total operating costs to be $88 million for an operating loss of $12 million and an operating margin of -14.73%. Using a modest portion of their treasury (16%), they are able to assume a 30% return to lower their costs below their revenue, and produce a positive Net Operating Income. If the actual experience of bitcoin is better or worse than the 35%, the difference can be amortized outside of Operating Income ("below the line") using any of the standard accounting amortization practices.

This company had the ability to use a small portion of its treasury to deliver profitable results to their investors. I want to make a specific comment about what is happening. It may appear that I'm suggesting that a company can use bitcoin cosmetically to fool its investors into thinking it is a profitable operation when it actually isn't. Rest assured, that is far from what I am suggesting. This isn't some corporate finance trick to put bitcoin lipstick on an unprofitable pig. I assert that the optionality that bitcoin gives a company is of tremendous value and can make the difference between it being profitable or not. It is important here to understand what bitcoin actually is and what it does in our economy. It is money (the hardest money the world has ever seen) and not a return-bearing asset. A return-bearing asset would surely not be controversial to include in a company's operating earnings, so utilizing bitcoin's superior returns isn't a risky practice in the slightest. However, this is not what is happening here, and I will explain further. The nuance is that bitcoin is an asset that protects its owner's purchasing power from monetary debasement (as well as censorship and confiscation, as mentioned before, but here we are focusing on debasement). Said another way, bitcoin lowers your costs over time (yes, because the price goes up relative to USD). It is no different from any other accounting rule that allows a company to capture a dynamic that occurs over time, though it might not occur at discrete points of time. Bitcoin's price relative to the USD always increases over periods of time exceeding five years, as demonstrated in the previous section. Should this stop happening, or happen at a slower rate, then it would be appropriate to adjust the actuarial assumption to the experience. The reason this could occur to a naive observer as some corporate finance shenanigan is that if this was done by a non-scarce asset, then there would be no opportunity cost to the capital used in this strategy. Accountants are typically not looking outside of their fiat fishbowl when determining what is "allowed" or what should be. But bitcoin is scarce. A company incurs a significant opportunity cost to use it in this fashion (they will lose money with the most powerful properties it has ever had, and are very likely to never get it back).

To summarize, a bitcoin treasury can be used by a company to lower operating costs in exactly the same manner that an individual can. At the stage of the world we're in, nearly all the inputs will be denominated in USD, and it's a fact that USD underperforms BTC by design. I'm not saying it's a great strategy, but I do think the optionality to lower costs is a powerful lever for a company. This is no free lunch by any means. Even though bitcoin always goes up, there is a significant opportunity cost to utilizing bitcoin. The holder is sacrificing the long-term price potential, as well as the superior monetary properties of bitcoin to employ the strategy. This section is meant to appeal to a current company in the traditional system, which doesn't really value bitcoin, but would potentially value the option to use bitcoin's return properties to lower their ongoing costs. It can't be done without acquiring and holding bitcoin.