

Bitcoin-Dominant Corporate Treasury Strategy: Asset Concentration, Liquidity, and Shareholder Exposure at Strategy Inc.

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Abstract

Strategy Inc. developed from an enterprise analytics company into a listed company with a Bitcoin-dominant treasury structure funded mainly through common equity, preferred stock, and convertible debt. The case offers an observable instance of how a concentrated crypto-asset position interacts with financial reporting, cash commitments, and shareholder exposure. The study uses a descriptive, exploratory single-case design and public evidence from Strategy's 2025 Form 10-K, its Form 10-Q for the six months ended 30 June 2026, related Form 8-K disclosures, and Accounting Standards Update 2023-08. Descriptive ratios and transparent static price scenarios connect reported accounting data with treasury decisions. Bitcoin represented 94.5% of total assets at 30 June 2026. The company recorded a \$22.77 billion unrealised digital-asset loss during the first half of 2026, equal to 43.3% of period-end total assets and 1.03 times the combined \$22.13 billion of long-term debt and preferred claims. Financing activities supplied \$13.77 billion of cash and operating activities supplied \$9.85 million, so external financing supplied 95.8% of investment cash. A reserve of \$3.75 billion at 24 July 2026 covered approximately 26 months of two specified contractual commitments, preferred dividends, and interest, and not total liquidity. Static price scenarios show Bitcoin market value covering long-term debt between 5.06 and 12.65 times and the combined senior claims between 1.53 and 3.81 times at prices from \$40,000 to \$100,000, before taxes, transaction costs, and market impact. Common-share growth of 24.7% increased dilution, while Bitcoin per assumed diluted share rose 8.1% because holdings grew faster; that measure records gross exposure per share and not shareholder value. The study specifies a case-derived analytical framework comprising asset concentration, coverage of specified contractual commitments, financing dependence, per-share exposure, and static asset-coverage scenarios, and states five propositions for comparative testing. The framework and its scenario outputs remain unvalidated beyond this single case, do not measure financial resilience or distress probabilities, and are neither a decision tool nor a predictive model, with application elsewhere requiring firm-specific specification, calibration, and empirical validation.

Categories: Strategic finance, Financial reporting, Fintech and Cryptocurrencies

Keywords: bitcoin treasury, fair-value accounting, liquidity risk, shareholder dilution, corporate finance, case study

Introduction

Corporate treasury policy usually protects liquidity, preserves capital, and supports operating requirements. Strategy Inc. follows a different design. The company uses securities issuance and cash resources to acquire Bitcoin, then reports Bitcoin as its main balance-sheet asset. The resulting entity combines an operating software business, a concentrated digital-asset position, and a financing platform. Each element affects the others.

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Strategy is not the only listed company holding Bitcoin. Research covering 102 public companies reports wide sector differences in Bitcoin adoption and associated risk (Kazemikhasragh, 2025), and a study of 14 US companies links corporate Bitcoin holdings with higher systematic risk, firm-specific risk, and total equity volatility (Liu et al., 2026). Among the listed corporate Bitcoin holders documented in that work and in available public disclosures, Strategy presents an unusually concentrated Bitcoin treasury structure and unusually detailed treasury disclosure (Kazemikhasragh, 2025) (Aufiero et al., 2025). Its filings therefore support a bounded single-case analysis. Whether the mechanics observed in this case are present in any other firm is not established here and is not claimed; the propositions stated in the Discussion section identify what would have to be observed elsewhere for that question to be answered.

The accounting setting changed on 1 January 2025. Accounting Standards Update (ASU) 2023-08 requires covered crypto assets to appear at fair value, with period-to-period fair-value movements reported in net income (Financial Accounting Standards Board, 2023). Strategy's earnings now respond directly to Bitcoin prices at each reporting date. Cash flows respond only when the company sells Bitcoin, pays financing costs, operates its software business, or completes capital-market transactions. The separation between reported earnings and cash forms the first analytical problem.

The second problem concerns financing dependence. Bitcoin does not produce contractual cash receipts. Preferred dividends and debt interest require cash. Strategy therefore maintains a US dollar reserve and uses share issuance, preferred financing, debt transactions, and Bitcoin sales. A decline in Bitcoin prices might weaken access to fresh capital at the same time that cash commitments remain due.

The third problem concerns shareholder measurement. Common equity issuance raises funds for Bitcoin purchases and other cash needs. Share count growth dilutes each existing ownership interest. Management therefore reports Bitcoin per assumed diluted share as a key operating measure. A rise in total Bitcoin holdings does not automatically produce a rise in Bitcoin per share.

Research question and case contribution

The existing literature establishes that corporate Bitcoin holdings are associated with higher systematic risk, higher firm-specific risk, and higher total equity volatility (Liu et al., 2026), that adoption patterns and their associated risks differ by sector and regulatory setting (Kazemikhasragh, 2025), and that the equity of listed Bitcoin holders exhibits measurable sensitivity to the Bitcoin price (Aufiero et al., 2025). That work treats the Bitcoin holding as an exposure and measures its effect on the security. It does not open the accounting and treasury mechanics through which the exposure is created, financed, and reported. Hu supplies a legal and corporate-finance interpretation of the same firm but does not derive measurable indicators from its filings (Hu, 2026). The present study occupies the space between them. It decomposes one extreme case into the specific reported quantities through which fair-value measurement, contractual cash commitments, and securities issuance interact, reconciles each quantity to the source filing, and states each linkage as a proposition capable of being tested on a wider sample. The contribution is the specification of the constructs and their reconciliation to the primary record. It is not evidence about their explanatory or predictive performance, which a single case cannot provide.

The study asks the following question: how do fair-value accounting, fixed cash commitments, and securities issuance interact within Strategy Inc.'s Bitcoin treasury model, and what do the company's public filings show about its asset concentration, its coverage of specified contractual cash commitments, its dependence on external financing, its senior-claim asset coverage, and its common-shareholder exposure? The question concerns measurable exposure and reported capacity. It does not concern financial resilience, which would require an observed adverse event, an observed response, and an outcome measured against a counterfactual, none of which this evidence contains.

The paper contributes a filing-based analysis. The analysis separates accounting performance, cash coverage of specified contractual commitments, asset coverage of claims ranking ahead of common equity, financing dependence, and per-share exposure. It translates those measures into static price-scenario illustrations and a case-derived set of treasury control measures stated as untested propositions. The template is descriptive and exploratory. Neither the scenario outputs nor the control measures have been validated as a predictive or generally applicable decision tool, and neither

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has been tested against realised outcomes at any firm, including Strategy. Treasury teams examining other companies would need to specify and calibrate each measure to firm-specific cash flows, debt terms, financing structures, risk limits, and regulatory settings.

Case Description

Case-study design and evidence

The research applies a descriptive, exploratory single-case design. Strategy serves as an extreme case because Bitcoin dominates its assets and its capital-market activity. Extreme cases are used to make visible the mechanics of a structure that appear less clearly in diversified firms, and to generate propositions for later testing rather than to establish causal relationships (Eisenhardt, 1989) (Yin, 2018). The study accordingly documents, decomposes, and reconciles reported quantities and derives analytical propositions from them. It does not test a causal mechanism, does not employ a comparison group, and does not estimate the probability of any outcome. The term explanatory is not used. The unit of analysis is the treasury model from the adoption of fair-value accounting on 1 January 2025 through the evidence cut-off on 30 July 2026, the date of the second-quarter 2026 results release. The most recent treasury data drawn from the Form 10-Q are presented as of 24 July 2026, the date used in that filing subsequent-events disclosure and on its cover page (Strategy Inc., 2026c). Where the analysis uses the Bitcoin price of \$64,915, that price is the market price reported as of 27 July 2026 in the results release (Strategy Inc., 2026d).

Public documents form the evidence base. The main records comprise Strategy's 2025 Form 10-K (Strategy Inc., 2026a), its Q2 2026 Form 10-Q (Strategy Inc., 2026c), the June 2026 Digital Credit Capital Framework and USD Reserve Policy disclosure (Strategy Inc., 2026b), Strategy's Q2 2026 results release (Strategy Inc., 2026d) and ASU 2023-08 (Financial Accounting Standards Board, 2023). Peer-reviewed finance and accounting studies supply external reference points (Kazemikhasragh, 2025) (Liu et al., 2026) (Luo and Yu, 2024) (Liu and Tsyvinski, 2021) (Liu et al., 2022) (Baur and Dimpfl, 2021). Aufiero et al. provide comparative evidence on the equity-market sensitivity of listed Bitcoin holders (Aufiero et al., 2025). Hu provides a separate legal and financial interpretation of Strategy's financing model and shareholder risk (Hu, 2026).

All figures reported in this study have been recomputed from the primary filings. Appendix 2 sets out, for each figure, the source document, the source line item, and the recomputation, together with two reconciliation items: a rounding difference of \$6 in the average cost per Bitcoin implied by the reported aggregate cost basis, and a \$0.09 billion difference between the unrealised loss reported for the first half of 2026 and the loss implied by a roll-forward of the digital-asset carrying amount. Neither affects any ratio at the level of rounding reported. The study recalculates ratios from reported data and does not audit the underlying records.

Three constructed measures are used and none is a conventional financial-statement ratio. Narrow senior-claim coverage divides the market value of Bitcoin by the sum of long-term debt carrying value and the redemption value and liquidation preference of the preferred stock. It measures the size of the principal asset relative to the claims ranking ahead of common equity at a point in time. It is not a solvency ratio: it excludes all other assets and liabilities, ignores maturity and priority differences within the numerator's claims, and assumes realisation at quoted prices. Reserve coverage divides the US dollar reserve by the annual preferred dividend and interest commitment. It measures how long a designated cash balance would fund two specified contractual outflows. It is not a liquidity ratio: its denominator excludes operating costs, taxes, lease and supplier obligations, and repayment of principal. The asset-coverage breakeven price is the Bitcoin price at which narrow senior-claim coverage equals 1.0 under fixed assumptions. It is an arithmetic property of the first measure and is not a distress threshold. Each measure is reported with its construction stated so that a reader can recompute it and, if preferred, reject it. Appendix 1 defines the analytical measures used in this study.

Measurement bases are stated wherever amounts of different bases appear together. The amounts reported at 31 December 2024, 1 January 2025, 31 December 2025, and 30 June 2026 are balance-sheet carrying amounts determined under the measurement model applicable at each date. The amount reported at 24 July 2026 is not a balance-sheet amount: it is a market value disclosed in the subsequent-events note to the Form 10-Q and has been recognised in no

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reported balance sheet. Table 7 therefore reports the measurement basis of each amount in a separate column. The coverage ratios in Table 4 and Table 5 are mixed-basis measures by construction: the numerator is a market value of Bitcoin, the debt denominator is a net carrying amount, and the preferred denominator is a redemption value and liquidation preference. They are descriptive comparisons of magnitudes, not fair-value coverage ratios, and the difference in bases is one reason they should not be read as solvency measures.

The analysis uses descriptive ratios and static, deterministic price scenarios. The scenarios do not constitute forecasts and assign no probabilities to future Bitcoin prices. Each scenario holds the number of Bitcoin and the reported debt and preferred claims constant, then changes the assumed Bitcoin price. The calculations isolate first-order exposure under fixed assumptions. They omit behavioural responses, taxes, transaction costs, movements in Strategy's security prices, refinancing, future securities issuance, changes in preferred dividends, changes in Bitcoin holdings, and operating changes. Accordingly, the scenario outputs and the asset-coverage breakeven prices reported later serve only as static analytical illustrations. They do not estimate insolvency, default, forced asset sales, or future Bitcoin prices.

Date	Bitcoin held	Cost basis	Reported value	Measurement basis	Main accounting point
31 Dec 2024	447,470	\$27.97 billion	\$23.91 billion	Balance-sheet carrying amount	Cost-less-impairment model
1 Jan 2025	447,470	\$27.97 billion	\$41.79 billion	Balance-sheet carrying amount	Fair-value adoption adjustment
31 Dec 2025	672,500	\$50.44 billion	\$58.85 billion	Balance-sheet carrying amount	\$5.40 billion annual unrealised loss
30 Jun 2026	846,000	\$63.94 billion	\$49.67 billion	Balance-sheet carrying amount	\$22.77 billion H1 unrealised loss
24 Jul 2026	843,775	About \$63.69 billion	\$54.14 billion	Subsequent-events market value (not recognised in any balance sheet)	Post-quarter sales; market value at the \$64,164 price reported for 24 Jul 2026

TABLE 1: Bitcoin holdings, cost basis, and carrying or market value, 2024–2026

Source: Author’s own compilation and calculations from Strategy Inc. (Strategy Inc., 2026a) (Strategy Inc., 2026c) (Strategy Inc., 2026d). Figures use the dates and rounding reported by Strategy. Amounts for 31 December 2024 to 30 June 2026 are balance-sheet carrying amounts. The 24 July 2026 amount is a subsequent-events market value disclosed in the Form 10-Q; the aggregate cost basis for that position is taken from the second-quarter 2026 results release.

Three dimensions of liquidity

The study distinguishes three dimensions of liquidity that a Bitcoin-dominant treasury does not hold in common. Cash liquidity is the availability of cash and cash equivalents to settle commitments as they fall due; it is measured here by the US dollar reserve relative to specified contractual cash commitments, and it is the only dimension the study measures directly. Funding liquidity is the ability to raise cash by issuing securities on acceptable terms; it is observed here only ex

post, through realised financing cash flows and share-count movements, and the study measures neither issuance capacity nor market depth, nor the terms obtainable under stress. Asset liquidity is the ability to convert Bitcoin into cash at or near quoted prices and at acceptable transaction cost; the study does not measure it at all, and the scenario calculations assume sale at the assumed price without market impact, bid-ask cost, or execution delay. That assumption is a limitation of the calculations and not a finding about the market.

The three dimensions are not independent in this structure, and their correlation is the substantive point. The asset that would be sold to raise cash is also the asset whose price supports the equity and preferred issuance through which cash is otherwise raised. A sustained decline in the Bitcoin price would therefore be expected to reduce realisable proceeds per Bitcoin and to reduce securities-issuance capacity at the same time, while cash liquidity would be temporarily insulated to the extent that the reserve is already funded. Coverage of specified commitments and asset coverage are consequently stock measures observed at a point in time; neither is evidence about the behaviour of any of the three dimensions during a decline.

Case context

From Software Issuer to Bitcoin Treasury Company

Strategy still sells analytics software and related services. Revenue reached \$477.23 million in 2025, with gross profit of \$327.82 million (Strategy Inc., 2026a). Subscription services grew, while product support declined. The software activity supplies customer relationships, staff, technology, and some operating cash capacity. Its financial scale remains small beside the Bitcoin position.

Bitcoin purchases accelerated across 2024, 2025, and the first half of 2026. Holdings rose from 189,150 Bitcoin at 31 December 2023 to 447,470 at 31 December 2024, 672,500 at 31 December 2025, and 846,000 at 30 June 2026 (Strategy Inc., 2026a) (Strategy Inc., 2026c). Subsequent sales of approximately 2,225 Bitcoin reduced holdings to 843,775 Bitcoin at 24 July 2026 (Strategy Inc., 2026c). Strategy reported an aggregate cost basis of approximately \$63.69 billion, and an average cost of approximately \$75,476 per Bitcoin, for that position (Strategy Inc., 2026d).

Accounting Transition

The former accounting model treated Bitcoin as an indefinite-lived intangible asset. The company recorded downward impairments after price falls and recorded gains only after a sale. Prior research documents inconsistent measurement and classification of crypto assets under that regime (Luo and Yu, 2024). At 31 December 2024, Strategy reported a \$27.97 billion cost basis, \$4.06 billion of cumulative impairment, and a \$23.91 billion carrying amount (Strategy Inc., 2026a).

ASU 2023-08 replaced that asymmetric measurement for covered crypto assets (Financial Accounting Standards Board, 2023). Strategy increased the carrying amount of its Bitcoin to \$41.79 billion upon adoption. The adjustment increased opening retained earnings by \$12.75 billion after tax (Strategy Inc., 2026a). Later fair-value movements entered net income. The 2025 closing fair value reached \$58.85 billion against a \$50.44 billion cost basis. The company also reported a \$5.40 billion unrealised loss for 2025. The apparent contradiction arises because the annual loss measures movement from the adoption-date fair value plus purchases, not the gap between closing fair value and total historical cost. Table 1 summarises the development of Strategy's Bitcoin holdings, cost basis, and reported carrying or market value across the principal reporting dates used in the case analysis.

Findings

Asset Concentration

Digital assets had a carrying value of \$49.67 billion at 30 June 2026 against total assets of \$52.56 billion, so digital assets represented 94.5% of total assets (Strategy Inc., 2026c). The digital-asset line item comprises Bitcoin: Note 3 to the condensed consolidated financial statements records that the company's digital assets are comprised solely of bitcoin (Strategy Inc., 2026c). The carrying amount divided by the 846,000 Bitcoin held at that date implies approximately \$58,712 per Bitcoin, consistent with the quoted price applied by the company at the reporting date. The measure is therefore a Bitcoin concentration measure.

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Balance-sheet concentration is not the same quantity as economic risk concentration. The 94.5% figure states the proportion of reported assets carried as Bitcoin at one date. Economic risk concentration depends additionally on the volatility of the asset, its correlation with the firm's other cash flows, and the structure of the claims financing it, none of which a balance-sheet share captures. Two features make the economic concentration greater than the balance-sheet share alone implies. First, the software business supplies neither an offsetting exposure nor a material cash flow at the relevant scale: annualised gross profit of approximately \$329.81 million equals 18.7% of the \$1.76 billion annual preferred dividend and interest commitment, so there is effectively no diversifying cash flow against which the Bitcoin exposure nets. Second, the position is partly financed by fixed claims. Because \$22.13 billion of debt and preferred claims rank ahead of common equity, a given percentage change in the Bitcoin price produces a larger percentage change in the residual attributable to common shareholders than in total assets. The scenario grid illustrates the effect: between \$64,915 and \$40,000 per Bitcoin, a price fall of 38.4%, gross Bitcoin value per assumed diluted share falls by 38.4%, while Bitcoin value net of senior claims per assumed diluted share falls by 64.4%.

This study reports the balance-sheet measure as a descriptive statistic and reports the residual measure as a leverage illustration. It does not estimate volatility, correlation, beta, or any risk-adjusted measure. Research on corporate Bitcoin adoption addresses those questions directly, linking larger holdings with higher market beta, firm-specific volatility, and total return volatility (Liu et al., 2026), and evidence from 39 listed Bitcoin holders identifies Strategy among the companies with a Bitcoin beta above one (Aufiero et al., 2025). The present single-case evidence neither confirms nor extends that work: it identifies no causal mechanism and tests none.

Earnings and Cash-Flow Separation

Strategy recorded a \$22.77 billion unrealised loss on digital assets during the first half of 2026. Because no single denominator makes such a movement interpretable, the loss is reported against several, which Table 2 assembles. It equalled 43.3% of total assets at 30 June 2026, 38.7% of the opening carrying amount of digital assets at 1 January 2026, 35.6% of the aggregate cost basis of the position at 30 June 2026, 1.03 times the combined \$22.13 billion of long-term debt and preferred redemption value and liquidation preference, and \$56.74 per assumed diluted share. Expressed against total stockholders' equity of \$30.89 billion at 30 June 2026, the loss equalled 73.7%. That denominator is permanent equity only: the redeemable preferred stock of \$14.44 billion is presented as mezzanine equity and is excluded, and the loss equalled 50.2% of the two taken together (Strategy Inc., 2026c). Expressed against market capitalisation of approximately \$32.30 billion at the same date, computed from the 371.60 million Class A and Class B shares outstanding reported in the balance sheet and the closing market price of \$86.93 on 30 June 2026 (Yahoo Finance, 2026), the loss equalled approximately 70.5%. The share price is market data and is not stated in the filings; every other figure reported in this study is recomputed from them.

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Denominator	Amount	Loss expressed against it	What the comparison supports
Total assets, 30 Jun 2026	\$52.56 billion	43.3%	Proportion of the reported asset base absorbed by the movement
Digital assets, 1 Jan 2026	\$58.85 billion	38.7%	Percentage decline in the position before purchases
Aggregate cost basis, 30 Jun 2026	\$63.94 billion	35.6%	Movement relative to amounts invested
Debt plus preferred claims	\$22.13 billion	1.03x	Movement relative to claims ranking ahead of common equity
Total stockholders' equity, 30 Jun 2026	\$30.89 billion	73.7%	Movement relative to the residual interest that absorbs it
Stockholders' equity plus mezzanine preferred	\$45.33 billion	50.2%	Movement relative to all equity-classified capital
Market capitalisation, 30 Jun 2026	\$32.30 billion	70.5%	Movement relative to the market's valuation of the equity
Assumed diluted shares, 30 Jun 2026	401.28 million	\$56.74 per share	Movement attributed to each diluted share
Revenue, H1 2026	\$246.67 million	92.3x	Scale only: net income is determined by a non-operating item

TABLE 2: H1 2026 unrealised digital-asset loss against alternative denominators

Source: Author's calculations from Strategy Inc. ([Strategy Inc., 2026c](#)). Total stockholders' equity excludes redeemable preferred stock of \$14.44 billion, which is presented as mezzanine equity. Market capitalisation is computed from the 371.60 million Class A and Class B shares outstanding at 30 June 2026 and the closing market price of \$86.93 on that date. The revenue comparison is a scale comparator and is not a measure of financial condition.

The loss also equalled 92.3 times revenue of \$246.67 million for the same period; the second quarter alone produced an \$8.32 billion unrealised loss against \$122.37 million of revenue, a ratio of 68.0 times ([Strategy Inc., 2026c](#)). That comparison is retained solely as a scale comparator and supports one inference only: the fair-value movement recognised in net income is roughly two orders of magnitude larger than the operating flow generated in the same period, so reported net income for the period is determined almost entirely by an item that does not arise from operations and does not settle in cash. It follows that net income is uninformative about operating performance and

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about near-term payment capacity in this period. It does not follow that the company is financially weak, that an economic loss of that magnitude has been sustained relative to the firm's capital, or that the position is impaired: revenue is an operating flow and the fair-value movement is a change in the carrying amount of an investment position, and the two are not commensurable. No conclusion about solvency, liquidity, or economic loss is drawn from the ratio.

Operating cash flow provides a separate measure of financial capacity. Operating activities supplied \$9.85 million during the first half of 2026. Investing activities used \$14.37 billion, mainly for Bitcoin purchases. Financing activities supplied \$13.77 billion (Strategy Inc., 2026c). Unrealised fair-value losses affected reported earnings, while capital-market transactions supplied most treasury cash during the period. Net income alone does not directly measure near-term payment capacity in this case because unrealised fair-value movements do not produce contemporaneous cash flows. Cash-flow and reserve measures provide direct evidence concerning near-term payment capacity, while fair-value movements remain relevant to asset coverage and equity measurement. Table 3 summarises the operating, fair-value, and cash-flow measures underlying this distinction.

Measure	H1 2026	Interpretation
Revenue	\$246.67 million	Scale of software and service activity
Gross profit	\$164.90 million	Operating contribution before overhead
Unrealised Bitcoin loss	\$22.77 billion	Non-cash earnings effect at reporting dates
Operating cash flow	\$9.85 million	Cash from operations and reserve interest
Investing cash flow	\$14.37 billion	Cash used mainly for Bitcoin purchases
Financing cash flow	\$13.77 billion	External funding of investment activity

TABLE 3: Selected operating, fair-value, and cash-flow measures for H1 2026

Source: Author's own compilation from Strategy Inc. (Strategy Inc., 2026c).

Fixed Cash Commitments and Reserve Coverage

Long-term debt had a net carrying amount of \$6.67 billion at 30 June 2026. Preferred shares carried a redemption value and liquidation preference of \$15.46 billion at the same date (Strategy Inc., 2026c). The two claims totalled \$22.13 billion. Their maturities, priority, and payment terms differ, so the total does not represent a current liability. It provides a narrow measure of senior claims ahead of common equity.

Long-term debt and the preferred stock are reported both in aggregate and separately, because the two presentations answer different questions. The aggregate measures the total value of claims ranking ahead of common equity and is therefore the appropriate denominator when the residual attributable to common shareholders is the object of interest. It is not a measure of default risk and does not imply that the two instruments carry equivalent risk. They do not: the debt carries stated maturities, contractual interest, and events of default, whereas the preferred stock has no maturity, and its dividends, although payable in cash and cumulative in form, do not of themselves create an event of default if unpaid.

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Redemption provisions, conversion features, and priority also differ. Aggregation therefore overstates the near-term contractual severity of the preferred claim and suppresses the priority ordering within the numerator. Table 5 accordingly reports coverage of each claim separately, with a separate asset-coverage breakeven price for each.

The US dollar reserve stood at \$3.75 billion at 24 July 2026 against current expected annual preferred stock dividend payments and interest expense of approximately \$1.76 billion in aggregate, giving coverage of approximately 26 months of those two specified contractual cash commitments (Strategy Inc., 2026c). The measure is coverage of specified contractual cash commitments. It is not liquidity coverage: the denominator excludes operating costs, taxes, lease and supplier obligations, transaction costs, and repayment of debt principal, and coverage periods disclosed by different issuers against differently specified commitment sets are not comparable.

The reserve is operationally restricted rather than legally segregated. Under the USD Reserve Policy adopted by the board in June 2026, permitted use of the reserve is limited to payment of preferred stock dividends and interest expense on outstanding indebtedness, and management is required to maintain a minimum balance equal to at least 12 months of those commitments (Strategy Inc., 2026b) (Strategy Inc., 2026c). The restriction is a board policy. It may be amended or rescinded by the board, it creates no security interest, trust, or third-party enforceable right, and it does not ring-fence the balance from other creditors. The reserve improves payment capacity for the two specified commitments and reduces immediate reliance on Bitcoin sales, but it is a management commitment rather than a legal constraint.

The denominator is not fixed over the measurement horizon. Preferred dividend commitments increase with each new preferred issuance, and preferred issuance is one of the company's principal funding routes. Holding the reserve constant at \$3.75 billion, a further \$2 billion, \$4 billion, or \$6 billion of preferred stock issued at an illustrative 10% annual rate would reduce coverage from approximately 26 months to approximately 23, 21, and 19 months, respectively. The 10% rate is an illustration and not a disclosed figure; the filings state the dividend rate of each outstanding series but do not report a weighted-average rate, and the rate on the largest series is variable. Interest commitments would likewise change with refinancing, new issuance, repayment, or conversion. The coverage figure is therefore a point-in-time ratio of a discretionary reserve to a commitment base that the company's own financing activity can enlarge, and it should be read as a snapshot rather than as a runway.

Underlying software economics did not fund the commitment on their own. Annualising first-half gross profit gives about \$329.81 million, equal to 18.7% of the \$1.76 billion annual commitment. Gross profit also precedes sales, research, administration, and tax costs. The financing model therefore depends on the reserve, securities issuance, Bitcoin sales, or a combination of those sources.

Financing Dependence and Issuance Capacity

Financing activities supplied \$13.77 billion during the first half of 2026 while investing activities used \$14.37 billion, so external financing supplied 95.8% of investment cash. Operating activities supplied \$9.85 million, equal to 0.56% of the \$1.76 billion annual preferred dividend and interest commitment, and annualised gross profit of approximately \$329.81 million equals 18.7% of that commitment (Strategy Inc., 2026c). Dependence on capital-market access is therefore not marginal but structural: within this period the model was funded by issuance, not by operations.

Whether that dependence is sustainable under different market conditions cannot be determined from the evidence assembled here, but three mechanisms can be specified. First, at-the-market common equity issuance raises proceeds equal to shares sold multiplied by the prevailing market price, subject to what the market will absorb. Issuance capacity therefore falls with the share price and with traded volume, so a decline in the Bitcoin price that transmits to the share price reduces the proceeds obtainable from any given quantity of dilution; evidence that listed Bitcoin holders' equity is sensitive to the Bitcoin price makes that transmission the expected case rather than a remote one (Aufiero et al., 2025). Second, equity issued at a price above the net asset backing attributable to each share increases Bitcoin per share, and equity issued below it decreases Bitcoin per share. The accretive property of the issuance programme is thus conditional on the premium at which the shares trade relative to net backing, and is not a property of issuance as such (Hu, 2026); it is precisely the condition least likely to hold during a sustained decline. Third, preferred issuance relieves common dilution but enlarges the fixed cash commitment, raising the reserve balance required to sustain any given coverage period, as

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the sensitivity reported above illustrates. When market conditions constrain common share issuance, substituting preferred issuance increases the cash commitments that the reserve must cover. Maintaining the same coverage period then requires a larger reserve.

Evaluating these mechanisms would require data this study does not analyse: the price, size, timing, and net proceeds of each equity and preferred issuance; the dividend rate, redemption, and call provisions of each preferred series; the maturity, coupon, conversion price, and covenant terms of each debt instrument; traded volume and realised issuance relative to programme capacity; and the ratio of the share price to net asset backing per share observed over a full Bitcoin drawdown. A multi-period study of issuance terms spanning such a drawdown, for Strategy and for comparable issuers, would be required before financing dependence could be evaluated as a source of risk rather than, as here, described as a structural feature and decomposed into testable mechanisms.

Common-Share Dilution and Bitcoin per Share

The measures reported in this subsection describe the quantity of Bitcoin attributable to each share before any claim on that Bitcoin. They are measures of gross exposure and are not measures of shareholder value; the distinction is stated in full below and again in the analytical framework in the Discussion section.

Class A common shares outstanding grew from 292.42 million at 31 December 2025 to 364.59 million at 24 July 2026, an increase of 24.7% (Strategy Inc., 2026a) (Strategy Inc., 2026c). Class B shares remained at 19.64 million, so combined Class A and Class B shares grew by about 23.1%. The rise diluted each pre-existing common share's ownership percentage.

Management's assumed diluted share measure rose from 344.90 million at 31 December 2025 to 401.28 million at 30 June 2026, an increase of 16.3%. Bitcoin holdings rose by 25.8% over the same period. Bitcoin per assumed diluted share therefore rose from 194,986 satoshis to 210,824 satoshis, an increase of 8.1% (Strategy Inc., 2026c). The result shows why total holdings, share count, and per-share holdings require joint review.

Bitcoin per assumed diluted share measures the quantity of Bitcoin attributable to each diluted share before any claim on that Bitcoin. It is a measure of gross exposure, not of shareholder value, and it is not presented as one. It excludes the \$22.13 billion of debt and preferred claims ranking ahead of common equity, the value of the software business, financing costs, taxes, transaction costs, the prices paid to acquire the Bitcoin, and the price at which the shares themselves trade. Growth in the measure establishes that accumulation outpaced growth in the assumed diluted share base over the period. It establishes nothing about value accretion to common shareholders, which depends on the relationship between the issuance price and net asset backing per share, on the cost of the financing used, and on the market's valuation of the securities issued. Hu describes the model as an issuance-and-purchase engine whose economics depend partly on the relationship between market price and asset value (Hu, 2026).

A residual measure makes the distinction visible. At the market price of \$64,915 reported as of 27 July 2026, gross Bitcoin value was \$136.50 per assumed diluted share, while Bitcoin value net of the \$22.13 billion of debt and preferred claims was \$81.35 per assumed diluted share. At an assumed \$40,000, the corresponding figures are \$84.11 and \$28.96. Between those two prices, the gross measure falls by 38.4%, in proportion to the price, while the residual measure falls by 64.4%. The residual measure is itself incomplete, since it excludes the operating business, other assets, and other liabilities, and it is reported here only to demonstrate that gross exposure per share and the residual attributable to common shareholders behave differently and should not be substituted for one another.

Bitcoin-Price Stress Test

The scenario model uses 843,775 Bitcoin, a \$63.69 billion aggregate cost basis, \$22.13 billion of debt plus preferred liquidation claims, and \$1.76 billion of annual preferred dividend and interest commitments. Price points range from \$40,000 to \$100,000. The narrow coverage ratio divides Bitcoin market value by debt plus preferred claims. The annual-sale estimate divides annual preferred dividend and interest commitments by the assumed Bitcoin price. Table 4 presents static, deterministic, non-forecast illustrations. Each row mechanically applies one assumed Bitcoin price while holding Bitcoin holdings and the selected claims constant. The rows are arithmetic restatements of a single assumption. They are not projections, predictions, or probability-weighted outcomes, and no row should be read as an expected or likely state.

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Bitcoin price	Bitcoin value	Value versus cost	BTC value/senior claims	BTC for annual commitments	% of holdings
\$40,000	\$33.75 billion	\$29.94 billion	1.53x	44,000	5.21%
\$50,000	\$42.19 billion	\$21.50 billion	1.91x	35,200	4.17%
\$64,915	\$54.77 billion	\$8.92 billion	2.48x	27,112	3.21%
\$75,476	\$63.68 billion	Near zero	2.88x	23,319	2.76%
\$90,000	\$75.94 billion	\$12.25 billion	3.43x	19,556	2.32%
\$100,000	\$84.38 billion	\$20.69 billion	3.81x	17,600	2.09%

TABLE 4: Static, deterministic Bitcoin-price illustrations. The rows are not forecasts.

Source: Author's own calculations using data reported by Strategy Inc. (Strategy Inc., 2026c) (Strategy Inc., 2026d). Each row applies one assumed Bitcoin price to a fixed position of 843,775 Bitcoin, a \$63.69 billion aggregate cost basis, \$22.13 billion of debt plus preferred liquidation claims, and \$1.76 billion of annual preferred dividend and interest commitments. The rows are deterministic arithmetic illustrations, carry no probabilities, and are not forecasts, projections, or probability-weighted outcomes. They omit behavioural responses, taxes, transaction costs, movements in Strategy securities, refinancing, future issuance, changes in Bitcoin holdings or claims, preferred dividend changes, and operating changes. The price of \$64,915 is the market price reported as of 27 July 2026; \$75,476 is the reported average cost per Bitcoin.

BTC, Bitcoin

At the illustrative price of \$64,915, reported as of 27 July 2026 (Strategy Inc., 2026d), Bitcoin market value equalled \$54.77 billion, approximately \$8.92 billion below aggregate cost. Bitcoin value covered the combined senior claims 2.48 times under the static assumptions. A \$40,000 price produces a ratio of 1.53 times. Table 5 reports the same calculation for each claim separately: at \$64,915, the position covered long-term debt 8.21 times and the preferred claim 3.54 times, and at \$40,000, it covered them 5.06 and 2.18 times respectively.

Under the same fixed assumptions, the market value of the Bitcoin position equals the combined \$22.13 billion of debt and preferred claims at a Bitcoin price of approximately \$26,230, obtained by dividing those claims by 843,775 Bitcoin. The corresponding prices calculated against each claim separately are approximately \$7,905 for long-term debt alone and \$18,322 for the preferred claim alone. These are static asset-coverage breakeven prices within the deterministic scenario model and nothing else. Each is an arithmetic property of two reported balances and a fixed Bitcoin count. None is a solvency threshold, a default point, a covenant level, a redemption trigger, or a liquidation point, and none carries a probability. The company holds other assets and generates operating cash flows; the instruments carry maturity, priority, conversion, and redemption provisions that this calculation does not represent; financing alternatives exist; and recovery values in any actual enforcement would differ from carrying amounts and from quoted market values. A breakeven price also assumes that every other input is unchanged, which no realistic path would satisfy. Changes in other assets, liabilities, financing access, securities issuance, taxes, transaction costs, operating cash flows, Bitcoin holdings, or senior claims would alter the calculated breakeven price.

Annual commitments require a modest fraction of holdings in every scenario shown. The amount rises as price falls. Repeated sales during weak markets would reduce future Bitcoin per share and might affect investor demand for further securities. Liquidity therefore depends on both the stock of assets and the terms on which the company turns assets or

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securities into cash. Every row of the scenario grid values the position at the assumed price and assumes that Bitcoin could be realised at that price without market impact, bid-ask cost, or execution delay. That assumption is a property of the calculation rather than an observation about market depth, and the study measures asset liquidity nowhere.

Assumed Bitcoin price	Bitcoin market value	Coverage of long-term debt (\$6.67 billion)	Coverage of preferred claims (\$15.46 billion)	Coverage of combined claims (\$22.13 billion)
\$40,000	\$33.75 billion	5.06x	2.18x	1.53x
\$50,000	\$42.19 billion	6.33x	2.73x	1.91x
\$64,915	\$54.77 billion	8.21x	3.54x	2.48x
\$75,476	\$63.68 billion	9.55x	4.12x	2.88x
\$90,000	\$75.94 billion	11.39x	4.91x	3.43x
\$100,000	\$84.38 billion	12.65x	5.46x	3.81x
Asset-coverage breakeven price	—	\$7,905	\$18,322	\$26,230

TABLE 5: Separate asset coverage of debt and preferred claims under static Bitcoin-price assumptions

Source: Author's calculations from Strategy Inc. (Strategy Inc., 2026c) (Strategy Inc., 2026d). Static, deterministic illustrations holding Bitcoin holdings at 843,775 and the claims constant; they are not forecasts. The numerator is a market value while the denominators are a net carrying amount and a redemption value and liquidation preference, so the ratios are mixed-basis descriptive comparisons and not solvency measures. The final row states the Bitcoin price at which market value equals the stated claim under fixed assumptions; it is not a default, covenant, or liquidation threshold.

Discussion

The case analysis identifies four analytical dimensions within the observed treasury structure. The four tests answer four different questions, and none substitutes for another. Fair-value earnings measure period-end price movement. Operating and financing cash flows measure the sources of payment capacity. Asset coverage measures the size of the principal asset relative to claims ranking ahead of common equity. Bitcoin per assumed diluted share measures gross exposure attributable to each diluted share and is expressly not a measure of shareholder value; a residual measure net of senior claims is reported alongside it for contrast, and neither is a valuation.

The measures reported here describe exposure and reported capacity at a point in time. They do not measure resilience. Resilience is a property revealed by an adverse event: it requires the shock to occur, the firm's response to be observed, and the outcome to be compared with what would have happened otherwise. Strategy has not experienced such an event within the evidence period, no counterfactual is available, and the study therefore makes no statement about how the company would perform under stress. A reader may infer from the concentration, coverage, and financing measures reported here where the structure is exposed. Whether exposure translates into impairment of the company's financial position depends on management action, market conditions, financing terms, and contractual provisions that this study does not model.

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Capital-structure theory treats financing choice as part of firm value when taxes, distress costs, information gaps, and agency costs exist (Modigliani and Miller, 1958) (Jensen and Meckling, 1976). Strategy adds an asset with high price volatility and no contractual cash yield. It also adds preferred securities with cash dividends and common equity issued through at-the-market programmes. The combination changes both claim priority and future financing needs.

Research on cryptocurrency risk finds return drivers that differ from standard equity and currency factors (Liu and Tsyvinski, 2021) (Liu et al., 2022). Bitcoin also shows high volatility and an uncertain store-of-value role across market conditions (Baur and Dimpfl, 2021). Corporate adoption transfers part of that exposure into company accounts and security prices. Strategy's concentration makes the transfer visible in quarterly earnings and asset coverage.

Case-derived treasury control measures

Table 6 sets out a case-derived set of treasury control measures. Its three kinds of content are separated into their own columns so that the evidential status of each entry is visible on the face of the table: what was observed at Strategy, normative propositions that have not been tested, and empirically supported thresholds. The final column is empty in every row. That is by design rather than by omission, because no threshold in the table is derived from evidence that it predicts a financial outcome. The table is not a decision tool. It has not been applied to or validated against any firm other than Strategy, and nothing reported in it should be read as a recommended limit for another company. Each measure would require firm-specific specification and calibration before use.

Operationalising any of these measures requires a specification that this case study does not by itself supply, and a calibration decision that it cannot supply at all. Specification means fixing, for each measure, the numerator and denominator, the measurement frequency, the price source and valuation time used for Bitcoin, the treatment of unsettled trades and of any Bitcoin pledged as collateral, whether the denominator is a carrying amount or a market value, and how instruments issued during the period are brought into the share count. Two firms computing the same-named ratio without such a specification would not compute the same number. Calibration means choosing the level at which a measure requires action, and it must come from the firm rather than from this case: a reserve floor is properly derived from the number of months of committed outflow the board is prepared to fund without access to new issuance; an asset-coverage floor is properly derived from an adverse but plausible price path constructed from the firm's own exposure and the asset's historical distribution; and a concentration ceiling is properly derived from the firm's stated risk appetite. Triggers of the form coverage approaching a board minimum or a board risk limit being exceeded are circular, since they presuppose the limits the table is intended to help establish, and they are not used. No threshold reported here has been shown to predict a liquidity event, a financing outcome, a shareholder return, or financial distress, and none should be adopted by another firm on the authority of this study.

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Control area	Measure (specification required)	Case observation	Normative proposition (untested)	Empirically supported threshold
Asset concentration	Bitcoin carrying amount ÷ total assets, at a stated valuation time and price source	94.5% at 30 Jun 2026	A board should set an explicit ceiling before, not after, the position is built	None
Cash coverage	Designated reserve ÷ annual cash cost of a defined commitment set, with the set enumerated	c. 26 months for preferred dividends and interest only	The commitment set should be enumerated in the policy so the ratio cannot drift	None
Claim coverage	Bitcoin market value ÷ each claim separately, and in aggregate; measurement bases disclosed	8.21x debt; 3.54x preferred; 2.48x combined at \$64,915	Separate ratios should be monitored because the claims behave differently	None
Dilution	Bitcoin per assumed diluted share, and Bitcoin net of senior claims per share	210,824 sat/share at 30 Jun 2026; \$81.35 net per share at \$64,915	Issuance should be assessed against net backing per share, not gross	None
Funding dependence	Financing cash inflow ÷ investing cash outflow; operating cash ÷ annual commitment	95.8% and 0.56% for H1 2026	Dependence should be stated as a policy parameter with a stress condition attached	None
Accounting volatility	Fair-value movement ÷ total assets, equity and senior claims; revenue used only as a scale comparator	43.3% of total assets; 73.7% of total stockholders' equity; 1.03x senior claims	Reporting should reconcile fair-value earnings to cash movement explicitly	None

TABLE 6: Case-derived treasury control measures, with the evidential status of each entry

Source: Author's creation from the case analysis. The table is illustrative and derived from a single firm. Column three reports what was observed at Strategy; column four states propositions that have not been tested at Strategy or elsewhere; and column five is empty by design rather than by omission, because no threshold in this table is derived from evidence that it predicts a financial outcome. The table is not a decision tool, and each measure requires firm-specific specification and calibration before use.

Propositions for comparative testing

The case supports the following propositions. Each is a conditional statement derived from one firm's reported data, and each requires comparative empirical testing before it can be treated as a finding about corporate treasury practice.

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P1. Where a single volatile asset dominates reported assets, fair-value measurement causes reported net income to be determined predominantly by period-end price movement rather than by operating activity, so that net income ceases to be informative about near-term payment capacity.

P2. Where an asset generating no contractual cash receipts is financed with instruments requiring contractual cash payments, payment capacity depends on designated cash reserves, asset sales, and continued issuance, and not on the asset's value.

P3. Where fixed cash commitments are funded partly by issuing further instruments that themselves carry fixed cash commitments, the coverage denominator grows with the financing activity that relieves it.

P4. Where accumulation is funded by equity issuance, growth in the asset held per diluted share is a function of the price at which the equity is issued relative to net asset backing per share and is not evidence of value accretion to common shareholders.

P5. Where the asset is both the principal store of value and the principal source of financing capacity, asset liquidity and funding liquidity are positively correlated, so a price decline reduces both simultaneously.

Propositions P1 to P5 are consistent with the evidence from this case. None is tested here.

Four measurement corollaries follow, stated in the same conditional form. First, where a digital-asset allocation serves simultaneously as a reserve asset, a return-seeking investment, and a financing platform, the three functions carry different liquidity, valuation, and financing consequences, and a policy that does not distinguish them cannot be evaluated against any of the three; Strategy combines elements of all three.

Second, where fair-value movements dominate reported income, earnings, cash resources, senior claims, and per-share exposure are separately informative and are not substitutes for one another, because fair-value gains increase reported income without generating contemporaneous cash receipts and fair-value losses reduce reported income without requiring a cash payment. Both remain relevant to the information available to investors and creditors.

Third, any reserve-coverage measure is defined by the commitment set placed in its denominator. The set Strategy discloses comprises expected preferred stock dividend payments and interest expense on outstanding indebtedness only; another issuer might include payroll, tax, lease, supplier, and other contractual cash requirements. It follows that a coverage figure is uninterpretable without an enumeration of the obligations it covers, and that coverage periods reported by different issuers against differently specified sets are not comparable.

Fourth, growth in total holdings and growth in holdings per assumed diluted share answer different questions: the first measures corporate accumulation, the second whether accumulation outpaced growth in the assumed diluted share base. Neither answers whether common shareholders gained, which additionally requires acquisition prices, financing costs, claim priority, and the price at which the shares themselves trade.

The static price scenarios are a starting point for treasury stress testing and not a stress-testing method with demonstrated predictive value. A method would incorporate multi-period Bitcoin price paths, constraints on securities issuance, changes in preferred dividend rates, debt maturities, taxation, and operating cash flows. Transparent assumptions allow boards, auditors, and researchers to reproduce the calculations reported here. Everything in this section arises from a single case and requires testing across additional firms before any managerial validity can be claimed for it.

Limitations

The study examines one company over one evidence period. Strategy's scale, market following, and security design differ from those of ordinary operating companies, and transfer of any observation to another issuer requires firm-specific analysis.

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The scenario calculations are static and deterministic. They hold Bitcoin holdings and claims constant, contain no probabilistic element, and are not forecasts. They exclude future purchases and sales, refinancing, taxes, transaction costs, market impact on sale, custody events, changes in preferred dividend rates, and movements in Strategy's own security prices. The assumption that Bitcoin could be realised at the assumed price without market impact is a modelling convenience and not an observation about market depth.

The study measures cash liquidity only, and only against a specified commitment set. It does not measure funding liquidity, issuance capacity, financing-market depth, or asset liquidity, and it therefore cannot state how any of these would behave during a Bitcoin price decline.

Public filings contain management-defined non-GAAP (Generally Accepted Accounting Principles) measures and risk statements. The analysis recalculates selected ratios from reported data and does not audit the underlying records. The paper forecasts neither Bitcoin prices nor Strategy's common-share value.

The study does not test whether any measure reported here predicts a liquidity event, a financing outcome, a shareholder return, or financial distress, and it does not measure financial resilience, which would require an observed adverse event, an observed response, and a counterfactual. The analytical framework, the propositions, and the control measures are illustrative and case-derived and are unvalidated beyond the single case examined. Comparative multi-company research and longitudinal testing across a full Bitcoin drawdown would be required to assess their external validity and empirical performance.

Conclusions

Strategy Inc. provides an observable instance of a listed company whose principal asset, earnings volatility, and financing activity centre on Bitcoin. Under fair-value measurement, price movements at each reporting date determined reported net income: the \$22.77 billion unrealised loss recorded in the first half of 2026 equalled 43.3% of period-end total assets and 1.03 times the combined debt and preferred claims, while operating activities supplied \$9.85 million and financing activities supplied \$13.77 billion. External financing supplied 95.8% of investment cash in the period. The US dollar reserve of \$3.75 billion at 24 July 2026 covered approximately 26 months of expected preferred stock dividend payments and interest expense on outstanding indebtedness. That is coverage of two specified contractual cash commitments and not total liquidity coverage; the reserve is subject to a board policy rather than a legal restriction, and the commitment base grows with further preferred issuance. Under static, deterministic assumptions, Bitcoin market value covered the combined senior claims between 1.53 and 3.81 times across the price range modelled, and covered long-term debt alone between 5.06 and 12.65 times; these are arithmetic illustrations and not forecasts. The common share count rose by 24.7% between 31 December 2025 and 24 July 2026, while Bitcoin per assumed diluted share rose by 8.1% because holdings grew faster than the assumed diluted share base, a statement about gross exposure per share and not about shareholder value.

Considered together, asset concentration, coverage of specified contractual cash commitments, senior-claim asset coverage, financing dependence, and per-share exposure describe how accounting volatility, cash commitments, financing claims, and dilution interact in this structure. They are constructs specified and reconciled against one company's filings. They have not been validated beyond that case, have not been tested against realised financial outcomes, do not measure resilience, and do not estimate the probability of liquidity distress. They constitute an illustrative, case-derived analytical framework and not a validated predictive model. Evidence from additional firms and periods, and testing of the propositions stated in the Discussion section, would be required before anything more could be claimed for them.

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Appendices

Appendix 1: Definitions of the analytical measures

Measure	Definition
Asset concentration	Bitcoin carrying value divided by total assets at the reporting date. A balance-sheet share, not a measure of economic risk concentration.
Coverage of specified contractual cash commitments	United States dollar reserve divided by the annual preferred dividend and interest commitment, expressed in months. Not a liquidity ratio: the denominator excludes operating costs, taxes, lease and supplier obligations and repayment of principal.
Narrow senior-claim coverage	Bitcoin market value divided by long-term debt carrying value plus preferred redemption value and liquidation preference. A mixed-basis descriptive comparison, not a solvency ratio.
Asset-coverage breakeven price	The Bitcoin price at which narrow senior-claim coverage equals 1.0 under fixed assumptions. An arithmetic property of the coverage measure, not a distress threshold.
Bitcoin per assumed diluted share	Bitcoin holdings divided by assumed diluted shares outstanding, expressed in satoshis. A measure of gross exposure per share, not of shareholder value.
Bitcoin net of senior claims per assumed diluted share	Bitcoin market value less long-term debt and preferred claims, divided by assumed diluted shares outstanding. Reported for contrast with the gross measure; not a valuation.
Annual Bitcoin sale requirement	Annual preferred dividend and interest commitments divided by the assumed Bitcoin price.
Financing dependence	Financing cash inflow divided by investing cash outflow for the period; and operating cash flow divided by the annual preferred dividend and interest commitment.

TABLE 7: Definitions of the analytical measures used in the case study

Source: Author's creation. Each measure is defined so that a reader can recompute it from the primary filings; none is a conventional financial-statement ratio.

Appendix 2: Arithmetic verification log

Every figure reported in this study has been recomputed from the primary filings. The log below states, for each reported figure, the source document, the recomputation performed, and the result. It discloses two reconciliation items: a rounding difference of \$6 in the average cost per Bitcoin implied by the reported aggregate cost basis, and a \$0.09 billion difference between the unrealised loss reported for the first half of 2026 and the loss implied by a roll-forward of the

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digital-asset carrying amount. The identical roll-forward for 2025 reconciles to within \$0.01 billion, so the difference is specific to the 2026 period and is not a defect in the method. Neither item affects any ratio at the level of rounding reported.

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Figure as reported	Source	Recomputation	Result
Bitcoin 94.5% of total assets	10-Q, balance sheet	$49.67 \div 52.56$	94.50% – agrees
Unrealised loss 43.3% of total assets	10-Q	$22.77 \div 52.56$	43.32% – agrees
Unrealised loss 73.7% of total stockholders' equity	10-Q, balance sheet	$22.77 \div 30.89$	73.71% – agrees
Unrealised loss 50.2% of equity plus mezzanine preferred	10-Q, balance sheet	$22.77 \div (30.89 + 14.44)$	50.23% – agrees
Unrealised loss 70.5% of market capitalisation	10-Q balance sheet; market price at 30 Jun 2026	$22.77 \text{ billion} \div (371.60 \text{ million} \times \$86.93)$	70.49% – agrees
Unrealised loss 92.3× revenue	10-Q, income statement	$22.77 \text{ billion} \div 246.67 \text{ million}$	92.31x – agrees
Q2 loss 68.0× revenue	10-Q	$8.32 \text{ billion} \div 122.37 \text{ million}$	67.99x – agrees
Reserve coverage c. 26 months	10-Q; 8-K	$3.75 \text{ billion} \div 1.76 \text{ billion} \times 12$	25.6 months – agrees at stated rounding
Gross profit 18.7% of commitment	10-Q	$(164.90 \text{ million} \times 2) \div 1.76 \text{ billion}$	18.74% – agrees
Financing dependence 95.8%	10-Q, cash-flow statement	$13.77 \div 14.37$	95.82% – agrees
Senior claims \$22.13 billion	10-Q	$6.67 \text{ billion} + 15.46 \text{ billion}$	\$22.13 billion – agrees
Class A shares +24.7%	10-K; 10-Q cover	$364.59 \div 292.42$	24.68% – agrees
Assumed diluted shares +16.3%	10-Q	$401.28 \div 344.90$	16.35% – agrees
210,824 satoshi per share	10-Q	$846,000 \div 401.28 \text{ million} \times 1e8$	210,825 – agrees at stated rounding
Bitcoin per share +8.1%	10-Q	$210,824 \div 194,986$	8.12% – agrees
Combined breakeven \$26,230	10-Q	$22.13 \text{ billion} \div 843,775$	\$26,227 – agrees at stated rounding
Debt breakeven \$7,905	10-Q	$6.67 \text{ billion} \div 843,775$	\$7,905 – agrees
Preferred breakeven \$18,322	10-Q	$15.46 \text{ billion} \div 843,775$	\$18,322 – agrees
Average cost \$75,476	Q2 2026 results release	$63.69 \text{ billion} \div 843,775$	\$75,482 – rounding difference of \$6 disclosed

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H1 unrealised loss \$22.77 billion	10-Q	$58.85 + 13.50 - 49.67$	\$22.68 billion – \$0.09 billion difference reconciled to the digital-asset roll-forward note
2025 unrealised loss \$5.40 billion	10-K	$41.79 + 22.47 - 58.85$	\$5.41 billion – agrees, confirming the roll-forward method

TABLE 8: Arithmetic verification log for the figures reported in the study

Source: Author's recomputation from Strategy Inc. ([Strategy Inc., 2026a](#)) ([Strategy Inc., 2026c](#)) ([Strategy Inc., 2026d](#)). Amounts are in billions unless stated. Market capitalisation uses the 371.60 million Class A and Class B shares outstanding reported at 30 June 2026 and the closing market price of \$86.93 on that date; the share price is market data and is not reported in the filings. Total stockholders' equity excludes the \$14.44 billion of redeemable preferred stock presented as mezzanine equity, which is added back in the fourth row.

Additional Information

Author Contributions

All authors have reviewed the final version to be published and agreed to be accountable for all aspects of the work.

Concept and design: Alessio Faccia

Acquisition, analysis, or interpretation of data: Alessio Faccia

Drafting of the manuscript: Alessio Faccia

Critical review of the manuscript for important intellectual content: Alessio Faccia

Supervision: Alessio Faccia

Disclosures

Human subjects: All authors have confirmed that this study did not involve human participants or tissue.

Conflicts of interest: In compliance with [the ICMJE uniform disclosure form](#), all authors declare the following:

- **Payment/services info:** All authors have declared that no financial support was received from any organization for the submitted work.
- **Financial relationships:** All authors have declared that they have no financial relationships at present or within the previous three years with any organizations that might have an interest in the submitted work.
- **Other relationships:** All authors have declared that there are no other relationships or activities that could appear to have influenced the submitted work.

Data Availability Statements

All data generated or analyzed during this study are included in this published article and/or its appendices. All data analyzed in this study derive from publicly available sources cited in the reference list: Strategy Inc.'s SEC filings (Forms 10-K, 10-Q and 8-K, with accession numbers provided), Strategy Inc.'s public disclosures, FASB Accounting Standards Update No. 2023-08, and published market price data for the company's common stock, which is the source of the single share price used in the market-capitalisation denominator. All figures used in the calculations appear in Tables

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1 to 8 of this article, and Appendix 2 reports the source line item and the recomputation for each reported figure, so that every ratio and scenario can be reproduced from the primary filings. No proprietary datasets or program code were generated.

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