

September 22th - September 28th

PERSPECTIVES by Eric F. Risley

Digital Asset Treasury (DAT) company M&A? Decidedly yes, and essential.

We have been advising digital asset treasury companies (DATs) for the past few quarters as the phenomenon has arisen. In fact, Architect Partners' data is the reference dataset for virtually all global news publishers that have published articles analyzing this unique phenomenon.

We have noted that the digital asset treasury strategy, pioneered by Michael Saylor at MicroStrategy, would appear effortless to copy, and indeed now we track over 200 public players. We have also noted that the extraordinarily large premiums to Net Asset Value (mNAV) many of these DATs have been valued at were almost certainly unsustainable. Well, the chickens have come home to roost, and these anomalous mNAV premium valuations have narrowed significantly over the past two months. As Matt Levine at Bloomberg has written, consolidation is logical and Architect Partners believes it inevitable.

DATs are simply asset managers. Asset managers are judged, and fundamentally valued, based on their ability to generate positive alpha. Alpha is a superior return on investment relative to peers, adjusted for risk. And every DAT must deliver positive alpha returns to its shareholders to justify itself.

How does one generate alpha returns in a DAT? Just like any other financial asset: via lending and trading strategies. In the case of DATs, some have the option of staking and perhaps making equity or token investments in the ecosystem supported by the asset they hold (BTC, ETH, SOL...).











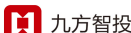
















The existential challenge is that each of these positive, alpha-generating capabilities is very difficult and requires skills, infrastructure, and experience far beyond the simplistic PR messaging and strategy of most DATs. Again, in fact, these capabilities are the domain of dedicated companies themselves and already exist as both independent companies and within larger crypto businesses.

It's really quite simple: DATs need to build or acquire these alpha-generating capabilities, or will be acquired by those that have them. This is the next phase of this phenomenon.

The first example of this coming consolidation is Strive's acquisition of Semler Scientific. See our [M&A Alert](#) for a full assessment.

Architect Partners is pleased to discuss in more detail; please feel free to reach out for more detailed discussion.

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

Target	Acquirer	Transaction Summary	M&A Alert
 Semler Scientific®		Transaction Value: \$1.42B Rationale: To collectively increase its bitcoin per share and drive equity value accretion by combined bitcoin treasury assets Sector: Investing & Trading Infrastructure Target Description: US-based medical diagnostics and crypto treasury strategy company since May 2024	
		Transaction Value: Not disclosed (rumored) Rationale: To expand Naver Pay's KRW to stablecoin trading and payment capabilities and become the "Korean finance super-app" Sector: Brokers & Exchanges Target Description: Operator of the largest crypto exchange platform in South Korea	
		Transaction Value: Not disclosed Rationale: To enter the Indonesia market with immediate regulatory and licensing access Sector: Brokers & Exchanges Target Description: Indonesia-based regulated crypto exchange providing flat on-off ramps and tokenization services	
		Transaction Value: Not disclosed Rationale: To gain the immediate and SFC-licensed exchange capabilities to expand in HK Sector: Brokers & Exchanges Target Description: HK-based Institutions-focused compliant digital assets trading platform	
3.8MW Bitcoin Mining Facility Located in US	PARATAXIS KOREA	Transaction Value: Not disclosed Rationale: To vertically support its crypto treasury strategy with self-mined supply Sector: Mining & Staking Target Description: 3.8MW Bitcoin Mining Facility located in US	
	AUTRIS	Transaction Value: Not disclosed Rationale: Acquire a specialist bitcoin asset manager to professionalize and scale Autris's Bitcoin treasury strategy Sector: Investing & Trading Infrastructure Target Description: Digital asset management services and advisory provider	
		Transaction Value: Not disclosed Rationale: To extend Zoth's StabFi stack by integrating Neemo's liquid staking and vault infrastructure Sector: Mining & Staking Target Description: Liquid staking and restaking protocol for capital-efficient DeFi	
		Transaction Value: Not disclosed Rationale: To expand beyond OTC, Conversion and Tech into European wealth and asset management proposition Sector: Brokers & Exchanges Target Description: Europe-based HNW-focused digital assets brokerage provider	
		Transaction Value: Not disclosed Rationale: To strengthen Alpha Edge Media investor audience's access to crypto policy and market trends Sector: Consulting & Services Target Description: Subscription-based crypto research newspaper	
		Transaction Value: Not disclosed Rationale: To vertically integrate by fusing Honeycomb's Web3 gaming developer tools with Gameshift's walletless/fiat APIs Sector: DApps, Consumer, Gaming Target Description: Consumer-ready Web3 gaming onboarding and commerce solution provider	

OVERALL CRYPTO M&A ACTIVITY LEVELS

