



# Q1 2023 Financial Results

May 1, 2023

# MicroStrategy Q1 2023 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).





# Operational Results

Phong Le, President & Chief Executive Officer

# MicroStrategy World 2023

May 1-4 | Orlando, Florida

## Business Intelligence

May 1-4



## Bitcoin for Corporations

May 3

### Key Speakers

- Michael Rihani, Block / Cash App
- Tom Jessop & Dave Gray, Fidelity
- Michael Saylor, MicroStrategy



## Lightning for Corporations

May 4

### Key Speakers

- Alex Leishman, River
- Elizabeth Stark, Lightning Labs
- Jack Mallers, Strike





# Financial Highlights

Q1 2023

**\$121.9M**

Total Revenues, an increase of **2%** YoY, or an increase of **6%** on a constant currency basis

**\$36.2M**

Total Software Licenses Revenues<sup>(1)</sup>, an increase of **23%** YoY, or **29%** on a constant currency basis

**\$18.8M**

Subscription Services Revenues, an increase of **46%** YoY, or **52%** on a constant currency basis

**\$13.7M**

Non-GAAP Current Subscription Billings<sup>(2)</sup>, an increase of **19%** YoY

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

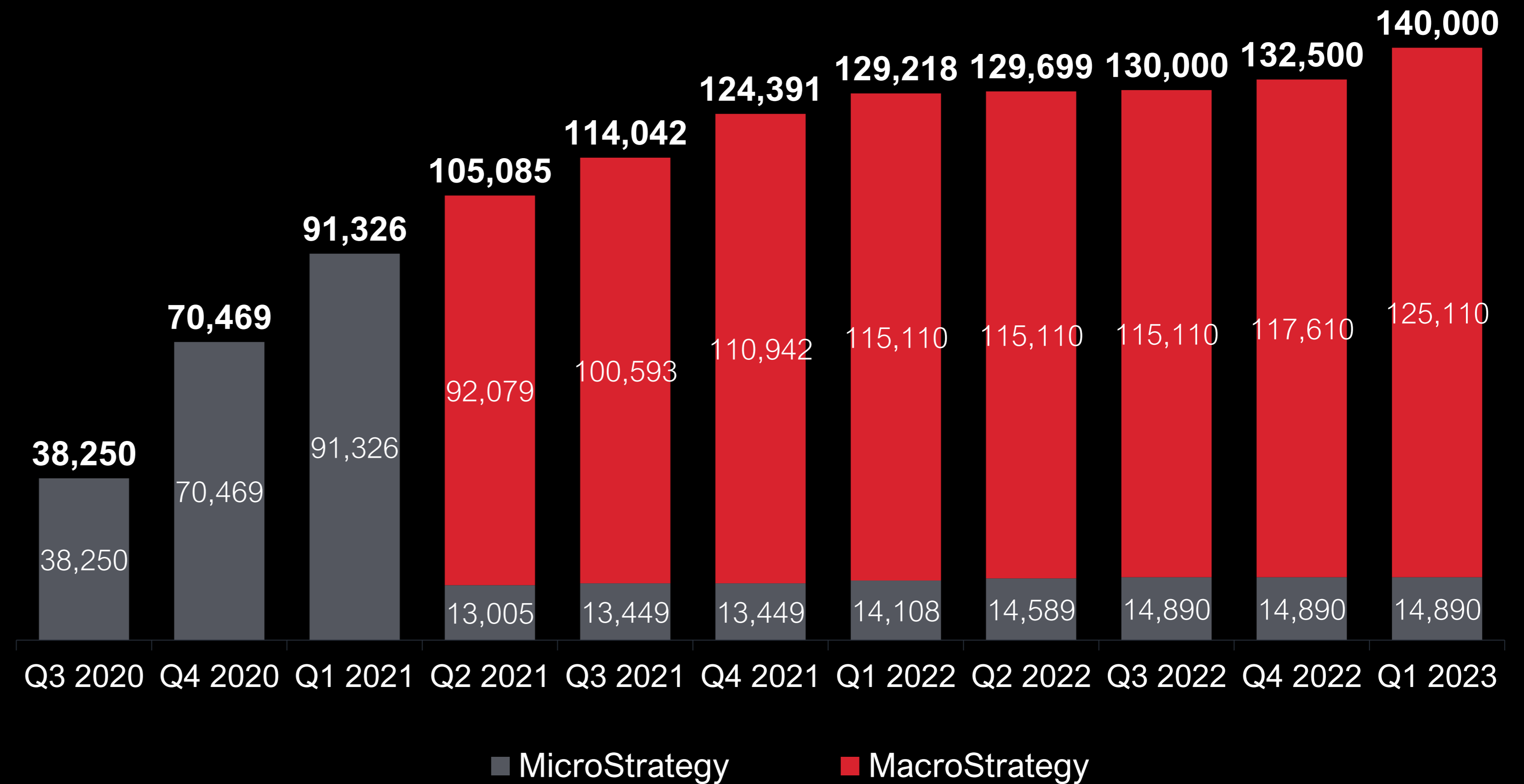
(2) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Non-GAAP Current Subscription Billings.



# Bitcoin Holdings Evolution

- In Q1, we increased our holdings by ~7,500 bitcoins for a net aggregate purchase amount of \$179 million or ~\$23,903 per bitcoin, inclusive of fees and expenses
- As of March 31, 2023, the Company held 140,000 bitcoins acquired for a total cost of ~\$4.2 billion, or ~\$29,803 per bitcoin, inclusive of fees and expenses

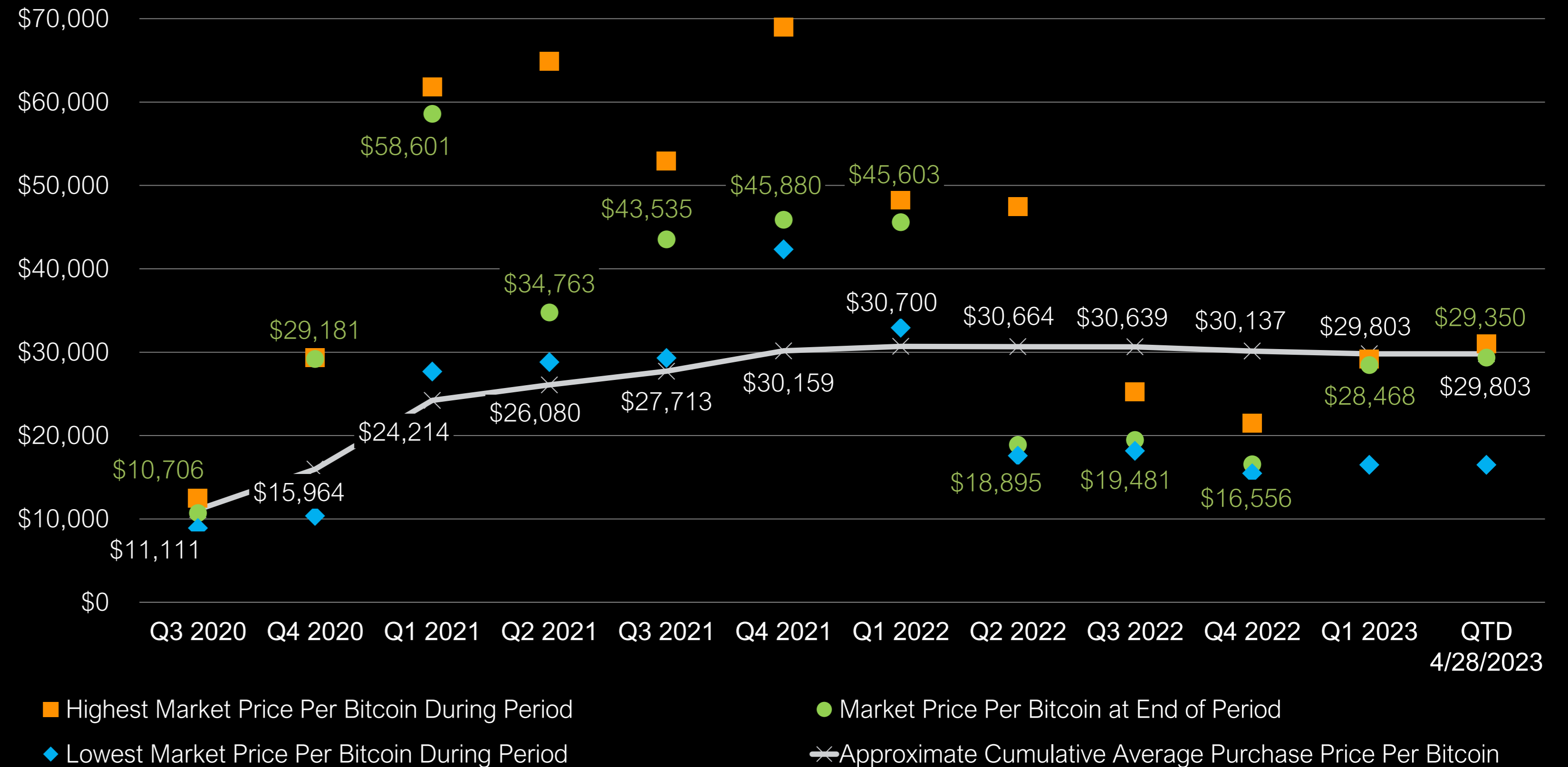
## Approximate Number of Bitcoins Held at End of Quarter



# Bitcoin Price Evolution

- Bitcoin is volatile and has fluctuated over the quarters
- **MicroStrategy principles**
  - High conviction
  - Long-term focused
  - Risk-managed approach
- **Core business is insulated from near-term bitcoin price volatility**
  - Sufficient liquidity to cover debt service payments
  - No near-term debt maturities

## Bitcoin Price (\$)

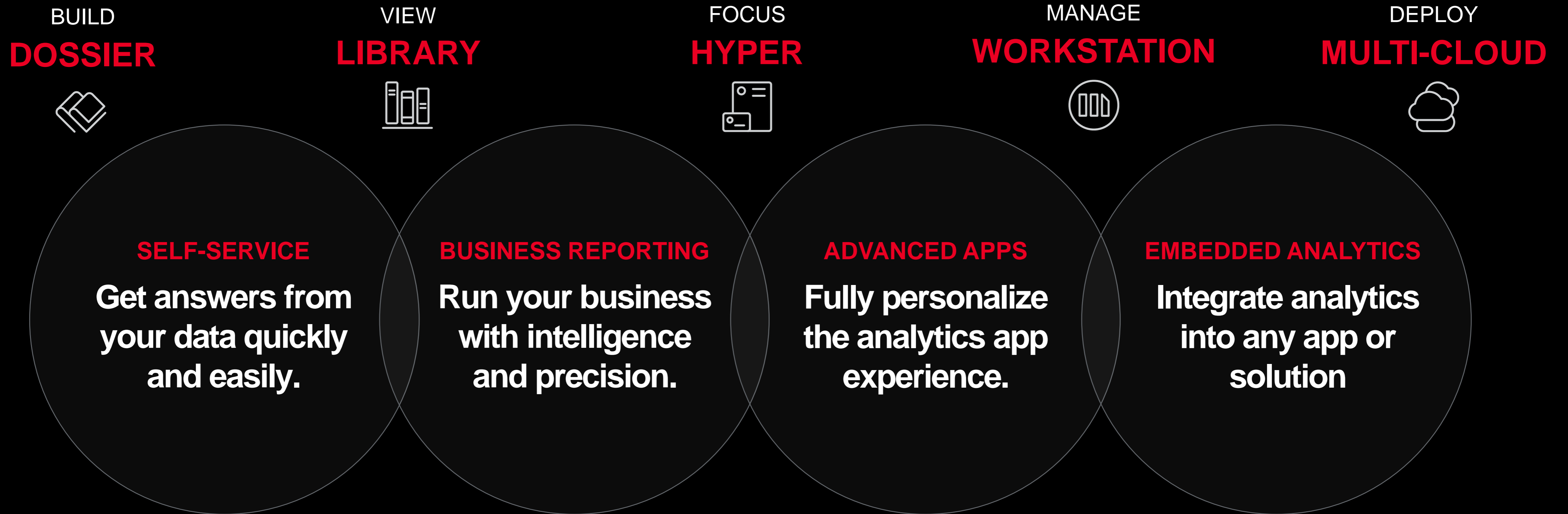


Source: Bitcoin prices represent market price of one bitcoin on the Coinbase exchange. End of period prices are shown as of 4:00 p.m. Eastern Time on the last day of the respective quarter or date noted.



# Introducing...

Embedded analytics is one of the four core pillars of  
**MicroStrategy ONE**

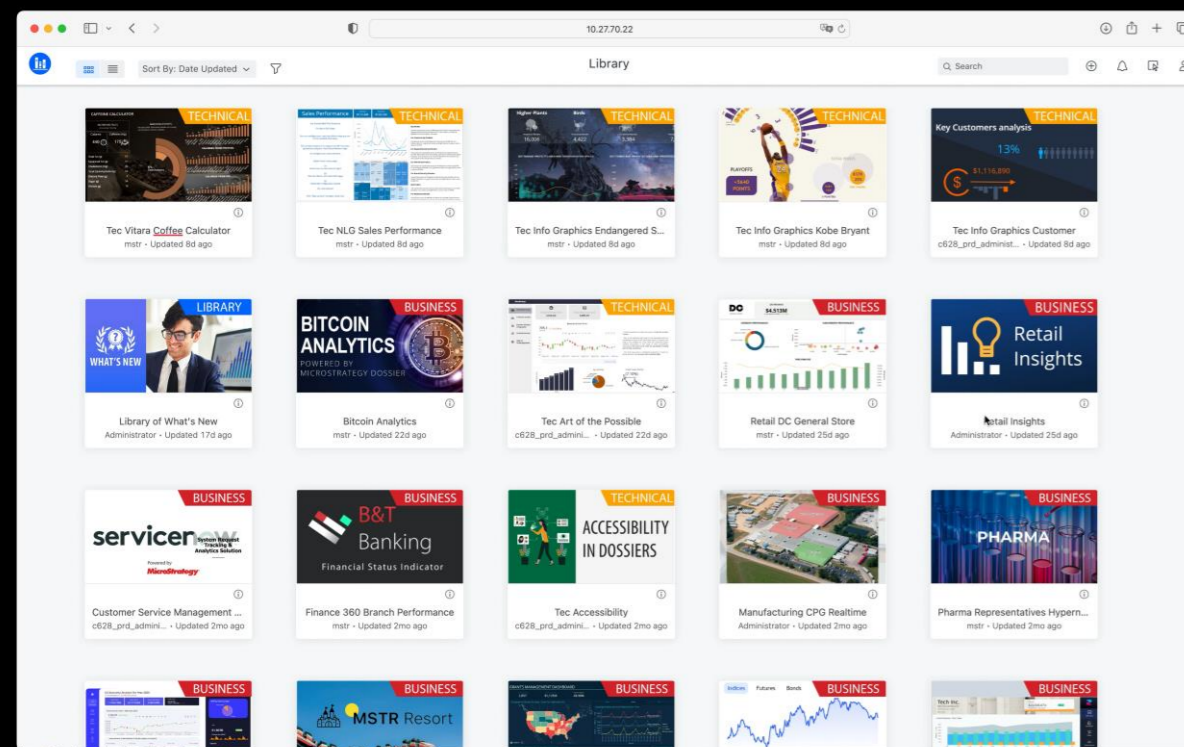




# Innovation in Business Intelligence

MicroStrategy is investing in developing on its core BI capabilities to deliver analytics that is east, fast, and powerful

## Empowered Self-Service

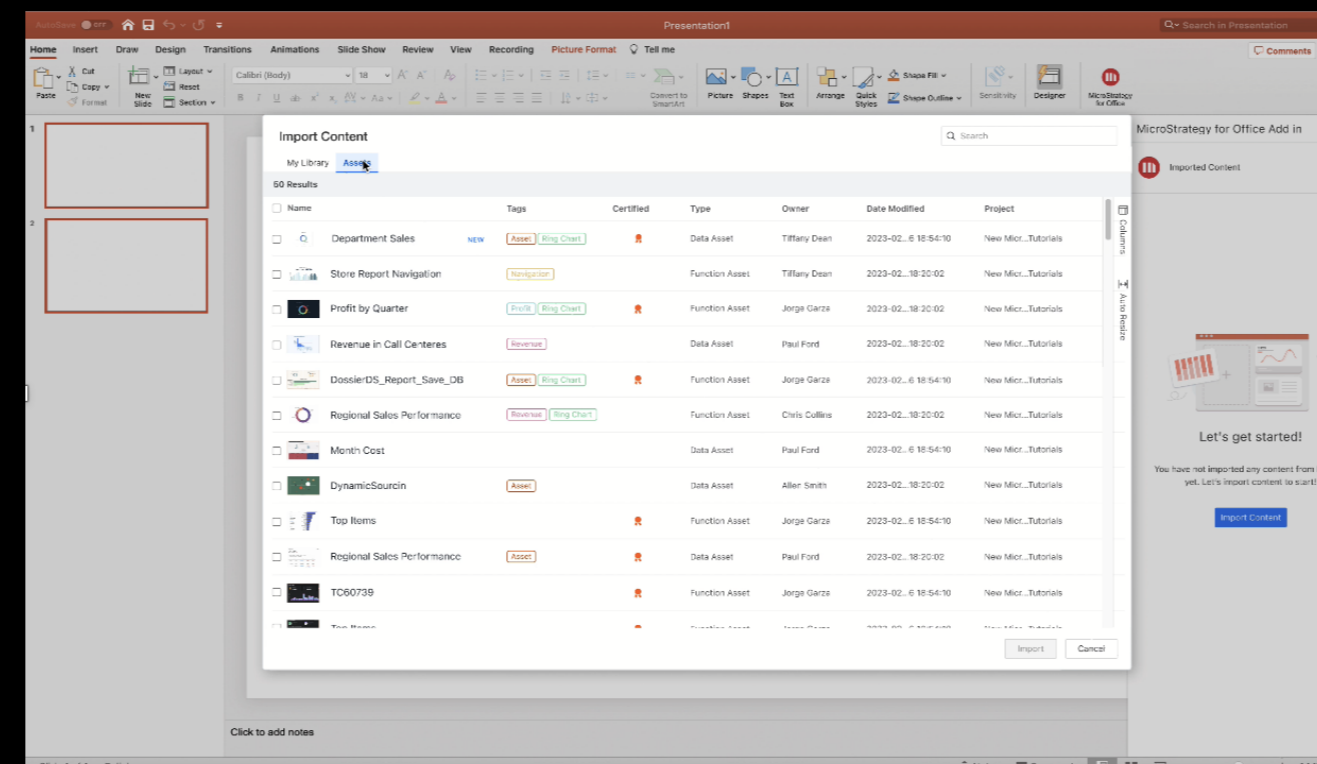


**Governed Authoring:** Create using preconfigured data-driven templates accelerate development without compromising accuracy

**Reusable Assets:** Combine metrics and viz into assets. Copy paste to speed development

**Dossier Actions:** Embed transactions into Dossiers to go from insight to action

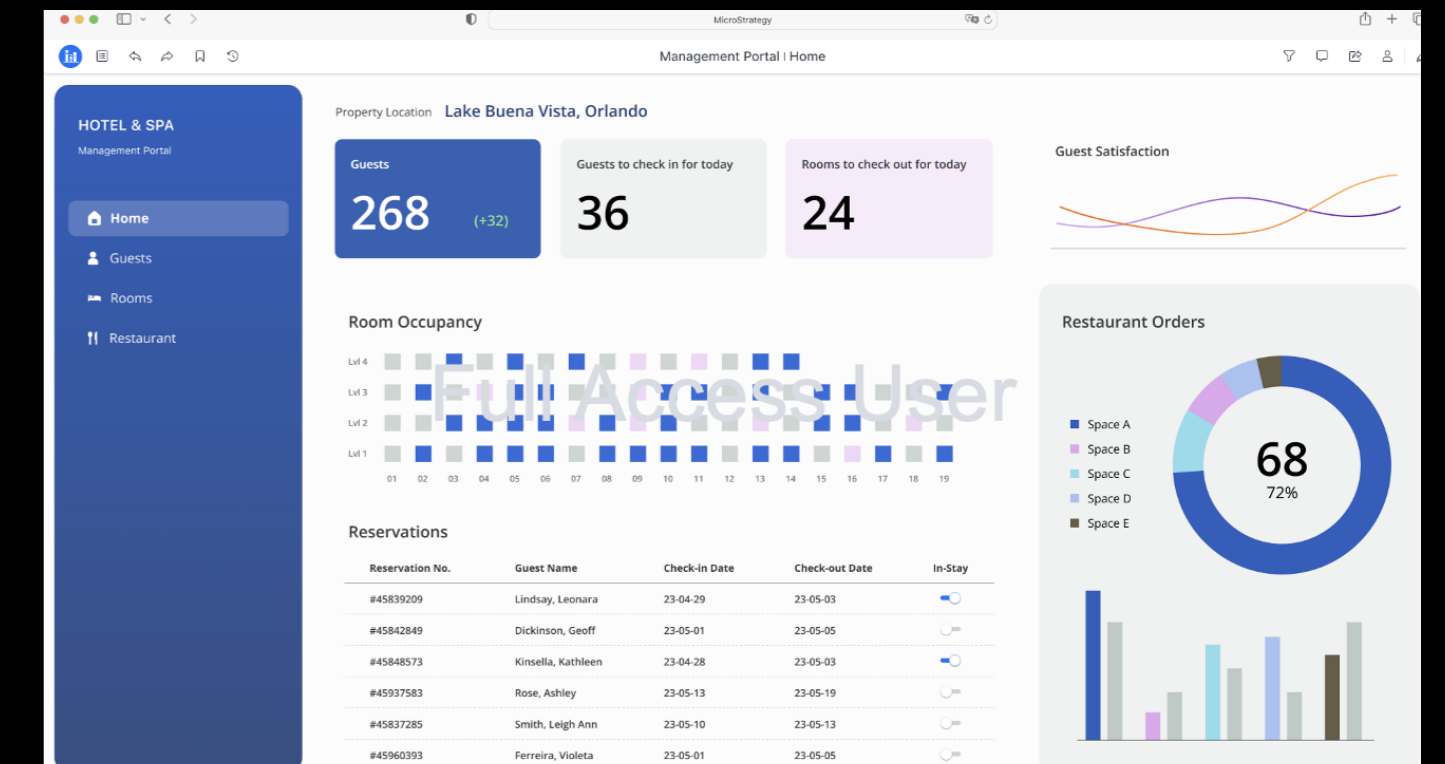
## Productivity



**Native PowerPoint Plug-in:** Import and update visualizations, leverage asset collections, direct from Dossier

**PDF Authoring:** Create picture perfect PDF exports with unique layouts and rich content

## Data Personalization



**Data privacy:** Mask or hide your sensitive data and audit via logged events

**Conditional Display:** Change what appears on canvas, alternative layouts or navigation

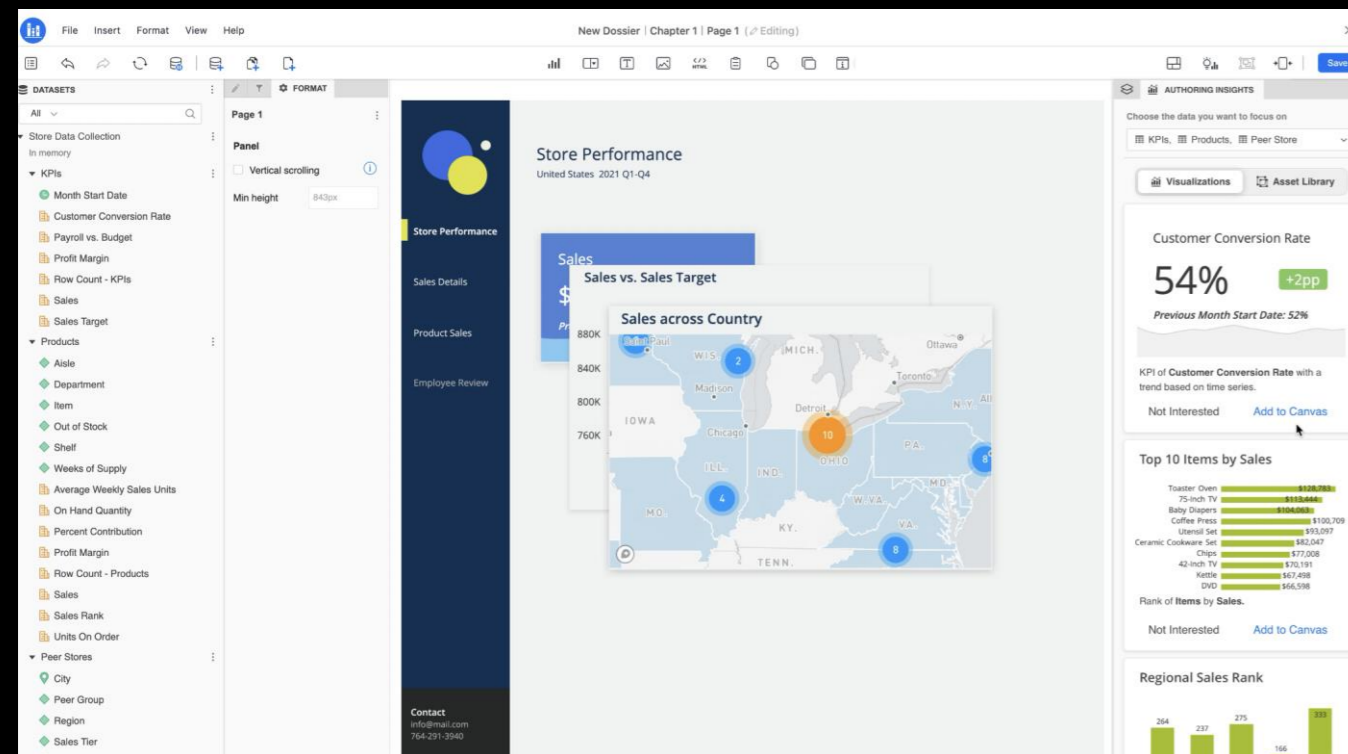
**Rich Content Delivery:** Advanced subscription authoring, bursting for Insights and visualizations, Embed Dossiers



# Innovation in Augmented Analytics

MicroStrategy is investing in developing on its Augmented Analytics to help users perform their existing workflows more quickly, resulting in increased output, improved efficiency, and better data insights

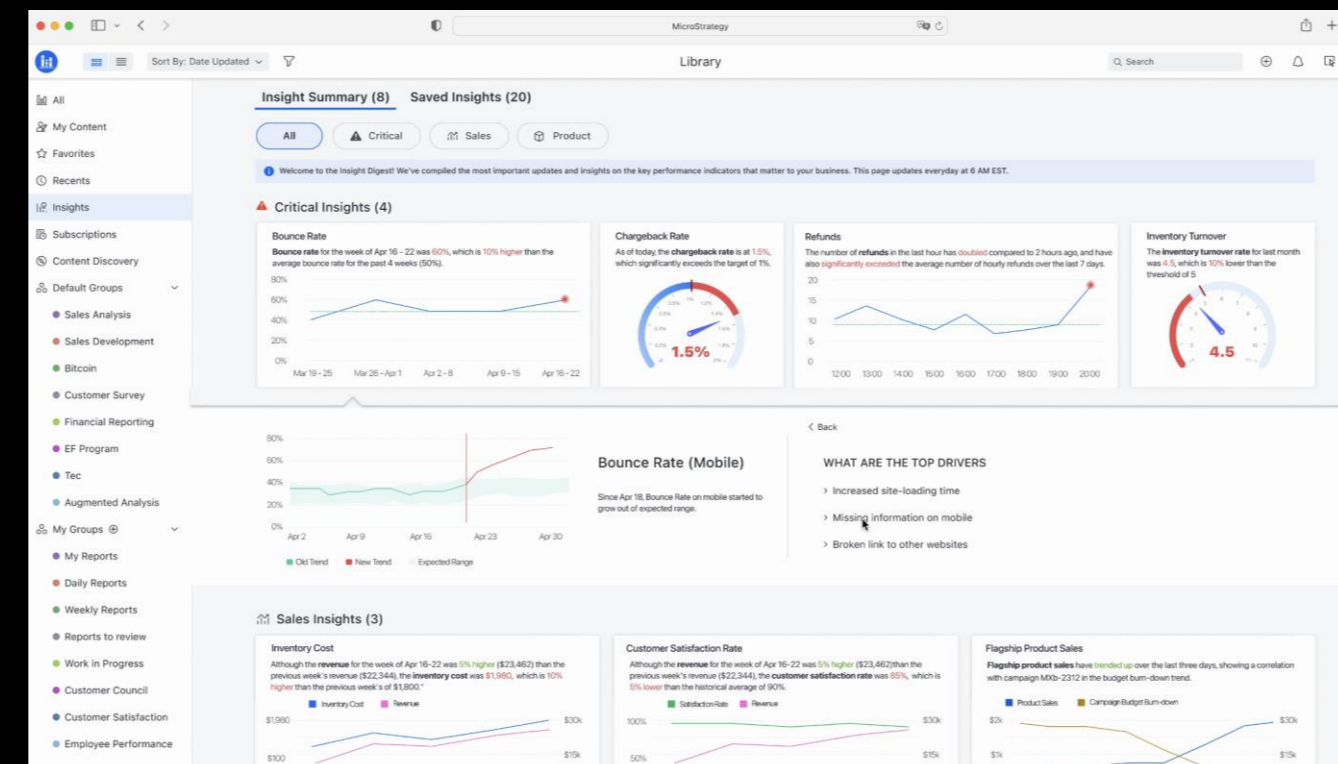
## Augmented Authoring



**Smart Creation:** Build dossiers in a fraction of the time by suggesting visualizations they can add to their canvas via a single click

**Machine learning and semantic graph** to recommend certified assets where they exist and create visualizations on the fly where they do not

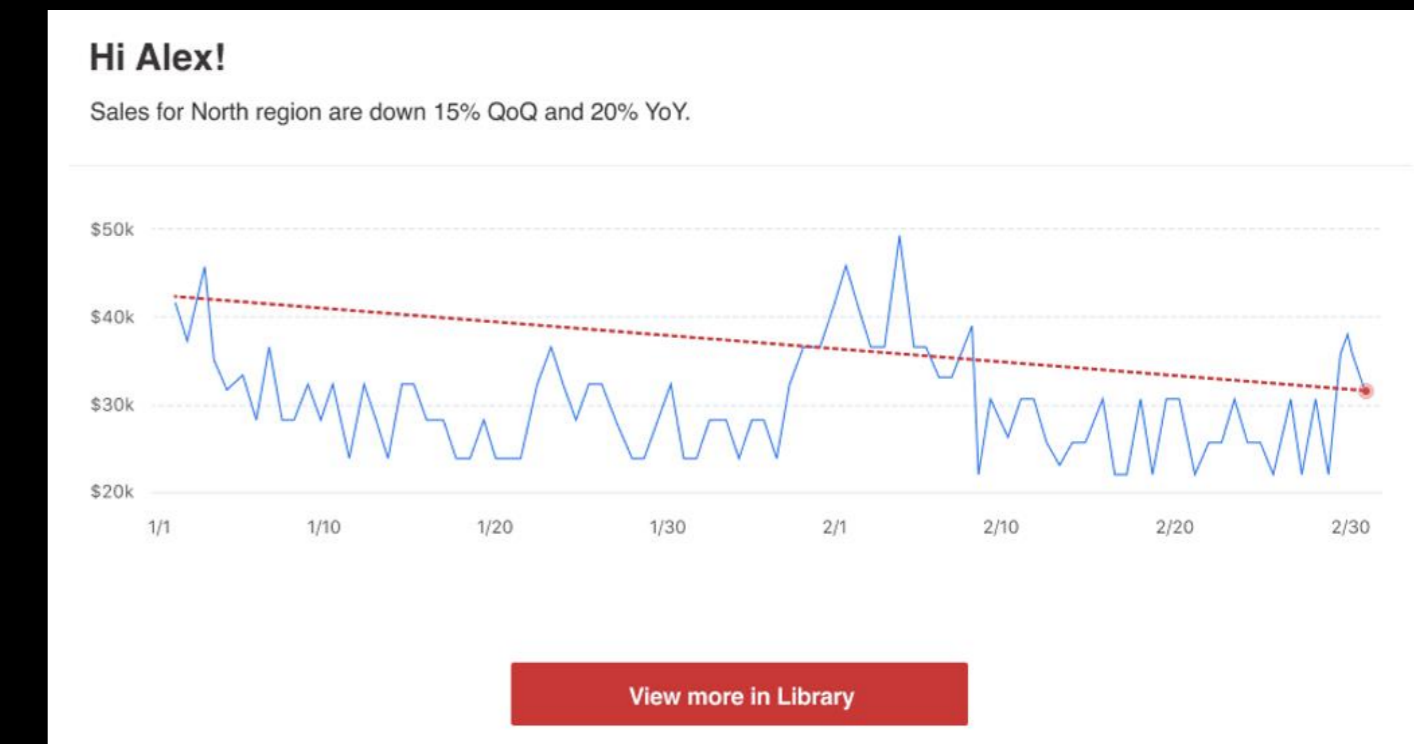
## Pervasive Analysis



**Insights+:** Add any datapoint in a dossier within any visualization type to the Insights dashboard and set thresholds for insights + alerts right in canvas. Experience the Insights hub to view content in a way that enhances focus

**Insights Stream:** Full support of real-time data sources layered with our Insights+ engine means you reduce latency and drive action at the speed of decision making

## Guided Discovery



**Insights Collection:** Solve any barriers to adoption by providing users with a curated set of Insight Collections, created and governed by your content creators, directly from their Insights dashboard

**Pre-Configured Insights:** Create groups of pre-assigned insights for individual users or user groups in Library

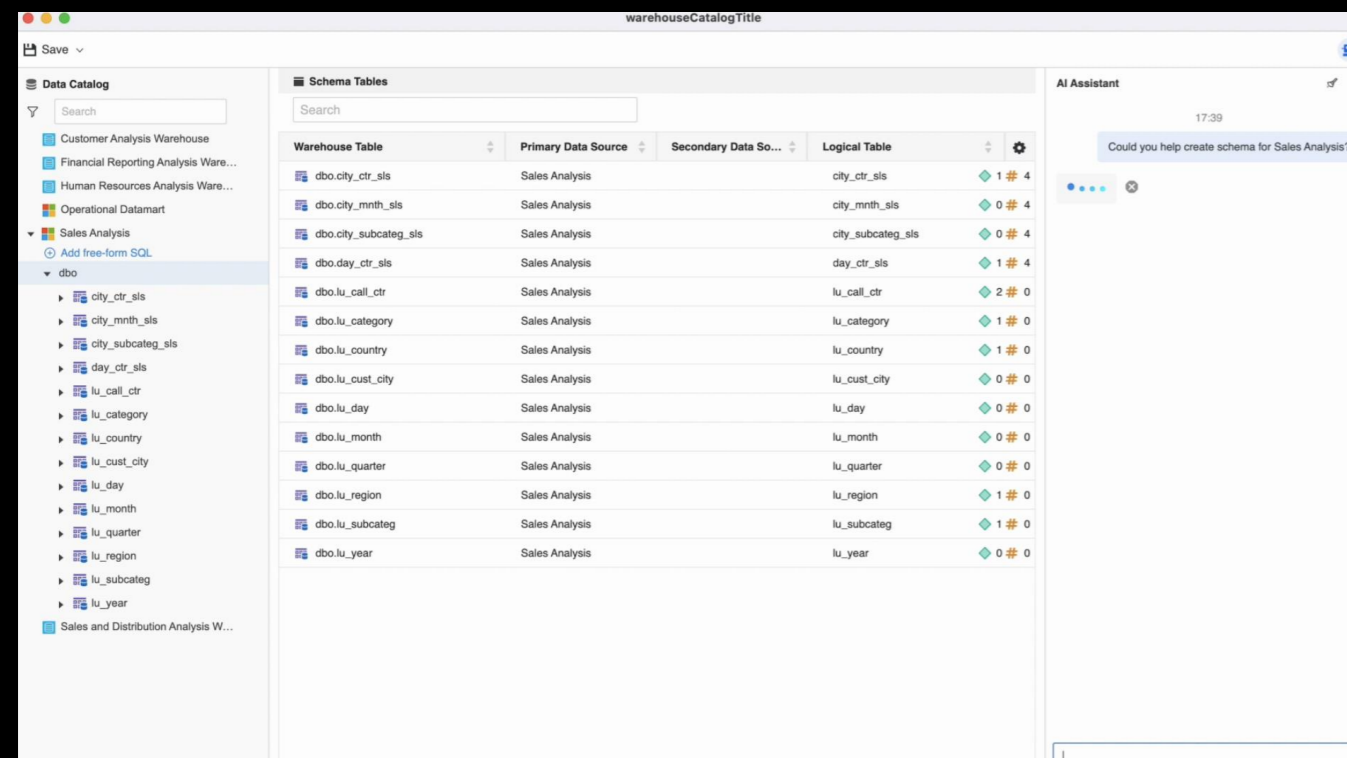




# Innovation in Artificial Intelligence

MicroStrategy is investing in developing on its Artificial Intelligence (AI) capabilities to assist enterprises in harnessing the potential of new AI engines for their corporate data

## AI Powered Productivity

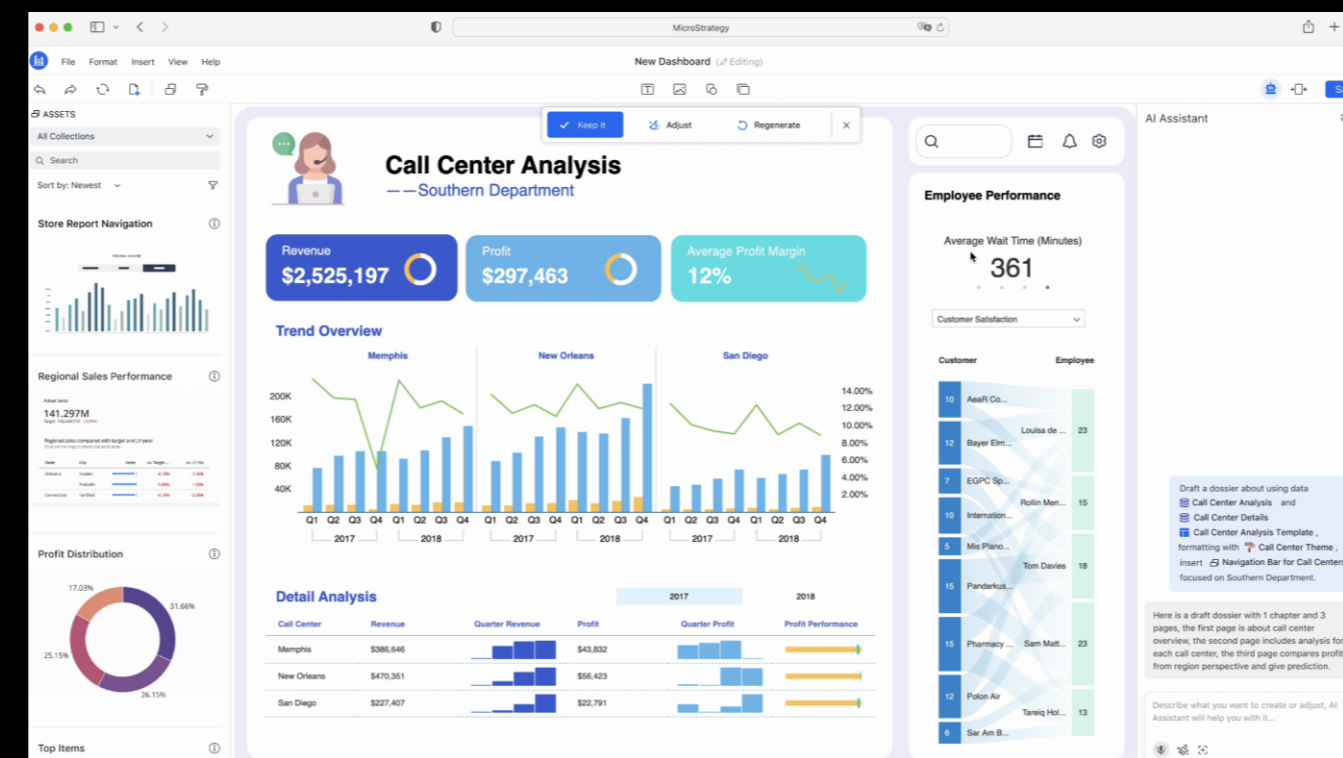


**SQL Scribe:** Generate complete queries, using the correct SQL dialect for your source based on simple NL prompts

**Schema Builder:** Use advanced AI models to recognize & build tables, multi-form attributes, facts and metrics

**AI Canvas:** Ask or point it at a dataset, and our AI model will build a beautiful dossier that provides a 360 analysis of the data

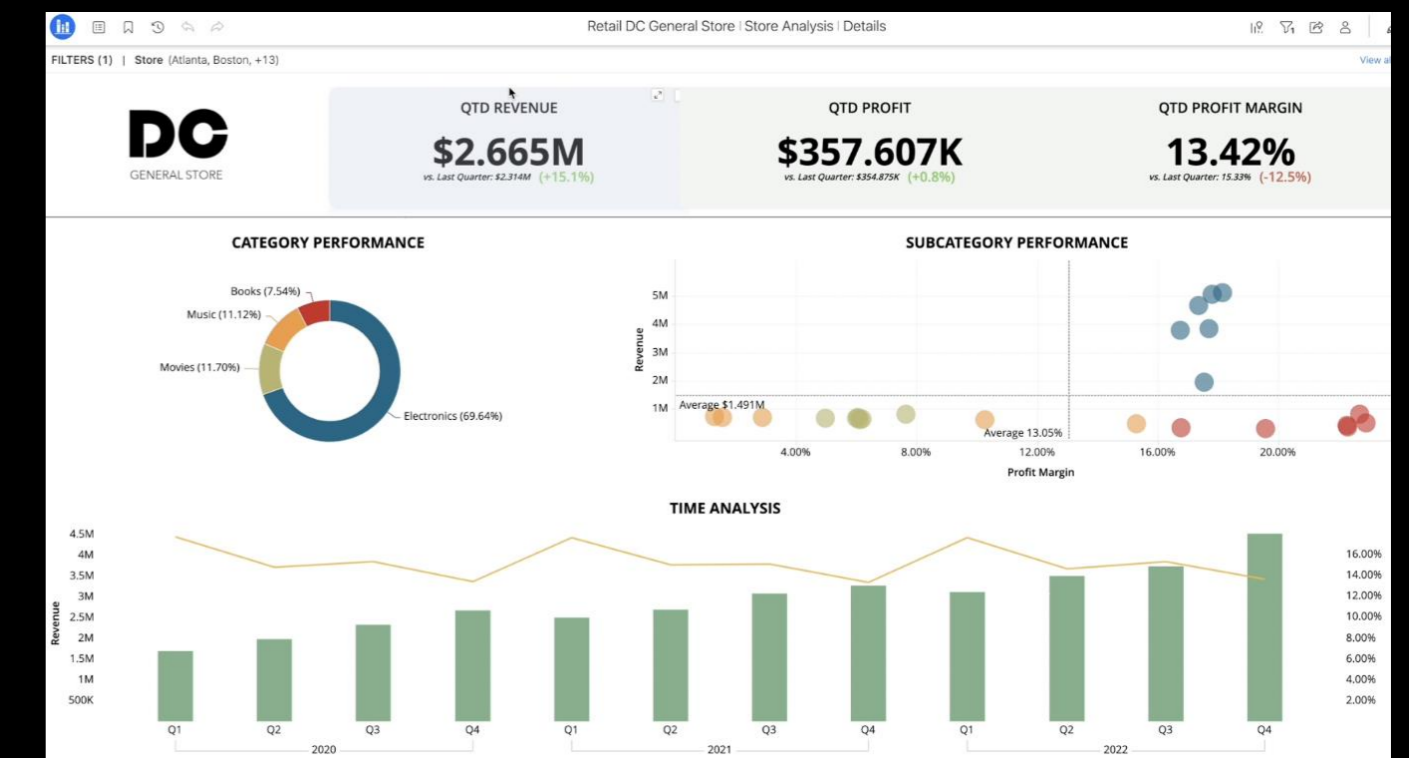
## Generative AI



**Data Forge:** Leverages Generative AI models and intuitive chat experience to help –

- Rapidly integrate data assets you have
- Generate sample data with the exact shape you need for prototyping and demos
- Intelligently cleanse, mask or anonymize data

## Interactivity & Insights



**Data Whisperer:** Your analysts can ask and understand the why behind the data, without expensive context switching

The intuitive chat experience also makes analytics accessible to less technical users at the edges of your enterprise



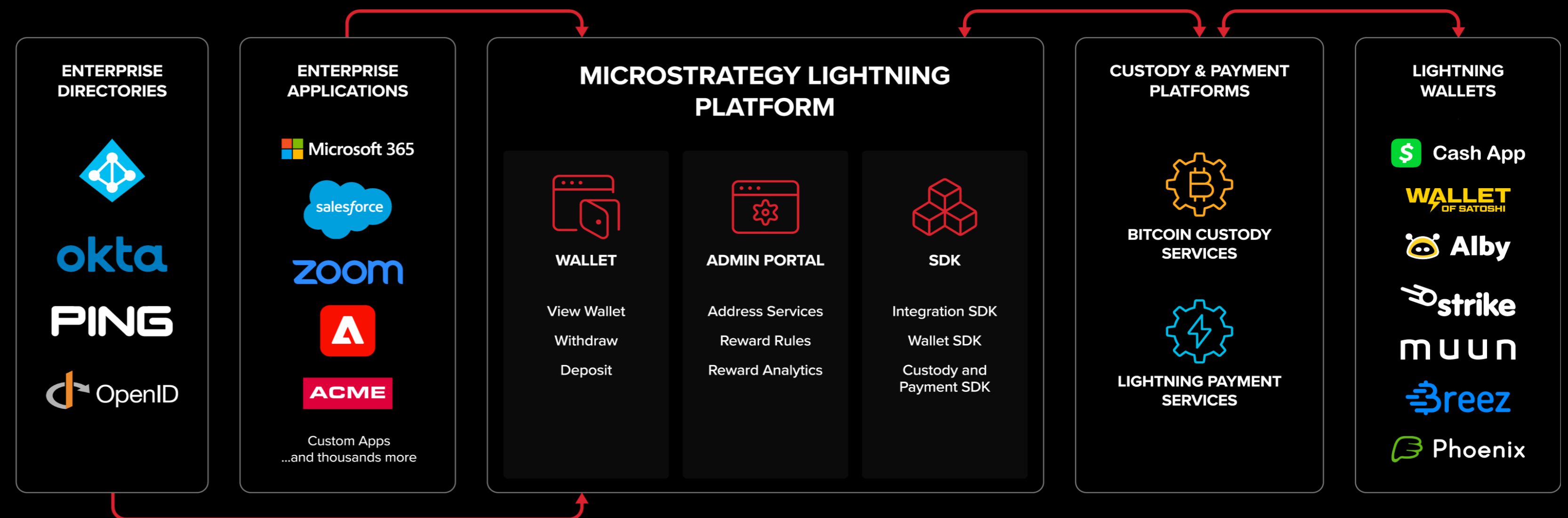
# Innovation in Bitcoin

## MicroStrategy Lightning Platform

MicroStrategy is developing **new software and products that utilize the Lightning network** to address enterprise-specific use cases.

Experience in **enterprise software** to create plug-and-play solutions for new ecommerce use-cases and to tackle modern cybersecurity challenges.

**Drives adoption and demand for Bitcoin**, while also **creating new revenue streams** with powerful solutions for both new and existing customers.



**MicroStrategy Lightning Rewards** is an enterprise platform that incentivizes employees and customers to take certain actions and rewards them with satoshis instantly.







# Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

# Revenue Components

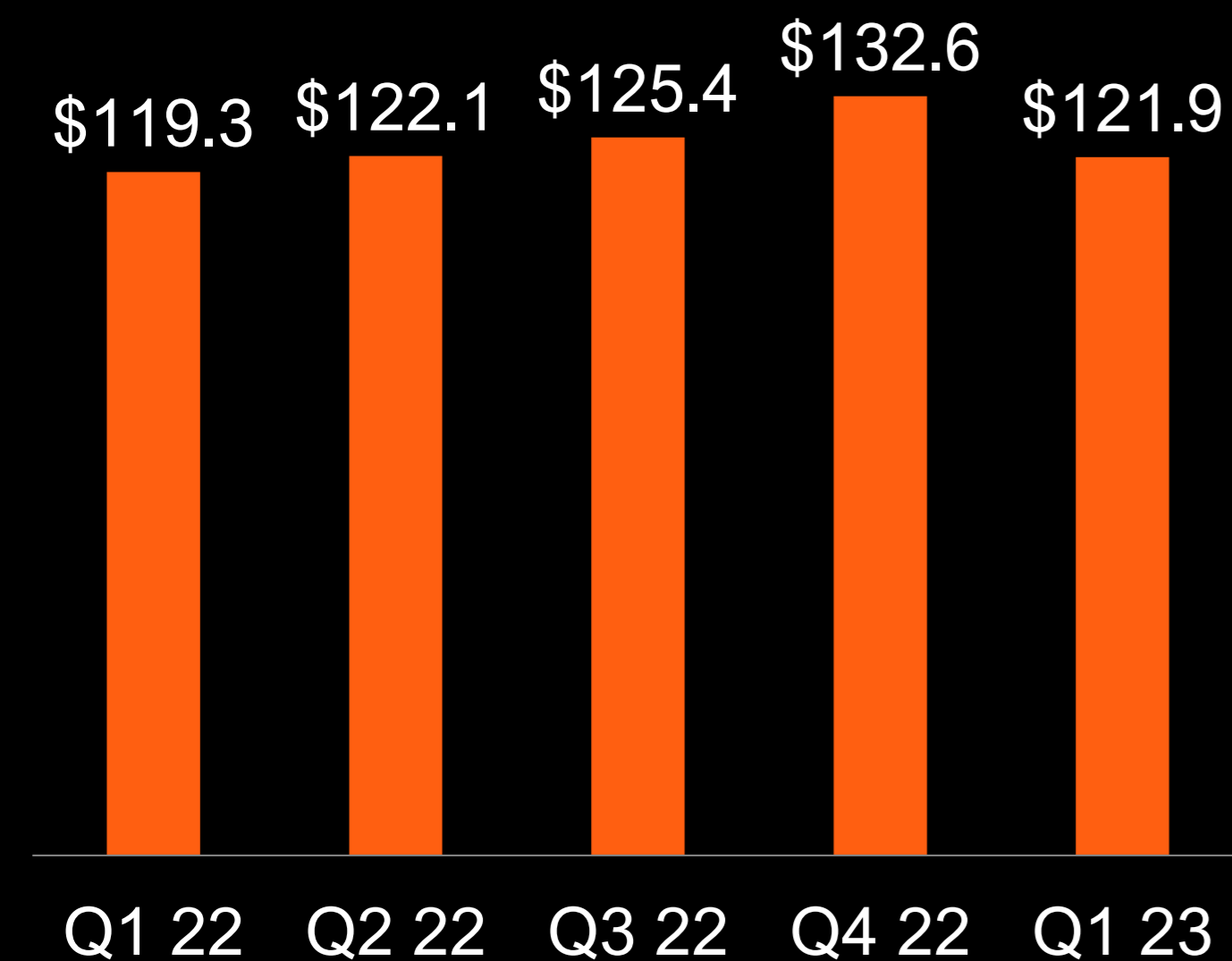
Q1 2023

(\$ in Millions)

## Total Revenues

Q1 2023: **+2%** YOY

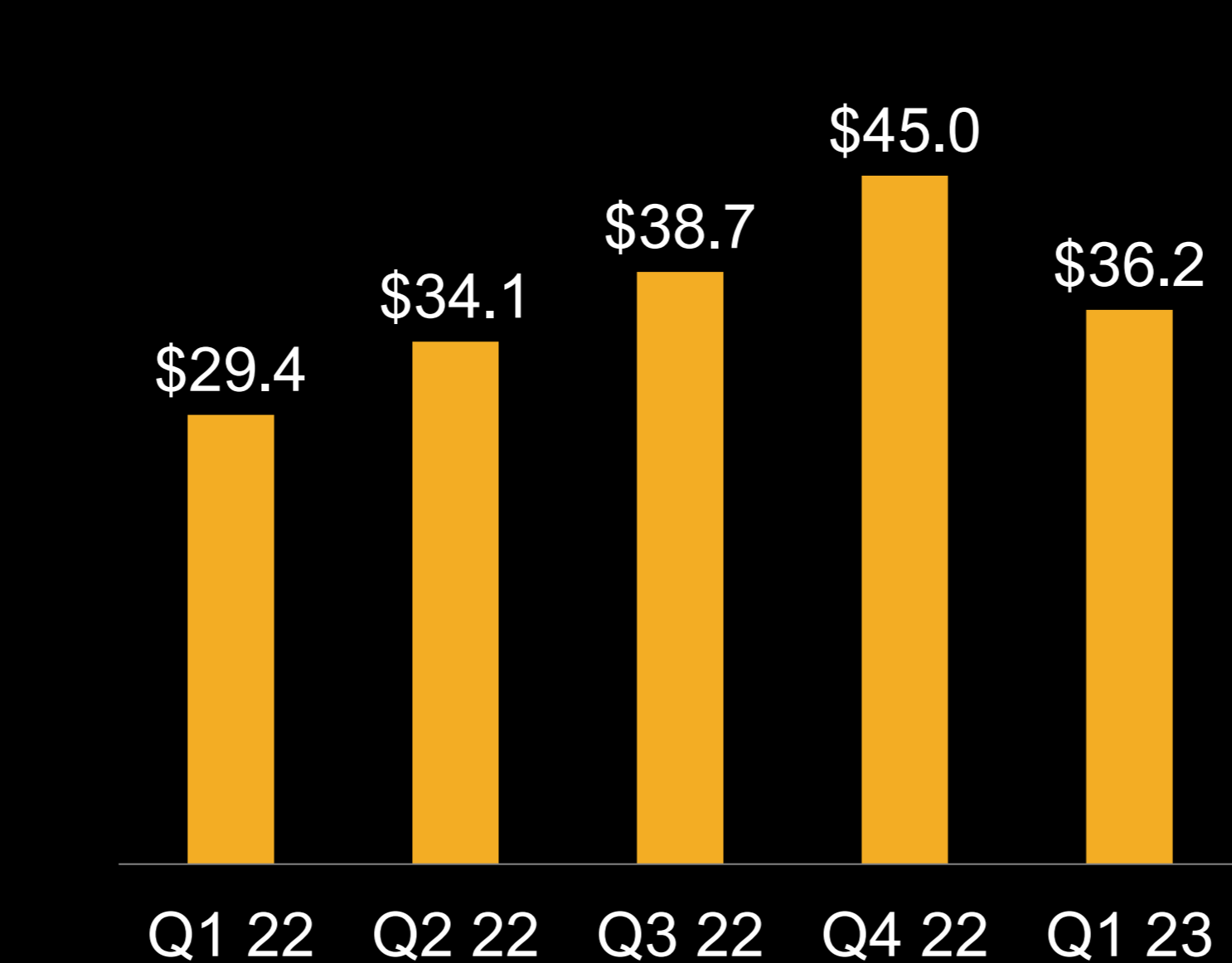
Constant FX: **+6%** YOY



## Total Software Licenses Revenues<sup>(1)</sup>

Q1 2023: **+23%** YOY

Constant FX: **+29%** YOY



## Subscription Services Revenues

Q1 2023: **+46%** YOY

Constant FX: **+52%** YOY



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



# Non-GAAP Billings Components<sup>(1)</sup>

Q1 2023

(\$ in Millions)

## Current Software Licenses Billings

Q1 2023: **+2%** YOY



## Current Subscription Billings

Q1 2023: **+19%** YOY



(1) Please refer to the Appendix for a reconciliation of Total Software Licenses Revenues to Non-GAAP Current Software Licenses Billings, and Subscription Services Revenues to Non-GAAP Current Subscription Billings.

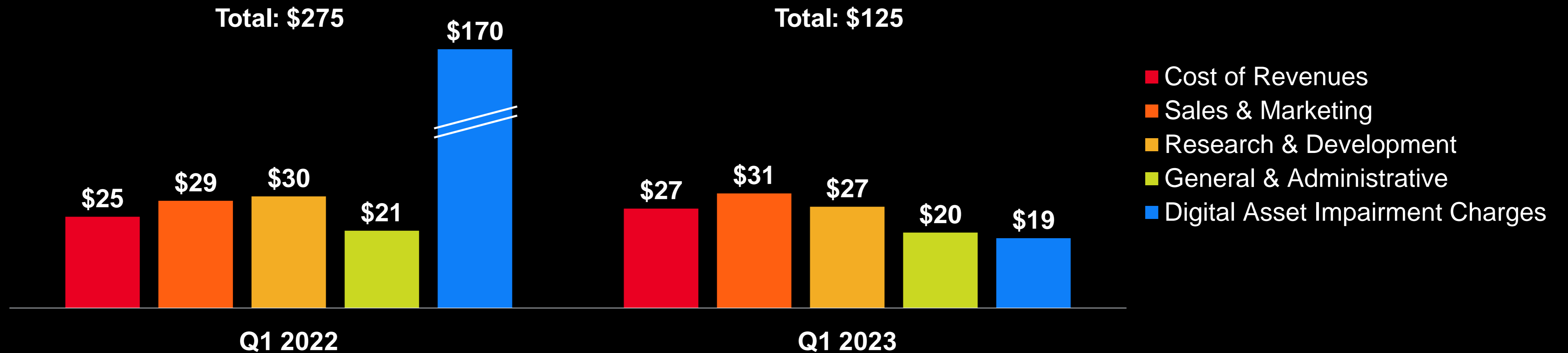


# Cost Structure and Drivers

Q1 2023

- Non-GAAP cost of revenues higher YoY primarily due to higher total cost of cloud hosting
- Non-cash digital asset impairment charge was significantly lower due to higher Bitcoin price as of March 31, 2023
- Overall foreign exchange (Fx) impacts favorable in Q1

**Non-GAAP Expenses By Type<sup>(1)</sup>**  
(\$ in Millions)



(1) Please refer to the Appendix for GAAP Expenses, and 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.



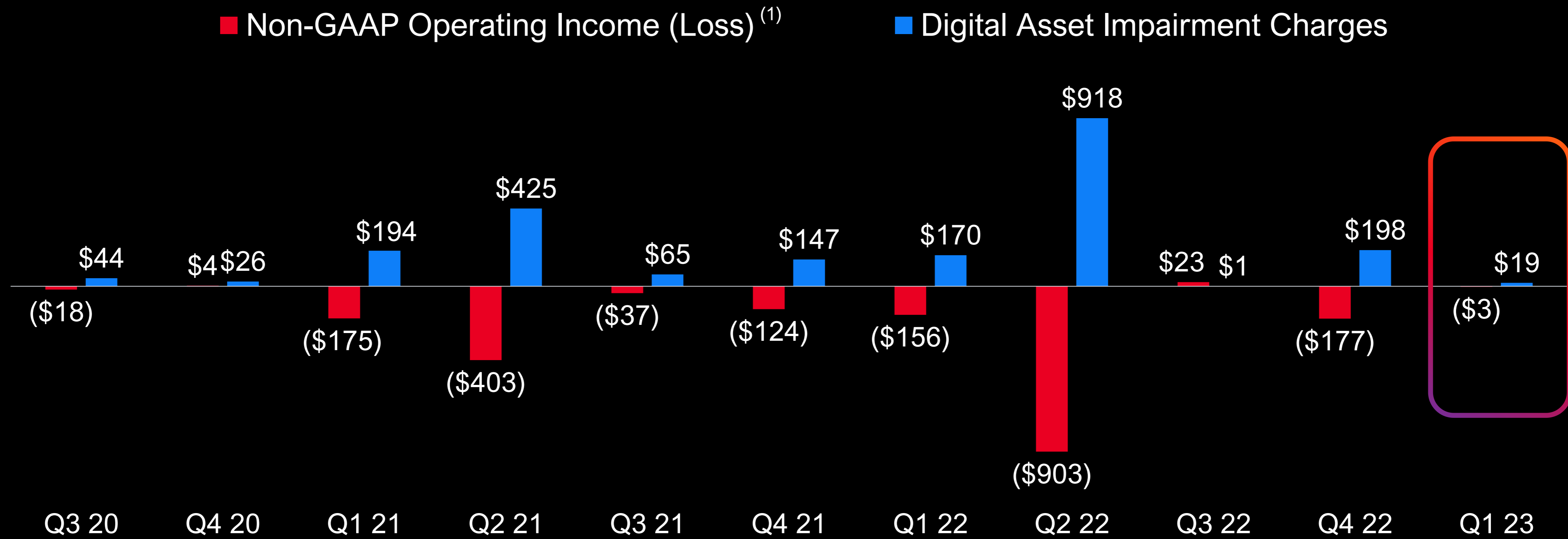


# Non-GAAP Operating Income (Loss)

Q1 2023

(\$ in Millions)

- Non-GAAP operating loss was \$3 million
- Non-cash digital asset impairment charge was \$19 million

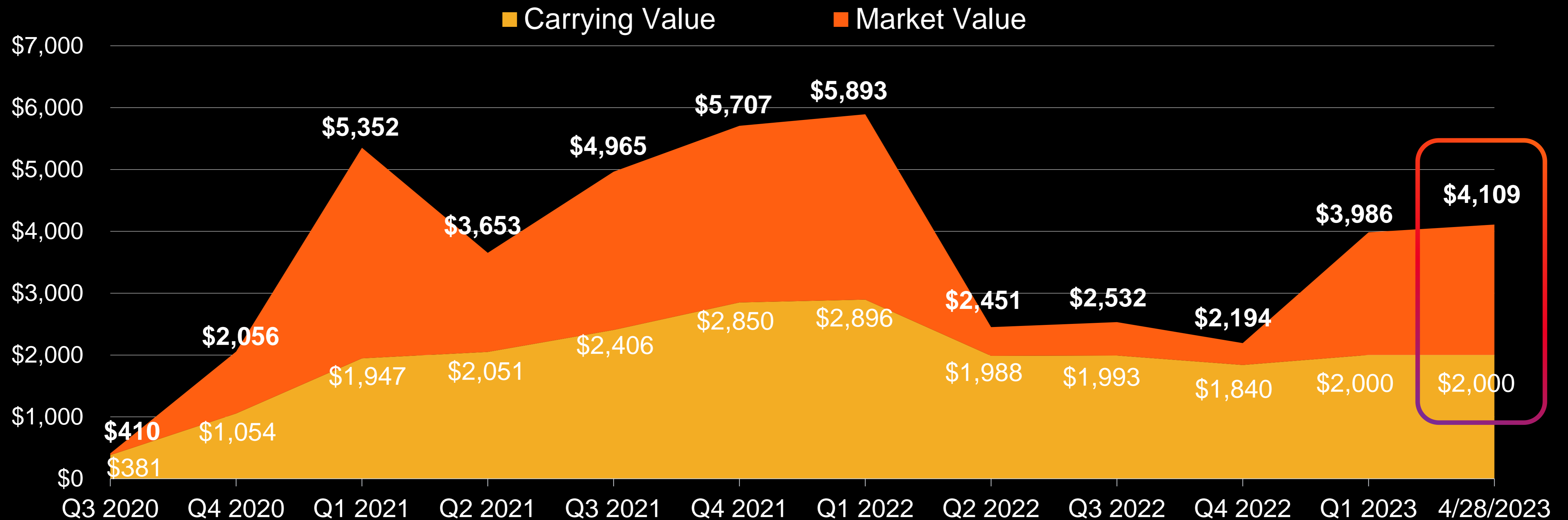


(1) Please refer to the Appendix for GAAP Income (loss) from Operations, and a reconciliation of non-GAAP Operating Income (Loss). Q4 2022 digital impairment charges are shown net of gains on sale.



# Bitcoin Holdings Carrying Value vs. Market Value

(\$ in Millions)



- Aggregate cost of ~\$4.2 billion and carrying value of ~\$2.0 billion, reflecting ~\$2.2 billion in cumulative impairment charges
- On March 23, the FASB issued an exposure draft for comment that would cause in-scope digital assets, such as bitcoin, to be measured at fair value; the comment period for responding to the exposure draft runs through June 6

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



# Strong Capital Structure

- Debt reduced by \$205M through repayment of bitcoin-backed loan at 22% discount, realizing \$45M gain on debt extinguishment
- Weighted average annual interest rate of 1.6%, compared to 2.1% at the end of Q4 2022
- Initiated new at-the-market (“ATM”) equity offering program with \$625M capacity; no shares issued under the new program

	Principal Instruments	Maturity	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028 <sup>(1)</sup>	\$500	6.125%	\$30.6
	Bitcoin-Collateralized Loan	Mar 2025	\$205	~8.26% <sup>(4)</sup>	~\$16.9 <sup>(4)</sup>
Converts	Convertible Senior Notes	Dec 2025	\$650	0.75%	\$4.9
		Feb 2027	\$1,050	0.00%	\$0.0
	<b>Subtotal<sup>(2)</sup>:</b>		<b>\$2,200</b>	<b>1.61%</b>	<b>\$35.5</b>
Equity	Equity Issuances <sup>(3)</sup>	NA	\$1,388	NA	NA
	<b>Total:</b>		<b>\$3,588</b>		

(1) Please refer to the Q1 2023 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

(2) Excludes \$11M principal amount and interest payable on our other long-term secured debt. Please refer to the Q1 2023 10-Q for further detail.

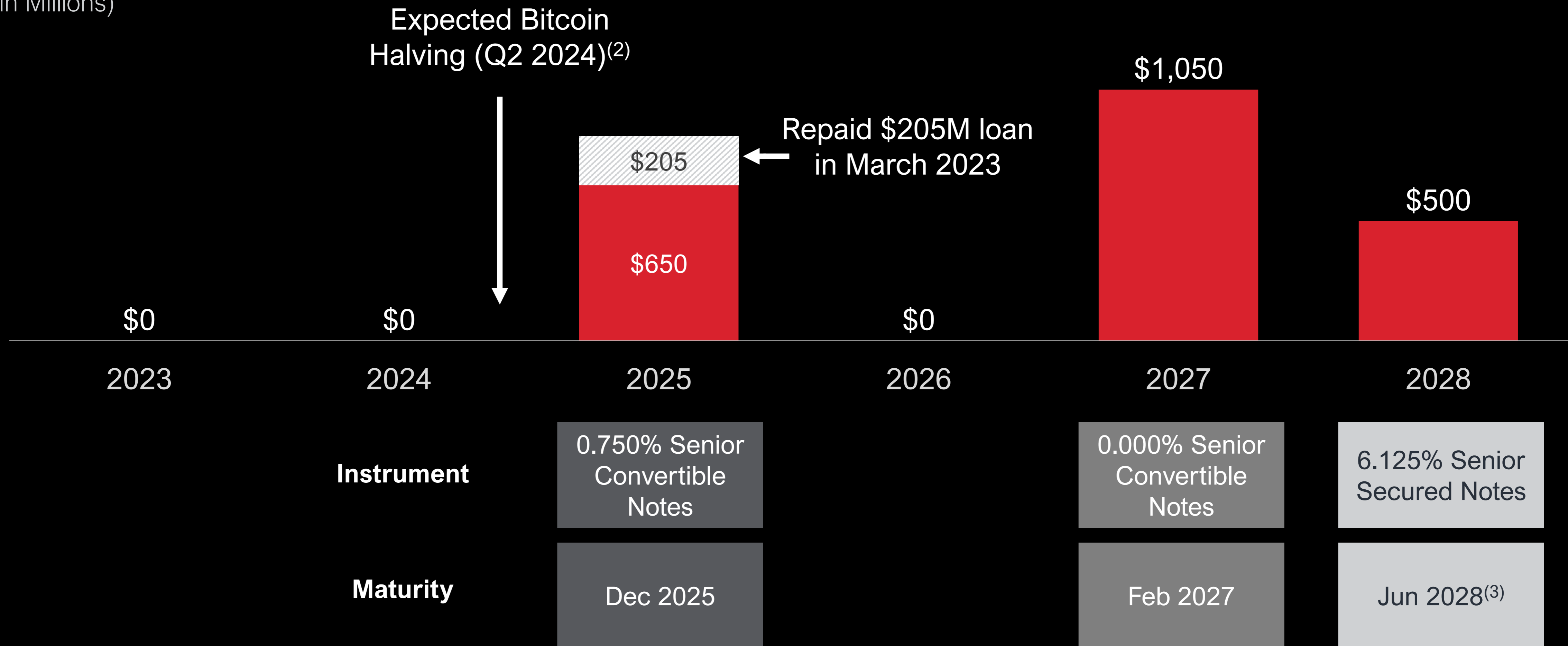
(3) Represents issuances of Class A Common Stock under shelf registration statement in 2021 and 2022.

(4) Represents approximate interest rate that would have been in effect as of 3/31/23 had this loan not been repaid. The annual interest rate was floating based on SOFR30DAYAVG + 3.70% and the annual interest expense would have been floating accordingly.



# Balance Sheet – Principal Debt Maturities<sup>(1)</sup>

(\$ in Millions)



(1) Excludes \$11M principal amount of other long-term secured debt. Please refer to the Q1 2023 10-Q for further detail.

(2) 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.

(3) Please refer to the Q1 2023 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

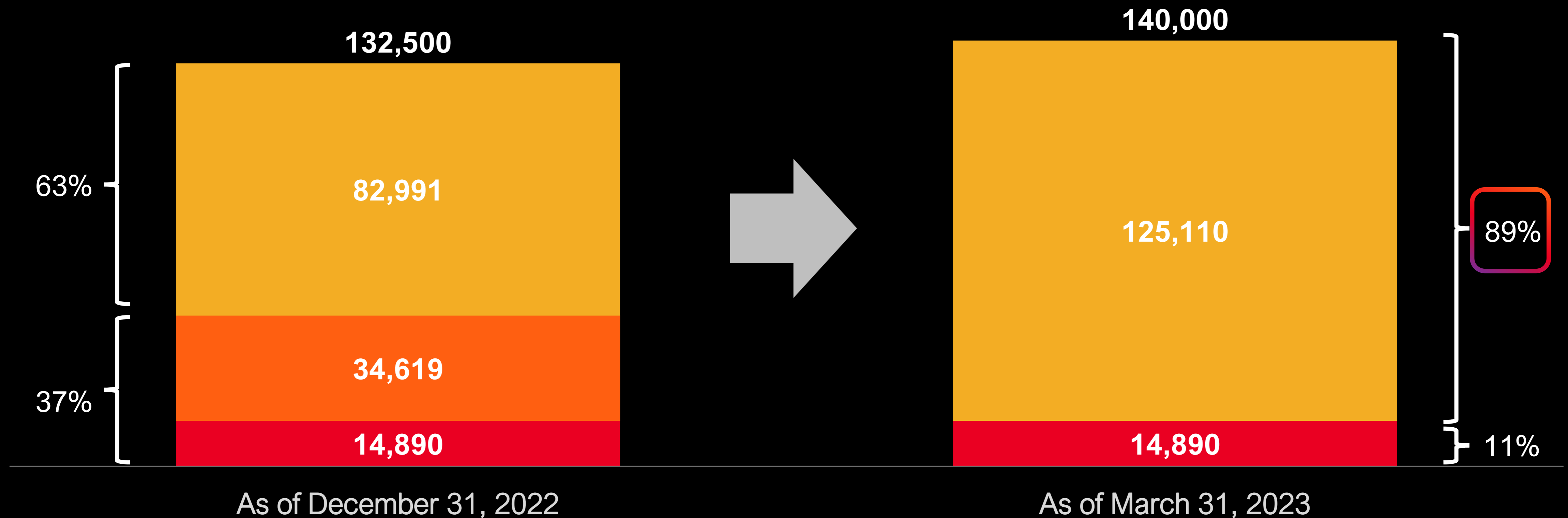




# Current Bitcoin Holdings

Q1 2023

- Bitcoin held as collateral under the \$205M bitcoin-back loan was released when repaid in Q1
- 89% of our total bitcoin holdings are unencumbered as of March 31, 2023



■ MicroStrategy: Collateralized ■ MacroStrategy: Collateralized ■ MacroStrategy: Unencumbered



# 2023 Focus

**Positive  
Growth and  
Preserving  
Margins**

**Continued  
Transition to  
Cloud**

**Sustained  
Increase in  
Subscription  
Billings**

**Acquire and  
Hold Bitcoin**

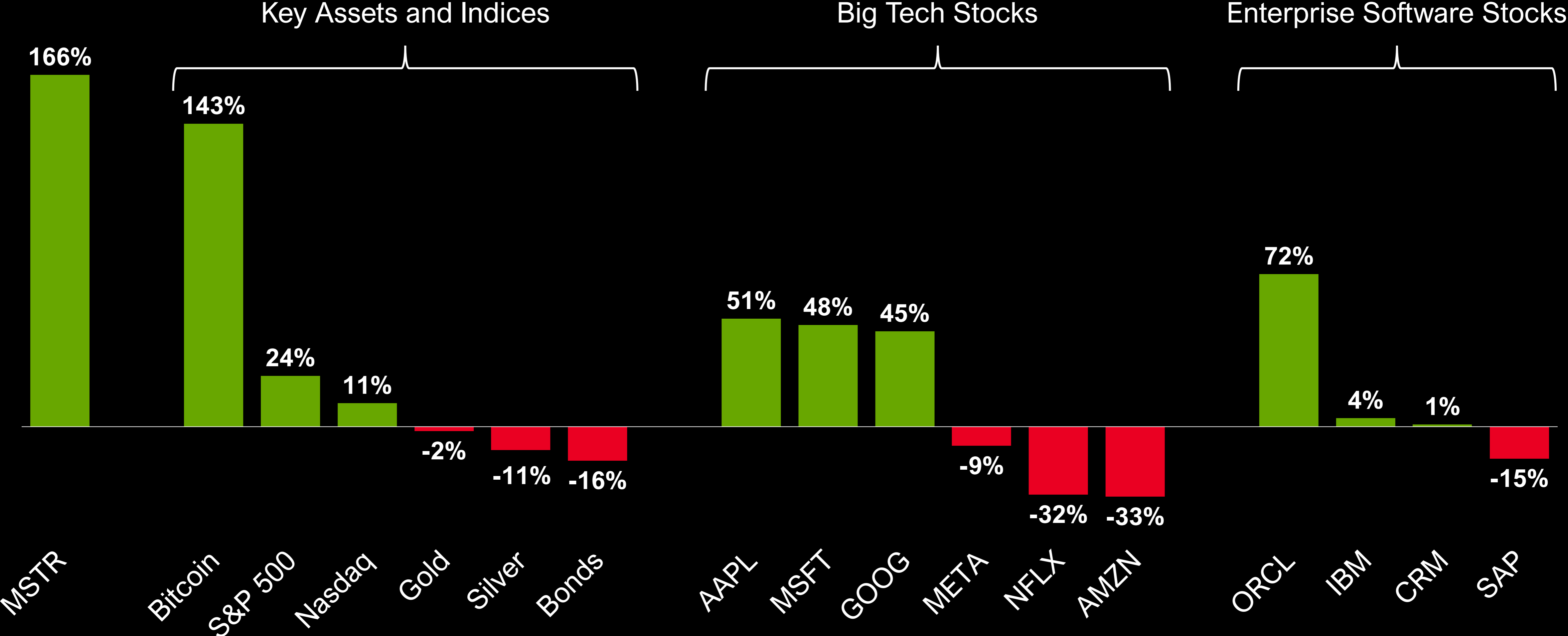




# Strategy & Bitcoin

Michael Saylor, Executive Chairman

# MicroStrategy Outperformance Since Adoption of Bitcoin Strategy



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

Source: FactSet as of 4pm Eastern Time on April 28, 2023.







# Appendix

# MicroStrategy Q1 2023 Earnings Call

Non-GAAP reconciliations (\$ in millions)

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

	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Revenues	\$125.4	\$128.0	\$134.5	\$119.3	\$122.1	\$125.4	\$132.6	\$121.9
Cost of Revenues	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9
Operating Expenses	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3
<b>GAAP Income (Loss) from Operations</b>	<b>\$(414.2)</b>	<b>\$(49.7)</b>	<b>\$(137.5)</b>	<b>\$(170.0)</b>	<b>\$(918.1)</b>	<b>\$6.1</b>	<b>\$(193.7)</b>	<b>\$(20.3)</b>
<b>GAAP Operating Margin %</b>	<b>-330%</b>	<b>-39%</b>	<b>-102%</b>	<b>-142%</b>	<b>-752%</b>	<b>5%</b>	<b>-146%</b>	<b>-17%</b>
Share-Based Compensation	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6
<b>Non-GAAP Income (Loss) from Operations</b>	<b>(\$403.2)</b>	<b>(\$37.5)</b>	<b>(\$124.3)</b>	<b>(\$155.6)</b>	<b>(\$902.8)</b>	<b>\$23.0</b>	<b>(\$176.7)</b>	<b>(\$2.8)</b>
<b>Non-GAAP Operating Margin %</b>	<b>-322%</b>	<b>-29%</b>	<b>-92%</b>	<b>-130%</b>	<b>-740%</b>	<b>18%</b>	<b>-133%</b>	<b>-2%</b>
Digital Asset Impairment Losses, Net of Gains on Sale	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9



# MicroStrategy Q1 2023 Earnings Call

Non-GAAP reconciliations (\$ in millions)

## Reconciliation of total software licenses revenues to current software licenses billings

	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Current Deferred Product Licenses Revenues	\$0.5	\$2.3	\$1.0	\$1.1	\$0.8	\$0.4	\$2.8	\$0.5
Current Deferred Subscription Services Revenues	\$25.9	\$23.1	\$35.6	\$34.2	\$40.3	\$38.3	\$51.9	\$46.7
<b>Current Deferred Software Licenses Revenues</b>	<b>\$26.5</b>	<b>\$25.4</b>	<b>\$36.6</b>	<b>\$35.3</b>	<b>\$41.0</b>	<b>\$38.7</b>	<b>\$54.7</b>	<b>\$47.2</b>
Product Licenses Revenues	\$22.2	\$25.8	\$32.5	\$16.5	\$20.1	\$22.3	\$27.6	\$17.4
Subscription Services Revenues	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5	\$18.8
<b>Total Software Licenses Revenues<sup>(1)</sup></b>	<b>\$32.5</b>	<b>\$36.7</b>	<b>\$44.4</b>	<b>\$29.4</b>	<b>\$34.1</b>	<b>\$38.7</b>	<b>\$45.0</b>	<b>\$36.2</b>
Change in Current Deferred Software Licenses Revenues	\$3.3	\$(1.1)	\$11.2	\$(1.3)	\$5.8	\$(2.3)	\$16.0	\$(7.5)
<b>Non-GAAP Current Software Licenses Billings</b>	<b>\$35.8</b>	<b>\$35.6</b>	<b>\$55.6</b>	<b>\$28.1</b>	<b>\$39.9</b>	<b>\$36.4</b>	<b>\$61.0</b>	<b>\$28.7</b>

## Reconciliation of subscription services revenues to non-GAAP current subscription billings

	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
<b>Current Deferred Subscription Services Revenues</b>	<b>\$25.9</b>	<b>\$23.1</b>	<b>\$35.6</b>	<b>\$34.2</b>	<b>\$40.3</b>	<b>\$38.3</b>	<b>\$51.9</b>	<b>\$46.7</b>
Subscription Services Revenues	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5	\$18.8
Change in Current Deferred Subscription Services Revenues	\$2.9	\$(2.8)	\$12.5	\$(1.4)	\$6.1	\$(2.0)	\$13.6	\$(5.1)
<b>Non-GAAP Current Subscription Billings</b>	<b>\$13.3</b>	<b>\$8.0</b>	<b>\$24.3</b>	<b>\$11.4</b>	<b>\$20.1</b>	<b>\$14.4</b>	<b>\$31.1</b>	<b>\$13.7</b>

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



# MicroStrategy Q1 2023 Earnings Call

Non-GAAP reconciliations (\$ in millions)

## Reconciliation of non-GAAP operating expenses

	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
<b>GAAP Operating Expenses</b>	<b>\$516.6</b>	<b>\$155.3</b>	<b>\$248.0</b>	<b>\$263.6</b>	<b>\$1,015.0</b>	<b>\$93.9</b>	<b>\$299.5</b>	<b>\$114.3</b>
Share-Based Compensation <sup>(1)</sup>	\$10.6	\$11.5	\$12.2	\$13.4	\$14.2	\$15.8	\$15.9	\$16.5
<b>Non-GAAP Operating Expenses</b>	<b>\$505.9</b>	<b>\$143.9</b>	<b>\$235.7</b>	<b>\$250.2</b>	<b>\$1,000.7</b>	<b>\$78.1</b>	<b>\$283.6</b>	<b>\$97.8</b>
Digital Asset Impairment Losses, Net of Gains on Sale	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9

## Reconciliation of total non-GAAP expenses

	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Cost of Revenues	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9
Operating Expenses	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3
<b>Total GAAP Expenses</b>	<b>\$539.6</b>	<b>\$177.7</b>	<b>\$272.0</b>	<b>\$289.2</b>	<b>\$1,040.2</b>	<b>\$119.3</b>	<b>\$326.3</b>	<b>\$142.2</b>
Share-Based Compensation	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6
<b>Total Non-GAAP Expenses</b>	<b>\$528.5</b>	<b>\$165.5</b>	<b>\$258.8</b>	<b>\$274.8</b>	<b>\$1,024.9</b>	<b>\$102.4</b>	<b>\$309.2</b>	<b>\$124.7</b>
Digital Asset Impairment Losses, Net of Gains on Sale	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9

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





# MicroStrategy Q1 2023 Earnings Call

Non-GAAP reconciliations (\$ in millions)

## Reconciliation of total non-GAAP expenses

	Q1 22	Q1 23
<b>GAAP Expenses</b>		
Cost of Revenues	\$25.7	\$27.9
Sales & Marketing	\$33.2	\$36.1
Research & Development	\$33.5	\$31.4
General & Administrative	\$26.7	\$27.9
Digital Asset Impairment Losses, Net of Gains on Sale	\$170.1	\$18.9
<b>Total GAAP Expenses</b>	<b>\$289.2</b>	<b>\$142.2</b>
<b>Share-Based Compensation</b>		
Cost of Revenues	\$1.0	\$1.0
Sales & Marketing	\$4.3	\$5.1
Research & Development	\$3.3	\$3.9
General & Administrative	\$5.8	\$7.5
<b>Total Share-Based Compensation</b>	<b>\$14.4</b>	<b>\$17.6</b>
<b>Non-GAAP Expenses</b>		
Cost of Revenues	\$24.7	\$26.9
Sales & Marketing	\$29.0	\$31.0
Research & Development	\$30.2	\$27.4
General & Administrative	\$20.9	\$20.4
Digital Asset Impairment Losses, Net of Gains on Sale	\$170.1	\$18.9
<b>Total Non-GAAP Expenses</b>	<b>\$274.8</b>	<b>\$124.7</b>

