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BITCOIN TREASURIES PART 2: WHEN TREASURY BECOMES STRATEGY

Beyond the Hedge: Speculation, leverage, and how history repeats

Bitcoin on the balance sheet

In Part 1, we explored why companies are adding Bitcoin to their balance sheets: as a hedge against inflation, a diversification play, or a signal of forward-thinking leadership. These were measured allocations - strategic, defensive, and often limited in size.

But amongst the ~170 public and private companies that have acquired Bitcoin,[1] not all are defensive plays. Led from the front by Strategy (previously MicroStrategy), more ambitious and aggressive strategies have emerged, making use of innovative financing and debt markets to supercharge the acquisition of Bitcoin.

In Part 2 we examine the rise of Bitcoin treasury strategies where Bitcoin isn't just part of the balance sheet, but forms part, or the whole, of the business model. These companies restructure around Bitcoin, using equity issuance, debt financing, and public markets to acquire more of the asset. The treasury becomes a capital engine, capital becomes a bet on Bitcoin's future, and if correct, offers the potential for return multiples far in excess of current operations.

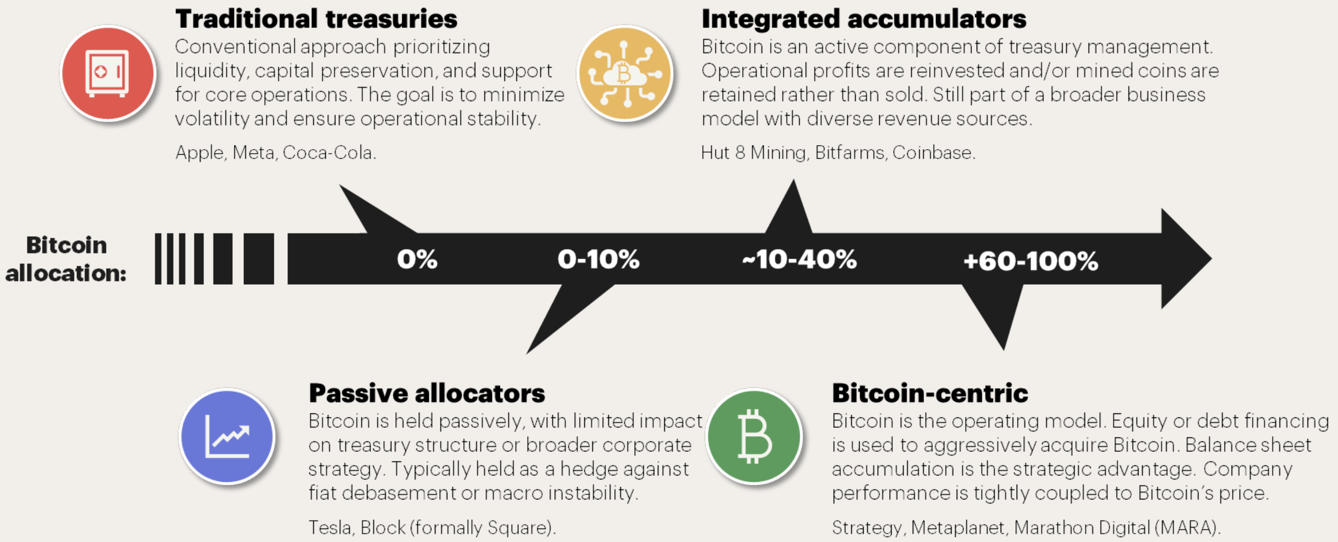
These strategies may generate outsized returns, particularly for early movers, but they also amplify risk. As first-mover advantages erode, more companies are beginning to adopt Bitcoin-centric strategies and not always out of conviction but, in some cases, as a distraction from struggling core operations. At the same time, growing leverage in the system risks repeating the boom-and-bust cycles we have seen in past retail-investor-driven waves, only this time, at corporate scale.

Approaches: Not all Bitcoin treasuries are created equal

Bitcoin's entry into corporate treasuries is no longer novel. But the way it's being integrated varies dramatically, from low-risk hedging strategies to full-scale capital stack rewiring. Lumping these approaches together misses substantial nuance and the degree of risk, as the reasons, methodologies, and even how these organisations are reporting Bitcoin accumulation varies. If we consider a spectrum, starting with little-to-no Bitcoin on the left, and all-in on Bitcoin on the right, we can start to unpack some of the key strategic decisions these organisations are making.

Note that while this article focuses on Bitcoin, several companies are starting to implement similar strategies using other cryptocurrencies (e.g., Bit Digital with Ethereum). Many of these insights would be equally applicable to other cryptocurrencies.

Table 1: Approach to how Bitcoin treasuries are implemented can vary



Passive allocators

These are traditional firms that allocate a small portion of their treasury to Bitcoin as a hedge or diversification play. Their approach is conservative, low risk, low reward and was the focus of Part 1.

Integrated accumulators

These companies go further, actively accumulating Bitcoin over time. This includes firms reinvesting surplus cash into Bitcoin or miners who retain a portion of mined coins rather than converting immediately to government issued currencies. Their conviction is deeper, but still grounded in fundamental treasury operations, namely supporting the core business and maintaining liquidity.

Bitcoin-centric strategies

These are the most aggressive adopters – companies that rewire their entire capital structure to accumulate Bitcoin. They use equity issuance, convertible debt, and narrative momentum as tools to increase Bitcoin per share. Their goal is out performance, not just preservation, and their belief in Bitcoin's long-term supremacy is absolute, to the point that the traditional treasury mandate is abandoned entirely. Here, capital preservation gives way to asset accumulation as the central goal, and treasury becomes the business model itself.

The largest and most emulated of these is the company Strategy (previously, MicroStrategy Inc).

Strategy. When holding becomes the business model

Strategy was once a software company (and still notionally is so, although this arm of the business barely generates operating cash flow). In August 2020, the CEO Michael Saylor, pivoted the business to a Bitcoin accumulation enterprise and, as of June 2025, holds 592,000 Bitcoin,[2] worth $62bn (next largest, MARA, sits at 'only' 49,000 Bitcoin). The markets have rewarded this pivot handsomely, with a current market cap of $103bn showing a significant premium over the Bitcoin assets and a share price that has rocketed to $372, an almost 3,000% increase since 2020.[3]
This market premium above the notional value of Bitcoin holdings is part of the market inefficiency that allows the positive flywheel to happen:

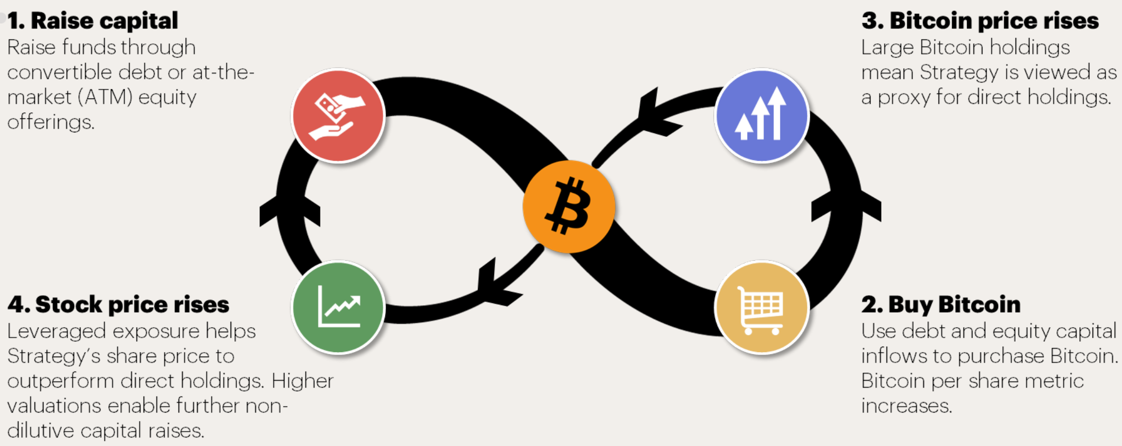


Figure 1: Simplified flywheel for Strategy's approach to Bitcoin accumulation

Saylor's bet is that Bitcoin will continue to rise, and his past success has led to significant market buy-in, which has only fueled this positive flywheel. Strategy's latest debt raise in February 2025 was for $2bn of convertible notes at 0% interest.[4] In other words, Strategy receives $2bn today to buy more Bitcoin, and only needs to repay the principal amount (non-accretive, so it remains $2bn) in 2030.[5] The ability to raise low-cost capital has been a source of competitive advantage for Strategy, which many newer entrants would struggle to replicate.
Part of this advantage has been the historic performance and Strategy's ability to double down during market downturns. During the 76% Bitcoin price crash from 2021 to 2022, the company didn't liquidate assets to service debt or fund operations. Instead, it continued issuing equity and debt to buy Bitcoin at this low price, strengthening its narrative that its capital structure is built to endure the volatility historically commonplace within crypto markets.

Strategy's share price premium above its notional Bitcoin valuation reflects a mix of first-mover advantage, narrative momentum, low-cost financing, and a track record of weathering Bitcoin downturns. Whether that premium is justified remains contentious. Critics argue it simply adds counterparty risk, and that investors would be better off buying Bitcoin directly. Supporters see it as a proxy for Bitcoin exposure, especially for institutions restricted from holding crypto by lagging regulations, or as a bet on the firm's innovative financial team, capital structuring, and the vision of its charismatic CEO. But as more companies attempt to replicate this model,[6] the line between an investment or speculation wrapped in operational legitimacy begins to blur.

The assumptions and risks: Conviction meets consequences (maybe)

The market has strongly rewarded Strategy's pivot, driven by a compelling founder narrative, relentless storytelling, and clever capital structuring. Its success has inspired a wave of imitators, each trying to recreate the flywheel that leverages a fixed supply, growing demand, rising prices, and valuation premiums that enable further accumulation.

But whether this strategy can be repeated and scaled depends on some core assumptions:

Assumption 1: Narrative-driven premium valuations will persist
Early movers like Strategy enjoyed a unique blend of conviction, financial innovation, and regulatory arbitrage. But as more companies adopt the same script, the novelty fades. Markets may be less willing to assign premium valuations to the 10th or 20th Bitcoin-centric balance sheet. At some point, the story becomes commoditized.

Assumption 2: Increased leverage and reduced liquidity are sustainable
To outperform Bitcoin itself, these companies must add leverage via convertible debt, preferred equity, or at-the-market share issuance. But Bitcoin's volatility and growing illiquidity complicate this. As more coins are locked into corporate treasuries, market depth contracts. And as new entrants struggle to differentiate themselves, they turn to leverage to stand out, creating a reflexive system whereby rising prices fuel accumulation, but drawdowns will trigger dilution, forced selling, or even insolvency.

Assumption 3: All entrants have conviction

Not all companies buying Bitcoin are doing so from strength. Some are distressed businesses pivoting to a trendy narrative. Others lack the governance maturity to manage complex financial instruments, particularly when the underlying asset is exceptionally volatile, and these companies may be entering at the top of a cycle. In downturns, weak hands are forced to sell, turning volatility into a cascade.

Together, these assumptions form a fragile and potentially dangerous feedback loop. The new wave of corporate Bitcoin adoption risks repeating the same boom-bust cycles seen by retail crypto-investors over the past decade, only now at institutional scale. FOMO-driven entrants, excessive leverage, and limited understanding of Bitcoin's structural risks create the conditions for instability. As liquidity shrinks and debt levels rise, the system becomes increasingly reflexive, fuelling asset inflation in bull markets and liquidity crunches in downturns.

For investors backing these strategies, the lesson from retail is clear: counterparty risk is real. When platforms like Mt. Gox (2014) and FTX (2022) collapsed, those not holding their Bitcoin directly were wiped out.

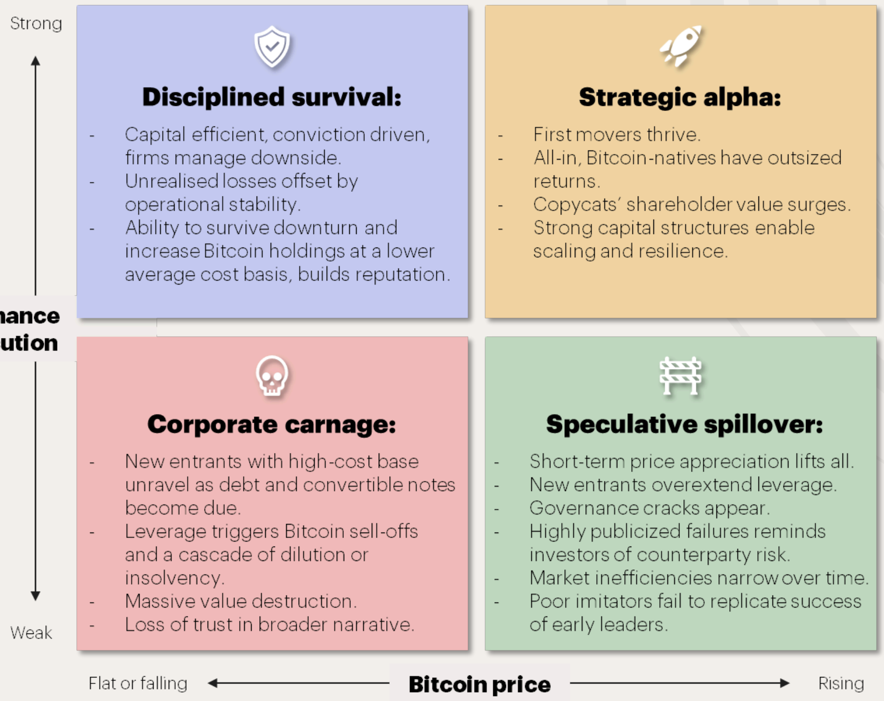
So why accept governance and execution risk when you can hold the asset itself? With institutional-grade custody, regulated ETFs, and derivatives markets maturing, the rationale for Bitcoin treasury exposure weakens.

Unless a firm offers a real financial or operational edge, investors may soon prefer the asset itself to the package it's wrapped in.

Scenario planning: Stress testing the thesis

Bitcoin remains a highly volatile asset. Historically prone to sharp drawdowns of 80% or more before recovering to new highs. This volatility is unlikely to disappear. If anything, the entry of institutional players and the rise of aggressive treasury strategies may amplify this volatility as liquidity is reduced and wide-scale leverage is introduced. The matrix below explores how these dynamics could play out, mapping the outcomes for firms adopting Bitcoin-centric treasury strategies across different price environments and levels of governance and execution. The result is a spectrum ranging from disciplined out performance to large-scale value destruction.

Figure 2: Potential Bitcoin price and treasury scenarios



Bitcoin price flat or falling

A June 2025 research report by Standard Chartered indicated that 61 corporate treasuries hold 3.2% of all Bitcoin,[7] and half of these have average purchase prices above $90,000. Their view is that below a price of $70,000, these treasuries may hit a trigger point and begin to liquidate their holdings, potentially triggering a cascade effect as Bitcoin sell-offs add to the downward price pressure – the Corporate Carnage scenario in the figure above.

And, even should the price remain flat around the $120k mark,[8] as market inefficiencies are removed,[9] and investors look to remove counterparty risk and purchase the asset directly, the market premium on these companies will start to narrow.
A short-lived bear market would likely remove the lower-conviction and excessively leveraged treasury companies. Those with more robust capital and debt structures will load up on low-cost Bitcoin for the inevitable bounce back, leading to a lower number of higher-quality treasury companies, the Disciplined Survival scenario.[10] However, in a scenario of a longer-lived 'crypto winter', where Bitcoin loses 90% of its value for 4-5 years, even Strategy admits that its equity holders would be wiped out.[11]

Bitcoin price has a sustained price increase

In the most optimistic scenario, Bitcoin enters a sustained bull market. Institutional and corporate adoption accelerates, new markets open, and broader participation enhances decentralization and trust. A positive-feedback loop forms, more adoption, more legitimacy, more value. Michael Saylor's bear case sees Bitcoin reaching $3 million by 2045.[12]

A sustained price increase will reward Bitcoin-centric firms and their shareholders. The asymmetric exposure will deliver outsized gains, and their leveraged shares become sought-after proxies for Bitcoin itself. First movers with conviction, discipline, and efficient capital structures would reap the greatest rewards as the positive flywheel scales with momentum. With a sustained price increase, even late-entrants will similarly deliver significant shareholder value in the short term, and with 58 of the 61 recent Bitcoin treasury adopters currently trading at a market premium to their Bitcoin assets, investors, for now, seem to be supporting this narrative.[13]

However, over time, even as the Bitcoin price rises, market inefficiencies will narrow. As regulation enables direct access and derivatives markets mature, more investors will prefer holding Bitcoin itself. As the narrative dries up, so too do the premium valuations and the ability to raise fresh capital. Companies continuing with the strategy risk being seen as overleveraged and exposed to significant downside price movements. At the same time, potentially exposed as trying to hide stagnating core operations. And a single, high-profile collapse from an overleveraged or poorly governed treasury could trigger contagion, prompting investors to exit all but the most credible treasury firms to avoid unnecessary counterparty risk.

Where to from here? from Strategy, to speculation, to new normal

These scenarios expose the reflexive nature of the model, where the upward momentum can fuel success, but will also work in the other direction, exacerbating any downturn. As more firms enter, often with leverage and uncertain conviction, the extremes of the outcomes become more likely.

These strategies can work, but only under very specific conditions. They rely on reflexive momentum, deep capital access, and the belief that markets will continue to reward them for their conviction. But they have also introduced fragility under the guise of innovation and offer leveraged exposure while reintroducing counterparty risk. As we've seen time and again in Bitcoin's history, decentralization doesn't prevent bubbles, and centralized failures can have an outsized impact on market sentiment and prices. Only this time it is corporate balance sheets, rather than retail investors, chasing the narrative.

Whether or not these Bitcoin treasuries have got it right, Bitcoin, crypto, and blockchain are here to stay. They are increasingly becoming part of the financial mainstream, with regulation accelerating their integration into traditional markets. The greatest beneficiaries won't just be those chasing headlines, but those positioning themselves for the second- and third-order effects. These are the infrastructure builders, the enablers, the ones selling shovels in a digital gold rush.

At Futureworld, we specialise in decoding signals from the future, and blockchain is just one of many, to help today's organisations build the disruptive, game-changing businesses of tomorrow.

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References:

[1] As at June 2025, see: bitcointreasuries.net
[2] See bitcointreasury.net, this represents almost 2.8% of total Bitcoin (21m)
[3] See: https://www.reuters.com/sustainability/boards-policy-regulation/what-are-bitcoin-treasury-strategies-latest-trend-public-markets-2025-06-16/
[4] https://www.strategy.com/press/strategy-completes-2-billion-offering-of-convertible-senior-notes-due-2030_02-24-2025
[5] Bond holders could opt to convert this debt into shares of Strategy at a set price, 35% premium to – at the time – the current price. And while this might dilute existing shareholders, debt holders would only do this if the share price had increased more than the premium (35%), in which case existing shareholders are benefiting significantly despite the dilution.
[6] Growth in public company Bitcoin ownership as at June 2025 has been 157% year-on-year, to almost 3-3.2% of total Bitcoin supply (21m). Source: https://bitcointreasuries.net/
[7] https://news.bitcoin.com/standard-chartered-issues-warning-on-bitcoin-treasury-companies/ and https://cointelegraph.com/news/61-corporate-bitcoin-strategy-standard-chartered
[8] As of writing, July 2025, the Bitcoin price is sitting at ~$120,000.
[9] including regulatory hurdles to investor access and conservative investment committee processes
[10] Some new entrants may even be waiting for such a downturn in order to enter with a low average bitcoin cost.
[11] https://fortune.com/2025/05/15/michael-saylor-strategy-microstrategy-bitcoin-crypto-preferred-stock-market-shareholders-equity/
[12] Bitcoin, The Red Wave and The Crypto Renaissance: Michael Saylor | Crypto Renaissance – base case is a $13m Bitcoin price and Bull case, $49m.
[13] https://cointelegraph.com/news/61-corporate-bitcoin-strategy-standard-chartered