



Q4 2022 Financial Results

February 2, 2023

MicroStrategy Q4 2022 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

MicroStrategy's Two Corporate Strategies



Business Intelligence



Who are we: MicroStrategy is the largest independent publicly-traded business intelligence company with the leading enterprise analytics platform



Corporate strategy: Maintain product leadership through modern, open, enterprise software and profitably grow the enterprise analytics business



Bitcoin



Who are we: MicroStrategy is the largest publicly traded corporate holder of bitcoin in the world and the first public company to adopt bitcoin as primary treasury reserve asset



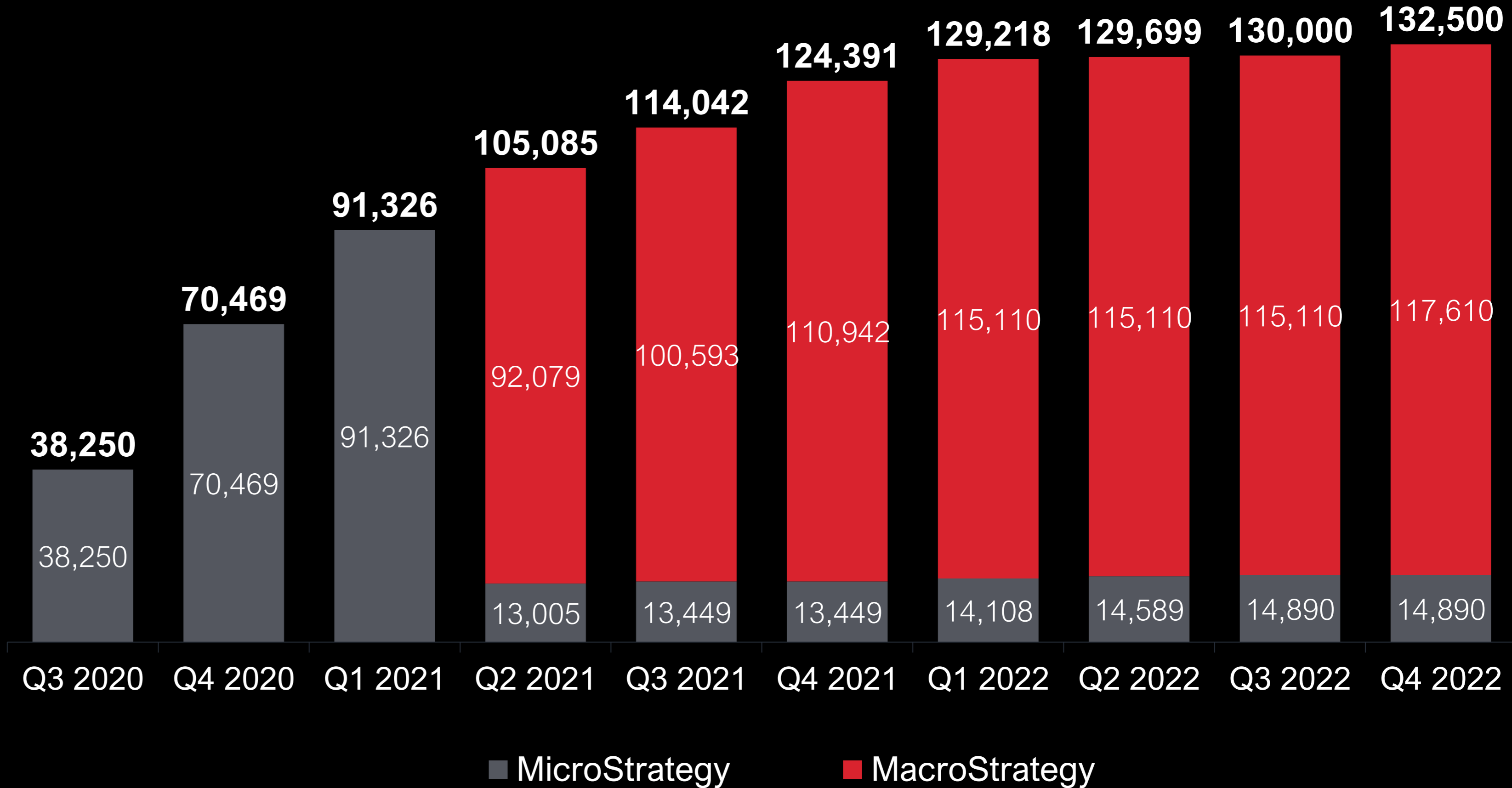
Corporate strategy: Acquire and hold bitcoin long-term; purchase bitcoin through use of excess cash flows, and debt and equity transactions



Bitcoin Holdings Evolution

- In Q4, we increased our holdings by ~2,500 bitcoins for a net aggregate purchase amount of \$45 million or ~\$17,850 per bitcoin, inclusive of fees and expenses
- As of December 31, 2022, the Company held 132,500 bitcoins acquired for a total cost of ~\$4 billion, or \$30,137 per bitcoin, inclusive of fees and expenses

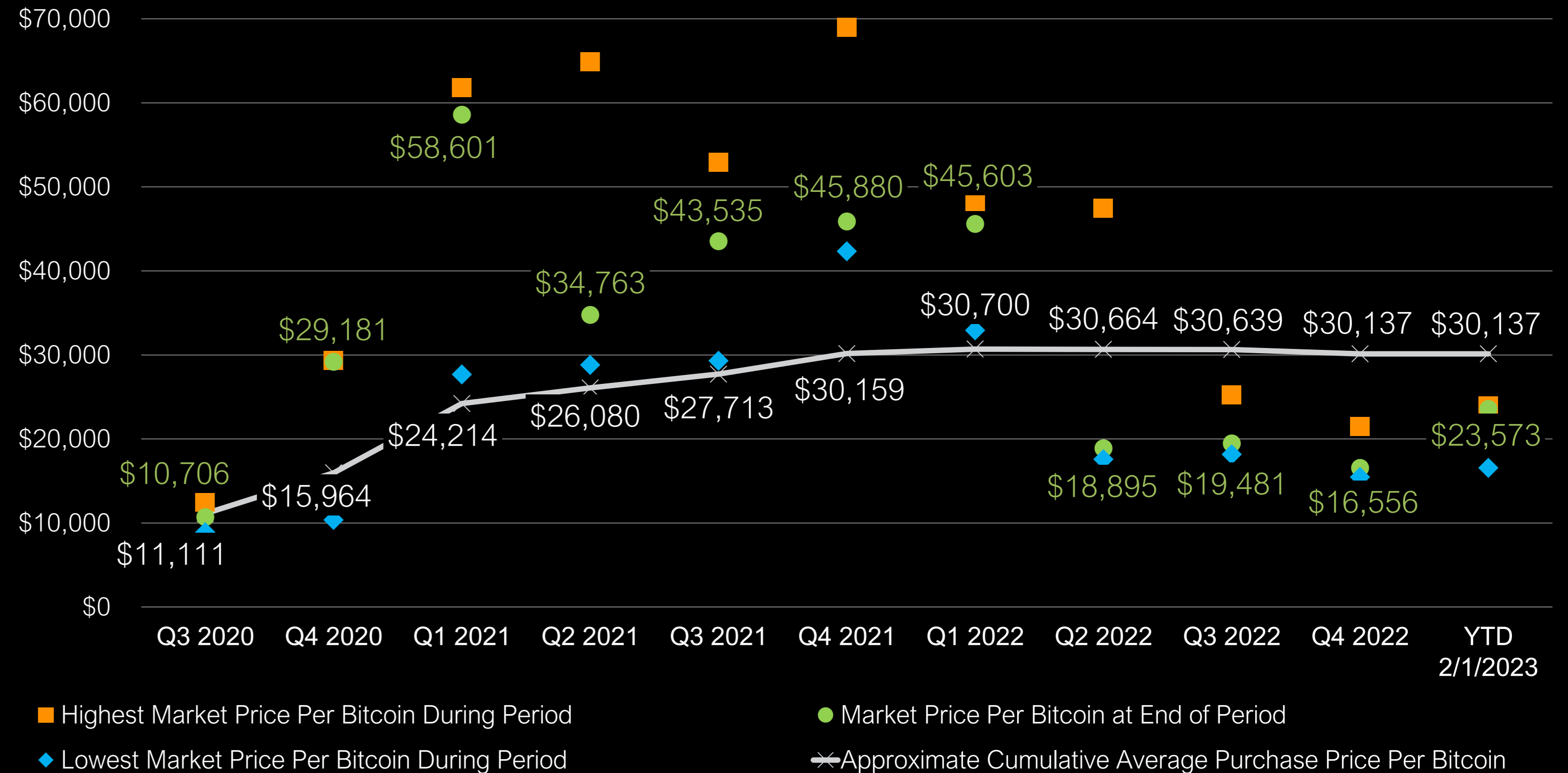
Approximate Number of Bitcoins Held at End of Quarter



Bitcoin Price Evolution

- Bitcoin is volatile and has fluctuated over the quarters
- **MicroStrategy principles**
 - High conviction
 - Risk-managed approach
 - Long-term focused
- **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.



Financial Highlights

FY 2022

\$499.3M

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

\$147.2M

Total Software Licenses Revenues⁽¹⁾, an increase of **2%** YoY, or **6%** on a constant currency basis

\$60.7M

Subscription Services Revenues, an increase of **41%** YoY, or **46%** on a constant currency basis

\$77.0M

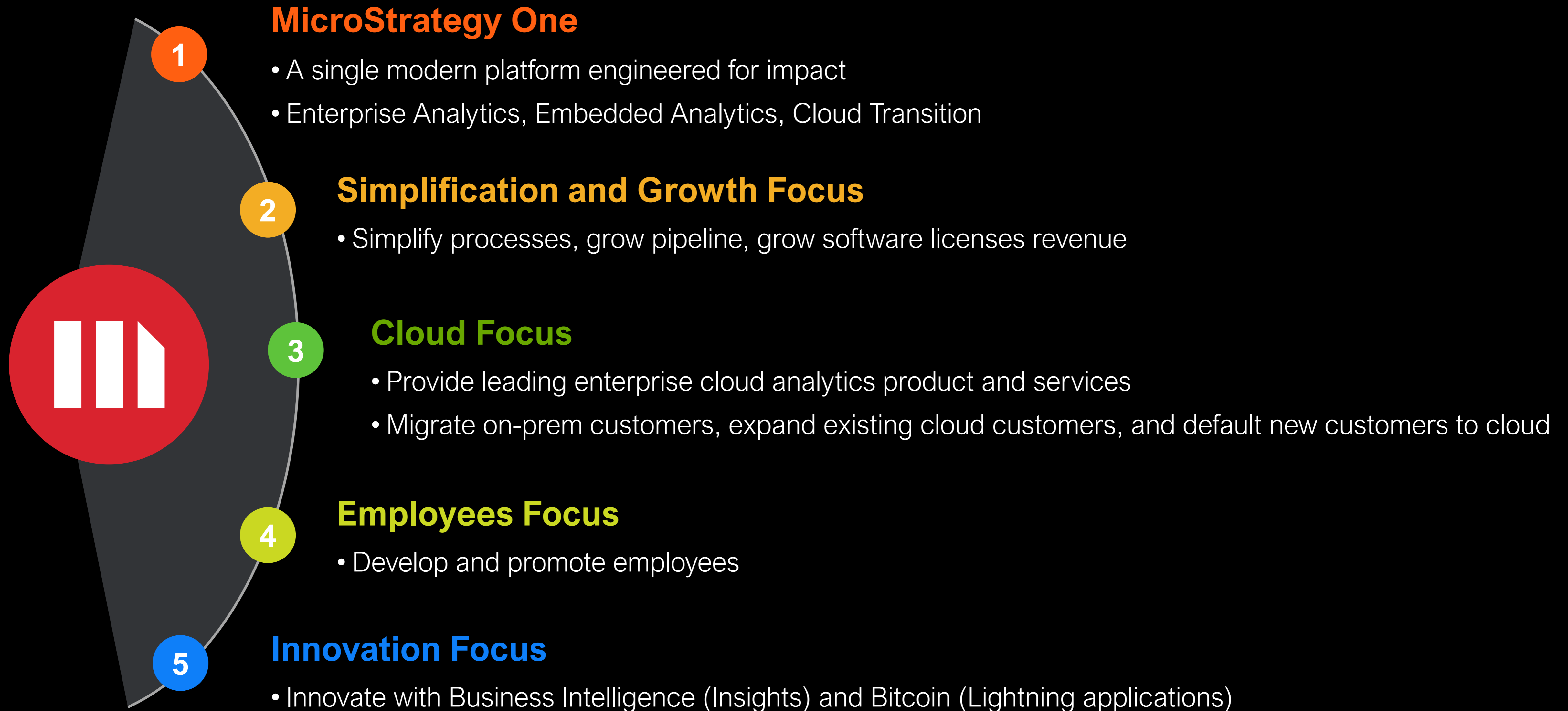
Annual Subscription Billings⁽²⁾, an increase of **39%** YoY

(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 Annual Subscription Billings.



MicroStrategy Software Strategy – 2023 Focus



BI Innovation – MicroStrategy Insights

Lean into the World of Augmented Analytics

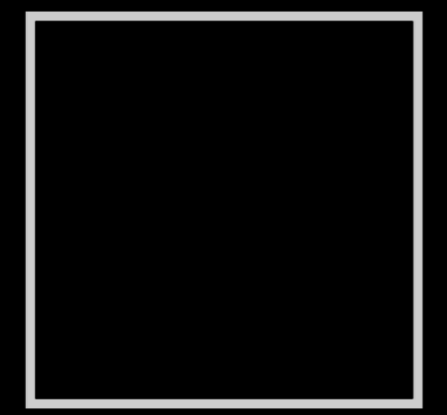
- MicroStrategy Insights provides **artificial intelligence (AI)** and **machine learning (ML)** powered augmented experiences to deliver **actionable insights**
- Released Q3 2022, continued advancement

Use Cases

- Automated alerts based on ML models and user patterns
- Predictive analytics with personalized recommendations for proactively detecting data trends, outliers, and anomalies – enhancing decision-making



Having
questions.



Having
answers.



Bitcoin Innovation – MicroStrategy Lightning

Vision: Not just a Lightning Wallet, a Lightning Platform

Lightning Network is a **decentralized payment channel** network built on the Bitcoin blockchain

Leverage MicroStrategy **enterprise software experience** by building a plug-and-play solution to enable **new ecommerce use-cases** and take on **modern cyber-security challenges** and, by leveraging the **power of the Lightning Network**, contribute to growing adoption and driving demand for Bitcoin

Potential Use Cases

1. Reward users for engagement ← **Lightning Rewards**
2. Monetize online application or content
3. Reduce proliferation of bot and scam accounts on social networks and communities
4. Mitigate Denial-of-Service and unethical crawler attacks on web applications



MicroStrategy World 2023

May 1-4 | Orlando, Florida

Business Intelligence

May 1-4



- Trends in enterprise analytics, embedded analytics, cloud analytics
- Customer success stories, Industry specific solutions
- Private Party for World Attendees
 - May 2 at Universal Studios Florida
 - Included with World 2023 registration

Bitcoin for Corporations

May 3

- Keynote with Bitcoin luminaries
- Bitcoin corporate treasury, products and services, outlook
- Strategic vendors and offerings



Lightning for Corporations

May 4

- Keynote with Lightning luminaries
- Lightning ecosystem, developers, tutorial and workshop
- MicroStrategy Lightning





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

Revenue Components

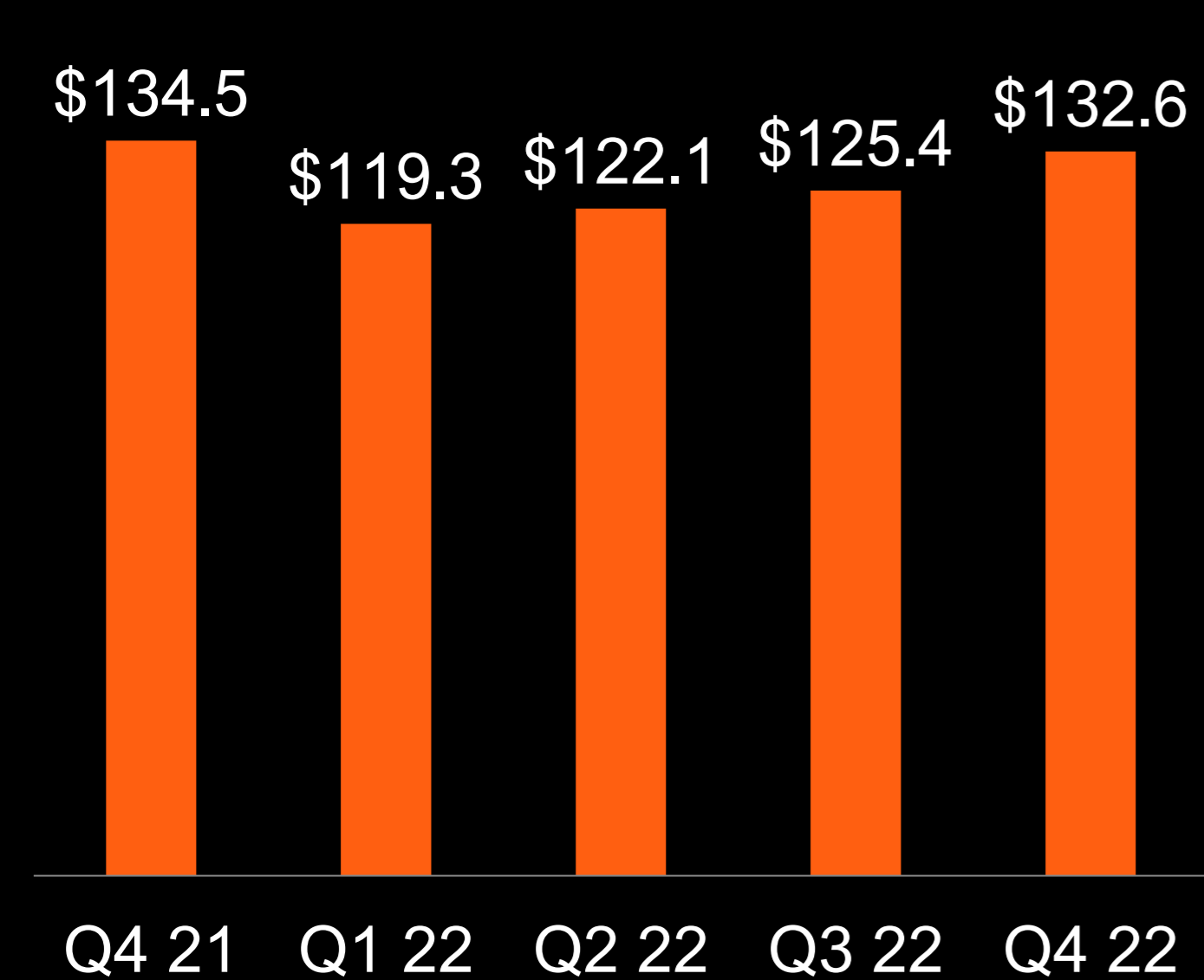
Q4 2022

(\$ in Millions)

Total Revenues

Q4 2022: **-1%** YOY

Constant FX: **+4%** YOY



Total Software Licenses Revenues⁽¹⁾

Q4 2022: **+1%** YOY

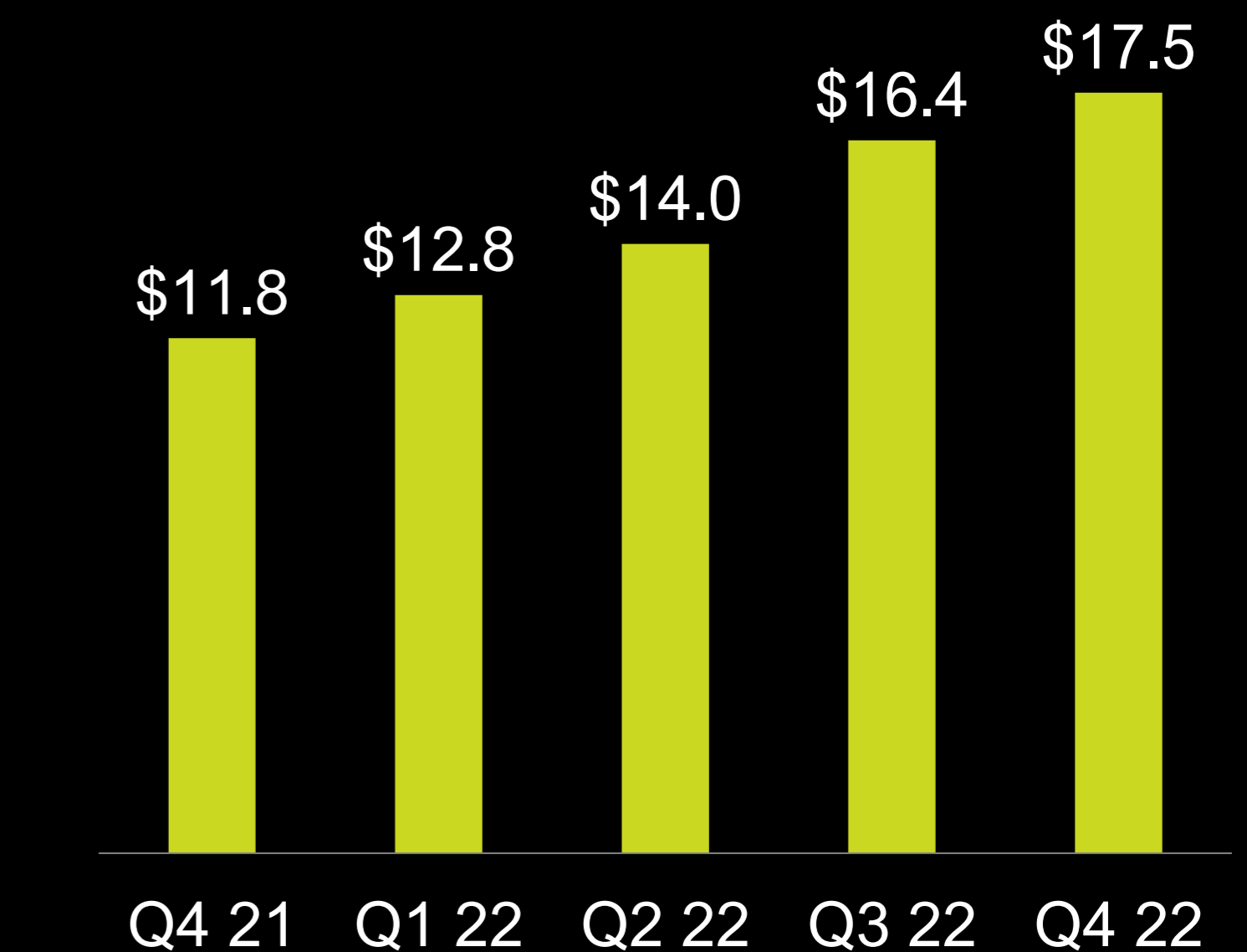
Constant FX: **+8%** YOY



Subscription Services Revenues

Q4 2022: **+47%** YOY

Constant FX: **+54%** YOY



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



Billings Components

Q4 2022

(\$ in Millions)

Current Software Licenses Billings⁽¹⁾

Q4 2022: **+10%** YOY



Current Subscription Billings⁽¹⁾

Q4 2022: **+28%** YOY



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

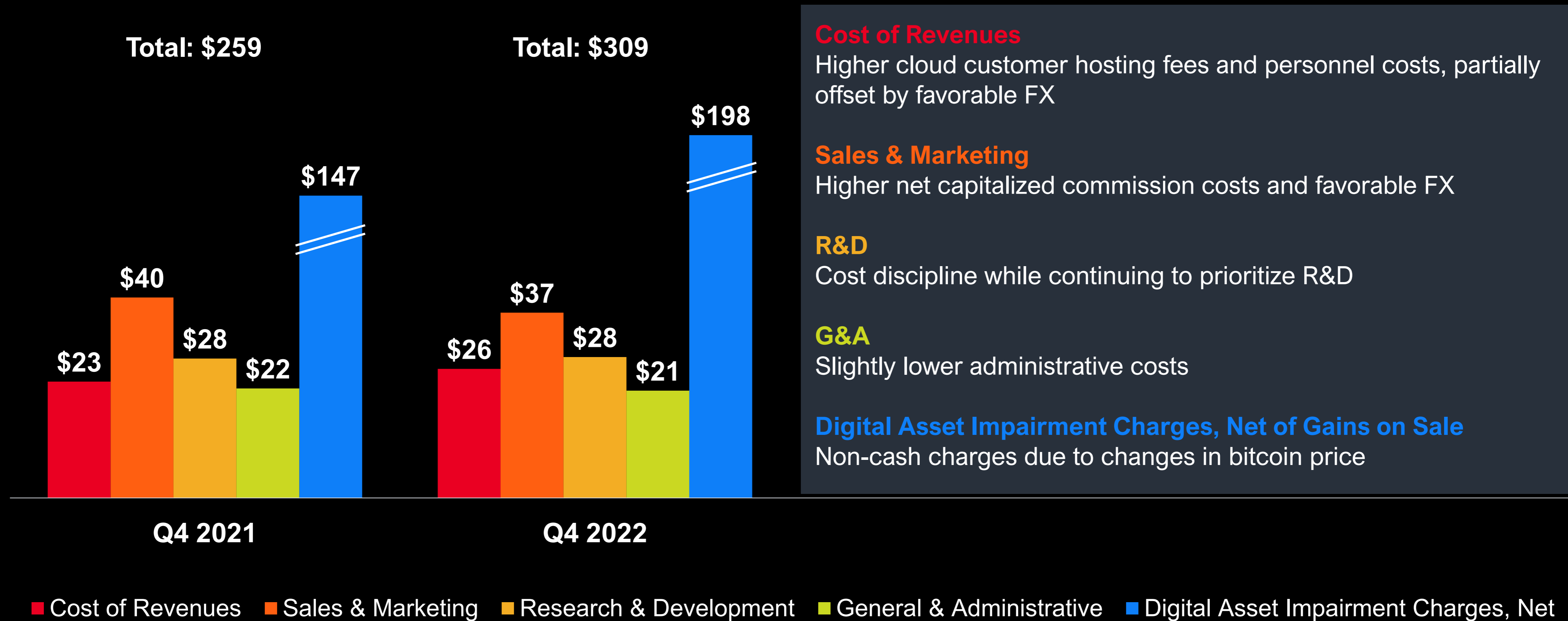


Cost Structure and Drivers

Q4 2022

(\$ in Millions)

Non-GAAP Expenses By Type



Please refer to the Appendix for 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.

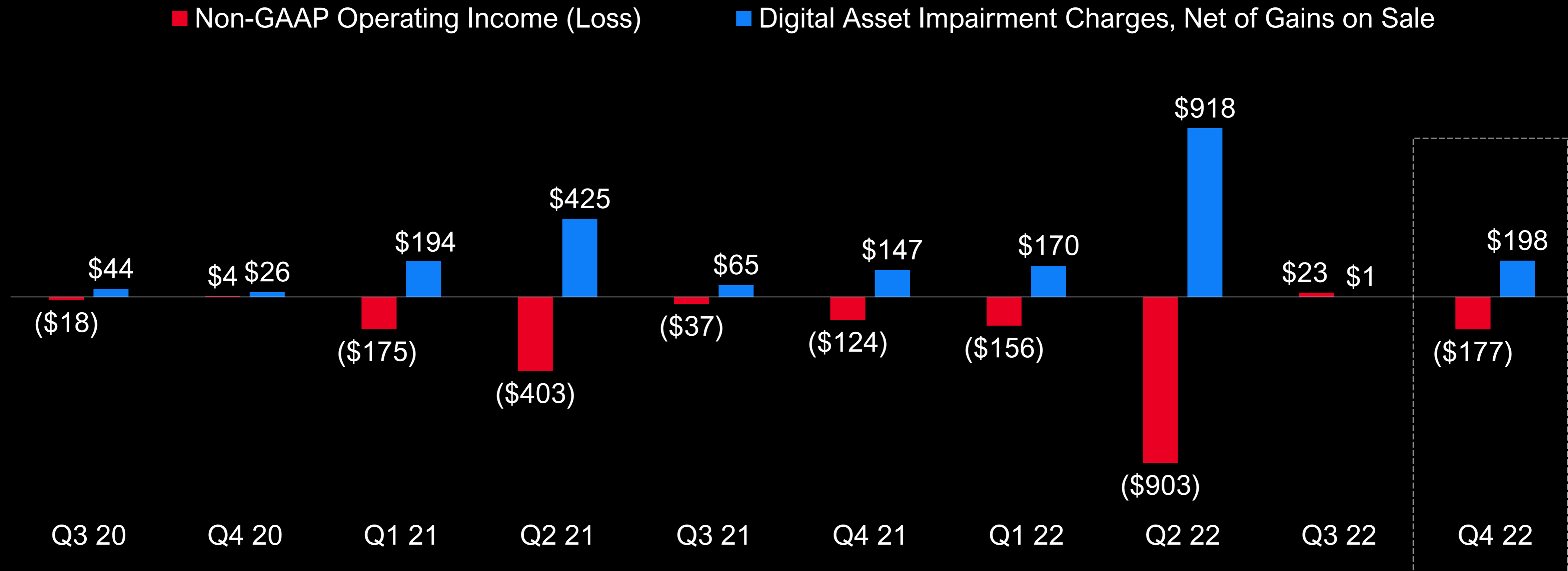


Non-GAAP Operating Income (Loss)

Q4 2022

(\$ in Millions)

- Q4 2022 non-GAAP operating loss was \$177 million
- Non-cash digital asset impairment charge was \$198 million, net of gain on sale

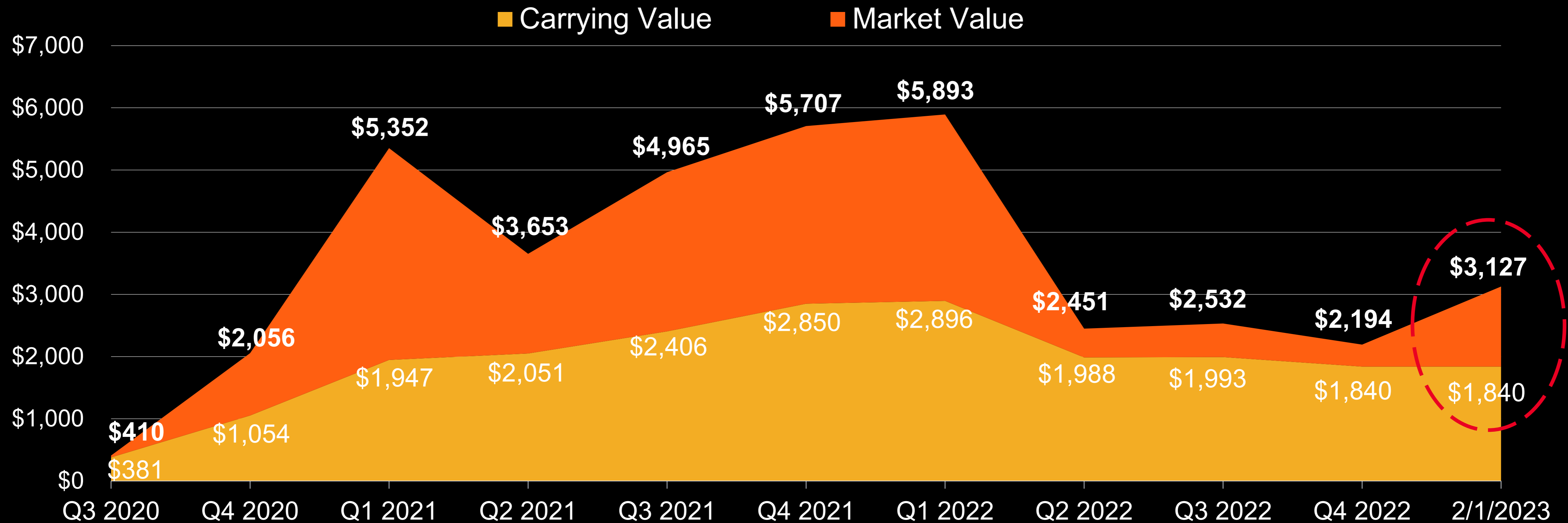


Please refer to the Appendix for a reconciliation of non-GAAP Operating Income (Loss).



Bitcoin Holdings Carrying Value vs. Market Value

(\$ in Millions)



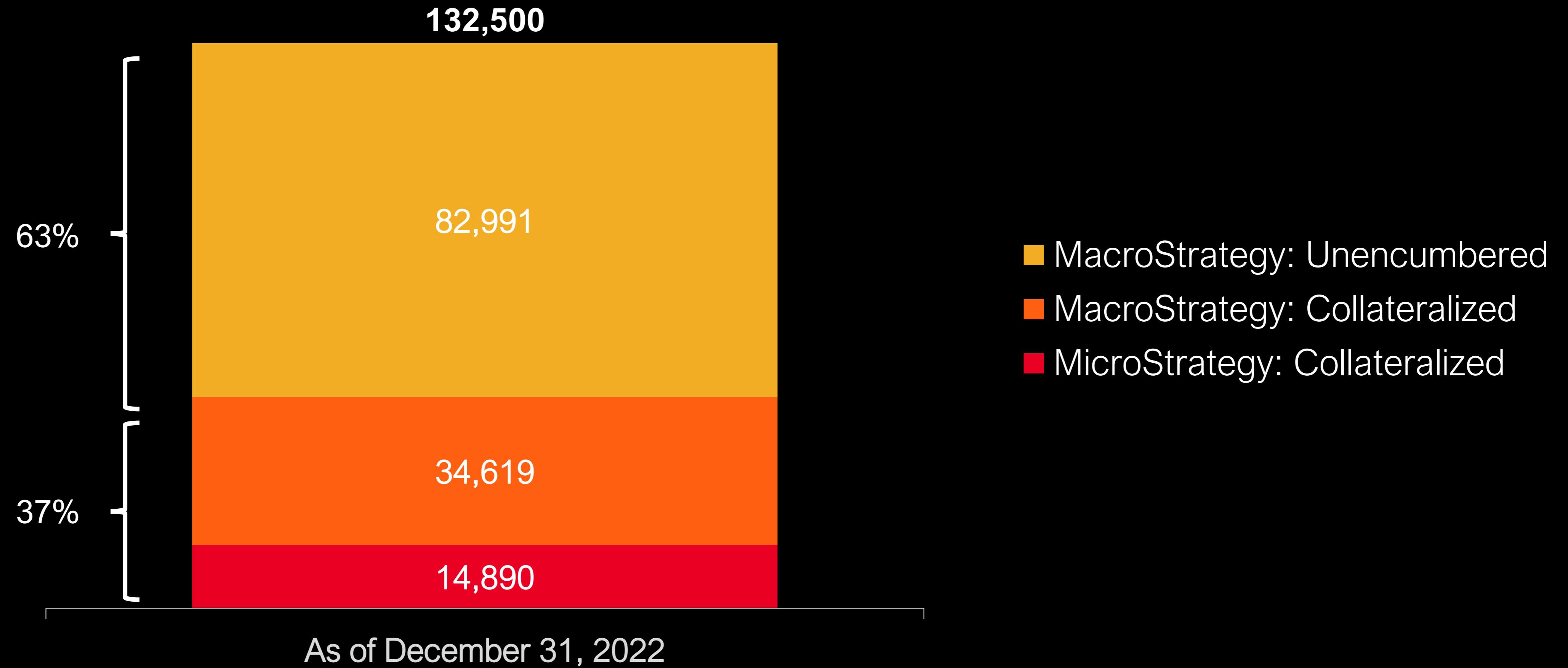
- Aggregate cost of ~\$4.0 billion and carrying value of ~\$1.8 billion, reflecting ~\$2.2 billion in cumulative impairment charges

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



Current Bitcoin Holdings

Q4 2022



Solid Capital Structure Framework

- Sufficient liquidity through operating cash flows to service the interest expense
- At-the-market (“ATM”) equity offering program with \$453M remaining capacity

	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
	Bitcoin-Collateralized Loan	Mar 2025	\$205	~7.76% ⁽²⁾	~\$15.9 ⁽²⁾
Converts	Convertible Senior Notes	Dec 2025	\$650	0.75%	\$4.9
		Feb 2027	\$1,050	0.00%	\$0.0
	Subtotal⁽³⁾:		\$2,405	2.14%	\$51.4
Equity	Equity Issuances ⁽⁴⁾	NA	\$1,047	NA	NA
	Total:		\$3,453		

(1) Please refer to the Q3 2022 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

(2) Represents approximate interest rate as of 12/31/22. The annual interest rate is floating based on SOFR30DAYAVG + 3.70% and the annual interest expense will be floating accordingly.

(3) Excludes \$11M principal amount and interest payable on our other long-term secured debt. Please refer to the Q3 2022 10-Q for further detail.

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



2023 Outlook

**Positive
Growth and
Preserving
Margins**

**Continued
Transition to
Cloud**

**Sustained
Increase in
Subscription
Billings**

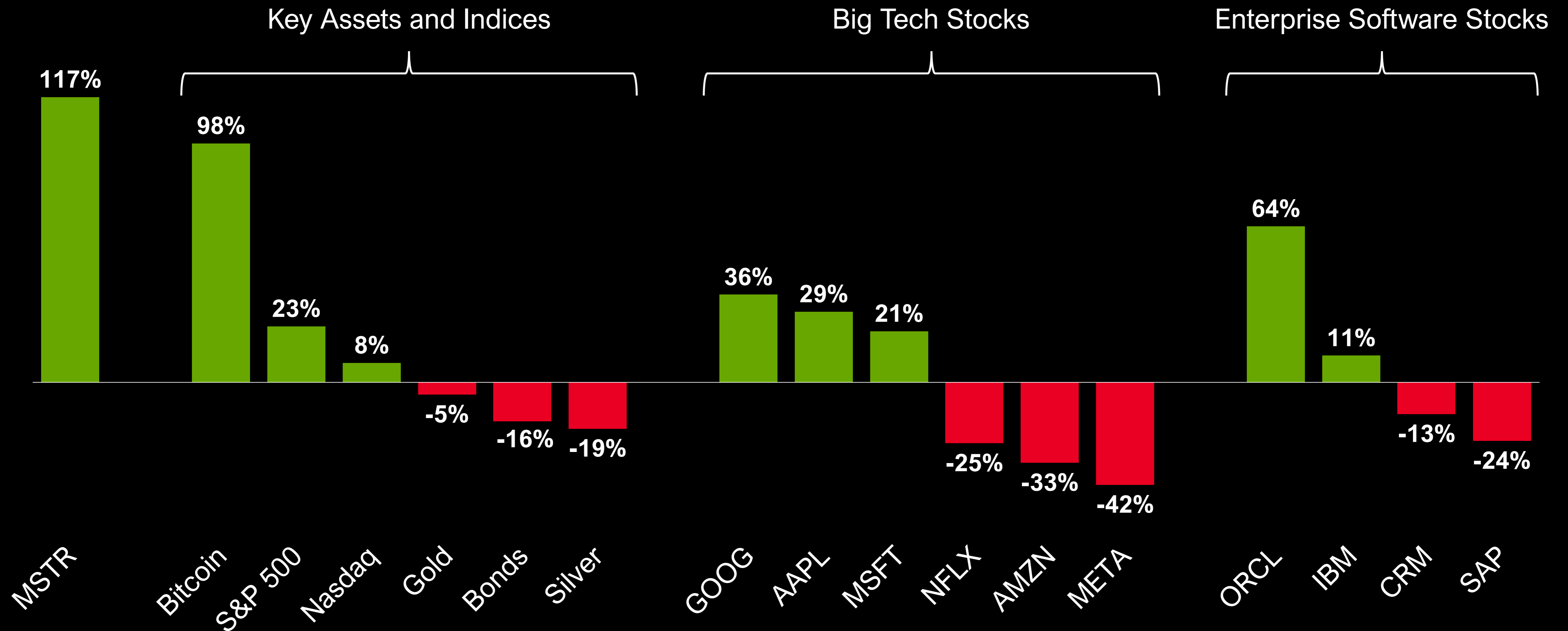




Strategy & Bitcoin

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 February 1, 2023.

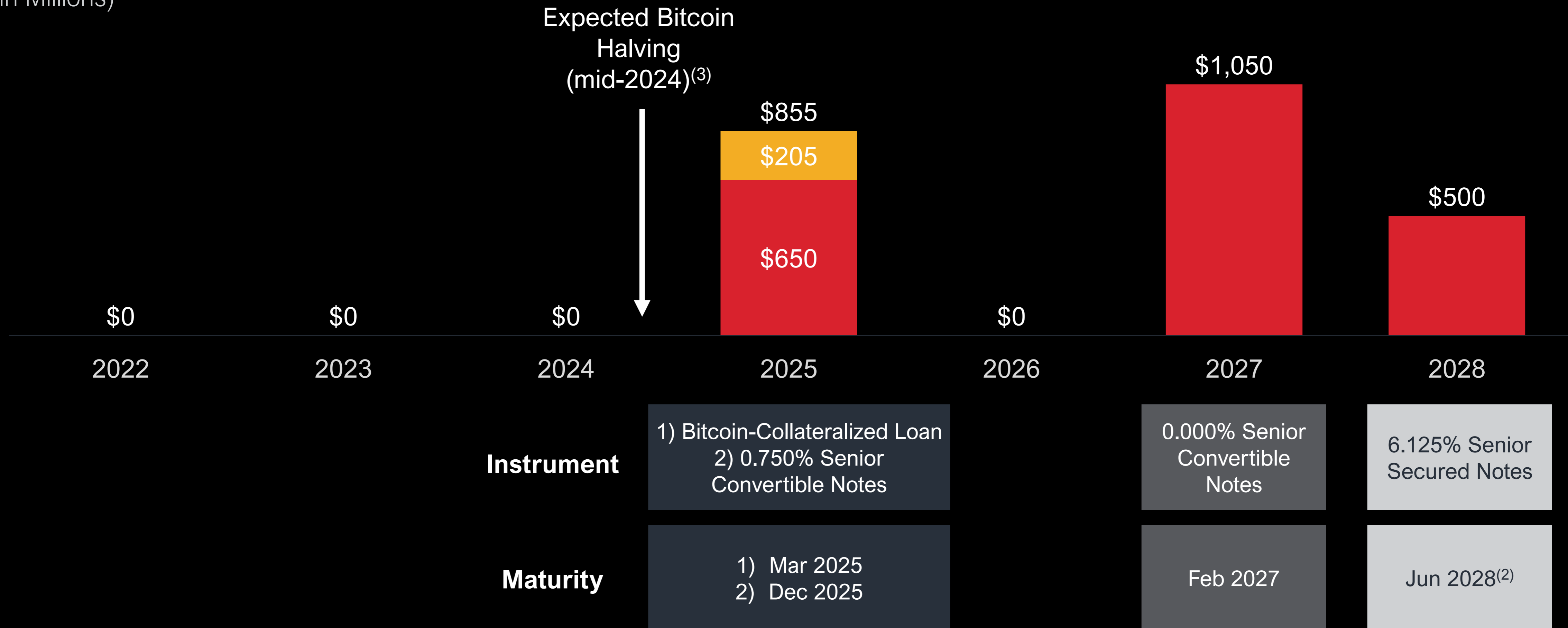




Appendix

Balance Sheet – Principal Debt Maturities⁽¹⁾

(\$ in Millions)



(1) Excludes \$11M principal amount of other long-term secured debt. Please refer to the Q3 2022 10-Q for further detail.

(2) Please refer to the Q3 2022 10-Q for the springing maturity provisions that may accelerate the maturity date of the senior secured notes.

(3) 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.



MicroStrategy Q4 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

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

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Revenues	\$122.9	\$125.4	\$128.0	\$134.5	\$119.3	\$122.1	\$125.4	\$132.6
Cost of Revenues	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7
Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5
GAAP Income (Loss) from Operations	\$(183.2)	\$(414.2)	\$(49.7)	\$(137.5)	\$(170.0)	\$(918.1)	\$6.1	\$(193.7)
GAAP Operating Margin %	-149%	-330%	-39%	-102%	-142%	-752%	5%	-146%
Share-Based Compensation	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0
Non-GAAP Income (Loss) from Operations	(\$175.4)	(\$403.2)	(\$37.5)	(\$124.3)	(\$155.6)	(\$902.8)	\$23.0	(\$176.7)
Non-GAAP Operating Margin %	-143%	-322%	-29%	-92%	-130%	-740%	18%	-133%
Digital Asset Impairment Losses, Net of Gains on Sale	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6

Reconciliation of subscription services revenues to annual subscription billings

	FY 2021	FY 2022
Current Deferred Subscription Services Revenues	\$35.6	\$51.9
Subscription Services Revenues	\$43.1	\$60.7
Change in Current Deferred Subscription Services Revenues	\$12.3	\$16.3
Annual Subscription Billings	\$55.4	\$77.0



MicroStrategy Q4 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total software licenses revenues to current software licenses billings

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Current Deferred Product Licenses Revenues	\$0.2	\$0.5	\$2.3	\$1.0	\$1.1	\$0.8	\$0.4	\$2.8
Current Deferred Subscription Services Revenues	\$23.0 ⁽¹⁾	\$25.9	\$23.1	\$35.6	\$34.2	\$40.3	\$38.3	\$51.9
Current Deferred Software Licenses Revenues	\$23.2 ⁽¹⁾	\$26.5	\$25.4	\$36.6	\$35.3	\$41.0	\$38.7	\$54.7
Product Licenses Revenues	\$21.3	\$22.2	\$25.8	\$32.5	\$16.5	\$20.1	\$22.3	\$27.6
Subscription Services Revenues	\$10.0	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5
Total Software Licenses Revenues ⁽²⁾	\$31.3	\$32.5	\$36.7	\$44.4	\$29.4	\$34.1	\$38.7	\$45.0
Change in Current Deferred Software Licenses Revenues	\$(1.6)	\$3.3	\$(1.1)	\$11.2	\$(1.3)	\$5.8	\$(2.3)	\$16.0
Current Software Licenses Billings	\$29.7	\$35.8	\$35.6	\$55.6	\$28.1	\$39.9	\$36.4	\$61.0

Reconciliation of subscription services revenues to current subscription billings

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Current Deferred Subscription Services Revenues	\$23.0 ⁽¹⁾	\$25.9	\$23.1	\$35.6	\$34.2	\$40.3	\$38.3	\$51.9
Subscription Services Revenues	\$10.0	\$10.3	\$10.9	\$11.8	\$12.8	\$14.0	\$16.4	\$17.5
Change in Current Deferred Subscription Services Revenues	\$(0.3)	\$2.9	\$(2.8)	\$12.5	\$(1.4)	\$6.1	\$(2.0)	\$13.6
Current Subscription Billings	\$9.7	\$13.3	\$8.0	\$24.3	\$11.4	\$20.1	\$14.4	\$31.1

(1) Adjusted to exclude un-invoiced amounts related to multi-year subscription contracts for consistency with current period presentation.

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



MicroStrategy Q4 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of non-GAAP operating expenses

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
GAAP Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5
Share-Based Compensation ⁽¹⁾	\$7.4	\$10.6	\$11.5	\$12.2	\$13.4	\$14.2	\$15.8	\$15.9
Non-GAAP Operating Expenses	\$276.1	\$505.9	\$143.9	\$235.7	\$250.2	\$1,000.7	\$78.1	\$283.6
Digital Asset Impairment Losses, Net of Gains on Sale	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6

Reconciliation of total non-GAAP expenses

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Cost of Revenues	\$22.5	\$23.0	\$22.3	\$24.0	\$25.7	\$25.2	\$25.4	\$26.7
Operating Expenses	\$283.5	\$516.6	\$155.3	\$248.0	\$263.6	\$1,015.0	\$93.9	\$299.5
Total GAAP Expenses	\$306.1	\$539.6	\$177.7	\$272.0	\$289.2	\$1,040.2	\$119.3	\$326.3
Share-Based Compensation	\$7.7	\$11.1	\$12.2	\$13.2	\$14.4	\$15.3	\$16.9	\$17.0
Total Non-GAAP Expenses	\$298.3	\$528.5	\$165.5	\$258.8	\$274.8	\$1,024.9	\$102.4	\$309.2
Digital Asset Impairment Losses, Net of Gains on Sale	\$194.1	\$424.8	\$65.2	\$146.6	\$170.1	\$917.8	\$0.7	\$197.6

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



MicroStrategy Q4 2022 Earnings Call

Non-GAAP reconciliations (\$ in millions)

Reconciliation of total non-GAAP expenses

	Q4 21	Q4 22
GAAP Expenses		
Cost of Revenues	\$24.0	\$26.7
Sales & Marketing	\$43.4	\$41.4
Research & Development	\$30.9	\$31.6
General & Administrative	\$27.1	\$28.9
Digital Asset Impairment Losses, Net of Gains on Sale	\$146.6	\$197.6
Total GAAP Expenses	\$272.0	\$326.3
Share-Based Compensation		
Cost of Revenues	\$0.9	\$1.1
Sales & Marketing	\$3.6	\$4.6
Research & Development	\$3.2	\$3.7
General & Administrative	\$5.4	\$7.6
Total Share-Based Compensation	\$13.2	\$17.0
Non-GAAP Expenses		
Cost of Revenues	\$23.1	\$25.6
Sales & Marketing	\$39.8	\$36.8
Research & Development	\$27.7	\$28.0
General & Administrative	\$21.7	\$21.3
Digital Asset Impairment Losses, Net of Gains on Sale	\$146.6	\$197.6
Total Non-GAAP Expenses	\$258.8	\$309.2

