



Q3 2024 Financial Results

October 30, 2024

MicroStrategy Q3 2024 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.





Business Results

Phong Le, President & Chief Executive Officer

Bitcoin Highlights

Q3 2024

Bitcoin Holdings

252,220

Acquired for a total cost of \$9.9 billion, or \$39,266 per bitcoin as of October 29, 2024

- Acquired 25,889 bitcoin since the end of Q2 2024 for ~\$1.6B at average price of \$60,839
- Current market value of bitcoin holdings ~\$18B
- Largest corporate holder of bitcoin in the world

Capital Market Activities

Advancement of Bitcoin Strategy

- Raised \$1.1B via ATM class A Common stock sales
- Raised \$1.01B through 2028 convertible notes
- Repaid \$500M senior secured notes due 2028
- Unencumbered 100% of bitcoin holdings



Bitcoin Treasury Company – Capital Structure

MicroStrategy's unique value proposition



Note: As of October 29, 2024.

(1) Our activities include bitcoin acquisitions using proceeds from equity and debt financings, bitcoin advocacy, and software development and innovation related to BI, AI, Cloud, and Bitcoin.



What's the answer to:

**The Ultimate Question
of Life, The Universe,
and Everything...**

**According to *The Hitchhiker's Guide to the Galaxy*
by Douglas Adams**





Capital Raising Target

2025-2027

$$42 = 21 + 21$$

Billion

Total Capital

Billion

Equity

Billion

Fixed Income

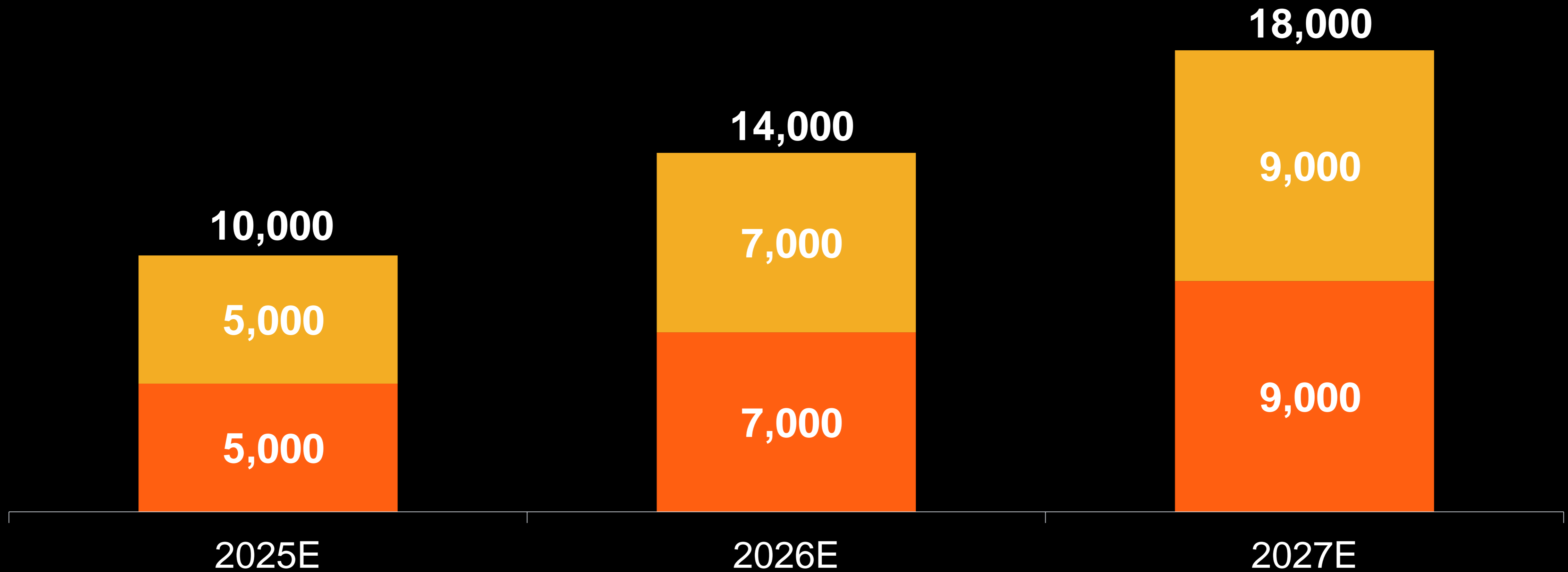


Capital Raising Target – Illustrative

2025-2027

(\$ in Millions)

■ Equity ■ Fixed Income



Note: The breakdown shown across 2025-2027 is illustrative and may vary depending on the market conditions.



Software Highlights

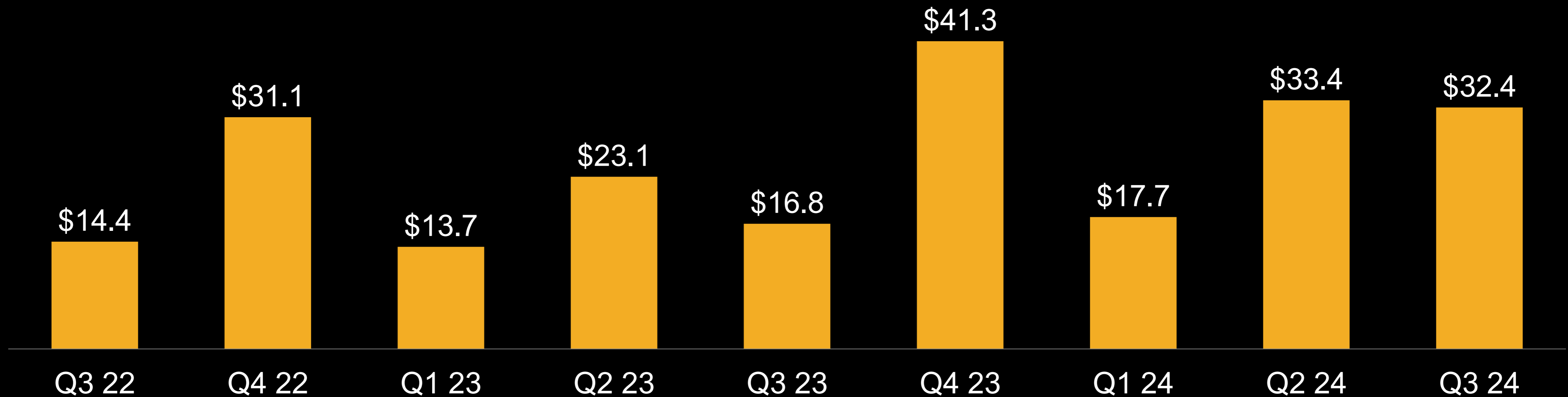
Multi-cloud | Cloud-native | Marketplace

(\$ in Millions)

Non-GAAP Subscription Billings⁽¹⁾

\$32.4M

Q3 2024 **+93%** YoY increase



(1) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Non-GAAP Subscription Billings.





Financial Results

Andrew Kang, Senior Executive VP & Chief Financial Officer

Revenue, Cost Structure, and Operating Income⁽¹⁾

- Loss from operations from software business for Q3 2024 was approximately \$18.5M, which includes approximately \$19M from non-cash stock-based compensation expense
- Q3 non-GAAP adjusted income from software business was \$0.9M

(\$ in Millions)	Q3/23			Q3/24		
	Software Business	Corporate & Other	Consolidated	Software Business	Corporate & Other	Consolidated
GAAP Operating Income/(Loss)						
Total Revenues	129.5	-	129.5	116.1	-	116.1
Total Cost of Revenues	26.7	-	26.7	34.3	-	34.3
Gross Profit	102.8	-	102.8	81.7	-	81.7
Total Operating Expenses	93.7	34.3	128.0	100.2	414.1	514.3
Income /(Loss) from Operations	9.1	(34.3)	(25.2)	(18.5)	(414.1)	(432.6)
Non-GAAP Income/(Loss)						
Stock-Based Compensation	16.8		16.8	19.4		19.4
Non-GAAP Income /(Loss) from Operations	25.9		(8.4)	0.9		(413.2)

(1) Beginning in Q1 2024, we updated our quarterly reporting to differentiate operating results between the Software Business and Corporate & Other. MicroStrategy continues to operate under one reportable segment. Corporate & Other includes impairment charges and other third-party costs associated with our digital asset holdings.

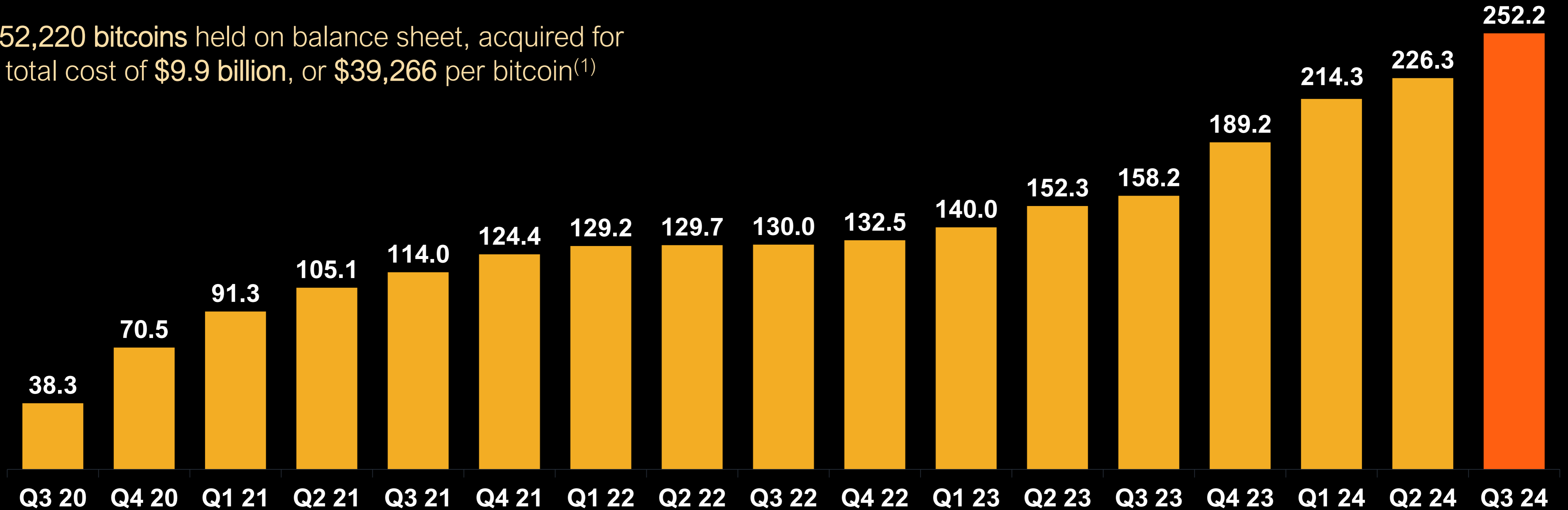


Growth in Bitcoin Strategic Treasury Reserve

MicroStrategy has acquired additional bitcoin in every quarter since Q3 2020

Bitcoin Holdings (in '000s)

252,220 bitcoins held on balance sheet, acquired for a total cost of \$9.9 billion, or \$39,266 per bitcoin⁽¹⁾



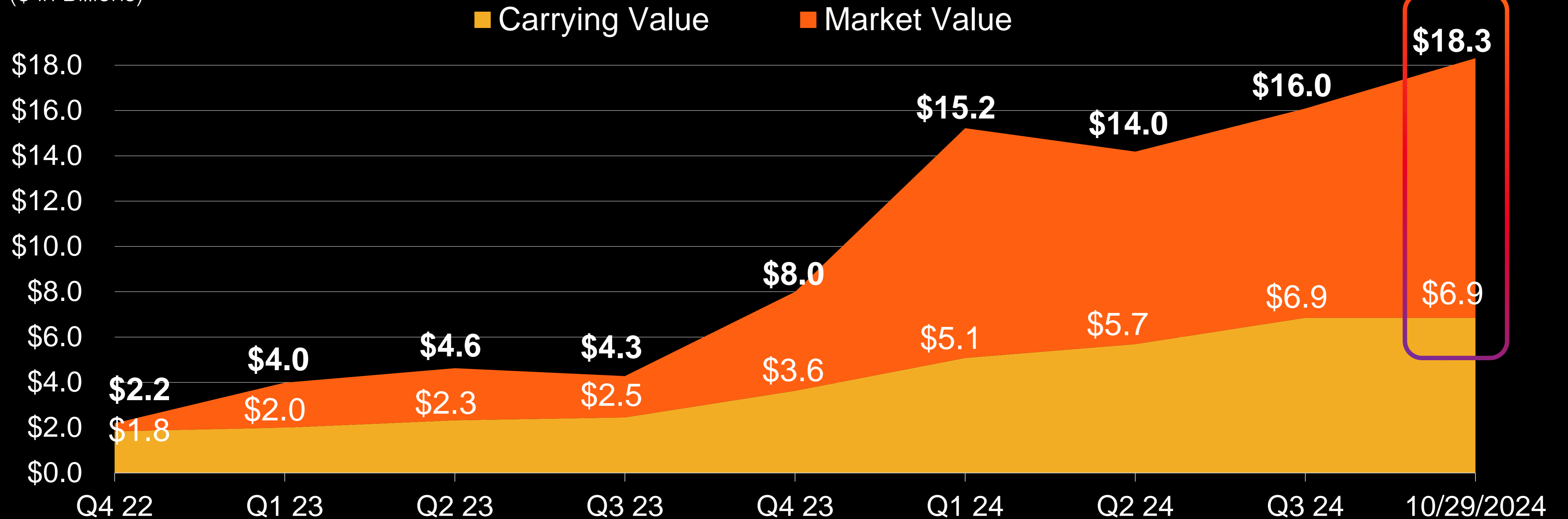
(1) As of October 29, 2024.



Bitcoin Holdings Market Value vs. Carrying Value

- Market value of \$18.3 billion and aggregate cost of \$9.9 billion
- Carrying value of \$6.9 billion, net of ~\$3 billion in cumulative impairment charges

(\$ in Billions)



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



Strong Capital Structure

- Issued \$1.01B convertible senior notes due 2028 and issued \$1.1B shares of Class A common stock under ATM
- Repaid \$500M of senior secured notes due 2028 and released all collateral securing these notes
- Significant reduction in annual fixed interest expenses to ~\$35M from \$59M previously

	Principal Instruments	Maturity ⁽¹⁾	Amount at Issuance (\$M)	Annual Interest Rate (%)	Annualized Interest Expense (\$M)
Debt	Senior Secured Notes	Jun 2028	\$500	6.125%	\$30.6
	Converts	Feb 2027	\$1,050	0.000%	\$0.0
Sep 2028		\$1,010	0.625%	\$6.3	
Mar 2030		\$800	0.625%	\$5.0	
Mar 2031		\$604	0.875%	\$5.3	
Jun 2032		\$800	2.250%	\$18.0	
Existing Debt Subtotal⁽²⁾:			\$4,264	0.811%	\$34.6

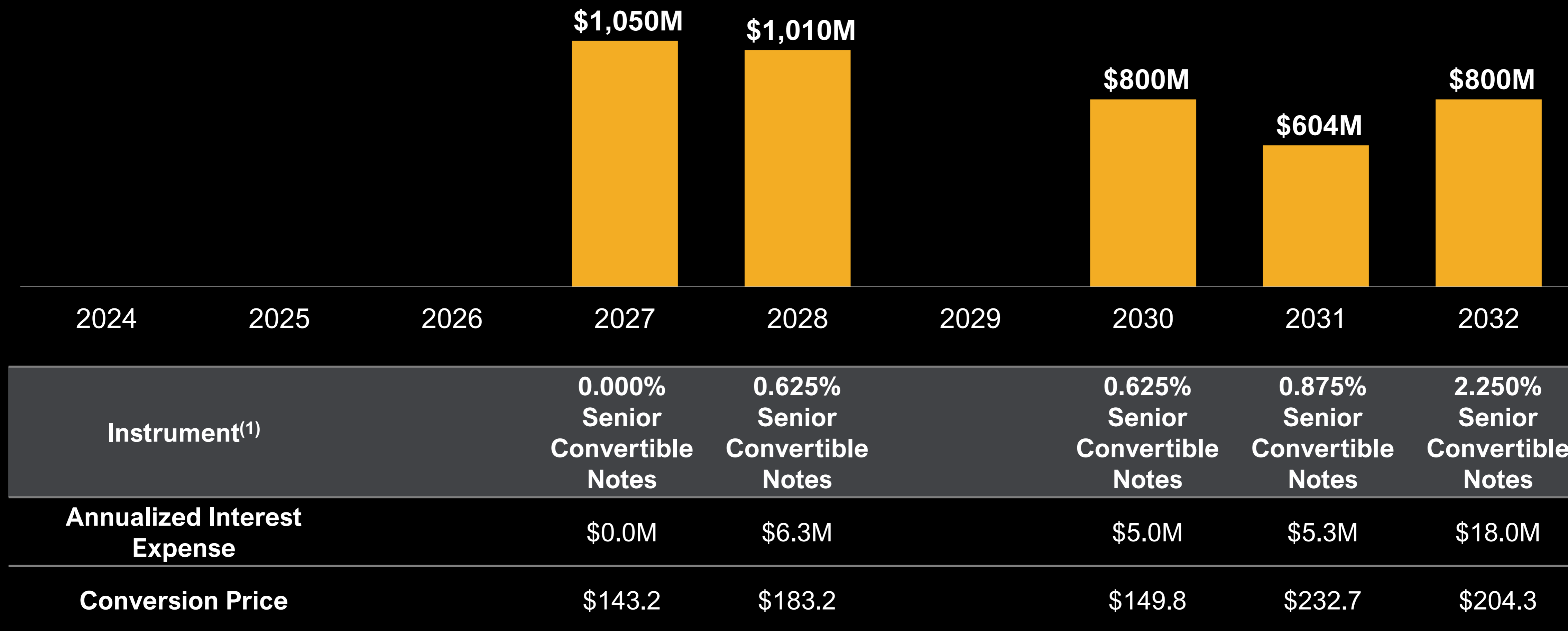
(1) Please refer to the Q2 2024 10-Q for the investor controlled put option on 2030, 2031, and 2032 convertible notes. Please refer to the Form 8-K, dated September 20, 2024 for the investor controlled put option on the 2028 convertible notes.

(2) Excludes \$9.9M principal amount and interest payable on our other long-term secured debt. Please refer to the 2024 Q2 10-Q for further detail.



Principal Debt Maturities

- Total \$4.3B debt outstanding at weighted average annual fixed interest rate of 0.8%

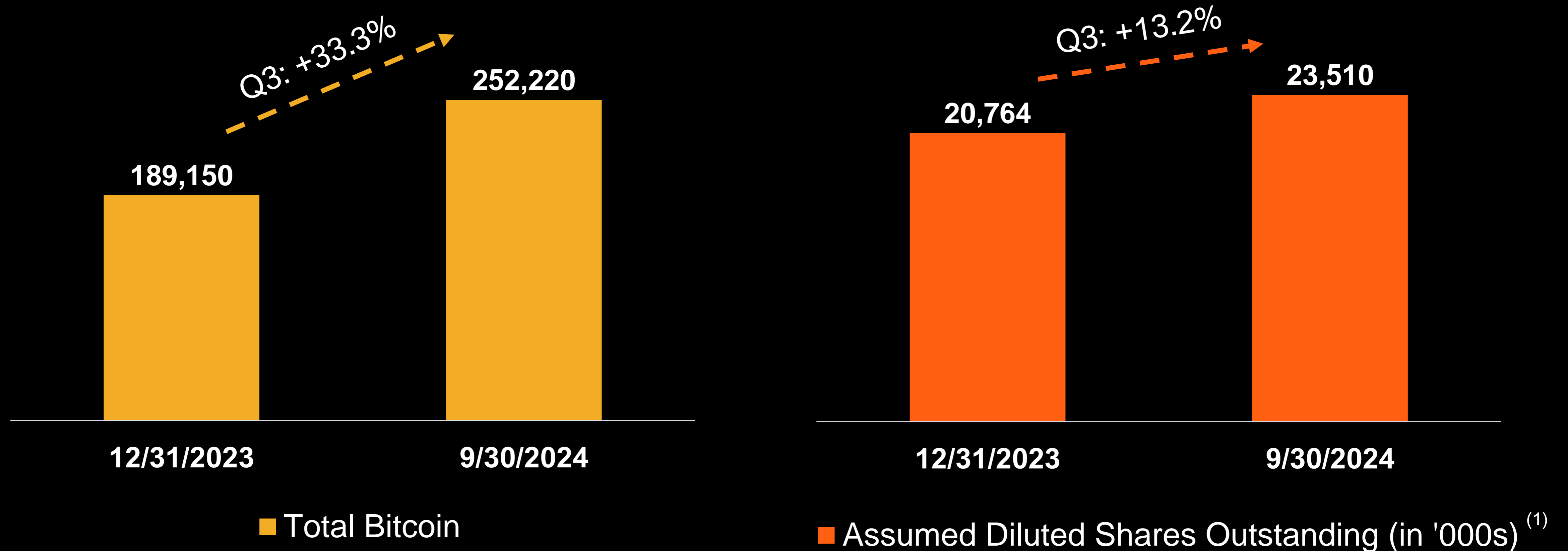


(1) Please refer to the Q2 2024 10-Q for the investor controlled put option on 2030, 2031, and 2032 convertible notes. Please refer to the Form 8-K, dated September 20, 2024 for the investor controlled put option on the 2028 convertible notes. Excludes \$9.9M principal amount and interest payable on our other long-term secured debt. Please refer to the 2024 Q2 10-Q for further detail.



Impact of Intelligent Leverage

Bitcoin count increased at a faster pace than assumed diluted share count



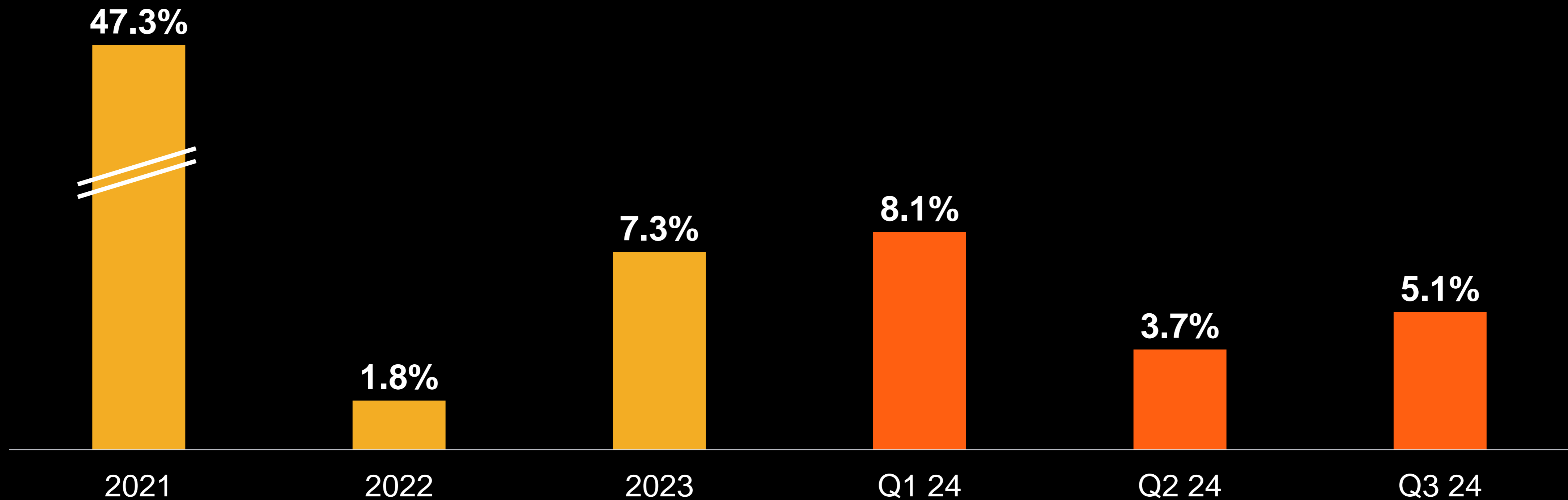
(1) Please refer to the Appendix for a definition of Assumed Diluted Shares Outstanding and a reconciliation from basic shares outstanding to Assumed Diluted Shares Outstanding. Reflects retroactive adjustment for the Company's 10-for-1 stock split effected by means of a stock dividend distributed after the close of trading on August 7, 2024.



BTC Yield KPI Historical

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding

₿BTC Yield %



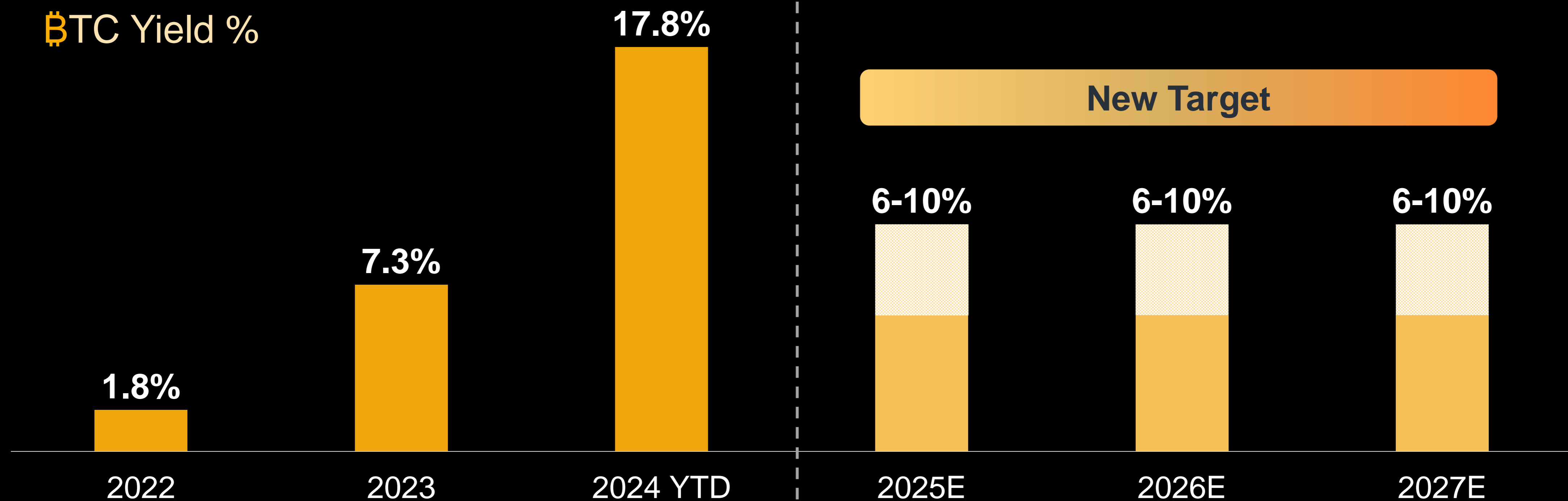
Note: "BTC Yield" is a KPI (key performance indicator) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding (defined in the Appendix). We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information.



BTC Yield KPI Long Term Target

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding

- Annual BTC Yield Target revised upward from 4-8% to 6-10%



Note: "BTC Yield" is a KPI (key performance indicator) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding (defined in the Appendix). We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information about BTC Yield and our BTC Yield targets.

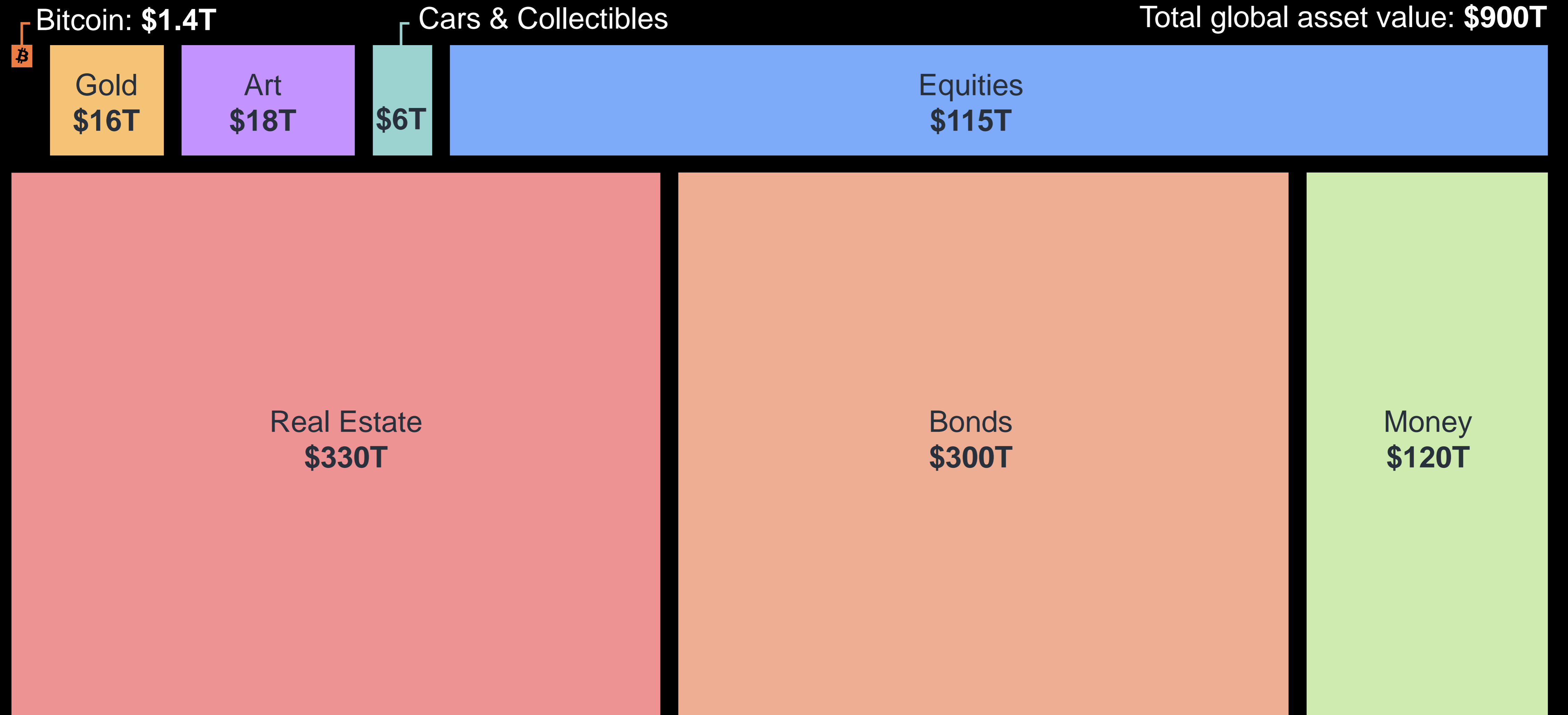




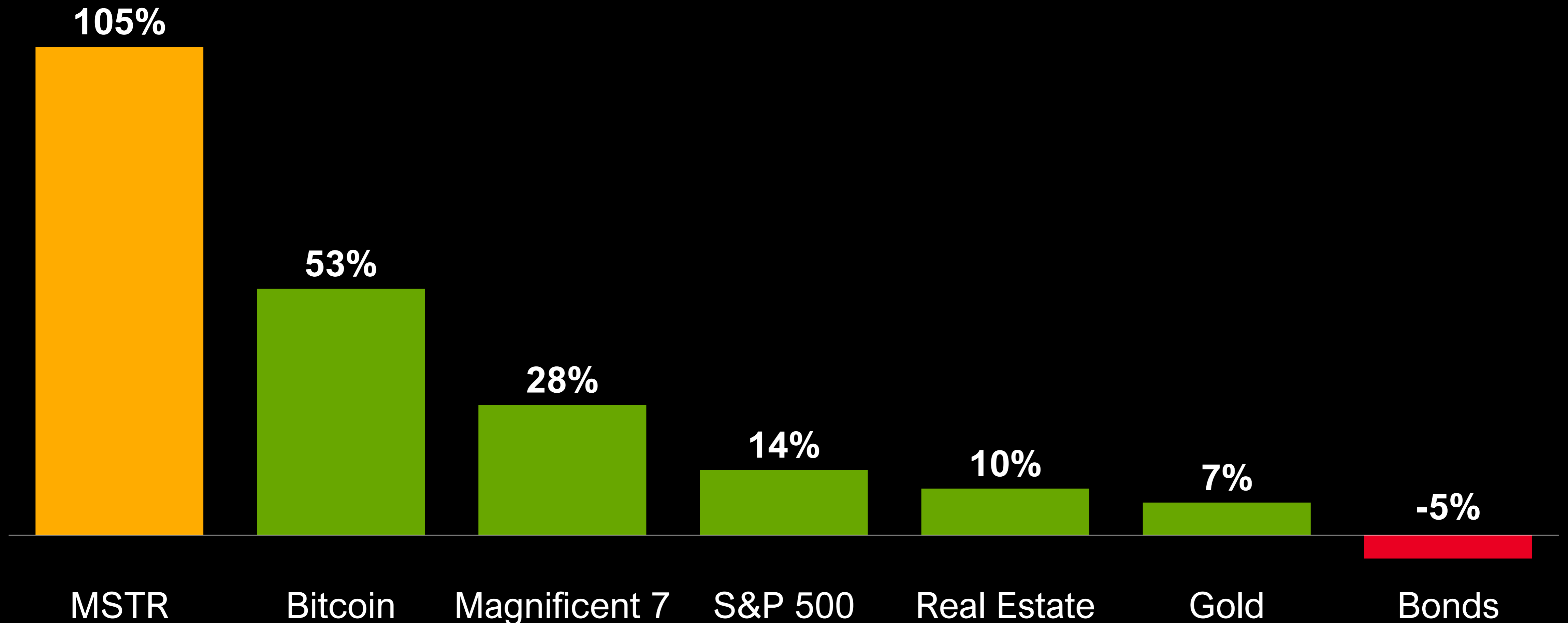
Strategy & Bitcoin

Michael Saylor, Executive Chairman

Bitcoin is still in the early stages of adoption as Digital Capital



Annualized Asset Performance Chart Over Four Years

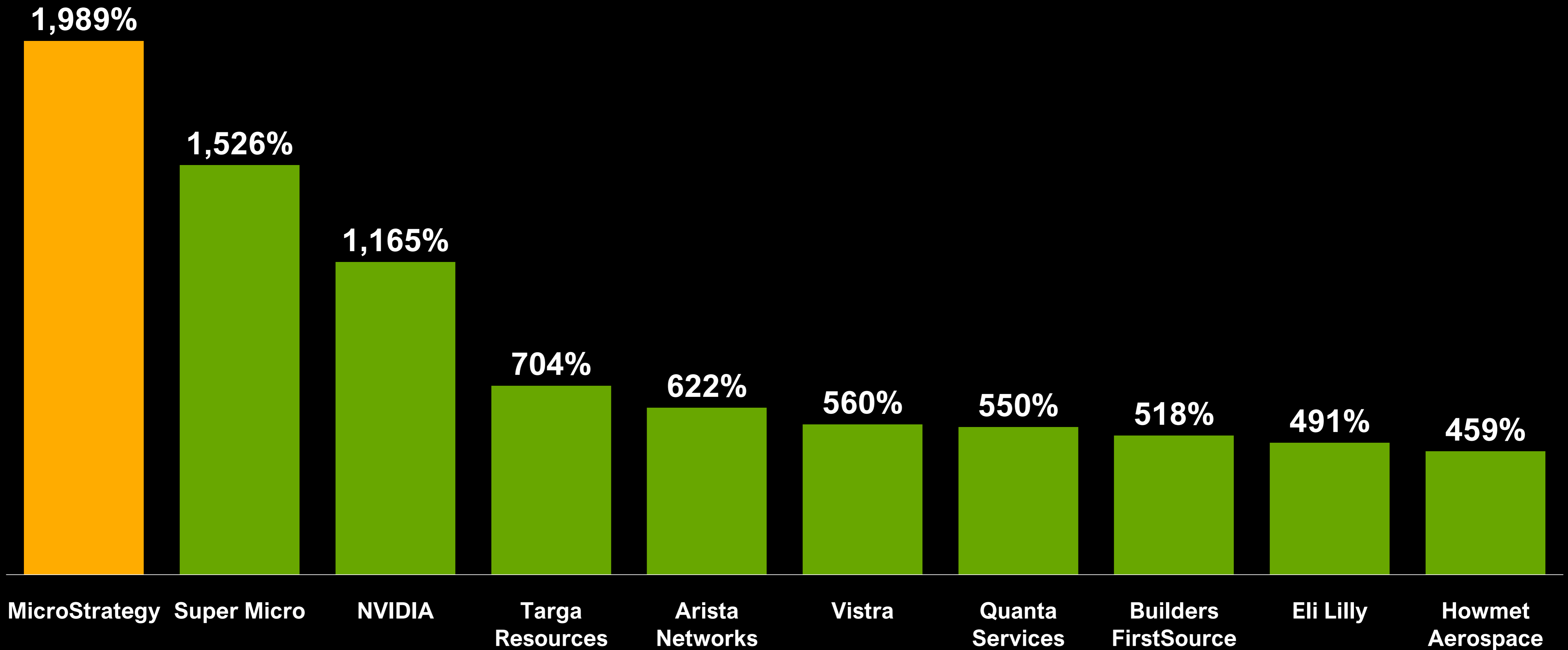


Performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of October 29, 2024.



MicroStrategy vs. Top Performing Stocks in the S&P 500

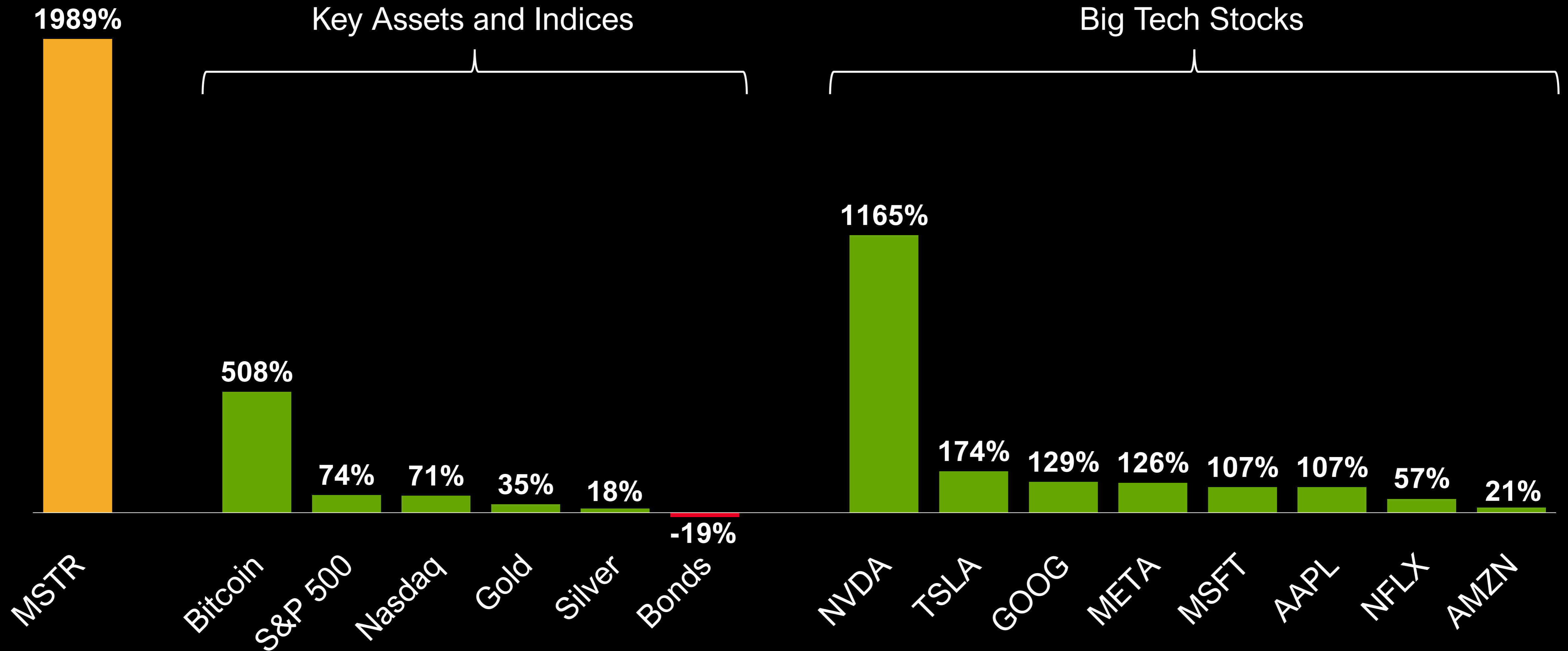


Performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of October 29, 2024.



MSTR has outperformed BTC and M7 via Intelligent Leverage



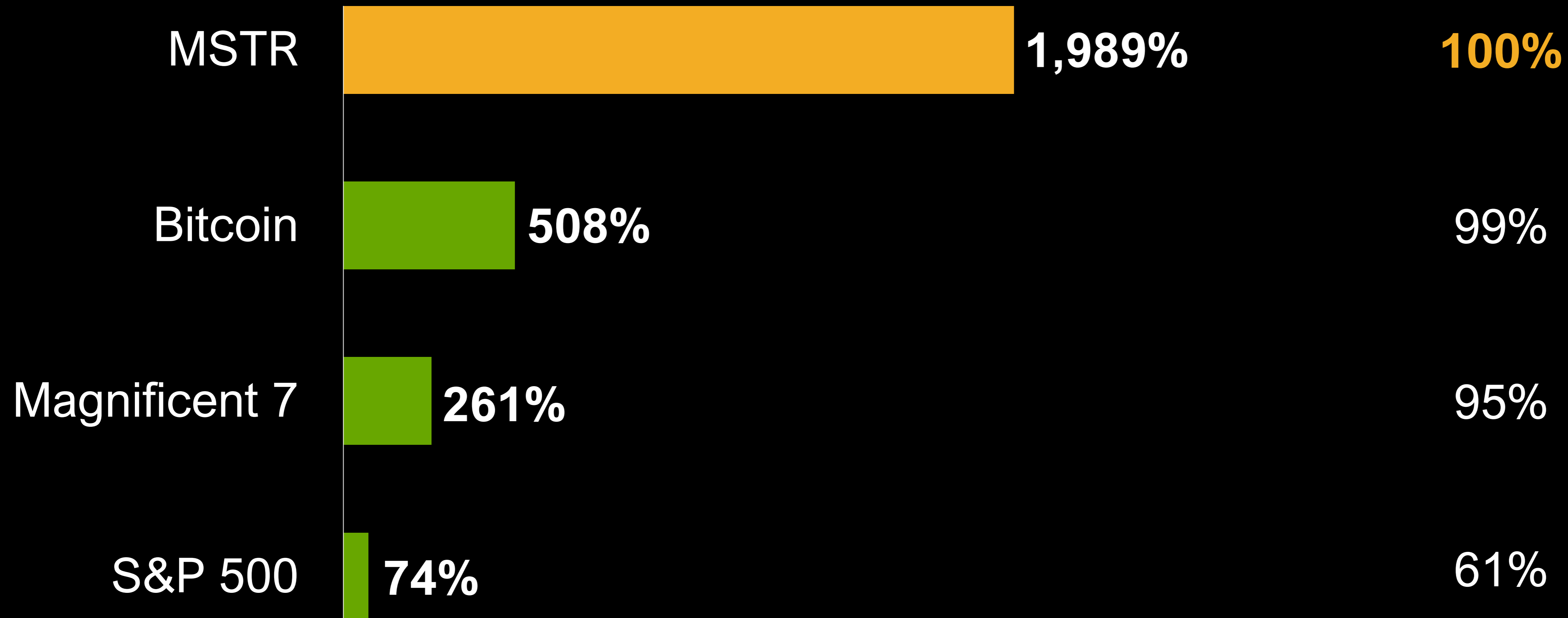
Stock performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of 4:00pm Eastern Time on October 29, 2024.



MicroStrategy Performance Since Adoption of Bitcoin Strategy

% of S&P 500 companies outperformed

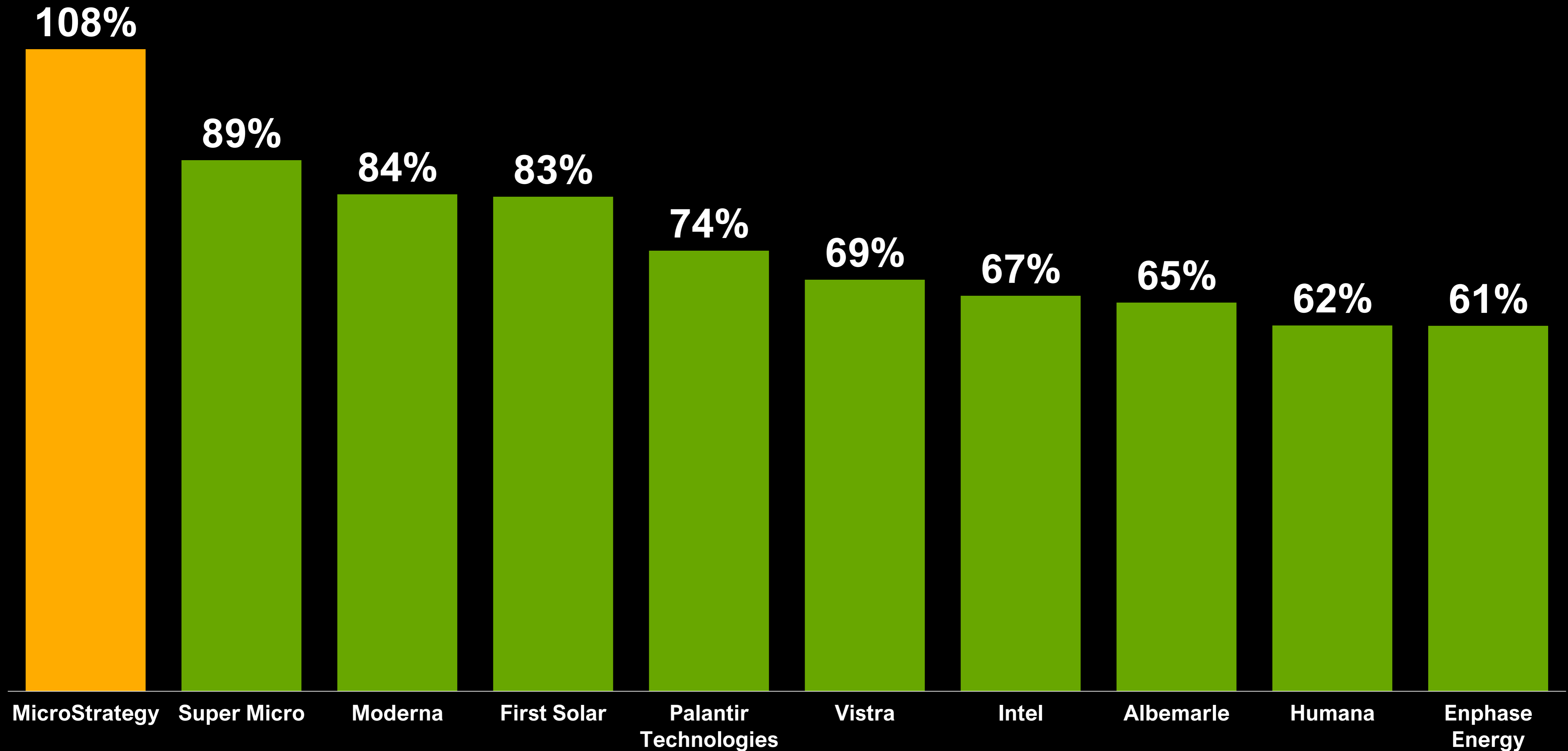


Stock performance since August 10, 2020, when MicroStrategy adopted its bitcoin strategy.

Source: FactSet as of October 29, 2024.



MSTR is more volatile than any S&P 500 stock



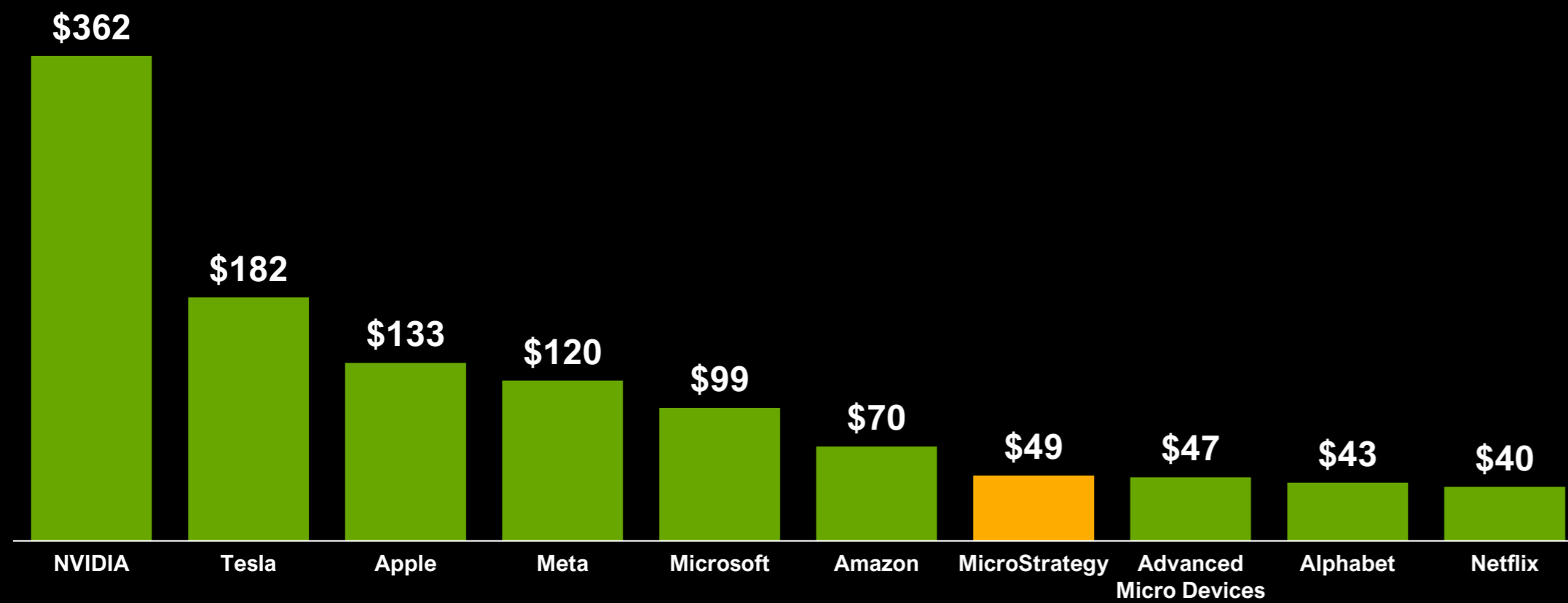
Source: FactSet as of October 29, 2024. Implied volatility for an at-the-money options contract with a 30-day expiration.



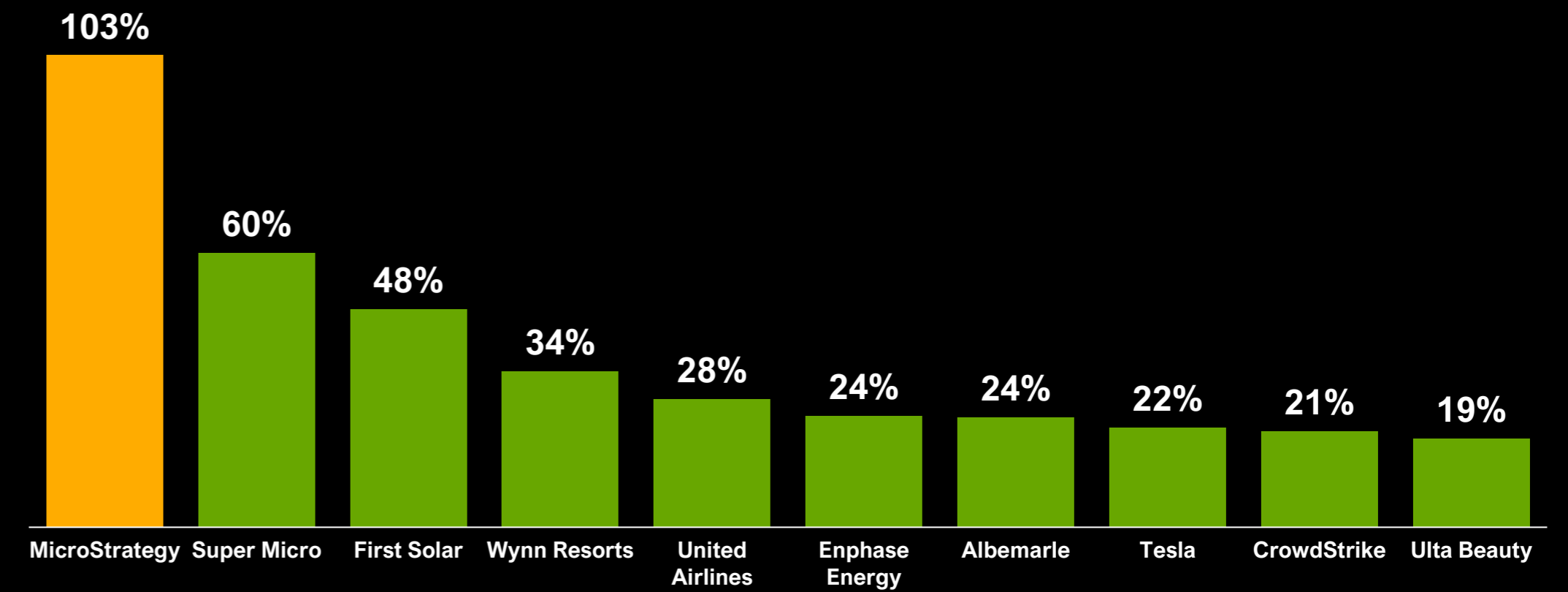
MSTR Volatility = Liquidity & Options Open Interest

Top 10 performers: Comparing MicroStrategy to the Top stocks in the S&P 500

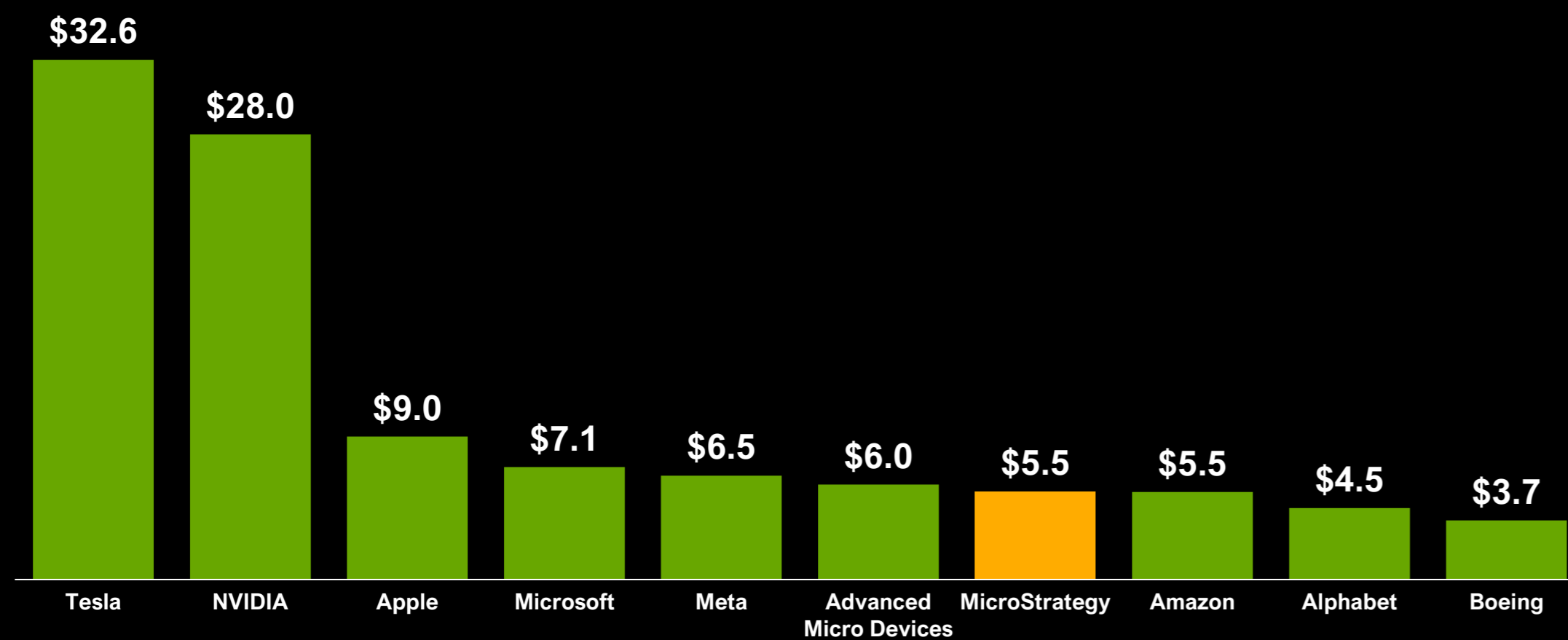
Options Open Interest (\$B)



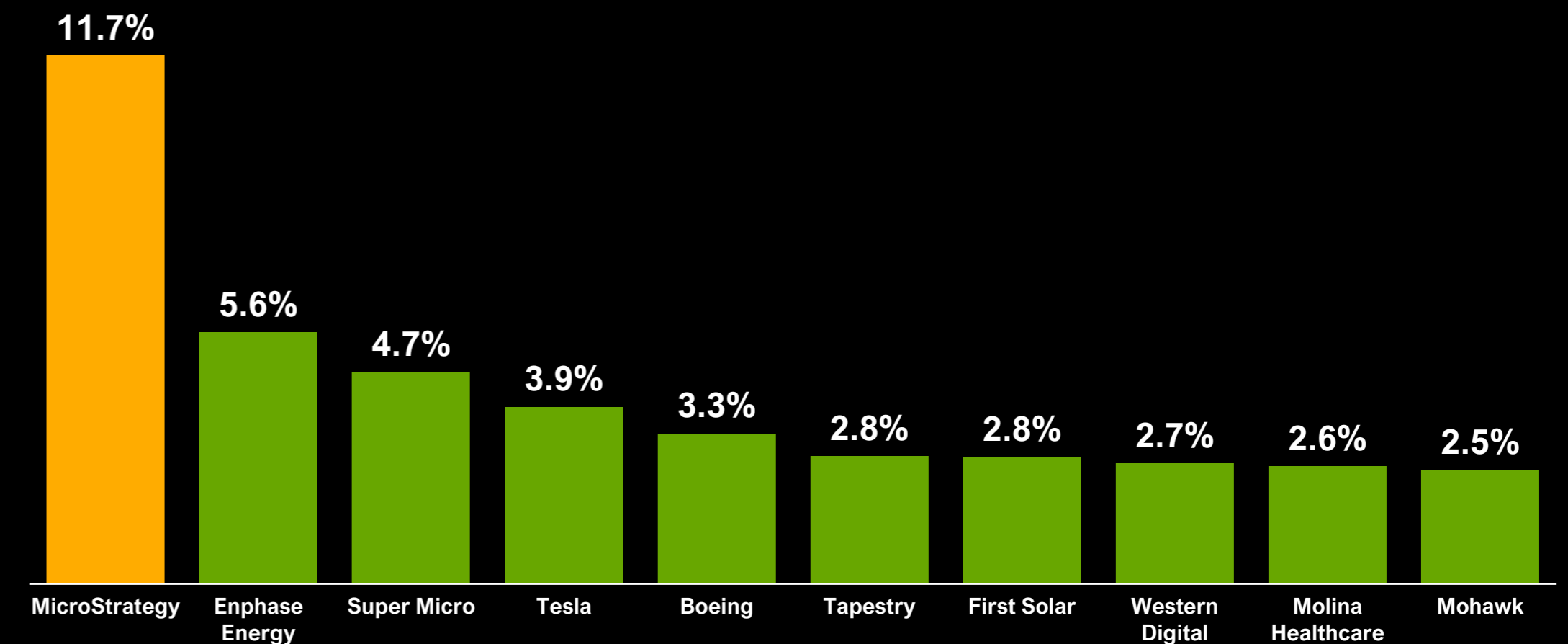
Options Open Interest (\$B) as % of Market Cap



Daily Traded Volume (\$B) (1)



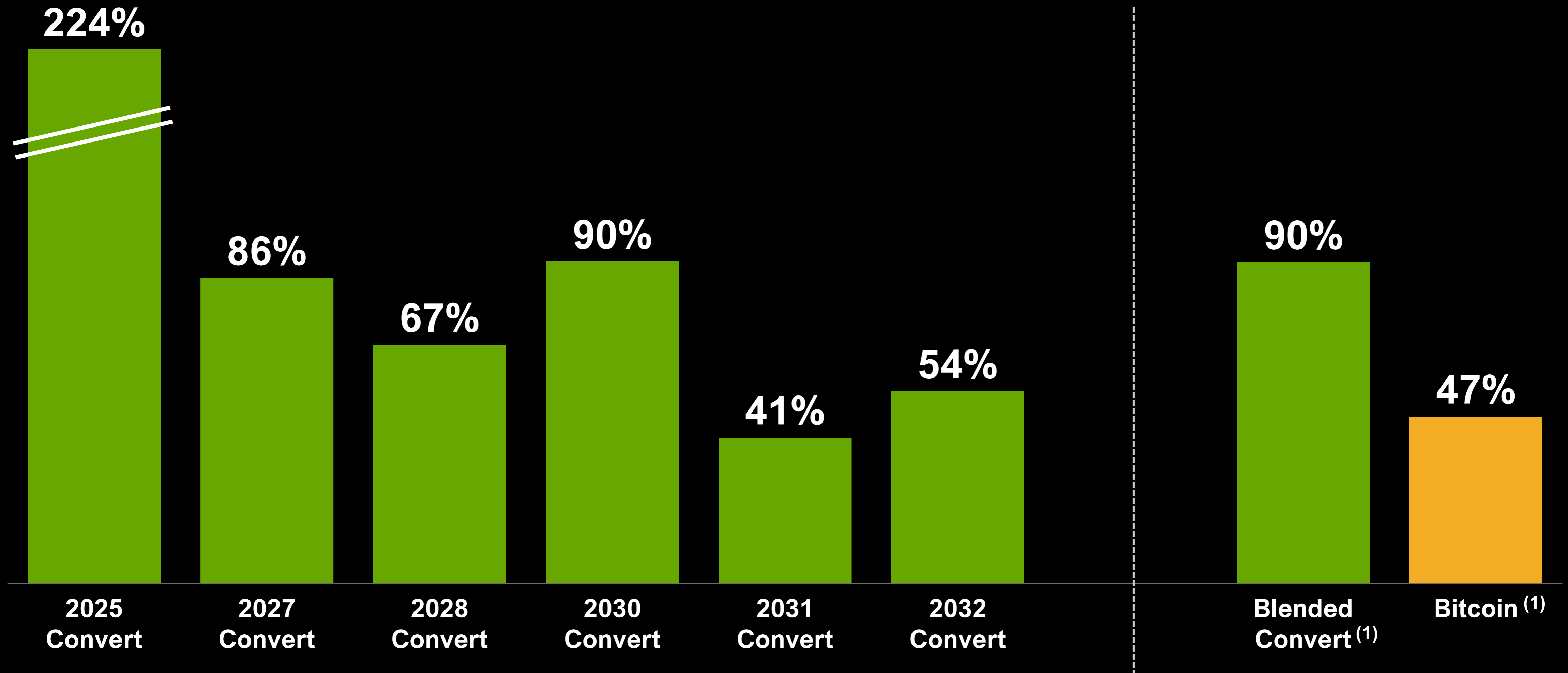
Daily Traded Volume(1) as % of Market Cap



Source: FactSet as of October 29, 2024. (1) Average trading volume over last 5 trading days.



MSTR Convertible Bonds Performance Since Issuance



Source: FactSet as of October 29, 2024.

(1) Weighted average appreciation of the bonds and bitcoin from the respective issuance dates of bonds.



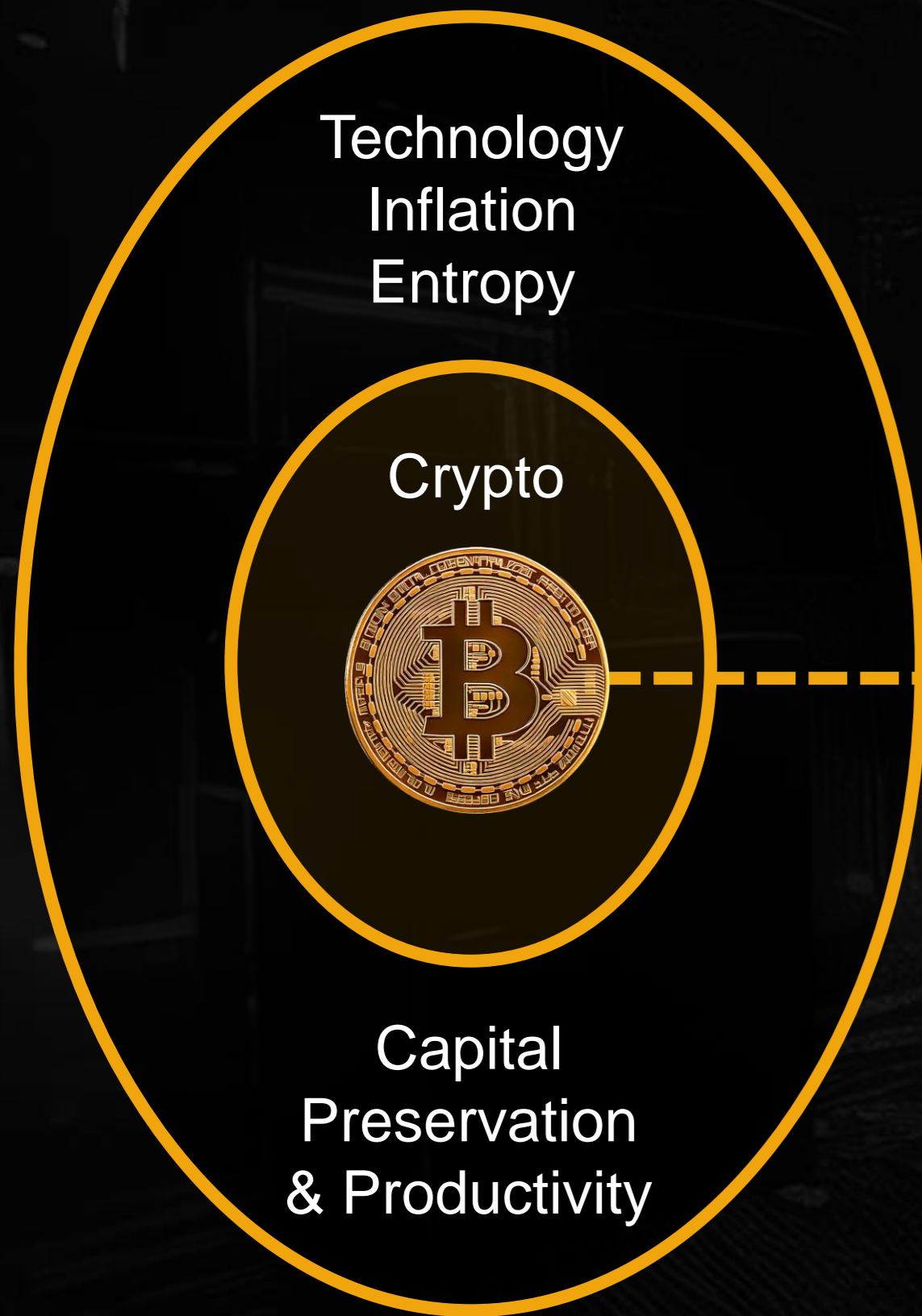
MicroStrategy = BTC Treasury Operations + BTC Reserves

Macro Economy

MSTR Treasury Operations

High volatility
High leverage

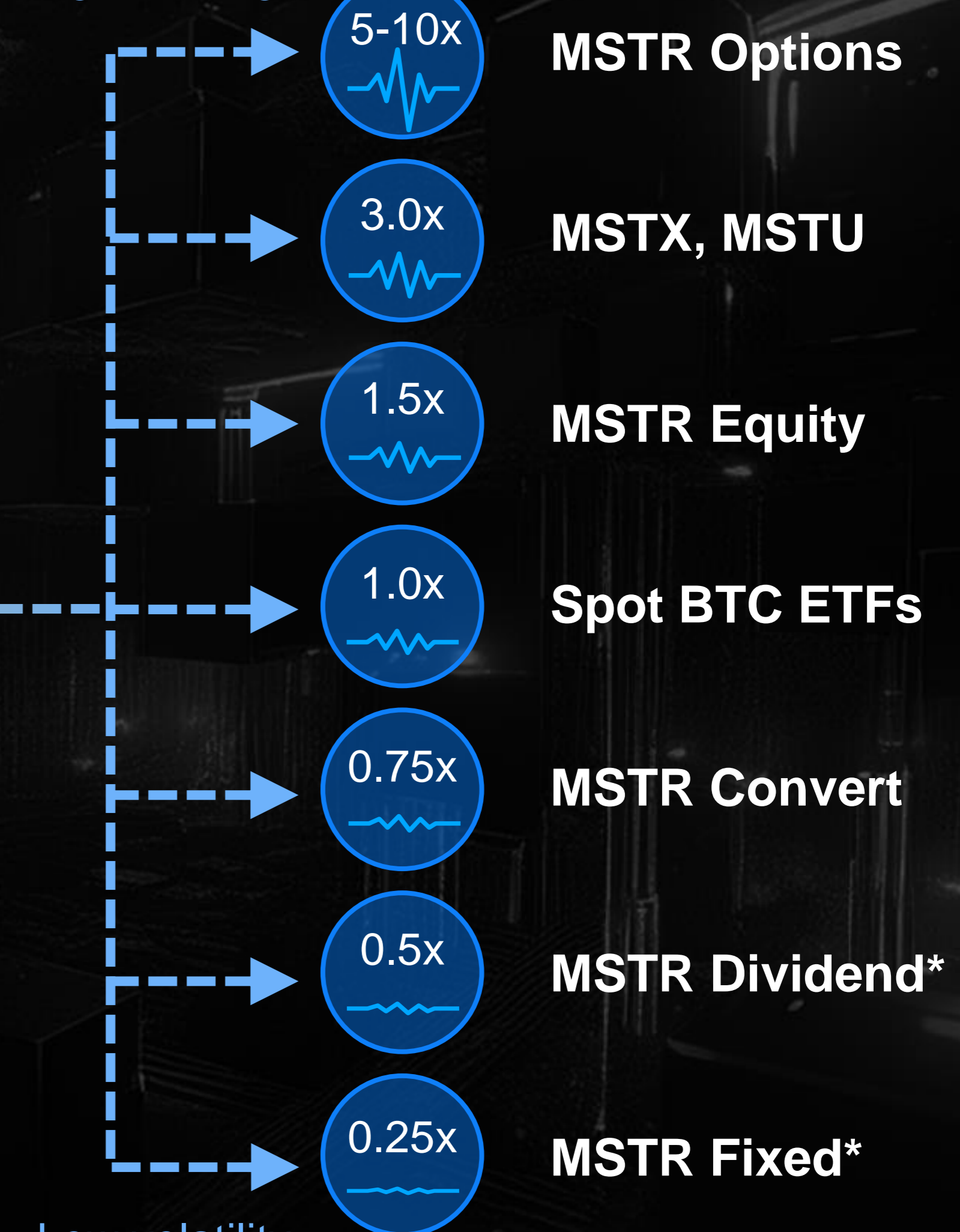
Securities



MSTR Bitcoin Reserves



252,220 BTC
~\$18b USD



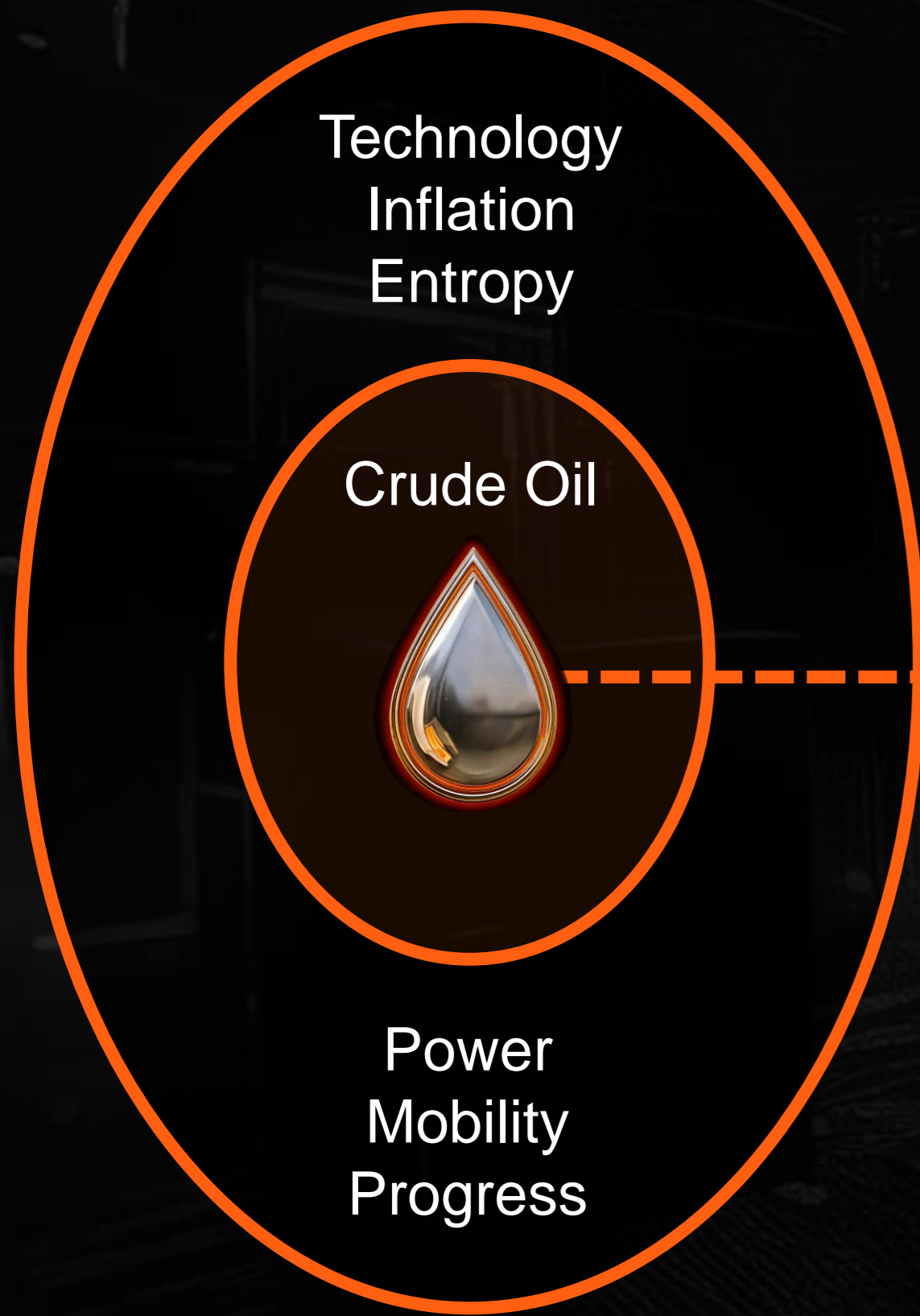
Bitcoin
\$1.4 Trillion Asset Class

* Not yet available.

For illustrative purposes only; does not constitute investment advice and should not form the basis for an investment in MSTR or any other securities.

Energy Companies = Oil Refining Operations + Oil Reserves

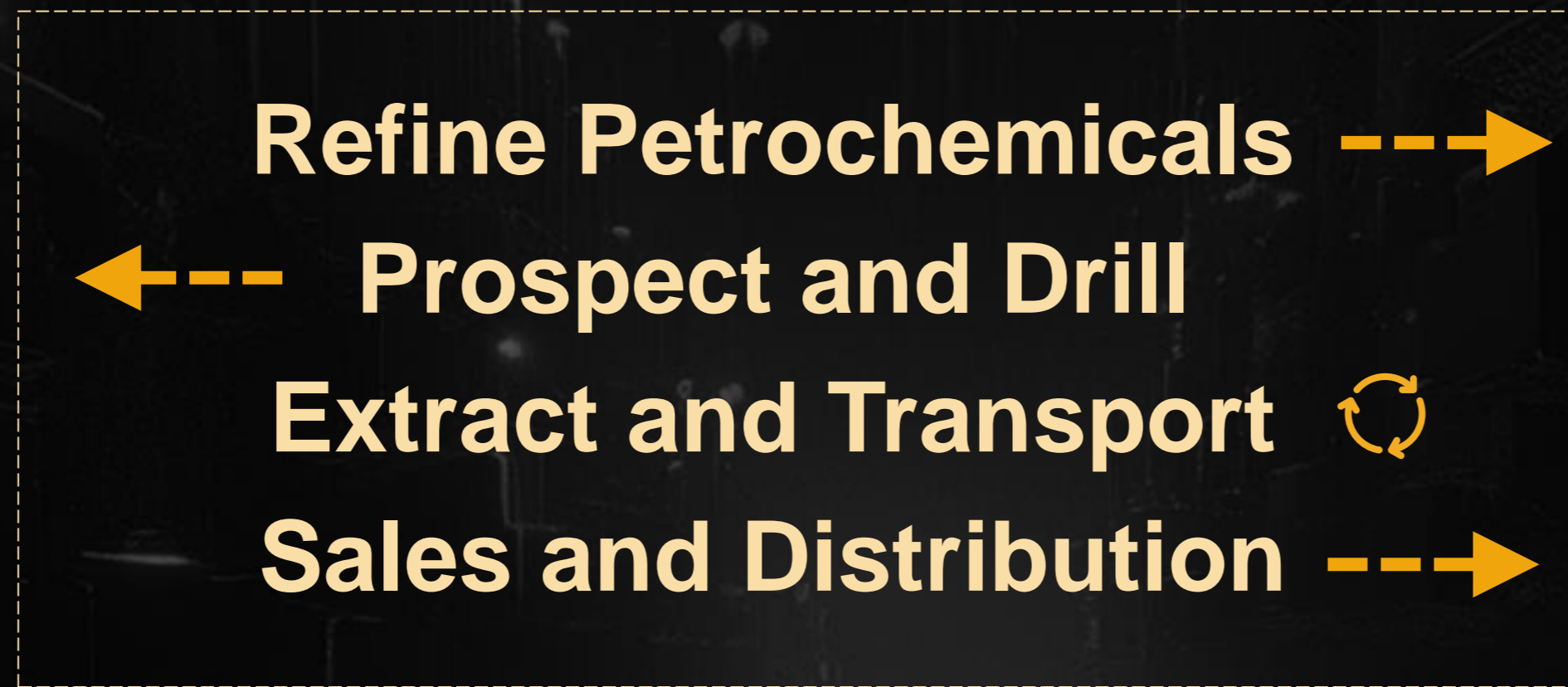
Global Energy



Oil

\$10+ Trillion Asset Class

Oil Refining Operations



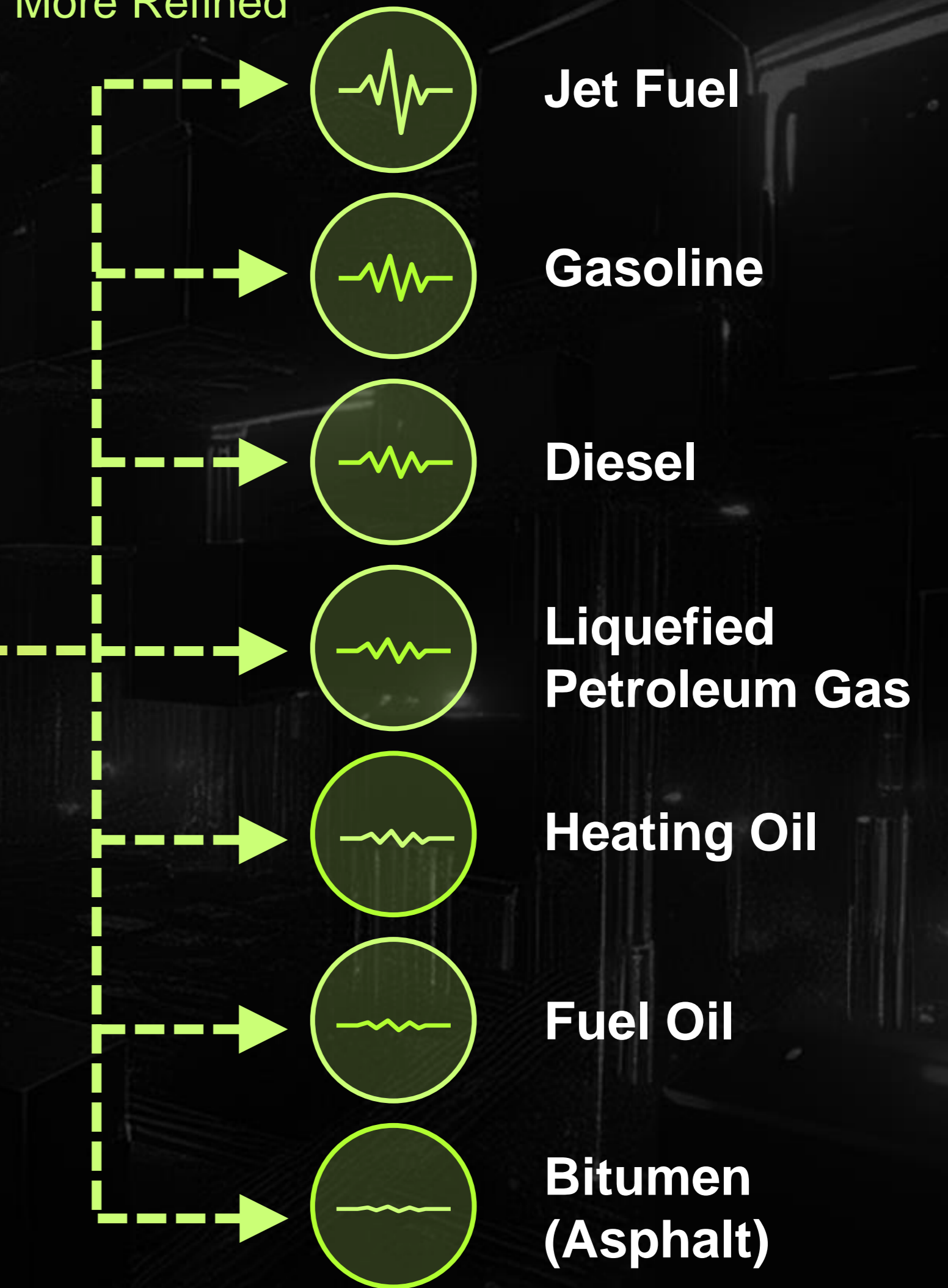
Oil Reserves



Barrels of Oil
Value in USD

Oil Products

More Refined



Less Refined

MicroStrategy Securities and the Capital Markets

Type of Security

Type of Investment Strategies



Equity

Bitcoin, Magnificent 7, Options, Derivatives



Convertible

Bitcoin, Equity Index, Arbitrage, Hedge Funds, Alternatives



Dividend*

Preferred Stocks, High-Yield, Private Credit, Real Estate, Hedge Funds, Alternatives



Fixed Coupon*

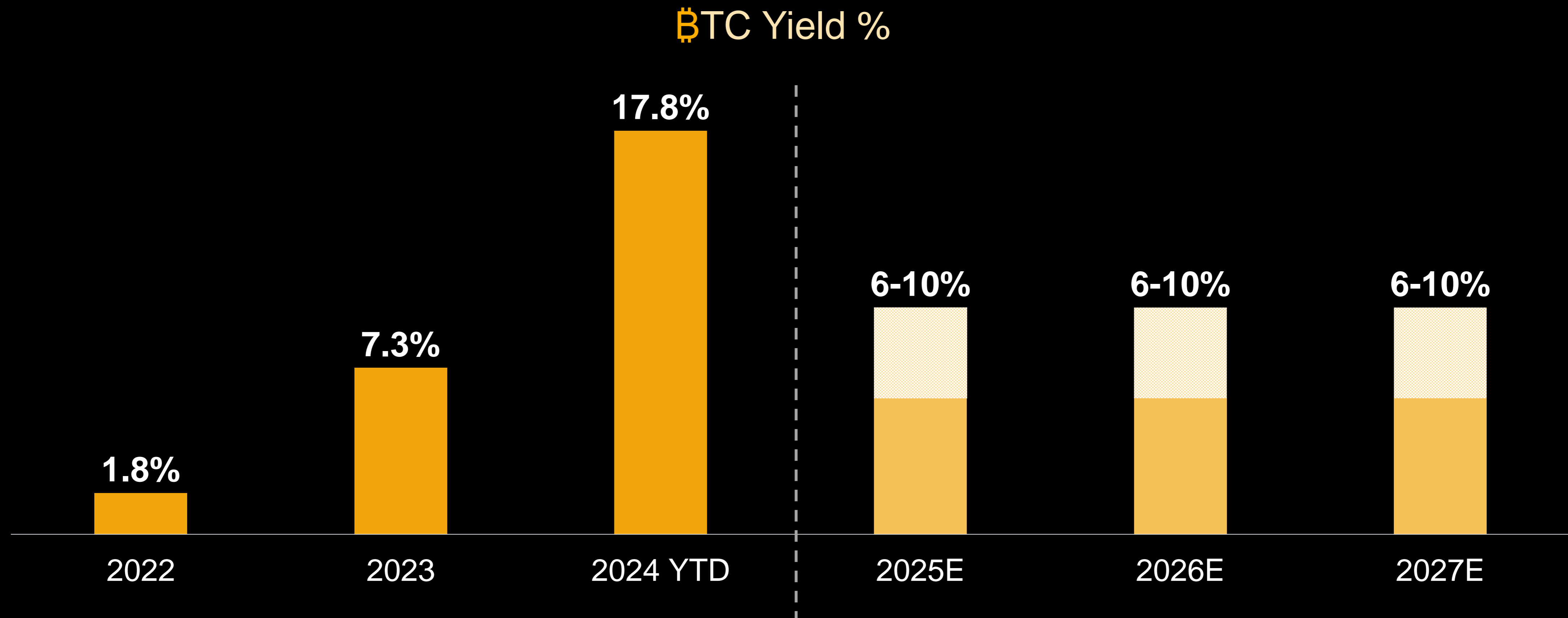
Preferred Stocks, Corporate Debt, Real Estate, MBS, Structured Products

* Not yet available.



BTC Yield KPI Long Term Target

BTC Yield is the % change period-to-period of the ratio between Bitcoin Holdings and Assumed Diluted Shares Outstanding



Note: "BTC Yield" is a KPI (key performance indicator) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding (defined in the Appendix). We use this KPI to help assess the performance of our bitcoin acquisition strategy – it is not an operating performance measure or a financial or liquidity measure. Please refer to the Appendix for additional information about BTC Yield and our BTC Yield targets.



The World's Largest ATM Equity Offering is to Buy Bitcoin

PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 1, 2024)

MicroStrategy[®]

Up to \$21,000,000,000

Class A Common Stock

We have entered into a Sales Agreement (the “Sales Agreement”) with TD Securities (USA) LLC, Barclays Capital Inc., The Benchmark Company, LLC, BTIG, LLC, Canaccord Genuity LLC, Cantor Fitzgerald & Co., Maxim Group LLC, Mizuho Securities USA LLC, and SG Americas Securities, LLC (collectively, the “Agents”), dated October 30, 2024, relating to the sale of shares of our class A common stock, par value \$0.001 per share, offered by this prospectus supplement. In accordance with the terms of the Sales Agreement, under this prospectus supplement, we may offer and sell shares of our class A common stock having an aggregate offering price of up to \$21,000,000,000 from time to time through one or more of the Agents, acting as our sales agents.



Our BTC Principles

- 1** Buy and **Hold BTC indefinitely**, exclusively, securely.
- 2** **Prioritize MSTR** common stock long-term value creation.
- 3** Treat **all investors with respect**, consistency, & transparency.
- 4** Structure MSTR to **outperform BTC** via intelligent leverage.
- 5** Acquire BTC continually while achieving **positive BTC Yield**.
- 6** **Grow rapidly & responsibly** subject to market dynamics.
- 7** Issue **innovative fixed income securities** backed by BTC.
- 8** Maintain healthy, robust, **pristine balance sheet**.
- 9** **Promote global adoption of BTC** as a treasury reserve asset.





Appendix

Revenue and Billings

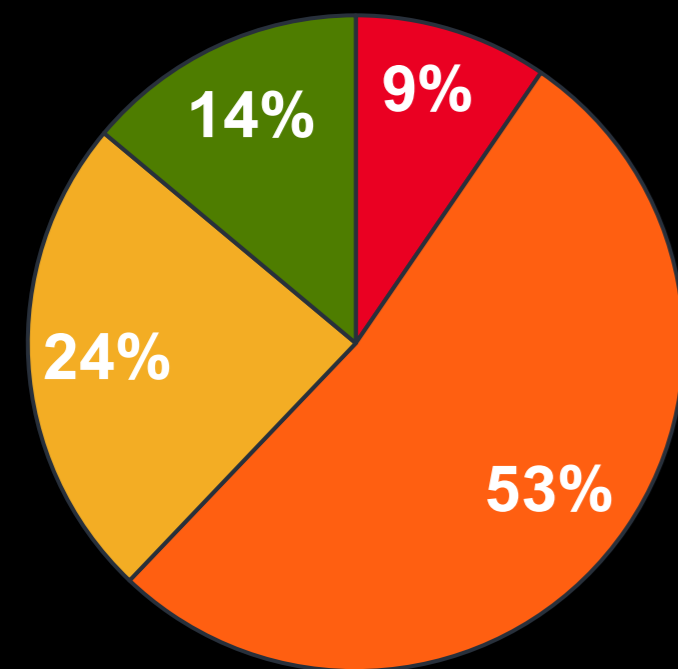
Q3 2024

(\$ in Millions)

Total Revenues

\$116.1M

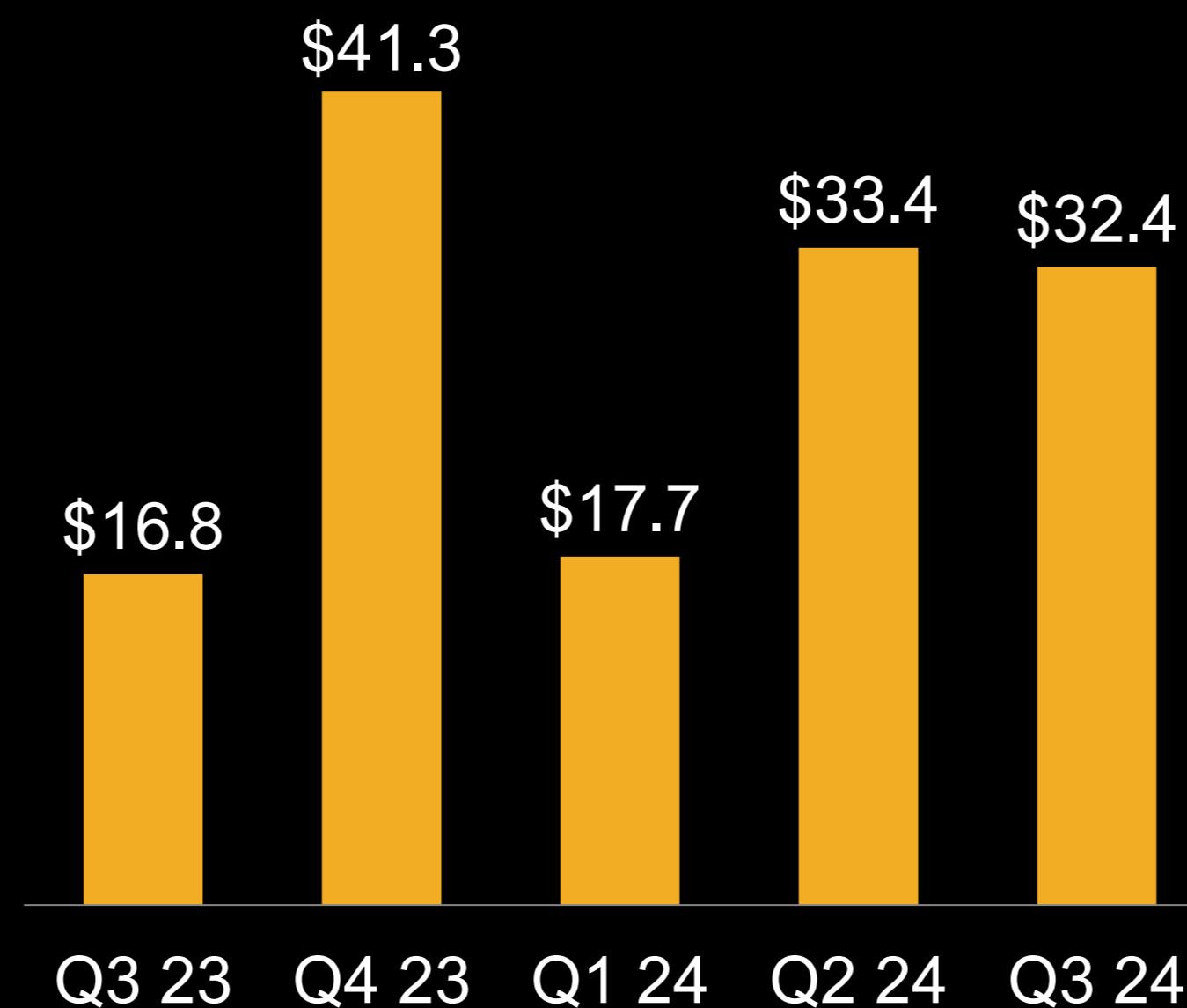
Q3 2024 Total Revenues
10% YoY decrease



- Product Licenses
- Support
- Subscription Services
- Other Services

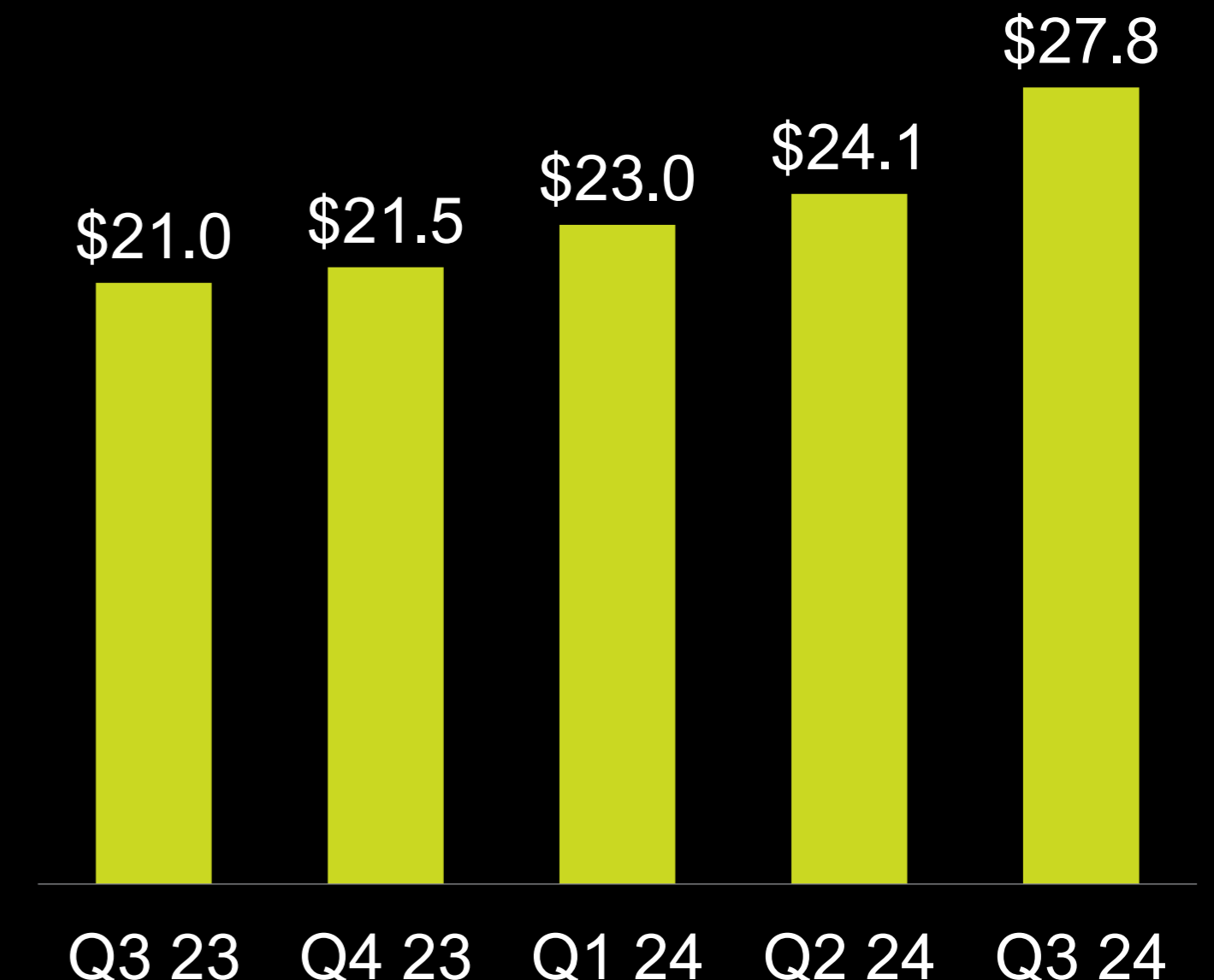
Non-GAAP Subscription Billings⁽¹⁾

Q3 2024 **+93%** YOY increase



Subscription Services Revenues

Q3 2024 **+32%** YOY increase

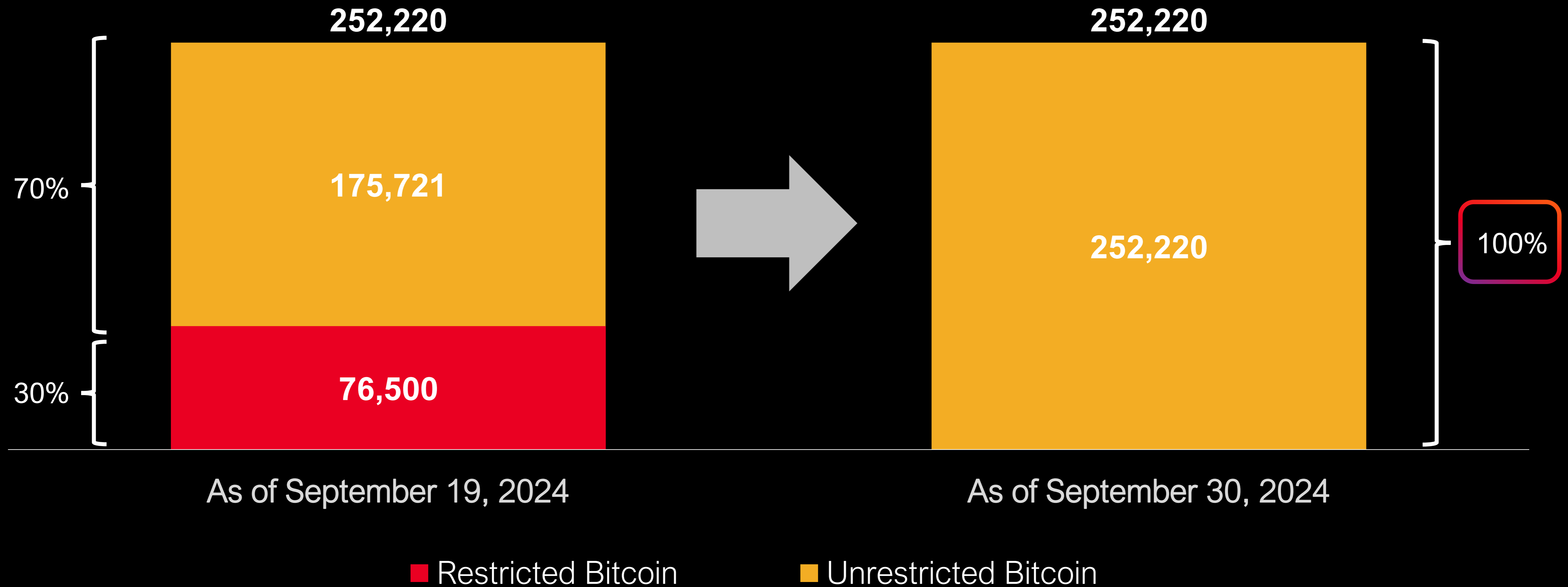


(1) Please refer to the Appendix for a reconciliation of Subscription Services Revenues to Non-GAAP Subscription Billings.



Current Bitcoin Holdings

100% of our total bitcoin holdings became unencumbered upon full redemption of the \$500M 2028 senior secured notes on September 26, 2024



MicroStrategy – Bitcoin Treasury Company

Unique value proposition versus Spot Bitcoin ETPs

	MicroStrategy	Spot Bitcoin ETPs
1 Company Structure	Operating company Active control over capital structure No management fee	Trust company Limited control over capital structure Non-zero management fee
2 Ability to Develop Software	Ability to innovate to create incremental value	None
3 Ability to Generate Cash from Operations	Reinvest cash from software business	None
4 Ability to Leverage Capital Markets	Debt – Secured or Unsecured Convertible or Structured Notes Equity, Preferred Equity	Limited

Note: Based on the Company's own view of the relative positioning of the various categories shown. MicroStrategy is not an exchange traded product ("ETP") or an exchange-traded fund ("ETF") registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF and does not operate as an ETP or ETF. See Appendix for additional information.



Basic and Assumed Diluted Shares Outstanding Calculation

	6/30/2020	12/31/2020	12/31/2021	12/31/2022	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Total Bitcoin Holdings	-	70,470	124,391	132,500	189,150	214,278	226,331	252,220
Shares Outstanding (in '000s) ⁽¹⁾								
Class A	76,510	76,230	93,220	95,850	149,041	156,830	171,030	182,995
Class B	20,350	19,640	19,640	19,640	19,640	19,640	19,640	19,640
Basic Shares Outstanding ⁽²⁾	96,860	95,870	112,860	115,490	168,681	176,470	190,670	202,635
2025 Convert Shares @\$39.80	-	16,330	16,330	16,330	16,330	16,330	3,659	-
2027 Convert Shares @\$143.25	-	-	7,330	7,330	7,330	7,330	7,330	7,330
2028 Convert Shares @\$183.19	-	-	-	-	-	-	-	5,513
2030 Convert Shares @\$149.77	-	-	-	-	-	5,342	5,342	5,342
2031 Convert Shares @\$232.72	-	-	-	-	-	2,594	2,594	2,594
2032 Convert Shares @\$204.33	-	-	-	-	-	-	3,915	3,915
Options Outstanding	14,810	11,570	11,670	15,770	12,936	7,030	5,916	5,704
RSU/PSU Unvested	-	740	1,050	1,200	2,359	2,570	2,244	2,085
Assumed Diluted Shares Outstanding ⁽³⁾	111,670	124,510	149,240	156,120	207,636	217,666	221,671	235,119
BTC Yield % (period-over-period)			47.3%	1.8%	7.3%	8.1%	3.7%	5.1%
BTC Yield % (YTD 2024)								17.8%

(1) Reflects retroactive adjustment for the Company's 10-for-1 stock split effected by means of a stock dividend distributed after the close of trading on August 7, 2024.

(2) Basic Shares Outstanding reflects the actual Class A and Class B common stock outstanding as of the dates presented.

(3) Assumed Diluted Shares Outstanding refers to the aggregate of our actual shares of common stock outstanding as of the end of each period plus all additional shares that would result from the assumed conversion of all outstanding convertible notes, exercise of all outstanding stock option awards, and settlement of all outstanding restricted stock units and performance stock units. Assumed Diluted Shares Outstanding is not calculated using the treasury method and does not take into account any vesting conditions (in the case of equity awards), the exercise price of any stock option awards or any contractual conditions limiting convertibility of convertible debt instruments.



Non-GAAP Reconciliations (\$ in Millions)

Q3 2024

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

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Revenues	\$125.4	\$132.6	\$121.9	\$120.4	\$129.5	\$124.5	\$115.2	\$111.4	\$116.1
Cost of Revenues	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0	\$30.9	\$34.3
Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8	\$514.3
GAAP Income (Loss) from Operations	\$6.1	\$(193.7)	\$(20.3)	\$(26.7)	\$(25.2)	\$(42.8)	\$(203.7)	\$(200.3)	\$(432.6)
GAAP Operating Margin %	5%	-146%	-17%	-22%	-20%	-34%	-177%	-180%	-373%
Share-Based Compensation	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8	\$20.6	\$19.4
Non-GAAP Income (Loss) from Operations	\$23.0	\$(176.7)	\$(2.8)	\$(11.2)	\$(8.4)	\$(23.1)	\$(185.9)	\$(179.6)	\$(413.2)
Non-GAAP Operating Margin %	18%	-133%	-2%	-9%	-7%	-19%	-161%	-161%	-356%
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1	\$412.1

Reconciliation of subscription services revenues to non-GAAP subscription billings

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Deferred Subscription Services Revenues	\$38.3	\$51.9	\$46.7	\$49.9	\$45.7	\$65.5	\$60.3	\$69.6	\$74.2
Subscription Services Revenues	\$16.4	\$17.5	\$18.8	\$19.9	\$21.0	\$21.5	\$23.0	\$24.1	\$27.8
Change in Deferred Subscription Services Revenues	\$(2.0)	\$13.6	\$(5.1)	\$3.2	\$(4.2)	\$19.8	\$(5.2)	\$9.3	\$4.6
Non-GAAP Subscription Billings	\$14.4	\$31.1	\$13.7	\$23.1	\$16.8	\$41.3	\$17.7	\$33.4	\$32.4



Non-GAAP Reconciliations (\$ in Millions)

Q3 2024

Reconciliation of non-GAAP operating expenses

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
GAAP Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8	\$514.3
Share-Based Compensation ⁽¹⁾	\$15.8	\$15.9	\$16.5	\$14.4	\$15.6	\$18.5	\$16.4	\$18.9	\$17.8
Non-GAAP Operating Expenses	\$78.1	\$283.6	\$97.8	\$105.6	\$112.5	\$120.5	\$272.5	\$261.9	\$496.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1	\$412.1

Reconciliation of total non-GAAP expenses

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Cost of Revenues	\$25.4	\$26.7	\$27.9	\$27.1	\$26.7	\$28.2	\$30.0	\$30.9	\$34.3
Operating Expenses	\$93.9	\$299.5	\$114.3	\$120.0	\$128.0	\$139.0	\$288.9	\$280.8	\$514.3
Total GAAP Expenses	\$119.3	\$326.3	\$142.2	\$147.1	\$154.7	\$167.3	\$318.9	\$311.7	\$548.7
Share-Based Compensation ⁽¹⁾	\$16.9	\$17.0	\$17.6	\$15.5	\$16.8	\$19.7	\$17.8	\$20.6	\$19.4
Total Non-GAAP Expenses	\$102.4	\$309.2	\$124.7	\$131.6	\$137.9	\$147.6	\$301.2	\$291.1	\$529.3
Digital Asset Impairment Losses, Net of Gains on Sale	\$0.7	\$197.6	\$18.9	\$24.1	\$33.6	\$39.2	\$191.6	\$180.1	\$412.1

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



Non-GAAP Reconciliations (\$ in Millions)

Q3 2024

Reconciliation of total non-GAAP expenses

	Q3 23	Q3 24
GAAP Expenses		
Cost of Revenues	\$26.7	\$34.3
Sales & Marketing	\$35.6	\$35.4
Research & Development	\$29.7	\$33.3
General & Administrative	\$29.2	\$33.5
Digital Asset Impairment Losses, Net of Gains on Sale	\$33.6	\$412.1
Total GAAP Expenses	\$154.7	\$548.7
Share-Based Compensation		
Cost of Revenues	\$1.2	\$1.6
Sales & Marketing	\$3.2	\$3.1
Research & Development	\$3.3	\$3.5
General & Administrative	\$9.1	\$11.1
Total Share-Based Compensation	\$16.8	\$19.4
Non-GAAP Expenses		
Cost of Revenues	\$25.4	\$32.8
Sales & Marketing	\$32.4	\$32.3
Research & Development	\$26.4	\$29.8
General & Administrative	\$20.1	\$22.4
Digital Asset Impairment Losses, Net of Gains on Sale	\$33.6	\$412.1
Total Non-GAAP Expenses	\$137.9	\$529.3



Important Information About BTC Yield KPI

BTC Yield is a key performance indicator (“KPI”) that represents the % change period-to-period of the ratio between our bitcoin holdings and our Assumed Diluted Shares Outstanding. Assumed Diluted Shares Outstanding refers to the aggregate of our actual shares of common stock outstanding as of the end of each period plus all additional shares that would result from the assumed conversion of all outstanding convertible notes, exercise of all outstanding stock option awards, and settlement of all outstanding restricted stock units and performance stock units. Assumed Diluted Shares Outstanding is not calculated using the treasury method and does not take into account any vesting conditions (in the case of equity awards), the exercise price of any stock option awards or any contractual conditions limiting convertibility of convertible debt instruments.

We use BTC Yield as a KPI to help assess the performance of our strategy of acquiring bitcoin in a manner we believe is accretive to shareholders. We believe this KPI can be used to supplement an investor’s understanding of our decision to fund the purchase of bitcoin by issuing additional shares of our common stock or instruments convertible to common stock. When we use this KPI, management also takes into account the various limitations of this metric, including that it does not take into account debt and other liabilities and claims on company assets that would be senior to common equity and that it assumes that all indebtedness will be refinanced or, in the case of our senior convertible debt instruments, converted into shares of common stock in accordance with their respective terms.

Additionally, this KPI is not, and should not be understood as, an operating performance measure or a financial or liquidity measure. In particular, BTC Yield is not equivalent to “yield” in the traditional financial context. It is not a measure of the return on investment our shareholders may have achieved historically or can achieve in the future by purchasing our stock, or a measure of income generated by our operations or our bitcoin holdings, return on investment on our bitcoin holdings, or any other similar financial measure of the performance of our business or assets.

The trading price of our class A common stock is informed by numerous factors in addition to the amount of bitcoins we hold and number of actual or potential shares of our stock outstanding, and as a result, the market value of our shares may trade at a discount or a premium relative to the market value of the bitcoin we hold, and BTC Yield is not indicative nor predictive of the trading price of our shares of class A common stock.

As noted above, this KPI is narrow in its purpose and is used by management to assist it in assessing whether we are using equity capital in a manner accretive to shareholders solely as it pertains to our bitcoin holdings.

In calculating this KPI, we do not take into account the source of capital used for the acquisition of our bitcoin. We note in particular, we have acquired bitcoin using proceeds from the offerings of the 2028 Secured Notes (which we have since redeemed), which were not convertible to shares of our common stock, as well as convertible senior notes, which at the time of issuance had, and may from time-to-time thereafter have, conversion prices above the current trading prices of our common stock, or as to which the holders of such convertible notes may not then be entitled to exercise the conversion rights of the notes. Such offerings have had the effect of increasing the BTC Yield without taking into account the corresponding debt. Conversely, if any of our convertible senior notes mature or are redeemed without being converted into common stock, we may be required to sell shares in quantities greater than the shares such notes are convertible into or generate cash proceeds from the sale of bitcoin, either of which would have the effect of decreasing the BTC Yield due to changes in our bitcoin holdings and shares in ways that were not contemplated by the assumptions in calculating BTC Yield. Accordingly, this metric might overstate or understate the accretive nature of our use of equity capital to buy bitcoin because not all bitcoin may be acquired using proceeds of equity offerings and not all issuances of equity may involve the acquisition of bitcoin.

We determine our KPI targets based on our history and future goals. Our ability to achieve positive BTC Yield may depend on a variety of factors, including our ability to generate cash from operations in excess of our fixed charges and other expenses, as well as factors outside of our control, such as the availability of debt and equity financing on favorable terms. Past performance is not indicative of future results.

We have historically not paid any dividends on our shares of common stock, and by presenting this KPI we make no suggestion that we intend to do so in the future. Ownership of common stock does not represent an ownership interest in the bitcoin we hold.

Investors should rely on our financial statements and other disclosures contained in our SEC filings. This KPI is merely a supplement, not a substitute. It should be used only by sophisticated investors who understand its limited purpose and many limitations.



Additional Information

MicroStrategy is not an exchange traded product (“ETP”) or an exchange-traded fund (“ETF”) registered under the Investment Company Act of 1940, as amended, is not subject to the same rules and regulations as an ETP or an ETF, and does not operate as an ETP or ETF. In particular, unlike spot bitcoin ETPs, we (i) do not seek for our shares of Class A common stock to track the value of the underlying bitcoin we hold before payment of expenses and liabilities, (ii) do not benefit from various exemptions and relief under the Securities Exchange Act of 1934, as amended, including Regulation M, and other securities laws, which enable spot bitcoin ETPs to continuously align the value of their shares to the price of the underlying bitcoin they hold through share creation and redemption, (iii) are a Delaware corporation rather than a statutory trust, and do not operate pursuant to a trust agreement that would require us to pursue one or more stated investment objectives, (iv) are subject to federal income tax at the entity level and the other risk factors applicable to an operating business, such as ours, and (v) are not required to provide daily transparency as to our bitcoin holdings or our daily NAV.

