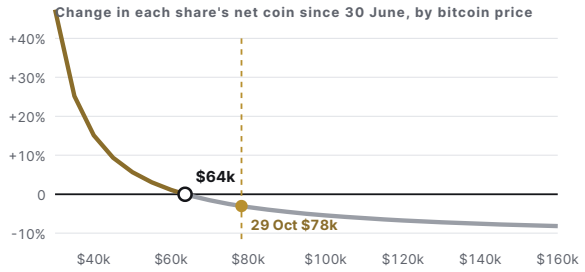
EQUITY VALUATION · BITCOIN TREASURY · MSTR · 29 OCTOBER 2026

Strategy (MSTR) Q3 2026 — Fewer Coins a Share, Fewer Claims Ahead

Strategy's stock rose 76% in the third quarter against 43% for bitcoin, and the company sold $5.41 billion of common stock. It put 11% of that into bitcoin. The rest retired preferred stock and filled a dollar reserve. Each share now holds 11.8% less bitcoin than in June and has 34% fewer dollars of net senior claims ahead of it (debt and preferred, less its dollars and software). Rolled forward on July's method, fair value rises from $94 to $124.79, almost all of it from the bitcoin price. Four changes to the method, each shown with its own effect, net to −$0.18: the preferred and the convertibles at market value, a tax on the unrealized gain, and dilution from employee awards. Fair value is $124.61. The $141.62 close of 29 October is 13.6% above that, a premium of 1.14× to net asset value.

TON618 CAPITAL RESEARCH · AS OF 29 OCTOBER 2026



Fewer coins a share, fewer claims ahead.

Since June each share holds 12% less bitcoin and has 34% fewer net dollars of debt and preferred ahead. Below $64k bitcoin the share came out ahead; at the 29 October price it is 3% behind.

THE PRINT · THE TRADE · THE STACK · THE VALUE · THE RECEIPT · THE TRIPWIRES

In July we valued Strategy at its net asset value, about $94 a share: bitcoin at spot, plus cash and the software business, less the convertible notes and the preferred stock. We gave the preferred-stock franchise no value of its own, because the premium that would make new issuance pay had gone. The third quarter tested that call from both sides. The premium came back, from 1.04 times NAV at the end of June to 1.13 times at the end of September, and the company sold more common stock than in any quarter this year. But it bought little bitcoin with it. It used the proceeds to buy back its 12% preferred below par, build $5.07 billion of dollar assets by 25 October, and sell no new credit at all. This note asks what that trade did to each share, and what $141.62 pays for.

THE QUESTIONS

What this note answers

1. Did the third quarter's 76% rise restart the issuance flywheel, or did the price run ahead of net asset value?
2. Bitcoin Yield turned negative while holdings grew 26% this year: what happened to the bitcoin, and the claims, behind each share?
3. What does the preferred stack now cost each year, how long do the dollars cover it, and where are the strike and wipe-out levels?

4. What is Strategy worth after the print, what moved the number from $94, and what does $141.62 require?
5. What would change our view, in observable terms and on dated tests?

$125

FAIR VALUE A SHARE AT NET ASSET VALUE · BEAR $27 / BASE $125 / BULL $226 (BITCOIN $32,000 AT 0.85×, SPOT AT 1.00×, $120,000 AT 1.20×)

The view. We value Strategy at **$124.61** a share, from $94 in July. On July's method the value is $124.79: the bitcoin price added +$33.57, and the quarter's capital activity together subtracted $2.38 in the order we attribute it. Four method changes net to −$0.18: the preferred at its market value (+$2.46), a 21% tax on the bitcoin's unrealized gain (−$1.16), employee awards (−$0.90) and the convertibles at market value (−$0.57). At the $141.62 close the stock trades at 1.14× its net asset value, 13.6% above fair value. The flywheel did not restart. The common stock sold in the quarter fetched about 0.95× net asset value per share and 0.66× its bitcoin per share. Only 11% of the proceeds bought coin. The rest bought something else: a smaller fixed charge ($1.51 billion a year, from $1.76 billion), 3.4 years of dollar cover, and a wipe-out price of $16,082 bitcoin, from $20,174. The trade added to each share's net coin at bitcoin prices below $63,600 and subtracted above it. The price requires bitcoin at $88,986, +13.8% above the close, for the stock to equal net asset value. Otherwise it requires $7.2 billion for a credit franchise that has sold nothing since June.

1.14×	11%	−11.8%	$63.6k
price over net asset value per share at the 29 October close; 1.04× on 30 June on the like-for-like basis	share of the quarter's $5.41 billion of common stock that bought bitcoin	bitcoin per share, 30 June to 25 October; net senior claims per share −34%	bitcoin price at which the quarter's trade left each share's net coin unchanged

Terms used throughout, defined once. Net asset value (NAV): bitcoin at the market price, plus Strategy's dollar assets and the software business at a comparables value, less the convertible notes and the preferred stock at their market values, and a 21% federal tax on the unrealized gain on the bitcoin. Our fair value is NAV per share at a premium of 1.00×. **Like-for-like basis:** where an exhibit compares two dates (the quarter's bridge, coin per share, the trade, the funding paths, the strike and wipe-out levels), the preferred is at liquidation preference and the convertibles at principal on both dates, no tax is deducted, and the exhibit says so. **mNAV:** price divided by NAV per share. The company's own figure leaves out the software and uses the preferred's notional amount. **Two bars for selling stock.** Above NAV per share ($124.61), new common adds net asset value per share. Above coin value per share (bitcoin held times the bitcoin price, divided by basic shares, $157.10), it also adds bitcoin per share. The note names the bar each statement uses. Both are the company's own: its presentation says that at an mNAV above one, new stock that buys bitcoin "would be expected to increase Net Bitcoin Per Share", and its BTC Yield measures the gross bitcoin per share. **Net coin per share:** NAV divided by the bitcoin price and the share count, the bitcoin each share would own after every senior claim. **USD assets:** the company's USD Reserve plus USD Cash. **BTC Yield:** the company's percentage change in bitcoin per assumed-diluted share, a measure that, by the company's own description, does not deduct the senior claims. **Shares:** basic class A and B shares, including those sold after the balance-sheet date, plus employee options and stock units by the treasury-stock method (425.4 million in all). All six convertible notes are out of the money at this price, so none is counted as converted in the base case.

THE CASE FOR THE PRICE

The case for the price, in the company's terms

Strategy's case starts from its balance sheet. The release says the company "returned STRC to health" by buying back STRC and growing its USD assets. Net leverage is 2.38%, from 8.4% in the second quarter, on its own measure: debt less USD assets, over bitcoin. USD assets of $5.07 billion cover 3.4 years of interest and dividends, a coverage period the company says rose nearly seven times from its May low. On the company's arithmetic bitcoin could fall to $17,662 before the coin alone stops covering the debt and preferred net of those dollars. STRC, the flagship preferred, closed at $99.99 on 29 October, a cent from its $100 stated amount, after 20.98 million shares were bought back at an average $97.39. From 1 November STRC pays a dividend for every calendar day. The release adds that distributions on its preferred equity instruments are expected to be return of capital for tax purposes "for the foreseeable future (i.e., ten years or more)", which raises their after-tax yield for a taxable holder.

The forward claim is that this foundation lets credit, not equity, do the buying. The company's stated objective is "Doubling BPS in 7 Years Through Digital Credit": bitcoin per share up about 10.4% a year. On the call Michael Saylor

said the company could create $10 billion to $30 billion of digital credit now, with its existing capital structure, without raising more equity and without bitcoin rising. Its own hurdle is that bitcoin must rise 10.6% a year for that credit to add value to the common, and 2.2% a year to cover the dividends from the coin. The premium is the market's price for that option. The company's chart shows median daily mNAV of 2.28× in 2021, 2.57× in 2023 and 2.60× in 2024, against 1.15× now. The record behind the objective is long. On the company's own measure, bitcoin per share compounded about 23% a year from the end of 2020 to 25 October, from 56,598 to 187,753 sats. From bitcoin's all-time high in October 2025, the company's holdings rose 33% to 25 October while the price fell 35% to 23 October. This note tests the last four months of that record, not the six years. Michael Saylor wrote in the release: "We're at the beginning of the next bitcoin bull market." Read this way, $141.62 is cheap: a credit engine about to restart, on a balance sheet now built for a downturn.

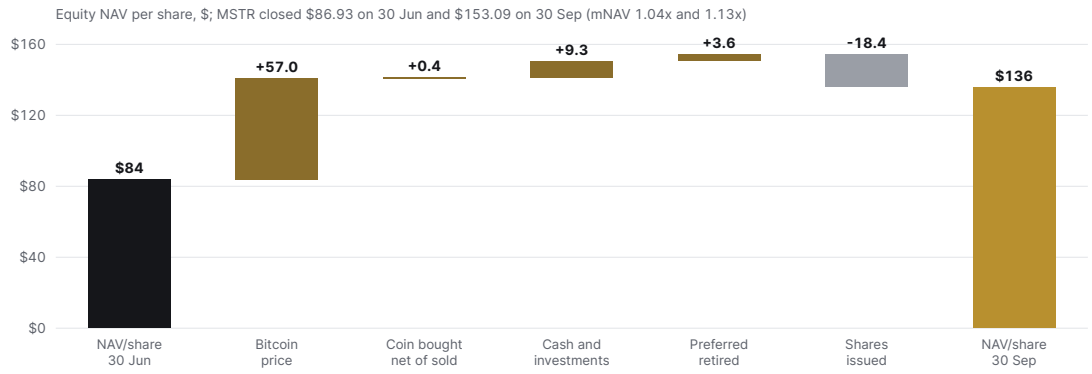
This note tests three of these claims. First, whether the quarter's issuance added bitcoin per share (it did not; §1, §2). Second, what the repair cost the common and what it bought (§2, §3). Third, what the premium is paying for (§4). It cannot test the claim on which the case finally rests: whether bitcoin will beat the 10.6% hurdle over the years the credit is outstanding. That is a forecast of bitcoin, and the house does not make one. It is carried as scenarios and as the tripwires in §6, not as a verdict.

THE PRINT

What the quarter did: the price outran bitcoin, not net asset value

The release reports operating income of $20.91 billion for the quarter and diluted earnings of $44.75 a share. Almost all of it is the $20.91 billion fair-value gain on bitcoin. Software revenue was $125.4 million, down 3%, at a 71% gross margin. Bitcoin rose 43% between the quarter-end prices, and MSTR rose 76%. The gap between the two has two sources, and the filed balance sheets separate them.

EXHIBIT 1 — NAV PER SHARE, 30 JUNE TO 30 SEPTEMBER: BITCOIN, THEN THE CAPITAL ACTIVITY



How to read it. Dollars a share, from the 30 June and 30 September balance sheets, on the like-for-like basis (preferred at liquidation preference, convertibles at principal, no tax; cash here includes short-term investments; bitcoin at the quarter-end prices). The black bar is NAV per share on 30 June. Each bar after it adds (gold) or subtracts (gray) one factor in the order shown. The gold bar is NAV per share on 30 September. Compare the first step with the last four together. The one thing it shows: the bitcoin price added +$57.04 a share, and everything the company did with its capital together subtracted $5.10 at the September price.

NAV per share rose 62%, from $83.91 to $135.86: more than bitcoin's 43%, because the common is a geared claim on the coin. The premium, mNAV, rose 9%, from 1.04× to 1.13×. So most of the 76% came from NAV and a smaller part from the premium. The price did run ahead of net asset value, but by about a tenth, not by the gap to bitcoin.

The flywheel is a different question: did issuance at a premium turn into more bitcoin per share? It did not. The company sold $5.41 billion of class A stock and no preferred. Shares outstanding rose from 371.6 million to 422.0 million, or 13.6%, in one quarter. About 50.4 million shares were added in all, including a small number from equity awards, at an average $107.35. At the quarter's average bitcoin price, $71,171, NAV per share on June's balances was $112.70. The common was therefore sold at roughly 0.95× NAV, and at 0.66× its coin value per share. Below 1.0× coin value, a dollar

of new stock buys less bitcoin than the share it creates already owns. Every coin bought with it lowers bitcoin per share. The proceeds went elsewhere:

WHERE THE QUARTER'S COMMON STOCK WENT	AMOUNT
Common stock sold (net proceeds)	$5.41 billion
Bitcoin bought with it (7,218 BTC)	$588 million (11%)
STRC bought back in the quarter (trade date; year to date $2.04 billion less October)	$1.38 billion
Increase in cash and short-term investments (to $5.91 billion)	$3.46 billion
Bitcoin sold, for dividends ($239.9 million) and STRC buybacks ($108.6 million)	$349 million (5,552 BTC)

The rows do not sum to the proceeds: bitcoin sold and interest earned came in, and dividends and interest went out.

At the 29 October close the stock trades at 1.14× NAV on our definition (1.16× on the company's, which leaves out the software and the tax and uses the preferred's notional amount; management cited 1.15× at the 23 October close). So the price clears the first bar: common sold at it adds net asset value per share. Market capitalization over the bitcoin alone is 0.90×. Coin value per share is $157.10, 11% above the price, so the price does not clear the second bar: common sold at it still lowers bitcoin per share. The answer to the first question: the price ran modestly ahead of net asset value (the quarter's figures above are on the like-for-like basis), and the flywheel did not restart. The quarter's issuance was not bitcoin accumulation. It was a balance-sheet repair paid for in common stock.

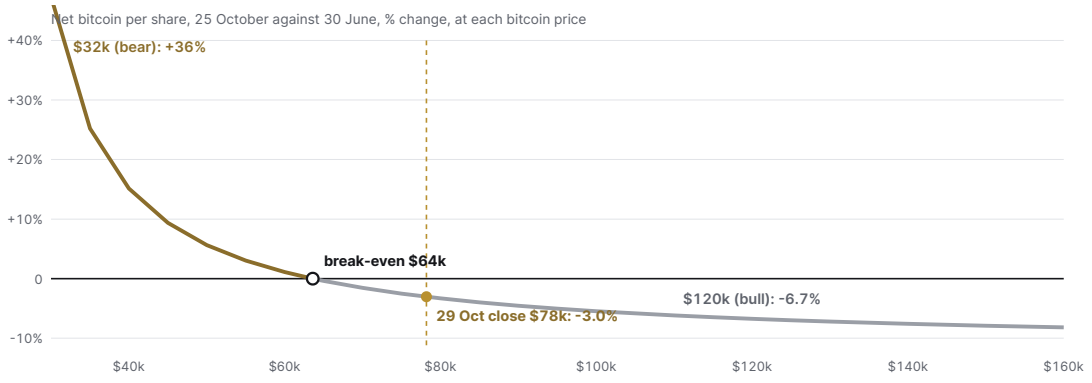
⇄ THE TRADE

The trade: bitcoin per share for claims per share

The company's own measure records the cost. BTC Yield was −7.8% from the second-quarter print to 25 October. Year to date it fell from +4.5% to −3.7%, at 187,753 sats a share on about 452 million assumed-diluted shares. On basic shares the fall is larger. Each share held 227,662 sats of bitcoin on 30 June and 200,910 on 25 October, −11.8%. Holdings grew 0.3% over those four months and basic shares 13.7%.

That is half of the trade. The other half is what sits ahead of each share. Convertible principal and preferred liquidation preference, less dollars and the software value, came to $49.33 a share on 30 June and $32.31 on 25 October, −34%. The preferred buybacks and the reserve did that. The common now owns fewer coins, with fewer dollars owed ahead of it. Whether the share came out ahead depends on the bitcoin price at which the claims are counted. A fixed-dollar claim is a smaller bite of the stack when bitcoin is high and a larger one when it is low.

EXHIBIT 2 — NET COIN PER SHARE, 25 OCTOBER AGAINST 30 JUNE, AT EVERY BITCOIN PRICE



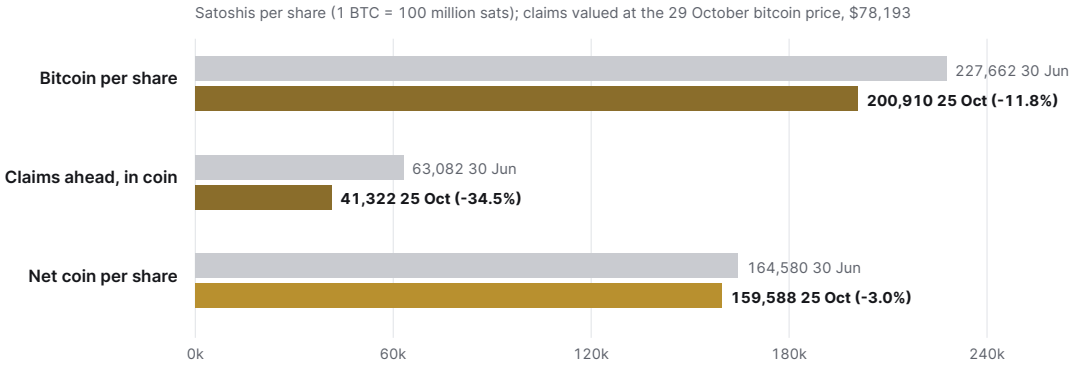
How to read it. Percentage change in each share's net coin on the like-for-like basis (bitcoin per share less the senior claims per share, converted to bitcoin at the price on the horizontal axis), from the 30 June balance sheet to the 25 October disclosures. The same price is used for both dates, so the line isolates what the company did, not what bitcoin did. Gold is where the share gained, gray where it lost; the gold marker is the 29 October close. Read the height at any bitcoin price. The one thing it shows: the trade gains as bitcoin falls, crosses zero at $63,600, and costs 3.0% at the 29 October price.

$63.6k

the bitcoin price at which the quarter's trade left each share's net coin unchanged. Below it, the buybacks and the reserve added coin per share; above it, the dilution cost more than they returned

At $78,193 the trade cost each share 3.0% of its net coin, 164,580 sats to 159,588. At $32,000, the bear case's bitcoin price, it added +36%. At $120,000, the bull case's, it cost 6.7%. The company bought insurance against a fall in bitcoin and paid for it in the coin that would compound in a rise. The Q2 note's question was whether the preferred stack could be carried through a drawdown. The company's answer is to shrink it and pre-fund it, and that is a defensible choice for the credit. The cost of the choice falls on the common, and the cost grows the further bitcoin rises.

EXHIBIT 3 — BITCOIN, CLAIMS AND NET COIN PER SHARE, 30 JUNE AND 25 OCTOBER



How to read it. Satoshis per basic share (100 million sats = 1 bitcoin), on the like-for-like basis. Gray bars are 30 June, colored bars 25 October; the percentage is the change. The middle pair converts the net senior claims per share into bitcoin at the 29 October price. The bottom pair, net coin per share, is the top pair less the middle pair. Compare each pair's lengths. The one thing it shows: the share gave up 11.8% of its bitcoin to cut the claims ahead of it by 34%, and at today's price the net is −3.0%.

The path from here, with no bitcoin return assumed. Hold the bitcoin price, the share price and the premium where they closed, and fund the $1.51 billion annual fixed charge four ways. From the reserve, as the company now does, bitcoin per share holds flat and NAV per share falls 2.9% a year, the charge leaving as dollars. With new common at $141.62, bitcoin per share falls 2.5% a year. With bitcoin sales it falls 2.3%. Repeat the third quarter's pattern for a year ($5.41 billion of common a quarter, 11% of it to coin) and NAV per share edges up +1.5%, because stock sold above NAV adds to it. Bitcoin per share falls 24%. No funding path raises gross bitcoin per share at this price; issuing above NAV does raise NAV per share, which is the other bar. Doing so takes common sold above coin value, $157.10 a share today, or preferred sold to buy coin. Preferred-funded coin raises the company's measure at once, but it adds no net coin per share when it is issued, because the new claim offsets the new coin. It adds net coin only if bitcoin then rises faster than the coupon, and that is a forecast of bitcoin. The company's objective of doubling BPS, about 10.4% a year, rests on the second route. Phong Le described the plan on the call: digital credit is the primary way to acquire bitcoin, and the idea is to issue common stock above 1x mNAV to pay the dividends and interest on that credit. At 1.14× on our basis (1.16× on the company's) that common would be sold above NAV but below coin value. On its own, the dividend leg is the "new common" path above: bitcoin per share falls 2.5% a year at today's prices. The credit leg's coin raises bitcoin per share when it is bought, and raises net coin per share only if that coin outruns its coupon. Since June the company has not issued any preferred.

THE STACK

The stack: a smaller fixed charge, pre-funded, at lower strike prices

The buybacks changed the cost of the stack as well as its size. Strategy has bought back 20.98 million STRC shares this year at an average $97.39, retiring $2.10 billion of notional at about a 2.6% discount. At a 12% coupon on $100, each buyback retires a claim yielding 12.3% at the purchase price, while the quarter's interest income earned about 4.5% annualized on the company's cash and short-term investments. Those buybacks removed $252 million a year of dividends. At the preferred's notional amounts on 25 October ($13.35 billion, the company's figures by series) and its stated rates, the preferred stack costs $1,007 million a year for STRC and $468 million for the other four series. With $35 million of convertible interest, the total fixed charge is $1.51 billion a year. That is $3.57 a share, against the $1.76 billion management gave in July and the $1.55 billion the June note used. In bitcoin it is 19,300 coins a year, 2.3% of the stack at today's price, from about 3.3% in July.

THE STACK AT 25 OCTOBER	JULY NOTE (Q2)	THIS NOTE	WHAT MOVED IT
Preferred, liquidation preference	$15.46 billion	$13.40 billion	20.98 million STRC shares bought back; no preferred sold
Preferred at market value (valuation basis)	—	$12.37 billion	29 October closes; STRK and STRD near $70
Convertible principal	$6.71 billion	$6.71 billion	Unchanged; the 2028 notes now sit in the current portion of debt ahead of the September 2027 put
USD assets	$3.75 billion	$5.07 billion	USD Reserve $4.83 billion + USD Cash $242.4 million
Annual fixed charge	$1.76 billion	$1.51 billion	Buybacks; rates unchanged (STRC 12.00%)
Coverage by USD assets	2.1 years	3.4 years	Company: 3.4 years
Wipe-out bitcoin price (common worth nothing)	$20,174	$16,082	79% below the 29 October price
Strike (coin alone covers debt and preferred)	$26,277	$23,710	70% below the 29 October price

The wipe-out and strike use liquidation preference, the claim that binds in a liquidation. The wipe-out price counts the dollars and the software against the claims. The company's own floor, $17,662, counts the dollars but not the software. Third-quarter preferred dividends were $419.6 million, from $400.7 million in the second quarter: the July STRC rate increase arrived before most of the buybacks. The annualized charge above is the forward figure at today's share counts.

Two features of the stack changed without changing its cost. From 1 November STRC has a dividend record date on every calendar day, and STRF, STRK and STRD follow on 1 January 2027. The 29 October 8-K states that the change "does not increase or decrease the total amount of regular dividends payable". It changes when the reserve pays, not how much. The return-of-capital guidance rests on the company not expecting positive earnings and profits, a regular-tax measure, for ten years or more. Separately, the Q2 10-Q says that under Treasury's interim guidance of September 2025 the company plans to exclude unrealized bitcoin gains when computing income for the corporate alternative minimum tax, and does not expect to become subject to that tax because of them. Neither change enters the NAV.

Whether STRC stays at par at 12% is the question of *The Last Moat Is the Coupon* (17 August), and its tripwire is scored in §5. One point bears on this note's valuation. Par has been held this autumn by buybacks paid from USD Cash, as three of the four October 8-Ks state and the fourth's balances show. On the quarter's sources and uses, our inference is that the cash came from the common sold in the third quarter. No new STRC was sold. A preferred franchise has value to the common only when new preferred can be sold at a cost below what the bitcoin it buys earns. So far the franchise has been supported, not sold.

THE VALUE

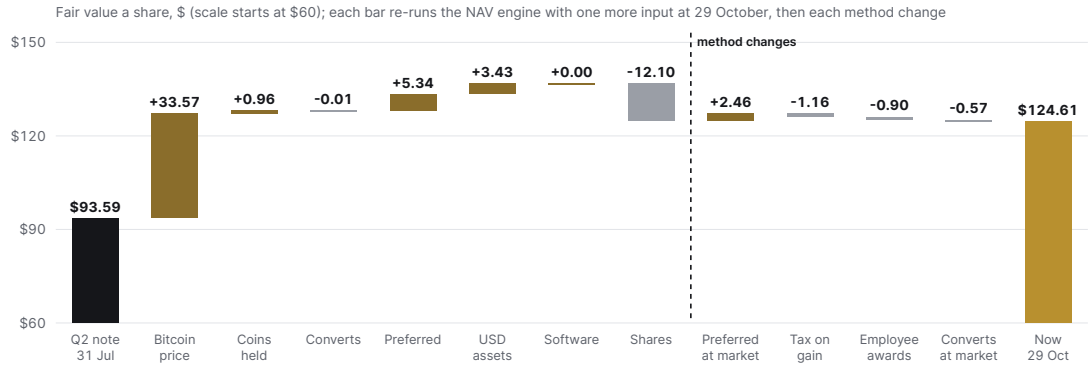
What Strategy is worth after the print, and why the number moved

June and July valued Strategy at NAV at spot bitcoin, the software at $1.4 billion, the convertibles at principal and the preferred at liquidation preference, on basic shares, at a premium of 1.00×. That engine on its own inputs reproduces July's table value of $93.59, published as about $94. Rolling each input to its 29 October value, one at a time, gives $124.79. This update then changes four things in how the value is measured, each its own row below and each argued after the table. The house carries no presumption in favor of the earlier method.

FACTOR	KIND	$ A SHARE	FAIR VALUE AFTER
Bitcoin price $62,875 (31 Jul) → $78,193 (29 Oct close)	market	+33.57	127.16
Bitcoin held 843,775 (26 Jul) → 848,517 (25 Oct)	balance-sheet	+0.96	128.12
Convertible principal $6.71bn → $6.714bn (six series, unchanged in Q3)	balance-sheet	-0.01	128.11
Preferred liquidation preference $15.46bn (30 Jun) → $13.40bn (25 Oct): 20.98M STRC repurchased	balance-sheet	+5.34	133.45
USD assets $3.75bn (late Jul reserve) → $5.07bn (reserve $4.83bn + USD Cash $0.24bn)	balance-sheet	+3.43	136.89
Software stub $1.4bn (unchanged; revenue -3%, 71% gross margin)	balance-sheet	+0.00	136.89
Shares ~385M (Q2 estimate) → 422.3M (30 Sep 421.98M + 0.36M October ATM shares)	shares	-12.10	124.79
Method: preferred at market value (29 Oct closes; STRE indicative) $12.37bn, not liquidation preference $13.40bn	method	+2.46	127.25
Method: 21% tax on the unrealized gain (spot value less the $64.02bn tax cost), $0.49bn at the anchor	method	-1.16	126.09
Method: equity awards by the treasury-stock method, +3.04M shares	method	-0.90	125.19
Method: convertibles at market value $6.96bn, not principal $6.71bn	method	-0.57	124.61
Fair value 93.59 → 124.61		**+31.02**	**124.61**

Each row re-runs the same NAV engine with one more input at its 29 October value, in the order shown; sources for each row are in the model workbook's Attribution sheet. The Q2 configuration reproduces its table value of $93.59 (published as about $94) before any change. Kinds: market (the bitcoin price), balance-sheet (filed holdings, claims and cash), shares, and method (how the value is measured; argued below the table).

EXHIBIT 4 — FROM $94 TO TODAY'S FAIR VALUE, ONE FACTOR AT A TIME



How to read it. Dollars a share; the scale starts at $60. The black bar is the Q2 note's fair value. Each bar after it adds (gold) or subtracts (gray) one input moved to its 29 October value, in the table's order; the bars after the dashed line are the method changes. The last bar is the new fair value. Compare the first step with the rest. The one thing it shows: bitcoin's move from $62,875 to $78,193 carries the whole increase; the preferred buybacks and the larger dollar reserve added +$8.77, and the shares sold to pay for them took $12.10. The four method changes after the dashed line net −$0.18.

The order matters for the capital rows, and the note states it rather than choosing the flattering one. Taken first, at July's bitcoin price, the capital activity since the Q2 note adds +$0.43 a share. Taken after the bitcoin move, as above, it subtracts $2.38. This is §2's crossover in dollar terms: the repair is worth more per share the lower bitcoin is. Both orders are on July's method.

What changed in the method, and why.

- **The preferred at market value, not liquidation preference (+$2.46).** A perpetual preferred never matures. Its value to its holders, and so the claim it takes from the common while the company runs, is the present value of its dividends at the market's required yield, which is its price. Liquidation preference binds only in a liquidation, and the common is worth nothing in one only if the claims exceed the assets. The company itself retires preferred at market prices, as the STRC buybacks at $97.39 show. On the 29 October closes (STRF $102.67, STRC $99.99, STRK $70.22, STRD $70.52) and STRE's indicative €78.88 in the company's presentation, the stack is worth $12.37 billion against $13.40 billion of liquidation preference. Liquidation preference stays where a liquidation is the question (the strike and wipe-out) and in the like-for-like exhibits. The scenarios keep it too, because no preferred prices exist for those bitcoin prices.
- **A 21% tax on the unrealized gain (−$1.16).** At spot the bitcoin is worth more than its $64.02 billion cost, and a sale would be taxed at the federal rate. The note deducts $0.49 billion at the anchor, and the same rule at each scenario's price: zero in the bear case, below cost, and $7.9 billion in the bull case. No credit is taken for a loss. This replaces the earlier sensitivity that deducted the 30 September deferred tax liability at the 29 October price. The rule is a liability on a sale; the minimum tax is a separate question (§3). On a going-concern view the tax would be discounted for coins the company does not expect to sell. The house deducts it in full because selling is now policy: the company sold bitcoin in each of the last two quarters (5,552 coins in the third), and its board has standing authority to sell bitcoin to fund dividends, buybacks and the reserve. Without the tax, holding the same three converted series, the bull case is $247.52.
- **Employee awards (−$0.90).** Options in the money at $141.62, by the treasury-stock method, and the stock units outstanding at 30 June add 3.04 million shares. The third-quarter 10-Q will refresh the count.
- **The convertibles at market value (−$0.57).** With the preferred at market, leaving the convertibles at principal would value the two claims on different bases. The company's presentation prices the six series at 23 October (from $90.88 to $125.16 per $100), which gives $6.96 billion against $6.71 billion of principal: four series trade above par on the value of their conversion option, two below. A model of each series, a bond floor of $6.01 billion (2-year Treasury 4.67% plus an assumed 3-point credit spread, to each put date) plus options worth $0.93 billion (Black-Scholes at the stock's one-year realized volatility, 81%), gives $6.95 billion, a close cross-check. The prices are from a day the stock closed $4.39 higher, which overstates the option value slightly.

One adjustment was checked and not made. The 30 September dividends payable ($136 million) were paid from the USD Reserve in October (8-Ks of 5 and 19 October), so the 25 October USD assets are already net of them. Dividends accrued since then sit in the preferred prices, which trade with the accrual.

Scenarios. The June note's three pairs of bitcoin price and premium are kept, applied to today's balances and share count, as brackets rather than forecasts. $32,000 is 74% below bitcoin's closing high of $124,824 (6 October 2025), a shallower fall than the 77% and 84% falls from the 2021 and 2017 highs on the same daily closes. $120,000 is 4% below that high. The bull is not set the same way. On the same closes each cycle's high has exceeded the one before, the last by 1.85× (and the one before by 3.4×), so $120,000 is a bracket near the last high, not a cycle-high case. Above the tax cost each further dollar of bitcoin adds 79 cents of NAV. 0.85× and 1.20× bracket the premium's readings since July: 1.00× at the Q2 note, 1.13× at 30 September on the like-for-like basis and 1.14× at the 29 October close. The tax is deducted at each scenario's bitcoin price, and the outer scenarios carry the preferred at liquidation preference and the convertibles at principal, because no prices exist for those bitcoin prices. In the bull case the three convertible series in the money at that value are treated as converted, which takes it from $226.35 to $225.87. Probabilities are left out, as before, because any weighting would be a bitcoin forecast.

SCENARIO	BITCOIN	MNAV	FAIR VALUE A SHARE	Q2 NOTE
Bear	$32,000	0.85×	$27	$22
Base	**$78,193**	**1.00×**	**$125**	**$94**
Bull	$120,000	1.20×	$226	$263

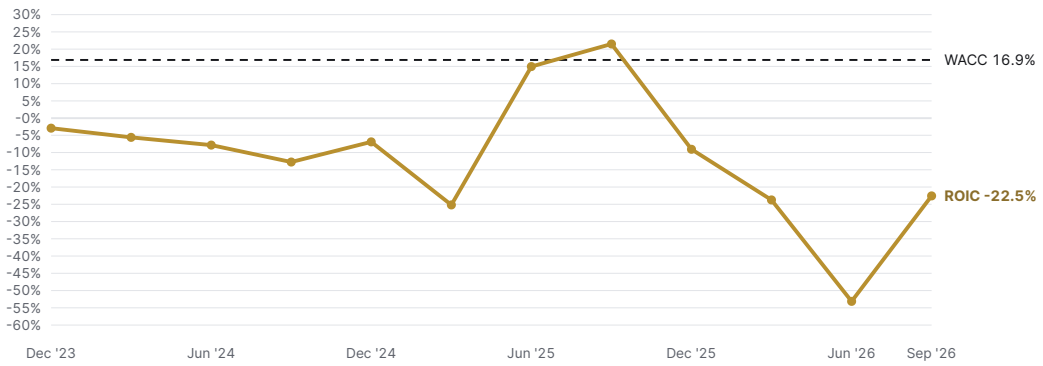
The bear case is higher than in July because the claims ahead of the common are smaller. The bull case is lower because there are more shares, a tax on the larger gain and three series converting. That is the trade of §2 in scenario form. The bull case keeps June's 1.20× premium although the company's chart shows median premiums of 2.28× to 2.60× in past bull years (on its own basis, which reads about 3% above the house's today). At 2.28× (2021) applied to the house NAV (the bull case's basis), $120,000 bitcoin gives about $430 a share, and today's bitcoin price gives $284. The house keeps 1.20× because a premium has value to the common only through issuance above NAV that is turned into bitcoin. In the third quarter the common sold at about 0.95× NAV (like-for-like) and 11% of it bought bitcoin, and the company names credit, not equity, as its next engine. Tripwires 2 and 3 are the observable route back to those premiums. The scenarios otherwise hold today's share count. At the bull case's price ($226) the stock would still be below its coin value (about $241 a share at $120,000), so stock sold there would still lower bitcoin per share; the frozen share count does not understate the bull case on that count. At 1.20× it would be above NAV, though, so on the value bar stock sold there would add NAV per share, and the frozen share count understates the bull case's value. A 10% fall in bitcoin takes fair value down 11.6%, to $110.16, and a 10% rise lifts it 9.9%, to $136.93. The claims ahead of the common are fixed in dollars, which gears the fall. The tax takes 21% of each further dollar of gain, which damps the rise.

Sensitivities, one at a time (fair value a share against $124.61):

INPUT CHANGED	FAIR VALUE	NOTE
Preferred at liquidation preference ($13.40 billion), July's basis	$122.17	The claim in a liquidation
Preferred at the company's notional ($13.35 billion)	$122.31	STRE translated at the deck's EUR/USD
Software at zero / at $2.8 billion	$121.32 / $127.90	$1.4 billion carried from Q2; revenue −3%
No tax on the unrealized gain	$125.76	The base deducts $0.49 billion at the anchor. The company's 5 October 8-K estimated a $1.88 billion net deferred tax liability on its bitcoin at 30 September, at that day's price
Convertibles at principal ($6.71 billion), July's basis	$125.19	The claim at maturity or put
Convertibles at bond floor plus option ($6.95 billion) instead of the 23 October prices	$124.64	Model cross-check; the 10-Q's fair value replaces the prices (tripwire 1)
Share count on the company's assumed-diluted basis (~452 million), converts still deducted as debt	$117.29	Counts converts twice; a floor, not an estimate
Bitcoin at the release's $81,200 (23 October)	$129.35	
Bitcoin at $76,975 (brokerage mark, 9:08 p.m. ET 29 October)	$122.69	One data point
Cash and short-term investments at 30 September less October buybacks, instead of USD assets	$125.01	

On the stack checker. The house DCF checker (`check_dcf.py`) has five sections. Its first three, discounting, terminal boundary and exit multiples, have nothing to test in a NAV at spot, which discounts no cash flows. Its fourth, growth stages, applies by the stack's own rule only where a model carries above-normal growth: "A business with no supernormal driver gets no supernormal stage". This note carries none. Bitcoin is marked at spot, and the software business, with revenue down 3%, is a $1.4 billion comparables value. The fifth, return on capital against its cost, applies to every valuation and is shown below.

EXHIBIT 5 — RETURN ON INVESTED CAPITAL AGAINST ITS COST, TWELVE QUARTERS



How to read it. Trailing-twelve-month return on invested capital, percent, December 2023 to September 2026. Invested capital is equity plus debt plus the perpetual preferred, less cash. The dashed line is a 16.9% weighted cost of capital (equity at 20.0%: the ten-year yield plus the stock's own 60-month beta of 3.31 times a 4.5% equity risk premium; preferred at its 11.0% coupon; convertibles at theirs), held flat. Before 2025 bitcoin was carried at impaired cost, so the line shows only losses; from 2025 it is at fair value. Compare the line with the dashed hurdle. The one thing it shows: the return swings with the bitcoin mark. At September it is −22.5%, because the late-2025 and first-half 2026 losses are still in the trailing window.

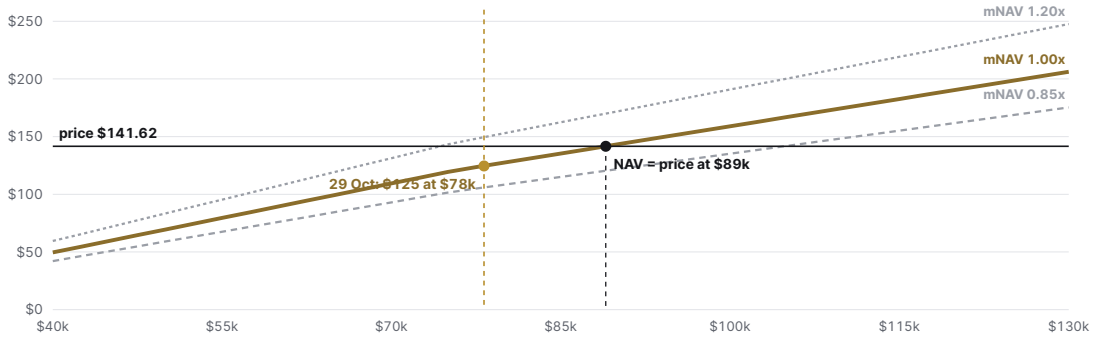
Return on capital: a measure of bitcoin, not of the business. By the house's mechanical rule the regime is **weakness**: −22.5% against 16.9%: the spread was +4.6 points a year ago and is −39.4 now, so the return has gone from above its cost to well below it. Strategy's operating income is almost entirely the change in the value of its bitcoin. The quarter's $20.91 billion gain sat beside $89.6 million of software gross profit. So the trailing return is bitcoin's twelve-month move run through the balance sheet, not a spread the business earns over its cost of capital. The label repeats what the NAV already shows at spot. It is recorded because the house requires it for every valuation, and it adds nothing beyond the bitcoin price.

Why this hurdle. The cost of equity uses the stock's own measured risk: Strategy's equity is a geared claim on its own bitcoin, and 60 months of its own returns give the stock's sensitivity to the market (beta 3.31, standard error 0.70). The listed alternatives each import something else. Blending toward Coinbase, MARA and Riot (20.9%) mixes in an exchange's and two miners' operating businesses (trading volumes; power and hardware costs), though the miners also hold bitcoin, far less than Strategy's 848,517 coins. The usual adjustment toward a market-average beta (16.5%) assumes a drift that nothing in the balance sheet implies. A hurdle built from bitcoin itself would mean stating a required return on bitcoin, which the house does not do. The regime label is the same at every one of these rates: September's −22.5% is far below any of them.

What $141.62 requires. At today's balances, NAV equals the price when bitcoin is at $88,986, +13.8% above the close; above the tax cost each dollar of bitcoin gain adds 79 cents of NAV. At today's bitcoin price, the price pays 1.14× NAV: $7.2 billion, or $17.01 a share, above the coin, dollars and software net of every claim.

EXHIBIT 6 — VALUE A SHARE AGAINST THE BITCOIN PRICE, AT THREE PREMIUMS TO NAV

Value a share, $, against the bitcoin price, at three premiums to NAV; balances, preferred at market and share count held; tax on the gain deducted



How to read it. Dollars a share on the vertical axis, the bitcoin price on the horizontal, today's balances, the preferred and convertibles at today's market values and the share count held, with the tax on the gain deducted at each price. The scenario table's outer cases instead carry liquidation preference and principal, so its bear and bull points sit slightly off these lines. The gold line is NAV per share (1.00×); the gray lines are the bear and bull premiums (0.85×, 1.20×). The black horizontal line is the $141.62 close; the gold marker is fair value at the 29 October bitcoin price; the black marker is where NAV reaches the price. Read across from the price to the gold line. The one thing it shows: the price sits on the 1.00× line at $89.0k bitcoin, and at $78,193 it needs a premium of 1.14×.

The credit franchise, still at zero. The July note left the preferred franchise near zero beyond NAV. Its value to the common depends on issuance at a premium that is turned into bitcoin. The premium is back at 1.14×, so the price clears the NAV bar but not the coin-value bar. The franchise has still sold nothing in volume: no preferred since June, and the common sold in the quarter went mostly to the reserve and STRC, not to bitcoin. The $7.2 billion premium is the market's price for the franchise restarting. A read that does not depend on that price: each dollar of common sold at $141.62 adds 12.0% of a dollar of NAV to the existing shares. At the third quarter's pace of $21.6 billion a year, all of it buying bitcoin and with no bitcoin return assumed, issuance would take about 2.8 years to add $7.2 billion. The house carries it at zero until it restarts, for the same reason as in July. A premium is a valuation of issuance not yet done, and the only issuance this quarter cost bitcoin per share and, at about 0.95× NAV, value per share. A franchise valued at the market's figure gives the price, $141.62, by construction. The house would change this on observable conditions, set out in §6 and in "What would change our view": issuance above NAV, in volume, with the proceeds buying bitcoin, whether common or preferred.

THE RECEIPT

The receipt: the tests the house had armed, scored

The June, July and August notes armed twenty triggers on Strategy. One, STRC back to par by 8 September, was scored a miss in September and is not repeated. The other nineteen are graded here against the release, the 8-Ks of 28 and 29 October, the company presentation and the market record; two of them could not be read from those sources and are carried. The third-quarter 10-Q was not filed at the time of writing, so its readings are tripwire 1 in §6.

fired, scored or closed · not fired · pending or adjacent

FIRED **BTC Yield turning negative or decelerating from 4.5% YTD**

BTC Yield is -3.7% year to date at 25 October, from +4.5% at the Q2 print: the condition's first branch (turning negative) is met. Holdings grew 26% this year, but the company's assumed-diluted share count grew faster; on basic shares, coin per share fell 11.8% from 30 June. Scored fired against its own condition.

NOT FIRED **mNAV sustained below 1.00x**

mNAV on this note's definition (price over NAV per share, with the preferred at market, the tax on the gain and employee awards) is 1.14x at the 29 October close; on the like-for-like basis it was 1.04x on 30 June and 1.13x on 30 September. It held above 1.0x. Market cap over the coin alone is 0.90x, which is the bar for adding coin per share by selling common.

NOT FIRED **mNAV through 1.0x, sustained**

Not through: 1.14x at the anchor (the company's own basis, without the software or the tax and with the preferred at notional, prints 1.16x). The after-hours trade at $132.76 would be 1.07x, one data point and still above 1.0x.

SCORED **Quarterly coverage print: preferred coverage, ATM pace, bitcoin sold**

Q3 preferred dividends $419.6M (Q2 $400.7M). Q3 ATM $5.41bn, all common, no preferred sold; 11% of it bought bitcoin. 5,552 BTC sold in Q3 for $348.6M (dividends $239.9M, STRC buybacks $108.6M). USD assets $5.07bn cover 3.4 years of the $1.51bn annual fixed charge.

RECORDED **Coupon funded by issuance or by bitcoin sales**

Both branches fired earlier, in September, and stay on the record: $431.8M of bitcoin sold this year for dividends and STRC buybacks, and the reserve that now pays the coupon (3.4 years of cover) was filled by common. With the reserve filled by common, this trigger has no non-firing branch: it records the funding mix rather than testing it. The live test is tripwire 4 in this note, where cover above 3.0 years with the ATM idle is the clean outcome. Kept armed as a record.

CLOSED **Q2 10-Q verifies the 8-K figures**

The Q2 10-Q (acc. 0001050446-26-000044, filed 3 Aug) confirms 843,775 BTC at 24 July, a $15,462,056K liquidation preference at 30 June and 384.2M class A and B shares at 24 July against the Q2 note's ~385M estimate. Closed.

ADJACENT **Succession and governance**

Not a firing. The CFO, Andrew Kang, leaves on 5 November for personal reasons, 'not the result of any disagreement' (8-K Item 5.02). Phong Le is principal financial officer from 6 November and keeps the bitcoin-side finance after 1 January 2027, when Reza Virasteh becomes CFO for the software side; the global controller becomes chief accounting officer. The 8-K is silent on the executive chairman.

FIRED **A DATCO-exclusion index rule adopted**

Fired on its own condition: on 15 October MSCI adopted the non-operating-companies screen for its Global Investable Market Indexes, effective at the close of 30 November (the MSCI trigger below). Whether Strategy is deleted is the companion trigger, due 11 November. The NAV does not move; the passive bid and the ATM's buyer base do.

PENDING **MSCI November review: Strategy deleted from ACWI IMI**

Consultation leg scored 27 October (adopted). The deletion list is due 11 November; nothing to score at this print.

PENDING **Q3 holder record: yield mandates or a rising 13F share**

Due 16 November with the third-quarter 13F and N-PORT round; no filing to score at this print.

NOT FIRED **STRC ten consecutive closes at or above $99.50 at 12%**

Closes 99.49 (27 Oct), 99.92 (28 Oct), 99.99 (29 Oct): a run of 2 of 10 at 12.00%. The run is being bought: 20.98M shares repurchased this year at $97.39, $957M of authorization left, and no STRC sold. Under the trigger's own note, sessions from 2 November (daily dividends) carry the score.

NOT FIRED **STRC coupon reset above 12%**

The rate stays at 12.00% for November (Ex-99.1: 'maintained the dividend rate at 12.00%'); no ninth upward reset.

NOT FIRED **STRC short interest at least 10% of class with days-to-cover of at least 5**

FINRA 2026-10-15: 2.95M shares short, about 3.5% of the ~83.9M STRC shares outstanding, 1.8 days to cover. Neither condition.

ACKNOWLEDGED **Scorecard acknowledgment owed: dilution slowed (validated 26 Oct)**

The tell validated on 26 October and the acknowledgment was held for this print. Against the quarter's own figures: the four slow weeks followed a $5.41bn common quarter (371.6M to 422.0M shares in Q3, +13.6%), and the October STRC buybacks were paid from cash that quarter raised. The claim the post tested, that dilution slows once cash covers the converts, held for four weeks; the cash that let it slow came from the common. Both stand.

PENDING **A bitcoin-income substitute crosses $1B**

Not swept for this update: no EDGAR 424B2/485/497 or issuer-AUM sweep was run, so no reading is recorded. The release puts digital credit at $16 billion of notional across ten listed securities with Strategy at 84% (the company's figures), which does not identify any single substitute's size. Carried to the next sweep.

PENDING **Change in Strategy's B- corporate rating**

No rating action appears in the filings and presentation read for this update; the agency's own record was not checked. Not checkable by the trigger's own definition; carried.

PENDING **2027-28 convert walls**

$1.01bn of 2028 notes ($183.19 conversion) sit in the $1.05bn current portion of debt ahead of the 15 September 2027 holder put; USD assets of $5.07bn exceed it five times. Due 2027.

PENDING **2028 notes: above $183 by the September 2027 put**

MSTR $141.62 at the anchor, 23% below the $183.19 conversion price (the stock must rise 29%). Due 2027.

NOT FIRING **CAMT on unrealized gains forces cash tax**

The Q2 10-Q states that, under the Treasury and IRS interim guidance of 30 September 2025, Strategy plans to exclude unrealized bitcoin gains from adjusted financial statement income and does not expect to become subject to CAMT due to unrealized gains on its bitcoin. The Q3 10-Q tax note, not filed at this print, is the next reading. The new return-of-capital guidance (no positive earnings and profits expected for ten years or more) concerns a separate, regular-tax measure.

THE TRIPWIRES

What carries the story to the next update

$124.61 NAV per share: the bar the price must stay above for new stock to add value per share; coin value, $157.10, is the higher bar for adding bitcoin per share

Each tripwire has a basis, a threshold and what the model does with the answer, so the next update applies rules written now. The fourth-quarter release is expected in early February 2027.

1. **The third-quarter 10-Q.** Basis: the preferred rollforward, the share count on the cover and the tax note (due by about 9 November). If the preferred at 25 October differs from $13.40 billion by more than $0.2 billion, the NAV is restated on the filed figure and the difference reported. A tax note that changes the minimum-tax position, or a drop in the return-of-capital expectation below ten years, is recorded beside the preferred cost in the next update. Any reconciling gap in October's STRC settlement count is closed here. The convertibles are restated at the 10-Q's disclosed fair value (Level 2) in place of the 23 October prices, and the award count is refreshed.
2. **Issuance above NAV, in volume, into bitcoin.** Basis: the weekly 8-Ks' common sales and use of proceeds, against NAV per share on this note's definition ($124.61 today; it moves with bitcoin). $1 billion or more of common sold in a quarter above NAV per share, with the proceeds buying bitcoin, is the restart condition. The house then reopens the franchise value at the issuance actually done. Each update also reports the coin-value bar ($157.10 today): issuance above NAV but below coin value adds value per share while lowering bitcoin per share, and the update says which applied.
3. **Preferred issuance resumes.** Basis: weekly 8-K ATM tables. $500 million or more of preferred sold in a quarter at or above its stated amount, at a coupon of 12% or less, with the proceeds buying bitcoin, prices the franchise from the spread between the coupon and the company's own 10.6% hurdle on the issuance done, and adds the new coupon to the fixed charge. Preferred sold below the stated amount, or sold to fund dividends, counts as cost, not franchise.
4. **The reserve.** Basis: USD assets in weekly 8-Ks against the fixed charge. Coverage below 2.0 years (the low end of the company's stated two-to-three-year target), or a reserve draw that is refilled by bitcoin sales rather than common, moves the base case's funding path from "reserve" to "coin" (§2: bitcoin per share down 2.3% a year at today's prices). Coverage above 3.0 years with the ATM idle confirms the pre-funded path.
5. **The premium through 1.0×.** Basis: mNAV on this note's definition. Ten consecutive closes below 1.00× make the loop dilutive at NAV, and the update re-runs the funding paths at the sub-NAV price. The June and July mNAV triggers stay armed alongside.
6. **Full-year BTC Yield.** Basis: the fourth-quarter release (early February 2027). A full-year figure below −3.7% means the fourth quarter repeated the third quarter's pattern; the base case then carries the Q3-mix path. A positive fourth-

quarter contribution, funded by preferred or by common sold above coin value, moves the base case to the reserve-funded path, with bitcoin per share flat, and is recorded against the company's 10.4%-a-year objective.

7. **Finance leadership.** Basis: the 10-Q and 10-K signatures, the auditor's report and any 8-K Item 4.01 or 4.02. The CFO change is recorded as not arising from a disagreement (8-K Item 5.02). A restatement, a material weakness or an auditor change within twelve months of it is recorded as a governance event in the next update.
8. **The price.** Fair value $124.61. A close at or below it resolves the gap. The bear case, $27, is the level at which the stock would price bitcoin near $32,000 at a discount to NAV.

What would change our view

The house would move toward the price, by giving the credit franchise a value above zero, on any two of these. Tripwire 2 met: $1 billion or more of common sold in a quarter above NAV per share, with the proceeds buying bitcoin. Tripwire 3 met: $500 million or more of preferred sold in a quarter at or above its stated amount, with the proceeds buying bitcoin, at a coupon of 12% or less. A quarter in which net coin per share rises at a constant bitcoin price, the measure Exhibit 2 holds at one price, as well as the company's BTC Yield.

The house would move toward the bear case's inputs, by making the base case's premium less than 1.00×, on any two of the mirror conditions. mNAV below 1.00× for ten consecutive sessions (tripwire 5). USD coverage below 2.0 years, refilled by bitcoin sales (tripwire 4). A STRC rate increase above 12%, or STRC back below $97 with the buyback authorization spent. Or another quarter in which more than 80% of the common sold goes to something other than bitcoin while the stock is below coin value, with no preferred sold into bitcoin that quarter. In that quarter bitcoin per share falls again without the claims falling as far. MSCI's deletion decision on 11 November is on neither list. It changes who buys the common, not what the common owns, and it is scored on its own trigger.

THE CALL

The call

Fair value $124.61 a share at net asset value (bear $27 / base $125 / bull $226), from $94 on 31 July: $124.79 on July's method, then −$0.18 from four method changes, each stated with its own effect. At the $141.62 close of 29 October the price is 13.6% above fair value, a premium of 1.14×. After the release the stock traded at $132.76 at 9:08 p.m. ET (−6.3%, 1.07× NAV), one data point and not an input. The bitcoin price accounts for the increase from $94. The quarter's capital activity was a trade: 11.8% of each share's bitcoin for 34% of the net claims ahead of it, a smaller fixed charge ($1.51 billion) and 3.4 years of dollar cover. That trade strengthens the credit. For the common, it was worth more coin below $63,600 bitcoin and less above. The flywheel did not restart: the common was sold below coin value and mostly not spent on bitcoin. The price therefore pays $7.2 billion for a franchise that has not issued since June, or it requires bitcoin at $88,986. The house values what has been done and lists in §6 the issuance that would change that.

SOURCES

Sources & Method

Company filings. Third-quarter results: Form 8-K and Exhibit 99.1, SEC accession 0001050446-26-000047, filed 29 October 2026 (period ended 30 September 2026). This supplied the statements of operations, the balance sheet at 30 September (cash $2.50 billion, short-term investments $3.40 billion, preferred liquidation preference $14.11 billion, class A and B shares 421.98 million, deferred tax liability $1.40 billion), the digital-asset rollforward (7,218 BTC bought for $588.1 million; 5,552 sold for $348.6 million), the ATM table, the capital framework at 25 October, the BTC Yield figures, the STRC repurchase totals and the return-of-capital guidance. The same 8-K's Item 5.02 gave the CFO transition. 8-K of 28 October (accession 0001193125-26-435451): special meeting and daily dividends. 8-K of 29 October (accession 0001193125-26-437776): amended certificates of designations, with the statement that total dividends are unchanged. Weekly 8-Ks of 5, 13, 19 and 26 October: October STRC repurchases (740,634 shares after 30 September in the week to 4 October; 1,932,145; 1,938,780; 2,068,459) and October common ATM sales. Second-quarter 10-Q (accession 0001050446-26-000044, filed 3 August 2026): convertible terms, the preferred series at 30 June and the minimum-tax disclosure. Company presentation, *Third Quarter 2026 Earnings Presentation* (strategy.com, retrieved 29 October 2026): preferred notional by series at 25 October, the company's mNAV, net leverage, BTC floor, hurdle and breakeven rates, and the doubling objective.

Earnings call. Q3-2026 webinar, 29 October 2026, about 5:00 p.m. ET. Three records were read on the evening of the call: two third-party transcriptions, Investing.com's and Quartr's (published by StockAnalysis.com, retrieved 10:13 p.m. ET), and the English caption track of the company's own recording (strategy.com, Events and Presentations). The two transcriptions read identically on every passage compared, which suggests a common source. The company's captions are automatic, end partway through the question-and-answer session, and differ in wording from the transcriptions where they overlap. No call statement therefore has two independent records that agree word for word. Statements from the call are paraphrased and attributed, and each paraphrase is checked against every record that covers it: Saylor's against all three, Le's answer, which

comes after the captions end, against the two transcriptions. Quotations in the note come from company documents (the presentation and the 8-K). The texts and a provenance table are archived with the note's data.

Market data. The pairing follows the June and July notes: MSTR at the 4:00 p.m. ET close, bitcoin at the CoinMetrics end-of-day price (8:00 p.m. ET). MSTR $141.62: the 29 October 2026 settled close (the release came after the close), with earlier closes, from the brokerage consolidated feed. The after-hours trade at 9:08 p.m. ET is from the same feed. Bitcoin $78,193: the CoinMetrics PriceUSD daily close for 29 October 2026 (00:00 UTC 30 October); quarter-end and quarter-average prices from the same series. STRC closes and short interest: the brokerage feed and FINRA via a market-data vendor. STRF, STRK and STRD: 29 October settled closes from the brokerage feed; STRE: the presentation's indicative mid (it trades thinly in Luxembourg). Ten-year Treasury: FRED DGS10, 28 October 2026. The betas are slopes of 60 monthly log returns on SPY to September 2026, from month-end closes on the brokerage feed (the peers' from the last daily close of each month).

Model. Equity NAV = bitcoin held × the bitcoin price + USD assets + $1.4 billion for the software − the convertibles at market value ($6.96 billion: principal × the presentation's 23 October prices) − the preferred at market value ($12.37 billion: shares × the 29 October settled closes; STRE at the presentation's €78.88 indicative mid at the 23 October close, translated at its $1.1195) − 21% × (bitcoin value − the $64.02 billion cost basis, not below zero). The liquidation preference used for the like-for-like exhibits, the strike, the wipe-out and the outer scenarios is the 30 September balance-sheet figure less the 7.05 million STRC shares repurchased after settlement (the year's 20.98 million less the 13.93 million fall in preferred shares outstanding in the third quarter): $13.40 billion; the company's notional figure is $13.35 billion. Fair value = NAV ÷ 425.4 million shares at 1.00×: 422.3 million basic (the 30 September balance sheet, stated in thousands, plus 358,949 October ATM shares from the weekly 8-Ks) plus 3.04 million from employee awards (the 30 June option table by the treasury-stock method at $141.62, 659,370 stock units and 115,079 performance units). The fixed charge is the presentation's notional by series times the stated rates (STRF 10%, STRC 12%, STRE 10% on the euro notional translated at $868 million, STRK 8%, STRD 10%), plus the convertibles' coupons on principal. The wipe-out price is senior claims less USD assets and software, divided by bitcoin held; the strike is senior claims divided by bitcoin held. Net coin per share = NAV ÷ bitcoin price ÷ shares. The crossover in Exhibit 2 compares 30 June (filed cash and short-term investments of $2.45 billion, preferred $15.46 billion, 846,000 BTC, 371.6 million shares) with 25 October at each bitcoin price. The funding paths hold the bitcoin price, the share price and the premium at the 29 October close. The weighted cost of capital uses market weights, a cost of equity argued in §4 (the 28 October ten-year yield plus the stock's own beta of 3.31, the slope of 60 monthly returns on SPY to September 2026, times a 4.5% equity risk premium; reference reads: 20.9% blended toward Coinbase, MARA and Riot, 16.5% adjusted toward a market-average beta, 19.7% on 36 months), the preferred's notional-weighted coupon, and the convertibles' coupons after a 21% tax rate. It is used only for Exhibit 5. Every figure comes from saved scripts (`release_facts.py` asserts each input against the archived filing text; `model.py` ; `triggers.py` ; `roic_q3.py`), and the model workbook regenerates with the note.

Prior TON618 research relied upon. *Strategy (MSTR): What Are You Really Buying?* (28 June 2026): the method and the scenario pairs. *Strategy (MSTR) Q2 2026: The Drain, Made Visible* (31 July 2026): the $94 fair value restated here, and the triggers. *The Last Moat Is the Coupon* (17 August 2026): the STRC par question and its triggers.

Limitations. The third-quarter 10-Q was not filed when this note was written. October's STRC settlement count and the preferred rollforward rest on the release and the weekly 8-Ks until it is, a difference of at most about $0.2 billion, or $0.47 a share. The software value is a comparables figure carried from July, not re-derived. The average issue price includes a small number of shares from equity awards. The Q3 issue's premium to NAV is approximated on June's balances at the quarter's average bitcoin price. The scenarios hold today's share count and claims, except the bull case's converted series, so they leave out any issuance a scenario would provoke. The tax deduction uses the cost basis as the tax basis and the federal rate only; it takes no credit for losses and ignores state tax. STRE's price is an indicative quote, not a trade. The award count is from 30 June. The convertible prices are from 23 October and the cross-check model uses an assumed credit spread. Call statements are paraphrased: the two third-party transcriptions appear to share a source, and the company's captions are partial.

Disclosures

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