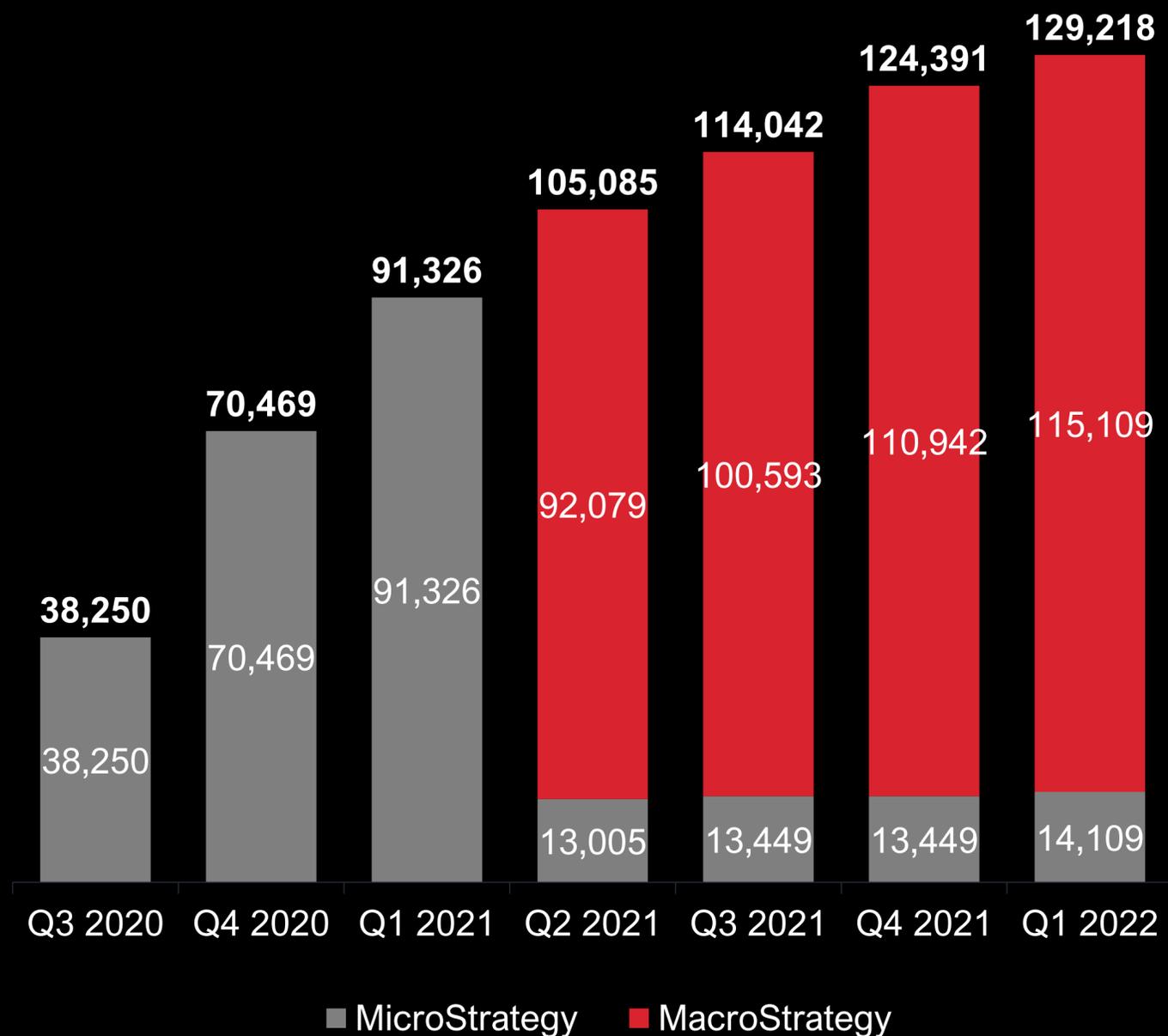
(1) The market value represents a mathematical calculation consisting of the market price of one bitcoin on the Coinbase exchange as of 4pm Eastern Time on 3/31/22, multiplied by the number of bitcoins held.



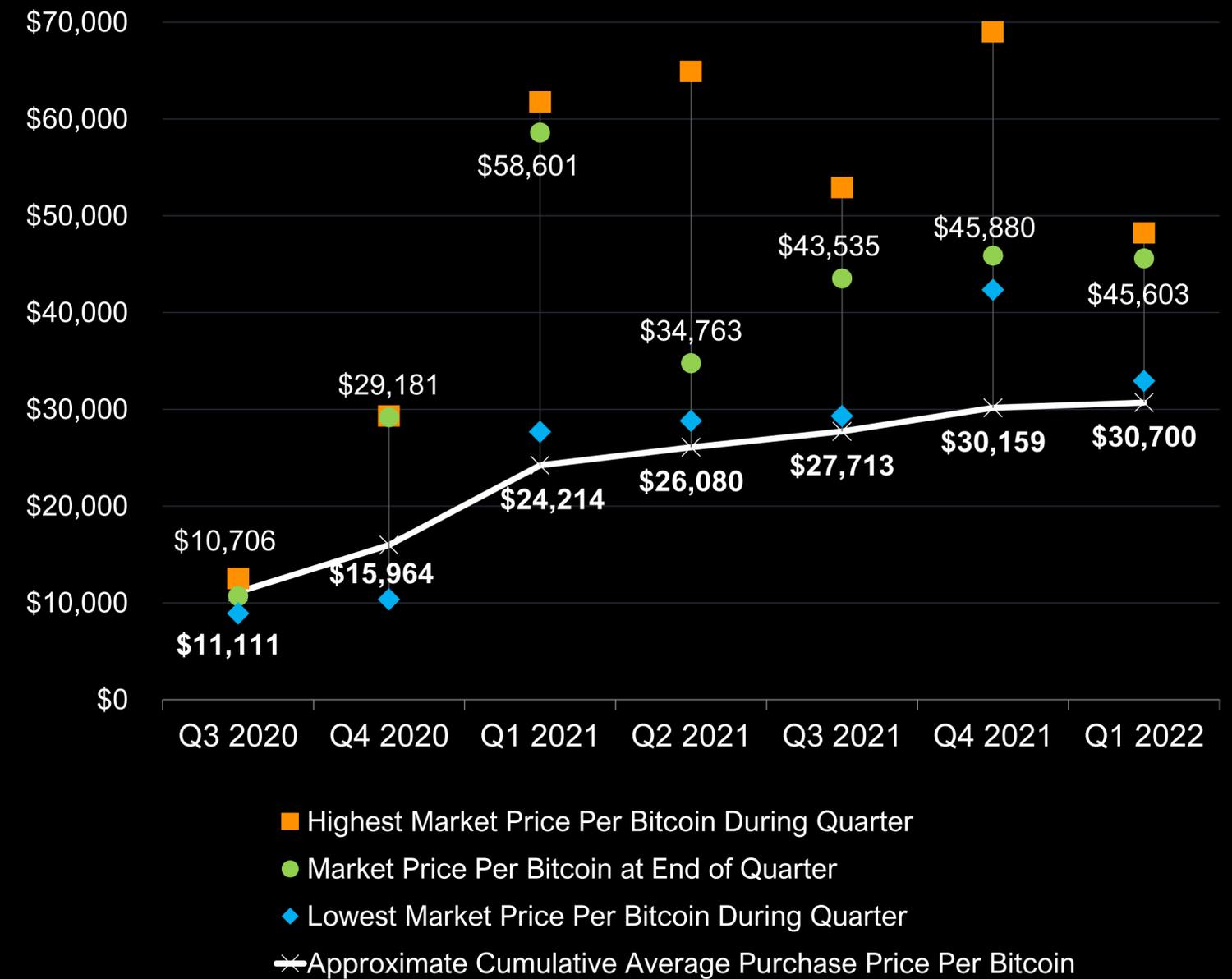
Q1 2022

Bitcoin holdings evolution

Approximate Number of Bitcoins Held at End of Quarter



Bitcoin Price (\$)



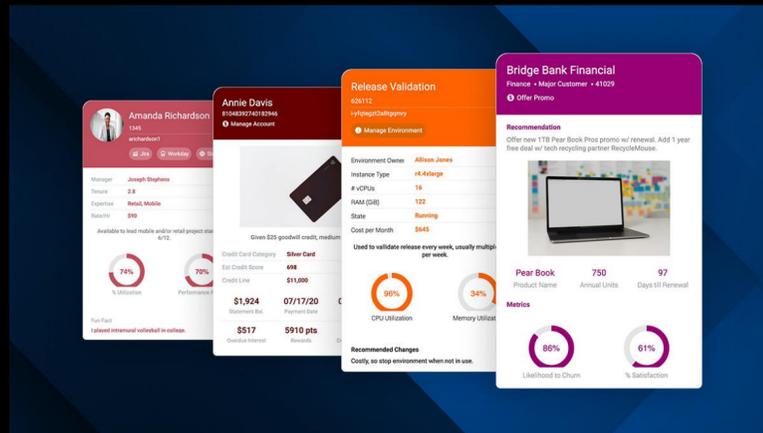
Source: Bitcoin prices represent market price of one bitcoin on the Coinbase exchange. End of quarter prices are shown as of 4:00 p.m. Eastern Time on the last day of the respective quarter.



Q1 2022

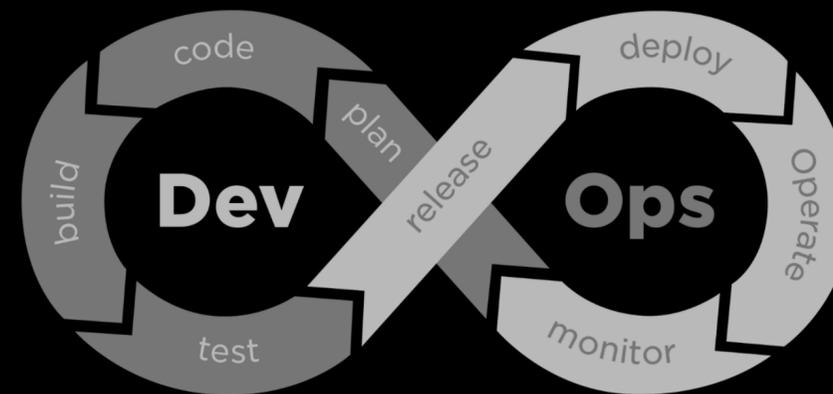
Business intelligence growth focus

1 Enterprise Analytics



- Be the best modern, open, solution for enterprise analytics
- Replace and consolidate departmental and legacy BI use cases

2 Embedded Analytics



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

3 Cloud Transition



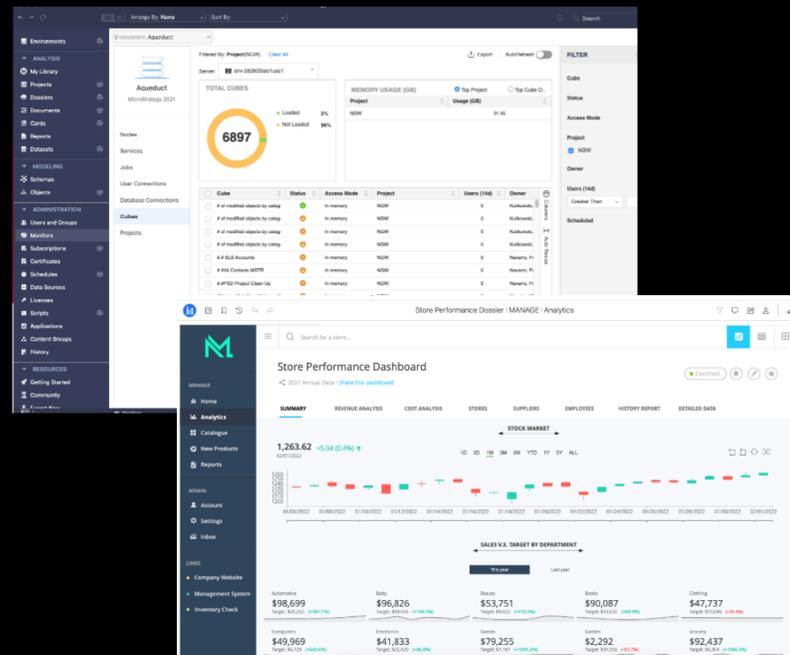
- Provide leading enterprise cloud analytics product and services
- Grow by migrating on-prem customers, expanding existing cloud customers, and defaulting new customers to cloud



Q1 2022

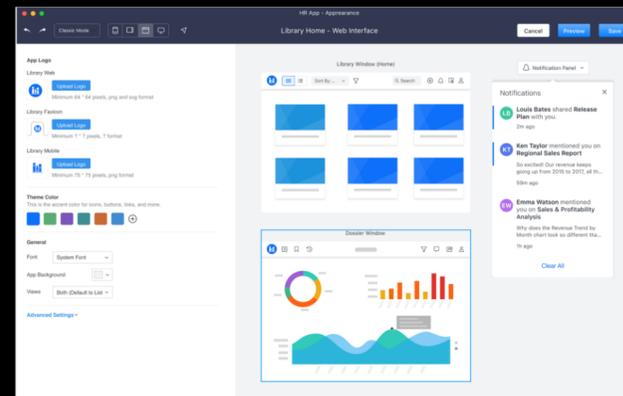
Modern enterprise and embedded intelligence

1 Modern Enterprise



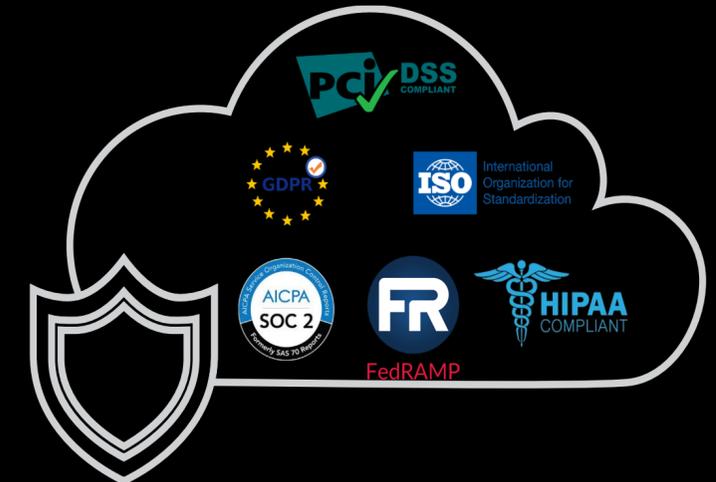
- Workstation and Library: Optimized workflows with the best user experience
- Dossier and Augmented: Bringing automatic, smart alerts and Insights to MicroStrategy Library

2 Modern Embedded



- Applications: Personalize the MicroStrategy experience via Workstation editors
- Embedding SDK Playground: A virtual community for developers

3 MicroStrategy Cloud



- Security First – FedRAMP certified: Robust security posture via annual certification, regular assessment, and proactive enhancements
- Deploy, Scale and Manage via Workstation



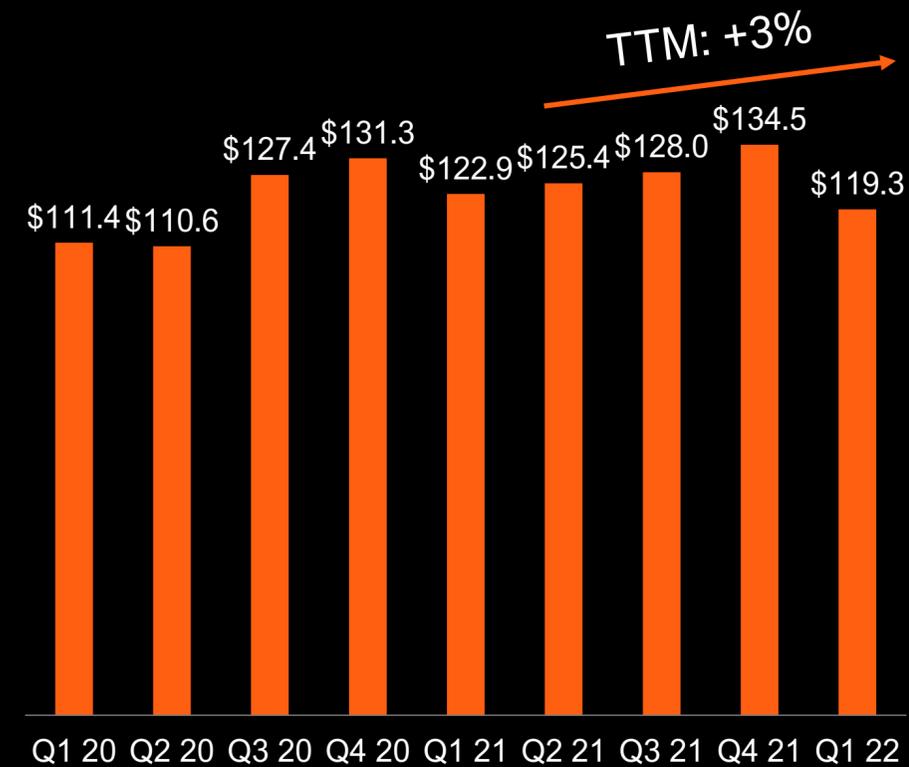
Q1 2022

Financial highlights – Revenue

(\$ in Millions)

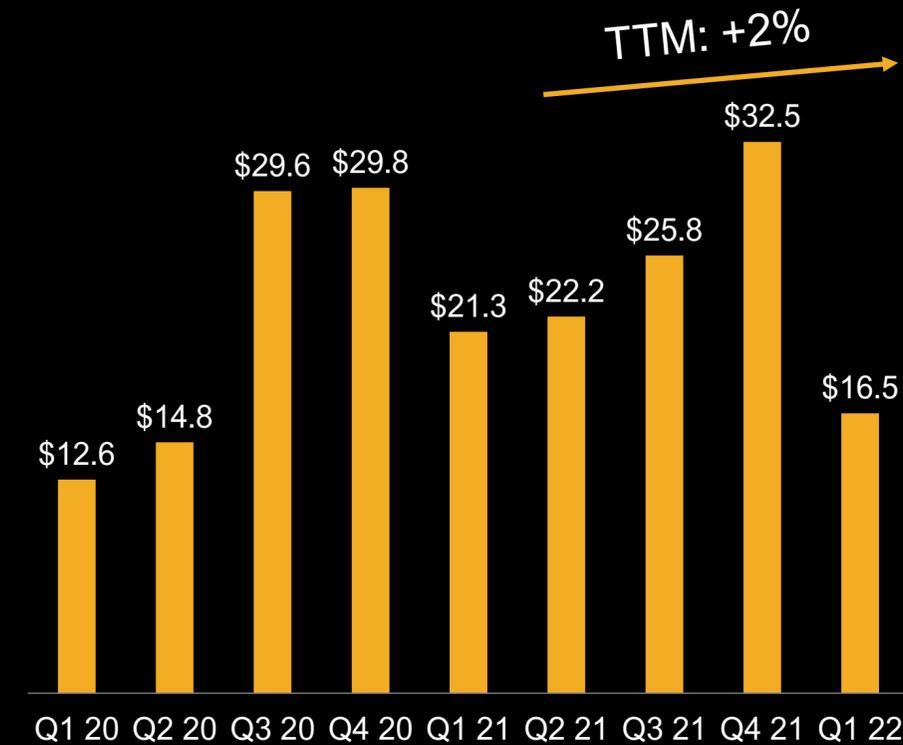
Total Revenues

Q1 2022: **-3%** YOY
TTM: **+3%** YOY



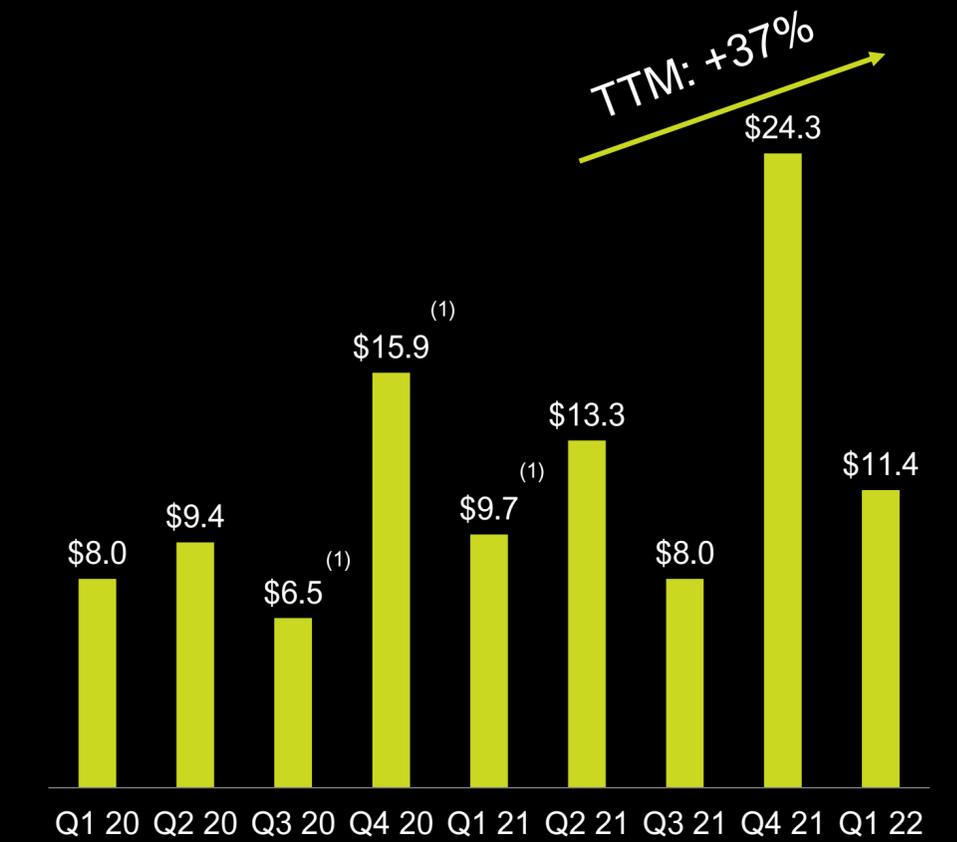
Product Licenses Revenues

Q1 2022: **-22%** YOY
TTM: **+2%** YOY



Current Subscription Billings

Q1 2022: **+18%** YOY
TTM: **+37%** YOY



Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Current Subscription Billings and Annual Subscription Billings.
(1) Adjusted to exclude un-invoiced amounts related to multi-year subscription contracts for consistency with current period presentation.

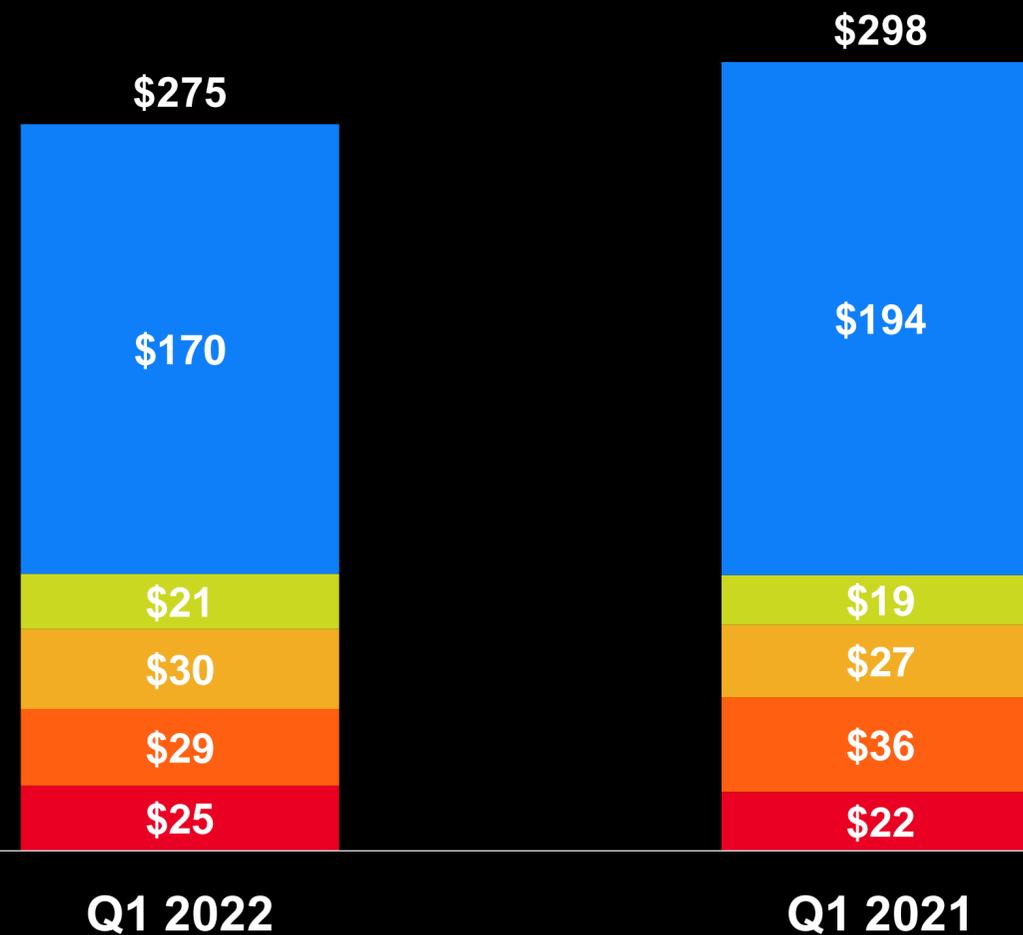


Q1 2022

Financial highlights – Cost structure and drivers

(\$ in Millions)

Non-GAAP Expenses By Type



Q1 2022 vs. Q1 2021 Drivers

Bitcoin Impairment Charges

Non-cash charges due to bitcoin price volatility

G&A

Increased administrative costs

R&D

Increased headcount and wage inflation for our growth in cloud, security, and OEM

S&M

Decreased variable compensation and higher capitalized commissions

Cost of Revenues

Increased cloud customer hosting fees and personnel costs

■ Cost of Revenues ■ Sales & Marketing ■ Research & Development ■ General & Administrative ■ Digital Impairment Losses

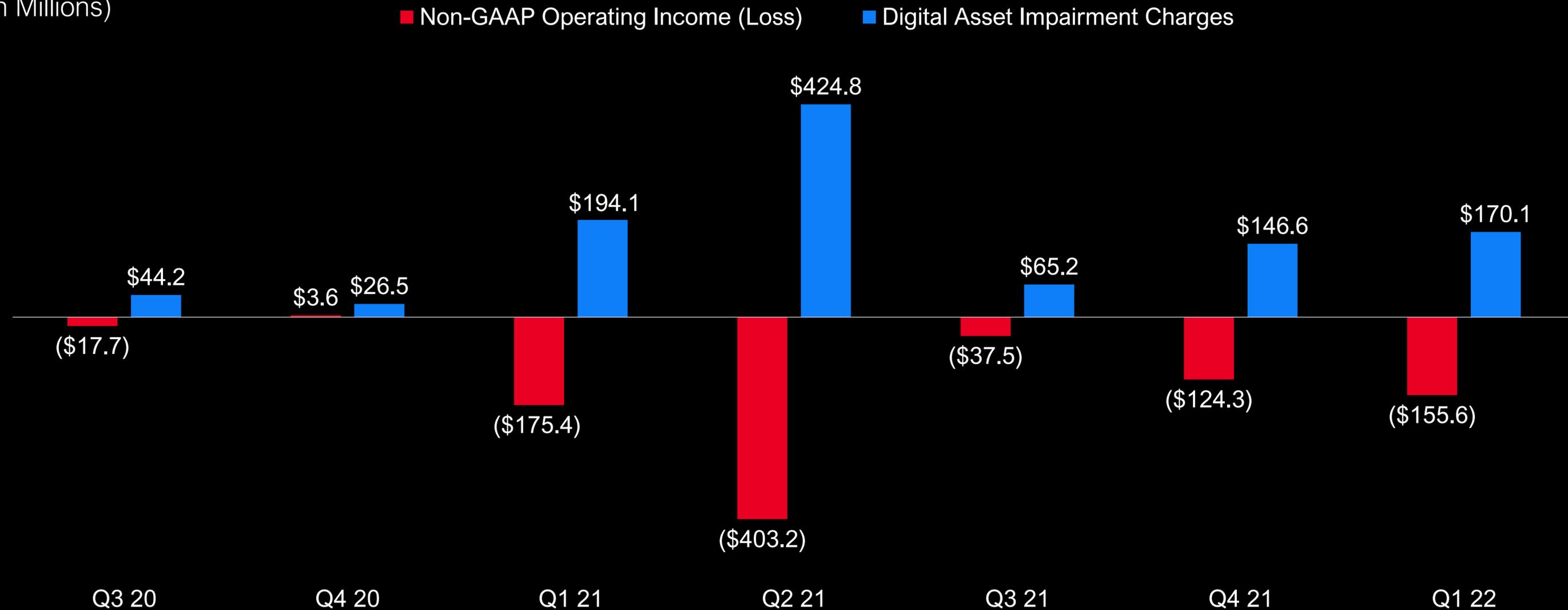
Please refer to the Appendix for a reconciliation of each component of Non-GAAP Expenses including Non-GAAP Cost of Revenues, Non-GAAP Sales & Marketing Expense, Non-GAAP Research & Development Expense, and Non-GAAP General & Administrative Expense.



Q1 2022

Financial highlights – Operating income (loss)

(\$ in Millions)



- Q1 2022 non-GAAP operating loss was \$155.6 million and non-cash digital asset impairment charge was \$170.1 million

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



First Bitcoin Backed Term Loan

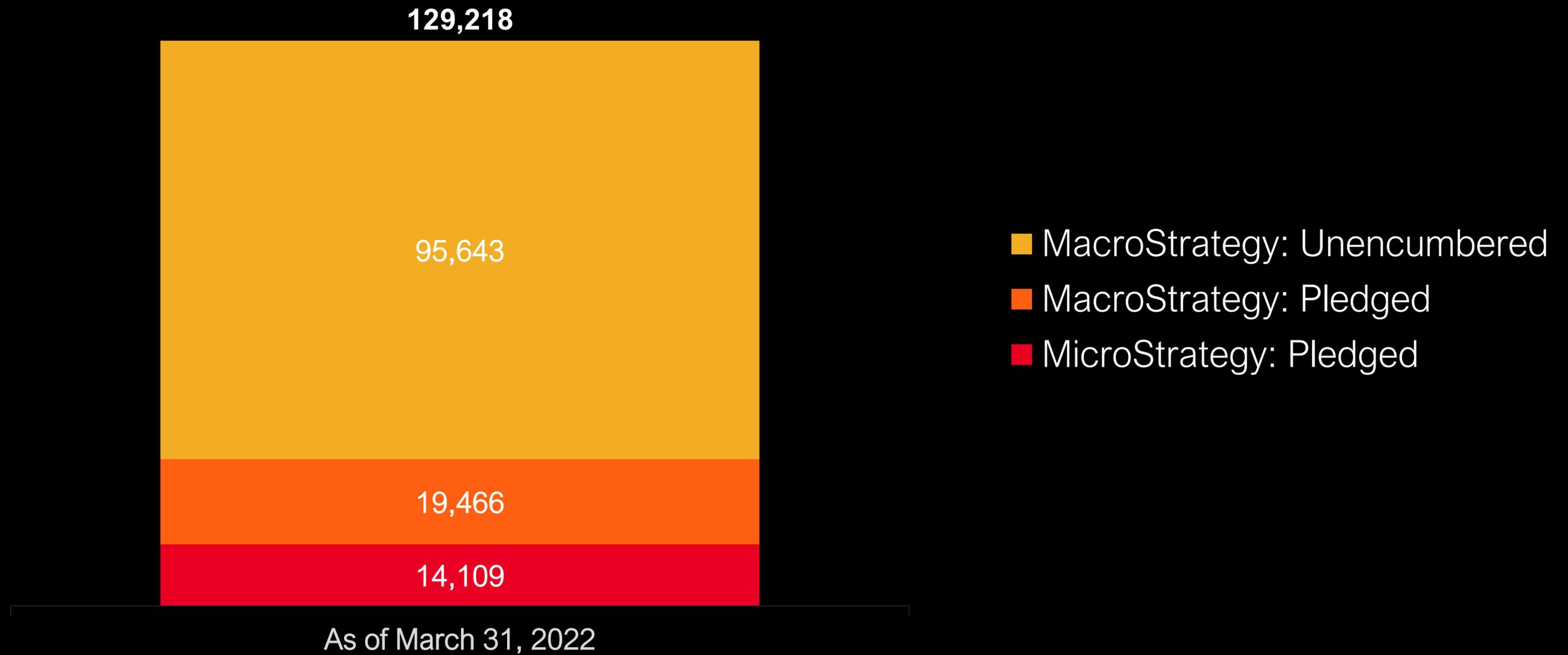
Key terms

Item	Terms
Lender	Silvergate Bank
Loan Amount	\$205 Million
Term	3 Years
Interest Rate	Secured Overnight Financing Rate 30Day Average (SOFR30A) + 3.70%; Floor of 3.75%
Initial LTV	25% (Collateral value of ~\$820M with ~19,466 bitcoins)
Top-Up LTV	50%
Collateral Release LTV	Less than 25%
LTV Testing Frequency	Once Per Business Day at 4PM ET Mon-Fri
BTC Price Index	XBX Index (Real-Time Volume Weighted Average of 4 Exchanges)
Cash Reserve	\$5 Million
Recourse to Parent	None



Q1 2022

Current bitcoin holdings



Solid Capital Structure Framework

- Robust capital structure insulated from near-term market volatility of bitcoin prices
- Sufficient liquidity through cash flows generated at software business to cover the interest expenses

	Instrument	Maturity	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annual Interest Expense (\$M)	Future Considerations For Similar Instruments
Debt	Senior Secured Notes	Jun 2028 ⁽¹⁾	\$500	6.125%	\$30.6	No additional capacity at this time
	Bitcoin-Backed Loan	Mar 2025	\$205	~4.000% ⁽²⁾	\$8.2 ⁽²⁾	May conservatively explore future yield generation opportunities on unencumbered MacroStrategy bitcoins
Converts	Convertible Senior Notes	Dec 2025	\$650	0.750%	\$4.9	May consider when existing converts are in the money
		Feb 2027	\$1,050	0.000%	\$0.0	
Total Debt:			\$2,405	1.817%	\$43.7	
Equity	Equity Issuance	NA	\$1,000	NA	NA	May use excess cash or future equity issuances to buy bitcoins
Total Capital:			\$3,405			

(1) Please refer to the Q1 2022 10-Q for the springing maturity provisions that may impact the maturity date of the senior secured notes.

(2) Represents approximate current interest rate. The annual interest rate is floating based on SOFR30DAYAVG + 3.70% and the annual interest expense will be floating accordingly.



2022 Outlook

**Positive Growth
Expectations**

**Continued
Transition to
Cloud**

**Sustained
Increase in
Subscription
Billings**

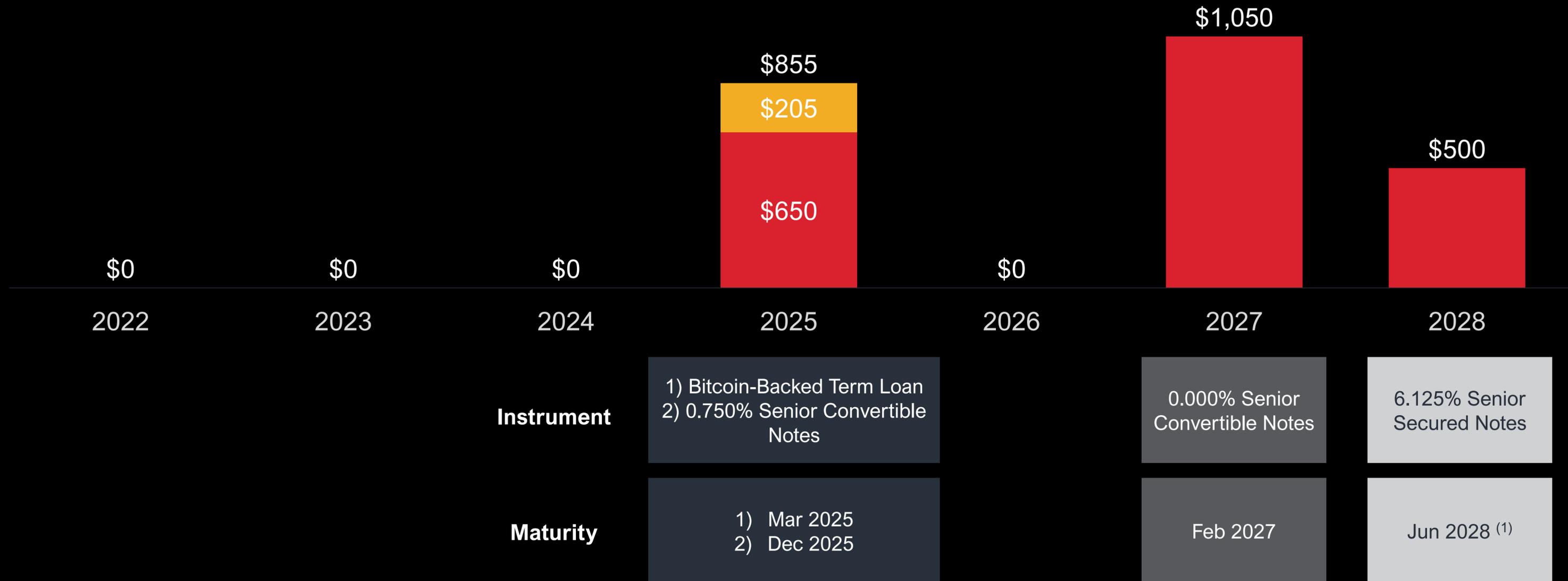




Appendix

Balance Sheet – Debt Maturity Schedule

(\$ in Millions)



(1) Please refer to the Q1 2022 10-Q for the springing maturity provisions that may impact the maturity date of the senior secured notes.



MicroStrategy Q1 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

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

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Revenues	\$110.6	\$127.4	\$131.3	\$122.9	\$125.4	\$128.0	\$134.5	\$119.3
GAAP Cost of Revenues	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7
GAAP Operating Expenses	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6
GAAP Income (Loss) from Operations	\$6.3	\$(20.3)	\$0.4	\$(183.2)	\$(414.2)	\$(49.7)	\$(137.5)	\$(170.0)
GAAP Operating Margin %	6%	-16%	0%	-149%	-330%	-39%	-102%	-142%
Share-Based Compensation	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4
Non-GAAP Income (Loss) from Operations	\$8.6	\$(17.7)	\$3.6	\$(175.4)	\$(403.2)	\$(37.5)	\$(124.3)	\$(155.6)
Non-GAAP Operating Margin %	8%	-14%	3%	-143%	-322%	-29%	-92%	-130%
Digital Asset Impairment Losses	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1

Reconciliation of subscription services revenues to current subscription billings

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Current Deferred Subscription Services Revenues	\$17.9	\$16.2 ⁽¹⁾	\$23.3 ⁽¹⁾	\$23.0 ⁽¹⁾	\$25.9	\$23.1	\$35.6	\$34.2
Subscription Services Revenues	\$8.0	\$8.3	\$8.8	\$10.0	\$10.3	\$10.9	\$11.8	\$12.8
Change in Current Deferred Subscription Services Revenues	\$1.4	\$(1.8)	\$7.1	\$(0.3)	\$2.9	\$(2.8)	\$12.5	\$(1.4)
Current Subscription Billings	\$9.4	\$6.5	\$15.9	\$9.7	\$13.3	\$8.0	\$24.3	\$11.4

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



MicroStrategy Q1 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of non-GAAP operating expenses

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
GAAP Operating Expenses	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6
Share-Based Compensation ⁽¹⁾	\$2.2	\$2.4	\$3.2	\$7.4	\$10.6	\$11.5	\$12.2	\$13.4
Non-GAAP Operating Expenses	\$78.1	\$123.5	\$107.0	\$276.1	\$505.9	\$143.9	\$235.7	\$250.2
Digital Asset Impairment Losses	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1

Reconciliation of total non-GAAP expenses

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
GAAP Cost of Revenues	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7
GAAP Operating Expenses	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6
GAAP Total Expenses	\$104.3	\$147.7	\$130.9	\$306.1	\$539.6	\$177.7	\$272.0	\$289.2
Share-Based Compensation	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4
Total Non-GAAP Expenses	\$102.0	\$145.1	\$127.7	\$298.3	\$528.5	\$165.5	\$258.8	\$274.8
Digital Asset Impairment Losses	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1

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



MicroStrategy Q1 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total non-GAAP expenses

	Q1 21	Q1 22
GAAP Expenses		
Cost of Revenues	\$22.5	\$25.7
Sales & Marketing	\$38.2	\$33.2
Research & Development	\$29.5	\$33.5
General & Administrative	\$21.7	\$26.7
Digital Asset Impairment	\$194.1	\$170.1
Total GAAP Expenses	\$306.1	\$289.2
Share-Based Compensation		
Cost of Revenues	\$0.3	\$1.0
Sales & Marketing	\$2.4	\$4.3
Research & Development	\$2.1	\$3.3
General & Administrative	\$3.0	\$5.8
Total Share-Based Compensation	\$7.7	\$14.4
Non-GAAP Expenses		
Cost of Revenues	\$22.3	\$24.7
Sales & Marketing	\$35.8	\$29.0
Research & Development	\$27.4	\$30.2
General & Administrative	\$18.8	\$20.9
Digital Asset Impairment	\$194.1	\$170.1
Total Non-GAAP Expenses	\$298.3	\$274.8

