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**BITCOIN IN
CORPORATE TREASURIES:**

**THE MICROSTRATEGY
PLAYBOOK**

Introduction

Strategy, formerly known as MicroStrategy, has pioneered a transformative playbook for corporate treasuries by leveraging debt and equity to acquire bitcoin, the hardest monetary asset. This strategy has not only driven its stock value but also inspired a wave of imitators like Metaplanet, Twenty One (XXI), and Strive. This report examines Strategy's approach, contrasts it with the strategies of these emerging players, and explains why investing in Bitcoin Treasury Companies may offer advantages over direct bitcoin purchases or Bitcoin ETFs.

Before proceeding, it is important to understand that there are two types of corporates buying bitcoin:

1. Companies for whom acquiring bitcoin is not their core activity. They buy bitcoin as a store of value.
2. Companies whose core activity is to acquire bitcoin.

In this report, we discuss the second type.

Strategy's Playbook: Leveraging Debt and Equity

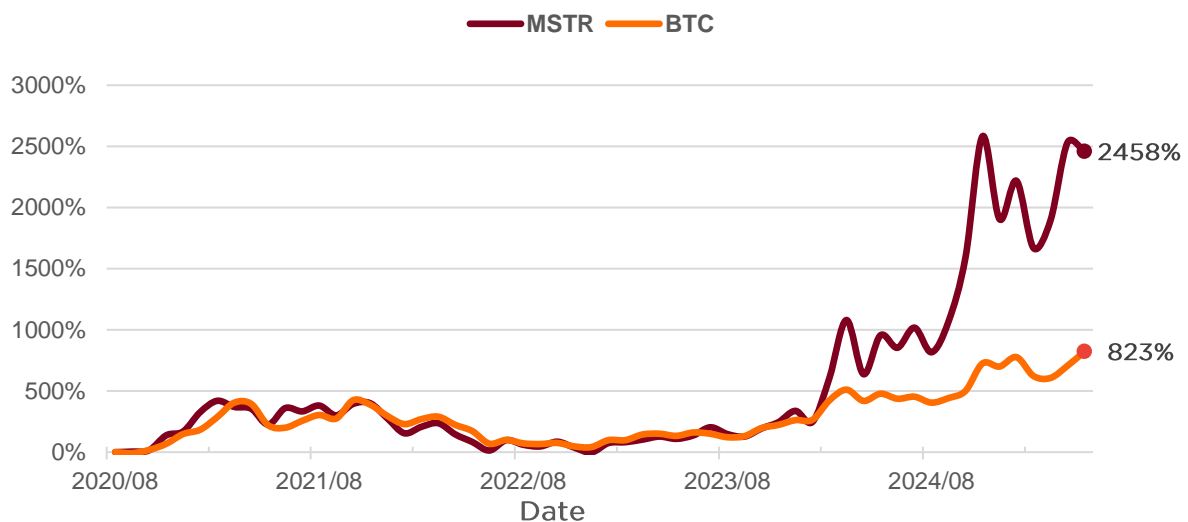


Figure 1: Strategy (MSTR) has outperformed bitcoin since it started buying bitcoin in August 2020. BTC is up 823% and MSTR is up 2,458%¹

Strategy started buying bitcoin in August 2020 and owned 580,250 BTC as of 23 May 2025. Its approach of raising cheap funding to buy bitcoin has been accretive to shareholders. Not only has it outperformed the S&P 500 but also bitcoin itself.

Debt Financing

Strategy raises capital through low- or zero-interest convertible bonds, minimizing interest payments. These bonds are attractive to investors due to their dual nature: they offer downside protection as senior debt in bankruptcy scenarios and upside potential through conversion into shares if Strategy's stock price rises, driven by bitcoin's appreciation. For example, in 2024, Strategy's 2025 convertible bonds traded at four times their original value, reflecting strong investor confidence in their bitcoin-driven growth.

This debt strategy is effective because inflation erodes the real value of borrowed dollars, while bitcoin's scarcity drives its price higher. Strategy's stock also serves as a bitcoin proxy for investors, such as fund managers, whose mandates restrict direct bitcoin purchases, making its stock and bonds a compelling alternative.

Equity Financing

Strategy also issues equity to fund bitcoin acquisitions, particularly when its stock trades at a multiple of net asset value (mNAV) greater than 1. Issuing new shares in such

¹ Strategy Incorporated (MSTR) Price Data Source: Yahoo Finance (as of 23 May 2025)

conditions allows the company to acquire more bitcoin, increasing bitcoin per share (BPS) and enhancing shareholder value.

While traditional companies maximise Earnings Per Share (EPS), Bitcoin Treasury Companies maximise Bitcoin Per Share (BPS). The table below illustrates when equity financing is accretive to existing common shareholders for traditional companies and Bitcoin Treasury Companies:

Metric	Traditional Company	Bitcoin Treasury Company
BTC Price	-	\$50 (assumption)
Earnings / BTC Holdings	Earnings: \$10,000	BTC Holdings: 200 (\$10,000 equivalent)
Share Price	\$100	\$100
Number of Shares	1,000	1,000
Market Cap	\$100,000	\$100,000 (mNAV of 10)
EPS / BPS	EPS: $\$10,000 / 1,000 = \10	BPS: $200 / 1,000 = 0.2$
New Shares Issued	100	100
New Money Raised	$100 \times \$100 = \$10,000$	$100 \times \$100 = \$10,000$
Earnings / BTC Purchased	Earnings: +\$5,000 (assumption)	BTC Purchased: $\$10,000 / \$50 = 200$
Total Earnings / BTC	Total Earnings: \$15,000	Total BTC: 400 BTC
New EPS / BPS	New EPS: $\$15,000 / 1,100 = \13.64	New BPS: $400 / 1,100 = 0.36$
EPS / BPS Change	EPS Change: +36%	BPS Change: +80%

By issuing equity, Strategy avoids repayment risk and significantly boosts BPS, outperforming traditional earnings growth.

Emerging Bitcoin Treasury Companies

Strategy's success has inspired companies like Metaplanet, Twenty One (XXI), and Strive, each adapting the playbook with unique strategies tailored to their markets and goals.

Metaplanet: Japan's Bitcoin Treasury Innovator

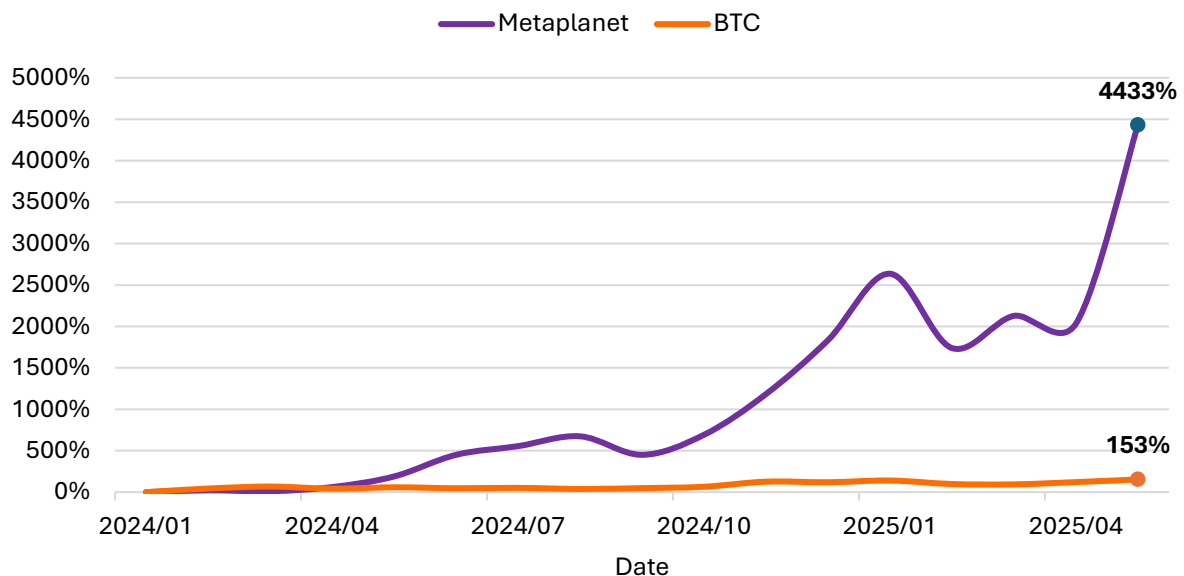


Figure 2: Metaplanet has outperformed bitcoin since it started buying bitcoin in April 2024. BTC is up 153% while Metaplanet is up 4,433%²

Metaplanet, originally a struggling hotel company, transformed into the world's top-performing listed equity by adopting Strategy's bitcoin treasury model, tailored to Japan's financial ecosystem.

- Moving Strike Warrant Program (MS Warrants):** In January 2025, Metaplanet launched the largest-ever MS Warrant program, a Japan-specific financing tool. MS Warrants grant holders the right, but not the obligation, to buy Metaplanet stock at market price. Since Metaplanet's stock trades at over three times its net asset value (NAV), funds raised through MS Warrants are used to buy bitcoin, increasing BPS.
- Cash-Secured Put Options:** Metaplanet sells cash-secured put options, earning premiums from buyers who gain the right to sell bitcoin at a predetermined strike price. If bitcoin trades above the strike price, the options expire, and Metaplanet

² Metaplanet Inc. (3350.T) Price Data Source: Yahoo Finance (as of 23 May 2025)

keeps the premium. If bitcoin falls below the strike price, Metaplanet acquires bitcoin at a discount, boosting its holdings.

Metaplanet has accumulated 7,800 BTC and aims to hold 10,000 BTC by the end of 2025 and 21,000 BTC by 2026, leveraging these innovative tools to drive rapid growth.

Twenty One (XXI): The Bitcoin-Native SPAC

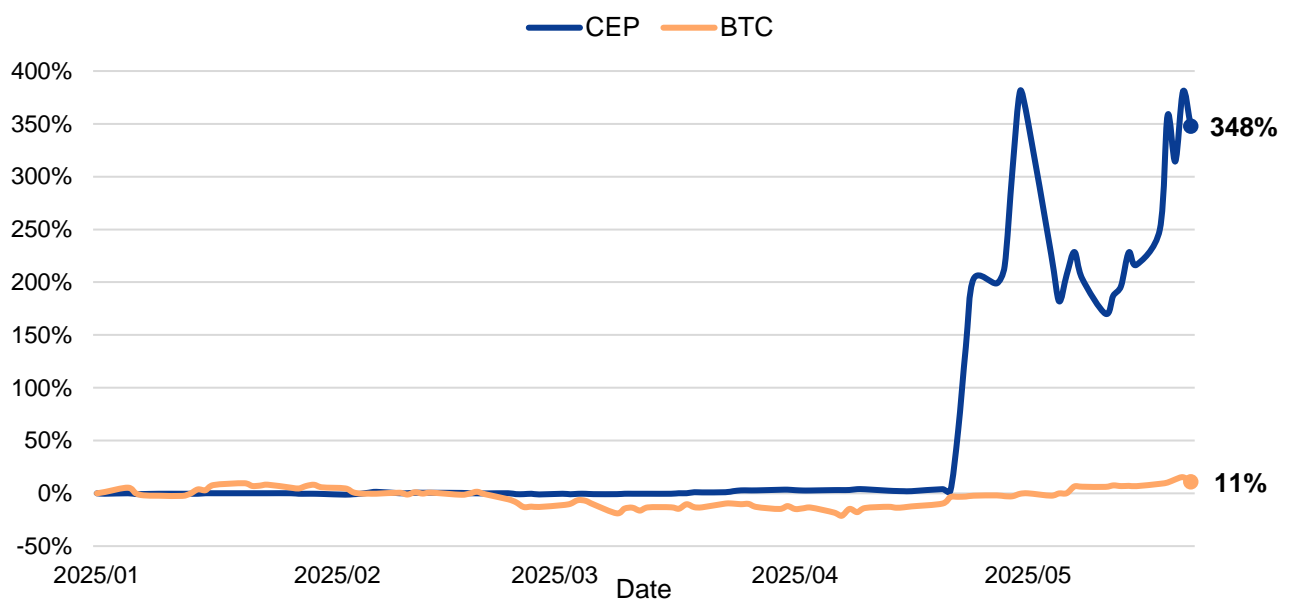


Figure 3: Cantor Equity Partners (CEP), SPAC partner of XXI, has outperformed bitcoin since it announced its bitcoin Treasury Strategy on 23 April 2025. BTC is up 11% and CEP is up 182%. (The date range in the chart is extended to highlight date of start of outperformance)³

Twenty One (XXI) is a Bitcoin Treasury Company launching with 42,000 BTC via a Special Purpose Acquisition Company (SPAC), positioning it as the third-largest corporate bitcoin holder after Strategy and Marathon. Backed by industry leaders like Tether, Jack Mallers (Strike), Cantor Fitzgerald, and SoftBank, XXI distinguishes itself in two key ways:

- 1. Bitcoin-Native Foundation:** Unlike Strategy and Metaplanet, which pivoted from legacy businesses (technology and hotels, respectively), XXI is purpose-built for bitcoin. It has no legacy operations, focusing solely on bitcoin-related activities.
- 2. Comprehensive Bitcoin Ecosystem:** Beyond acquiring bitcoin, XXI plans to offer bitcoin financial and advisory services, structured debt and equity products, bitcoin-linked lending, and educational resources, creating a diversified revenue stream tied to bitcoin's growth.

³ Cantor Equity Partners, Inc. (CEP) Price Data Source: Yahoo Finance (as of 23 May 2025)

Strive: Asset Management with a Bitcoin Twist

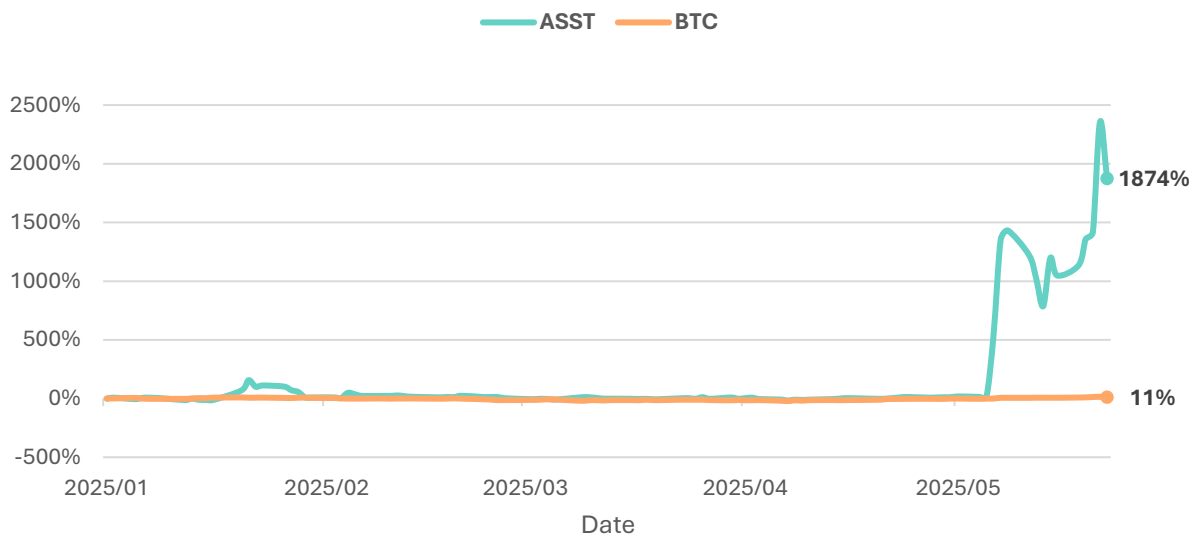


Figure 4: Asset Entities (ASST), reverse merger partner for Strive, has outperformed bitcoin since it announced its Bitcoin Treasury Strategy on 7 May 2025. BTC is up 11% and ASST is up 209%. (The date range in the chart is extended to highlight date of start of outperformance)⁴

Strive, the first asset management firm to adopt a Bitcoin Treasury Strategy, was created through a reverse merger with Asset Entities, differentiates itself with a unique acquisition and investment model.

- 1. Acquiring Cash-Rich Companies:** Strive targets publicly listed companies trading below their net cash value, using their cash reserves to purchase bitcoin. This approach echoes Warren Buffett's strategy of acquiring undervalued, cash-rich companies, but instead of share buybacks, Strive deploys capital into bitcoin, an asset it considers undervalued. With an estimated \$30 billion in stranded capital in distressed companies, Strive sees significant opportunity.
- 2. Bitcoin-to-Share Exchange:** Strive allows bitcoin holders to exchange their bitcoin for Strive shares tax-free, avoiding capital gains taxes triggered by direct bitcoin sales. Strive aims to outperform bitcoin's returns, using bitcoin's performance as a benchmark, much like Strategy, which has outperformed bitcoin since August 2020.

⁴ Asset Entities Inc. (ASST) Price Data Source: Yahoo Finance (as of 23 May 2025)

Why Invest in Bitcoin Treasury Companies Over Spot Bitcoin or ETFs?

Bitcoin Treasury Companies focus on increasing bitcoin per share (BPS), leveraging management expertise and innovative financing to grow bitcoin holdings faster than passive investments. When you buy a Bitcoin ETF, one unit represents a fixed amount of bitcoin (e.g., 0.005 BTC), which remains static. In contrast, companies like Strategy, Metaplanet, XXI, and Strive aim to grow BPS over time through strategic capital raises and acquisitions. For example, one share initially representing 0.005 BTC could grow to 0.006 or 0.007 BTC as the company acquires more bitcoin. This potential for amplified exposure to bitcoin's upside makes these companies compelling alternatives to spot bitcoin or ETFs for investors seeking leveraged exposure with active management.

Risks of Bitcoin Treasury Strategies

The bitcoin treasury model, while innovative, carries the risk of over-leverage. Strategy's current debt-to-asset ratio is comfortable. The new companies following in its footsteps also appear to be equipped with a risk management mindset. However, future lookalikes may not be as disciplined and take on too much debt at market peaks. If bitcoin prices decline sharply, over-leveraged firms may struggle to service their debt, leading to forced liquidations of their bitcoin holdings. Such fire sales could flood the market with supply, precipitating a broader bitcoin price crash. This contagion effect would likely impact even well-capitalized companies like Strategy.

This scenario mirrors the real estate market, where over-leveraged property developers, burdened by excessive debt during a boom, face defaults when property prices fall. Forced to sell assets at distressed prices, these developers depress the market further, harming even conservative, cash-rich developers.

Conclusion

Strategy's pioneering use of low-cost debt and equity financing to acquire bitcoin has redefined corporate treasury strategies, driving significant stock value growth. Metaplanet, XXI, and Strive have adapted this playbook with innovative approaches tailored to their markets and goals, from Japan's MS Warrants to SPAC-driven bitcoin-native operations and asset management acquisitions.

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About Fiscus:

Fiscus provides financial institutions and corporations with a secure, compliant platform for precise control over digital asset reserves. We offer tailored solutions for Central Banks and Corporate Treasuries, combining robust security measures with user-friendly tools to transform digital asset management into a strategic opportunity. Beyond technology, Fiscus delivers clarity, control, and a clear roadmap for effective digital asset utilization.

About Chavanette Advisors:

Chavanette Advisors is dedicated to creating the financial services infrastructure for the next generation, helping regulators and financial services providers solve complex challenges by speeding adoption of emerging and disruptive technologies. As a trusted partner for central banks and financial institutions globally, Chavanette Advisors is at the vanguard of CBDC and regulated stablecoin implementation, providing expert advice, strategic insights, and project management to guide clients through their adoption and systems integration process.

We specialize in building future-focused technological solutions and support clients as they navigate their path towards adoption of the currency systems, protocols, and payment infrastructures of the digital economy. With a holistic, ecosystem-focused approach, Chavanette Advisors provides comprehensive support and accumulated deep research to help clients leverage these technologies, drive innovation, and advance the adoption of digital currencies.

A central Bitcoin coin is surrounded by several large, faceted diamonds and smaller gold coins. The background is a bokeh of blue and gold lights, creating a sense of wealth and luxury. The Bitcoin logo is prominently displayed in the upper left, and the word 'FISCUS' is written in large, bold, white letters across the top right.

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**Bitcoin in Corporate Treasuries:
The MicroStrategy Playbook**

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