
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): January 27, 2025

MICROSTRATEGY INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-24435
(Commission
File Number)

51-0323571
(I.R.S. Employer
Identification No.)

1850 Towers Crescent Plaza
Tysons Corner, Virginia
(Address of principal executive offices)

22182
(Zip Code)

Registrant's telephone number, including area code: (703) 848-8600

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Class A common stock, par value \$0.001 per share	MSTR	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.*ATM Update*

As previously disclosed, on October 30, 2024, MicroStrategy Incorporated (“MicroStrategy” or the “Company”) entered into a Sales Agreement (the “Sales Agreement”) with TD Securities (USA) LLC, Barclays Capital Inc., The Benchmark Company, LLC, BTIG, LLC, Canaccord Genuity LLC, Cantor Fitzgerald & Co., Maxim Group LLC, Mizuho Securities USA LLC, and SG Americas Securities, LLC, as agents (the “Sales Agents”), pursuant to which the Company may issue and sell shares of its class A common stock, par value \$0.001 per share (“Shares”), having an aggregate offering price of up to \$21 billion from time to time through the Sales Agents.

On January 27, 2025, the Company announced that, during the period between January 21, 2025 and January 26, 2025, the Company had sold an aggregate of 2,765,157 Shares under the Sales Agreement for aggregate net proceeds to the Company (less sales commissions) of approximately \$1.1 billion. As of January 26, 2025, approximately \$4.35 billion of Shares remained available for issuance and sale pursuant to the Sales Agreement.

Bitcoin Holdings Update

On January 27, 2025, the Company announced that, during the period between January 21, 2025 and January 26, 2025, the Company acquired approximately 10,107 bitcoins for approximately \$1.1 billion in cash, at an average price of approximately \$105,596 per bitcoin, inclusive of fees and expenses. The bitcoin purchases were made using proceeds from the issuance and sale of Shares under the Sales Agreement.

As of January 26, 2025, the Company, together with its subsidiaries, held an aggregate of approximately 471,107 bitcoins, which were acquired at an aggregate purchase price of approximately \$30.4 billion and an average purchase price of approximately \$64,511 per bitcoin, inclusive of fees and expenses.

Item 7.01 Regulation FD Disclosure.*BTC Yield KPI*

From January 1, 2025 to January 26, 2025, the Company’s BTC Yield was 2.90%.

BTC Yield is a key performance indicator (“KPI”) that represents the percentage change period-to-period of the ratio between the Company’s bitcoin holdings and its Assumed Diluted Shares Outstanding. Assumed Diluted Shares Outstanding refers to the aggregate of the Company’s actual shares of common stock outstanding as of the end of the applicable 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. The Company uses BTC Yield as a KPI to help assess the performance of its strategy of acquiring bitcoin in a manner the Company believes is accretive to shareholders. The Company believes this KPI can be used to supplement an investor’s understanding of the Company’s decision to fund the purchase of bitcoin by issuing additional shares of its common stock or instruments convertible to common stock.

BTC Yield and Basic and Assumed Diluted Shares Outstanding

	<u>12/31/2024</u>	<u>1/26/2025</u>
Total Bitcoin Holdings	447,470	471,107
Shares Outstanding (in '000s)		
Class A	226,138	232,710
Class B	19,640	19,640
Basic Shares Outstanding ⁽¹⁾	<u>245,778</u>	<u>252,350</u>
2027 Convertible Shares @\$143.25 ⁽²⁾	7,330	7,362
2028 Convertible Shares @\$183.19	5,513	5,513
2029 Convertible Shares @\$672.40	4,462	4,462
2030 Convertible Shares @\$149.77	5,342	5,342
2031 Convertible Shares @\$232.72	2,594	2,594
2032 Convertible Shares @\$204.33	3,915	3,915
Options Outstanding	4,956	4,873
RSU/PSU Unvested	1,845	1,843
Assumed Diluted Shares Outstanding ⁽³⁾	<u>281,735</u>	<u>288,254</u>
BTC Yield % (Year to Date)		2.90%

- (1) Basic Shares Outstanding reflects the actual class A common stock and class B common stock outstanding as of the dates presented. For purposes of this calculation, outstanding shares of such stock are deemed to include shares, if any, that were sold under at-the-market equity offering programs or that were to be issued pursuant to options that had been exercised or restricted stock units that have vested, but which in each case were pending issuance as of the dates presented.
- (2) On January 24, 2025, the Company delivered a notice of full redemption (the "Notice") to the trustee of the Company's 0.0% Convertible Senior Notes due 2027 (the "2027 Convertible Notes"). The Notice calls for the redemption of all of the outstanding 2027 Convertible Notes (the "Redemption") on February 24, 2025 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount of the 2027 Convertible Notes to be redeemed, plus accrued and unpaid special interest, if any, to but excluding the Redemption Date, unless earlier converted. As a result of the delivery of the Notice, at any time prior to 5:00 p.m., New York City time, on February 20, 2025, the 2027 Convertible Notes are convertible, at the option of the holders of the 2027 Convertible Notes, at the applicable conversion rate of 7.0234 shares of the Company's class A common stock per \$1,000 principal amount (reflecting a conversion price of \$142.38 per share (the "Adjusted Conversion Price"). Prior to the Company's delivery of the Notice, the Company received conversion requests at the original conversion price of \$143.25 per share for approximately \$1,756,000 in principal amount of 2027 Convertible Notes, which conversions had been settled as of January 26, 2025. For purposes of calculating Assumed Diluted Shares Outstanding, we assume all remaining 2027 Convertible Notes will be converted at the Adjusted Conversion Price prior to the Redemption Date.
- (3) Assumed Diluted Shares Outstanding refers to the aggregate of our Basic Shares 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 KPI that represents the percentage change period-to-period of the ratio between the Company's bitcoin holdings and its Assumed Diluted Shares Outstanding. Assumed Diluted Shares Outstanding refers to the aggregate of the Company's 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.

The Company uses BTC Yield as a KPI to help assess the performance of its strategy of acquiring bitcoin in a manner the Company believes is accretive to shareholders. The Company believes this KPI can be used to supplement an investor's understanding of its decision to fund the purchase of bitcoin by issuing additional shares of its common stock or instruments convertible to common stock. When the Company uses 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 the Company's 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 the Company's shareholders may have achieved historically or can achieve in the future by purchasing stock of the Company, or a measure of income generated by the Company's operations or its bitcoin holdings, return on investment on its bitcoin holdings, or any other similar financial measure of the performance of its business or assets.

The trading price of the Company's class A common stock is informed by numerous factors in addition to the amount of bitcoins the Company holds and number of actual or potential shares of its stock outstanding, and as a result, the market value of the Company's shares may trade at a discount or a premium relative to the market value of the bitcoin the Company holds, and BTC Yield is not indicative nor predictive of the trading price of the Company's 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 the Company is using equity capital in a manner accretive to shareholders solely as it pertains to its bitcoin holdings.

In calculating this KPI, the Company does not take into account the source of capital used for the acquisition of its bitcoin. The Company notes in particular, it has acquired bitcoin using proceeds from the offering of its 6.125% Senior Secured Notes due 2028 (which the Company has since redeemed), which were not convertible to shares of the Company's common stock, as well as from the offerings of its convertible senior notes, which at the time of issuance had, and may from time-to-time thereafter have, conversion prices above the current trading prices of the Company's common stock, or as to which the holders of such convertible notes may not then be entitled to exercise the conversion rights of the notes. Such offerings have had the effect of increasing the BTC Yield without taking into account the corresponding debt. Conversely, if any of the Company's convertible senior notes mature or are redeemed without being converted into common stock, the Company 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 the Company's 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 the Company's 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.

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

The Company has historically not paid any dividends on its shares of common stock, and by presenting this KPI the Company makes no suggestion that it intends to do so in the future. Ownership of common stock does not represent an ownership interest in the bitcoin the Company holds.

Investors should rely on the financial statements and other disclosures contained in the Company's 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.

Furnished Information

The information disclosed pursuant to Item 7.01 in this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 27, 2025

MicroStrategy Incorporated
(Registrant)

By: /s/ W. Ming Shao

Name: W. Ming Shao

Title: Executive Vice President & General Counsel