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.
MicroStrategy 3Q 2020 Earnings Call

Business highlights

- Excellent financial results, especially product licenses and margins
- Strong demand for our cloud platforms
- Positive results in HyperIntelligence® and OEM (embedded analytics) business
- Increased demand for MicroStrategy platform resulting in strong renewal rates
- Embrace of virtual wave resulting in improvements to operations and productivity
- Positive market reaction to tender offer, treasury reserve policy, and investment in bitcoin
MicroStrategy 3Q 2020 Earnings Call
Growth based on HyperIntelligence, Cloud, and Embedded products

HyperIntelligence

- Strong adoption of HyperIntelligence in Q3, including the US Federal Government and a large big box retailer
- Most rapidly adopted solution in the history of MicroStrategy
- Provides instant, zero-click access to data within existing productivity tools driving improved business results at an accelerated pace

Cloud

- Strong adoption of Cloud with significant increase in bookings, including with financial services institutions
- COVID is acting as a catalyst, driving IT organizations to re-evaluate and plot a more aggressive shift to Cloud
- Market adoption of cloud data warehouse offerings is providing a natural conversation for the future of business intelligence solutions

Embedded

- Technology providers embed MicroStrategy into their offerings, including global online retailer and large cybersecurity company
- Technology partners are choosing MicroStrategy because of our modern, open, independent, enterprise-grade platform
- Platform works at scale and can support complex technical and business needs
Corporate strategy is beginning to work

1. Grow revenue through HyperIntelligence, Cloud Business Intelligence, and Embedded Intelligence (OEM)
2. Simplify and streamline go-to-market including products and pricing, offering cloud-first platform-as-a-service with focus on prospects
3. Convert perpetual license customers to subscription term licenses over time
4. Optimize cost structure to improve margin and cash flow
5. Utilize excess cash on MicroStrategy stock buybacks and bitcoin, our primary treasury reserve asset
MicroStrategy 3Q 2020 Earnings Call
Financial highlights – revenue in millions

Highest Q3 **product license revenue** since 2016, up 56% year-over-year

Highest Q3 **total revenue** since 2016, up 6% year-over-year

Strong adoption of cloud offering, 85% increase in subscription billings*

* Year-over-year growth calculation excludes $6.0M change to non-current deferred subscription services revenue in Q3/20. Please refer to the Appendix for a reconciliation of subscription services revenues to subscription billings. 

* Year-over-year growth calculation excludes $6.0M change to non-current deferred subscription services revenue in Q3/20. Please refer to the Appendix for a reconciliation of subscription services revenues to subscription billings.
MicroStrategy 3Q 2020 Earnings Call

Financial highlights – operating income (loss) in millions

• Highest non-GAAP* operating income since 2016, up $20.1M year-over-year

• Q3 2020 GAAP operating loss driven by $44.2M bitcoin impairment

* Please refer to slide 9 for GAAP to Non-GAAP operating income reconciliation
Focus on Profitability

Targeting $60-90 million non-GAAP operating income in 2021. Strategy is to generate profitability at this level or higher going forward.

Cost savings from updated go-to-market strategy, increased productivity, and virtual wave. Will continue to evaluate further opportunities for savings.

Will continue to invest in our growth initiatives and focus on revenue growth.

Q3 Capital Activities

Adopted bitcoin as primary treasury reserve asset and purchased approximately 38,250 bitcoins for an aggregate price of $425 million, or ~$11,111 per bitcoin.

Repurchased 432,313 shares at $140 per share through modified Dutch auction tender offer, returning $60.5 million to shareholders.

Go-forward Capital Plan

Run the day-to-day business with approximately $50M in operating cash.

Use bitcoin as primary treasury reserve asset, purchasing additional bitcoin with excess cash, subject to market conditions and business needs.

Evaluate opportunities to return value to shareholders, including share repurchases, subject to market conditions.
MicroStrategy 3Q 2020 Earnings Call
Financial highlights - digital asset accounting and non-GAAP reconciliation

Digital Asset Accounting

- Digital Assets (bitcoins) are considered indefinite-lived intangible assets for accounting purposes

- Bitcoin assets are evaluated quarterly for impairment losses and impairment losses are recognized if the fair value decreases below the carrying value

- Bitcoin gains are only reflected when bitcoins are sold for a gain

- MicroStrategy has approximately 38,250 bitcoins

- As of September 30, 2020, the average carrying value of MicroStrategy bitcoin was $9,954 per bitcoin compared to an average cost of $11,111 per bitcoin. We recorded a $44.2M cumulative impairment loss since acquisition.

- As of October 26, 2020, at 4:00 p.m. EDT, the market value of bitcoin was approximately $13,023 per bitcoin

GAAP to non-GAAP operating income reconciliation (in millions)

<table>
<thead>
<tr>
<th></th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
<th>Q3/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Loss) from continuing operations</td>
<td>$</td>
<td>7.2</td>
<td>$(2.2)</td>
<td>$(10.4)</td>
<td>$(4.8)</td>
<td>4.6</td>
<td>9.6</td>
<td>$(0.1)</td>
<td>6.3</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>$</td>
<td>3.0</td>
<td>3.5</td>
<td>3.0</td>
<td>3.0</td>
<td>1.8</td>
<td>2.3</td>
<td>3.1</td>
<td>2.2</td>
</tr>
<tr>
<td>Digital asset impairment losses</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Non-GAAP Income (loss) from Operations</td>
<td>$</td>
<td>10.2</td>
<td>1.3</td>
<td>$(7.4)</td>
<td>$(1.8)</td>
<td>6.4</td>
<td>12.0</td>
<td>3.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin %</td>
<td>8%</td>
<td>1%</td>
<td>-6%</td>
<td>-2%</td>
<td>5%</td>
<td>9%</td>
<td>3%</td>
<td>8%</td>
<td>21%</td>
</tr>
</tbody>
</table>
## Reconciliation of GAAP to Non-GAAP Total Cost

<table>
<thead>
<tr>
<th></th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
<th>Q3/20</th>
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<tbody>
<tr>
<td>Total cost of revenues</td>
<td>$23.4</td>
<td>$25.9</td>
<td>$26.2</td>
<td>$25.4</td>
<td>$23.8</td>
<td>$24.6</td>
<td>$24.5</td>
<td>$24.0</td>
<td>$21.7</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$91.5</td>
<td>$108.2</td>
<td>$99.6</td>
<td>$97.2</td>
<td>$91.3</td>
<td>$99.3</td>
<td>$87.0</td>
<td>$80.3</td>
<td>$125.9</td>
</tr>
<tr>
<td>Total GAAP cost</td>
<td>$114.9</td>
<td>$134.1</td>
<td>$125.8</td>
<td>$122.6</td>
<td>$115.1</td>
<td>$123.9</td>
<td>$111.5</td>
<td>$104.3</td>
<td>$147.7</td>
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<tr>
<td>Share-based compensation expense</td>
<td>$(3.0)</td>
<td>$(3.5)</td>
<td>$(3.0)</td>
<td>$(3.0)</td>
<td>$(1.8)</td>
<td>$(2.3)</td>
<td>$(3.1)</td>
<td>$(2.2)</td>
<td>$(2.6)</td>
</tr>
<tr>
<td>Digital asset impairment losses</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$(44.2)</td>
</tr>
<tr>
<td><strong>Total non-GAAP Costs</strong></td>
<td><strong>$111.9</strong></td>
<td><strong>$130.6</strong></td>
<td><strong>$122.7</strong></td>
<td><strong>$119.5</strong></td>
<td><strong>$113.3</strong></td>
<td><strong>$121.6</strong></td>
<td><strong>$108.4</strong></td>
<td><strong>$102.0</strong></td>
<td><strong>$100.9</strong></td>
</tr>
</tbody>
</table>

## Reconciliation of Subscription Services Revenues to Subscription Billings

<table>
<thead>
<tr>
<th></th>
<th>Q3/18</th>
<th>Q4/18</th>
<th>Q1/19</th>
<th>Q2/19</th>
<th>Q3/19</th>
<th>Q4/19</th>
<th>Q1/20</th>
<th>Q2/20</th>
<th>Q3/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current deferred subscription services revenue</td>
<td>$11.7</td>
<td>$13.5</td>
<td>$15.6</td>
<td>$15.4</td>
<td>$12.8</td>
<td>$16.6</td>
<td>$16.6</td>
<td>$17.9</td>
<td>$19.5</td>
</tr>
<tr>
<td>Total non-current deferred subscription services revenue</td>
<td>$-</td>
<td>$2.4</td>
<td>$0.2</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$0.1</td>
<td>$6.0</td>
</tr>
<tr>
<td><strong>Total deferred subscription services revenue</strong></td>
<td><strong>$11.7</strong></td>
<td><strong>$15.9</strong></td>
<td><strong>$15.9</strong></td>
<td><strong>$15.5</strong></td>
<td><strong>$13.0</strong></td>
<td><strong>$16.7</strong></td>
<td><strong>$16.7</strong></td>
<td><strong>$18.0</strong></td>
<td><strong>$25.5</strong></td>
</tr>
<tr>
<td>Subscription services revenue</td>
<td>$7.2</td>
<td>$7.1</td>
<td>$7.1</td>
<td>$7.1</td>
<td>$7.9</td>
<td>$7.3</td>
<td>$8.0</td>
<td>$8.0</td>
<td>$8.3</td>
</tr>
<tr>
<td>Quarter-over-quarter change in deferred subscription revenue</td>
<td>$(2.1)</td>
<td>$4.2</td>
<td>$(0.0)</td>
<td>$(0.4)</td>
<td>$(2.6)</td>
<td>$3.7</td>
<td>$(0.0)</td>
<td>$1.4</td>
<td>$7.5</td>
</tr>
<tr>
<td><strong>Subscription billings</strong></td>
<td><strong>$5.1</strong></td>
<td><strong>$11.2</strong></td>
<td><strong>$7.1</strong></td>
<td><strong>$6.7</strong></td>
<td><strong>$5.3</strong></td>
<td><strong>$11.0</strong></td>
<td><strong>$8.0</strong></td>
<td><strong>$9.4</strong></td>
<td><strong>$15.8</strong></td>
</tr>
</tbody>
</table>