

# ***Q2 2021 FINANCIAL RESULTS***

*July 29, 2021*

# ***MICROSTRATEGY Q2 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).

# Q2 2021

## FINANCIAL HIGHLIGHTS

**\$125.4M**

Total Revenues, an increase of **13%** YoY, and an increase of **6%** from Q2 19

**\$10.3M**

Subscription Services Revenues, an increase of **29%** YoY

**\$21.6M (17%)**

Non-GAAP Operating Income (Margin), an increase of **\$13.1M** YoY

**\$22.2M**

Product Licenses Revenues, an increase of **50%** YoY, and an increase of **10%** from Q2 19

**\$10.6M**

Current Subscription Billings, an increase of **13%** YoY

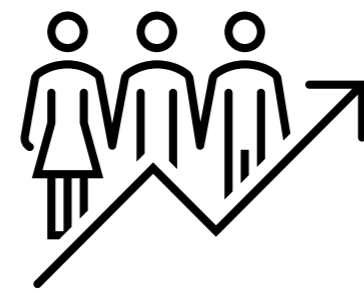
**\$103.7M**

Non-GAAP Expenses, an increase of **\$1.7M**, or **2%** YoY

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

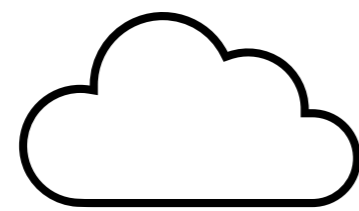
# Q2 2021

## BUSINESS INTELLIGENCE HIGHLIGHTS

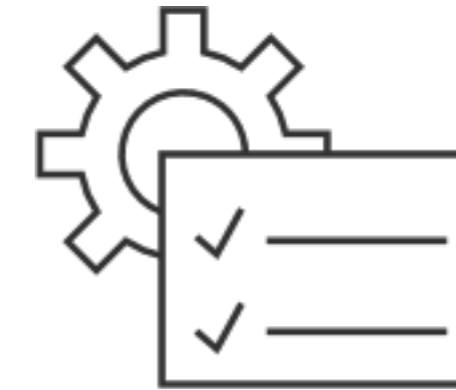


Broadening adoption of the  
MicroStrategy platform

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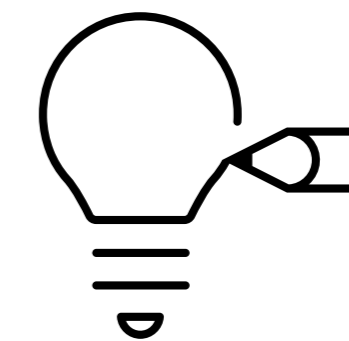


Growing traction in migrating  
on-premise customers to Cloud  
solution



Increasing strength of embedded  
OEM business

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Continuing investment in R&D  
and optimizing efficiency in S&M  
and G&A from Virtual Wave

# Q2 2021

## BITCOIN HIGHLIGHTS

**~13,759**

Bitcoins acquired at an aggregate cost of ~\$529M at average purchase price of ~\$38,467 per bitcoin, inclusive of fees and expenses.

**\$500M**

Issued in aggregate principal amount of senior secured notes with an interest rate of 6.125%

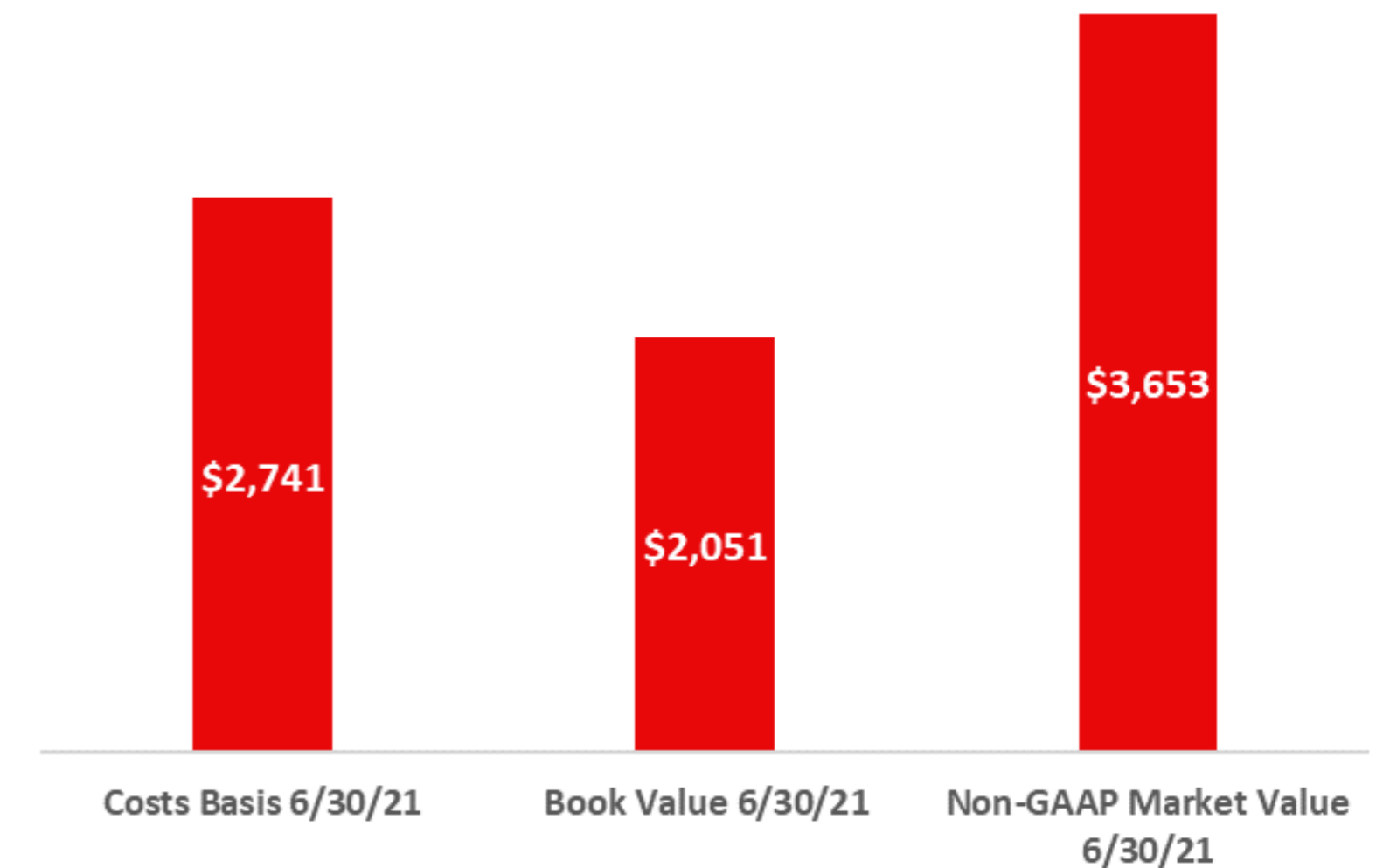
**~105,085**

Bitcoins held as of 6/30/21 at an aggregate cost of \$2.7B and carrying value of \$2.1B, reflecting \$690M in cumulative impairment charges

**\$3.7B**

Non-GAAP market value of the company's bitcoin holdings as of 6/30/21

Bitcoin Value (\$M)

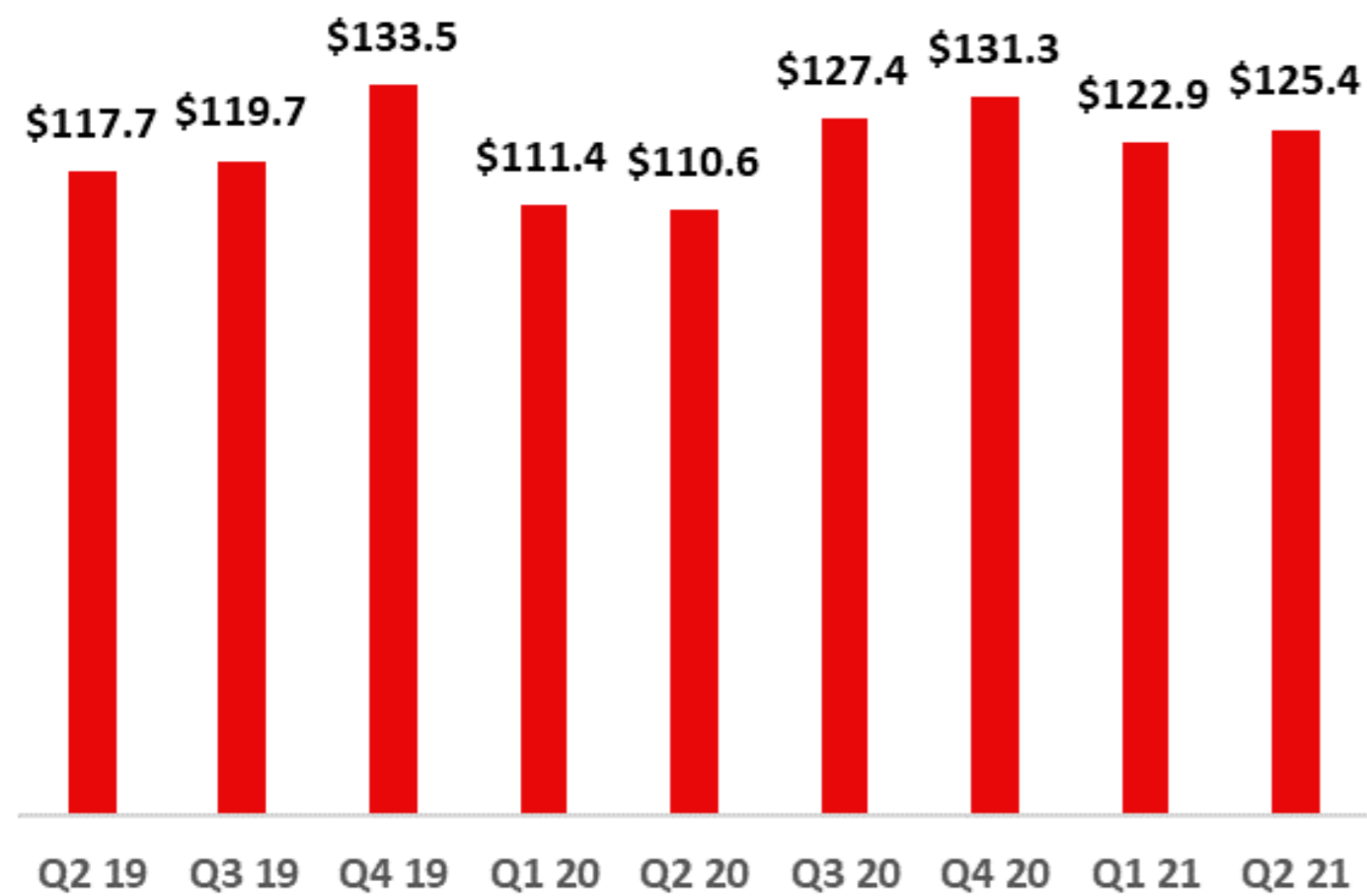


Please refer to non-GAAP table showing the estimated market value of our bitcoin as of June 30, 2021 in our most recent 10-Q filed with the SEC

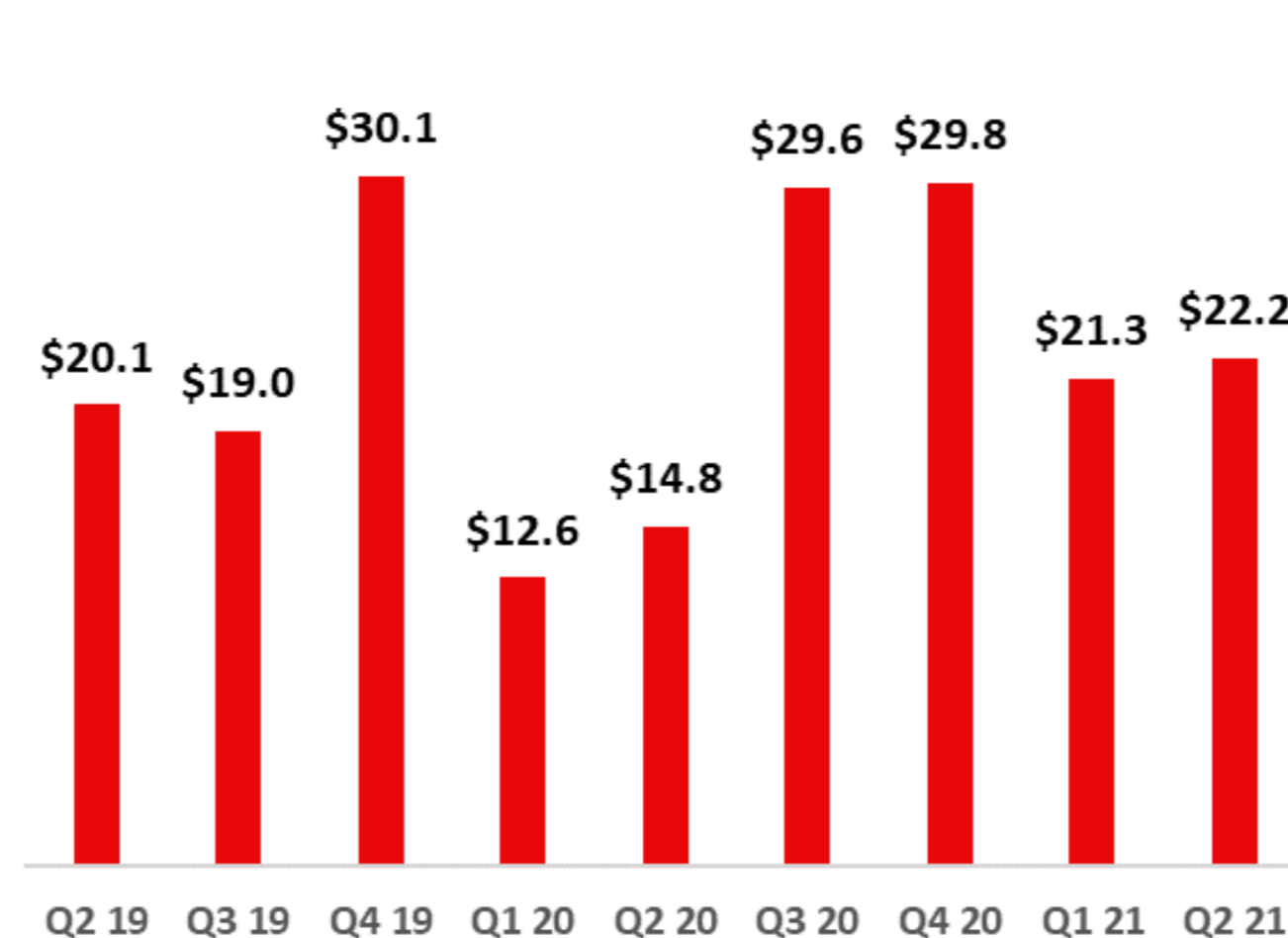
# Q2 2021

## FINANCIAL HIGHLIGHTS – REVENUE (IN MILLIONS)

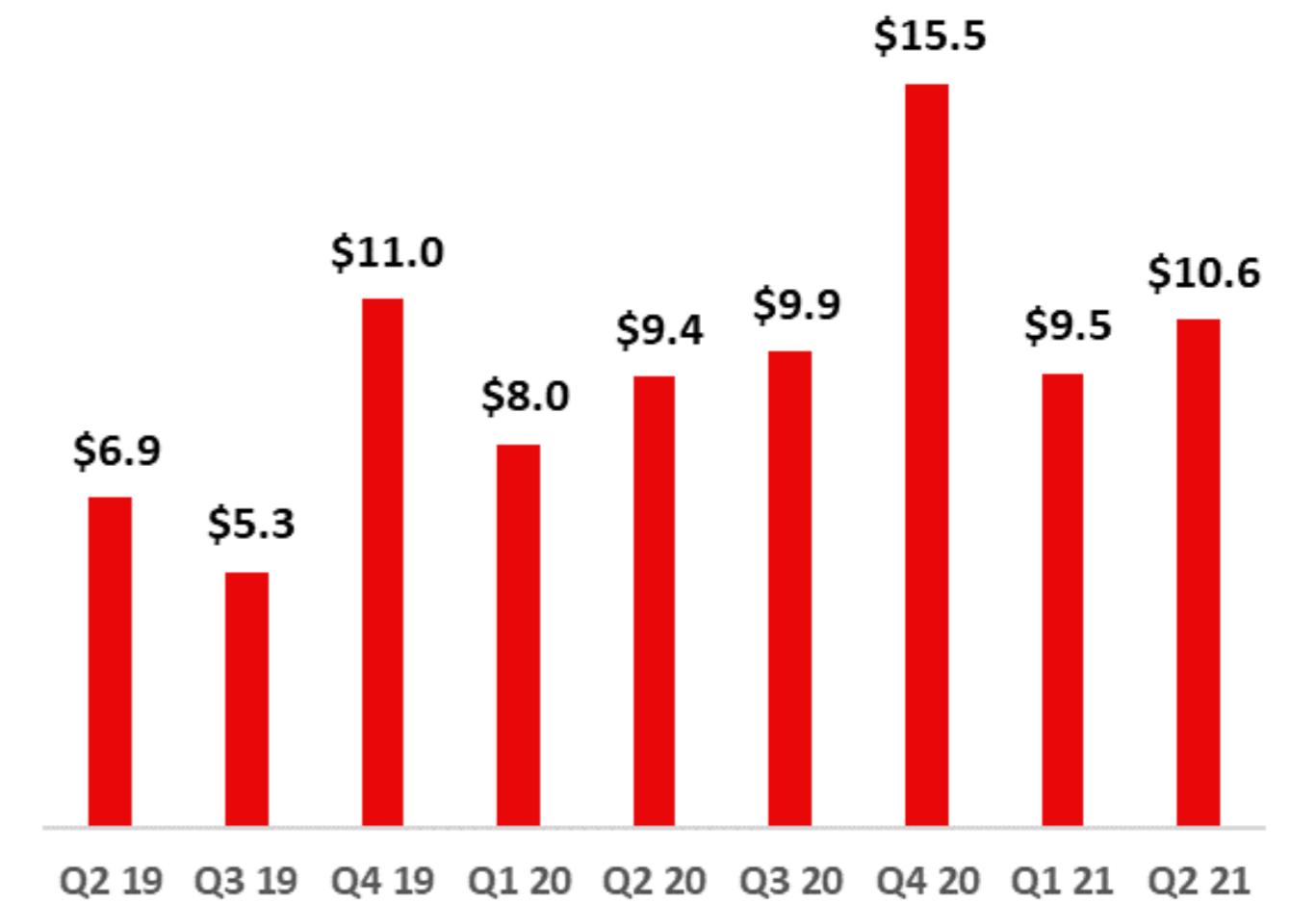
TOTAL REVENUES  
INCREASED **13%** YOY  
AND **6%** FROM Q2 19



PRODUCT LICENSES  
REVENUES INCREASED  
**50%** YOY AND **10%** FROM  
Q2 19



CONTINUED INCREASE  
IN CURRENT  
SUBSCRIPTION BILLINGS  
OF **13%** YOY



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

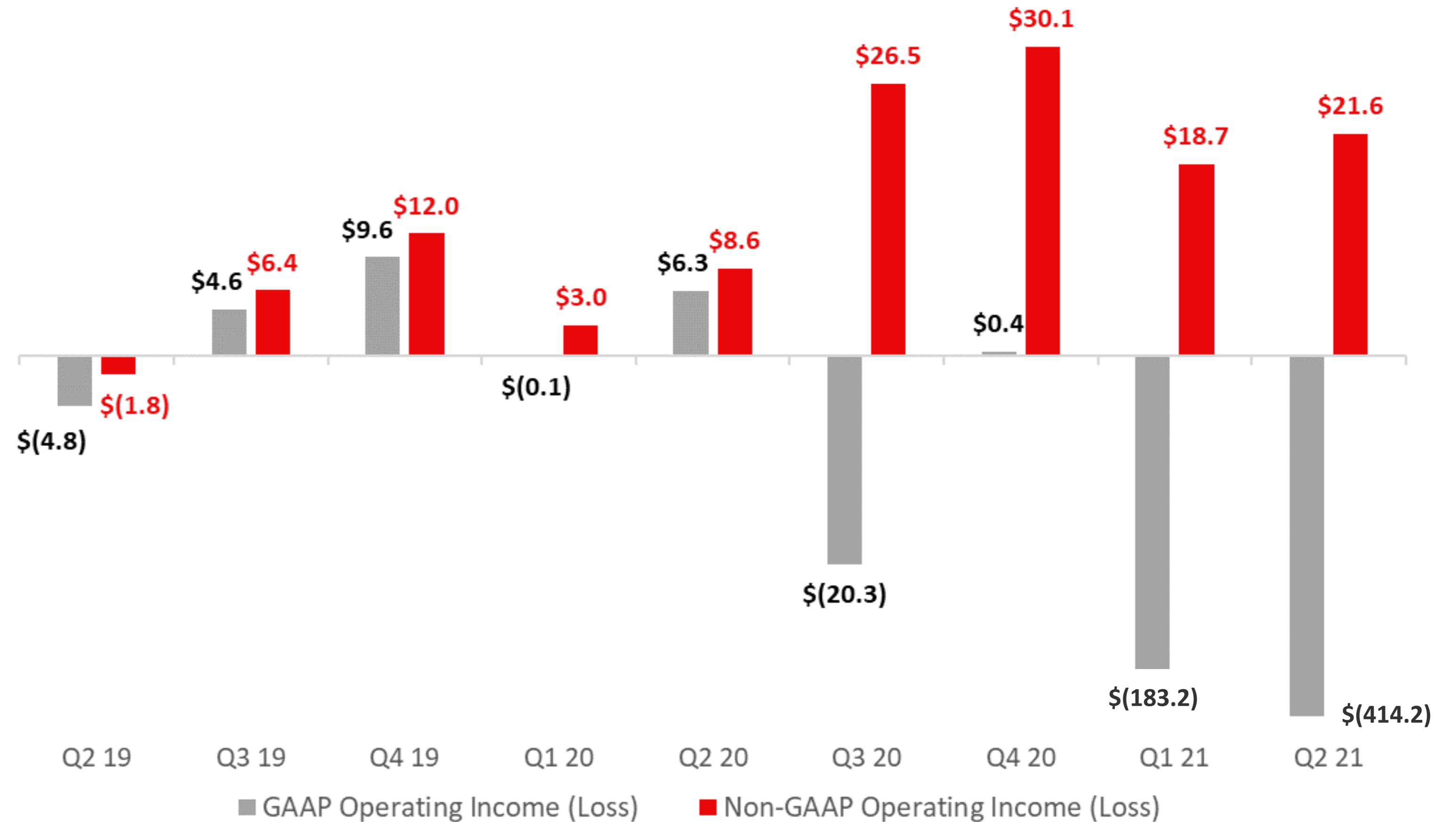


# Q2 2021

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

- Q2 21 NON-GAAP OPERATING INCOME OF \$21.6M, UP 153% YOY

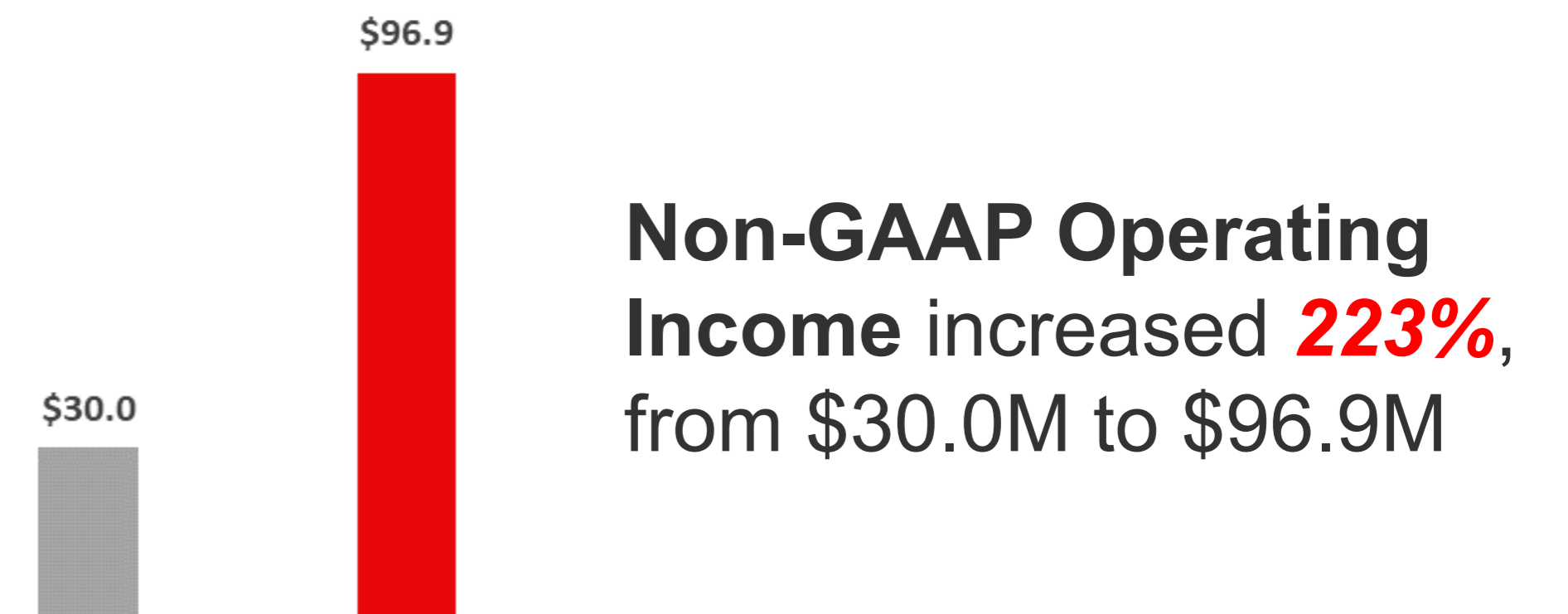
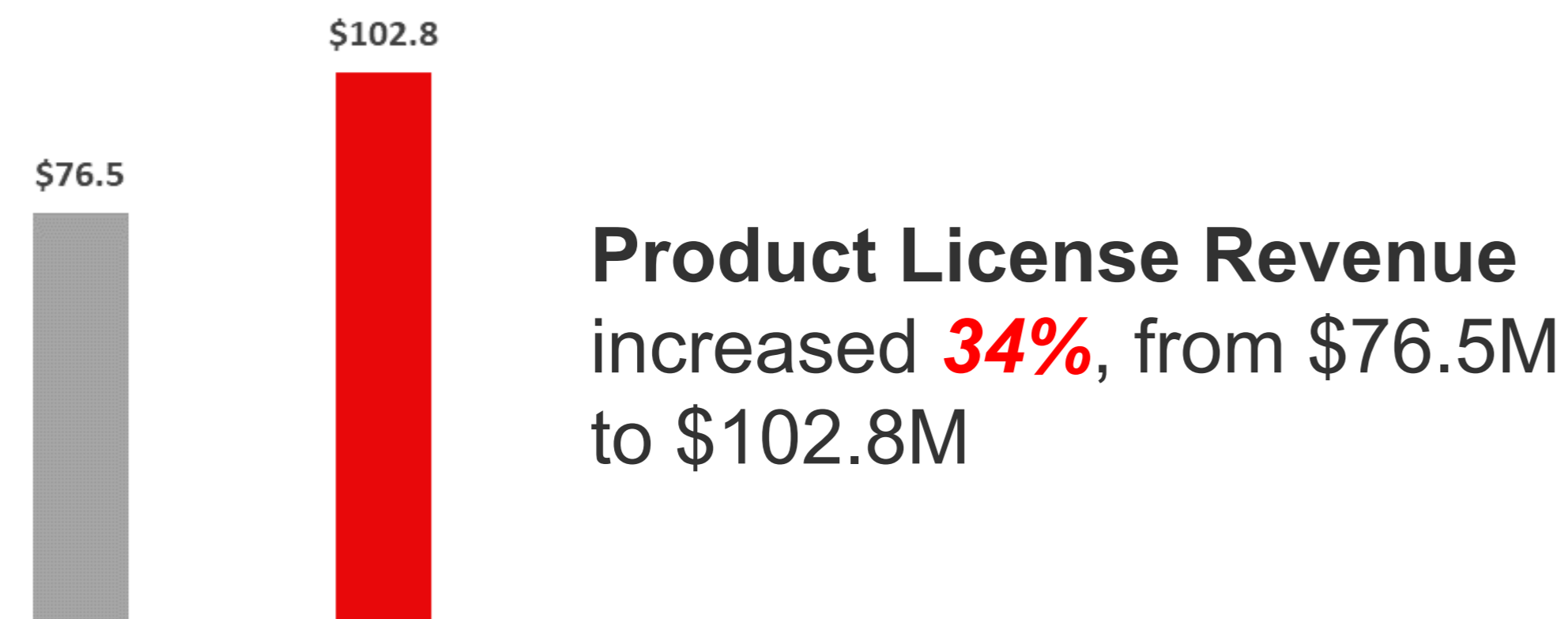
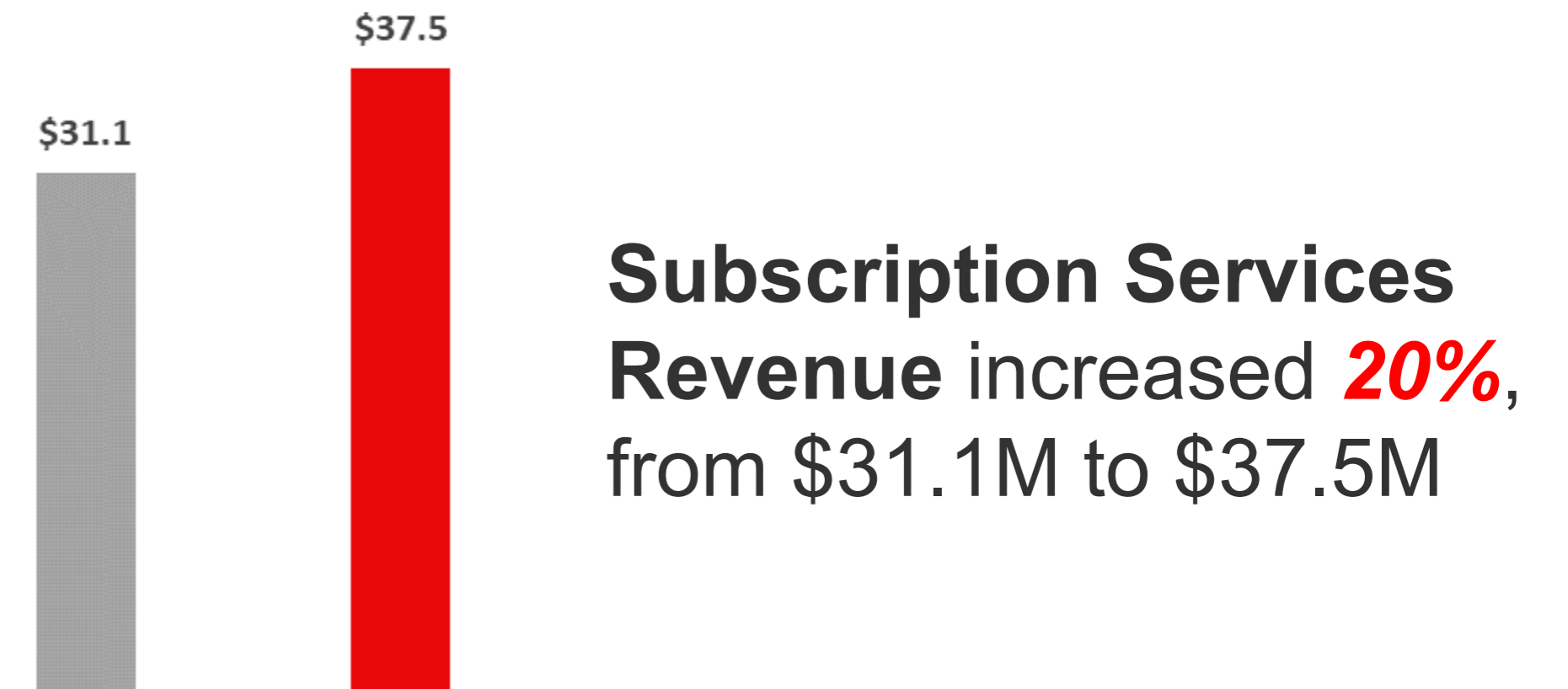
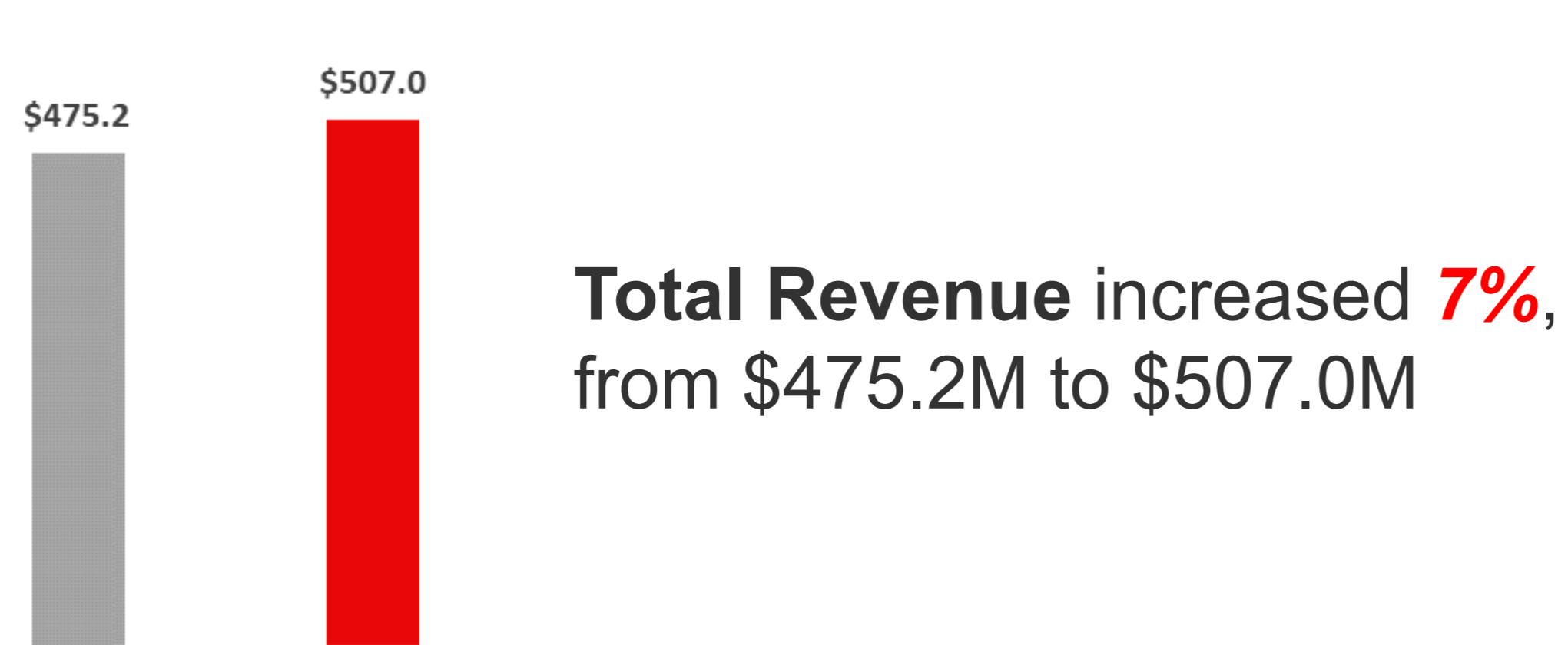
- Q2 21 GAAP OPERATING LOSS INCLUDES \$424.8M DIGITAL ASSET IMPAIRMENT CHARGE



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

# Q2 2021

## FINANCIAL HIGHLIGHTS – TRAILING TWELVE-MONTH METRICS



■ TTM ended Q2 20 ■ TTM ended Q2 21

Please refer to the Appendix for a reconciliation of trailing twelve-month metrics



# *APPENDIX*

# MICROSTRATEGY Q2 2021 EARNINGS CALL

## NON-GAAP RECONCILIATIONS (\$M)

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

	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Revenue	\$117.7	\$119.7	\$133.5	\$111.4	\$110.6	\$127.4	\$131.3	\$122.9	\$125.4
Cost of Revenues	\$25.4	\$23.8	\$24.6	\$24.5	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0
Operating Expenses	\$97.2	\$91.3	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6
Income (Loss) from Operations	\$(4.8)	\$4.6	\$9.6	\$(0.1)	\$6.3	\$(20.3)	\$0.4	\$(183.2)	\$(414.2)
Operating Margin %	-4%	4%	7%	0%	6%	-16%	0%	-149%	-330%
Stock-Based Compensation	\$3.0	\$1.8	\$2.3	\$3.1	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8
<b>Non-GAAP Income (Loss) from Operations</b>	<b>\$(1.8)</b>	<b>\$6.4</b>	<b>\$12.0</b>	<b>\$3.0</b>	<b>\$8.6</b>	<b>\$26.5</b>	<b>\$30.1</b>	<b>\$18.7</b>	<b>\$21.6</b>
<b>Non-GAAP Operating Margin %</b>	<b>-2%</b>	<b>5%</b>	<b>9%</b>	<b>3%</b>	<b>8%</b>	<b>21%</b>	<b>23%</b>	<b>15%</b>	<b>17%</b>

### RECONCILIATION OF SUBSCRIPTION SERVICES REVENUES TO SUBSCRIPTION BILLINGS

	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Current deferred subscription services revenue	\$15.4	\$12.8	\$16.6	\$16.6	\$17.9	\$19.5	\$26.3	\$25.7	\$25.9
Subscription services revenues	\$7.1	\$7.9	\$7.3	\$8.0	\$8.0	\$8.3	\$8.8	\$10.0	\$10.3
Change in current deferred subscription services	\$(0.2)	\$(2.6)	\$3.7	\$0.0	\$1.4	\$1.6	\$6.7	\$(0.6)	\$0.2
<b>Current Subscription Billings</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>	<b>\$10.6</b>

Our Q2 subscription billings were impacted by a decrease in short-term deferred subscription revenue as we no longer include contract values that are invoiced in the future. Without this decrease, Q2 current subscription billings would have grown 42%.

# MICROSTRATEGY Q2 2021 EARNINGS CALL

## NON-GAAP RECONCILIATIONS (\$M)

### RECONCILIATION OF NON-GAAP OPERATING EXPENSES

	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Operating Expenses	\$97.2	\$91.3	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6
Stock-Based Compensation*	\$2.9	\$1.7	\$2.2	\$2.9	\$2.2	\$2.4	\$3.2	\$7.4	\$10.6
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8
<b>Non-GAAP Operating Expenses</b>	<b>\$94.3</b>	<b>\$89.6</b>	<b>\$97.1</b>	<b>\$84.0</b>	<b>\$78.1</b>	<b>\$79.3</b>	<b>\$80.5</b>	<b>\$82.0</b>	<b>\$81.2</b>

### RECONCILIATION OF TOTAL NON-GAAP EXPENSES

	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Cost of Revenues	\$25.4	\$23.8	\$24.6	\$24.5	\$24.0	\$21.7	\$20.8	\$22.5	\$23.0
Operating Expenses	\$97.2	\$91.3	\$99.3	\$87.0	\$80.3	\$125.9	\$110.1	\$283.5	\$516.6
Total Expenses	\$122.6	\$115.1	\$123.9	\$111.5	\$104.3	\$147.7	\$130.9	\$306.1	\$539.6
Stock-Based Compensation	\$3.0	\$1.8	\$2.3	\$3.1	\$2.2	\$2.6	\$3.3	\$7.7	\$11.1
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$194.1	\$424.8
<b>Total Non-GAAP Expenses</b>	<b>\$119.5</b>	<b>\$113.3</b>	<b>\$121.6</b>	<b>\$108.4</b>	<b>\$102.0</b>	<b>\$100.9</b>	<b>\$101.2</b>	<b>\$104.2</b>	<b>\$103.7</b>

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

# MICROSTRATEGY Q2 2021 EARNINGS CALL

## NON-GAAP RECONCILIATIONS (\$M)

### RECONCILIATION OF TRAILING TWELVE-MONTH METRICS

	Q3 19	Q4 19	Q1 20	Q2 20	TTM ended Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	TTM ended Q2 21
Revenue	\$119.7	\$133.5	\$111.4	\$110.6	\$475.2	\$127.4	\$131.3	\$122.9	\$125.4	\$507.0
Product License Revenue	\$19.0	\$30.1	\$12.6	\$14.8	\$76.5	\$29.6	\$29.8	\$21.3	\$22.2	\$102.8
Subscription Services Revenues	\$7.9	\$7.3	\$8.0	\$8.0	\$31.1	\$8.3	\$8.8	\$10.0	\$10.3	\$37.5
Non-GAAP Operating Income	\$6.4	\$12.0	\$3.0	\$8.6	\$30.0	\$26.5	\$30.1	\$18.7	\$21.6	\$96.9