



Q3 2023 Financial Results

November 1, 2023

MicroStrategy Q3 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.





Operational Results

Phong Le, President & Chief Executive Officer

Financial Highlights

Q3 2023

\$129.5M

Total Revenues, an increase of **3%** YoY, or **1%** on a constant currency basis⁽¹⁾

\$45.0M

Total Software Licenses Revenues⁽²⁾, an increase of **16%** YoY, or **14%** on a constant currency basis⁽¹⁾

\$21.0M

Subscription Services Revenues, an increase of **28%** YoY, or **25%** on a constant currency basis⁽¹⁾

\$16.8M

Non-GAAP Current Subscription Billings⁽¹⁾, an increase of **17%** YoY

(1) Please refer to the Appendix for reconciliations of (i) Subscription Services Revenues to Non-GAAP Current Subscription Billings, and (ii) Revenue items to Revenues on a Non-GAAP Constant Currency basis.

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



Our vision for Intelligence Everywhere

Everywhere

Intelligence

Nowhere

SQL Reports

Desktop BI

Semantic Layer

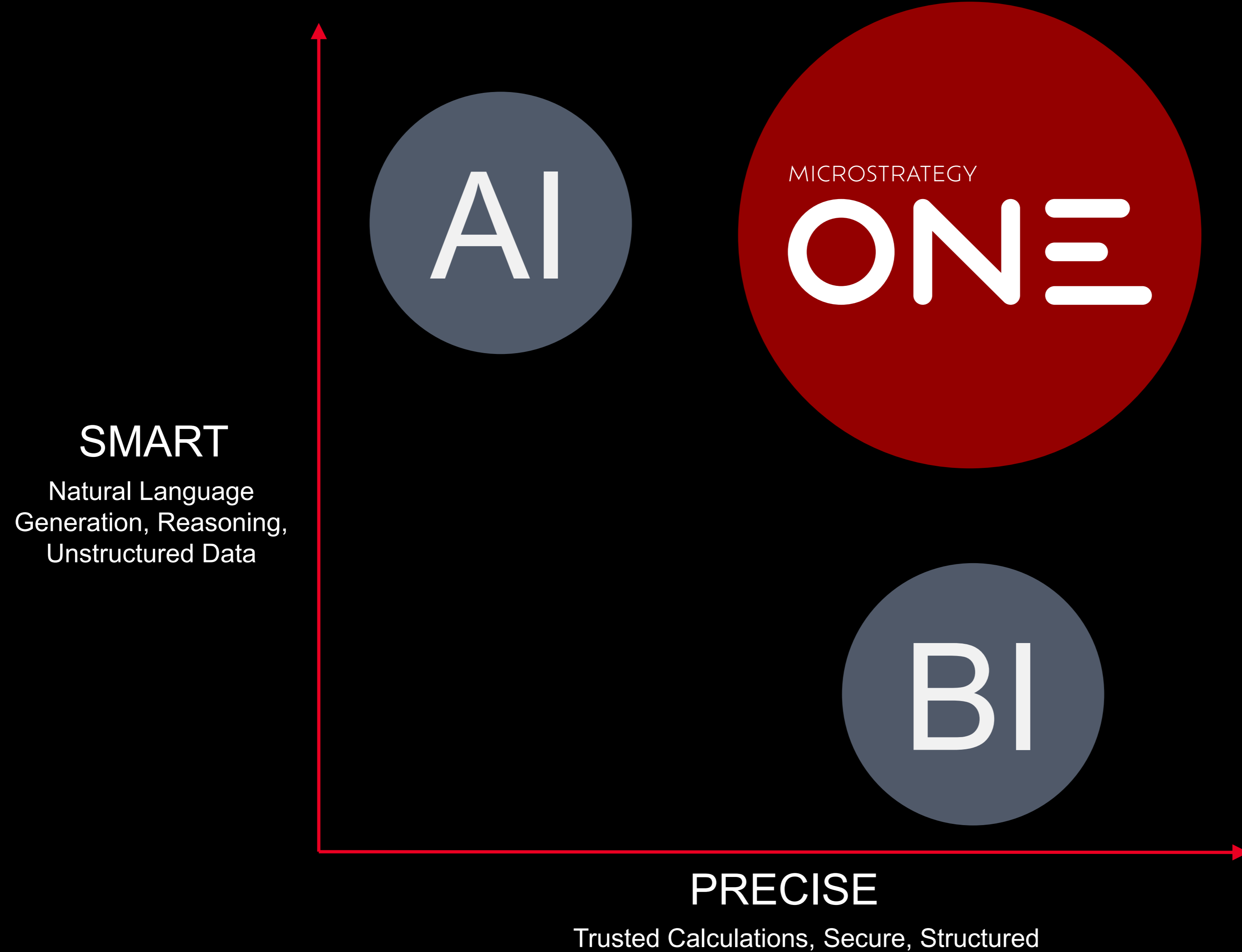
Web BI

Mobile BI

Business AI



AI / BI: Smart and Precise



MicroStrategy ONE – Accelerating AI Adoption



**Data access,
business calculations,
definitions and security**



**Large Language Models
(LLM) integration and
prompt engineering**



**Distribution of AI
solutions at scale**



MicroStrategy ONE – New Era of AI Capabilities

Architecting



Auto SQL

Authoring



Auto Dashboard

Support



Auto Expert

Consumption



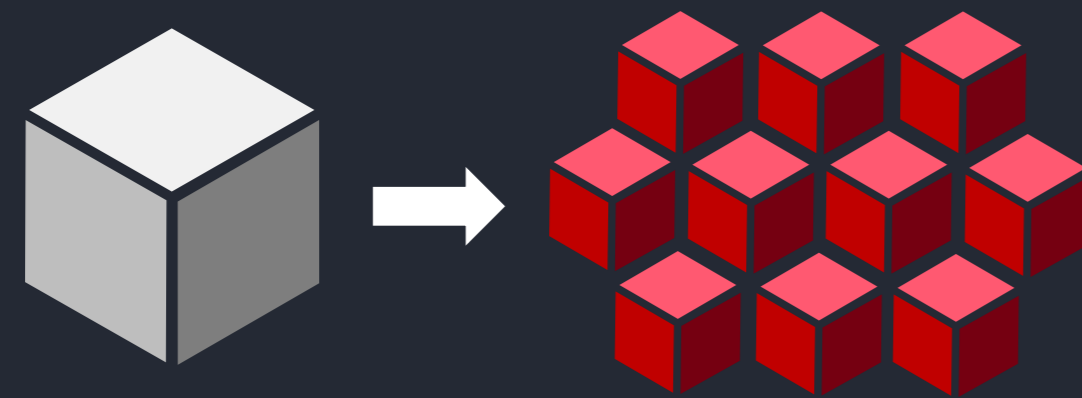
Auto Answer



Innovation in Cloud Architecture

MicroStrategy Cloud continues to develop cloud-native capabilities that deliver trusted analytics at scale, embracing flexibility and elevating customer environments with AI-ready solutions

Cloud Native



**Monolith to
Microservices**

Multi-Cloud



GCP Deployment

Cloud Roadmap



**Private Cloud
Capabilities**



Partnership Focus

MicroStrategy is concentrated on strategically expanding our global partner program, focusing on transforming partner sales channels into growth catalysts within the AI/BI market sectors

MicroStrategy's enhanced Partner Program is also focused on creating faster time to value for customers through:

- **AI/BI Partner Solutions:**
MicroStrategy enables partners to craft pre-configured AI/BI Solutions
- **Partner Practice Acceleration:**
Through coaching, Delivery Assurance, and Blended Teaming, MicroStrategy empowers partners to develop scalable MicroStrategy AI/BI consulting practices

PARTNER SALES CHANNELS





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

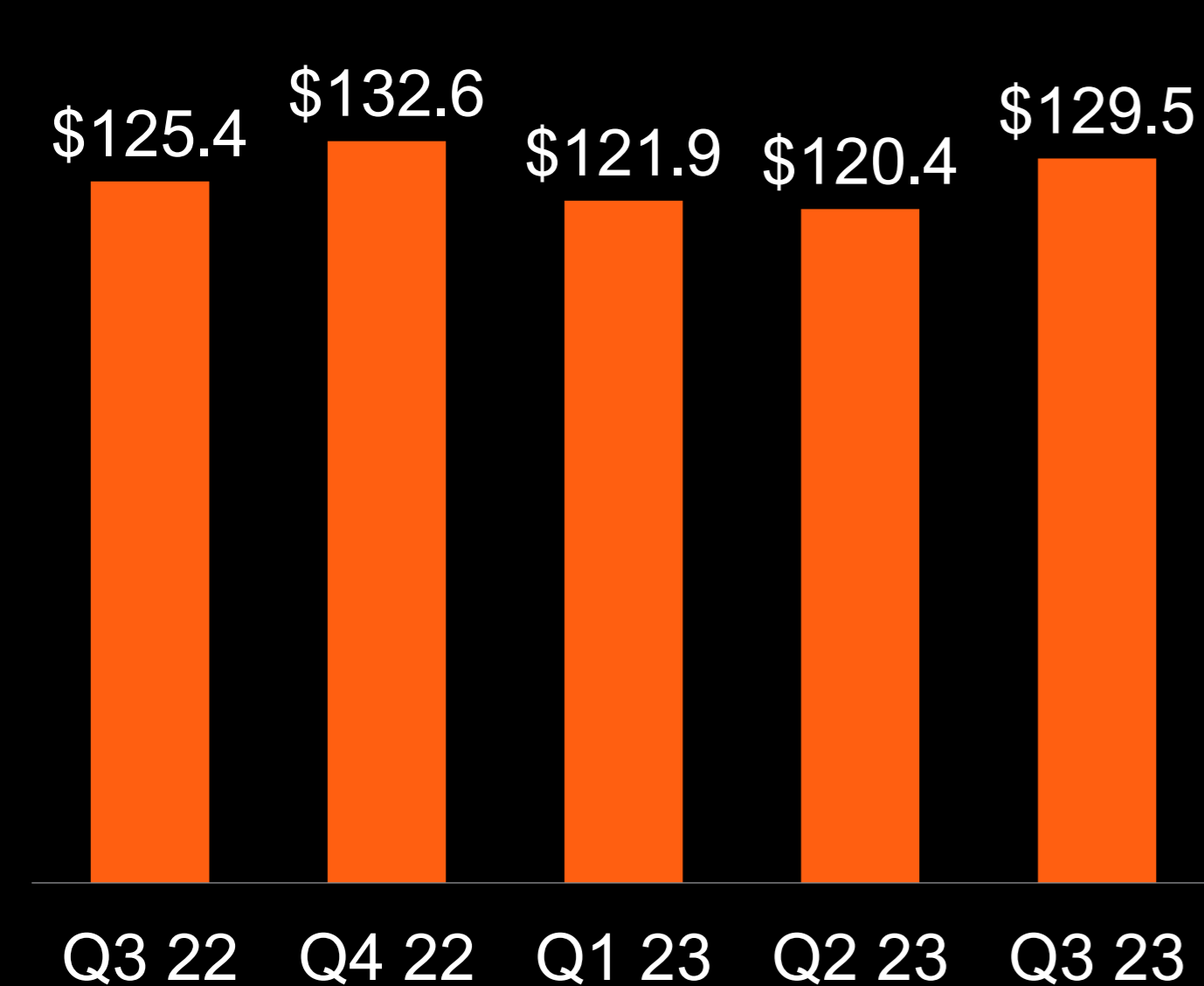
Revenue Components

Q3 2023

(\$ in Millions)

Total Revenues

Q3 2023: **+3%** YOY
Constant FX: **+1%** YOY



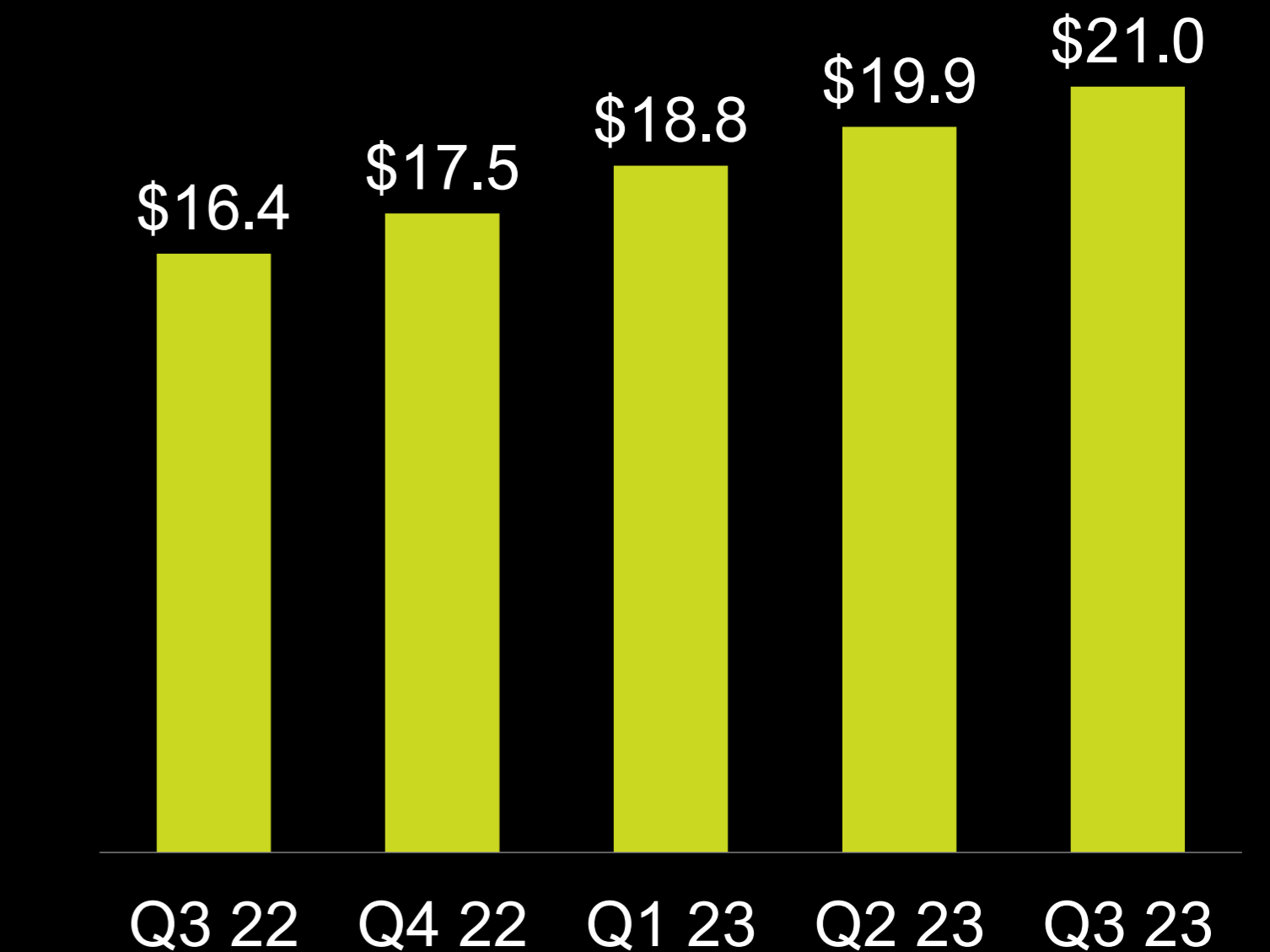
Total Software Licenses Revenues⁽¹⁾

Q3 2023: **+16%** YOY
Constant FX: **+14%** YOY



Subscription Services Revenues

Q3 2023: **+28%** YOY
Constant FX: **+25%** 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⁽¹⁾

Q3 2023

(\$ in Millions)

Current Software Licenses Billings

Q3 2023: **+17%** YOY



Current Subscription Billings

Q3 2023: **+17%** 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.

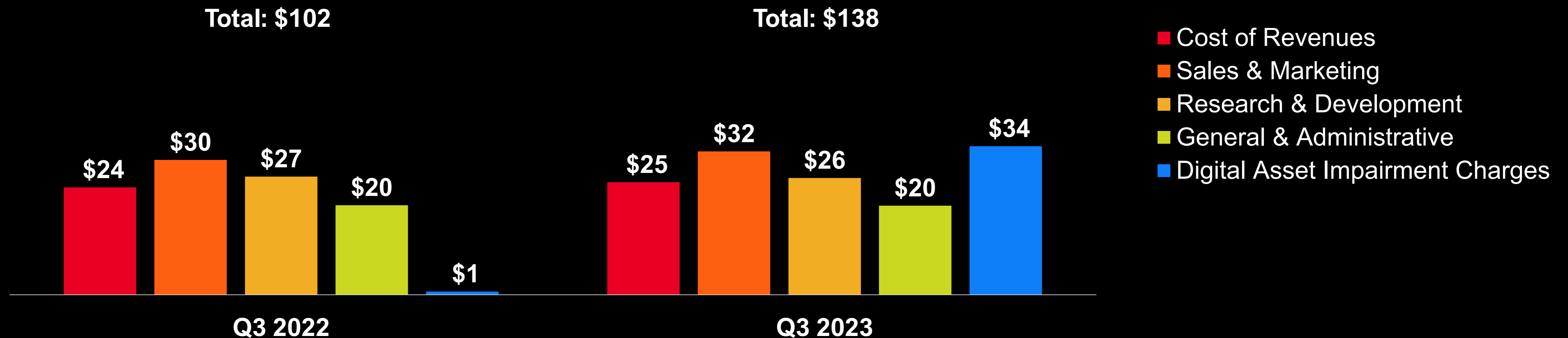


Cost Structure and Drivers

Q3 2023

- Non-GAAP cost of revenues higher YoY primarily due to higher total cloud hosting costs
- Non-cash digital asset impairment charge was higher due to bitcoin price fluctuations

Non-GAAP Expenses By Type⁽¹⁾
(\$ 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.

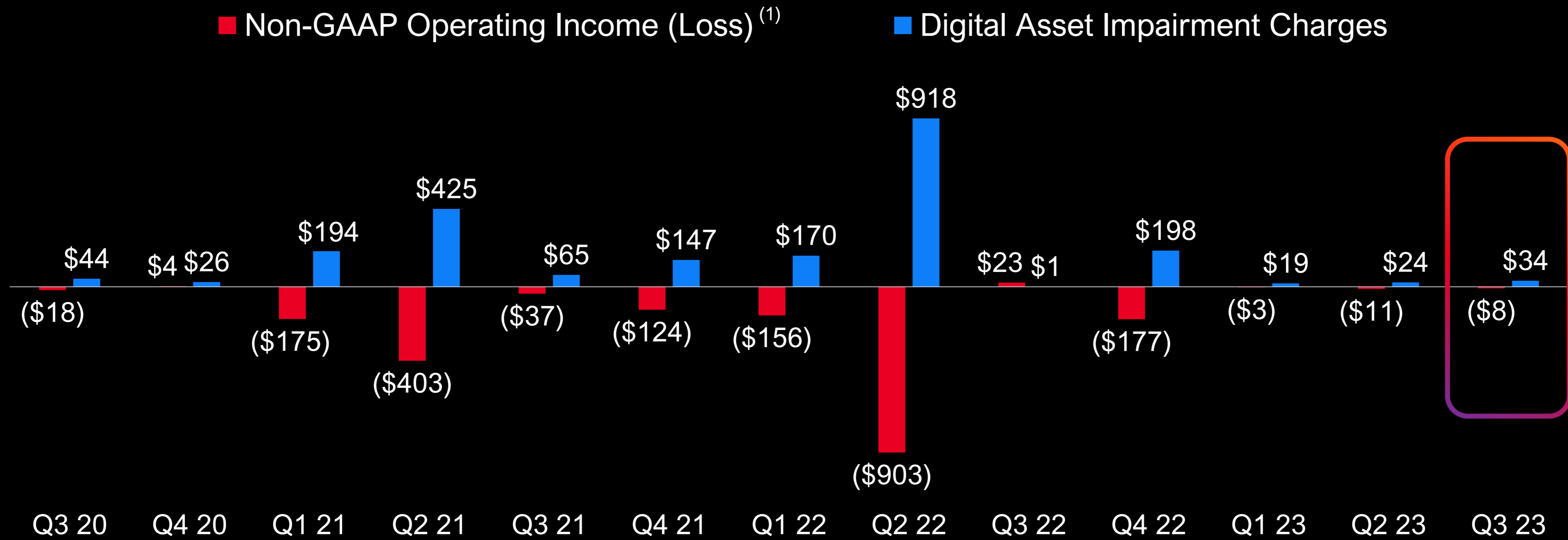


Non-GAAP Operating Income (Loss)

Q3 2023

(\$ in Millions)

- Non-GAAP operating loss was \$8 million
- Non-cash digital asset impairment charge was \$34 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.



Growth in Bitcoin

- As of September 30, 2023, we held **158,245 bitcoins** acquired for a total cost of \$4.68 billion, or \$29,582 per bitcoin
- In Q3,
 - MacroStrategy purchased **5,445 bitcoins** for \$147.3 million
 - MicroStrategy purchased **467 bitcoins** for \$14.4 million
- As of October 31, 2023, we held **158,400 bitcoins** acquired for a total cost of \$4.69 billion, or \$29,586 per bitcoin
 - MicroStrategy purchased **155 bitcoins** for \$5.3 million since the end of Q3

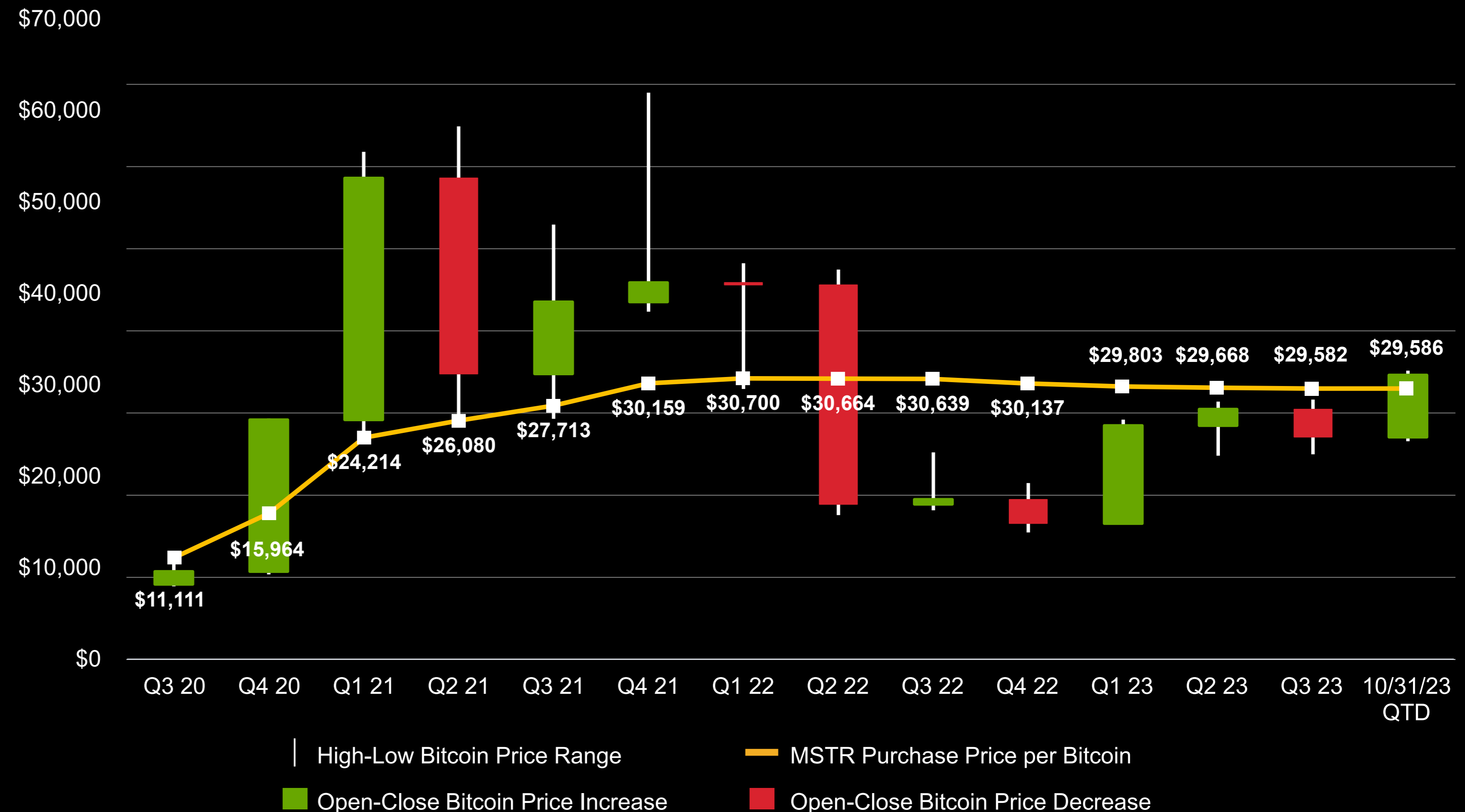
Bitcoin Holdings



Bitcoin Price Evolution

- Bitcoin price has stabilized in recent quarters
- **MicroStrategy principles**
 - High conviction
 - Long-term focused
 - Risk-managed approach
- **Core business is insulated from near-term bitcoin price volatility**
 - Sufficient corporate liquidity
 - No near-term debt maturities

Bitcoin Price (\$)

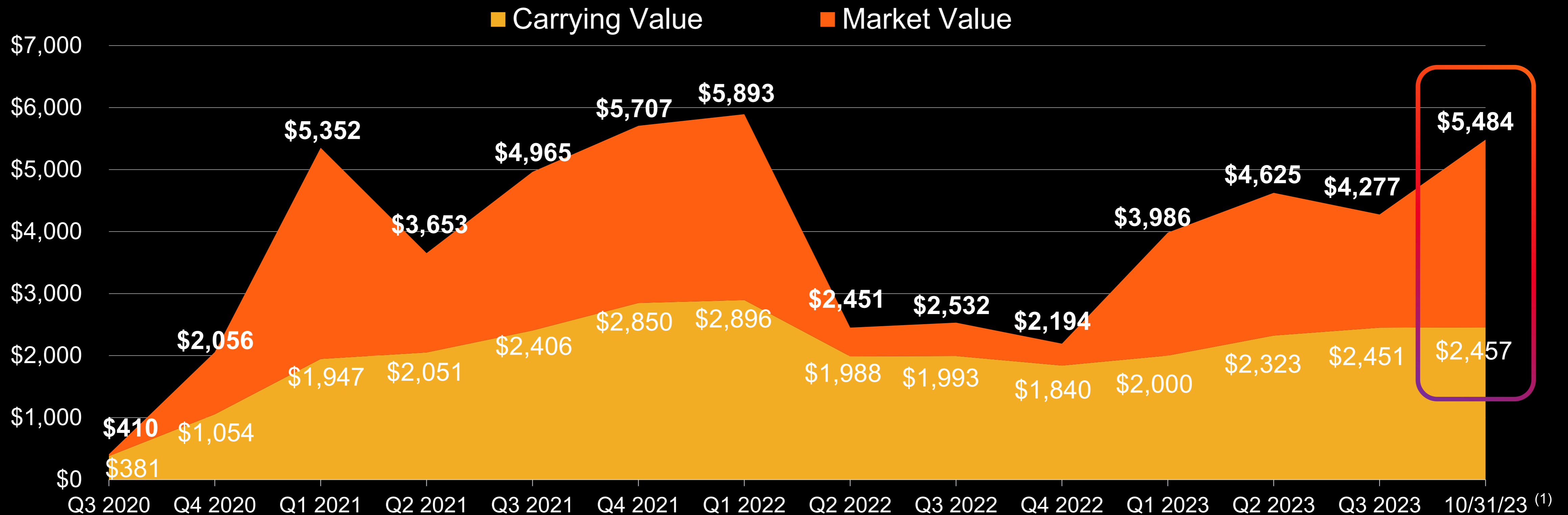


Source: Bitcoin prices represent market price of one bitcoin on the Coinbase exchange. End of period prices are shown as of 4:00 p.m. Eastern Time on the last day of the respective quarter or date noted.



Bitcoin Holdings Carrying Value vs. Market Value

(\$ in Millions)



- Aggregate cost of ~\$4.7 billion and carrying value of ~\$2.5 billion, reflecting ~\$2.2 billion in cumulative impairment charges
- FASB is expected to approve in the near-term a final Accounting Standards Update that would cause in-scope digital assets, such as bitcoin, to be measured at fair-value

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 10/31/23 equals the 9/30/23 carrying value of our bitcoin plus the cost of bitcoin purchases during October 2023, and does not reflect any impairment charges incurred after 9/30/23.



Strong Capital Structure

- Issued \$147M net proceeds under the at-the-market (“ATM”) equity offering program in Q3; remaining ~\$602M capacity
- Weighted average annual fixed interest rate 1.6%, approximately \$36M annualized fixed interest expense

	Principal Instruments	Maturity	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028 ⁽¹⁾	\$500	6.125%	\$30.6
Converts	Convertible Senior Notes	Dec 2025	\$650	0.75%	\$4.9
		Feb 2027	\$1,050	0.00%	\$0.0
	Subtotal⁽²⁾:		\$2,200	1.61%	\$35.5
Equity	Equity Issuances ⁽³⁾	NA	\$1,870	NA	NA
	Total:		\$4,070		

(1) Please refer to the Q3 2023 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

(2) Excludes \$10.5M principal amount and interest payable on our other long-term secured debt. Please refer to the Q3 2023 10-Q for further detail.

(3) Represents issuances of Class A Common Stock under shelf registration statement in 2021, 2022, and 2023.

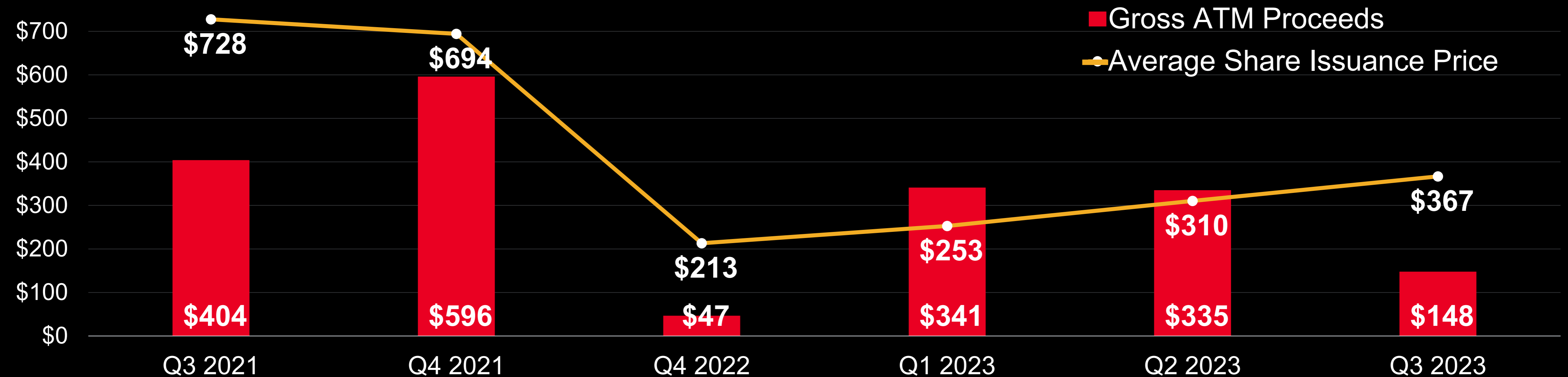


ATM Equity Activity

Q3 2021 to Q3 2023

- Issued equity for cumulative gross proceeds of \$1,870M at an average issuance price of approximately \$419 per share to date
- Primary use of ATM proceeds has been to acquire bitcoin in all quarters of equity issuance as well as to repay debt in Q1 2023

(Gross Proceeds \$ in Millions)



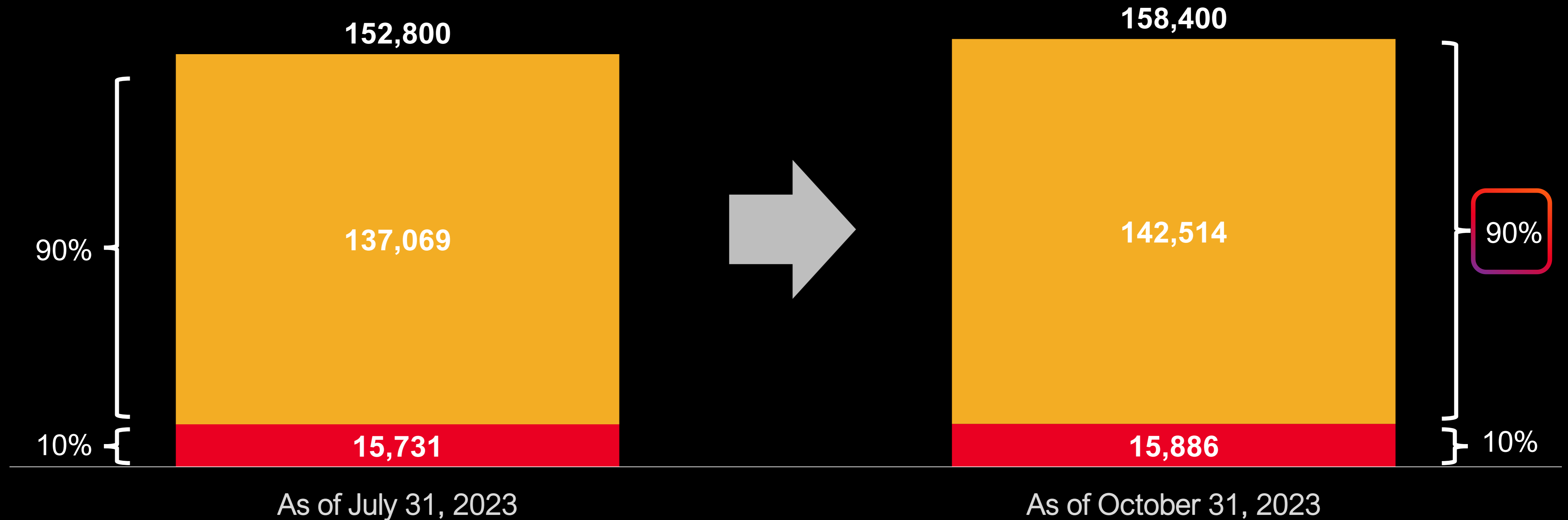
Approximate Average Purchase Price Per Bitcoin in Respective Quarter

Quarter	Q3 2021	Q4 2021	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Average Purchase Price (\$)	\$46,876	\$57,113	\$17,616	\$23,903	\$28,136	\$27,348



Current Bitcoin Holdings

- 90% of our total bitcoin holdings are unencumbered as of October 31, 2023



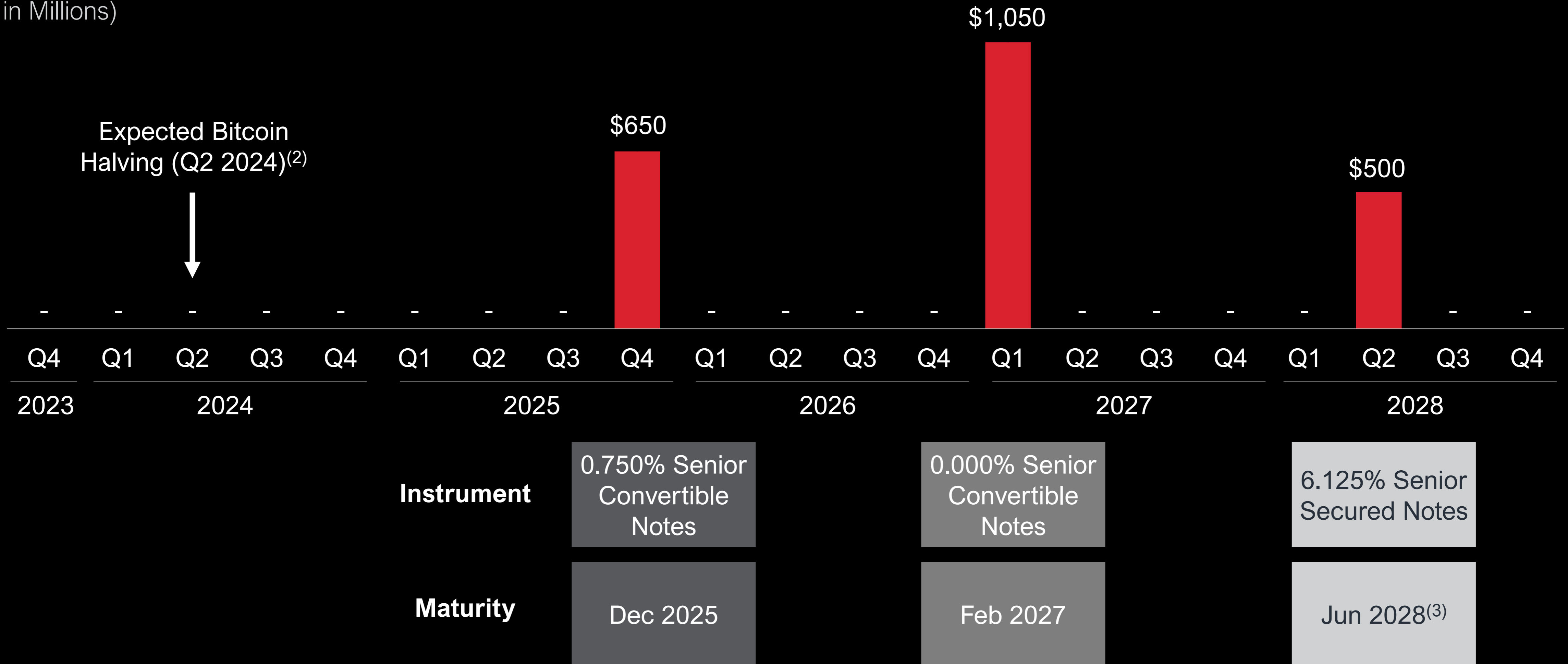
■ MicroStrategy: Collateralized

■ MacroStrategy: Unencumbered



Balance Sheet – Principal Debt Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes \$10.5M principal amount of other long-term secured debt. Please refer to the Q3 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 Q3 2023 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.



Strategic Focus

**Revenue
Growth and
Increasing
Margins**

**Innovation in
Native Cloud
and AI**

**Acceleration
in Cloud and
Subscription
Billings**

**Acquire and
Hold Bitcoin**

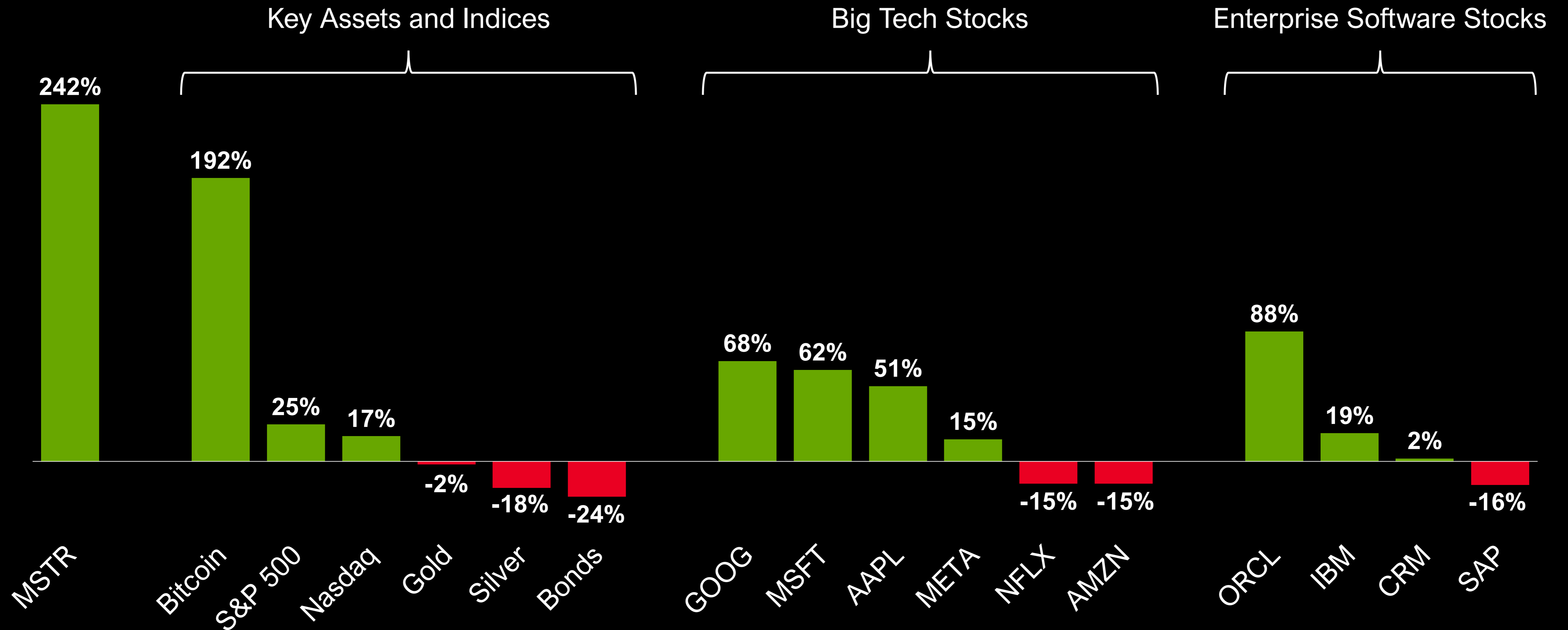




Strategy & Bitcoin

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 October 31, 2023.



MicroStrategy Advantage

Unique value proposition versus other bitcoin investment vehicles

	<i>"Investor accessibility"</i>	<i>"Operating company structure"</i>	<i>"Bitcoin purchases with cash flows"</i>	<i>"Borrow competitively"</i>	<i>"Non-bitcoin business value"</i>	<i>"Risk management"</i>
	1. Ease of Access	2. No Fee	3. Organic Bitcoin Accretion	4. Intelligent Leverage	5. Downside Protection	6. Healthy Derivatives
MicroStrategy	✓	✓	✓	✓	✓	✓
Bitcoin	✗	✗	✗	✗	✗	✗
Futures ETF	✓	✗	✗	✗	✗	✓
Spot ETF	<i>Not Available</i>	✗	✗	✗	✗	✓
GBTC	<i>OTC Only</i>	✗	✗	✗	✗	✗

Note: Based on the Company's own view of the relative positioning of the various categories shown.

✓ Partially meets criteria.





Appendix

Non-GAAP Reconciliations (\$ in Millions)

Q3 2023

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

	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Revenues	\$134.5	\$119.3	\$122.1	\$125.4	\$132.6	\$121.9	\$120.4	\$129.5
Cost of Revenues	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7
Operating Expenses	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0
GAAP Income (Loss) from Operations	\$(137.5)	\$(170.0)	\$(918.1)	\$6.1	\$(193.7)	\$(20.3)	\$(26.7)	\$(25.2)
GAAP Operating Margin %	-102%	-142%	-752%	5%	-146%	-17%	-22%	-20%
Share-Based Compensation	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8
Non-GAAP Income (Loss) from Operations	(\$124.3)	(\$155.6)	(\$902.8)	\$23.0	(\$176.7)	(\$2.8)	(\$11.2)	(\$8.4)
Non-GAAP Operating Margin %	-92%	-130%	-740%	18%	-133%	-2%	-9%	-7%
Digital Asset Impairment Losses, Net of Gains on Sale	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6



Non-GAAP Reconciliations (\$ in Millions)

Q3 2023

Reconciliation of total software licenses revenues to current software licenses billings

	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Current Deferred Product Licenses Revenues	\$1.0	\$1.1	\$0.8	\$0.4	\$2.8	\$0.5	\$1.0	\$2.8
Current Deferred Subscription Services Revenues	\$35.6	\$34.2	\$40.3	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7
Current Deferred Software Licenses Revenues	\$36.6	\$35.3	\$41.0	\$38.7	\$54.7	\$47.2	\$50.9	\$48.6
Product Licenses Revenues	\$32.5	\$16.5	\$20.1	\$22.3	\$27.6	\$17.4	\$15.5	\$24.0
Subscription Services Revenues	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0
Total Software Licenses Revenues ⁽¹⁾	\$44.4	\$29.4	\$34.1	\$38.7	\$45.0	\$36.2	\$35.4	\$45.0
Change in Current Deferred Software Licenses Revenues	\$11.2	\$(1.3)	\$5.8	\$(2.3)	\$16.0	\$(7.5)	\$3.7	\$(2.3)
Non-GAAP Current Software Licenses Billings	\$55.6	\$28.1	\$39.9	\$36.4	\$61.0	\$28.7	\$39.1	\$42.7

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

	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Current Deferred Subscription Services Revenues	\$35.6	\$34.2	\$40.3	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7
Subscription Services Revenues	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0
Change in Current Deferred Subscription Services Revenues	\$12.5	\$(1.4)	\$6.1	\$(2.0)	\$13.6	\$(5.1)	\$3.2	\$(4.2)
Non-GAAP Annual Subscription Billings	\$24.3	\$11.4	\$20.1	\$14.4	\$31.1	\$13.7	\$23.1	\$16.8

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



Non-GAAP Reconciliations (\$ in Millions)

Q3 2023

Reconciliation of non-GAAP operating expenses

	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
GAAP Operating Expenses	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0
Share-Based Compensation ⁽¹⁾	\$12.2	\$13.4	\$14.2	\$15.8	\$15.9	\$16.5	\$14.4	\$15.6
Non-GAAP Operating Expenses	\$235.7	\$250.2	\$1,000.7	\$78.1	\$283.6	\$97.8	\$105.6	\$112.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6

Reconciliation of total non-GAAP expenses

	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Cost of Revenues	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7
Operating Expenses	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0
Total GAAP Expenses	\$272.0	\$289.2	\$1,040.2	\$119.3	\$326.3	\$142.2	\$147.1	\$154.7
Share-Based Compensation	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8
Total Non-GAAP Expenses	\$258.8	\$274.8	\$1,024.9	\$102.4	\$309.2	\$124.7	\$131.6	\$137.9
Digital Asset Impairment Losses, Net of Gains on Sale	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6

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



Non-GAAP Reconciliations (\$ in Millions)

Q3 2023

Reconciliation of total non-GAAP expenses

	Q3 22	Q3 23
GAAP Expenses		
Cost of Revenues	\$25.4	\$26.7
Sales & Marketing	\$35.4	\$35.6
Research & Development	\$30.5	\$29.7
General & Administrative	\$27.3	\$29.2
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$33.6
Total GAAP Expenses	\$119.3	\$154.7
Share-Based Compensation		
Cost of Revenues	\$1.1	\$1.2
Sales & Marketing	\$4.9	\$3.2
Research & Development	\$3.8	\$3.3
General & Administrative	\$7.0	\$9.1
Total Share-Based Compensation	\$16.9	\$16.8
Non-GAAP Expenses		
Cost of Revenues	\$24.3	\$25.4
Sales & Marketing	\$30.5	\$32.4
Research & Development	\$26.7	\$26.4
General & Administrative	\$20.2	\$20.1
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$33.6
Total Non-GAAP Expenses	\$102.4	\$137.9



Non-GAAP Reconciliations (\$ in Thousands)

Q3 2023

Reconciliation of non-GAAP constant currency revenues

	GAAP	Foreign Currency Exchange Rate Impact ⁽¹⁾	Non-GAAP Constant Currency ⁽²⁾	GAAP	GAAP % Change	Non-GAAP Constant Currency % Change ⁽³⁾
	Q3 23	Q3 23	Q3 23	Q3 22	Q3 23	Q3 23
Revenues						
Product Licenses	\$24,045	\$368	\$23,677	\$22,286	7.9%	6.2%
Subscription Services	\$20,974	\$410	\$20,564	\$16,414	27.8%	25.3%
Total Product Licenses and Subscription Services	\$45,019	\$778	\$44,241	\$38,700	16.3%	14.3%
Product Support	\$66,860	\$1,530	\$65,330	\$66,010	1.3%	-1.0%
Other Services	\$17,583	\$446	\$17,137	\$20,650	-14.9%	-17.0%
Total Revenues	\$129,462	\$2,754	\$126,708	\$125,360	3.3%	1.1%

(1) The “Foreign Currency Exchange Rate Impact” reflects the estimated impact of fluctuations in foreign currency exchange rates on international revenues. It shows the increase (decrease) in international revenues from the same period in the prior year, based on comparisons to the prior year quarterly average foreign currency exchange rates. Beginning in the third quarter of 2023, the term “international” refers to operations outside of the United States and Canada only where the functional currency is the local currency (i.e., excluding any location whose economy is considered highly inflationary).

(2) The “Non-GAAP Constant Currency” reflects the current period GAAP amount, less the Foreign Currency Exchange Rate Impact.

(3) The “Non-GAAP Constant Currency % Change” reflects the percentage change between the current period Non-GAAP Constant Currency amount and the GAAP amount for the same period in the prior year.

