MicroStrategy 2Q 2020 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.
MicroStrategy 2Q 2020 Earnings Call

Business Highlights

• Solid quarter in context of challenging macro environment due to COVID-19

• Strong adoption of HyperIntelligence®, signing a number of transactions with new and existing customers

• Double Digit year-over-year growth in Subscription revenue and billings

• GAAP Operating Income of $6.3M, up $11.2M year-over-year

• Non-GAAP Operating Income of $8.6M, up $10.3M year-over-year

1. Non-GAAP operating income excludes the impact from share-based compensation
2. Please refer to the Appendix for a reconciliation GAAP to non-GAAP financial measures
MicroStrategy 2Q 2020 Earnings Call

Notable Strength in Cloud Offering

- We are focused on selling MicroStrategy Cloud and are leading with this offer for new deployments

- Well-positioned to benefit as more companies move away from on-premise IT stack

- Feature parity, scalability and ease of deployment

- Introducing incentive program for on-premise customers to migrate to Cloud

- Cloud transition will occur over a few years
Improvements to Profitability and Productivity

• Non-GAAP operating expenses down 17% YoY with three consecutive quarters of YoY decline

• Fully virtual model driving cost reductions in T&E and Marketing

• Virtual demand generation approach reaching more customers, more quickly

• Continued to evaluate and rationalize headcount

1. Non-GAAP operating expenses excludes the impact from share-based compensation
2. Please refer to the Appendix for a reconciliation GAAP to non-GAAP financial measures
Future Profitability

- Targeting $60-90 million non-GAAP operating income in 2021
- Strategy is to generate profitability at this level or higher going forward
- Will continue to invest in our growth initiatives and focus on revenue growth

1. Non-GAAP operating income excludes the impact from share-based compensation
MicroStrategy 2Q 2020 Earnings Call

Capital Allocation

• $500+ million cash and short-term investments is a strategic asset

• We are confident we can be more active using our balance sheet to generate long-term shareholder value

• Planning to return up to $250M of excess cash to shareholders over the next 12 months

• Seeking to invest up to $250 million of excess cash in alternative investments over the next 12 months
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. Streamline cost structure, driving margin and cash flow improvements

4. Run business with $50M in operating cash, and utilize excess cash on MicroStrategy stock and alternative investments
MicroStrategy 2Q 2020 Earnings Call

Revenue – Amounts in Millions
1. Non-GAAP operating expenses excludes the impact from share-based compensation
2. Please refer to the Appendix for a reconciliation GAAP to non-GAAP financial measures
1. Non-GAAP operating income excludes the impact from share-based compensation
2. Please refer to the Appendix for a reconciliation GAAP to non-GAAP financial measures
Reconciliation of GAAP to non-GAAP operating income (loss)
in $000's

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP operating income (loss)</td>
<td>$7,220</td>
<td>$(2,157)</td>
<td>$(10,386)</td>
<td>$(4,830)</td>
<td>$4,586</td>
<td>$9,628</td>
<td>$(72)</td>
<td>$6,328</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>$3,011</td>
<td>$3,504</td>
<td>$3,017</td>
<td>$3,036</td>
<td>$1,834</td>
<td>$2,322</td>
<td>$3,111</td>
<td>$2,226</td>
</tr>
<tr>
<td>Non-GAAP operating income (loss)</td>
<td>$10,231</td>
<td>$1,347</td>
<td>$(7,369)</td>
<td>$(1,794)</td>
<td>$6,420</td>
<td>$11,950</td>
<td>$3,039</td>
<td>$8,554</td>
</tr>
</tbody>
</table>

*Adds back share-based compensation to operating income (loss)*

Reconciliation of GAAP to non-GAAP operating expenses:
in $000's

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>Q3 2019</th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP operating expenses</td>
<td>$91,543</td>
<td>$108,189</td>
<td>$99,579</td>
<td>$97,217</td>
<td>$91,292</td>
<td>$99,267</td>
<td>$86,951</td>
<td>$80,267</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>$2,862</td>
<td>$3,343</td>
<td>$2,836</td>
<td>$2,937</td>
<td>$1,705</td>
<td>$2,175</td>
<td>$2,904</td>
<td>$2,193</td>
</tr>
<tr>
<td>Non-GAAP operating expenses</td>
<td>$88,681</td>
<td>$104,846</td>
<td>$96,743</td>
<td>$94,280</td>
<td>$89,587</td>
<td>$97,092</td>
<td>$84,047</td>
<td>$78,074</td>
</tr>
</tbody>
</table>

*Removes share-based compensation (included in operating expenses) from total operating expense*