



Q2 2022 Financial Results

August 2, 2022

MicroStrategy Q2 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.



Presenters and Agenda



Shirish Jajodia

Head of Investor Relations & Treasury

INTRODUCTION



Michael Saylor

Chairman & Chief Executive Officer

STRATEGIC REVIEW AND EXECUTIVE TRANSITION



Phong Le

President

OPERATIONAL RESULTS: Q2 2022



Andrew Kang

SEVP & Chief Financial Officer

FINANCIAL RESULTS: Q2 2022





Strategic Review

Presented by
Michael Saylor, Chairman & Chief Executive Officer

MicroStrategy Corporate Strategies



Business Analytics



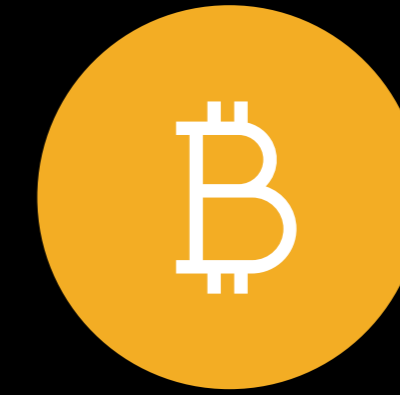
Who are we: MicroStrategy is the largest independent publicly-traded business intelligence company with the leading enterprise analytics platform



Corporate strategy: Maintain product leadership through modern, open, enterprise software and profitably grow the enterprise analytics business



Key metrics⁽¹⁾⁽²⁾: Over \$500 million annual revenue and 80%+ gross margin; 60%+ recurring revenue with ~95% renewal rates and a growing cloud business



Bitcoin



Who are we: MicroStrategy is the largest publicly-traded corporate holder of bitcoin in the world and the first public company to adopt bitcoin as primary treasury reserve asset



Corporate strategy: Acquire and hold bitcoin long-term; purchase bitcoin through use of excess cash flows, and debt and equity transactions



Key metrics⁽²⁾: Owner of ~129,699 bitcoins acquired at an average purchase price of \$30,664 per bitcoin, net of fees and expenses for an aggregate cost basis of \$4 billion

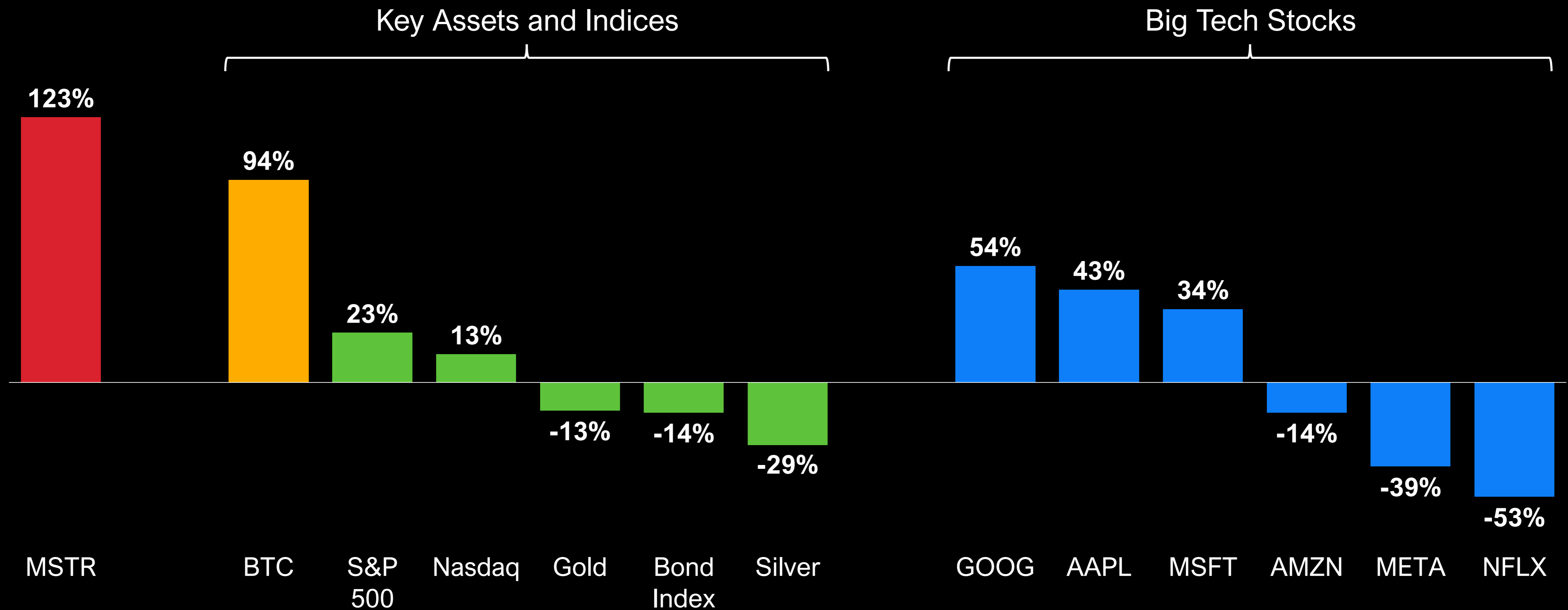
(1) Represent Trailing Twelve Months (“TTM”) metrics based on Q3 21 through Q2 22 actual results.
(2) As of June 30, 2022.



Q2 2022

MicroStrategy Stock Price Outperformance Since Adoption of Bitcoin Strategy

Percent change of stock price from August 10, 2020 to August 1, 2022



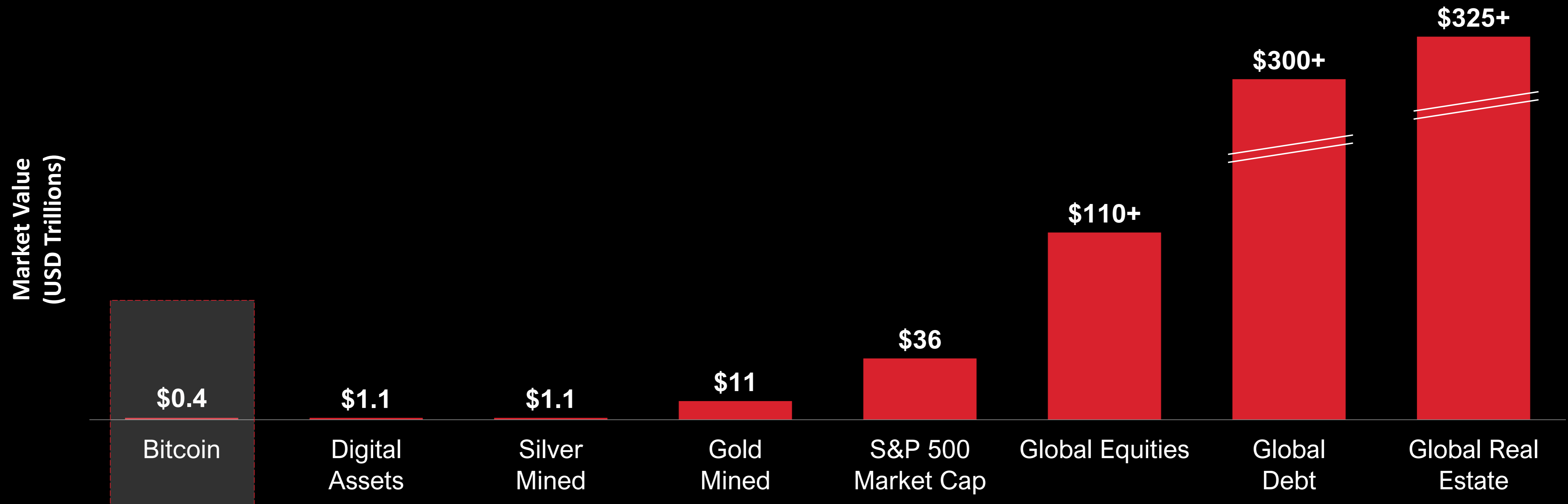
Source: FactSet and TradingView as of 4pm Eastern Time on August 1, 2022.



Q2 2022

We Believe it is Still Early; MicroStrategy has a Long-Term Time Horizon

Bitcoin is still a very small fraction of world assets



Source: Bloomberg and coinmarketcap.com as of 4pm Eastern Time on August 1, 2022.



MicroStrategy Executive Transition

As of March 31, 2022



Michael Saylor
Chairman & Chief Executive Officer



Phong Le
President & Chief Financial Officer

Effective as of August 8, 2022



Michael Saylor
Executive Chairman



Phong Le
President & Chief Executive Officer



Andrew Kang
Senior Executive VP & Chief Financial Officer





Operational Results

Presented by
Phong Le, President

Q2 2022

Financial Highlights

\$122.1M

Total Revenues, a decrease of **3%** YoY, or an increase of **2%** on a constant currency basis

\$34.1M

Total Software Licenses Revenues⁽¹⁾, an increase of **5%** YoY, or **8%** on a constant currency basis

\$14.0M

Subscription Services Revenues, an increase of **36%** YoY, or **40%** on a constant currency basis

\$20.1M

Current Subscription Billings⁽²⁾, an increase of **51%** 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.



Q2 2022

MicroStrategy Ranked #1 in the Enterprise Analytics Use Case

1 Enterprise Analytics

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

2 Embedded Analytics

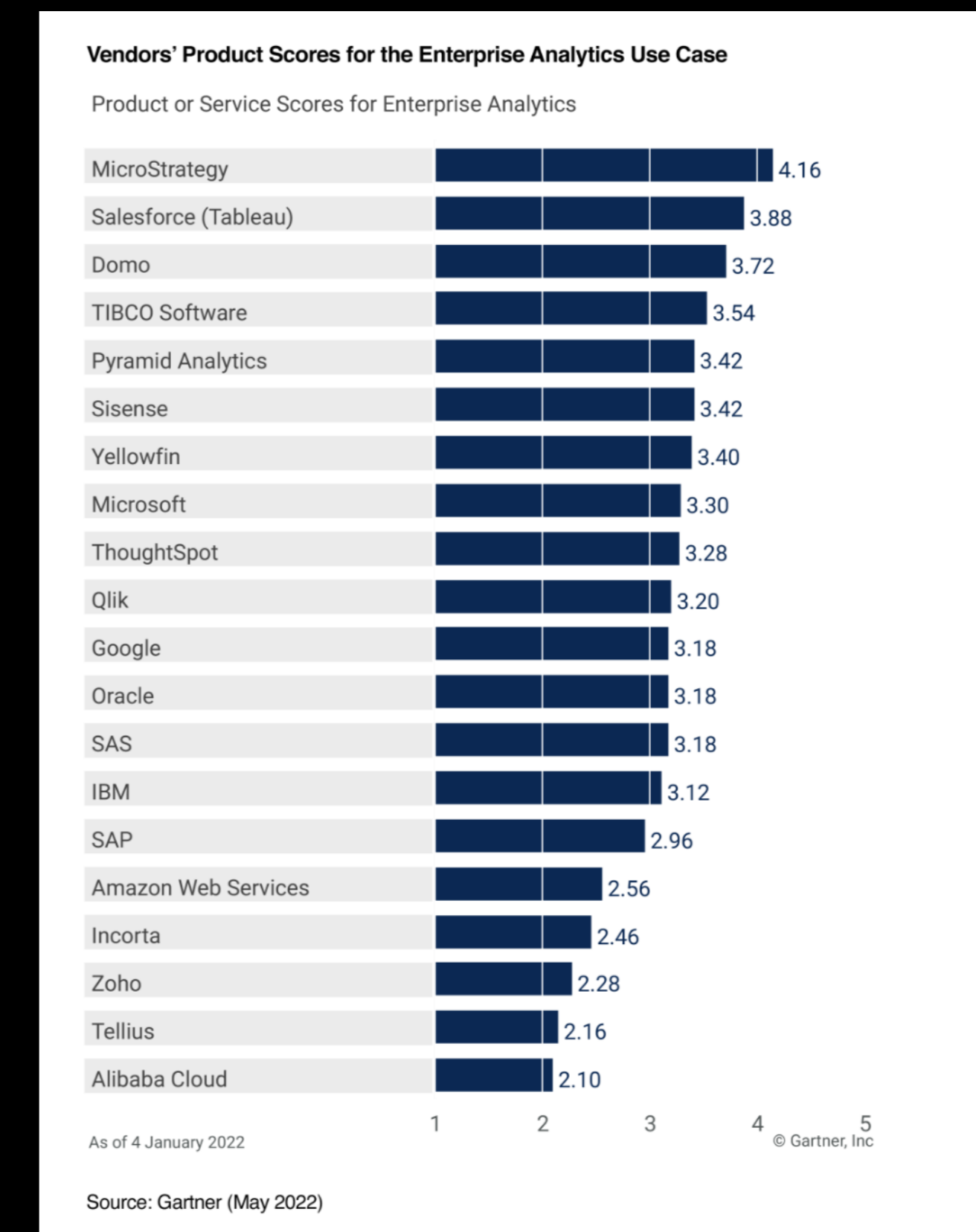
- Develop differentiated, developer focused solutions for embedded analytics and technology companies
- Target this market for aggressive share gains

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

Gartner Critical Capabilities

#1 in Enterprise Analytics



Source: Gartner (May 2022).



Q2 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.



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.

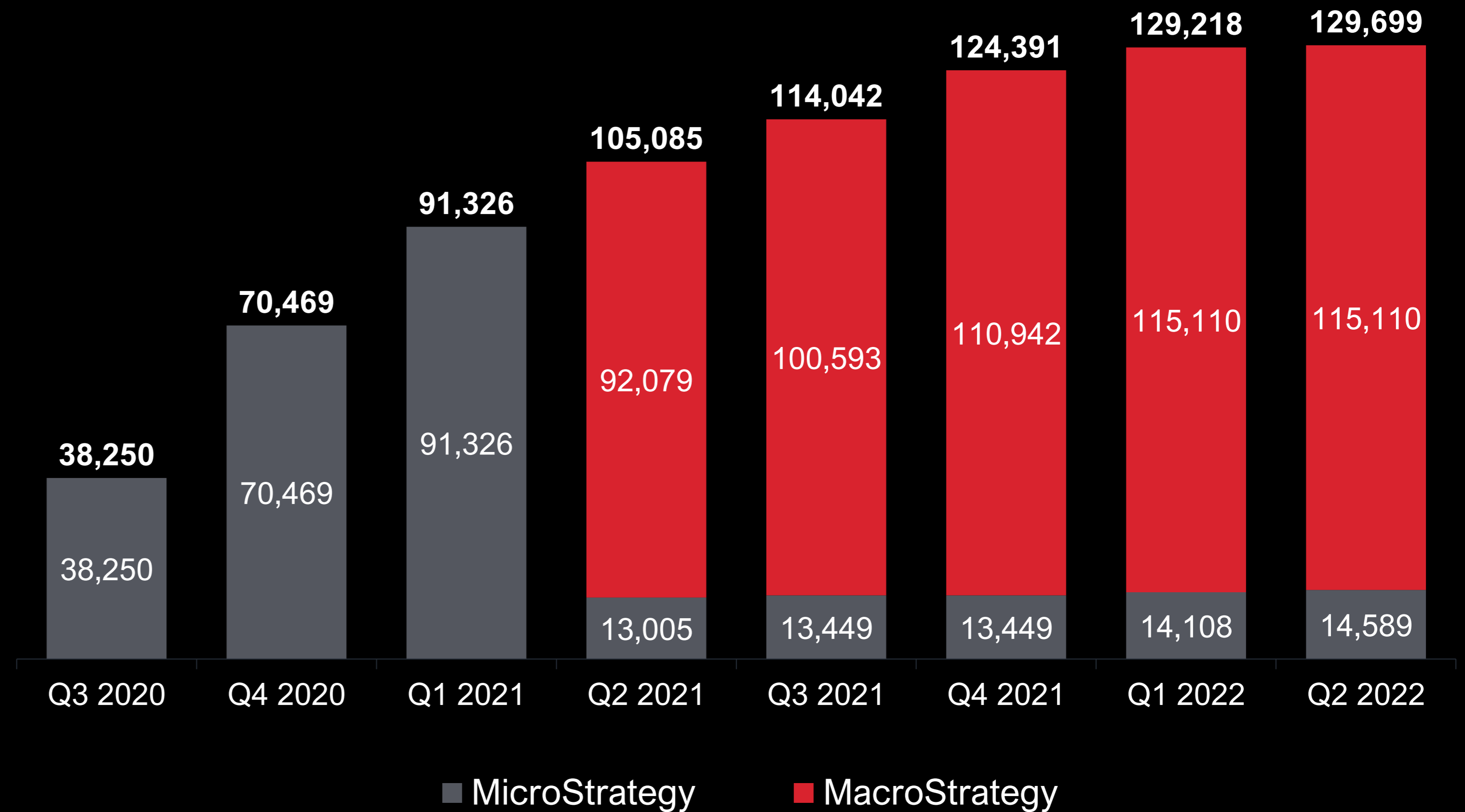


Q2 2022

Bitcoin Highlights

- In Q2, we purchased ~481 bitcoins for \$10 million at an average purchase price of ~\$20,790 per bitcoin, net of fees and expenses
- As of June 30, 2022, the Company holds 129,699 bitcoins acquired for a total cost of \$4 billion, or \$30,664 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 interest payments
 - No near-term debt maturities

Approximate Number of Bitcoins Held at End of Quarter





Financial Results

Presented by
Andrew Kang, Senior Executive VP & Chief Financial Officer

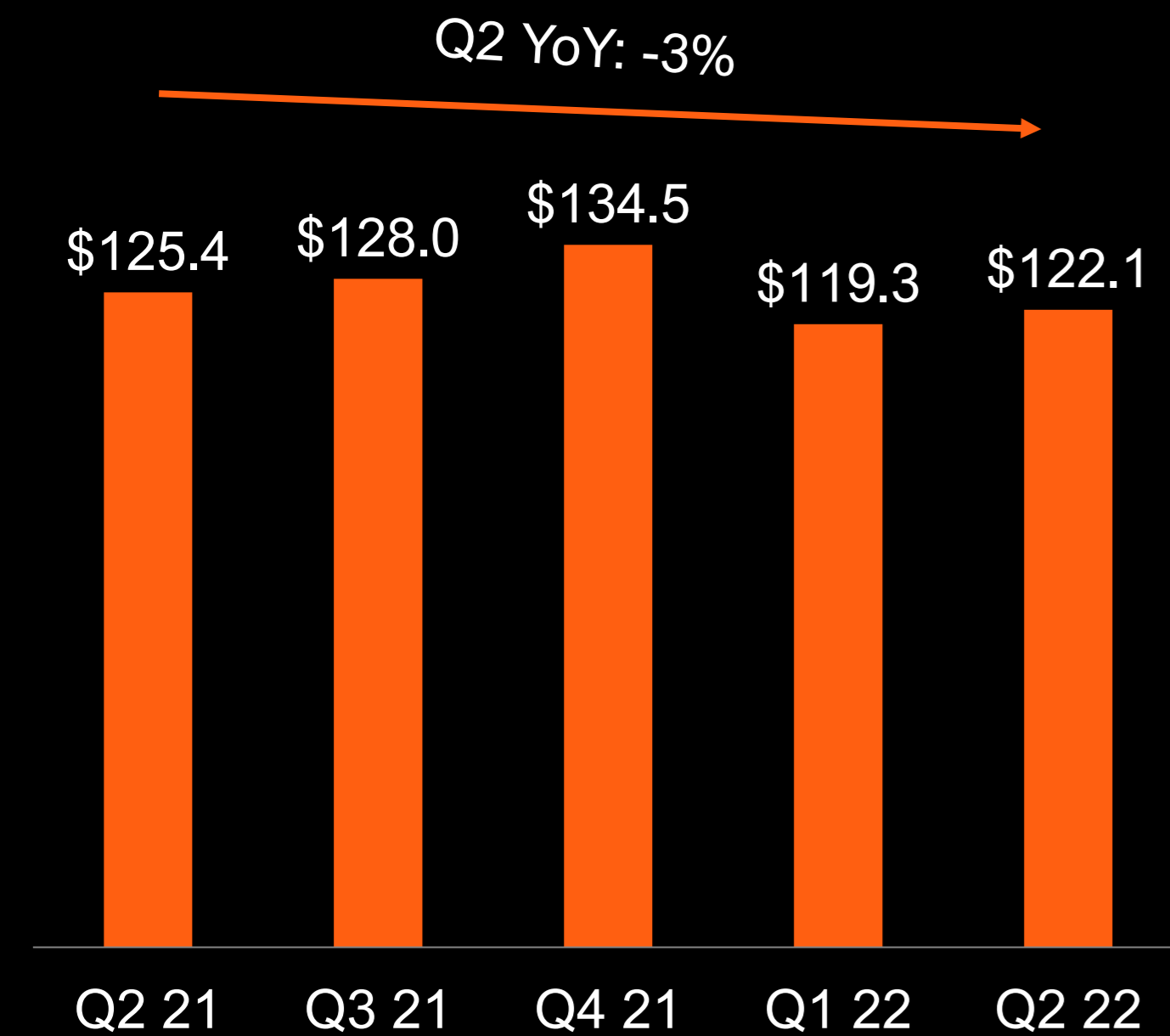
Q2 2022

Revenue Components

(\$ in Millions)

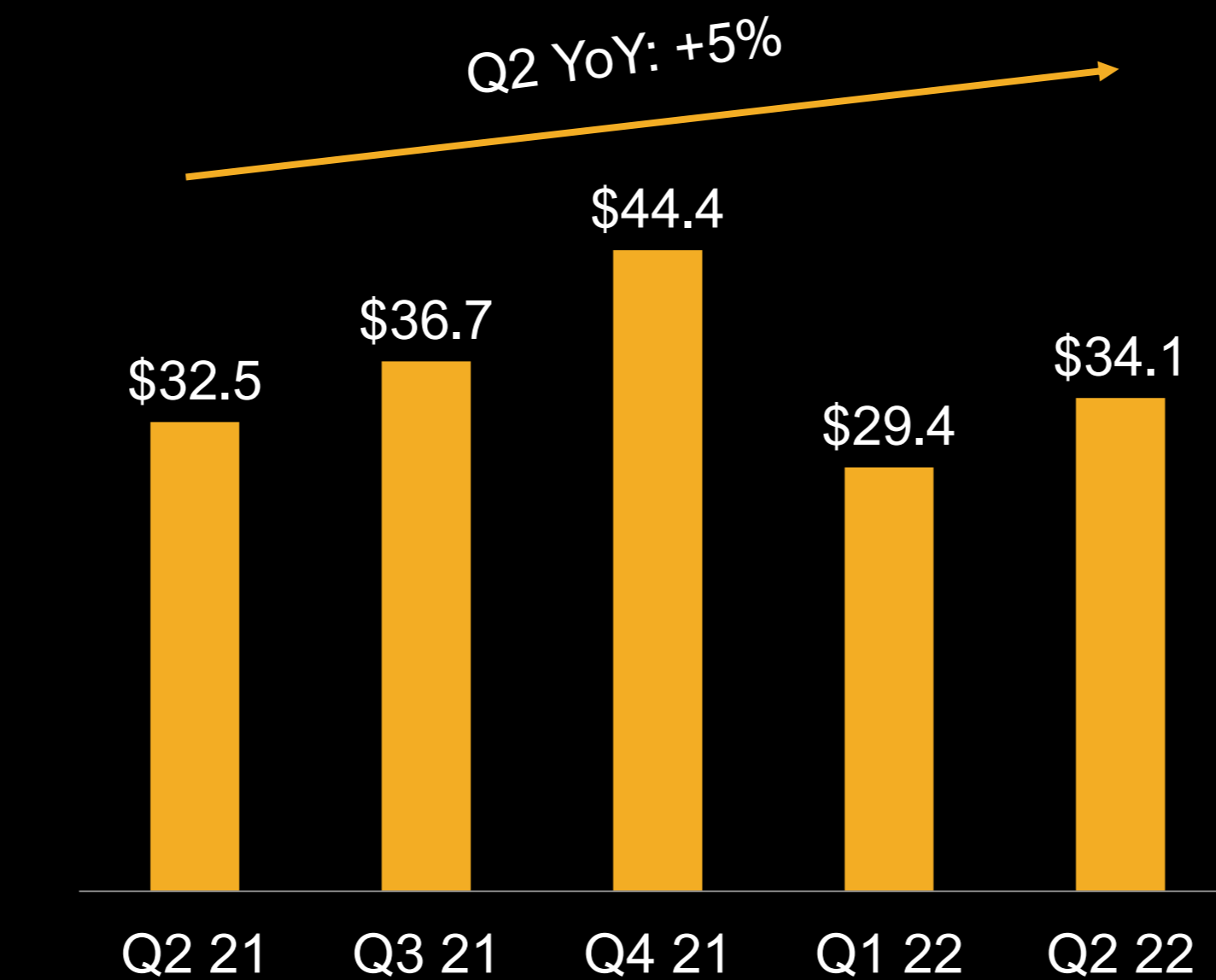
Total Revenues

Q2 2022: **-3%** YOY
Constant FX: **+2%** YOY



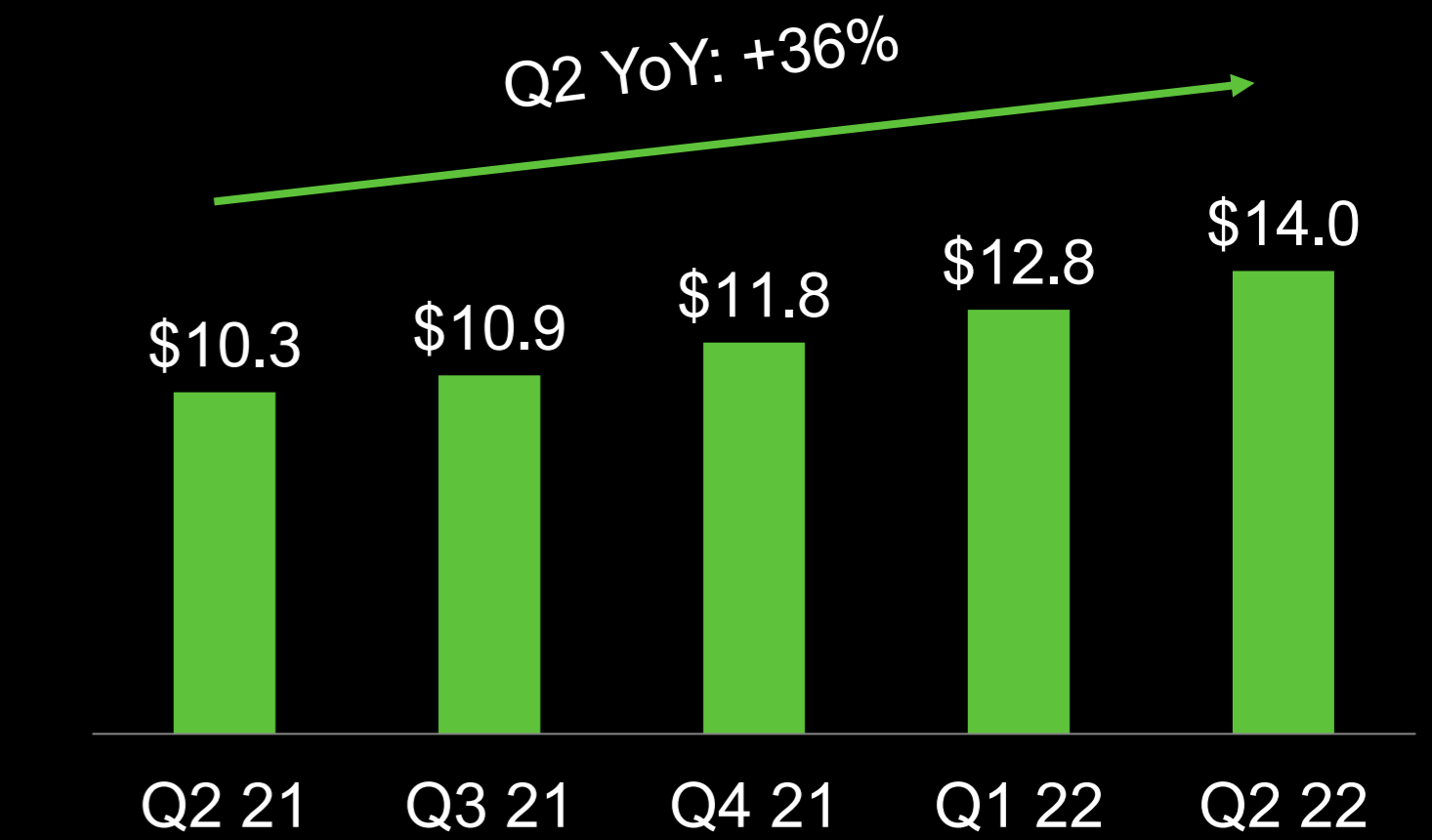
Total Software Licenses Revenues⁽¹⁾

Q2 2022: **+5%** YOY
Constant FX: **+8%** YOY



Subscription Services Revenues

Q2 2022: **+36%** YOY
Constant FX: **+40%** YOY



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

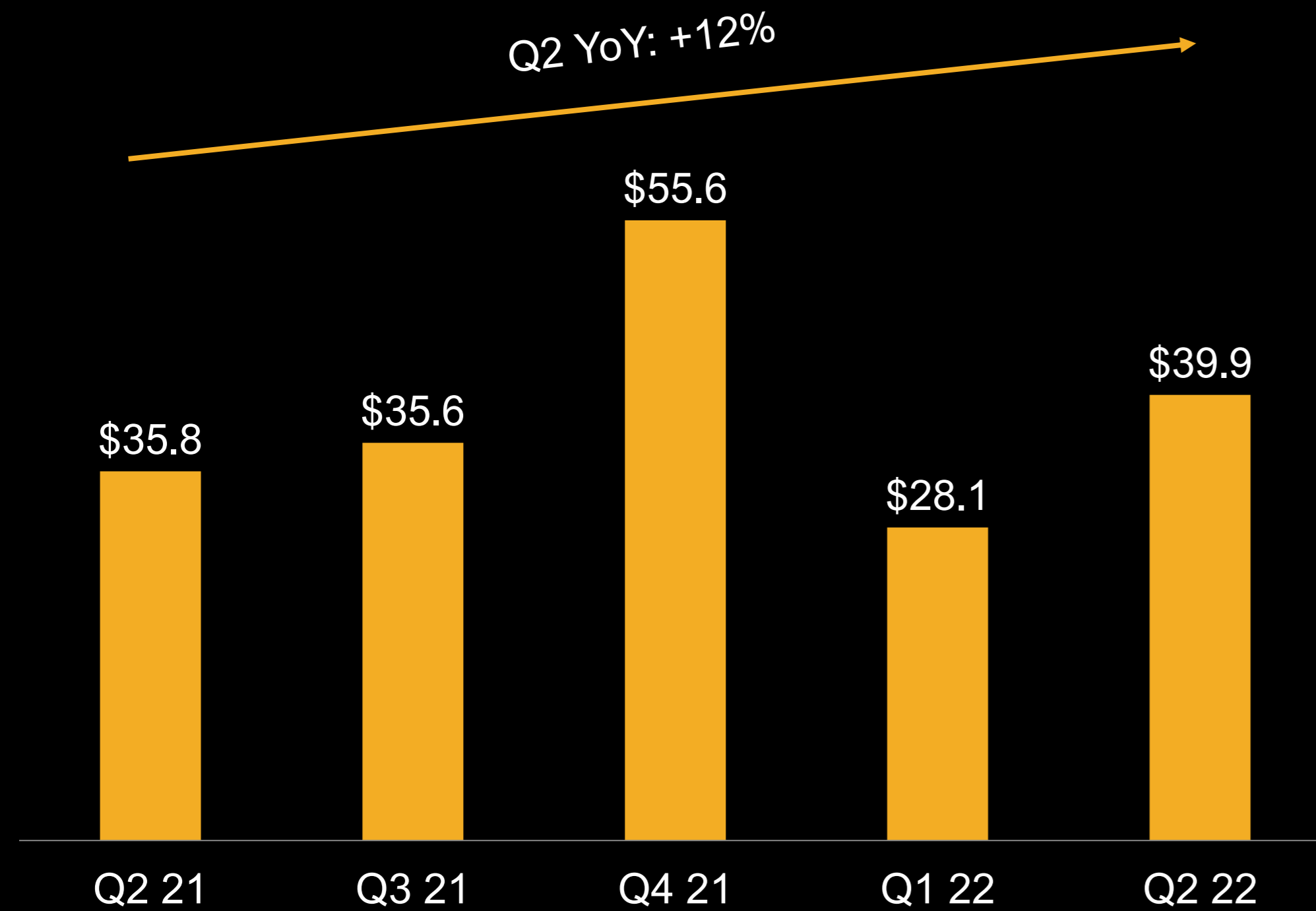


Q2 2022

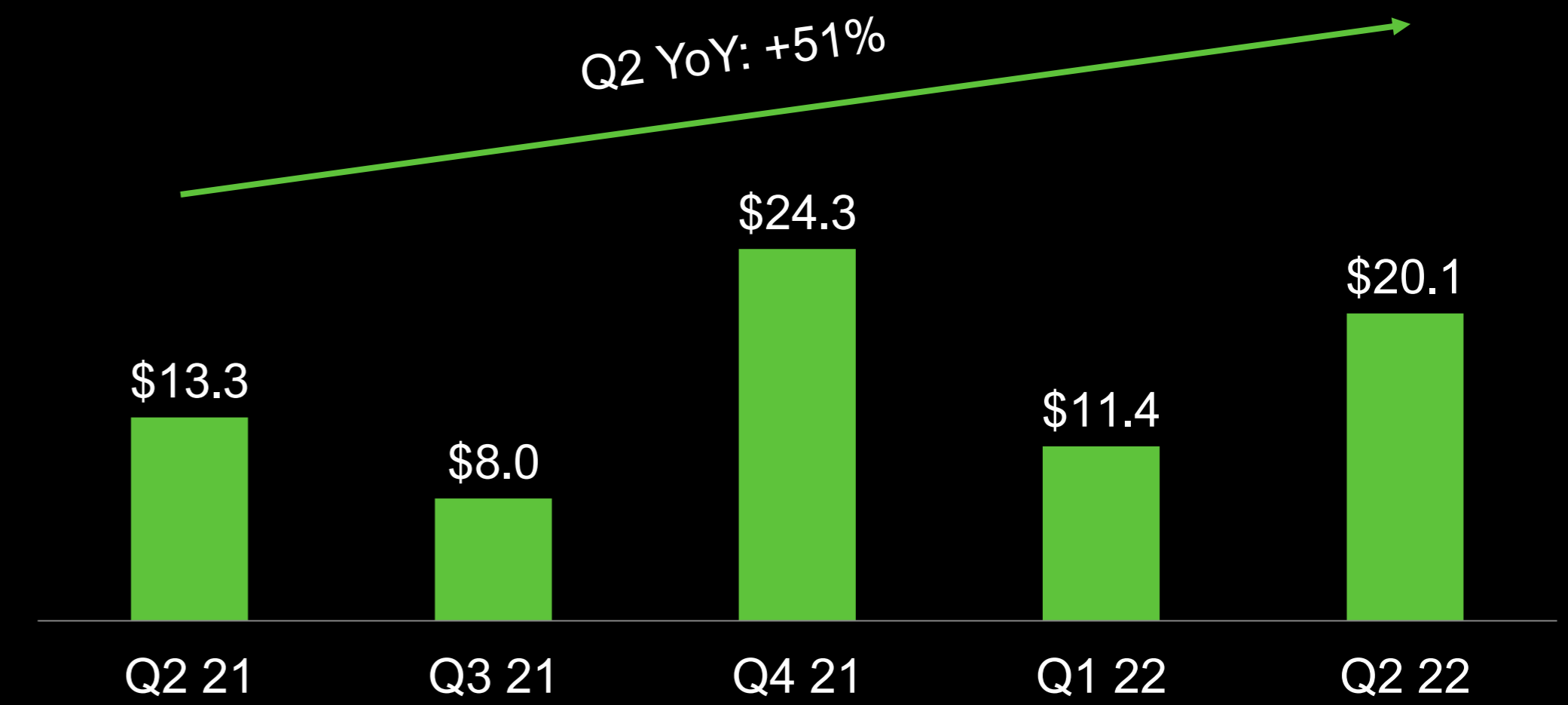
Billings Components

(\$ in Millions)

Current Software Licenses Billings



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.

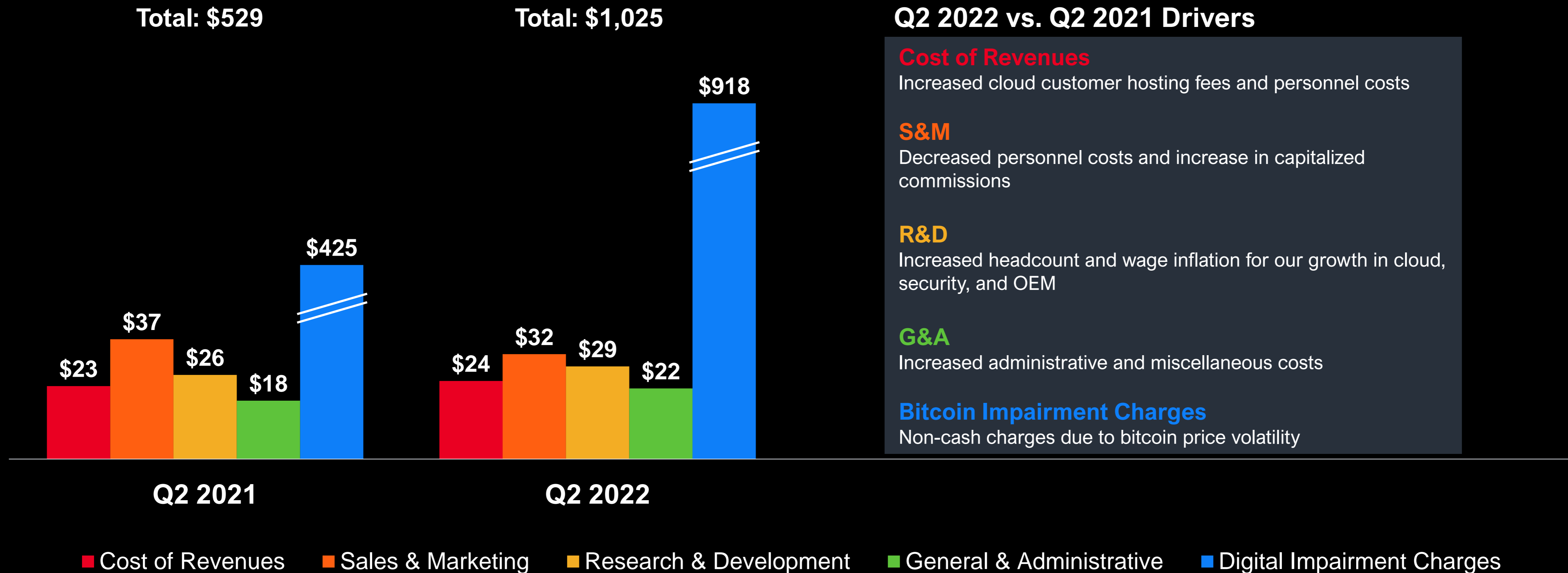


Q2 2022

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.

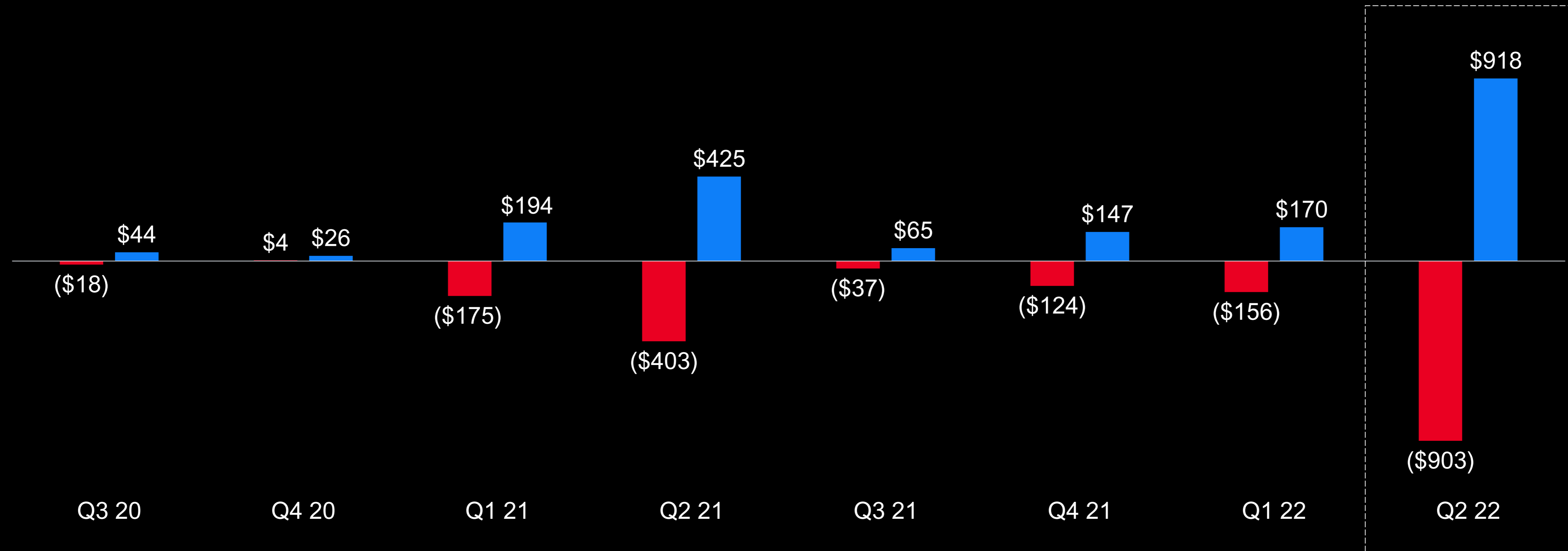


Q2 2022

Non-GAAP Operating Income (Loss)

(\$ in Millions)

■ Non-GAAP Operating Income (Loss) ■ Digital Asset Impairment Charges



- Q2 2022 non-GAAP operating loss was \$903 million and non-cash digital asset impairment charge was \$918 million

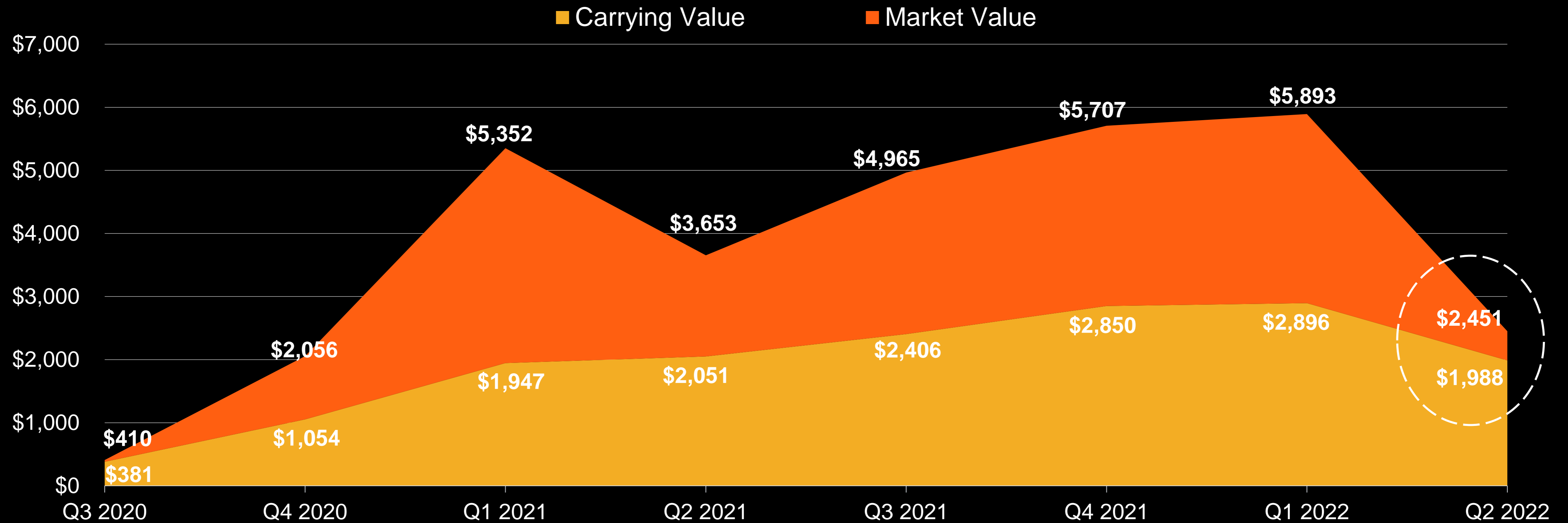
Please refer to the Appendix for a reconciliation of non-GAAP Operating Income (Loss).



Q2 2022

Bitcoin 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

- Core business is 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)
Debt	Senior Secured Notes	Jun 2028 ⁽¹⁾	\$500	6.125%	\$30.6
	Bitcoin-Backed Loan	Mar 2025	\$205	~4.800% ⁽²⁾	~\$9.8 ⁽²⁾
Converts	Convertible Senior Notes	Dec 2025	\$650	0.750%	\$4.9
		Feb 2027	\$1,050	0.000%	\$0.0
	Subtotal⁽³⁾:		\$2,405	1.885%	\$45.3
Equity	Equity Issuance	NA	\$1,000	NA	NA
	Total :		\$3,405		

(1) Please refer to the Q2 2022 10-Q for the springing maturity provisions that may impact the maturity date of the senior secured notes.

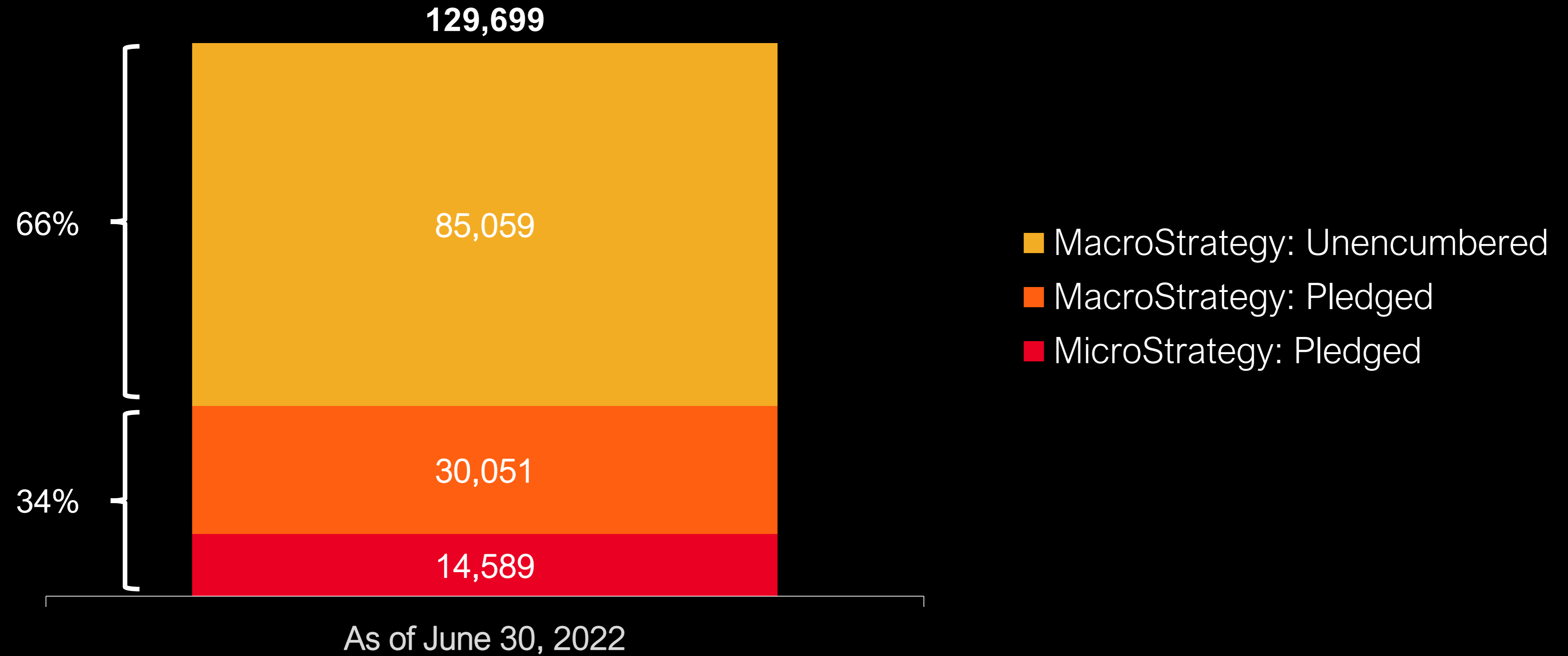
(2) Represents approximate interest rate as of 6/30/22. The annual interest rate is floating based on SOFR30DAYAVG + 3.70% and the annual interest expense will be floating accordingly.

(3) Excludes \$11M of other long-term secured debt. Please refer to the Q2 2022 10-Q for further detail.



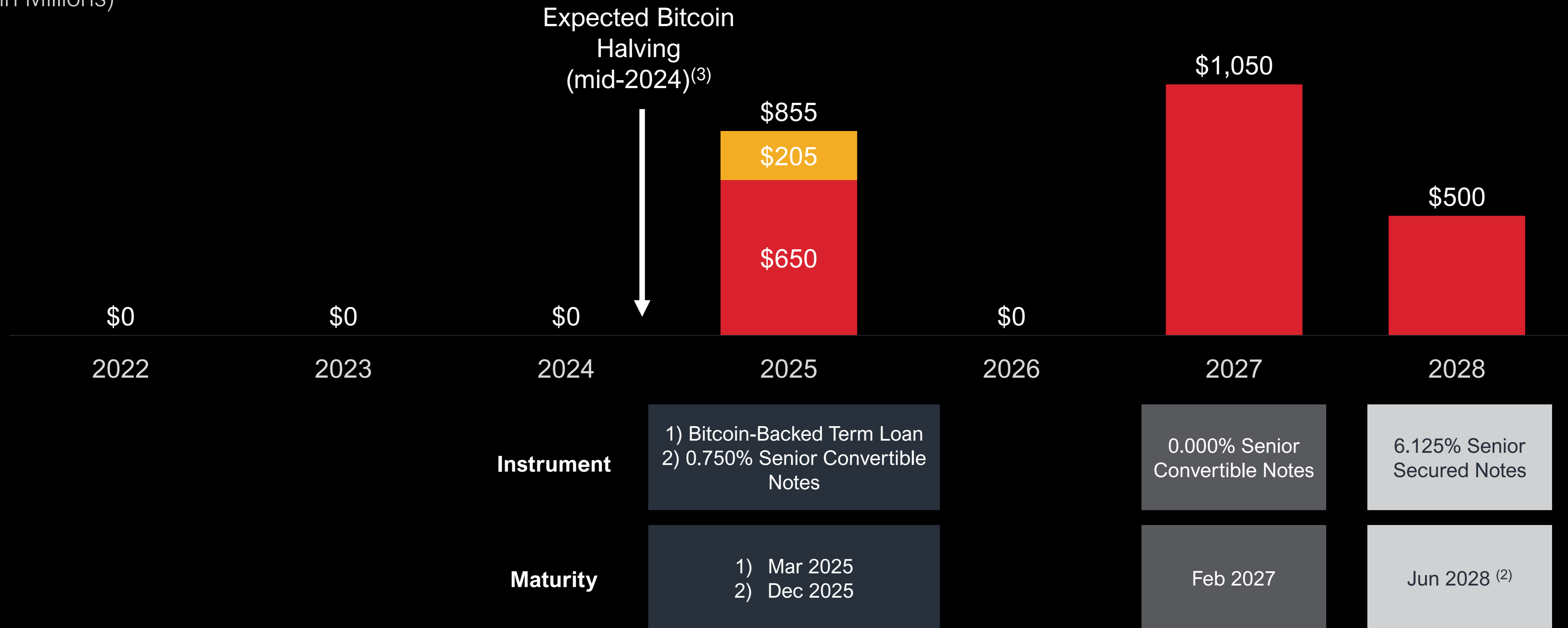
Q2 2022

Current Bitcoin Holdings



Balance Sheet – Principal Debt Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes \$11M of other long-term secured debt. Please refer to the Q2 2022 10-Q for further detail.

(2) Please refer to the Q2 2022 10-Q for the springing maturity provisions that may impact 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.





Appendix

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



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

Reconciliation of subscription services revenues to current subscription billings

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

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

Reconciliation of total non-GAAP expenses

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

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



MicroStrategy Q2 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total non-GAAP expenses

	Q2 21	Q2 22
GAAP Expenses		
Cost of Revenues	\$23.0	\$25.2
Sales & Marketing	\$40.3	\$36.9
Research & Development	\$28.5	\$31.8
General & Administrative	\$22.9	\$28.5
Digital Asset Impairment	\$424.8	\$917.8
Total GAAP Expenses	\$539.6	\$1,040.2
Share-Based Compensation		
Cost of Revenues	\$0.5	\$1.0
Sales & Marketing	\$3.3	\$4.4
Research & Development	\$2.5	\$3.1
General & Administrative	\$4.9	\$6.7
Total Share-Based Compensation	\$11.1	\$15.3
Non-GAAP Expenses		
Cost of Revenues	\$22.6	\$24.2
Sales & Marketing	\$37.1	\$32.4
Research & Development	\$26.0	\$28.7
General & Administrative	\$18.1	\$21.8
Digital Asset Impairment	\$424.8	\$917.8
Total Non-GAAP Expenses	\$528.5	\$1,024.9

