Devil in the Detail

Perspectives: November 23rd, 2026

The share price of a small but high profile US listed media & technology company declined precipitously by 96% from its peak in March 2022. That is easy to see on a share price chart.

What is not as obvious is the US$1bn in '*convertible senior secured notes*' sitting on its balance sheet.

This company's 10-K annual report for the year ended December 2025 is 160 pages long. While the first brief disclosure of these convertible notes is on page 8 and the associated boilerplate risk disclosures is on page 22, the fine print details – the part that can really matter – only begins on page 100.

"*Each note holder has the right at its option, to require us to repurchase its Convertible Notes for cash on November 30th, 2026, at a repurchase price equal to 100% of the principal amount...plus accrued and unpaid interest...*"
"*Holders of the Convertible Notes may at their option convert...into shares of our common stock at a conversion rate of 28,8 shares per $1,000 of Convertible Notes...*"

On page 118 these notes are shown on the balance sheet as part of current liabilities, with reference to footnote 11 – which is on page 141 – and includes this disclosure: "*We have utilized the cash delivered to the Collateral Agent to purchase bitcoin and bitcoin related assets to serve as collateral...*"

As of this writing, 28,8 shares of this company at its ruling share price is only worth $112,61, which means the noteholders are not converting into common stock. Another consideration for noteholders is that the price of bitcoin [*the collateral posted*] has declined by 33% since end December 2025.

The devil in these details points to the near certainty this company would, in a week from now, be forced by the noteholders to make good on its commitment to repay this US$1bn loan. Given the fact that this company has only produced increasing operating losses annually since 2022 and has a

highly geared balance sheet position, it also looks near certain the company will need to sell off the assets it posted as collateral.

A mindful assessment of the details buried deep inside the fine print of a lengthy prospectus, annual report, financial footnotes, transcripts, and presentation addendums is the sort of thing that evokes two polar opposite feelings – boredom, or excitement. No prizes for guessing which one fits the description of the long-term investment analyst profession.

Our work continues...

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