

# MSTR Earnings Call Transcript

**Date: 2025-10-31**

**Quarter: 3**

Shirish Jajodia: Hello, everyone, and good evening. I'm Shirish Jajodia, Corporate Treasurer and Head of Investor Relations at Strategy. I will be your moderator for Strategy's 2025 Third Quarter Earnings Webinar. We will start with the call with a 60-minutes presentation, starting first with Andrew Kang, followed by Phong Le and then Michael Saylor. This will be followed by a 30-minutes interactive Q&A; session with four Wall Street equity analysts and four Bitcoin analysts. Before we proceed, I will read the safe harbor statement. Some of the information we provide in this presentation regarding our future expectations, plans, guidance and prospects may constitute forward-looking statements, including, without limitation, our guidance with respect to earnings and our KPIs contained in this presentation. Actual results may differ materially from these forward-looking statements due to various important factors, including fluctuations in the price of Bitcoin and the risk factors discussed in our most recent quarterly report on Form 10-Q filed with the SEC on August 5, 2025, and our current report on Form 8-K filed with the SEC on October 6, 2025. We assume no obligation to update these forward-looking statements, which speak only as of today. With that, I will turn the call over to Andrew Kang, the CFO of Strategy.

Andrew Kang: Thank you, Shirish. And I'll start with some highlights for the quarter. We now hold 640,808 Bitcoin or over 3% of all Bitcoin ever to exist. This reinforces the scale and the dominance of our corporate Bitcoin treasury company. We have a market cap of \$83 billion, which positions us among top publicly listed companies in the U.S. And we have four listed preferred securities in the market, STRF, STRK, STRD and STRC. With STRCs or Stretch being the largest U.S. IPO of 2025 so far, and all which continue to grow in liquidity and investor interest each and every day. We've also raised \$19.8 billion in capital year-to-date to acquire more Bitcoin. And our capital markets platform continues to deepen in liquidity and investor interest, and we continue to show positive performance in our Bitcoin metrics, all central to generating long-term shareholder value. Moving on to EPS results. Turning to our Q3 2025 GAAP financial results. We reported \$3.9 billion in operating income, \$2.8 billion in net income and earnings of \$8.43 per share. That's a transformative improvement year-over-year, reflecting a strong performance in Bitcoin, the fair value treatment we now have on our Bitcoin and disciplined capital raising activities. This marks our second consecutive quarter of significant positive GAAP earnings and over \$8 billion in positive earnings in the last four quarters. Next slide. Our results for the first nine months of the year showed \$12 billion in GAAP operating income, \$8.6 billion in net income and earnings of \$27.80 per share, continuing our record-breaking year of performance. Moving on to Bitcoin per share. Bitcoin per share, as we introduced last quarter, measures the accretion of Bitcoin on a per share basis by calculating the ratio between the company's Bitcoin holdings and assumed diluted shares outstanding here represented in Satoshis. Through October 26, our Bitcoin per share was \$41,370 compared to Bitcoin per share of \$39,716 as of July 31. We are consistently accumulating more Bitcoin per share each quarter, the highest of any Bitcoin treasury company, creating direct and measurable value for our shareholders. Next slide. Since adopting our Bitcoin strategy in 2020, we've consistently increased Bitcoin per share. We began with 56,598 Bitcoin per share in 2020. And as of October 2025, that has grown to 200,197 Bitcoin per share, more than a 3.5x increase over that period. We've also grown BTC yield year after year through disciplined capital raises and immediate conversion into Bitcoin on our balance sheet, reflecting a 26%

BTC yield year-to-date. This sustained growth reinforces our ability to deliver Bitcoin yield to our shareholders through market cycles and by continuously executing on our capital markets and acquisition strategy. Next slide. Here, we highlight our year-to-date Bitcoin performance metrics versus our full-year 2025 targets. Year-to-date, we've achieved a 26% BTC yield compared to our revised full year target of 30%. Our year-to-date BTC gain is 116,555 BTC, up from 88,000 at the end of Q2, reflecting disciplined capital deployment and the strengthening of our Bitcoin balance sheet. Our BTC gain performance translates into approximately \$12.9 billion in BTC dollar gain year-to-date compared to our \$20 billion full year goal. Next slide. We now hold 640,808 Bitcoin or \$71 billion, purchased at a total cost of \$47 billion or an average \$74,000 per Bitcoin. And we now hold approximately 3.1% of all Bitcoin that will ever exist. And as in the past, 100% of our Bitcoin remain fully unencumbered. This next slide highlights the transformation of our balance sheet over the past year and the continued strength we've seen through the third quarter. Year-over-year, digital assets grew from just under \$7 billion in Q3 of 2024 to just over \$73 billion in Q3 of 2025, driven by both additional Bitcoin acquisitions and the adoption of fair value accounting at the beginning of the year. The accounting change alone added approximately \$18 billion to our digital assets and \$12.7 billion to total equity at the time of adoption. Quarter-over-quarter, digital assets have continued to climb from \$64.4 billion in Q2 to \$73.2 billion in Q3, alongside steady growth in total equity on our balance sheet, reaching now \$58.1 billion at the end of Q3. Overall, fair value accounting has made our balance sheet more transparent for our investors, while execution in introducing innovative digital credit through our preferred equity IPOs this year has continued to expand shareholder equity and reinforce the company's position as the leading Bitcoin treasury company. Next slide. In Q3, we recognized an increase in our Bitcoin holdings from \$64.4 billion at the end of Q2 to \$73.2 billion at the end of Q3. This increase was made up of \$3.9 billion of fair value gain in our Bitcoin holdings, which was due to the change in Bitcoin price between the first and last day of the quarter and also through the addition of \$5 billion of new Bitcoin added to our balance sheet in Q3. Next slide. As of October 24, our enterprise value was \$98 billion with a market cap of \$83 billion, which is supported by a Bitcoin net asset value of \$71 billion or 72% of total enterprise value. Our \$8.2 billion of convertible debt is equal to just 11.6% of our total Bitcoin NAV and the \$6.6 billion of prefs represent just 9.3% of our Bitcoin holdings. Our annual dividend and interest obligations totaled \$689 million, which is less than 1% of our total Bitcoin, reflecting the efficiency and sustainability of our balance sheet. And our capital structure is built to endure volatility, provide stability, scalability and long-term shareholder confidence. Next slide. We continue to have \$8.2 billion in total notional debt across our converts with all but two that remain in the money with a total weighted average maturity of 4.4 years. The total current notional value of our outstanding preferred equity as of October 24 stands at approximately \$6.7 billion, up from \$6.3 billion as of July 29. Next slide. Our total annual interest and dividend obligations are \$689 million, which consists of \$35 million in interest expense on our converts which is about 42 basis points average cost. And we have \$522 million in dividend obligations from our cumulative preferreds, STRF, STRC and STRK and an additional \$125 million related to our noncumulative preferred STRD. Here, we show we have more than sufficient access to liquidity to manage our total annual interest and dividend obligations through our proven track record of capital raising activities. Our total annual obligations represent only about 1.7% of total capital raised in the last 12 months and only about 2.6% of total common equity raised in the last 12 months. As a measure of our strong financial performance, our fixed obligations represent only 6.1% of year-to-date GAAP operating income. Next slide. Finally, we are extremely pleased with the IRS interim guidance that was issued on September 30, which now excludes unrealized gains from our Bitcoin holdings from adjusted financial statement income for purposes of CAMT. Not only does this important clarification directly benefit strategy, but it also paves the way for other corporations to hold and grow Bitcoin on their balance sheets. We are grateful and appreciative for the support of treasury, IRS, Congress and the administration for aligning on the importance of clarifying the specific rule under CAMT and lifting what otherwise would have been an extremely burdensome rule that would have targeted digital assets. and for continuing to support the growth and innovation of the digital asset economy. I'll now turn the call over to Phong Le, Strategy's President and CEO. Thank you.

Phong Le: Thank you, Andrew. I will go through an update on our capital markets activity, and then I will review the guidance that we provided for 2025. So, first, I want to welcome and invite everybody to join

us in four months in Las Vegas at the beautiful Wynn resort for Strategy World 2026 and our fifth annual Bitcoin for corporations. So hopefully, those who are listening or watching this presentation and have been a fan of strategy software or strategy and our Bitcoin strategy can come out and join us. So, next slide, Shirish. So taking a step back, we used to compare ourselves to other companies that have Bitcoin on their balance sheet. And as you know, with over 640,000 Bitcoin and nearly over 3.1% or nearly 3.1% of all the Bitcoin effort to be created in the world, we found it best to compare ourselves to the largest corporate treasuries in the world. You'll see here with \$71 billion of Bitcoin on our balance sheet, we're fifth when comparing cash and short-term investments and excluding financial services companies. And our aspiration in the next year is to be #2 and the next 5 to 10 years to be #1. And so how do we do that? Next slide. What we've done in the past in the last two years is raise a significant amount of equity and capital through the capital markets. In 2024, we raised \$22.6 million and about 27% of that or \$6.2 million was from the convertible debt market. Year-to-date this year, we've raised \$19.8 billion. And what you can see here is the way we've raised it has changed significantly. We've reduced our convertible debt raises to about 10%, and we've increased our raises through preferreds to \$6 billion or about 30%. And that was all happened -- that has all happened this year. It's really just been since the end of January of 2025 that we've launched our preferred strategy, and it's been very successful so far year-to-date. As we start to reduce our reliance on convertible notes, our plan is to allow those to equitize over time. And based on the earliest potential equitization dates, you'll see here that by 2029, we'll have no more convertible debt on our balance sheet. And instead, what we'll do is we'll start to season the preferred market. You'll see through the course of this year through four IPOs, and as Andrew had mentioned, the largest IPO coming three months ago with STRC or Stretch, we've been able to raise \$6.7 billion through the preferred market. And interestingly, as you look at this, a largest portion of that raise has come from the retail market. The initial offering of Strike had about 4% access or raises through retail. And the latest one stretch had about 23% through retail. Next slide, Shirish. So how do we seize in the market and how do we grow our preferred offerings and raising more capital through our preferred offerings. Three real techniques that you'll see us continue to use. First is distribution. Recently, in the last month, we've seen more brokerages list our preferreds. Robinhood listed each of our four preferreds in the last month, and we've seen significant volume and liquidity through Robinhood. And they listed those as the first ever preferreds on the platform because of demand from other folks that were on Robinhood. We're also going to continue to distribute through wealth management, broker-dealers, RIAs, Morgan Stanley participated in our latest preferred, which gave us significant access to their wealth management channel, retail customers. And we'll start to work with different banks and financial institutions to explore other types of products, potentially ETF wrappers and structured finance products that have our preferreds underlying them. We're doing more and more in terms of field marketing, industry conferences, leveraged finance events where we seek access to customers and buyers who are interested in credit and debt products. We're also doing more and more teach-in, so just feet on the street meeting with financial advisers, brokers, RIAs and family offices. And last is you'll see more digital marketing. You're already seeing us provide some information and advertise some of our preferreds, namely Stretch and social media on X. We plan to have even greater presence on YouTube, traditional media potentially, channels like Wall Street Journal and Bloomberg. We continue to use our strategy.com website and our strategy app, which if you have not downloaded it, I suggest you do so and more and more presence on interviews and podcasts. So these are three different ways we'll continue to create distribution and awareness of our credit instruments. The other area of distribution that we are going to look to access with our preferred credit instruments is international expansion, right? Currently, our products are listed on the NASDAQ and our U.S.-based products, U.S. dollar-based products. But there's a significant access to capital that we can get if we were to, as an example, launch a Canadian product on a Canadian exchange in Canadian dollars, launch a European product on a European exchange, euro or potentially other areas of the world like Asia or Latin America also. And we think by accessing these markets and by providing new products that are similar to our preferred products like Stretch or Strife that we can access even greater pools of capital to provide more funding for us to ultimately buy more Bitcoin that's accretive to our shareholders. We announced this week on Monday that we have now the first ever published rating of a Bitcoin treasury company by a major credit agency. S&P; has assigned us a B- issuer credit rating to

strategy. We think this is a big milestone, not just for strategy and for Bitcoin treasury companies, but a big milestone for Bitcoin in and of itself. There's been a lot of discussion around whether we think this is a good rating or not a good rating. I think it's a solid starting rating. And I think even more importantly, to have a rating, it gives us access to more pools of capital. So what does a B- rating mean? By definition, it means that there's a stable outlook and it reflects the expectation that we'll continue to manage our capital structure prudently and retain that we maintain market access. We are rated under a structure that's a framework that's called nonbank financial institutions. That's a framework that S&P; uses to rate us. And importantly, at this point in time, Bitcoin is -- we don't get any credit for the Bitcoin on our balance sheet when it comes to our rating, it's deducted from our equity. And this drives negative risk-adjusted capital. So what needs to change for the rating to improve? Well, one, I think it's appropriate at some point in time that Bitcoin be treated differently and as a capital asset at full credit, and that would require the risk-adjusted capital or the Basel frameworks to change or for S&P; to change how they look at capital at Bitcoin as capital. And I think that will start to happen over time. We see already other banks seeing Bitcoin as potential collateral. We've seen the U.S. housing agencies suggest that Bitcoin should be collateral for mortgages. So as that starts to evolve, I think the risk-adjusted capital and the Basel frameworks will start to evolve. And I think the S&P; will evolve in its view on Bitcoin. But it's good to have a stake in the ground. I mentioned the potential equitization of our outstanding convertible debt because these are senior to our preferreds and are at the top of our capital structure in terms of seniority. As these start to roll off, that will start to reduce our maturity risk, and that should also improve our rating. And finally, what we've been doing for the last five years, we've demonstrated strong access to capital markets. We demonstrated in 2022, the ability to service our debt during a Bitcoin bear market as we continue to show, improve consistent leadership in this area, we'll start to see a better rating, too. But I'll go to the next slide, and this is probably the most important point about getting a rating because we are now S&P; rated, it gives us access to larger pools of capital than we had before, right? And the unrated credit market is about \$2.8 trillion worldwide. Now we have access to what we call a high-yield rated, right? B- is in the high-yield category, which is a market that's about 3x the size of the existing market that we're in. And over time, our hope is if Bitcoin was to be treated as a true capital on our balance sheet that we would be considered an investment-grade rated company. And when we get to that point, we would be able to access a market that's 11x what it is today. So, in summary, on the S&P; rating, I think it's a good starting point, and it's important that we're rated. And I think an agency like a credit agency like S&P; validates our company, starts to validate Bitcoin as an asset class, and it's a good starting point for us. The other part of S&P;, so their index business has also started to embrace crypto, right? The S&P; 500 has in successive quarters, added Coinbase, then Block, then Robinhood to their index. And we now meet all of the criteria that's required to be in the S&P; 500 Index. We're # 131 by market cap of U.S. publicly traded companies. And unlike the NASDAQ 100 that sets its criteria purely by market cap, S&P; also has some other criteria. I have to be a U.S. company, U.S. listed, which we are. I have to have a minimum of \$23 billion market cap, which we have and 250,000 shares traded each month for six months, which we have. You have to have a last quarter with positive earnings. We've had two now. And some of the last four quarters have to have positive earnings, which we also have. So now that we meet all the criteria, the question we get often is why are we not included? We don't know exactly, right? This is an S&P; 500 process that they don't publish exactly why someone gets added or not. But first of all, we just became eligible in the last quarter and eligibility doesn't mean immediate inclusion, and that's pretty typical. Many other highly successful companies, Tesla and the ones I mentioned here, Block and Robinhood were not included in their first quarter of eligibility. But we hope to access the index in \$13 trillion of capital that tracks the S&P; 500 at some point in time. The other big development that's happened really just in the last three months with the passage of the GENIUS Act and with more and more government clarity on regulations related to Bitcoin and related digital assets is big banks further embracing crypto. Morgan Stanley has dropped their restrictions in which wealth clients can now own crypto funds. In fact, they can solicit Bitcoin-backed securities and including Bitcoin-backed ETFs, and they are recommending as much as, in some cases, 5% to 6% of clients' portfolios owning Bitcoin. They also underwrote our most recent offering, stretch. And as I mentioned earlier, gave us access to the wealth management channel. Citibank recently launched coverage, the first, I'll call it, bulge bracket bank that's launched coverage on

our equity, and they also provide now a price target. And they've announced that they're going to launch crypto custody services next year, which I think is going to be transformative in terms of major banks now custody Bitcoin and other digital assets. Societe Generale, which is a large bank in France, which became the first major bank to launch dollar peg stablecoins and even banks like JPMorgan now are allowing Bitcoin and Ether as collateral with their banks. And I mentioned that Citi has launched coverage on strategy, and they've also given a Bitcoin price target, which is a major improvement. And you'll see here of all the banks that are covering us and all the research analysts that are covering us. There's an average price of Bitcoin for 2025 of \$156,000, average price at the end of 2026 of \$180,000. You'll also see here strong price targets and ratings on all of the banks that are covering. So let me move to 2025 guidance and review the guidance that we provided last quarter and talk through some of the additional guidance that we'll provide this quarter. The first piece is I want to reaffirm the BTC guidance for 2025. This is all assuming a Bitcoin price of \$150,000 at year-end, which is based off of the consensus targets that I just reviewed. We have a BTC yield target at the end of the year of 30% and a BTC gain -- dollar gain target of \$20 billion. And we have activities underway to try to achieve those, which include capital raises and such. As for our earnings guidance, I also want to reaffirm what we communicated three months ago, which is an operating income target of \$34 billion, a net income target of \$24 billion and an EPS target of \$80 at the end of this year, again, all assuming a Bitcoin price of \$150,000. Stretch, which we just launched three months ago, I also want to reaffirm the guidance that we've given on how we think about the dividend rate. If the five-day VWAP of the price of stretch is above \$101, we recommend a rate decrease or potentially a follow-on offering. If the 5-day VWAP is between \$95 and \$99, we'd recommend a 25 basis point rate increase to get the price -- to try to get the price of stretch within our target price range of \$99 to \$101. And if the five-day VWAP is below \$95 at the end of the month, we would recommend a 50 basis point rate increase. And so let me show you what we've done so far since we've launched Stretch and what we will update today as far as our dividend for the next month. So as you recall, when we launched the product in July, we launched with a 9% dividend rate. We increased that to 10% in August. We increased it further to 10.25% in September. And today, we're announcing that effective November 1, we will increase another 25 basis points our dividend and we'll be at 10.5% on November 1 paid monthly. The last guidance I want to talk through is something that's new to this group, which is what we're calling return of capital guidance. And Mike will talk about this a little bit more, but this is a pretty unique feature to all of our preferred equity, which is that the dividends are paid -- the dividends that are paid are taxed as a return of capital. And if it's tax as a return of capital, it means that it's tax deferred until you sell the underlying asset. And so if you hold on to the underlying asset, you can expect that you're paying essentially zero taxes on that. That compares to a qualified dividend, which is at a rate of anywhere between 20% and 35%, depending on the state you live in and the city that you live in, in the U.S. and compared it to an interest income, which is what you would pay on something like a money market or a bank account at 37% to 55%. We call these ROC dividends. It's a pretty unique feature and one that I think is not as clear and it may be lost on folks. But when you invest in our preferreds, for the foreseeable future, you can expect ROC dividends. And so why do we have ROC dividends? It's fairly unique to our company, which is that we have negative taxable earnings and profits, which is a function of the business that we're in, and it's a function of our intent to buy and hold Bitcoin and not sell Bitcoin, where it's negative from a tax perspective and not engage in activities that will result in significantly positive taxable earnings and profits. And our guidance here is that we expect that this ROC treatment continues for the foreseeable future for 10 years or more, and we can impact that guidance, and we can impact our negative E&P; with how we run our business. So the summary here is that our preferred dividends are tax-free or tax deferred and that we expect that to continue for the foreseeable future. It could be 10 years, it could be more than that. So, with that, I want to hand it over to our Executive Chairman, Michael Saylor.

Michael Saylor: Thank you, Phong, and thanks for joining us today. I'm really excited to talk to you about digital capital and digital credit. So let's go to the first slide. The first point that I want to make is that Bitcoin has emerged as digital capital. What is digital capital? Digital gold. Capital is a long-term store of value, Bitcoin is a store of value. The U.S. government has embraced Bitcoin as a store of value, and that means every major cabinet member, and I'm showing them here. And of course, the decision that America is going to be the Bitcoin superpower is an endorsement along with the

President's point that you don't ever sell your Bitcoin. Let's go to the next slide. Wall Street has embraced Bitcoin as digital capital. Now you've got 1.5 million Bitcoin held by the spot ETFs, about \$170 billion worth. The most successful ETF in the history of Wall Street is IBIT. And IBIT has explosively grown even in the past few months. The daily liquidity in IBIT is now approaching \$4 billion or more a day. Open interest in BE has gone to more than \$50 billion in open interest. And so this is wildly successful. Next, public companies have embraced Bitcoin as digital capital. We were the first public holder of Bitcoin, then there were two, then there were four. About a year ago, there were 60. Now there are 200-plus publicly listed companies holding Bitcoin. That's more than 1 million Bitcoin, and it's about \$116 billion in value. I've got a few metrics here on this slide that show just the scale of the Bitcoin market. It's a \$2.3 trillion market cap. It's \$58 billion of daily liquidity, \$76 billion in BTC open interest in the derivatives market, and it's backed by 26 gigawatts of power. That's 26 full-on nuclear reactors. It's -- and the hash rate keeps going up. We're now up to 1,100 exahash. And you have 30% of all voters in the United States that are registered -- of the registered voters that are crypto holders. The industry crypto is \$3.9 trillion, and there's 700 million crypto users and of course, 300 million Bitcoin holders. So this is a global movement at this point. Bitcoin is the capital asset at the center of the entire crypto industry. And it is traded on 1,000 exchanges. Next. Now what do you do with digital gold? Well, what do you do with gold? You issue credit on gold. For 300 years, the Western world ran on gold-backed credit. Bitcoin is digital gold. What we've realized is that the killer application of digital capital is digital credit. And strategy enables a wide variety of securities based on that digital capital. What you can see here is that the baseline is IBIT. IBIT is digital capital in an ETF wrapper, and it's got a 53% annual -- 53% return on average for the past five years. And the volatility is 38% right now. Now what we have done is created four digital credit instruments that strip the volatility and extract or distill the performance out of IBIT. So Strike's volatility is 28%, and it gives you a 9% effective yield and some upside. Stride's volatility is 16%. It gives you a 13% effective yield. Strife's volatility is 14%, and we extracted a 9% effective yield. And of course, what we're doing is we're extracting a certain type of risk or we're mitigating I'm stripping off a bunch of risk. We're extracting a yield. We're damping the volatility. And the largest piece or the greatest piece of financial engineering we've performed is Stretch, which has converted that 38% volatility into 8% and extracted that effective yield of 10%. And of course, as you can see, since we damped the volatility, there is sort of a conservation of energy or a conservation of volatility in the thermodynamic universe. And so where does the volatility go? It goes to the Equity's So -- the volatility that we strip off of BTC accrues to MSTR, of course, the performance and the opportunity that we strip off of BTC also accrues to MSTR. So what you see here is a fairly straightforward financial engineering exercise. We are a structured finance company, and we are starting with a blob of high energy capital, long duration, highly volatile, high performance. We are engineering out different durations, different volatilities, different risk profiles, different performance profiles. We're even transforming it from the BTC currency into the USD or to different currencies. And that is the exercise. Next. Now this chart shows the economic landscape we work in. Here, you see Bitcoin's performance of 53% over five years, almost double the MAG 7. You can see gold performed 15% a year. It's slightly edged out the S&P; at 14%. S&P; is the conventional cost of capital. Real estate is underperforming the S&P; dramatically in this time frame, only up 6% a year. Money market instruments, those short duration treasuries in the U.S., on average, have provided 3% performance a year and mid-dated to long-dated bonds are minus 3%. Strategies equity is plus 83%. And of course, all of our financial engineering is based upon taking advantage of a lower cost of equity and a lower cost of credit and then using that in order to acquire Bitcoin, which then accrues to the benefit of the equity holders. Let's go to the next slide. So let's look at our products, Strike. Strike is structured Bitcoin. It's convertible preferred. So it has some upside via the equity component at 33% of Strike is equity. It has some dividend, an 8% dividend at par right now an effective yield of 9.1%. And then Strike pays ROC dividends, which means they're tax deferred as you step down your basis. And so the tax equivalent adjusted yield is 21.6%. How do you get to that? Well, you take the cost of strike, you subtract the equity component and then you look at the effective yield of the remainder and then you look at the tax adjusted effective yield and you end up getting to 21.6%. So this is a misunderstood security, but it's got very compelling offers because on one hand, it's an indefinite a perpetual duration call option on the stock. And it's also a perpetual dividend. So if you're a very long-term investor that wants the best of

both worlds, some upside, some income. And if you want risk stripped away, well, we've got a BTC rating of 5.2%, which means that Bitcoin could fall by 80% and you would still be overcollateralized. If you bought Bitcoin and it fell by 80%, you lose 80% of your money. If you buy this and Bitcoin falls by 80%, you still keep your money, right? It's a principal protection. And so down here at the bottom, I've got a table, and you can see the effective yield of the things that Strike competes against are 1% to 4%. And so this is a very unique thing. It's really -- it's higher yield, more upside, longer duration than alternative investments. And let's go to the next slide. Stride is our second credit instrument. This is long-duration, high-yield credit. The effective yield is 12.5%. That makes the tax equivalent yield nearly 20%, 19.9%. It's still 4.8x over collateralized. So Bitcoin can still fall by 75%. You're still over collateralized. And it's got a duration of eight years, which is a Macaulay Duration. But really, what you're getting is you're getting the 10% dividend at par perpetually forever. And so if you compare it to the universe it competes against, the effective yield on most high-yield corporate bonds is 6%, and they're taxable, 6.2%. Leveraged loans are 6.8%. They're taxable as normal income. Preferred stock ETF, 6.2%; emerging market debt, 5.6%. So the effective yield of Stride is double, but the tax equivalent yield of Stride is triple. And so you get triple tax equivalent yield with more collateral coverage. This, again, is a misunderstood instrument, but if you're seeking maximum cash flows, right? And if you trust Bitcoin minimally and you trust the company, then this is a very interesting opportunity for you. The next instrument is Strife, STRF. Well, that's long-duration senior credit. It's cumulative, and it's got more protections because there are penalties if the company were ever to suspend a dividend, but -- and it's also more highly collateralized. The BTC rating is 7.5x. So \$7.50 of Bitcoin for every dollar of Strife outstanding. The effective yield is 9.1% because it trades above par. And the tax equivalent yield is 14.4%. So when you look at this against comparable assets, the effective yield is double, the tax equivalent yield is triple and the collateral coverage is 2x to 3x more. This has got a duration of 11 years. It's a longer duration. What that means is that if interest rates move up or move down, there's going to be more volatility on this. If you believe interest rates are going to die, then this is a great thing. You would like a long-duration instrument. If you believe that interest rates are going to go up, then that would be the opposite. You probably wouldn't. Now let's go on to Stretch. Stretch is the highest degree of financial engineering we've engaged in because with Stretch, our goal was to strip the volatility, strip -- compress the duration, convert the BTC into a pure USD yield and then offer that to the investor. So, right now, Stretch is 10.4% effective yield, but that's a tax equivalent yield of 16%. It's just slightly under 6x over collateralized. And of course, it's the lowest volatility. Our goal with Stretch is we want to give everybody something that's competitive with the money market that pays you 10.4%, that is tax deferred. If you walk down the street and you say to someone, do you want a convertible bond, not sure. Do you want a 20-year crypto bond? Not sure. Do you want a crypto junk bond? Not sure. Would you like a bank account to pay a 10% tax deferred? Yes. Yes, everybody wants a bank account to pay some 10% tax deferred, right? Why wouldn't you, right? And so this is -- to be clear, it's not a bank account. It's not even a money market. But we are structuring it to compete with that source of funds. That's what we call a treasury credit. It's for corporate treasurers. It's for your family treasury. It's the money that you probably need to spend in the next 12, 24, 36 months. If you didn't need the money for four years or more, I would say you probably ought to go look at buying Bitcoin. If you don't need the money for a decade, you buy Bitcoin. It's a better deal. But if you need the money in four months or eight months or two years or you have 30% of your working capital that's stable. That's a treasury obligation. And right now, your options aren't great. So here, we're offering 10.4% effective yield, but 16% tax equivalent yield. If you look at bank accounts, they yield nothing. Money markets are 4% in the U.S. So this is 4x better, 4x better than the tax equivalent yield of a money market. Now you'll note, it's more volatile, right? The money markets managed to get down to less than 1% or about approximately 1% volatility. We're still 8% volatility. And I think that's in some part because we're still seasoning. And so we are going to continue to work to get this volatility down below 8% to 7% to 6%. We got to 5% about a week ago. We don't know how low we can get it, but our goal is to make it the least volatile of our credit instruments. Let's go to the next slide. Phong spoke about return of capital. The point that I want to make is ROC dividends have been around -- this is settled tax law since 1910. Return of capital has been around since 1910. You'll find hundreds of companies that have issued dividends that are return of capital. You'll find oil pipelines, natural gas companies, real estate companies, et cetera. We

just happen to have a very compelling business model. The treasury business model allows us to have much greater visibility to return of capital than if you were just a REIT or you were a gas pipeline or something. And so the difference really is it's 0% upfront dividend tax rate versus 20% to 30% or 30% to 55%. And if you got your money in a money market and you live in California or New York City, it's a pretty heavy tax load. And so presumably, New Yorkers or San Francisco dwellers, when they start to look at this, are going to find it to be pretty compelling. The fact that we expect this to continue for the next 10 years means that we're not just announcing that this quarter is a return of capital. We're expecting the next 40 quarters to be return of capital. And I think that's a pretty material thing. Let's go to the next slide. Now all of those credit instruments have one impact. They amplify our Bitcoin exposure. So, right now, strategy has 11% leverage, 21% amplification, okay? Amplification is the leverage that comes from debt plus the improved performance that comes from equity. Our goal, our target as a company is to drive leverage to zero. When we equitize the convertible bonds and if we don't issue any more bonds and we don't intend to, Leverage will go from 11% to 9% to 7% to 5% to 3% to 1% to zero. So our leverage is going to 0. Our target for amplification is to drive the amplification to 30%. So we're going to drive amplification up and drive leverage down. And of course, here, you can see on this chart, if we run at a 30% amplification level, what naturally happens is your 200,000 Satoshi per share become 560,000 Satoshi per share over 10 years. That's a BTC factor of 2.8. That means that we actually perform 2.8x better than an ETF. That is the source of the premium and the equity. That is the value that's being created by the -- the digital treasury model. And of course, the value creation is a function of the amplification. When you increase leverage, you increase risk. But when you increase amplification, you just increase value creation. So if we get to 30% amplification, then we may very well go to 35% or 40% amplification because we're doing it with digital credit and digital credit doesn't have the risk profile of debt. Let's go to the next slide. We are at a historic point. We're kind of at an inflection point, we believe. Our multiple to NAV, mNAV has been trending down and has been trending down over time as the Bitcoin asset class matures, as the volatility decreases. The volatility, by the way, is decreasing in part because of the growth of companies like ours, the maturation of the Bitcoin treasury industry. It's decreasing because of the success of IBIT. It's decreasing because the derivatives market onshore has grown dramatically. The derivatives market in IBIT has gone from \$10 billion to \$50 billion. And so people are using those derivatives to damp volatility, and that's very good for the asset class. It's very good for the industry. In the near term, it's resulted probably in some pressure on our mNAV. But we think that over time, as the credit investors start to understand the appeal of digital credit, they're going to want to buy more, and we're going to sell more and issue more credit. And as the equity investors start to appreciate the uniqueness of the Bitcoin treasury model and especially the uniqueness of our company and our ability to issue digital credit worldwide at scale, we think that, that's going to drive an appreciation of the equity. Next slide. Why am I so enthusiastic about digital credit? Well, there are seven innovations in digital credit that make it better than traditional credit. So I'm going to take you through the seven things. First of all, traditional credit, like a mortgage. Well, it's built on a depreciating house or depreciating warehouse or a traditional credit, it's built on collateral that's a depreciating asset, a bunch of fiat currency, a corporate product, a corporate service, a corporate warehouse, a bunch of hardware, a data center full of NVIDIA chips that are depreciating with a four-year useful life. That is collateral, which is collapsing. It makes it hard to pay a higher yield when you have depreciating asset. But our collateral is Bitcoin, it's digital capital and Bitcoin is an appreciating asset. So whereas \$10 billion of warehouses are most valuable the day they're built, \$10 billion of Bitcoin is only going to get more valuable, not less valuable. And so that digital capital is the first big innovation. Next. The second innovation is we're replacing traditional risk with digital risk. Traditional risk, it's opaque, it's heterogeneous. It's discrete. You own 8,700 houses or you own -- you're exposed to a portfolio of 47 junk bond issuers. And maybe they're fine, but then there's a tariff or there's a trade war or there's a competitive change or maybe there's a strike or maybe an airplane crashes or there's a COVID lockdown. Whenever you have these kind of conventional real-world issues, you have a discrete explosion of risk, a forest fire, an earthquake or a change in a political regime or a change in tax rates or change in customs duties. So traditional risk is opaque, it's heterogeneous, it's discrete. On the other hand, digital risk is transparent. It's homogeneous, it's continuous. You can go to our website and we update the risk model every 15 seconds. And so it is

completely continuous. We update the price of Bitcoin. We update the volatility of Bitcoin on a continuous basis. We update the BTC ratings. You can plug in your statistical models into them. And of course, all the risk is based upon your outlook of BTC ARR, BTC Vol, BTC price and BTC rating. So digital risk is something where you don't have to wait for a year for a credit rating agency to publish a new report. to tell you whether your favorite airline or your favorite restaurant chain is riskier or less risky. With digital risk, you can literally plug into the website and you can recalibrate and calculate your risk every 15 seconds on Saturday morning. And that's a big upgrade. Now there's a third innovation in digital credit. Our third innovation is we don't just -- all credit is not created equal. We don't just issue debt. Debt is credit. Bank deposits are credit. When a bank takes your money, they're creating credit and that -- and your bank account pays you whatever they pay you. When you put money in a money market, it's credit. Of course, junk bonds, sovereign debt, mortgage-backed bonds, they're credit, but they're debt -- and debt and deposits are liabilities. They amplify risk. If there's a run on the bank, people withdraw their deposits, right, you're going to have a collapse of the entire banking system. When the debt comes due, when your three-year note comes due, when you get to month 34, everybody goes crazy and loses their mind because the capital is getting called away from you, right? If you have a bad quarter in the 12th quarter and you've got four-year debt, you amplify risk that the equity collapses people go crazy. What we've done is use preferred equity. It's not debt. Sometimes people think, okay, well, it's a liability. It's equity. It's actually counted as preferred equity is equity on the balance sheet. It's not debt. It's an asset, not a liability. And so therefore, it mitigates risk. How does it mitigate risk? Well, I mean, the first obvious way it mitigates risk is when you sell \$1 billion of bonds, you have to pay them back in five years or seven years or three years. When you sell \$1 billion of preferred stock, you never pay it back. So there's \$1 billion of refinance risk that just goes away. The second way that it mitigates risk is that the dividends are approved by the Board. They're not coupons. You miss \$1 million of coupon payments, you're in default. Whereas if you're short \$1 million of a dividend payment, you can suspend \$1 million, you're not in default. So you could think about preferred equity is permanent capital and shock absorbers. -- to the business model of the company. And therefore, digital credit based on preferred equity is dramatically better than digital credit or credit that's based upon debt or deposits. The fourth innovation is we didn't just issue preferred equity. We issued perpetual preferred equity. Sometimes banks or issuers issue equity, which has got a three-year life or a five-year life or a refinance option or a call option or a put option. That creates some sort of refinance risk or withdrawal risk. But when you have a perpetual equity, it is permanent capital, right? Your bank might have \$100 billion that's overnight money. Someone can take the \$100 billion away from them. You have \$100 billion of debt at your airline. It's going to be taken away from you in three to five years. When we have \$100 billion of preferred equity, we have it forever, like forever 1,000 years. It just goes on and on and on. Perpetual life. When you have permanent capital, you can make indefinite investments. We can buy Bitcoin to hold for 100 years if we have capital for 100 years. When you have a five-year junk bond, you can't make a decision that's going to -- the truth is you have to have decisions that are no longer than like two or three years, because you have to keep rolling them because of the refinance and the withdrawal risk. So the perpetual life of the instruments is the fourth big innovation. The fifth big innovation is that we took these securities public. This is public credit. A lot of times, people sell their credit instruments via 144A offerings to a private market. It's like I sold it to 50 investors and they're traded over the counter. Those are illiquid. They're unbranded. Can anybody name the 17th tranche of bank credit sold by one of the large banks in the U.S. They have CUSIP numbers. They're traded on Bloomberg's between 37 counterparties, and they all know each other. So it's unbranded, it's illiquid. It's local. It's very difficult to buy it even if you wanted to buy it. You would need a professional money manager to even find it for you or buy it for you. When you do, there would be 300 basis point credits or bid-ask spreads, very big spreads. The thing traded last two weeks ago. That's the problem with private credit. Public credit like STRC, it's liquid. I mean it traded nearly \$100 million today in the market. It's branded. It's got a name, Stretch. It's global. You can buy it if you're in the U.K. from your retirement account. It's easy to access. You can buy it on Robinhood. You can buy it on Schwab. And so public securities become public brands. And if you're going to buy a credit instrument, what would you rather have a credit instrument that's traded by 12 funds in Italy that know each other? Or would you rather have a credit instrument that's held by tens or hundreds of thousands

of investors worldwide that all refer to it by the name Stretch. And if it ever gets mispriced or it gets undervalued, they're going to leap in and they're going to put lots of money behind it. When we did the IPO of Stretch, we priced it at \$90. We said we're targeting par 100. There were individual investors that bought \$250 million of that instrument, \$250 million, right? The value of a public security, a public credit instrument is if someone goes wacky, crazy and decides they want to misprice it, there are people that will walk in and they'll buy \$50 million or \$100 million or \$500 million to fix the market because they can. That does not happen in private credit markets. And so public branded global securities are just better. Let's go to the next innovation. Digital creation. Ask yourself, how long does it take for a bank to create \$1 billion worth of home mortgages? How long does it take to issue a 1,000 \$1 million loans? It's very difficult. It's very -- it's slow, it's expensive, it's labor-intensive. So the creation of traditional credit is very hard. The reason that you have banks with 37 floor buildings that have 27,000 people in them is because the creation of credit is expensive and difficult. On the other hand, we can create \$1 million of credit, \$10 million of credit, \$100 million of credit or \$1 billion of credit in 60 seconds on any given trading day. It's all automated. It's efficient, it's instant. So digital creation makes this completely scalable, right? We have a very scalable business model. And you can understand why if someone wanted to buy \$10 billion of commercial credit backed by airplanes, it's kind of hard to create the airplanes to back the \$10 billion. You can't just create the airplanes in 60 seconds. But we can buy \$10 billion of Bitcoin to back \$10 billion of digital credit, and we can do it contemporaneous with the demand. So that's the sixth advantage of digital credit. Let's go to the last point. The last point is traditional credit is taxable, whether it's fully taxable as a debt instrument or it's partially taxable as qualified dividend. Digital credit is tax deferred income, right? We pay ROC dividends. We pay ROC dividends because of the business model, because we have digital capital as the underlying asset because we have a digital treasury company and a digital treasury company business model, we pay ROC dividends and ROC dividends are a profound competitive advantage for the credit issuer and for the credit investor. Let's go on. Next slide. Here, you can see the value of the Bitcoin treasury model. We have created a flywheel. It's a scalable, tax-efficient fixed income generator. You issue digital equity and digital credit that's tax deferred. We pay dividends on that credit. They're tax deferred. We purchase Bitcoin with those proceeds, and we hold it definitely, that's tax deferred, right? So it's a triple tax deferred business model, scalable, new, never been seen in the history of the capital markets. That's why it will take people a while to get their head around it, but it really is a beautiful instrument once you understand it. Let's go to the next slide. This digital treasury model allows us to create a digital credit factory. If you look at the company, what we're doing is we're manufacturing USD yield for credit investors. And we're delivering them that yield in the form of ROC dividends. So we're generating tax deferred dividend yields in USD, and they're giving us capital. We are then buying Bitcoin with that capital. So we are funding the crypto economy. So the crypto economy is the 750 million people that are growing by millions every day that believe in pure global finance and they're engaged in everything under the sun and 1,000 exchanges. So we fund that economy, and they return to us Bitcoin and Bitcoin is 121 million of all of the capital in that economy. And so the credit investors get their yield, we get our Bitcoin and then we're shipping and delivering BTC yield to the equity investors. So the equity investors want to outperform Bitcoin. And so the equity investors get amplified BTC exposure, which you can quantify via BTC yield. The credit investors, they get their USD yield. The equity investors, they're getting tax deferred growth. The credit investors get tax-deferred dividends. It all creates a very powerful feedback loop. And our long-term forecast is Bitcoin outperforms the S&P.; I expect it will go up 30% over a year for the next 20 years. So we're generating BTC NAV growth, and we're generating operating income, and that is tax deferred. And so it's a very powerful business model once you understand it. Let's go to the next slide. If you want to quantify ROC dividends a little bit better, if you actually have a \$100 instrument, \$100 credit instrument that pays you 10% at par, if you reinvest those dividends every quarter and it's a taxable dividend or it's a taxable coupon at 37% tax rate, and that's what a bond would be or a money market or a corporate bond or a junk bond, you're going to have \$187 at the end of the 10 years. If you get that payment in a qualified dividend and you pay a 20% tax rate, you're going to have \$221 at the end of the 10 years, so it's 18% more. And of course, if you receive those dividends as ROC dividends and reinvest the ROC dividends every quarter for 10 years, you're going to end up with \$269 at the end of the period, that's 44% more. So, clearly, ROC dividends

are compelling for the investor, and they get more compelling as you live in a higher tax jurisdiction. And as the tax rates go up, they get even more compelling. Let's go to the next slide. So digital credit opportunities, how do you break this down? Next. This is Stretch versus every other credit instrument in the United States on average. What you can see is stretch is offering 16.5% tax equivalent yield. The hottest thing in traditional credit is private credit, it's 7.6%. Investment-grade bonds, 4.7%; money markets, 4.1%; commercial paper, 3.9%, your bank account, 40 basis points. So what you can see is stretch is offering more than double anything in the traditional credit market, but it looks sort of like 4x better in the U.S. Let's think about all the digital credit instruments. What you see here is that digital credit is simply superior to conventional credit. Like the worst instrument or the lowest yielding instrument we have, STRF, Strife, has a tax equivalent yield of 14.4%. It's double the best thing in the traditional credit market. Stretch is quadruple. Stride is 5x what you'll get from a money market and Strike is even higher after you adjust for the equity component. So you can see these numbers are off the charts, and it's going to take a while for credit investors and for the market in general to adjust and digest this. But we believe that digital credit is the killer app of digital capital. And we believe that the most compelling business model is a digital treasury company built on digital capital issuing digital credit, and this chart shows you why. Now this is the U.S. The U.S. has the highest risk-free rates in the Western world. So let's look at the next chart. What I'm showing you here is the stretch rate, it's our short duration sort of one-month adjusting credit instrument versus the one-month rate for the U.S. dollar. And then let's look at the currency in Australia, it's 3.5%. Canadian one-month rate is 2.7%; Korean won, 2.5%; European 1.9% and falling, Singapore, 1.4%, JPY, the yen is 50 basis points, and the Swiss franc is negative. So what you might take away from this is that we have an opportunity not just in the U.S., but in the Middle East, in Great Britain, in Australia, in Canada, in Korea and everywhere in Europe, in Singapore, in Japan and in Switzerland. And we're studying each of these markets, and we're thinking very hard because we can create a digital credit instrument in Great British pounds or in Canadian or in euros or in Swiss francs. So we create the currency we want. We put the appropriate amount of risk on it. We strip away the duration and then we start selling pure yield. That is the compelling use case. And so are we on a mission? Yes. We're on a mission. We're on a mission to basically give everybody a bank account that yields 10% or in this case, a money market that yields 16.5% tax equivalent, right? We want to change people's view toward money, change their view toward credit. And it's not very complicated to figure out why you might want to do it. And I don't think it will be complicated for people to figure out why they might want to own these instruments. Next slide. So let me just end with an observation. We're in the business of creating digital equity by harnessing digital capital and using the digital capital to create digital credit instruments. So the equity, MSTR is digital equity. If you want amplified BTC because you kind of want enhanced exposure to digital capital and you want exposure to digital credit, then you would buy the equity. The price you'll pay is 62 vol. It will be very volatile. Now the next option you have is Bitcoin. And so let's look at that. If what you want is to strip away the counterparty risk and the currency risk, right? And you want a long-term store value, you don't buy the equity, you buy BTC, and that's 42 vol. Now what if you want a mixture of upside and quarterly income, you would buy Strike, 28 vol. If you just want to maximize your cash flows, then you would buy STRD, 16 vol. And if your idea is you want the highest seniority and the greatest degree of investor protection, then you would go to Strife and you get a lower vol, 14 vol. And then the final option, of course, is if you're looking for stability, simplicity and minimal volatility, you go to a treasury credit instrument, which is STRC, Stretch. And when you put all these things on the same chart, I think it becomes pretty clear what we're doing and why we're doing it. And every one of these instruments is aimed at a different type of investor. we couldn't create the credit without the equity and without the capital. And of course, they're all reflexive, right? The more credit we sell, the better it is for BTC and for the equity. And as the equity appreciates, that's good for the credit, and that's good for BTC. And as Bitcoin appreciates, that's good for the credit, that's good for the equity. So it's a very elegant business. We're very blessed and we feel honored to have the opportunity and couldn't be more excited about it. Let's go to the next slide. So what I would say here is if you're not sure what you want, and you've listened to me so far, then you want Stretch, right? For those people that aren't sure what they think about Bitcoin or how they feel about the company or digital credit or anything, right? The simplest idea is 10.5% dividends paid monthly for those who like money. It's just that simple. You like money, you

trust the company, but you don't understand anything else, you collect 10.5% dividends, they're tax deferred. They're paid monthly. Tell your friends. And I'll just end with our last slide, which is our principles, and I want to remind everybody, our principles are to buy Bitcoin, hold Bitcoin treat all our investors with respect, prioritize the equity, generate positive yield, innovate with fixed income securities, maintain a healthy, robust balance sheet, promote global adoption of BTC as a treasury reserve asset. And I want to thank everybody for your time and also for your support. We couldn't do it without you. Thank you.

Shirish Jajodia: Thank you, Michael. We are now going to proceed to the interactive live Q&A; session of our webinar. I would like to invite all of our Q&A; guests to come on video. And we look forward to hearing your questions. We'll go one at a time. I'll call your names and you can direct your question to the management team. For the first question, I would like to invite Andrew Harte, a research analyst from BTIG. Andrew?

Andrew Harte: Team, thanks for having me on. I appreciate all the details in the presentation as always. So a lot of our investor questions are focused on the company's ability to pay dividends, especially as the preferred equity strategy continues to grow. Can you just shed some additional color and light on plans to fund those dividends? And then if there was a period where the mNAV compressed or was even below 1x, how could that plan potentially change?

Phong Le: Yes, I can cover this one. And Andrew talked about this a little bit earlier. Right now, our dividends and interest on our convertible notes totaled \$689 million annually. And our primary strategy when our mNAV is above 1x is to fund that through ATM issuances. And just to remind everybody, in the last 12 months, we've issued about \$27 billion of equity, which means that, that's about the \$650 million or so is about 2.6% of how much equity we've raised. So we clearly have the ability to raise equity to cover our dividend payments and our interest. The big question is what happens when it becomes dilutive to shareholders to issue equity and when we're below 1x NAV or if we go below 1x NAV, what would we do? And there are other things that we've explored and talked about. We would -- we could sell equity derivatives, we could sell Bitcoin derivatives, and we could sell high basis Bitcoin to cover our dividend needs for our preferreds. What's important when we do those things, and we've talked about it, is we want to preserve the ROC dividends on our preferreds. So we'd have to do them in ways that are avoid positive tax E&P; right? We wouldn't do things like sell equity or Bitcoin derivatives that would cause our E&P; to be above zero. We are able to sell high basis Bitcoin potentially at a loss and cause negative E&P; and offset that with other Bitcoin that would cause positive E&P.; We wouldn't sell the software business. I know there are questions about that because that would cause income and positive E&P.; And so we want to preserve the ROC dividends, the preferable tax deferred treatment of our preferreds. So those are some of the things that we would do in that scenario. We don't anticipate that scenario, but we do have plans in place.

Shirish Jajodia: Thank you. For the next question, I'd like to invite [ Pierre Rochard ].

Unknown Analyst: Thank you for organizing this, and thank you for the invitation. It was mentioned that there would be marketing and advertising around the preferreds. What do you anticipate that expense looking like? And what the return on investment would be for those efforts?

Phong Le: I can cover that. We're just starting to get into this. Actually, you just saw one of our advertisements for those who like money stretch, right? And so we'll start to experiment with paid advertising on platforms like an X or YouTube. I think whatever the expense is, it would be quite minimal compared to the increased inflows that we hope to drive into our preferreds, right? And I think we've gone through in the past, if we're able to raise an incremental \$1 billion in a preferred, we immediately turn around buy Bitcoin, and that's immediately accretive to Bitcoin yield and Bitcoin per share. I don't expect we're going to spend a ton of money upfront. We'll experiment and see what are the right channels and what causes people to wake up and understand the Bitcoin credit machine that we have. And then in addition to just digital marketing, we're out meeting with investors, meeting with potential investors quite a bit now. And I think there's just an about a feet on the street between Mike, myself, Andrew, Shirish, CJ and the entire team.

Michael Saylor: Yes. I would just piggyback on that by saying, I just spent a lot of time in the Schwab studios and recording content to go on the Schwab network. I was in Vegas at Money 20/20. I was in Austin at a credit conference. I'll be in Naples, Palm Beach. I've got a big road show throughout the

Middle East for 1.5 weeks coming up. So there's a lot of outreach. We get invited to speak at a lot of conferences. We also get invited to speak on television, right? So some of the better marketing channels is just go on Bloomberg, go on Fox, go on CNBC. And I think that the difference between what we're doing now and what we're doing a year ago is a year ago, people said, well, what is Bitcoin? Is it going away? And can you sell me on Bitcoin? Now we're beyond the Bitcoin going away. Everybody has embraced it as digital gold. Now when we go on Bloomberg or Fox or CNBC, we're saying, stretch, it's 10.5% dividends tax deferred. You might want to check it out. So we have it -- by the way, you know how I used to say it takes like 1,000 hours to understand Bitcoin or 100 hours to figure this out. It doesn't take that many hours to figure out that something that yields 10.5% tax deferred is better than your existing money market or bank account. So we've got simpler messages, and we're taking them to every channel. We will try TradFi. We don't think we can sell the Bitcoin message in 30 seconds to 70-year-old conservative traditional retirees. But we do think that we can sell Stretch in 15 seconds or 30 seconds to military retirees that want to live happy ever after. And we know this anecdotally because it's happening everywhere we go, everybody we talk to. It's the simplest product for us to explain. It's hard to sell convertible bonds. It's hard to sell 30-year crypto bonds. It's hard to sell Bitcoin to the rank and file, but everybody wants a bank account that pays 10% that you don't have to pay tax on. So we're going to work every possible marketing channel in order to get the word out. And the good news there is we're getting an avalanche of request to speak. Everybody wants to talk to us now, right? So just around the time that everybody wants to interview us, everybody wants to talk to us, we have the simplest message. You can put it in 30 seconds. And so it's a very exciting time for marketing.

Shirish Jajodia: Thank you, Pierre. For the next question, I'd like to invite Mark Palmer, our research analyst from Benchmark.

Mark Palmer: We have already seen the beginnings of consolidation within the digital asset treasury space. Is there a circumstance under which Strategy would step into the market as an acquirer of a Bitcoin treasury company that was trading at a materially lower mNAV in a transaction that would be, by definition, accretive as a means of accelerating its acquisition of Bitcoins.

Michael Saylor: I'll give my opinion, and then Phong can chime in. We've done 84 acquisitions of Bitcoin, and every one of them was homogeneous, transparent, and you could instantly calculate whether it's accretive or dilutive, and they were generally all accretive. And our focus is to do high-speed transparent digital transactions and sell digital credit and buy Bitcoin. And we think that it's a big advantage of the company that the business model is so transparent, predictable, clear. Because the business model is predictable, that makes it easy for the equity analysts to make their decisions. And it also makes it easy for the credit analysts to assess the credit quality. So, generally, we don't have any plans to pursue M&A; activity, even if it would look to be potentially accretive. It might be, but there's just a lot of uncertainty, and these things tend to Stretch out six to nine months or a year. And an idea that looks good when you start might not still be a good idea six months later. And it can be very distracting for the management team while you're either integrating or pursuing those things. So our management team is laser-like focused on selling the four credit instruments that we have and then expanding the reach of our digital credit instruments internationally and, of course, improving the quality of our balance sheet, equitizing the convertible bonds. Those are all the things that we're very excited about. as an operating company, the great thing about operating company is, yes, you have the option sometime in the indefinite future to do something. And if you're walking down the street and there's \$1 billion and you can bend over and pick it up for a nickel, you have the option to do it. And I don't think we would ever say we would never, never, never ever. But what we would say is the plan, the strategy, the focus is sell digital credit, improve the balance sheet, buy Bitcoin and communicate that to the credit and the equity investors. Phong, do you have anything to add on that?

Phong Le: No, I don't have anything to add. I would generally agree with what you said. We've been a software company for nearly 30 years or over 30 years and software technology M&A; is very difficult. There's always something hiding behind what you actually think you purchase. And I think I would say that the same thing is about acquiring Bitcoin treasury companies.

Mark Palmer: Okay. And just one more question. With regard to your intention to tap international markets from a capital raising perspective, is the idea that you would effectively market the same four

perpetual preferred instruments that you currently have, but just to different markets around the world? Or would you be designing new instruments that were specific to those geographies?

Michael Saylor: It will be the latter. We will design -- if we're going into Canada, we would design an instrument that's denominated in Canadian CAD, and we would offer it to Canadian investors on a Canadian exchange. So it will be a native product because if you're the investor there, you don't want to take currency risk. And if we go into Europe, we would create a euro-denominated instrument. So -- and we would offer something that represents everything we've learned from the first four credit instruments. If we could improve it, we would. But primarily, the Europeans want a euro currency instrument in Europe and every international investor does. What we've discovered is a lot of European investors, they can buy the American instruments. So if they wanted a U.S. dollar-based treasury credit instrument, they would buy stretch. And so they can already get to it. In fact, one of the more pleasant surprises I learned is we accumulated a ton of European and British investors in 2020 because they could buy MSTR and they couldn't buy Bitcoin. So our digital credit instruments are already global. If you want U.S. dollar credit instruments, then you're already buying them globally. We think the big unlock is that we can create a digital credit in any currency. We can take JPY risk or we can take euro. We can solve that problem. And there's people that will buy \$1 billion of something if they don't have to take the currency risk and they'll buy nothing if they have to take the currency risk. So our job is to bridge that capital divide. And so when we do it, we'll do it with a native instrument and a native currency on a native exchange that is going to be presumably the most compelling credit instrument in that capital market that anybody has ever seen.

Shirish Jajodia: Thank you, Mark. For the next question, I would like to invite [ Natalie Brunell ].

Unknown Analyst: Beyond Bitcoin price action, can you identify two or three very specific challenges that are serving as headwinds for the growth and performance of strategy and even the Bitcoin treasury industry more broadly? And what actions can be taken to overcome those?

Michael Saylor: I think Phong highlighted some of them in the discussion of S&P; credit ratings issues, right? The fact that Bitcoin is not viewed as capital by the traditional credit ratings industry. So I think the view of Bitcoin as -- and the collateral value of Bitcoin and the traditional views under Basel rules under the rules that govern our banking system, our insurance companies and our credit rating agencies. I think that, that's a structural thing. Like when FASB didn't allow you to recognize gains, but they made you recognize losses, and you didn't -- you had indefinite intangible accounting. That was pretty crippling. I think that we fixed that, and I think that fixing capital risk rules will be a big one. I think the second is banking acceptance, custody and credit banks issuing credit on Bitcoin. So -- we're hearing rumors and we've heard that a number of major banks in the U.S. in the first half of 2026 will start to buy Bitcoin, sell Bitcoin, custody Bitcoin and issue credit and margin lines against the native Bitcoin asset. That will be great for them. That will be great for Bitcoin. That will be great for us. That will accelerate adoption. And so I would say neither of these are things that I would ask for government help for, like we don't need a law to fix it. What we do need to do is lobby the banks, lobby the insurance companies. Maybe I should replace that word with educate, educate the banks, educate the insurance companies, educate the credit rating agencies. And then finally, educate the traditional fixed income investor, the retiree and the corporate treasurer, educate them that there actually now is a better option. And so I think that's what we need to do in order to grow the industry right now, and that's going to be our focus over the next few years.

Shirish Jajodia: Thanks, Natalie. For the next question, I would like to invite Brian Dobson, research analyst from Clear Street.

Brian Dobson: Yes. So you received a credit rating, and I agree that, that's a very important first step to opening doors at pension funds and insurance companies. I know it's very early days, but are you already having conversations with those investors? And if so, what's the feedback? And then as a second part to that question, would you have the preferreds and converts rated separately? I mean I think a lot of investors will probably just infer instrument ratings from the general company rating. But what are your thoughts on that?

Phong Le: I can start on that, Brian. We had before we received a rating conversations with large institutions, insurance companies, pension funds that said that they could not easily without significant capital penalties invest in an unrated instrument and that they were quite interested in the structure of

what we provided, but just couldn't do it. So that was why we went and pursued a rating with a major rating agency is one of the reasons. So I do think this opens up doors to some of the categories that you just mentioned before. And I think it's not going to be an avalanche like tomorrow, but as we go out and market and Mike has discussions and I and Andrew all go out in the market and we start talking to these folks, I think their thought process will certainly change over time.

Brian Dobson: Yes. And then I just wanted to follow up on an earlier question about selling into Asia and Europe. Both of those markets represent or have rather unique regulatory hurdles. I guess how far along are you in those markets?

Phong Le: We're pretty far along. You're right, but that's part of the reason why we need to create products that are very specific. What exchange, is it retail focused? Is it institutional focused? Is it regulated? Is it unregulated? What is the tax regime? Look, what we've done since the beginning of the year with preferreds is we went uphill against a market that wasn't familiar with the Bitcoin back perpetual preferred with a return of capital tax structure. And it took us nine months, and we were able to raise \$6.5 billion or \$6 billion, right? And because we did that, I think we've sort of cornered this market for a good period of time. I think our ability to go understand the regulatory structures, the tax structures, yes, it's harder than in the U.S. But once we've broken through that, that creates a competitive moat for us to be able to offer products that clearly are superior to what's out there. So we welcome the challenge, I guess, is what I'd say.

Shirish Jajodia: Thanks, Brian. For the next question, I would like to invite [ Adam Livingston ].

Unknown Analyst: Congrats on the great quarter and the credit rating. The Japanese Bitcoin treasury company, Metaplanet, has recently announced a share buyback program with the intention of being able to strategically deploy buybacks at times that would increase Bitcoin per share for the equity holders. Would Strategy ever consider adopting a similar program as a means to increase Bitcoin exposure for shareholders if MSTR ever trades below a 1x mNAV?

Michael Saylor: Phong, do you want to start?

Phong Le: Yes, I'll start with that. I don't think there is anything that we wouldn't do that would create incremental Bitcoin yield that increases more Bitcoin per share for our shareholders and preserves our ROC dividends for our preferred holders, right? And so we have an open buyback authorization already. We've done it a long time ago. I think the last buyback we did was 2018 or so. It's not our primary strategy, but it's an option if we were to go down that path. Mike, do you want to add anything?

Michael Saylor: Yes. I would say we're open-minded toward a variety of options. Right now, our preference is to grow the capital base. But if it was compelling enough, we would look at it.

Shirish Jajodia: Thanks, Adam. We have two more questions to go. So for the next one, I will invite Lance Vitanza, our research analyst from TD Cowen?

Lance Vitanza: The 30% BTC yield target for 2025, I'm surprised you maintained it given the recent decel in Bitcoin accumulation. And getting to 30% would seem to require you to raise at least another couple of billion dollars, and we only have 2 months left in the year. You're not going to get there on ATMs alone. Are you currently contemplating a big underwritten transaction perhaps in an overseas market? Is that sort of how you get to the 30%?

Phong Le: Yes. We need to raise roughly \$2 billion in a non-dilutive fashion to -- of capital. And you've seen us do that at quick pace in a short period of time. We have two months left to go. And so we'll be racing and we'll see what we can accomplish, right? We're always working, always trying new things, developing new things and this credit factory that Mike talks about, we're very bullish on. Obviously, we can't say exactly what we're going to do when. But it's two good months, 60 days, right before the holidays.

Shirish Jajodia: Great. And for the last question, I will invite Ben Werkman from Strive.

Ben Werkman: Over the last 12 months, strategy has been extremely successful at building the capital base and expanding the balance sheet using primarily equity in the IPOs from the preferred markets. And over that 12 months, you saw MSTR underperform Bitcoin in a fairly significant manner. Do you guys view the strategic priorities moving forward as focusing more on increasing amplification and less on expanding the balance sheet? And how has this past year informed your go-forward strategy and how you might prioritize the prefs over the common equity moving forward?

Michael Saylor: Yes, that's an open-ended question. So I'll start, and then Phong or Andrew may have

something to add. Clearly, with equity, I would say, if you're going to own Bitcoin you a four-year or longer time horizon, if you're going to own amplified Bitcoin, a company that aims to be more volatile than Bitcoin, you can't have a lower time horizon. So you probably need a longer time horizon. So we manage the company such that we think 10 years from now, we're going to create an insane amount of shareholder value. And that doesn't mean we're looking for 10-year payoff. We're generally thinking if it doesn't return what we expected within four years, we'd be very disappointed. But we never do anything where we demand to get the payback in four months. And so we don't have a four-month time horizon or even a year time horizon. And we think that generally, I would say, if your time horizon is 12 weeks, you should own the STRC, right? You really should go to the short end of the risk curve and the short end of the duration curve because that one we're trying to strip volatility away. And if your time horizon is 10 years, and if you are a Bitcoin Maxi, then maybe you like the equity or you like Bitcoin. The credit instruments, I would say, if we wanted to raise the maximum amount of capital then we could do two things that we don't do. One thing we could do is we could just open up the ATM and we could sell stock at any mNAV, any week all the time. And what you've seen is we don't do that. After the red sweep, when there was a massive enthusiasm, we would sell \$1 billion or \$2 billion or \$3 billion of stock, like \$1 billion in a week or \$2 billion in a week. And so you see we're not shy when the market is strong and the premiums are high. We would go very hard, but you see a lot of weeks where we sell nothing. And we could have sold \$1 billion of equity a week. We chose not to sell any equity. If the equity is weak and it's crashing, it's almost certain. In fact, it is certain we're not the ones doing it, right? We're watching, right? Because our view is we only sell into strength and we only sell in the strength when we like the premium. So we have actively decided we don't want to maximize capital by selling equity. And then I think the other thing is just like we could raise \$1 billion of equity in a few days if we wanted to. I could also pick up the phone and I could raise \$1 billion overnight in debt. If I just said we wanted to do a pipe deal with a debt investor, I would have 12 firms over the weekend. And by Monday morning, we could have raised \$2 billion, \$3 billion, \$4 billion, \$5 billion, \$6 billion. They would be licking their chops and delighted to give us the capital. They would want to be senior to all the other creditors in the capital structure. And what they would do is they would undermine the creditworthiness of the preferred instruments that we actually want to sell. So you could just assume with our \$75 billion of capital right now, we've already chosen not to raise \$20 billion or \$30 billion. We could be \$100 billion, but we'd be \$100 billion and the risk profile -- the leverage wouldn't be 11%, the leverage would go up. And so we actively decided that we don't want to generate leverage, right? We're literally on a path to drive leverage down. We're also on a path -- we've decided we don't want to do deals that don't have positive BTC yield. But more importantly, we're on a mission. The mission is to create the digital credit market. So I think the company has two speeds. Maybe more than two speeds. When we're coasting, when the credit markets don't offer us anything compelling and the equity markets aren't compelling, we are coasting. And in my mind, I think that, that is a \$75 billion company growing 30% a year for the next 20 years. So that is idle. And then I -- for those of you who know me, know I believe in the hippocratic oath, do no harm. And so the risk-free rate, the rate -- the company is going to get to 30% a year for 20 years if we take no risk. So how do we -- what can we do where we feel like it's worthwhile? And of course, if we sell credit, we can take that 30% to 40% or to 50% -- but we have an agenda here. The agenda is not to artfully manage the balance sheet. And it's like if you told me, well, you could issue \$10 billion of junk five to seven years and roll them every year and roll them every quarter, and you could pursue a credit strategy based on debt that gets you a lot more capital and you're continually rolling it, and you would do that with 144A offerings. We could like fire up a \$2 billion 144A offering next week, and we just go do it. But the point is we don't want to be the revolutionary company that adopted digital capital that grew the company with conventional traditional credit. We want to be the revolutionary company that discovered digital capital that then went on to discover and found the digital credit market. And when you're just rolling a bunch of five- to seven-year bonds and when you're opportunistic, then you're careening toward the future with an advantage. I want MSTR to stand for monster. We want to create a monster company. We don't want to Korean toward the future with an advantage. We don't want to be the talented fighter that kind of wins and loses and mostly wins and is a little bit sloppy on disciplined. We want to create the digital credit instruments that are 2x to 4x better than everything in the \$300 trillion market, and we want to eat the world, right? And we want to

sell \$100 billion of them. And after we sell \$10 billion, then \$20 billion and \$40 billion and \$80 billion, when people go, well, aren't you leveraged? We want to say, well, you know actually, our leverage is zero. Wait, what? We have 30% amplification, but we don't have \$100 billion of debt. We have \$100 billion of equity that happens to actually amplify the common equity. Let me educate you on a new way to build the company. So I would say you want to boil that down. It's a very disciplined growth strategy. We would rather coast and have a bulletproof balance sheet and a \$75 billion company growing 30% a year than to stretch for capital or stretch for some kind of yield, but undermine the balance sheet and take on credit risk because someone says, I'll give you \$10 billion tomorrow, and it's senior to STRC, we just created volatility and we crumbled the credit of the instrument that is going to provide a comfortable retirement to 1 billion people. I don't want to be the dude that made a good trade that made \$25 billion or made \$50 billion by trading Bitcoin by using cheap corporate money. We don't want to be the company that made \$25 billion or \$50 billion or a Hail Mary or maybe we lost it by whatever borrowing money, however we can get it to buy Bitcoin. We want to be the company that provided a comfortable retirement to 1 billion people and changed the world, right? We want to change the monetary system. I want everybody to get up in America and say, I'm not getting paid 10% tax deferred from my bank or from my money market. That's not fair. That's an abomination. I'm going to tell all my friends I'm going to -- I'm so mad about it. I'm going to go tell my 100 people that I know. They all need to pull their money out of the money market. They need to buy stretch, and we want to be in a position where we can accommodate that demand. And so what you have is the money that comes easy is always the money that comes with strings attached. And I've learned that over 35, 40 years, and I think the people in the Bitcoin treasury market, they're learning it now. The easy money is the toxic money. What you really want is you want to create a revolutionary new product that solves a problem for \$300 trillion of investors and for billions of people. And you know what, when we sell \$1 billion worth of digital credit, they're giving us the money forever, and we're taking no credit risk. But the quid pro quo is we're giving them 10% tax deferred, right? And so I would rather pay 10% tax deferred and get the money forever than pay 5% and get the money in the form of a junk bond and pay a taxable 5% coupon. Even if you wanted to give it to me. And then, you can see the obvious reason why. The world is full of 50,000 companies that will give you the 5% taxable. How many companies are in the world that will give you 10% gleefully, enthusiastically as a ROC dividend and then do everything in their power to actually issue more dividends. So, for us, the credit is the product, right? The aspiration or the offering is a comfortable retirement to everybody who's a credit investor. That's the offering. If we can do it by selling equity, we will. But when the equity is dilutive, we won't. And we won't do debt because debt is a conventional credit idea. It's a 20th century idea. I think I laid out with my seven differentiators of digital credit, we think that digital credit is an inversion of everybody's value system. Every other credit issuer in the world gets up and says, how do I cripple the credit and pay you the lowest coupon and maximize the advantages to my company. And we get up every day and say, how do we create the greatest credit instrument that pays the highest tax equivalent cash flows that's going to be best for the buyer, right, for the investor. So that's the answer to your question, hopefully.

Shirish Jajodia: Excellent. So this concludes the Q&A; portion of the webinar. I would like to thank all of our analysts for their questions and all the attendees for tuning in live. We had over 25,000 people across YouTube, X live stream and the Zoom webinar. So thank you all for joining in. And I will now turn the call over to Phong for the closing remarks.

Phong Le: I also want to thank the analysts for joining us and being on video and asking questions. I want to thank everybody who watched us our earnings call and all of our supporters and all of our shareholders out there. And I invite you all to join us in Las Vegas, February 23 to 26 at the Wynn resort. And for everybody else, have a great holiday season, and we'll see you in three months at our next earnings call. Thank you.