

June 3rd - June 9th

PERSPECTIVES by Eric F. Risley















It was a strong week in crypto M&A with two large transactions announced and the continued jostling in the hostile acquisition drama playing out between Riot and Bitfarms.

Bitdeer, a publicly traded Bitcoin mining business founded by Bitmain co-founder Jihan Wu, has now gone full circle to return to ASIC design and mining hardware. This was first **announced** in March 2024 with the introduction of their Sealminer mining machine and further strengthened with this week's **acquisition** of Desiweminer, an ASIC design company, for \$140M in equity consideration, a portion vesting over five to seven years. This brings up the age-old question - which is the better business model, mining or selling the "picks and shovels".

Robinhood is one of the more crypto forward leaning traditional equity brokers. They introduced crypto investing in May 2019 and in the past quarter crypto transaction comprised 20% of total revenue in Q1 2024. This week they announced the acquisition of Bitstamp for \$200M. Architect Partners has published a full assessment of the transaction in our **M&A Alert** but a few observations include:

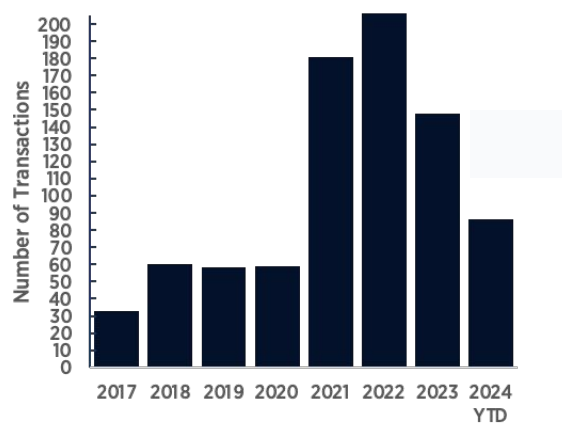
- Overall, this is a very positive signal for both the M&A market and for crypto as an industry.
- A traditional equity broker further leaning in and making a significant investment to build their capabilities is a hole in the dike that will expand, albeit likely slowly at first, then quickly.
- Robinhood is a relative "renegade" vs most traditional financial institutions so it's not surprising they moved early, most other large financial institutions are likely to continue to remain cautious until clear regulatory frameworks are in-place or visible.
- From a valuation perspective, we estimate it was approximately 8x last twelve months' revenue. That compares to Robinhood's multiple of 7.4x, Galaxy's at 6.9x, Bakkt at 4.6x and Coinbase at 14.7x.
- Closing will take some time due to regulatory approval requirements. This will be interesting to watch given how muddled the regulatory frameworks remain in many countries and regions. Robinhood explicitly set expectations for 6-12 months from today, an unusually long time frame.

RECENT CRYPTO M&A TRANSACTIONS (click here for full AP M&A Tracker)

Target	Acquirer	Transaction Summary	AP M&A Alert
		<p>Transaction Value: \$200M, Cash Rationale: Product & Geographic Expansion Sector: Brokers & Exchanges Target Description: Crypto exchange, servicing retail & institutions with large licensing framework.</p>	●
		<p>Transaction Value: \$140M, Stock Rationale: Vertical Expansion Sector: Mining & Staking Target Description: Custom ASIC chip designer for the bitcoin mining industry.</p>	○
		<p>Transaction Value: Not Disclosed Rationale: Product Expansion Sector: DApp: Consumer, Media Target Description: Platform offering the creation of digital avatars for online streamers.</p>	○
		<p>Transaction Value: Not Disclosed Rationale: Product Expansion Sector: Data & Data Analytics Target Description: Web3 and blockchain focused news and media platform.</p>	○
		<p>Transaction Value: Not Disclosed Rationale: Expanded product set & geographic expansion Sector: Data & Data Analytics Target Description: Provider of security software for malicious transactions in crypto.</p>	○
		<p>Transaction Value: Not Disclosed Rationale: Increased developer team Sector: Developer Tools & Infrastructure Target Description: Type 1 Prover developer allowing any EVM chain to become ZK based chain.</p>	○
		<p>Transaction Value: Not Disclosed Rationale: Expanded product set Sector: Consulting & Services Target Description: Web3 focused consulting firm, M&A and capital raise advisory, and business advisory.</p>	○

OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Seven Years



Past 52 Weeks

