



Q2 2024 Financial Results

August 1, 2024

MicroStrategy Q2 2024 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.





Business Results

Phong Le, President & Chief Executive Officer

Bitcoin Development Company

MicroStrategy's unique value proposition

Bitcoin Development Company

Bitcoin and Software Development ¹

Bitcoin Holdings

Excess Cash ²

Cash

Equity

Debt

*\$836M total excess cash
on balance sheet invested*

\$3.2B of equity issued

*\$3.8B in senior secured and
convertible debt outstanding⁽³⁾*

Increase Bitcoin Holdings and Shareholder Value

Note: As of July 31, 2024.

(1) Includes bitcoin acquisition, bitcoin advocacy initiatives, and software development related to BI, AI, Cloud, and Bitcoin.

(2) Excess Cash refers to cash in excess of the minimum cash, cash equivalents and short-term investments that the Company is required to hold under its Treasury Reserve Policy, which may include cash generated by operating activities and cash from the proceeds of financing activities.

(3) Includes purchases made using \$30M cash on hand in anticipation of receiving 2032 convertible debt proceeds.



Bitcoin Highlights

Q2 2024

Bitcoin Holdings

226,500

Acquired for a total cost of \$8.34 billion, or \$36,821 per bitcoin as of July 31, 2024

- Acquired 12,222 bitcoin since the end of Q1 2024 for \$805M at average price of \$65,882
- Current market value of bitcoin holdings ~\$15B
- Largest corporate holder of bitcoin in the world

Capital Market Activities

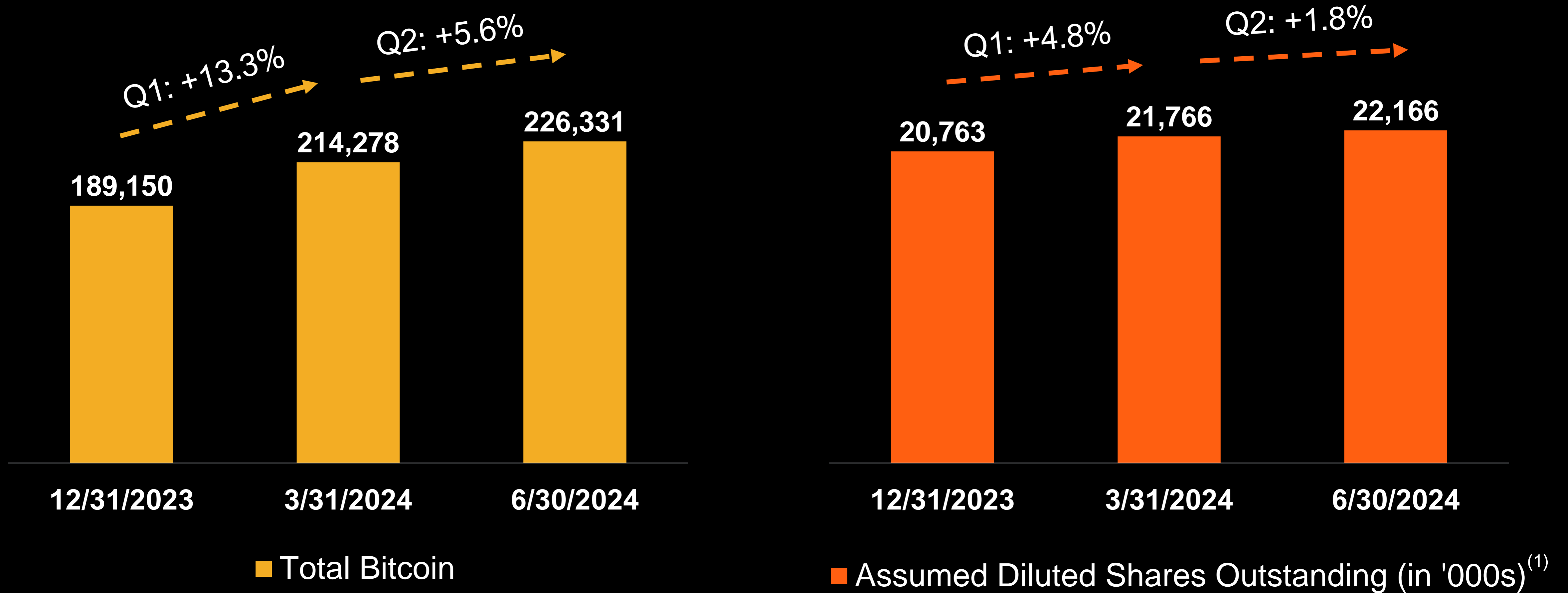
Advancement of Bitcoin Development
Company Strategy

- Raised \$800M through 2032 convertible notes
- Called \$650M of 2025 convertible notes
- Announced 10:1 stock split
- Announced \$2B ATM equity offering program



Impact of Intelligent Leverage

Bitcoin count increased at a faster pace than assumed diluted share count



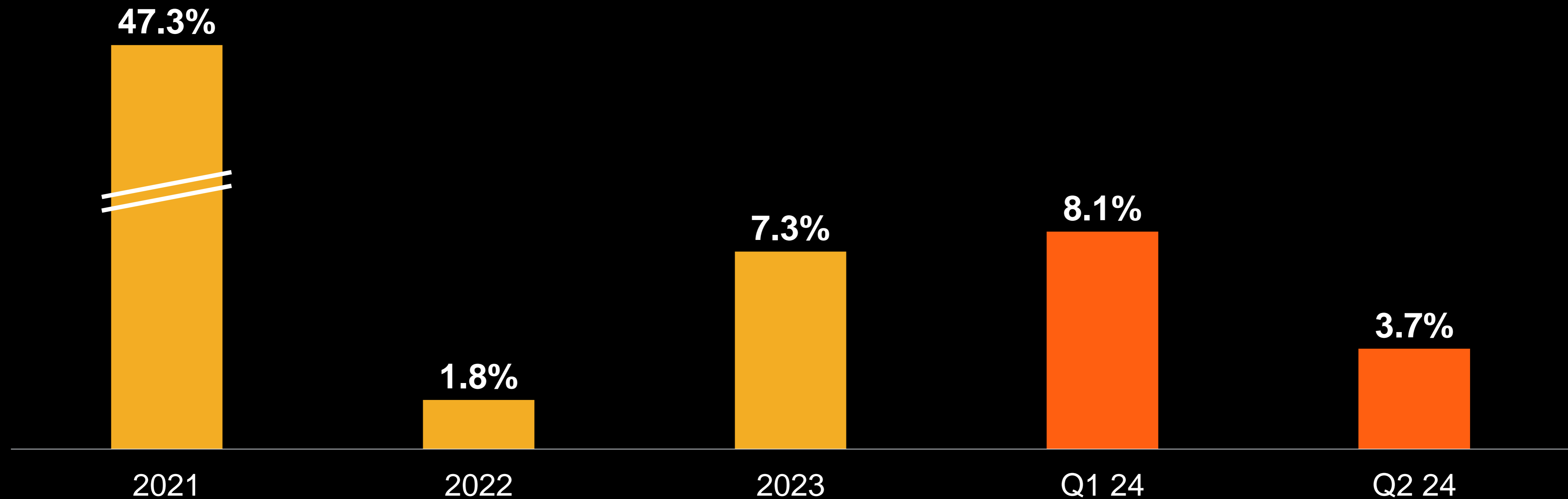
(1) Please refer to the Appendix for a definition of Assumed Diluted Shares Outstanding and a reconciliation from basic shares outstanding to Assumed Diluted Shares Outstanding.



BTC Yield KPI Historical

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding

₿BTC Yield %

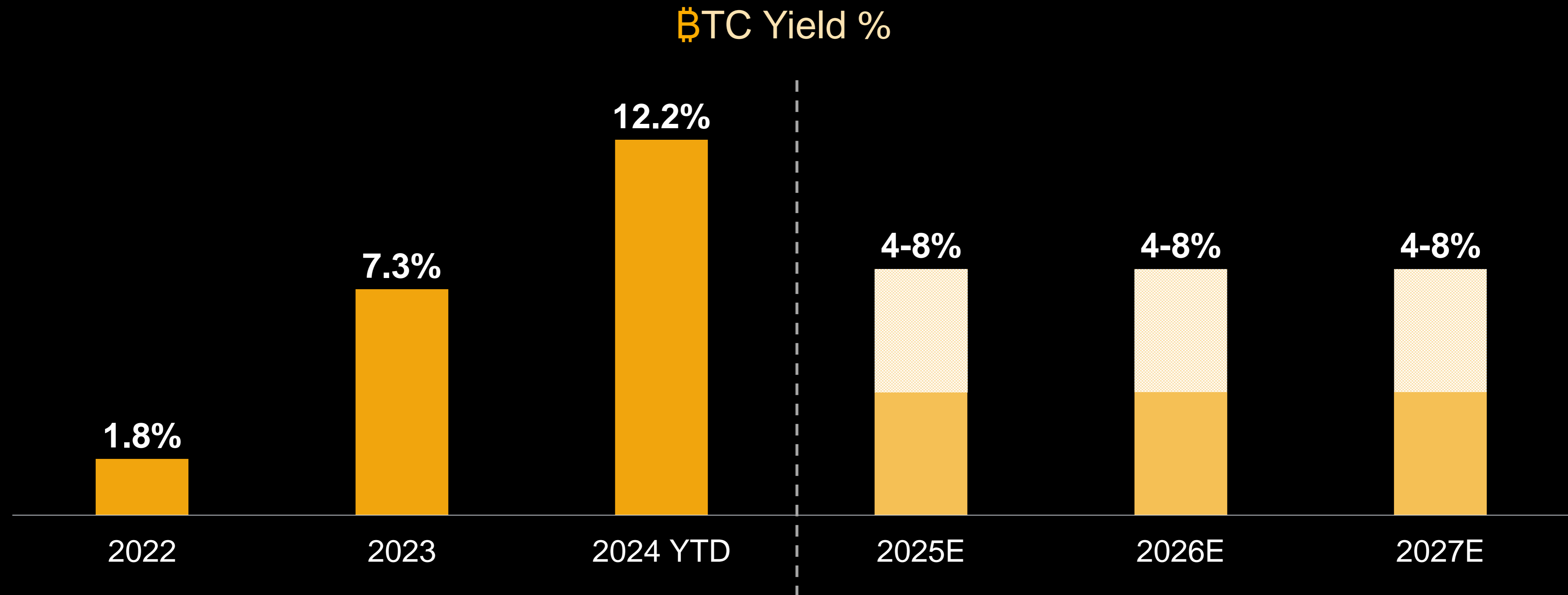


Note: "BTC Yield" is a KPI (key performance indicator) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding (defined in the Appendix). We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information.



BTC Yield KPI Long Term Target

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding



Note: "BTC Yield" is a KPI (key performance indicator) defined in the Appendix. We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information and disclaimers on the forward-looking BTC Yield KPI target.



Software Highlights

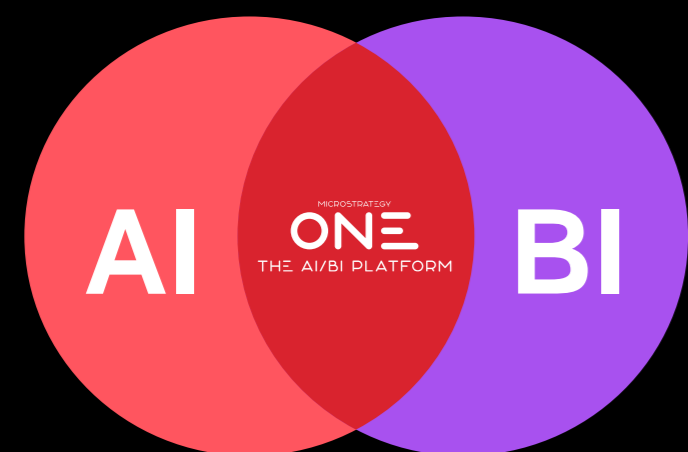
Multi-cloud | Cloud-native | Marketplace

Subscription Services Revenues

\$24.1M

increase of **21%** YoY

- First to market with AI + BI platform integration
- Accelerated cloud transition
- Healthy corporate liquidity and cash flows



MicroStrategy AI

- First to market in AI/BI cloud offering
- Microsoft Azure OpenAI partnership
- Auto: SQL, Dashboard, Answers, Expert
- Embedded, customizable, AI-bot

MicroStrategy Cloud

- Focus on customer migration & new business growth
- Accelerate subscription revenue growth
- On Azure, AWS, Google marketplaces





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

Revenue and Billings

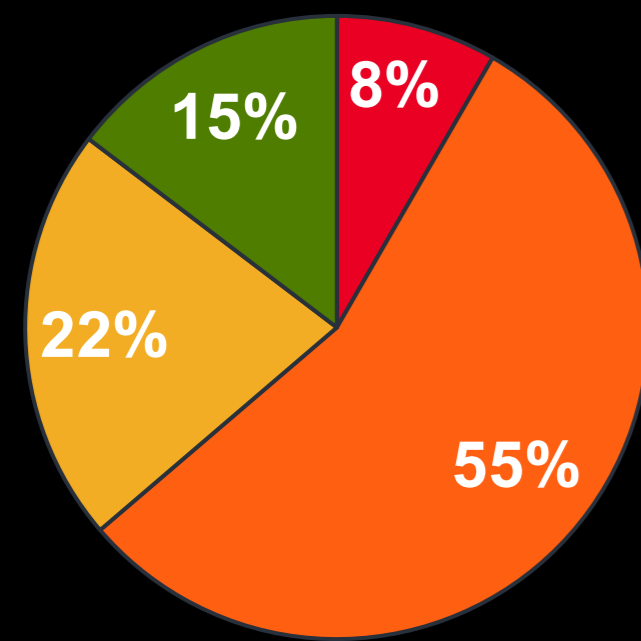
Q2 2024

(\$ in Millions)

Total Revenues

\$111.4M

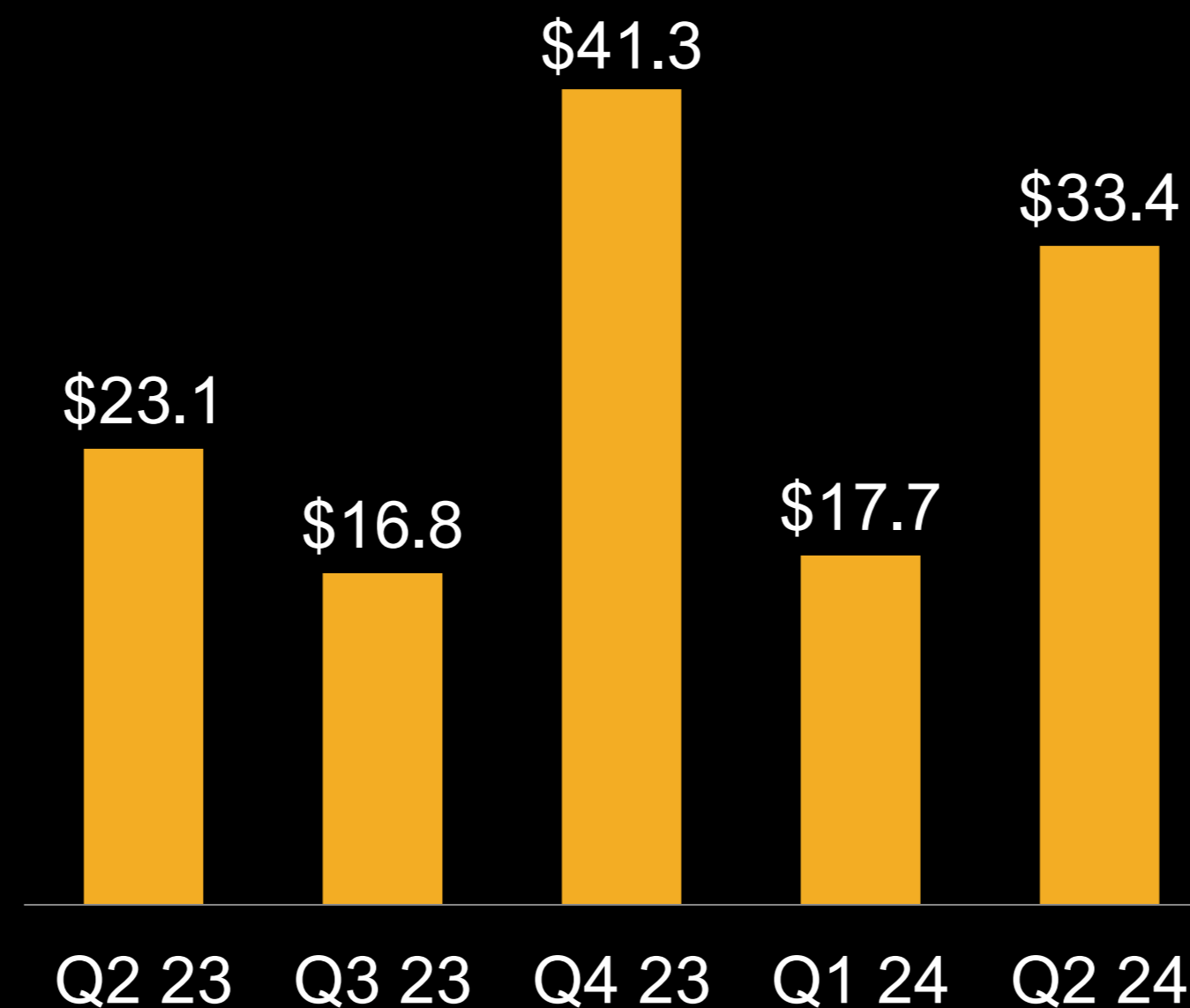
Q2 2024 Total Revenues
7% YoY decrease



- Product Licenses
- Subscription Services
- Support
- Other Services

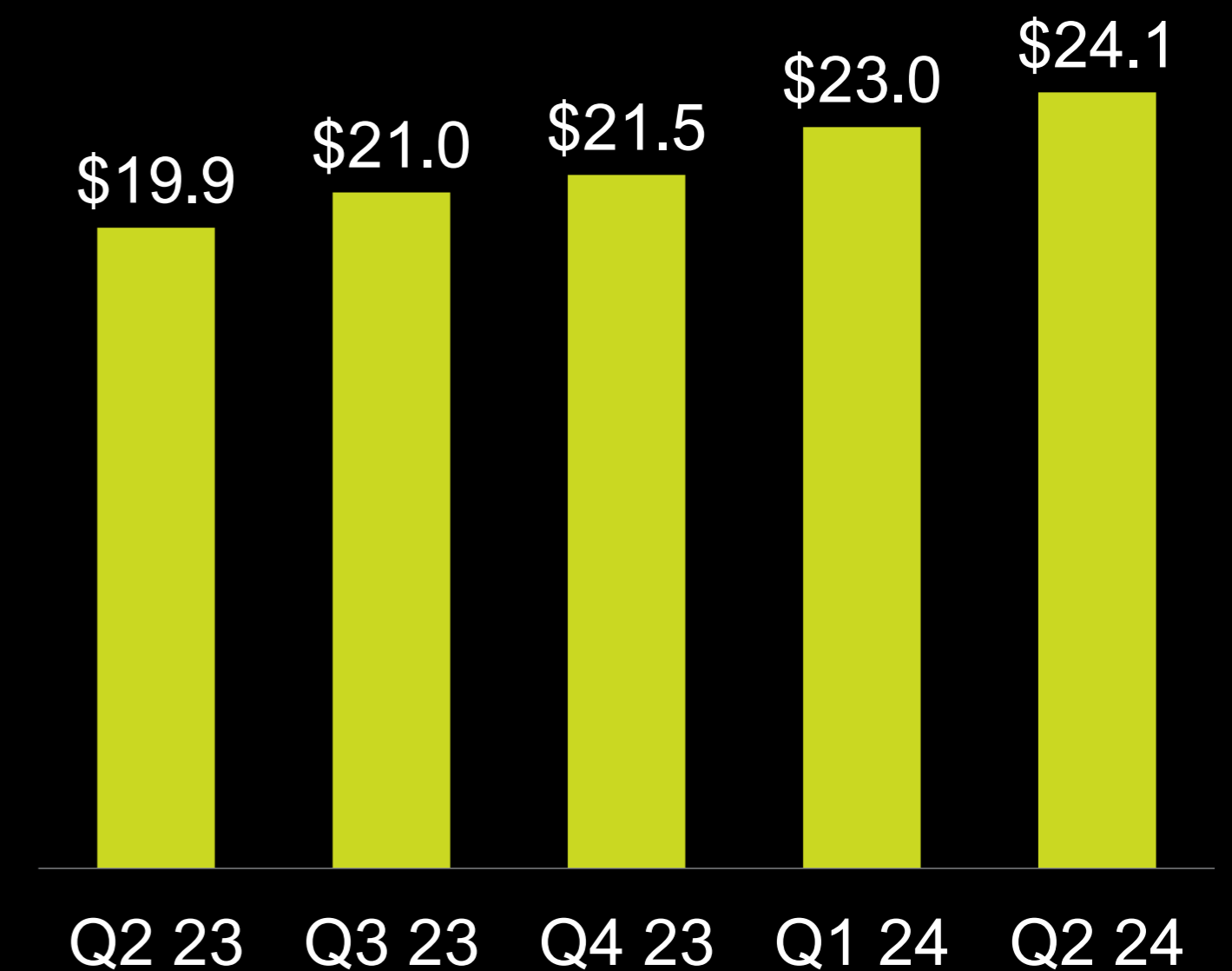
Non-GAAP Subscription Billings⁽¹⁾

Q2 2024 **+45%** YOY increase



Subscription Services Revenues

Q2 2024 **+21%** YOY increase



(1) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Non-GAAP Subscription Billings.



Cost Structure and Operating Income

- MicroStrategy continues to operate under one reportable segment. Beginning in Q1 2024, we updated our quarterly reporting to differentiate operating results between the Software Business and Corporate & Other⁽¹⁾
- Loss from operations from software business for Q2 2024 was approximately \$19M, which includes approximately \$21M from non-cash stock-based compensation expense
- Q2 non-GAAP adjusted income from software business was \$1.9M

(\$ in Millions)	Q2/23			Q2/24		
	Software Business	Corporate & Other	Consolidated	Software Business	Corporate & Other	Consolidated
GAAP Operating Income/(Loss)						
Total Revenues	120.4	-	120.4	111.4	-	111.4
Total Cost of Revenues	27.1	-	27.1	30.9	-	30.9
Gross Profit	93.3	-	93.3	80.5	-	80.5
Total Operating Expenses	95.5	24.5	120.0	99.2	181.5	280.8
Income /(Loss) from Operations	(2.2)	(24.5)	(26.7)	(18.7)	(181.5)	(200.3)
Non-GAAP Income						
Stock-Based Compensation	15.5		15.5	20.6		20.6
Non-GAAP Income /(Loss) from Operations	13.3		(11.2)	1.9		(179.7)

(1) Corporate & Other includes impairment charges and other third-party costs associated with our digital asset holdings.

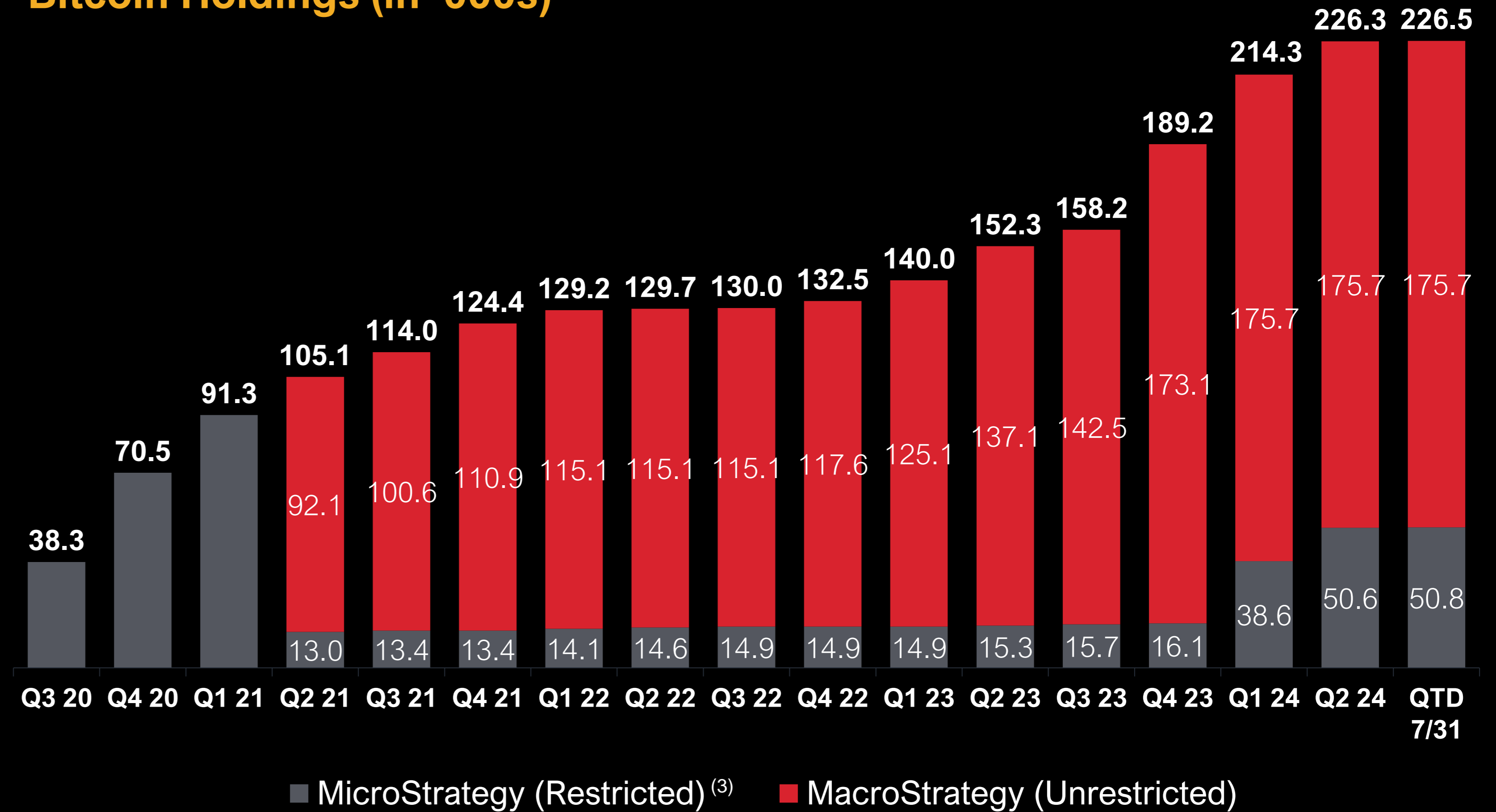


Growth in Bitcoin Strategic Treasury Reserve

MicroStrategy has acquired additional bitcoin in every quarter since Q3 2020

- **226,500 bitcoins⁽¹⁾** held on balance sheet, acquired for a total cost of \$8.34 billion, or \$36,821 per bitcoin
- During Q2
 - **11,931 bitcoins** purchased for \$786 million using proceeds from capital markets activities (Micro)⁽²⁾
 - **122 bitcoins** purchased for \$8 million using excess cash (Micro)
- Since the end of Q2
 - **169 bitcoins** purchased for \$11 million using excess cash (Micro)

Bitcoin Holdings (in '000s)



(1) As of July 31, 2024.

(2) Includes purchases made using \$30M cash on hand in anticipation of receiving 2032 convertible debt proceeds.

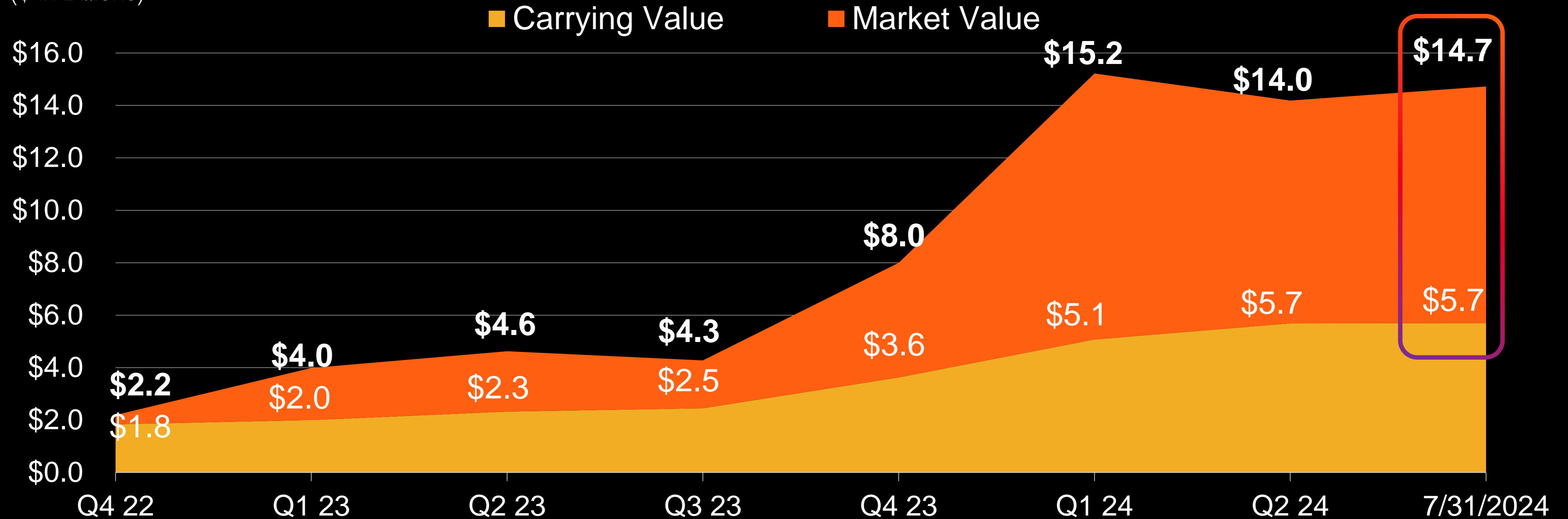
(3) All bitcoin holdings were unrestricted prior to Q2 2021.



Bitcoin Holdings Market Value vs. Carrying Value

- Current market value of \$14.7 billion and aggregate cost of \$8.3 billion
- Carrying value of \$5.7 billion, net of ~\$2.6 billion in cumulative impairment charges

(\$ in Billions)



Note: Calculations are based on prices as of 4pm Eastern Time on the last day of the respective quarter or date noted.

(1) The carrying value presented for 7/31/24 equals the 6/30/24 carrying value of our bitcoin plus the cost of bitcoin purchases during July 2024 and does not reflect any impairment charges incurred after 6/30/24.



Capital Structure & Intelligent Leverage

- Issued \$800M convertible senior notes due 2032
- Called \$650M convertible senior notes due 2025 through conversion to common stock
- Generated a BTC Yield of 12.2% year-to-date
- Announced a 10:1 stock split of MicroStrategy's class A common stock and class B common stock

	Principal Instruments	Maturity ⁽¹⁾	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028	\$500	6.125%	\$30.6
Converts	Convertible Senior Notes	Dec 2025	\$650	0.750%	\$4.9
		Feb 2027	\$1,050	0.000%	\$0.0
		Mar 2030	\$800	0.625%	\$5.0
		Mar 2031	\$604	0.875%	\$5.3
		Jun 2032	\$800	2.250%	\$18.0
	Subtotal⁽²⁾:		\$3,754	1.569%	\$58.9

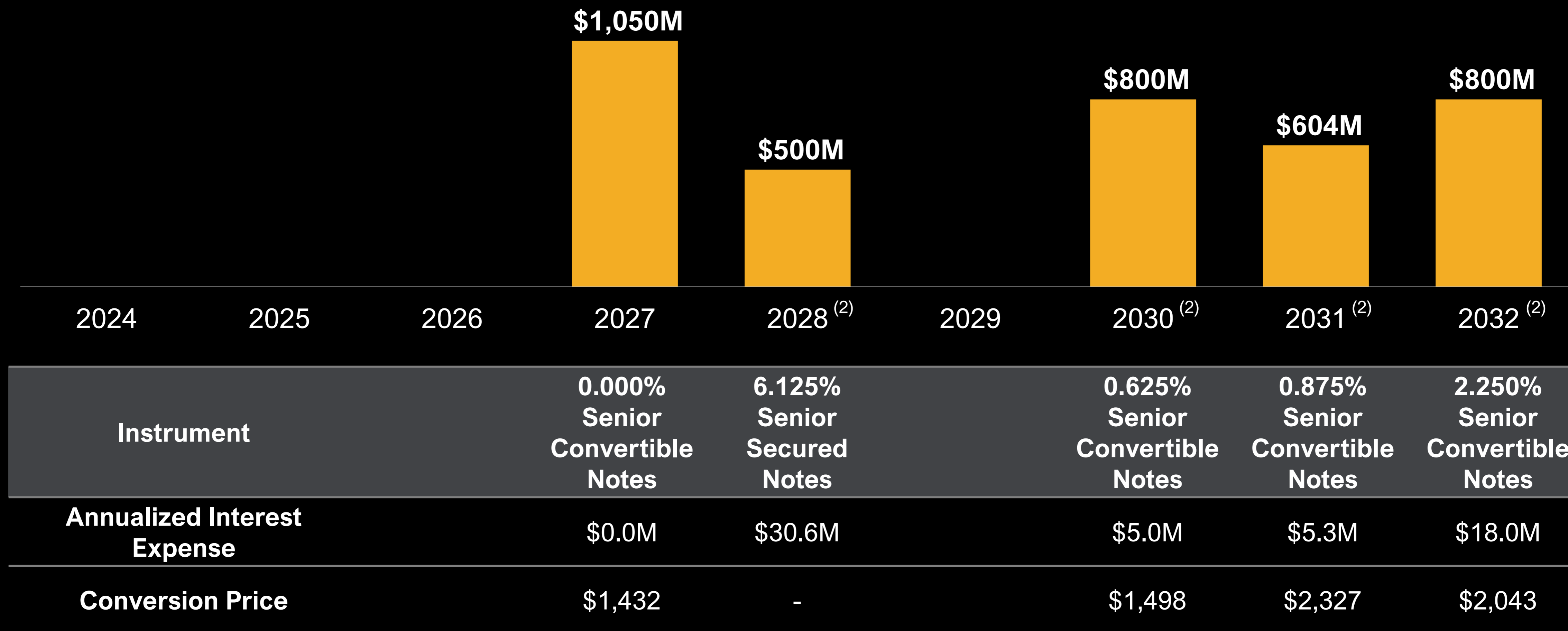
(1) Please refer to the Q1 2024 10-Q for the springing maturity provisions on the senior secured notes and investor controlled put option on 2030 and 2031 convertible notes. Please refer to the Form 8-K, dated June 20, 2024 for the investor controlled put option on the 2032 convertible notes.

(2) Excludes \$10.1M principal amount and interest payable on our other long-term secured debt. Please refer to the 2024 Q1 10-Q for further detail.



Principal Debt Maturities⁽¹⁾

- Total \$3.8B debt outstanding at weighted average annual fixed interest rate of 1.6%



(1) Excludes \$10.1M principal amount of other long-term secured debt as of June 30, 2024. Please refer to the 2024 Q1 10-Q for further detail.

(2) Please refer to the Q1 2024 10-Q for the springing maturity provisions on the senior secured notes and investor controlled put option on 2030 and 2031 convertible notes. Please refer to the Form 8-K, dated June 20, 2024 for the investor controlled put option on the 2032 convertible notes.



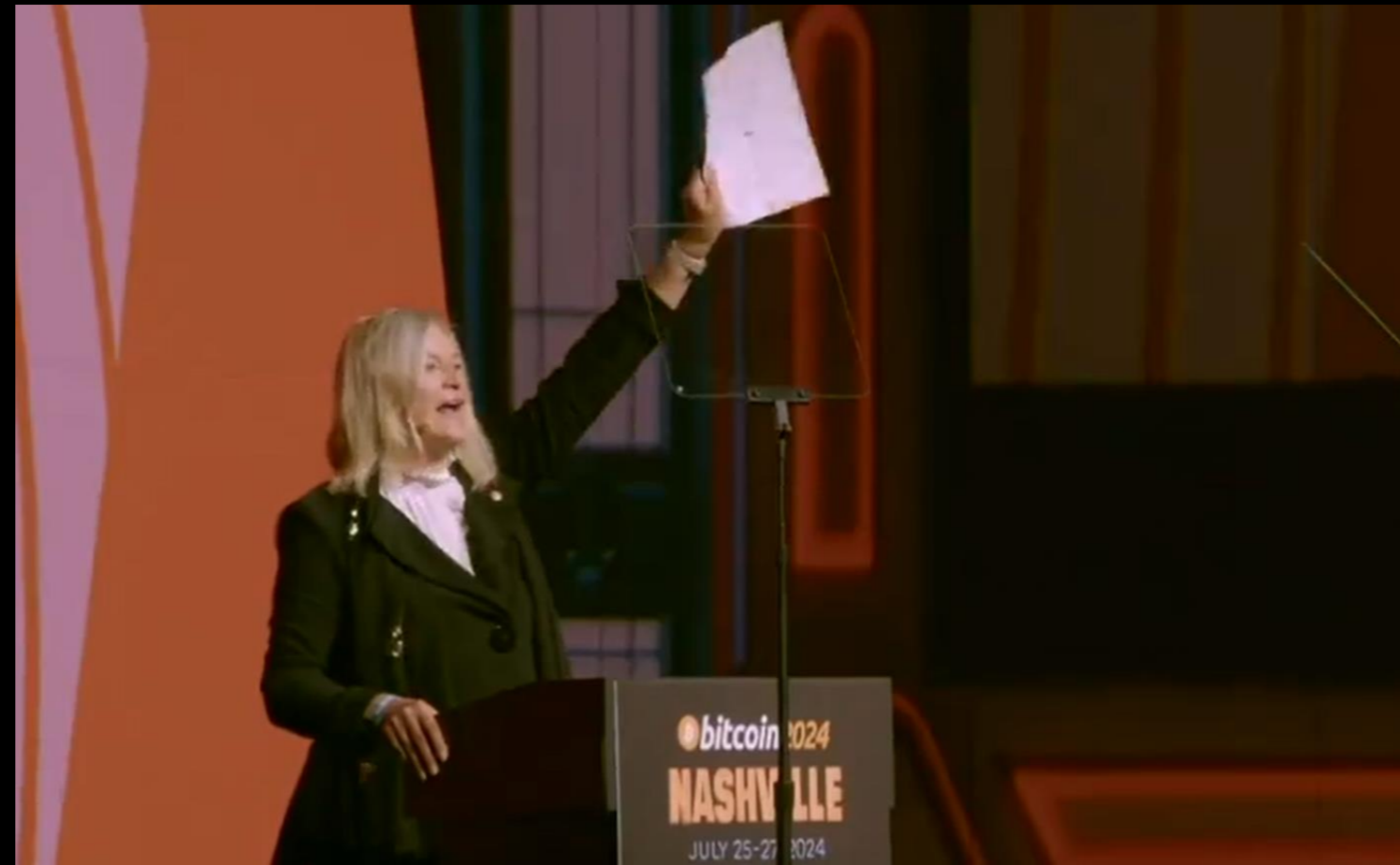


Strategy & Bitcoin

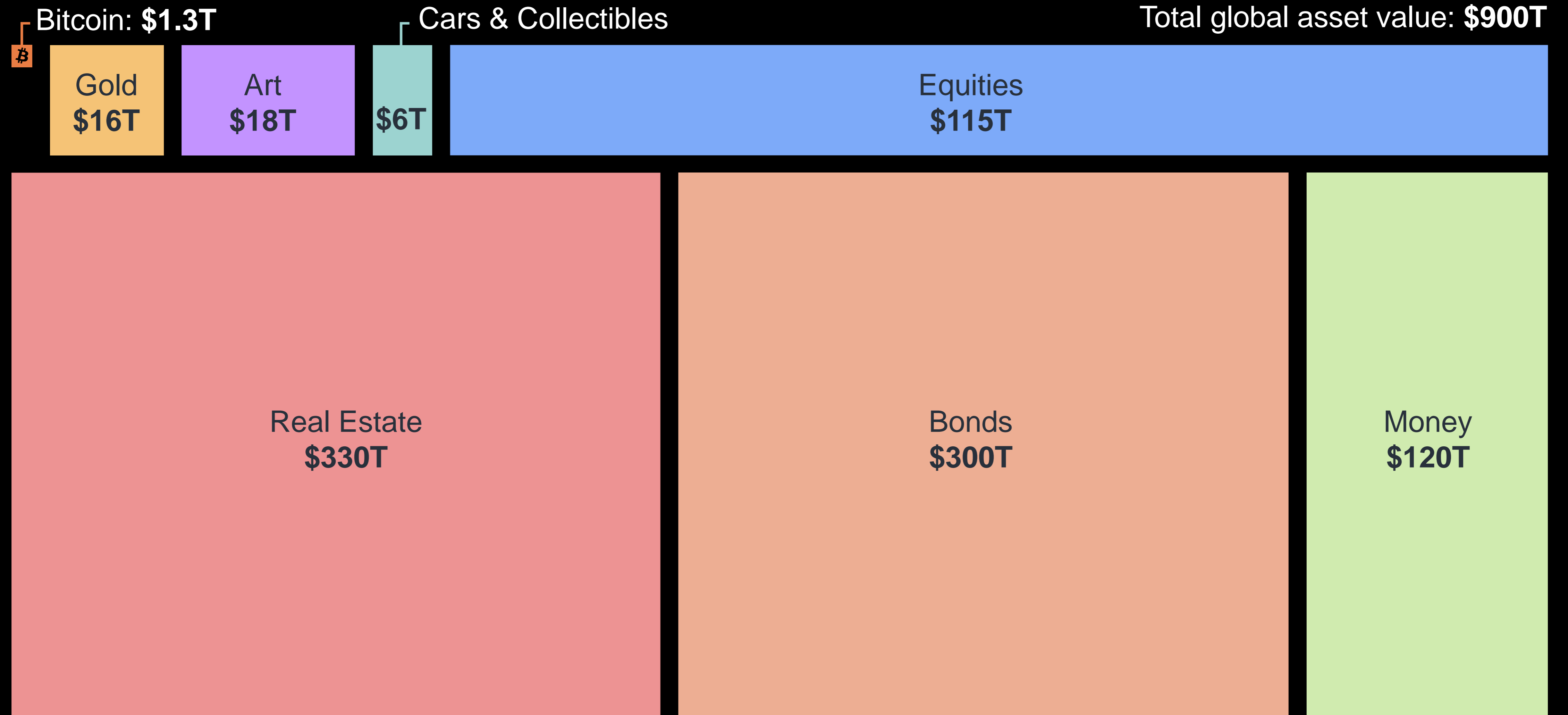
Michael Saylor, Executive Chairman

Bitcoin Conference 2024

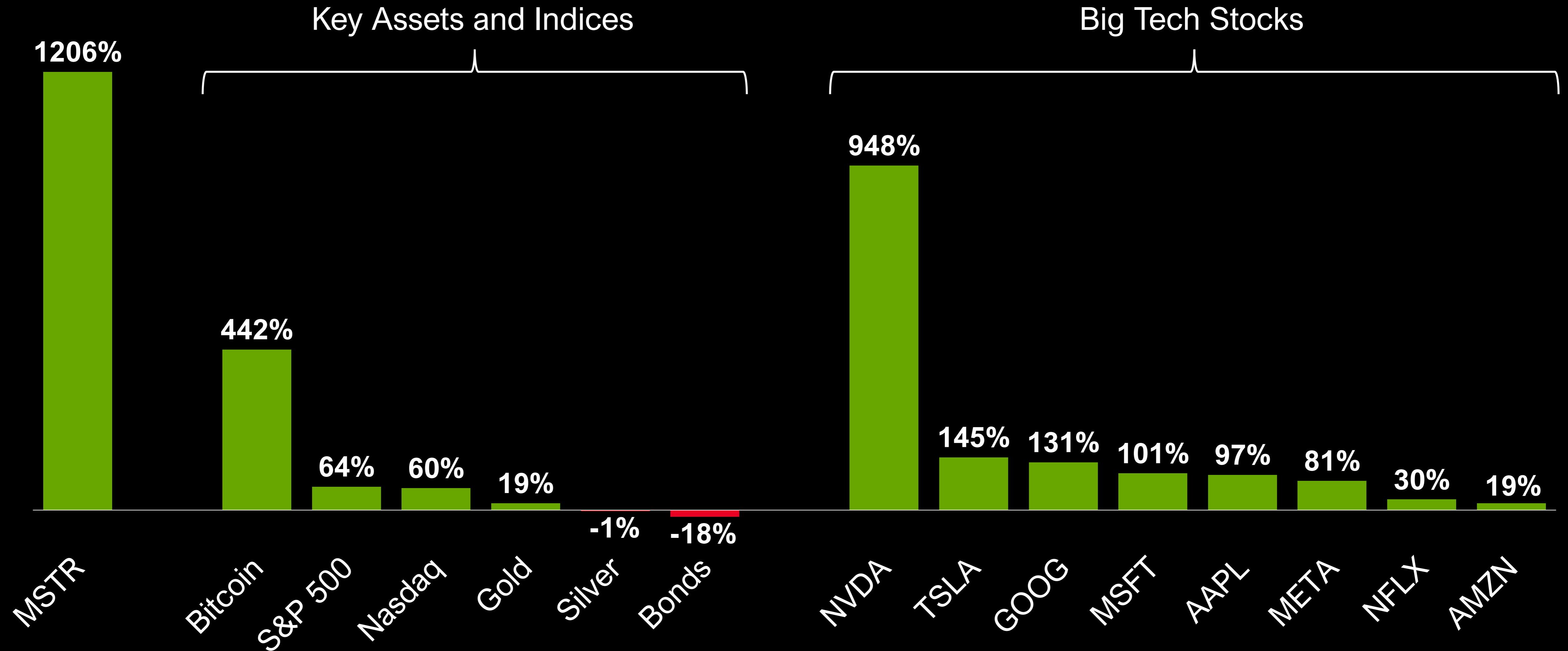
Nashville, TN



We are Still Early to Bitcoin



MicroStrategy Outperformance Since Adoption of Bitcoin Strategy



Stock performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on July 31, 2024.



MicroStrategy – Bitcoin Development Company

Unique value proposition versus Spot Bitcoin ETPs

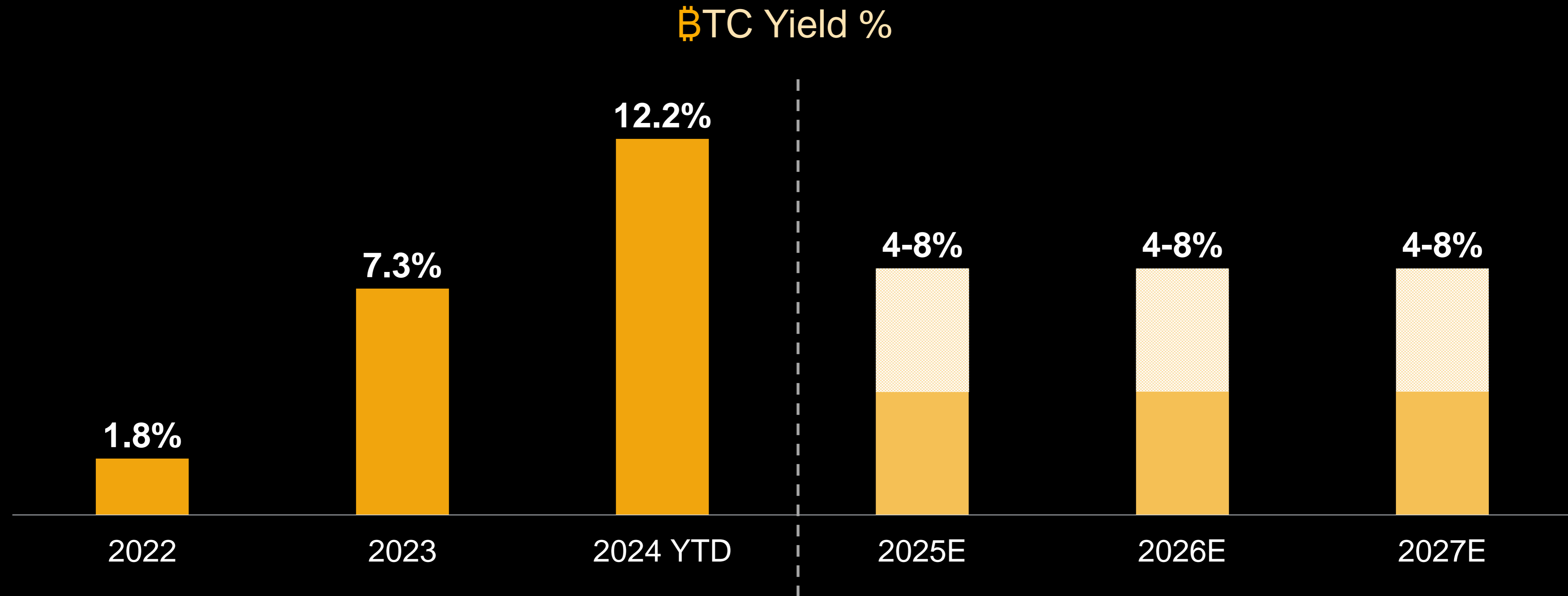
	MicroStrategy	Spot Bitcoin ETPs
1 Company Structure	Operating company Active control over capital structure No management fee	Trust company Limited control over capital structure Non-zero management fee
2 Ability to Develop Software	Ability to innovate to create incremental value	None
3 Ability to Generate Cash from Operations	Reinvest cash from software business	None
4 Ability to Leverage Capital Markets	Debt – Secured or Unsecured Convertible or Structured Notes Equity, Preferred Equity	Limited

Note: Based on the Company's own view of the relative positioning of the various categories shown. MicroStrategy is not an exchange traded product ("ETP") or an exchange-traded fund ("ETF") registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF and does not operate as an ETP or ETF. See Appendix slide 30 for additional information.



BTC Yield KPI Long Term Target

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding



Note: "BTC Yield" is a KPI (key performance indicator) defined in the Appendix. We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information and disclaimers on the forward-looking BTC Yield KPI target.

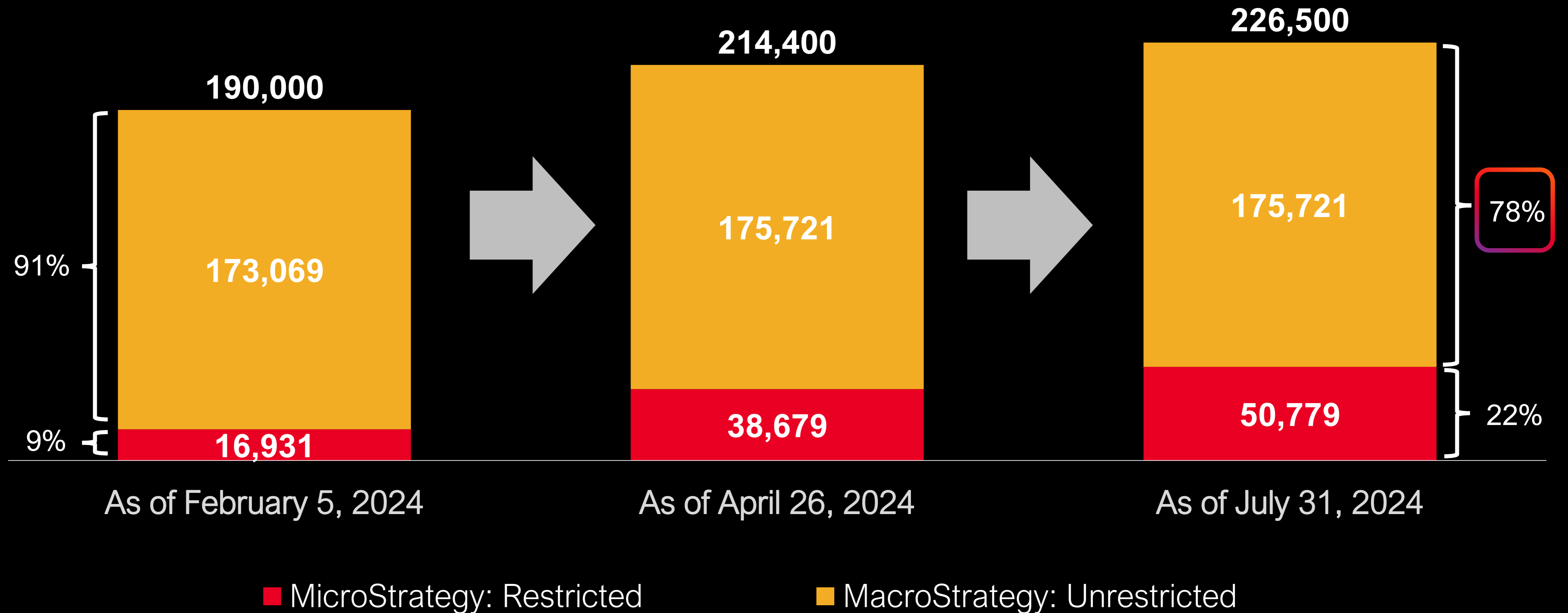




Appendix

Current Bitcoin Holdings

78% of our total bitcoin holdings are unencumbered as of July 31, 2024



Non-GAAP Reconciliations (\$ in Millions)

Q2 2024

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

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Revenues	\$125.4	\$132.6	\$121.9	\$120.4	\$129.5	\$124.5	\$115.2	\$111.4
Cost of Revenues	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0	\$30.9
Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8
GAAP Income (Loss) from Operations	\$6.1	\$(193.7)	\$(20.3)	\$(26.7)	\$(25.2)	\$(42.8)	\$(203.7)	\$(200.3)
GAAP Operating Margin %	5%	-146%	-17%	-22%	-20%	-34%	-177%	-180%
Share-Based Compensation	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8	\$20.6
Non-GAAP Income (Loss) from Operations	\$23.0	\$(176.7)	\$(2.8)	\$(11.2)	\$(8.4)	\$(23.1)	\$(185.9)	\$(179.6)
Non-GAAP Operating Margin %	18%	-133%	-2%	-9%	-7%	-19%	-161%	-161%
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1

Reconciliation of subscription services revenues to non-GAAP subscription billings

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Current Deferred Subscription Services Revenues	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7	\$65.5	\$60.3	\$69.6
Subscription Services Revenues	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0	\$21.5	\$23.0	\$24.1
Change in Current Deferred Subscription Services Revenues	\$(2.0)	\$13.6	\$(5.1)	\$3.2	\$(4.2)	\$19.8	\$(5.2)	\$9.3
Non-GAAP Current Subscription Billings	\$14.4	\$31.1	\$13.7	\$23.1	\$16.8	\$41.3	\$17.7	\$33.4



Non-GAAP Reconciliations (\$ in Millions)

Q2 2024

Reconciliation of non-GAAP operating expenses

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
GAAP Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8
Share-Based Compensation ⁽¹⁾	\$15.8	\$15.9	\$16.5	\$14.4	\$15.6	\$18.5	\$16.4	\$18.9
Non-GAAP Operating Expenses	\$78.1	\$283.6	\$97.8	\$105.6	\$112.5	\$120.5	\$272.5	\$261.9
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1

Reconciliation of total non-GAAP expenses

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Cost of Revenues	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0	\$30.9
Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8
Total GAAP Expenses	\$119.3	\$326.3	\$142.2	\$147.1	\$154.7	\$167.3	\$318.9	\$311.7
Share-Based Compensation	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8	\$20.6
Total Non-GAAP Expenses	\$102.4	\$309.2	\$124.7	\$131.6	\$137.9	\$147.6	\$301.2	\$291.1
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1

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



Non-GAAP Reconciliations (\$ in Millions)

Q2 2024

Reconciliation of total non-GAAP expenses

	Q2 23	Q2 24
GAAP Expenses		
Cost of Revenues	\$27.1	\$30.9
Sales & Marketing	\$37.7	\$34.3
Research & Development	\$29.4	\$30.3
General & Administrative	\$28.8	\$36.1
Digital Asset Impairment Losses, Net of Gains on Sale	\$24.1	\$180.1
Total GAAP Expenses	\$147.1	\$311.7
Share-Based Compensation		
Cost of Revenues	\$1.1	\$1.7
Sales & Marketing	\$4.2	\$3.9
Research & Development	\$2.2	\$4.0
General & Administrative	\$8.0	\$11.0
Total Share-Based Compensation	\$15.5	\$20.6
Non-GAAP Expenses		
Cost of Revenues	\$26.0	\$29.2
Sales & Marketing	\$33.4	\$30.4
Research & Development	\$27.1	\$26.3
General & Administrative	\$20.8	\$25.1
Digital Asset Impairment Losses, Net of Gains on Sale	\$24.1	\$180.1
Total Non-GAAP Expenses	\$131.6	\$291.1



Basic and Assumed Diluted Shares Outstanding Calculation

	6/30/2020	12/31/2020	12/31/2021	12/31/2022	12/31/2023	3/31/2024	6/30/2024	7/31/2024
Total Bitcoin Holdings	-	70,470	124,391	132,500	189,150	214,278	226,331	226,500
Shares Outstanding (in '000s)								
Class A	7,651	7,623	9,322	9,585	14,904	15,683	17,103	17,468
Class B	2,035	1,964	1,964	1,964	1,964	1,964	1,964	1,964
Basic Shares Outstanding ⁽¹⁾	9,686	9,587	11,286	11,549	16,868	17,647	19,067	19,432
2025 Convert Shares @\$398	-	1,633	1,633	1,633	1,633	1,633	366	
2027 Convert Shares @\$1,432	-	-	733	733	733	733	733	733
2030 Convert Shares @\$1,498	-	-	-	-	-	534	534	534
2031 Convert Shares @\$2,327	-	-	-	-	-	259	259	259
2032 Convert Shares @\$2,043	-	-	-	-	-	-	392	392
Options Outstanding	1,481	1,157	1,167	1,577	1,294	703	592	592
RSU/PSU Unvested	-	74	105	120	235	257	224	224
Assumed Diluted Shares Outstanding ⁽²⁾	11,167	12,451	14,924	15,612	20,763	21,766	22,166	22,166
BTC Yield % (period-over-period)			47.3%	1.8%	7.3%	8.1%	3.7%	
BTC Yield % (YTD 2024)								12.2%

(1) Basic Shares Outstanding reflects the actual Class A and Class B common stock outstanding as of the dates presented.

(2) Assumed Diluted Shares Outstanding refers to the aggregate of our actual shares of common stock outstanding as of the end of each period plus all additional shares that would result from the assumed conversion of all outstanding convertible notes, exercise of all outstanding stock option awards, and settlement of all outstanding restricted stock units and performance stock units. Assumed Diluted Shares Outstanding is not calculated using the treasury method and does not take into account any vesting conditions (in the case of equity awards), the exercise price of any stock option awards or any contractual conditions limiting convertibility of convertible debt instruments.



Important Information About BTC Yield KPI

BTC Yield is a key performance indicator (“KPI”) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding. Assumed Diluted Shares Outstanding refers to the aggregate of our actual shares of common stock outstanding as of the end of each period plus all additional shares that would result from the assumed conversion of all outstanding convertible notes, exercise of all outstanding stock option awards, and settlement of all outstanding restricted stock units and performance stock units. Assumed Diluted Shares Outstanding is not calculated using the treasury method and does not take into account any vesting conditions (in the case of equity awards), the exercise price of any stock option awards or any contractual conditions limiting convertibility of convertible debt instruments.

We use BTC Yield as a KPI to help assess the performance of our strategy of acquiring bitcoin in a manner we believe is accretive to shareholders. We believe this KPI can be used to supplement an investor’s understanding of our decision to fund the purchase of bitcoin by issuing additional shares of our common stock or instruments convertible to common stock. When we use this KPI, management also takes into account the various limitations of this metric, including that it does not take into account debt and other liabilities and claims on company assets that would be senior to common equity and that it assumes that all indebtedness will be refinanced or, in the case of our senior convertible debt instruments, converted into shares of common stock in accordance with their respective terms.

Additionally, this KPI is not, and should not be understood as, an operating performance measure or a financial or liquidity measure. In particular, BTC Yield is not equivalent to “yield” in the traditional financial context. It is not a measure of the return on investment our shareholders may have achieved historically or can achieve in the future by purchasing our stock, or a measure of income generated by our operations or our bitcoin holdings, return on investment on our bitcoin holdings, or any other similar financial measure of the performance of our business or assets.

The trading price of our class A common stock is informed by numerous factors in addition to the amount of bitcoins we hold and number of actual or potential shares of our stock outstanding, and as a result, the market value of our shares may trade at a discount or a premium relative to the market value of the bitcoin we hold, and BTC Yield is not indicative nor predictive of the trading price of our shares of class A common stock.

As noted above, this KPI is narrow in its purpose and is used by management to assist it in assessing whether we are using equity capital in a manner accretive to shareholders solely as it pertains to our bitcoin holdings.

In calculating this KPI, we do not take into account the source of capital used for the acquisition of our bitcoin. We note in particular, we have acquired bitcoin using proceeds from the offerings of our 6.125% Senior Secured Notes due 2028 (the “Senior Secured Notes”) as well as convertible senior notes, which currently are not exercisable or have conversion prices above our current trading prices, each of which would have the effect of increasing the BTC Yield without taking into account the corresponding debt. Conversely, if any of our convertible senior notes mature or are redeemed without being converted into common stock or we need cash to repay the Senior Secured Notes, we may be required to sell shares in quantities greater than the shares such notes are convertible into or generate cash proceeds from the sale of bitcoin, either of which would have the effect of decreasing the BTC Yield due to changes in our bitcoin holdings and shares in ways that were not contemplated by the assumptions in calculating BTC Yield. Accordingly, this metric might overstate or understate the accretive nature of our use of equity capital to buy bitcoin because not all bitcoin may be acquired using proceeds of equity offerings and not all issuances of equity may involve the acquisition of bitcoin.

We determine our KPI targets based on our history and future goals. Our ability to achieve positive BTC Yield may depend on a variety of factors, including our ability to generate cash from operations in excess of our fixed charges and other expenses, as well as factors outside of our control, such as the availability of debt and equity financing on favorable terms. Past performance is not indicative of future results.

We have historically not paid any dividends on our shares of common stock, and by presenting this KPI we make no suggestion that we intend to do so in the future. Ownership of common stock does not represent an ownership interest in the bitcoin we hold.

Investors should rely on our financial statements and other disclosures contained in our SEC filings. This KPI is merely a supplement, not a substitute. It should be used only by sophisticated investors who understand its limited purpose and many limitations.



Additional Information

MicroStrategy is not an exchange traded product (“ETP”) or an exchange-traded fund (“ETF”) registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF, and does not operate as an ETP or ETF. In particular, unlike spot bitcoin ETPs, we (i) do not seek for our shares of Class A common stock to track the value of the underlying bitcoin we hold before payment of expenses and liabilities, (ii) do not benefit from various exemptions and relief under the Securities Exchange Act of 1934, as amended, including Regulation M, and other securities laws, which enable spot bitcoin ETPs to continuously align the value of their shares to the price of the underlying bitcoin they hold through share creation and redemption, (iii) are a Delaware corporation rather than a statutory trust, and do not operate pursuant to a trust agreement that would require us to pursue one or more stated investment objectives, (iv) are subject to federal income tax at the entity level and the other risk factors applicable to an operating business, such as ours, and (v) are not required to provide daily transparency as to our bitcoin holdings or our daily NAV.

