



4Q 2020 Financial Results

January 28, 2021

MicroStrategy 4Q 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.

FY 2020

Highlights

\$68.2M

Non-GAAP Operating Income, an increase of \$59.0M YOY

\$480.7M

Total Revenue, a modest decrease of 1% despite COVID pandemic

\$123.2M

Returned to shareholders through stock repurchases

\$321.9M

Non-GAAP Operating Expenses, a decrease of \$55.8M, or 15% YOY

\$15.5M

Current Subscription Billings, an increase of 41% YOY

70,469

Bitcoins acquired at an aggregate price of \$1.125 billion, or an average price of \$15,964 per Bitcoin

Please refer to the Appendix for a reconciliation of non-GAAP Operating Income, non-GAAP Operating Expenses and Subscription Services Revenues to Subscription Billings.

FY 2021

Priorities



Targeting \$70-90M of non-GAAP operating income in 2021



Maintain cost savings from virtual wave



Continue to grow subscription billings

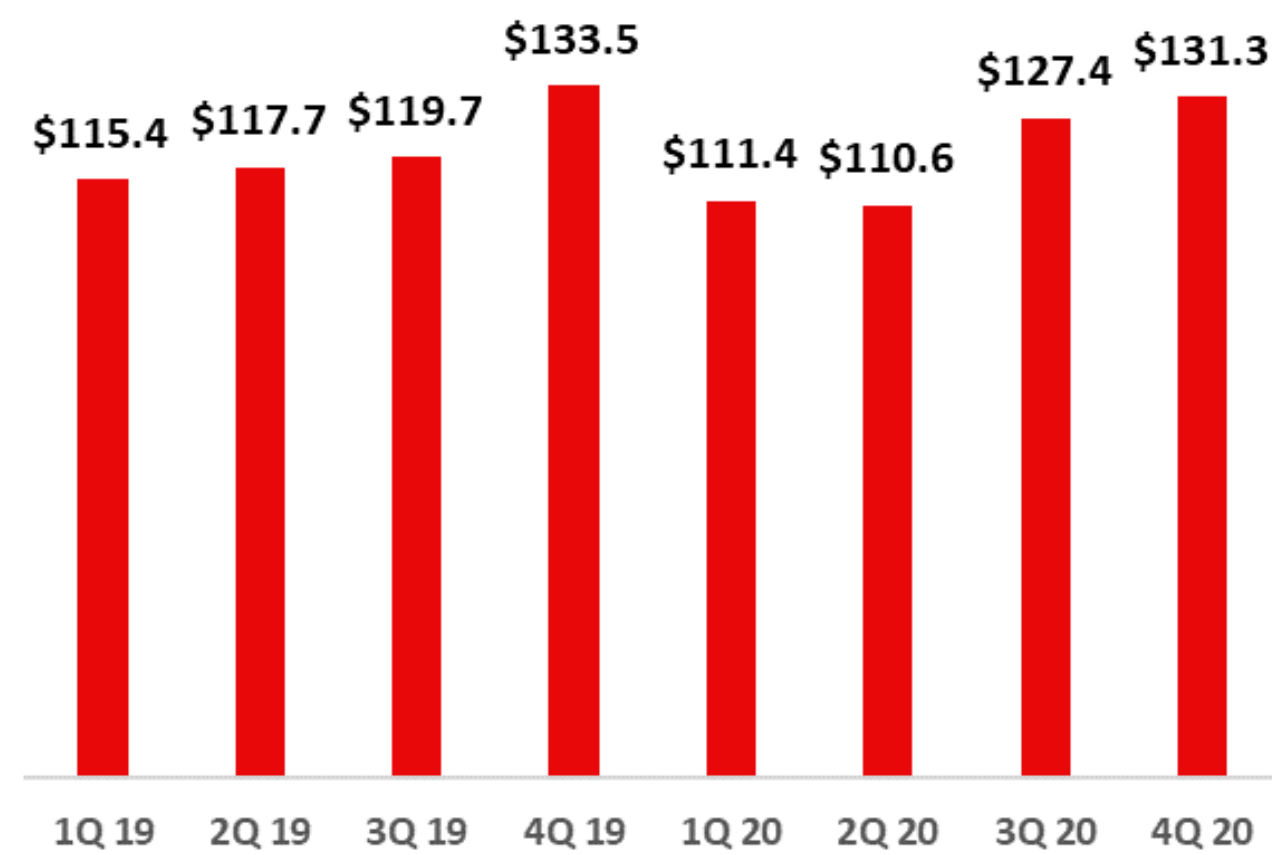


Continue to invest excess capital in Bitcoin

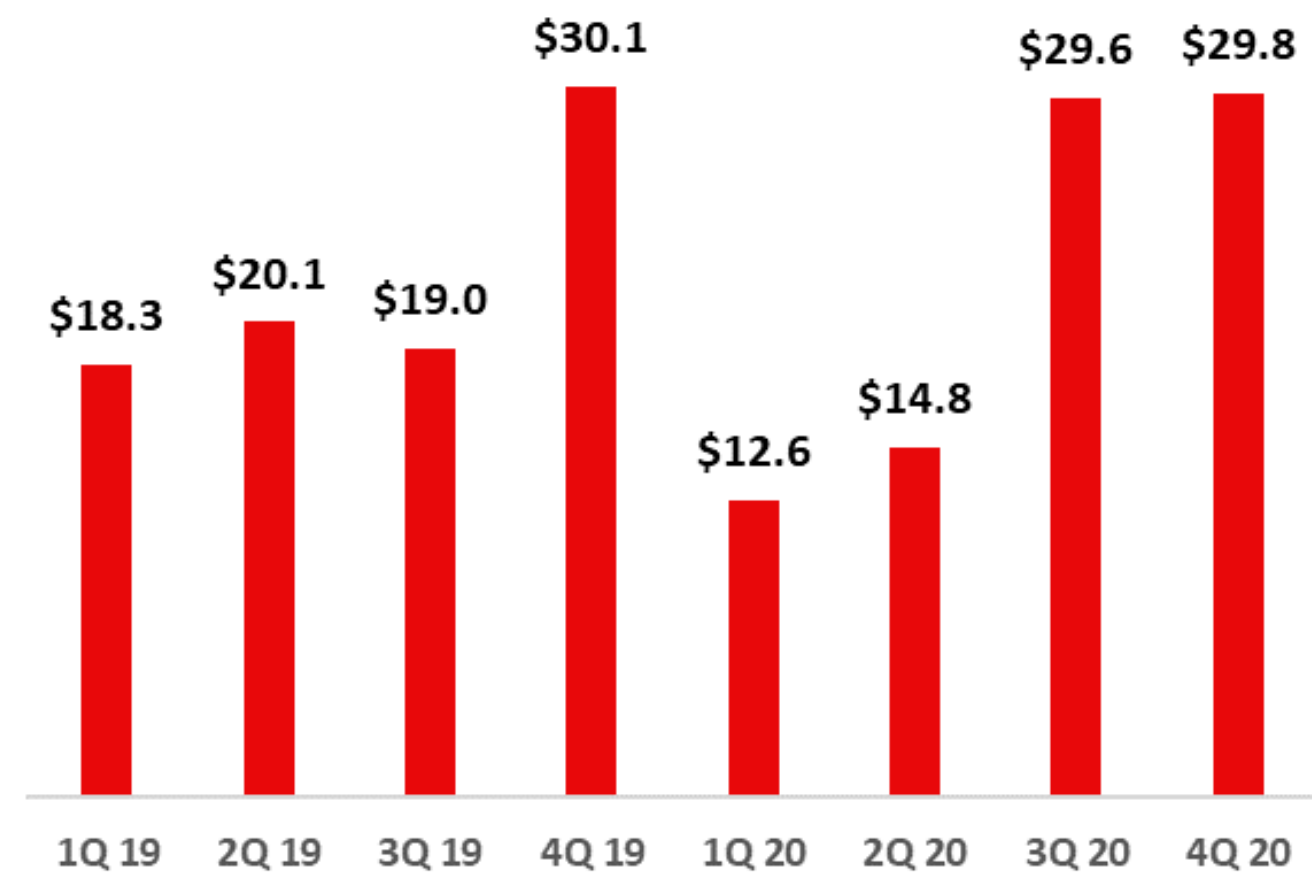
4Q 2020

Financial Highlights – Revenue (in Millions)

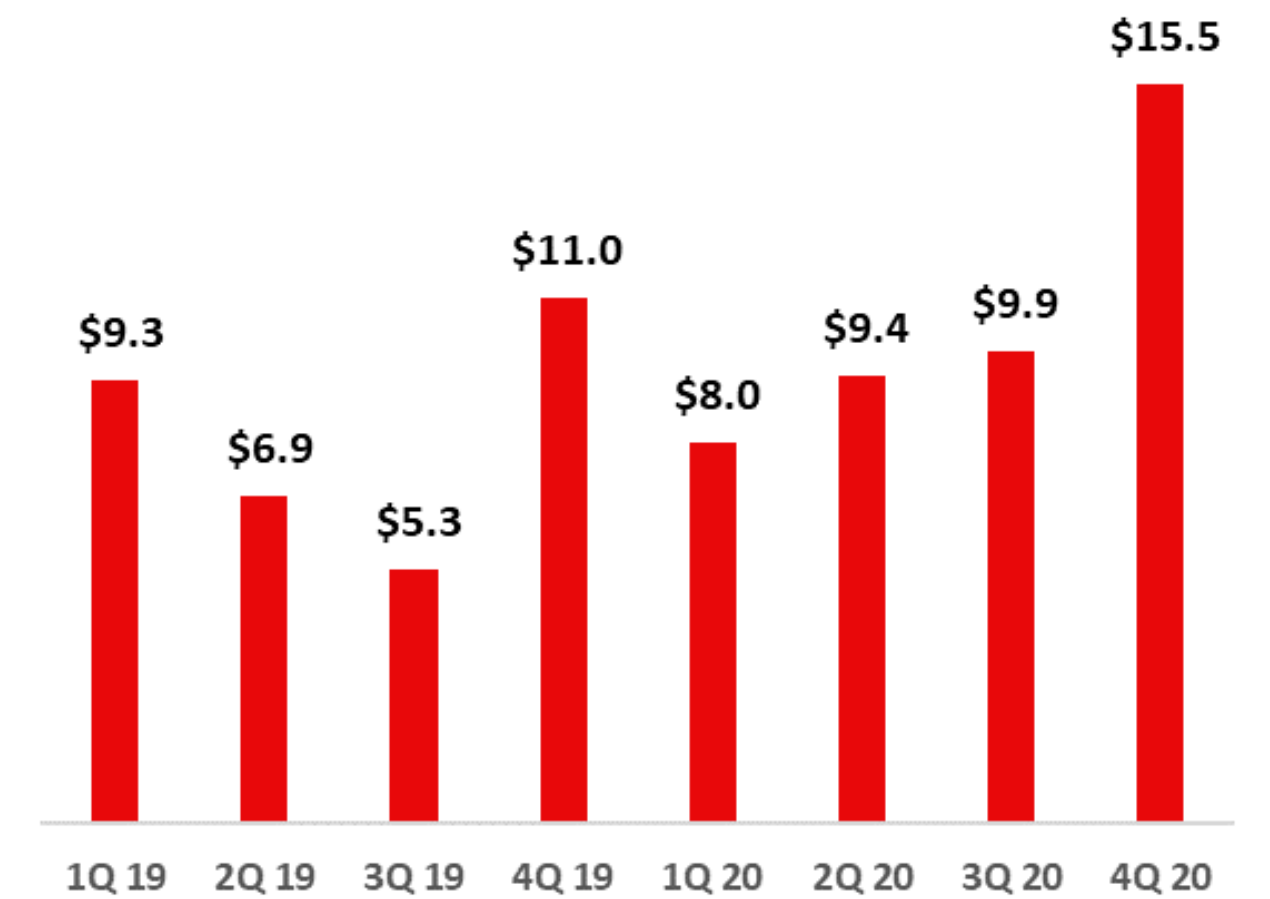
Slight decrease in total revenue, down 2% YoY following strong Q3



Slight decrease in product license revenue, down 1% YoY



Strong adoption of cloud with a 41% increase in Subscription Billings YOY



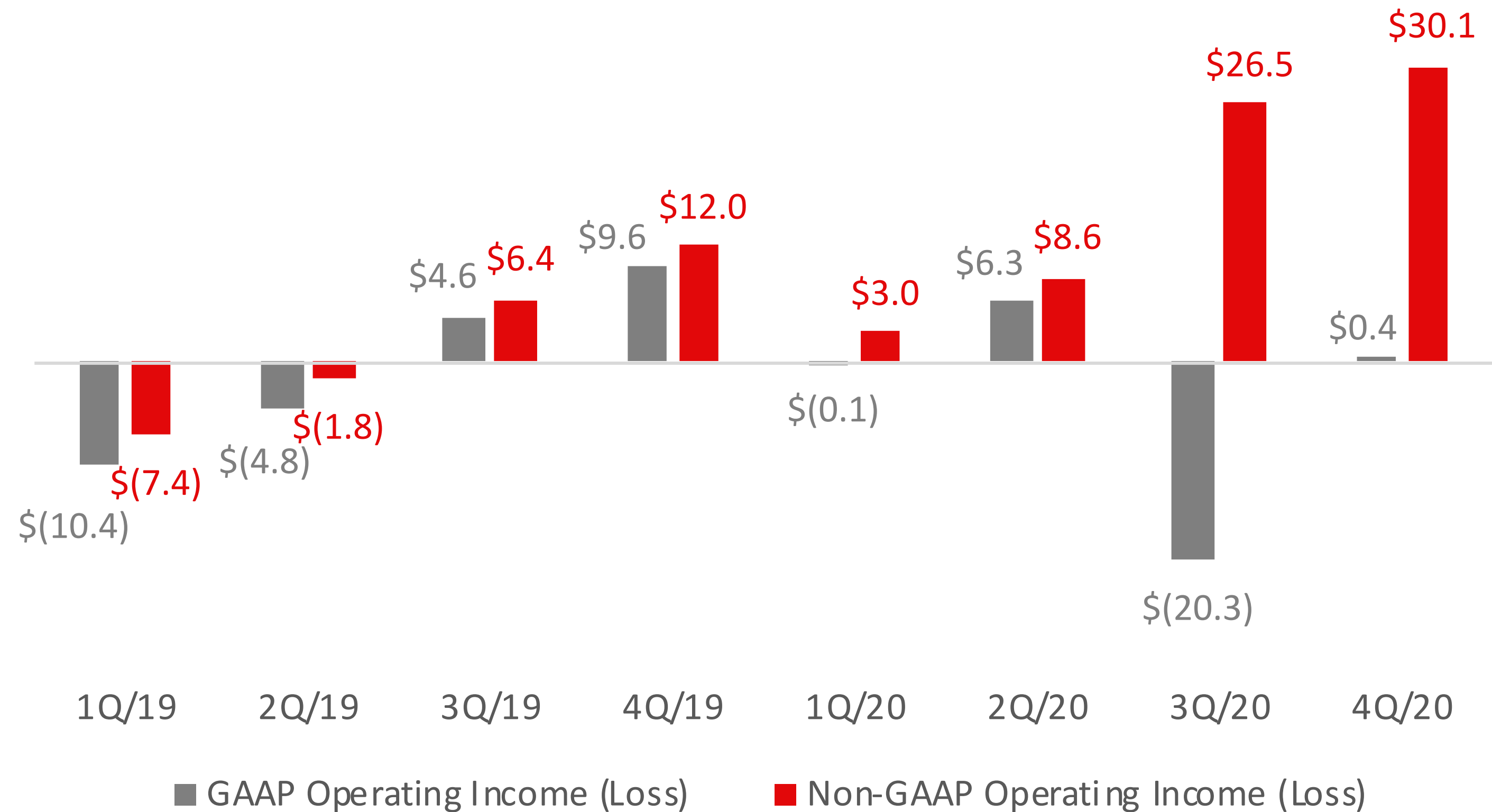
Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Subscription Billings.

4Q 2020

Financial Highlights – Operating Income (Loss) in Millions

Non-GAAP operating income of \$30.1M, up 152% YoY and up 13% QoQ

GAAP operating income includes \$26.5M digital asset impairment charge

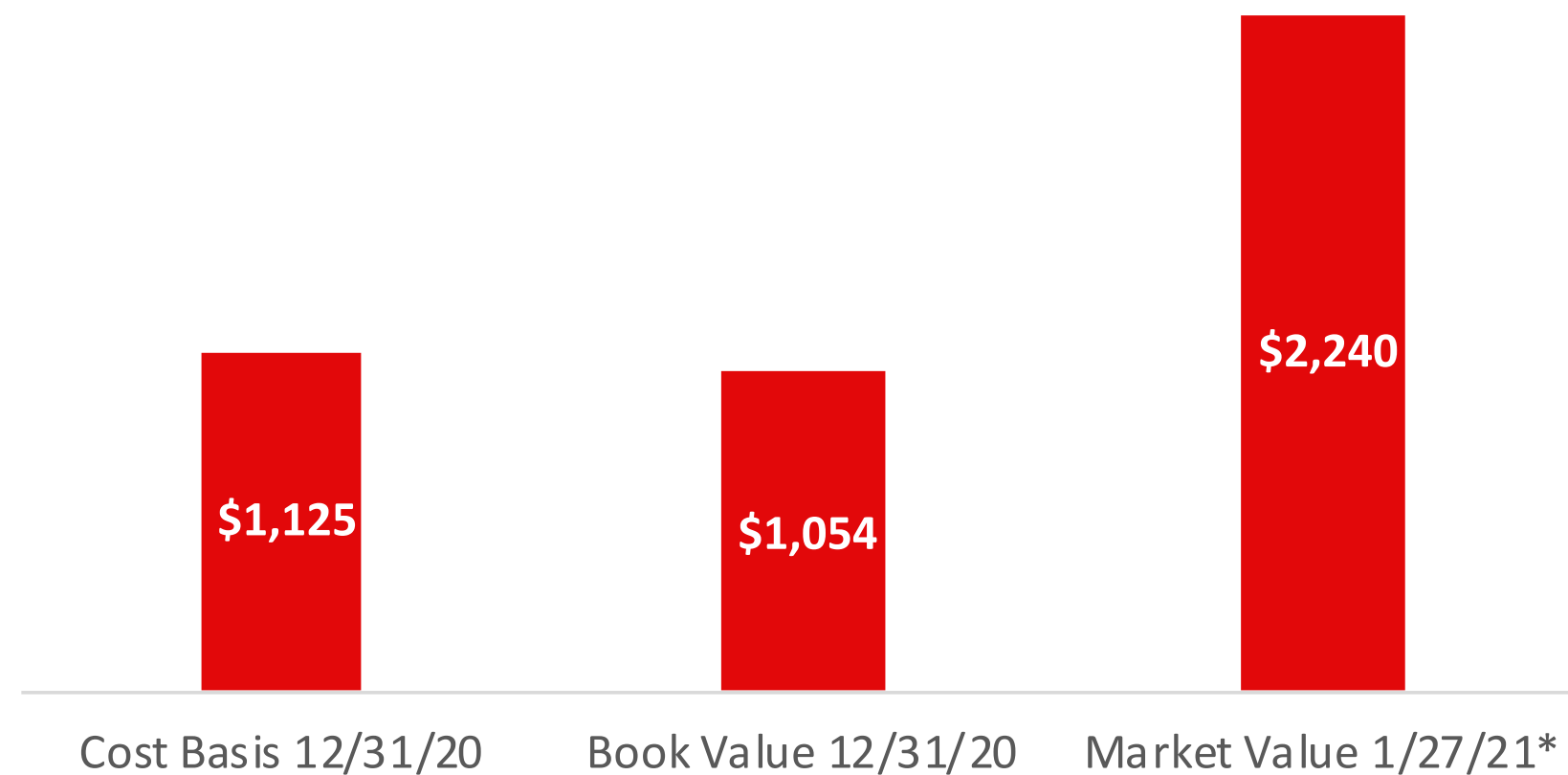


Please refer to the Appendix for a reconciliation of non-GAAP Operating Income (Loss)

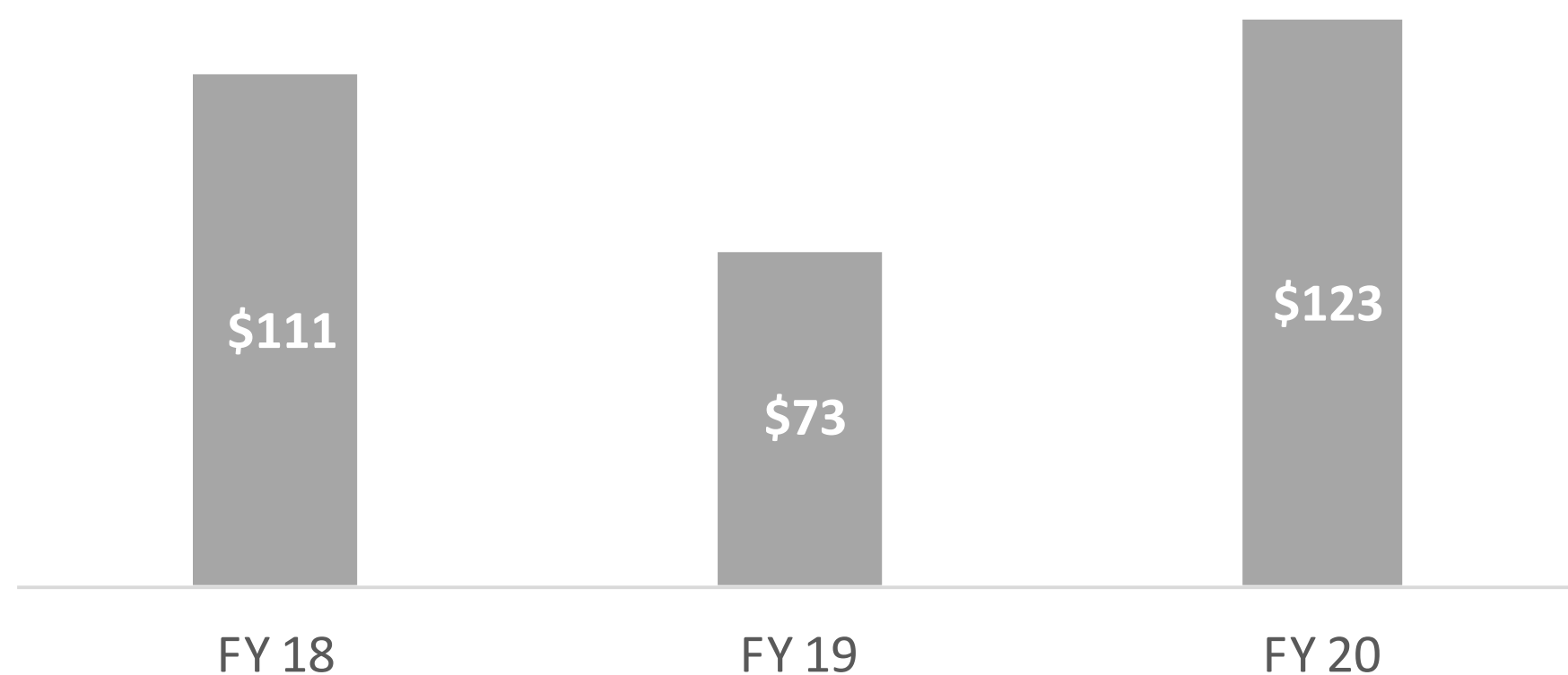
FY 2020 and 4Q 2020

Financial Highlights – Capital Allocation

Bitcoin Value (\$M)



Share Repurchase Value (\$M)



Bitcoin Acquisition

In 4Q 2020, purchased ~32,220 Bitcoins at an aggregate cost of ~\$700M with an average price of ~\$21,726 per Bitcoin, inclusive of fees and expenses. This includes the proceeds from \$650M in convertible notes issued in 4Q 2020 at 75bps coupon and 37.5% premium.

In FY 2020, purchased ~70,469 Bitcoins at an aggregate cost of ~\$1.125B with an average price of ~\$15,964 per Bitcoin, inclusive of fees and expenses.

In January 2021 purchased an additional ~314 Bitcoins at an aggregate cost of ~\$10M with an average purchase price of ~\$31,808 per Bitcoin, inclusive of fees and expenses.

Share Repurchase

In FY 2020, repurchased ~877,082 shares for ~\$123M at an average price of ~\$140 per share

In 3Q 2020, repurchased ~432,313 shares for ~\$61M as part of Dutch auction tender offer at price of \$140 per share

**The Market Value of Bitcoin is calculated based on 70,469 Bitcoin and market price of \$31,784 at 4 PM Eastern Standard Time on 1/27/21*



Appendix

MicroStrategy 4Q 2020 Earnings Call

Non-GAAP Reconciliations (\$M)

Reconciliation of GAAP to Non-GAAP Income (loss) from Operations

	1Q 19	2Q 19	3Q 19	4Q 19	FY 2019	1Q 20	2Q 20	3Q 20	4Q 20	FY 2020
Revenue	\$115.4	\$117.7	\$119.7	\$133.5	\$486.3	\$111.4	\$110.6	\$127.4	\$131.3	\$480.7
Cost of Revenues	\$26.2	\$25.4	\$23.8	\$24.6	\$100.0	\$24.5	\$24.0	\$21.7	\$20.8	\$91.1
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3
Income (loss) from Operations	\$(10.4)	\$(4.8)	\$4.6	\$9.6	\$(1.0)	\$(0.1)	\$6.3	\$(20.3)	\$0.4	\$(13.6)
Operating Margin %	-9%	-4%	4%	7%	0%	0%	6%	-16%	0%	-3%
Stock-Based Compensation	\$3.0	\$3.0	\$1.8	\$2.3	\$10.2	\$3.1	\$2.2	\$2.6	\$3.3	\$11.2
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7
Non-GAAP Income (loss) from Operations	(\$7.4)	(\$1.8)	\$6.4	\$12.0	\$9.2	\$3.0	\$8.6	\$26.5	\$30.1	\$68.2
Non-GAAP Operating Margin %	-6%	-2%	5%	9%	2%	3%	8%	21%	23%	14%

Reconciliation of Subscription Services Revenues to Subscription Billings

	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
Current deferred subscription services revenue	\$15.6	\$15.4	\$12.8	\$16.6	\$16.6	\$17.9	\$19.5	\$26.3
Subscription services revenues	\$7.1	\$7.1	\$7.9	\$7.3	\$8.0	\$8.0	\$8.3	\$8.8
Change in current deferred subscription services revenue	\$2.1	\$(0.2)	\$(2.6)	\$3.7	\$0.0	\$1.4	\$1.6	\$6.7
Current Subscription Billings	\$9.3	\$6.9	\$5.3	\$11.0	\$8.0	\$9.4	\$9.9	\$15.5

MicroStrategy 4Q 2020 Earnings Call

Non-GAAP Reconciliations (\$M)

Reconciliation of Non-GAAP Operating Expenses

	1Q 19	2Q 19	3Q 19	4Q 19	FY 2019	1Q 20	2Q 20	3Q 20	4Q 20	FY 2020
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3
Stock-Based Compensation*	\$2.8	\$2.9	\$1.7	\$2.2	\$9.7	\$2.9	\$2.2	\$2.4	\$3.2	\$10.7
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7
Non-GAAP Operating Expenses	\$96.7	\$94.3	\$89.6	\$97.1	\$377.7	\$84.0	\$78.1	\$79.3	\$80.5	\$321.9

Reconciliation of Total Non-GAAP Expenses

	1Q 19	2Q 19	3Q 19	4Q 19	FY 2019	1Q 20	2Q 20	3Q 20	4Q 20	FY 2020
Cost of Revenues	\$26.2	\$25.4	\$23.8	\$24.6	\$100.0	\$24.5	\$24.0	\$21.7	\$20.8	\$91.1
Operating Expenses	\$99.6	\$97.2	\$91.3	\$99.3	\$387.4	\$87.0	\$80.3	\$125.9	\$110.1	\$403.3
Total Expenses	\$125.8	\$122.6	\$115.1	\$123.9	\$487.3	\$111.5	\$104.3	\$147.7	\$130.9	\$494.4
Stock-Based Compensation	\$3.0	\$3.0	\$1.8	\$2.3	\$10.2	\$3.1	\$2.2	\$2.6	\$3.3	\$11.2
Digital asset impairment losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$44.2	\$26.5	\$70.7
Total Non-GAAP Expenses	\$122.7	\$119.5	\$113.3	\$121.6	\$477.1	\$108.4	\$102.0	\$100.9	\$101.2	\$412.5

*Stock-based compensation recorded to SM, RD, and GA only