



Q4 2021 Financial Results

February 1, 2022

MicroStrategy Q4 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.



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Enterprise Analytics

- Global trends in enterprise analytics
- Embedded analytics
- Cloud analytics
- Customer success stories
- Industry specific solutions

Featured customers



Bitcoin for Corporations

- Keynote
- Bitcoin treasury
- Bitcoin products and services
- Bitcoin outlook
- Strategic vendors and offerings



FY 2021

Financial highlights

Operations

\$510.8M

Total Revenues, an increase of **6%** YoY; positive annual growth for the first time since **2014**

\$101.8M

Product Licenses Revenues, an increase of **17%** YoY; positive annual growth for the first time since **2013**

\$43.1M

Subscription Services Revenues, an increase of **30%** YoY

\$55.4M

Annual Subscription Billings, an increase of **39%** YoY

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

Balance Sheet

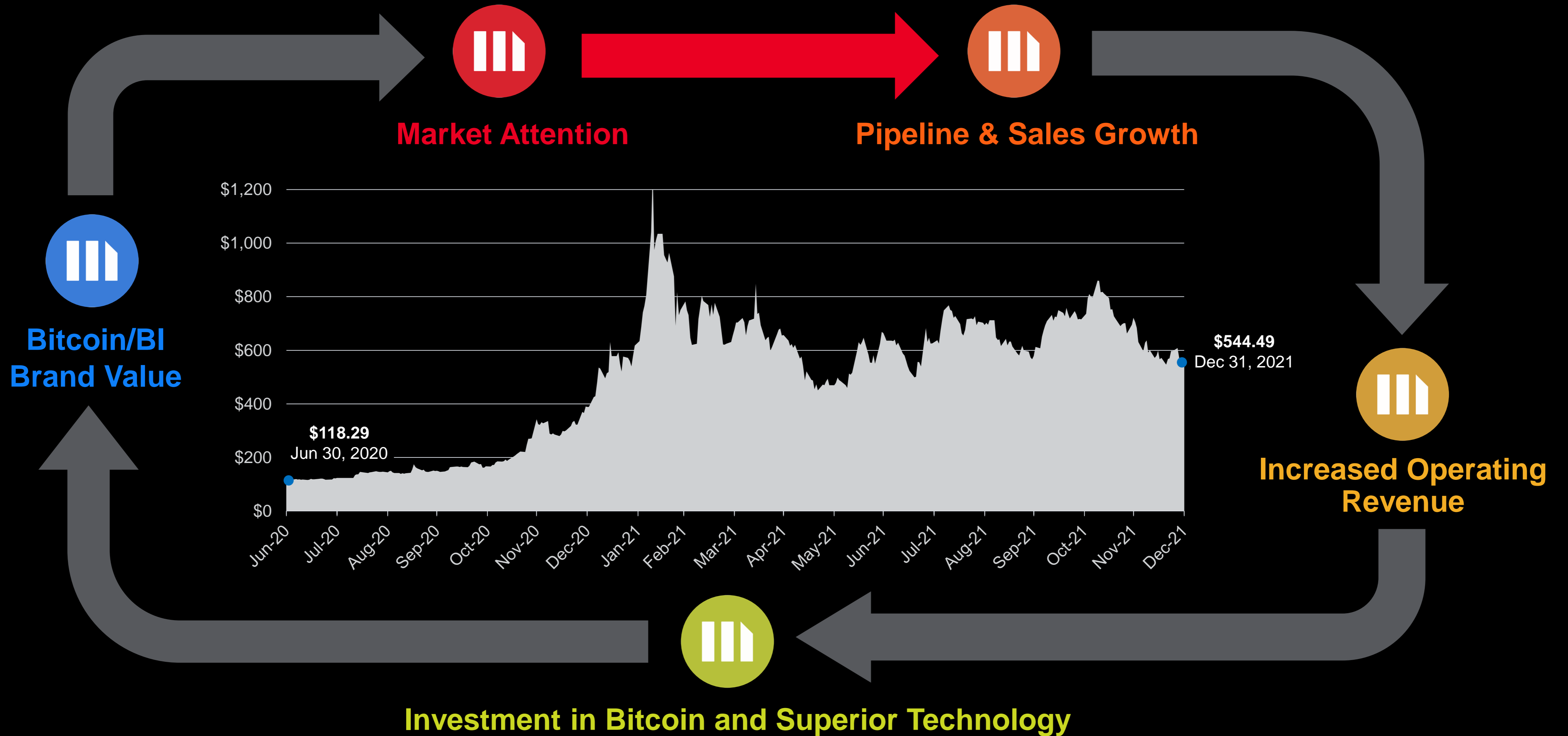
~53,922

Bitcoins acquired in 2021 at an aggregate cost of **~\$2.6** billion at average purchase price of **~\$48,710** per bitcoin, inclusive of fees and expenses



Bitcoin + BI Synergy

Advantage of a virtuous “bitcoin + BI” flywheel



Q4 2021

Financial highlights

\$134.5M

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

\$11.8M

Subscription Services Revenues, an increase of **35%** YoY, also **35%** on a constant currency basis

\$124.3M

Non-GAAP Operating Loss

\$32.5M

Product Licenses Revenues, an increase of **9%** YoY, or **13%** on a constant currency basis

\$24.3M

Current Subscription Billings, an increase of **53%** YoY

\$146.6M

Bitcoin Impairment Expenses

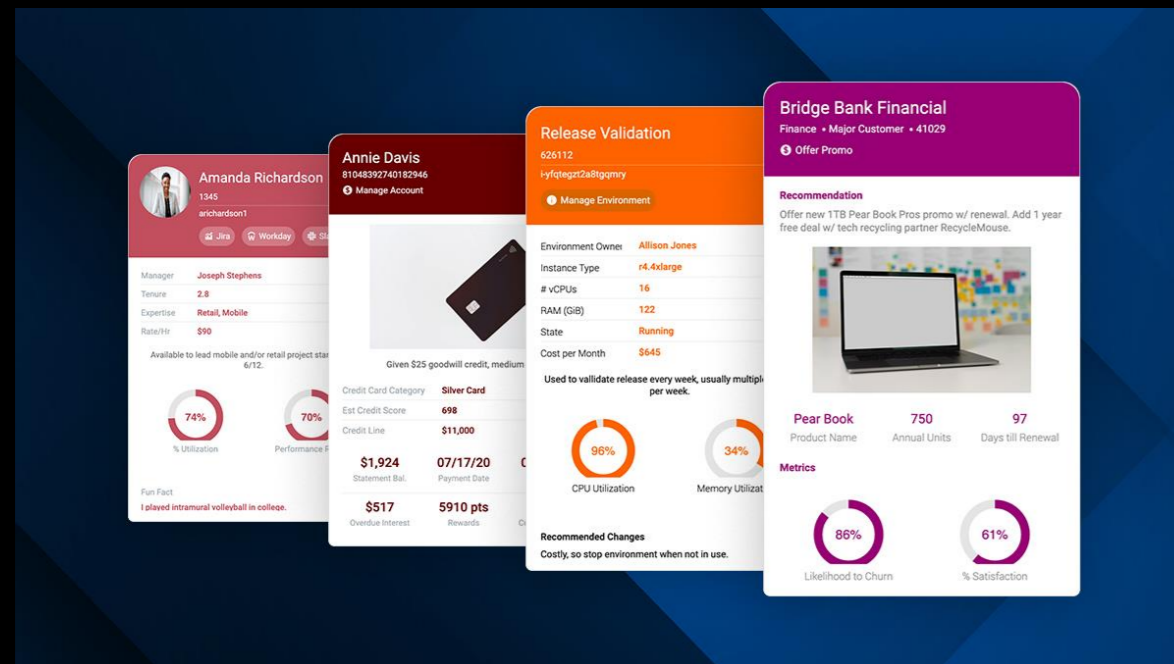
Please refer to the Appendix for a reconciliation of Non-GAAP Operating Expenses, and Subscription Services Revenues to Current Subscription Billings.



Q4 2021

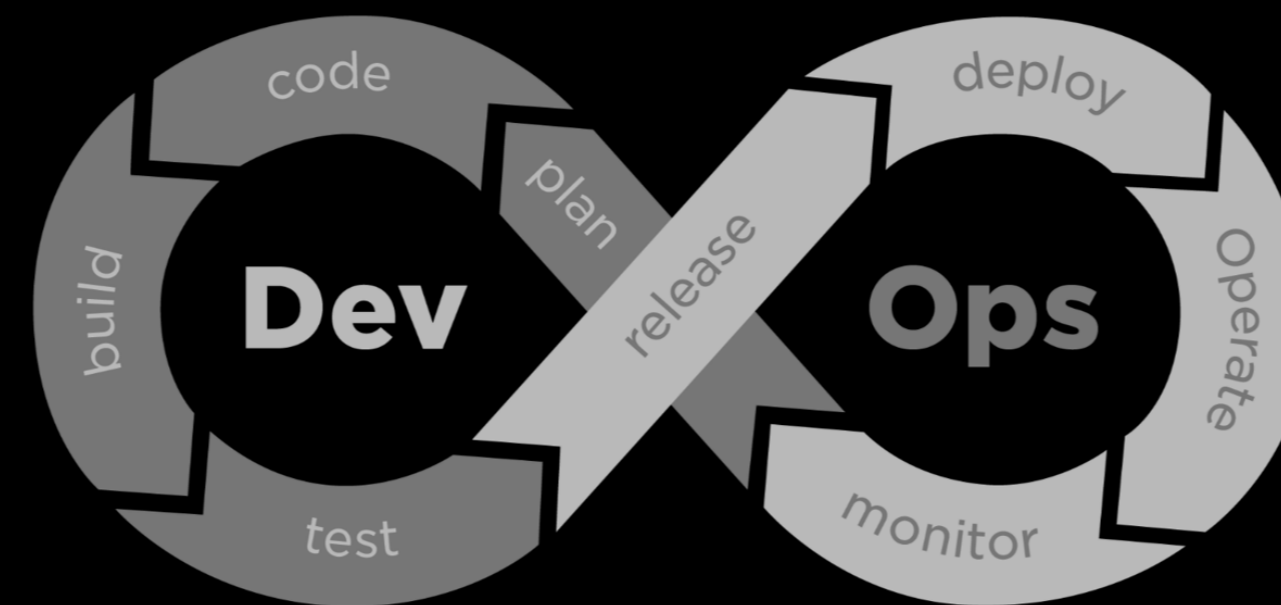
Business intelligence growth focus

1 Enterprise Analytics



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

2 OEM



- Develop differentiated, developer focused solutions for OEMs 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



Q4 2021

Bitcoin highlights

Key Stats

~10,349

Bitcoins acquired at an aggregate cost of ~\$591M at average purchase price of ~\$57,113 per bitcoin, inclusive of fees and expenses

~\$596M

Equity issued through our previously announced ATM shelf offering, selling 858,588 Class A common shares at an average gross price of ~\$694 per share

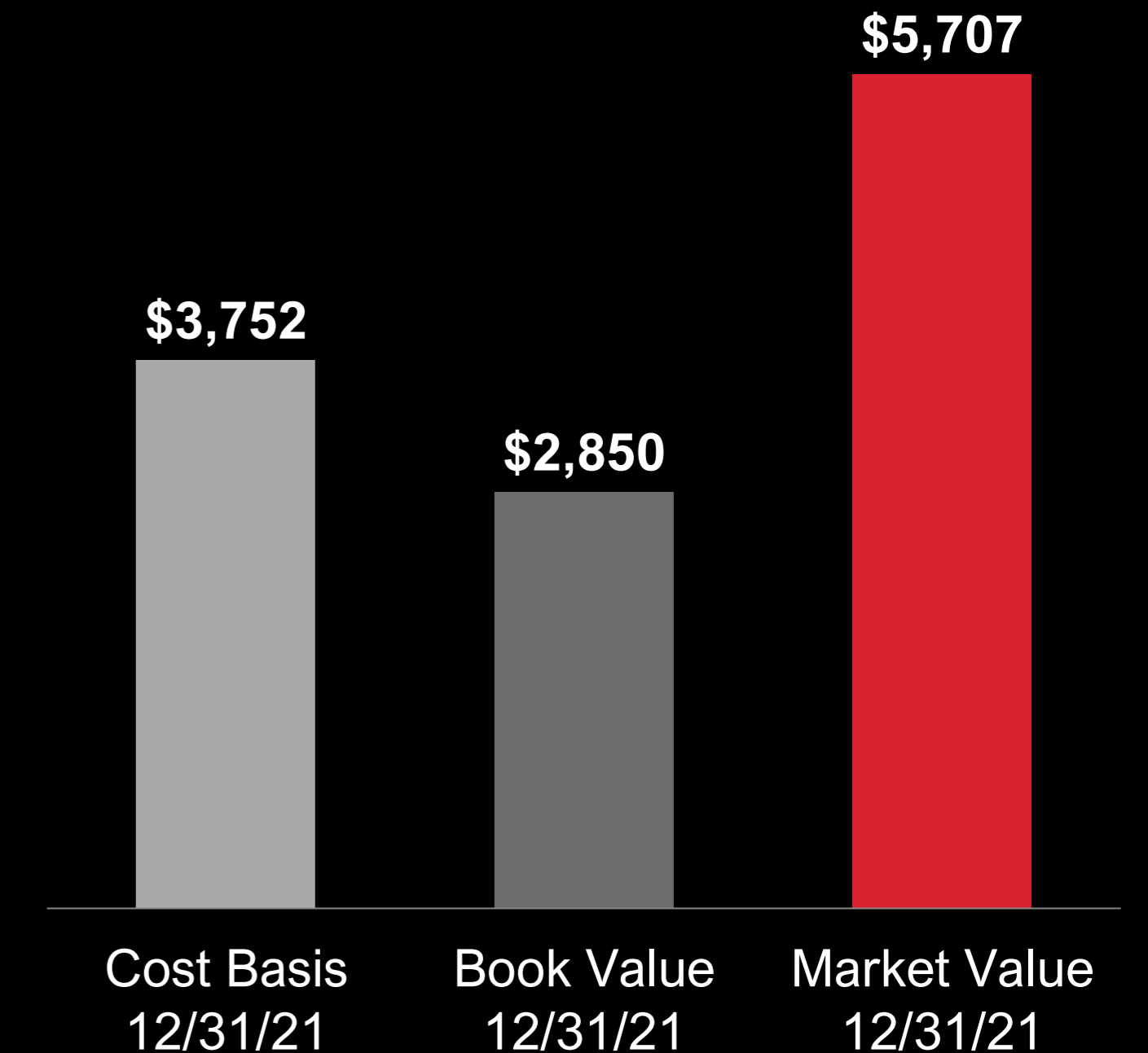
~124,391

Bitcoins held as of 12/31/21 at an aggregate cost of \$3.8B and carrying value of \$2.9B, reflecting ~\$901M in cumulative impairment charges

~\$5.7B

Market value of the company's bitcoin holdings as of 12/31/21 ⁽¹⁾

Bitcoin Value (\$M)



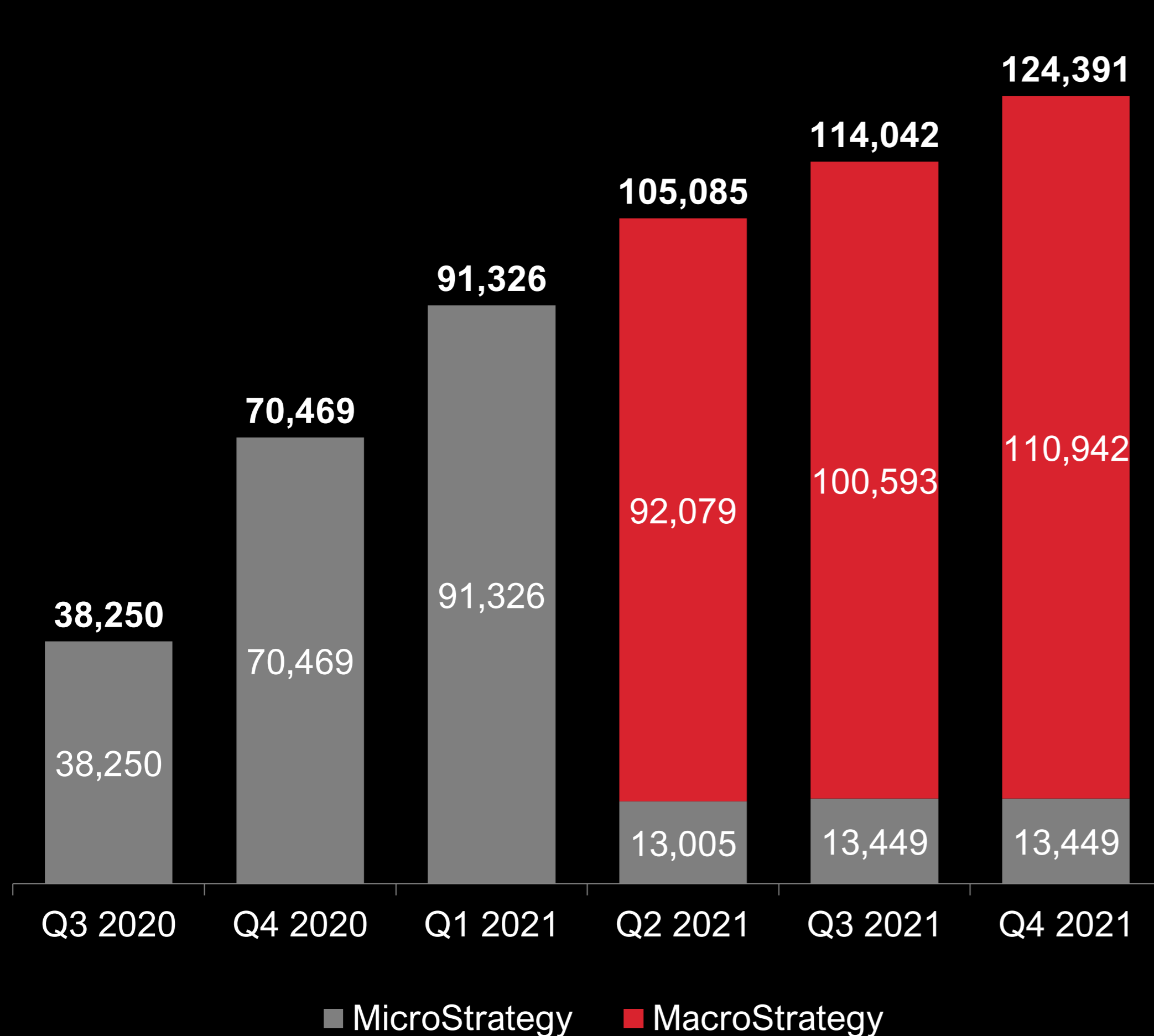
(1) The market value represents a mathematical calculation consisting of the market price of one bitcoin on the Coinbase exchange as of 4pm Eastern Time on 12/31/21, multiplied by the number of bitcoins held.



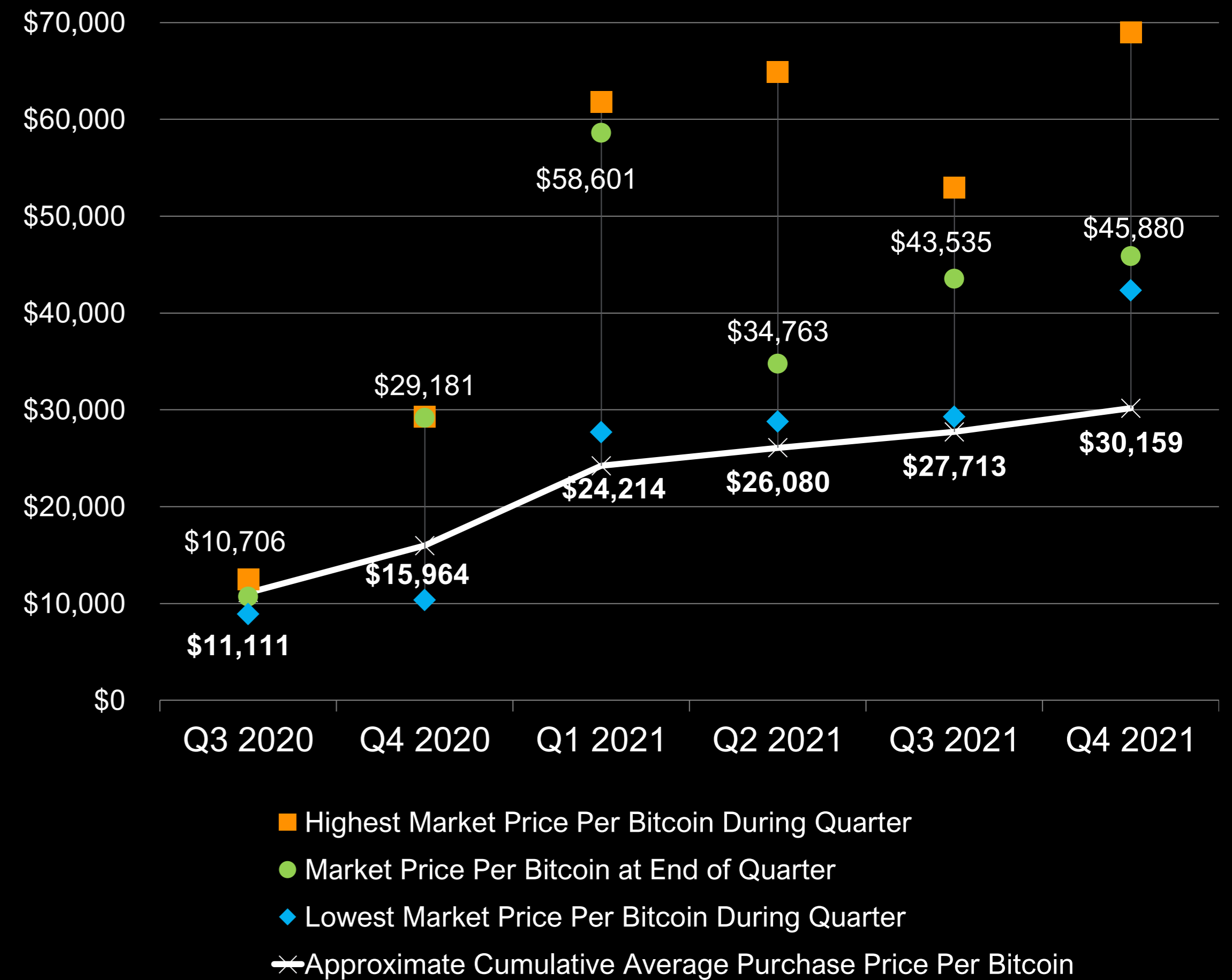
Q4 2021

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.



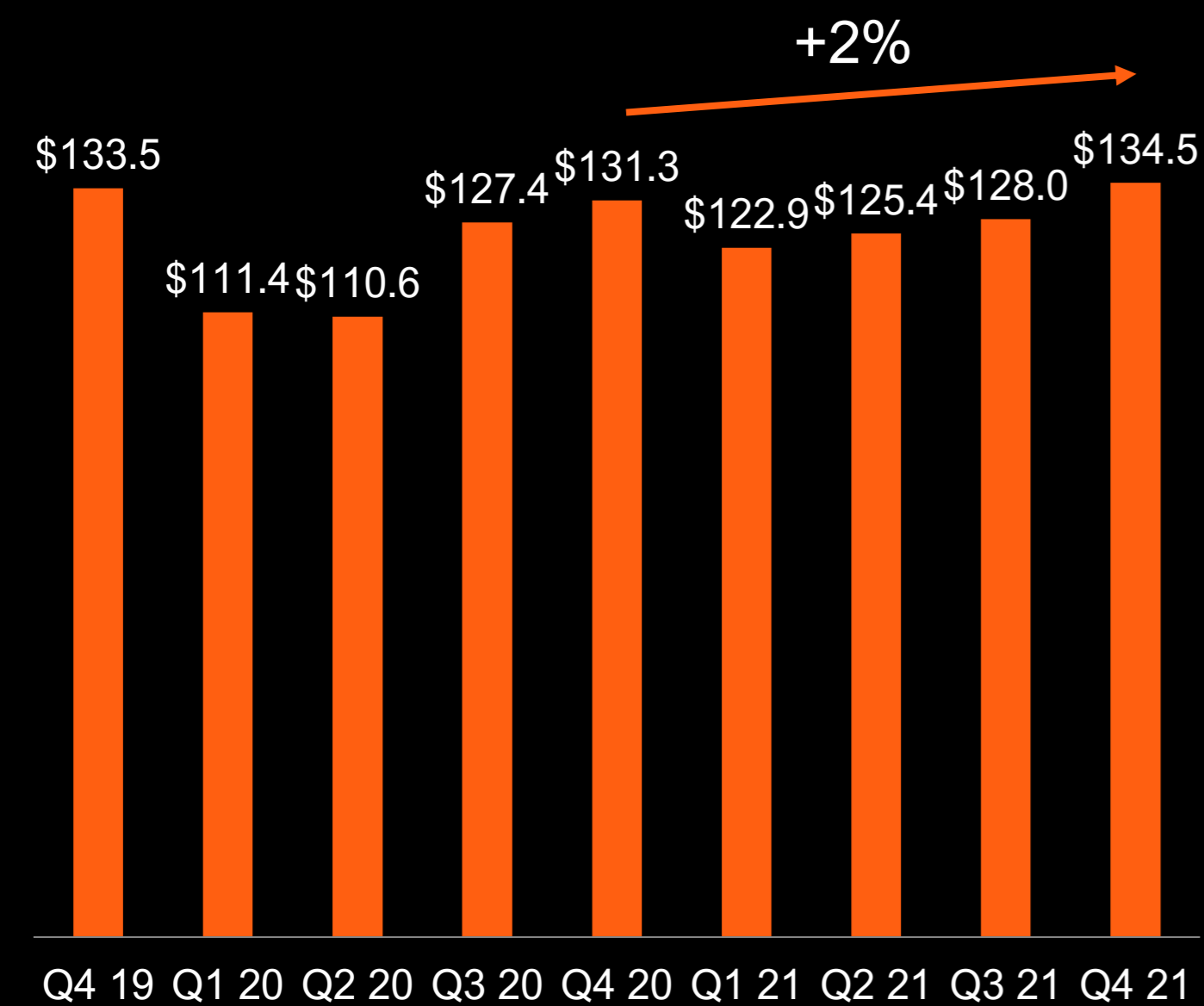
Q4 2021

Financial highlights – Revenue

(\$ in Millions)

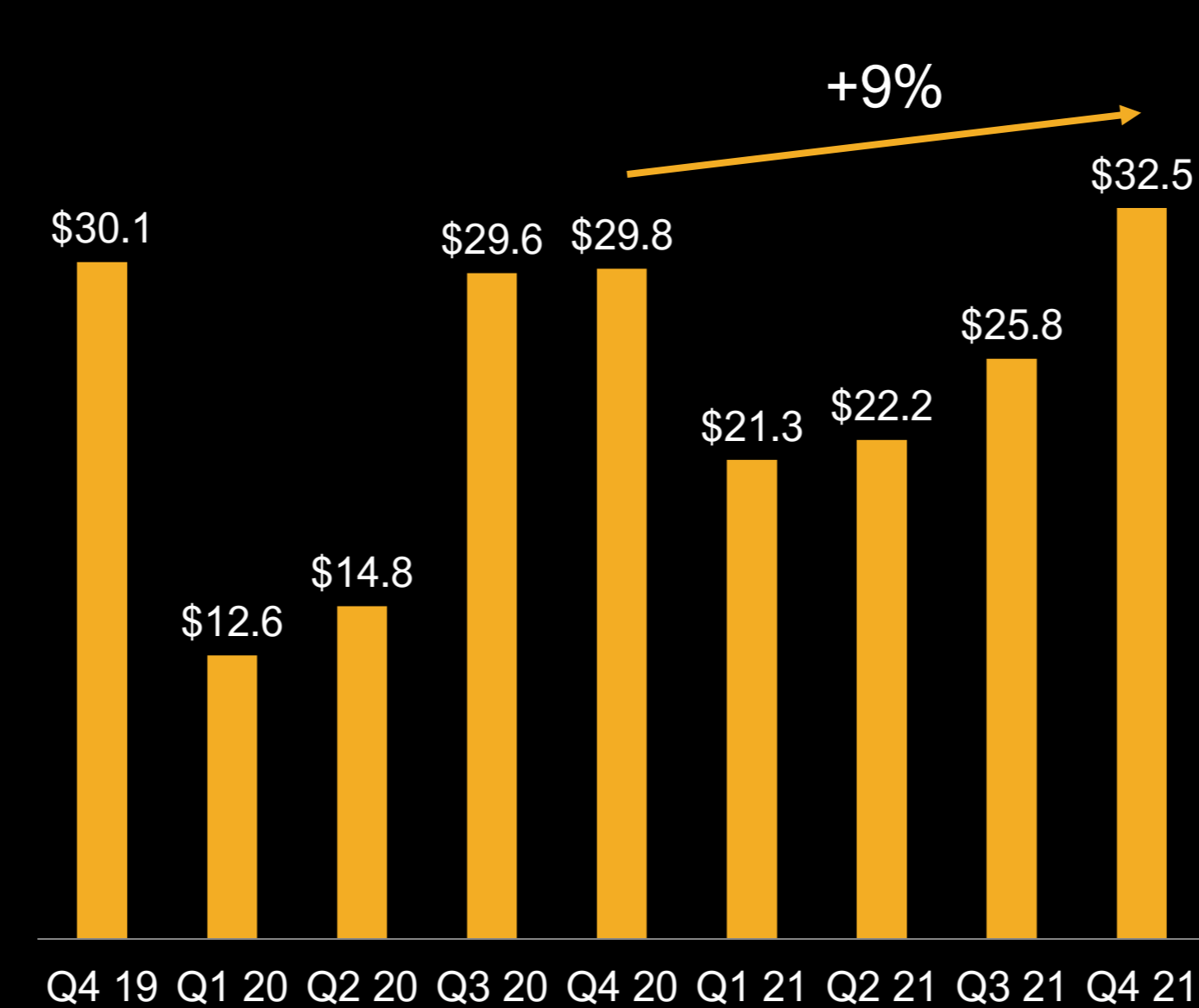
Total Revenues

Q4 2021: **+2%** YOY
FY 2021: **+6%** YOY



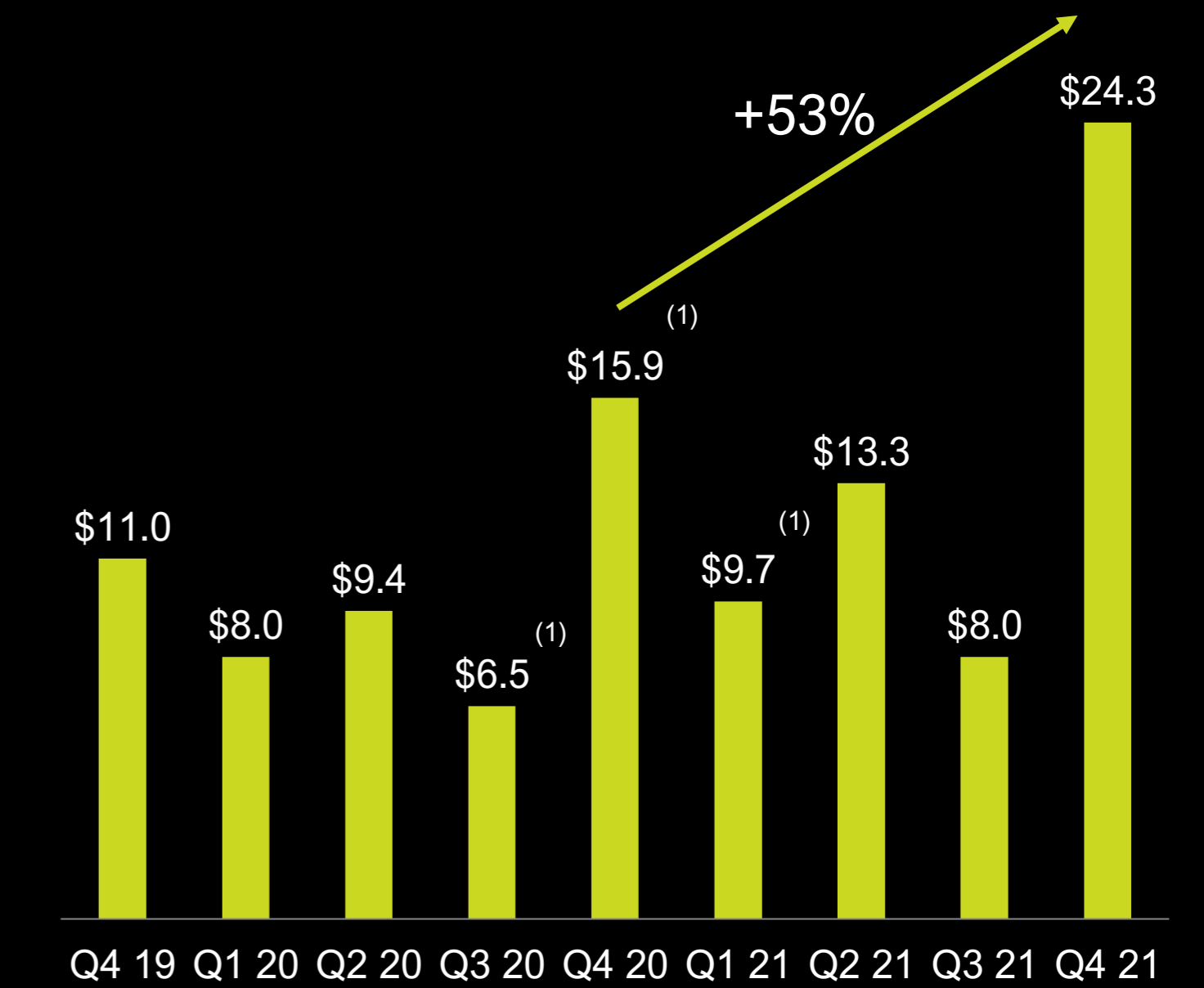
Product Licenses Revenues

Q4 2021: **+9%** YOY
FY 2021: **+17%** YOY



Current Subscription Billings

Q4 2021: **+53%** YOY
FY 2021: **+39%** 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.

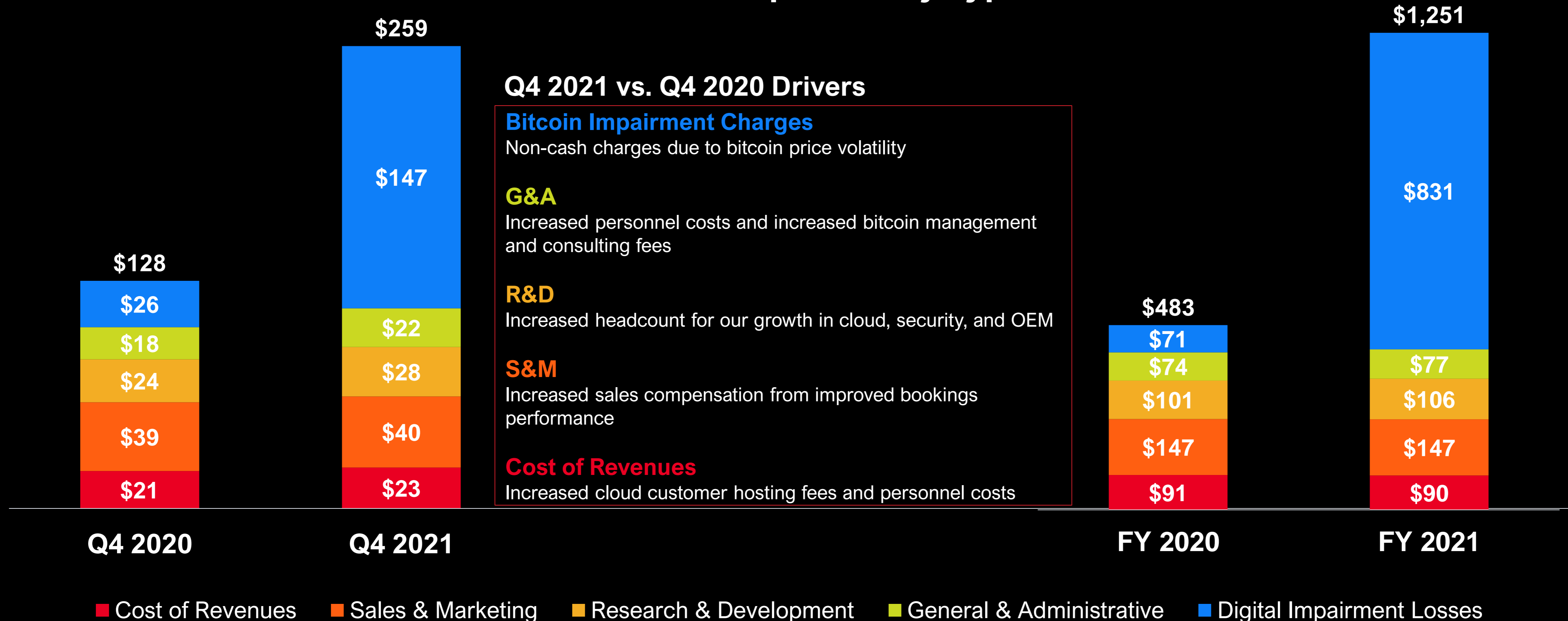


Q4 2021

Financial highlights – 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.



Q4 2021

Financial highlights – Operating income (loss)

(\$ in Millions)

■ Non-GAAP Operating Income (Loss)

■ Digital Asset Impairment Charges



- Q4 2021 non-GAAP operating loss was \$124.3 million and non-cash digital asset impairment charge was \$146.6 million

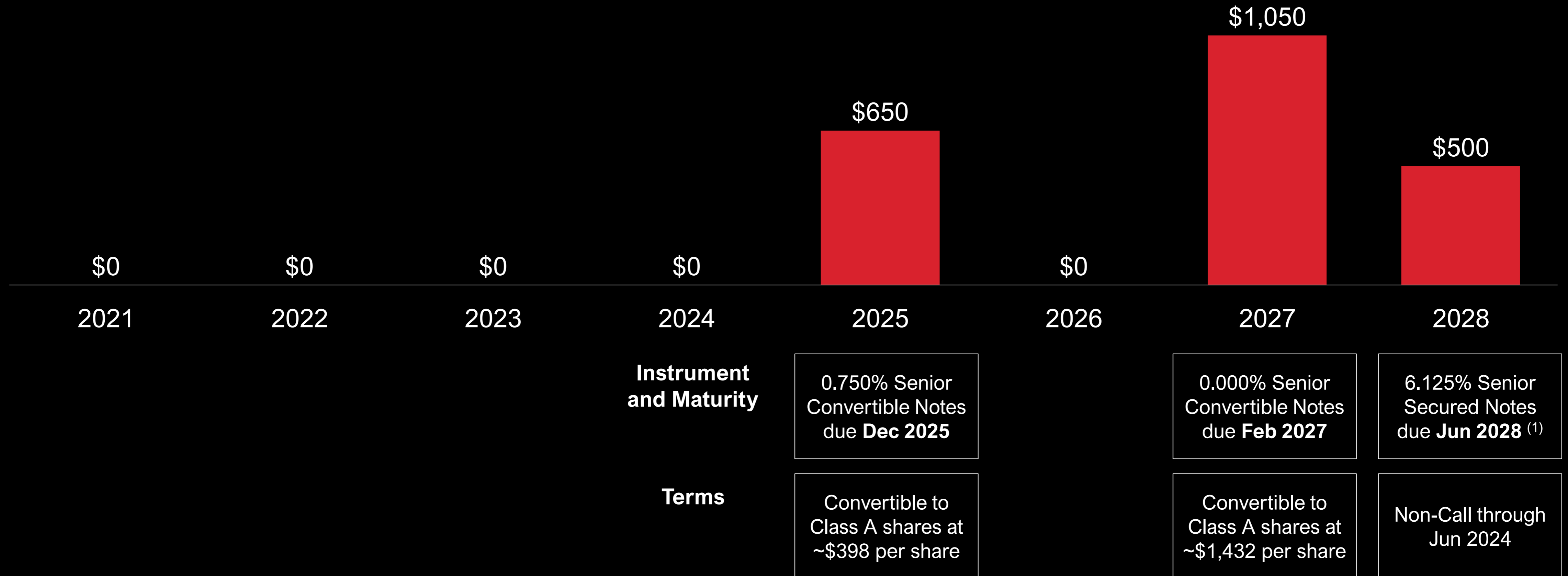
Please refer to the Appendix for a reconciliation of non-GAAP Operating Income (Loss).



Q4 2021

Balance sheet – Debt maturity schedule

(\$ in Millions)



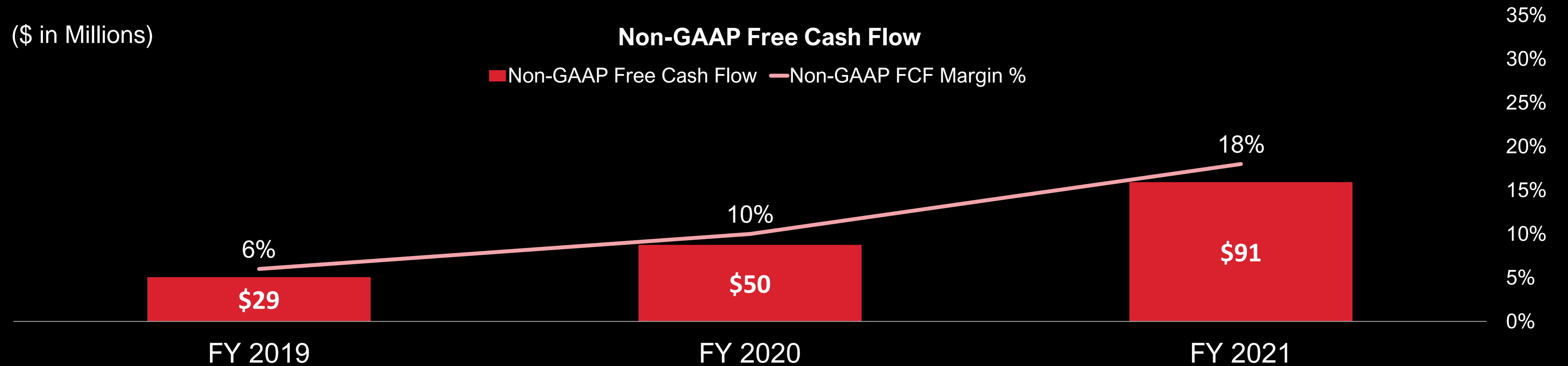
(1) The 2028 Secured Notes have a stated maturity date of June 15, 2028, unless earlier redeemed or repurchased in accordance with the terms and subject to a springing maturity date of September 15, 2025 or November 16, 2026 as discussed in the most recent 10-Q for period ended September 30, 2021.



FY 2021

Free cash flow

(\$ in Millions)



Continued growth in Free Cash Flow

- Prioritized both growth and profitability
- Fully virtual model drives reduced T&E and marketing
- Virtual demand generation reaching more customers, more quickly
- Benefiting from virtuous “Bitcoin + BI” synergies

Please refer to the Appendix for a reconciliation of Non-GAAP Free Cash Flow.



2022 Outlook

**Positive Growth
Expectations**

**Continued
Transition to
Cloud**

**Sustained
Increase in
Subscription
Billings**





APPENDIX

MicroStrategy Q4 2021 Earnings Call

Non-GAAP reconciliations (\$ in millions)

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

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Revenues	\$133.5	\$111.4	\$110.6	\$127.4	\$131.3	\$122.9	\$125.4	\$128.0	\$134.5
GAAP Cost of Revenues	\$24.6	\$24.5	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0	\$22.3	\$24.0
GAAP Operating Expenses	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0
GAAP Income (Loss) from Operations	\$9.6	\$(0.1)	\$6.3	\$(20.3)	\$0.4	\$(183.2)	\$(414.2)	\$(49.7)	\$(137.5)
GAAP Operating Margin %	7%	0%	6%	-16%	0%	-149%	-330%	-39%	-102%
Stock-Based Compensation	\$2.3	\$3.1	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1	\$12.2	\$13.2
Non-GAAP Income (Loss) from Operations	\$12.0	\$3.0	\$8.6	\$(17.7)	\$3.6	\$(175.4)	\$(403.2)	\$(37.5)	\$(124.3)
Non-GAAP Operating Margin %	9%	3%	8%	-14%	3%	-143%	-322%	-29%	-92%
Digital Asset Impairment Losses	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6

Reconciliation of non-GAAP free cash flow

	FY 2019	FY 2020	FY 2021
GAAP Net Cash Provided by Operating Activities	\$60.9	\$53.6	\$93.8
Purchases of Property and Equipment (Investing Activities)	\$(10.2)	\$(3.7)	\$(2.7)
Gain from Domain Name Sale, Net of Tax	\$(21.8)		
Non-GAAP Free Cash Flow	\$28.9	\$50.0	\$91.1
Revenues	\$486.3	\$480.7	\$510.8
Non-GAAP FCF Margin %	6%	10%	18%



MicroStrategy Q4 2021 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of subscription services revenues to current subscription billings

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Current Deferred Subscription Services Revenues	\$16.6	\$16.6	\$17.9	\$16.2⁽¹⁾	\$23.3⁽¹⁾	\$23.0⁽¹⁾	\$25.9	\$23.1	\$35.6
Subscription Services Revenues	\$7.3	\$8.0	\$8.0	\$8.3	\$8.8	\$10.0	\$10.3	\$10.9	\$11.8
Change in Current Deferred Subscription Services Revenues	\$3.7	\$0.0	\$1.4	\$(1.8)	\$7.1	\$(0.3)	\$2.9	\$(2.8)	\$12.5
Current Subscription Billings	\$11.0	\$8.0	\$9.4	\$6.5	\$15.9	\$9.7	\$13.3	\$8.0	\$24.3

Reconciliation of subscription services revenues to annual subscription billings

	FY 2020	FY 2021
Current Deferred Subscription Services Revenues	\$23.3⁽¹⁾	\$35.6
Subscription Services Revenues	\$33.1	\$43.1
Change in Current Deferred Subscription Services Revenues	\$6.7	\$12.3
Annual Subscription Billings	\$39.8	\$55.4

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



MicroStrategy Q4 2021 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of non-GAAP operating expenses

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
GAAP Operating Expenses	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0
Stock-Based Compensation ⁽¹⁾	\$2.2	\$2.9	\$2.2	\$2.4	\$3.2	\$7.4	\$10.6	\$11.5	\$12.2
Non-GAAP Operating Expenses	\$97.1	\$84.0	\$78.1	\$123.5	\$107.0	\$276.1	\$505.9	\$143.9	\$235.7
Digital Asset Impairment Losses	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6

Reconciliation of total non-GAAP expenses

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
GAAP Cost of Revenues	\$24.6	\$24.5	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0	\$22.3	\$24.0
GAAP Operating Expenses	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6	\$155.3	\$248.0
GAAP Total Expenses	\$123.9	\$111.5	\$104.3	\$147.7	\$130.9	\$306.1	\$539.6	\$177.7	\$272.0
Stock-Based Compensation	\$2.3	\$3.1	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1	\$12.2	\$13.2
Total Non-GAAP Expenses	\$121.6	\$108.4	\$102.0	\$145.1	\$127.7	\$298.3	\$528.5	\$165.5	\$258.8
Digital Asset Impairment Losses	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8	\$65.2	\$146.6

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



MicroStrategy Q4 2021 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total non-GAAP expenses

	Q1 20	Q2 20	Q3 20	Q4 20	FY 2020	Q1 21	Q2 21	Q3 21	Q4 21	FY 2021
GAAP Expenses										
Cost of Revenues	\$24.5	\$24.0	\$21.7	\$20.8	\$91.1	\$22.5	\$23.0	\$22.3	\$24.0	\$91.9
Sales & Marketing	\$39.5	\$35.0	\$35.3	\$39.1	\$148.9	\$38.2	\$40.3	\$38.2	\$43.4	\$160.1
Research & Development	\$26.1	\$25.9	\$26.6	\$25.0	\$103.6	\$29.5	\$28.5	\$28.2	\$30.9	\$117.1
General & Administrative	\$21.3	\$19.4	\$19.7	\$19.6	\$80.1	\$21.7	\$22.9	\$23.8	\$27.1	\$95.5
Digital Asset Impairment	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7	\$194.1	\$424.8	\$65.2	\$146.6	\$830.6
Total GAAP Expenses	\$111.5	\$104.3	\$147.7	\$130.9	\$494.4	\$306.1	\$539.6	\$177.7	\$272.0	\$1,295.3
Stock-Based Compensation										
Cost of Revenues	\$0.2	\$0.0	\$0.1	\$0.1	\$0.5	\$0.3	\$0.5	\$0.7	\$0.9	\$2.4
Sales & Marketing	\$0.4	\$0.4	\$0.2	\$0.6	\$1.6	\$2.4	\$3.3	\$3.6	\$3.6	\$12.9
Research & Development	\$0.6	\$0.6	\$0.6	\$0.9	\$2.7	\$2.1	\$2.5	\$3.0	\$3.2	\$10.8
General & Administrative	\$1.8	\$1.2	\$1.6	\$1.7	\$6.3	\$3.0	\$4.9	\$4.9	\$5.4	\$18.1
Total Stock-Based Compensation	\$3.1	\$2.2	\$2.6	\$3.3	\$11.2	\$7.7	\$11.1	\$12.2	\$13.2	\$44.1
Non-GAAP Expenses										
Cost of Revenues	\$24.3	\$24.0	\$21.6	\$20.7	\$90.6	\$22.3	\$22.6	\$21.6	\$23.1	\$89.5
Sales & Marketing	\$39.1	\$34.6	\$35.1	\$38.5	\$147.3	\$35.8	\$37.1	\$34.6	\$39.8	\$147.3
Research & Development	\$25.5	\$25.3	\$26.0	\$24.1	\$100.8	\$27.4	\$26.0	\$25.3	\$27.7	\$106.4
General & Administrative	\$19.5	\$18.2	\$18.1	\$18.0	\$73.8	\$18.8	\$18.1	\$18.8	\$21.7	\$77.4
Digital Asset Impairment	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7	\$194.1	\$424.8	\$65.2	\$146.6	\$830.6
Total Non-GAAP Expenses	\$108.4	\$102.0	\$145.1	\$127.7	\$483.2	\$298.3	\$528.5	\$165.5	\$258.8	\$1,251.2

