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## Two Seas Capital Challenges Core Scientific Merger Deal

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Two Seas Capital, which holds a significant 6.3% stake in Bitcoin miner Core Scientific (CS), has announced its plan to vote against the company's proposed acquisition by CoreWeave (CW). The investment firm raised concerns that the all-stock merger undervalues Core Scientific and exposes shareholders to the risk of fluctuating CoreWeave stock prices. This opposition was detailed in an open letter addressed to fellow Core Scientific shareholders.

Sina Toussi, founder and Chief Investment Officer (CIO) of Two Seas Capital, criticized the deal structure as “deficient” and argued that it unfairly favors CoreWeave shareholders at

the expense of those holding Core Scientific stock. However, Toussi made it clear that Two Seas is not opposed to a merger between the two companies in principle. “We are investors in CoreWeave, believe in its strategy, and respect its management team,” he wrote. The firm has even supported the idea of a merger in the past, acknowledging the strategic advantages such a combination could offer.

Despite this, Two Seas expressed strong confidence in Core Scientific’s ability to succeed independently, particularly as a leader in high-performance computing (HPC) infrastructure. The letter pointed to the growing demand for computing power, especially fueled by artificial intelligence (AI) applications, as a reason to back Core Scientific’s standalone potential. Two Seas urged Core Scientific’s board to secure better terms that fully reflect the company’s value, including potential benefits and synergies that could come from the merger.

The firm warned that it plans to encourage other shareholders to oppose the deal unless revisions are made. “We believe the Company’s most promising days lie ahead,” the letter stated. “There is no compelling reason to sell Core Scientific at an underwhelming valuation with a deficient structure.” This stance is echoed by other institutional investors who remain wary of all-stock mergers, particularly when deal terms expose shareholders to price volatility post-merger without adequate protections.

The Core Scientific merger dispute highlights a broader industry debate over how future demand for compute infrastructure should be factored into deal valuations. As competition intensifies and asset prices fluctuate, shareholder approval has become a crucial checkpoint in shaping consolidation trends across sectors connected to HPC and cryptocurrency mining.

Two Seas Capital’s public opposition underscores the importance of clear valuation standards and investor safeguards in complex technology deals. Protecting shareholder value is essential as the market navigates rapid growth fueled by AI and emerging technologies.

This ongoing situation suggests that shareholder activism will play an increasingly vital role in determining the direction of mergers and acquisitions in the compute infrastructure industry. How Core Scientific’s leadership responds to these challenges may set a precedent for future transactions in this rapidly evolving space.