

August 19th - August 25th

PERSPECTIVES by Eric F. Risley









Bitcoin miners are in the midst of a consolidation phase, triggered by the recent halving. The strategic driver is to secure large and scalable datacenter capacity with access to low cost power and capital, all made easier as a company gets larger. This week Bitfarms announced the acquisition of Stronghold Digital Mining for \$175M in enterprise value, in all stock. This purchase price represents a premium of 71% over the pre-announcement price. The Architect Partners M&A Alert, which shares details of the transaction, is published [here](#).

This transaction is notable as Bitfarms was subject to an unsolicited acquisition offer from Riot Platforms in late May and since then Riot has acquired 19% of Bitfarms equity in the open market, waging a public relations effort seeking to replace management and has engaged in proxy battle to replace two board members.

Sometimes the best defense is offense. In this case, Bitfarms has announced the acquisition of Stronghold, along with **management and board of director changes**. Hostile M&A is tricky and can have unintended consequences as is likely the case from Riot's perspective here. As a rule, hostile acquisitions are anathema to businesses that rely on the talent of people, which makes them very unusual in technology and financial services businesses. However, Bitcoin mining is very different where physical facilities with access to electricity and widely available computing equipment are the core assets.

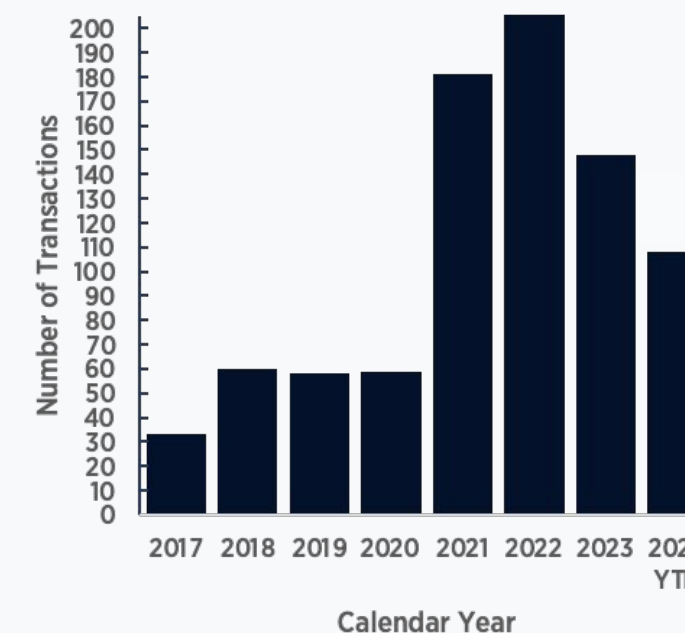
The irony of this consolidation phase is that Satoshi Nakamoto's initial vision was that anyone and everyone with interest could set up a computer to mine Bitcoin. Everyone could run the Bitcoin network and no one would control a major proportion of the "hashrate". This is fundamental to the design and ensures that the blockchain is a consensus of many, not a few. The implication of mining concentration remains to be seen, however, some like Jack Dorsey and Block, are **seeking to reverse this concentration**, building semiconductors and systems to support a return to mining decentralization.

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

Target	Acquirer	Transaction Summary	AP M&A Alert
		<p>Transaction Value: \$125M, all stock Rationale: Horizontal expansion Sector: Mining & Staking Target Description: USA-based Bitcoin miner with 4.1 EH/s operating and 165 MW of operating capacity.</p>	●
		<p>Transaction Value: Not Disclosed Rationale: Product Expansion Sector: Data & Data Analytics Target Description: Crypto & blockchain-focused news & media platform intended to provide editorial work and video series.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Product Expansion Sector: Blockchain & Protocol Target Description: Blockchain development firm and creator of TensorChain.</p>	
		<p>Transaction Value: Not Disclosed Rationale: Geographic & Horizontal Expansion Sector: Investing & Trading Infrastructure Target Description: A London-based crypto ETP issuer with over \$1 billion in assets under management.</p>	

OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Seven Years



Past 52 Weeks

