

Cathedral Bitcoin Inc.

Bitcoin Treasury Strategy Memo

16 September 2024

As management of Cathedral Bitcoin Inc., we have long been vocal about our Bitcoin thesis: we believe we are in the early innings of a multi-decade trend that will see bitcoin emerge as a dominant global reserve asset due to its unique monetary properties and prevailing macroeconomic and geopolitical conditions. (The curious reader may refer to our [2022 letter to shareholders](#) for a more detailed articulation of this thesis.) Bitcoin was among the top-performing assets of the last decade, and we expect comparable performance in the coming decade. Accordingly, our primary goal is to accumulate bitcoin on behalf of our shareholders, and in recent months we have heard repeatedly from many of our largest shareholders that growth in bitcoin (or “satoshis,” also called “sats,” the smallest increment of bitcoin) per share is the most important performance metric to them.

Going forward, we will make all capital allocation decisions with the intention of maximizing our shareholders’ per-share bitcoin holdings. This represents the formalization of a policy we have always held loosely in our minds but have not always allowed to guide our decisions in a disciplined way.

The last three years have demonstrated to us that bitcoin mining is not a reliable way to grow shareholders’ bitcoin per share. Indeed, nine of the ten largest (by market capitalization) publicly listed bitcoin mining companies hold less bitcoin per share today than they did three years ago. And as a bitcoin miner ourselves, Cathedral has not fared better by this metric. Meanwhile, other listed companies have adopted an explicit policy of increasing bitcoin per share, most notably MicroStrategy (NASDAQ: MSTR), and have been rewarded by equity markets.

By repositioning the company away from the bitcoin mining business, toward one with more predictable cash flows and which generates attractive returns on capital—developing and operating data centers—we believe our recent merger with Kungsleden will enable Cathedral to generate meaningful growth in bitcoin per share over time. We may employ a variety of tactics in pursuit of this end, including, but not limited to:

- continuing to retain bitcoin produced by our existing proprietary mining operations (though we are unlikely to expand these proprietary mining operations for reasons alluded to above and described in more detail in our [2024 letter to shareholders](#));
- continuing to acquire bitcoin through market purchases using cash flow generated by our data center hosting operations, or through upside-sharing arrangements with hosted bitcoin miner clients;
- borrowing against balance sheet assets (our data centers and/or existing bitcoin held) prudently and using the resulting proceeds to acquire more bitcoin;
- using bitcoin-linked derivatives to generate income (e.g., writing covered calls) with which to acquire more bitcoin;
- developing new assets using balance sheet cash or proceeds from financings, if and only if we believe doing so will result in bitcoin per share growth (through these assets’ cash flow generation potential or other means); and
- issuing equity, debt, and/or hybrid securities to acquire more bitcoin using the resulting proceeds. Indeed, financings that may appear dilutive by other, more conventional corporate finance standards can often be accretive on a bitcoin-per-share basis.

At time of writing, Cathedral holds 43 bitcoin, or 5 sats per share (with multiple voting shares considered on an as-converted basis). We look forward to reporting our progress to shareholders over the coming quarters and years.

AJ Scalia

Chief Executive Officer and Director

Drew Armstrong

President, Chief Operating Officer, and Director

Block Height: 861,570

Cathedra Bitcoin Inc.

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Disclaimer Regarding Forward-Looking Information:

This shareholder memo has been issued as a matter of interest to investors and other followers of Cathedra Bitcoin Inc. This shareholder memo contains forward-looking information and Cathedra cautions readers that forward-looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of Cathedra. Readers should not place undue reliance on forward-looking information. Please refer to those risks set out in the public documents of Cathedra filed on www.sedarplus.ca. Securities regulators including the TSX Venture Exchange have not reviewed the information disclosed in this shareholder memo and no securities regulator accepts responsibility for the adequacy or accuracy of this content.