

Architect Insights

# Q2 2023 Crypto M&A and Financings

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Q2 2023

TL;DR

### Architect Insights Data Classification Glossary

Sub-Sectors	Definitions
Blockchain & Protocol	Layer1s, layer2s, and DeFi protocols
Brokers & Exchanges	Acting as brokers or exchanges with a digital asset focus
Consulting & Services	Supporting, as a 3rd party, the digital asset ecosystem
DApp: Enterprise Use Case	Real-world applications, with a non-financial focus for blockchain
DApp: Games	Gaming studios and games with a digital asset component
DApp: Investing & Trading	AMMs, DEXes, and lending platforms in the DeFi ecosystem
Data & Data Analytics	Accumulating, tracking and analyzing data
Developer Tools & Infrastructure	Providing or enabling development power in digital assets
Investing & Trading Infrastructure	Lenders, marketplaces, derivatives, custodians, and service providers
Mining & Staking	Enabling or working with mining & staking
Payments Infrastructure	Digital assets + payments
Financing Stages	Definitions
Seed	Pre-Series A
Early Stage	Post-Revenue, Series A & B capital raises
Later Stage	Post-Series B & Growth capital raises



# TL;DR: Q2 2023

## Crypto Mergers & Acquisitions

Q2 2023 Crypto M&A activity declined from the trend established over the past three years, dipping to Q1 2021 levels.

Comparable sectors such as technology and financial technology faced even sharper declines in volume.

BitGo's proposed acquisition of Prime Trust (for 15 days before being abandoned) demonstrates that the lack of basic prudent management continues to plague our industry.

Regulatory uncertainty, particularly in the U.S., continues to adversely impact M&A with Coinbase and Binance now embroiled in a protracted regulatory action by the SEC.

Prospects for improvement? Pricing for Bitcoin, Ethereum and the public crypto equity markets suggest optimism. We're leaning toward pragmatic optimism.

## Crypto Private Financings

Crypto private financing declined 75% in the first half of 2023 versus first half 2022. The number of financings remained fairly flat the past three quarters, but the amount raised has declined, especially for later stage rounds, consistent with broader tech.

The most active lead investors in 1H 2023 were a16z, CoinFund, Blockchain Capital, Outlier Ventures, Shima Capital and Animoca. All were top prior year investors - but none invested at even half their 2022 pace.

The first half saw only six financing rounds over \$100M. The largest was a \$250M round for eToro after canceling their SPAC plans - note that this was negotiated in 2021. The second largest was a \$125M Series B for Blockstream. The third largest was a \$120M Series B for LayerZero. This transaction felt like a return to early 2022 - a real Series B round size, at a solid valuation uptick, with a roster of quality investors.

## Crypto Public Companies

The public crypto markets offer a bright spot for the quarter. Stock prices across our index rose by an average of 35% in Q2 2023 and 191% for the full first half of the year. Network Operators (mining companies) gained the most, growing 54% in Q2 2023 and 277% for the year so far.

Investment platforms however were more muted, with the sub-sector largely flat at 0.4% as investors likely priced in the active scrutiny and high-profile enforcement actions into effected shares. Interestingly, Coinbase showed a modest gain of 6% for the quarter, after losing ground but then reclaiming 39% in the weeks following the SEC suit initiated June 6.

Also notable is the continued decoupling of the public crypto sector from the price of Bitcoin. BTC ended the quarter at \$30,405, for a modest 6.51%, suggesting that public crypto sector is breaking from historical correlation with the coin that started it all.

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**Q2 2023**

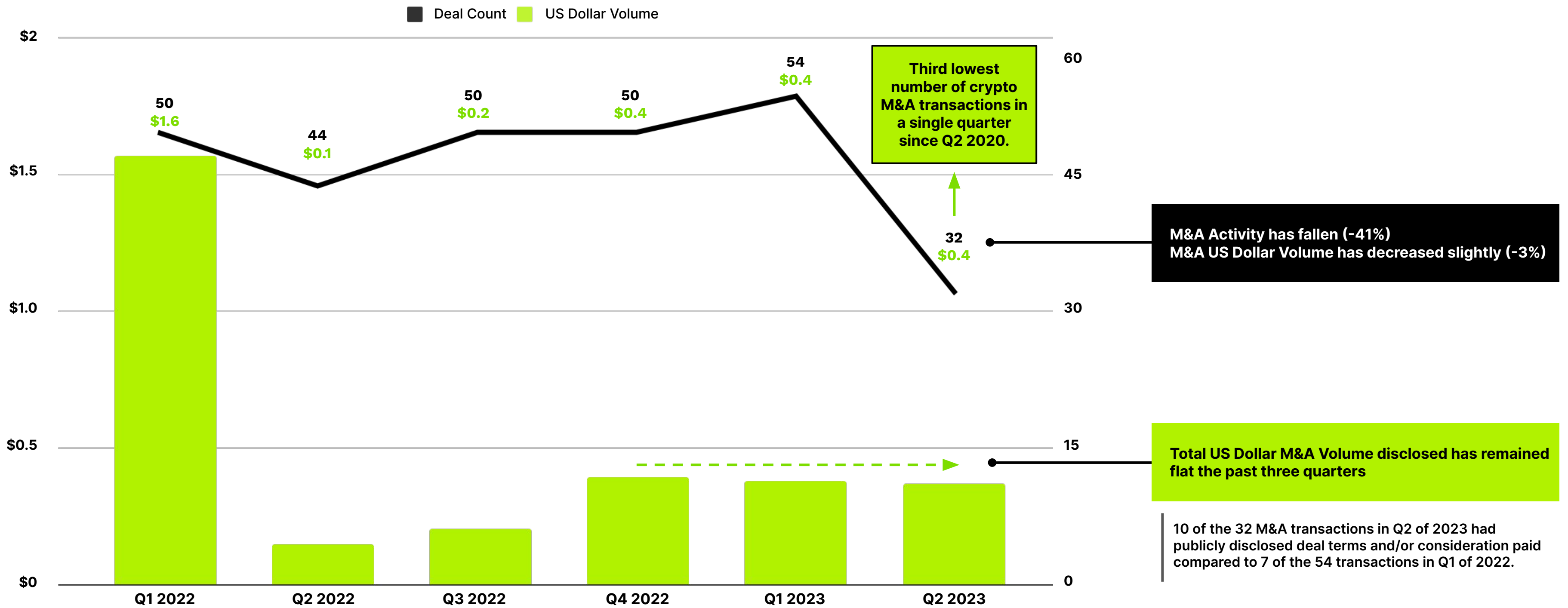
# Crypto Mergers & Acquisitions





# Q2 Crypto M&A activity slowed from historical Q1, down markedly

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2022 - Q2 2023 (\$ in billion)



M&A Activity has fallen (-41%)  
M&A US Dollar Volume has decreased slightly (-3%)

Total US Dollar M&A Volume disclosed has remained flat the past three quarters

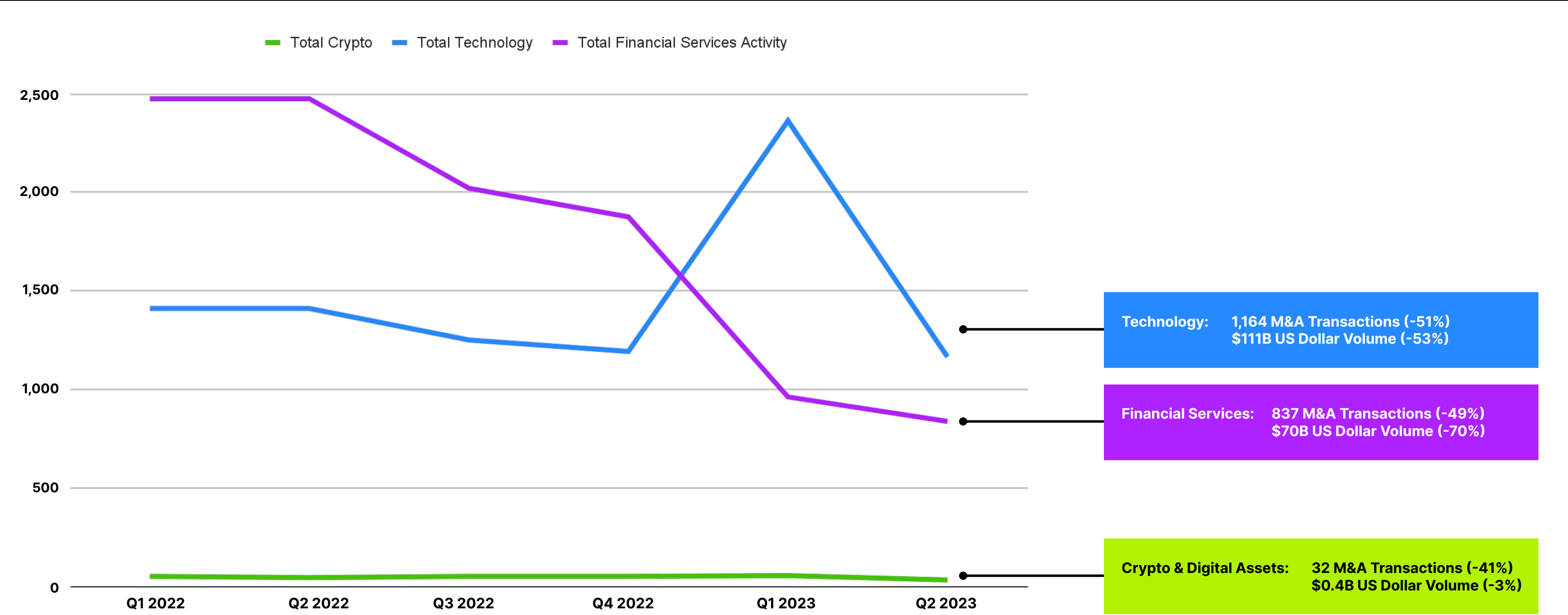
10 of the 32 M&A transactions in Q2 of 2023 had publicly disclosed deal terms and/or consideration paid compared to 7 of the 54 transactions in Q1 of 2022.

① Left axis in \$ USD billion and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



# Slowed pace is consistent across comparable sectors

Crypto Mergers & Acquisitions Deal Count 2022 - Q2 2023: Tech vs. Financial Services vs. Crypto

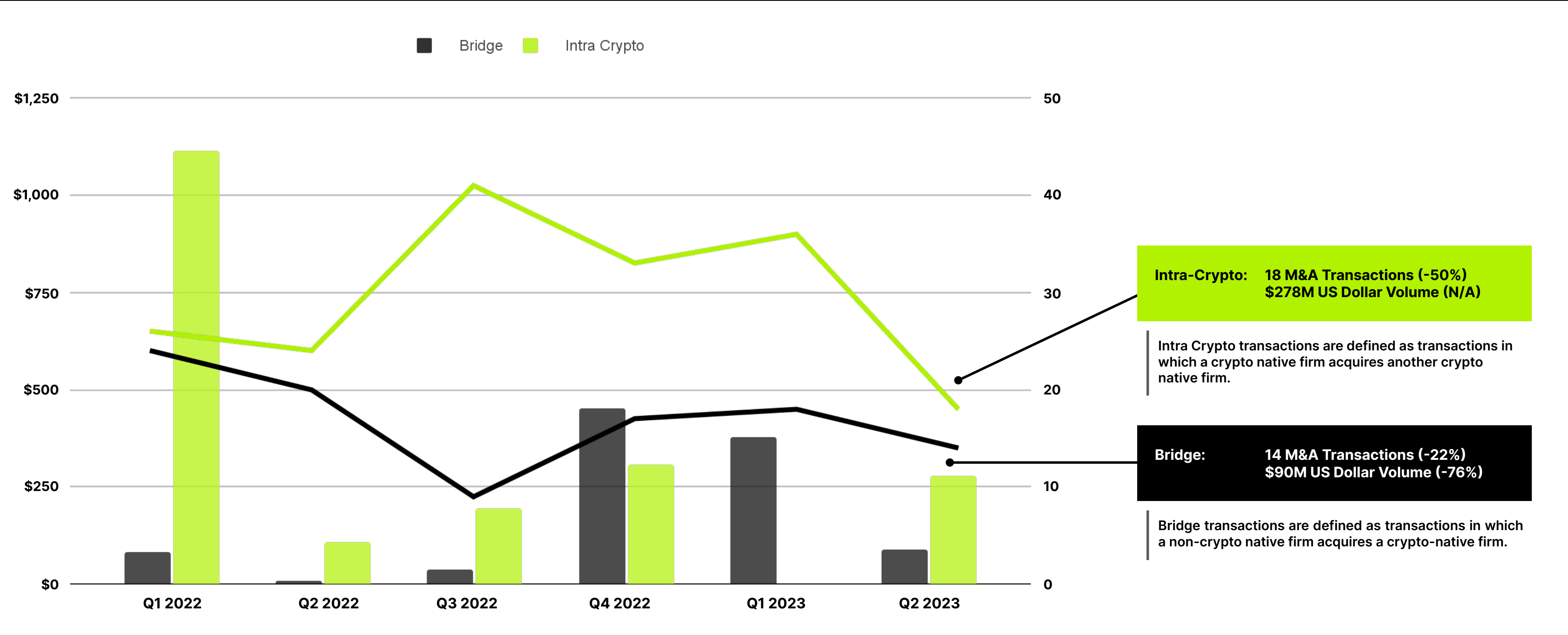


① US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



# Intra-crypto M&A activity slowed the most

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2022 - Q2 2023: Bridge vs. Intra-Crypto Transactions (\$ in millions)



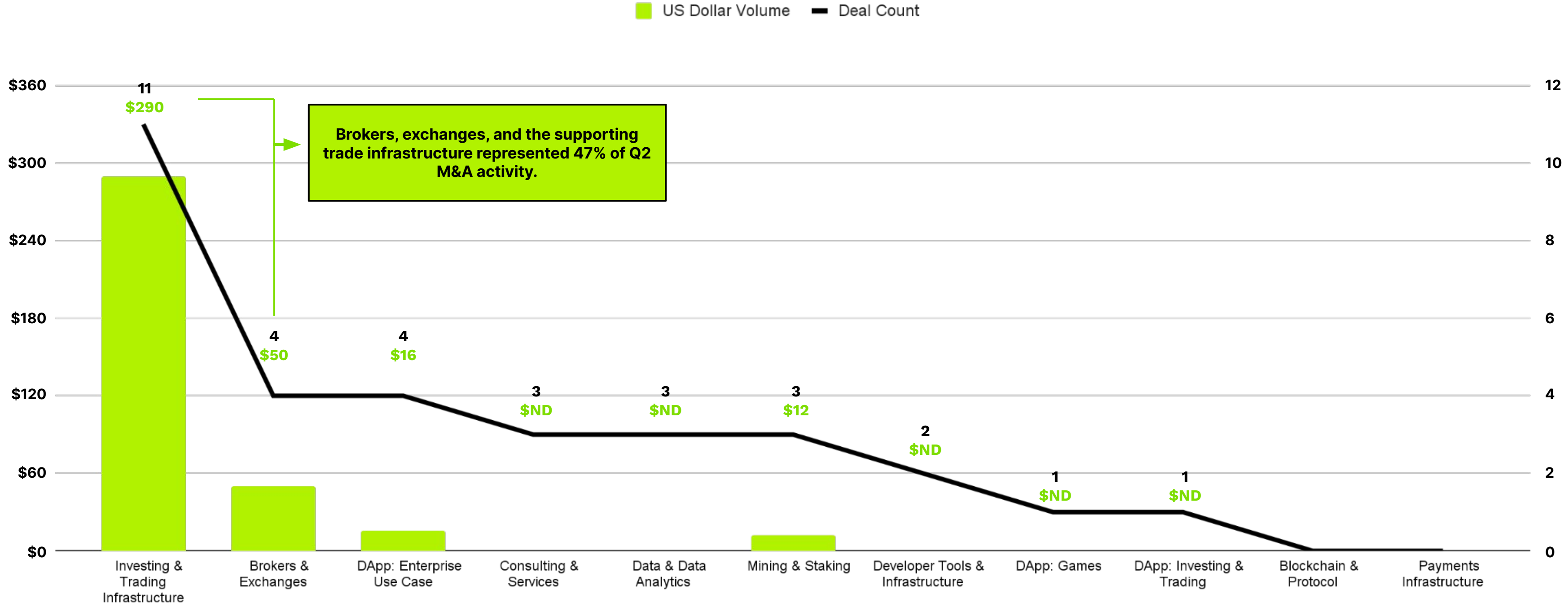
① Left axis in \$ USD Billions and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.





# Consistent with past, investing & trading dominated

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume - Q2 2023: **By Sub-Sector (\$ in millions)**



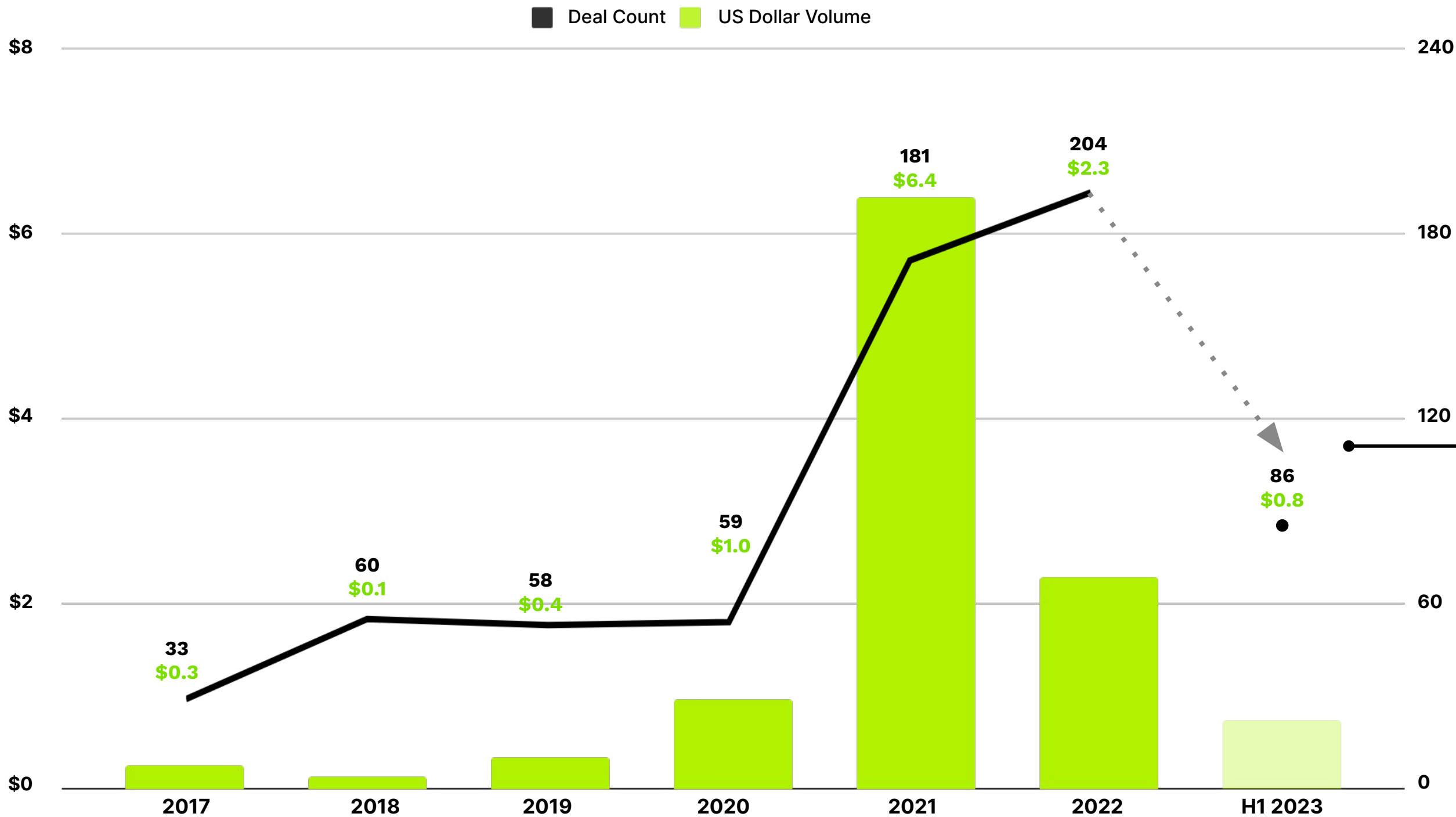
Brokers, exchanges, and the supporting trade infrastructure represented 47% of Q2 M&A activity.

① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



# Overall, H1 2023 M&A activity fell slightly below H1 2022

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2017 - H1 2023 (\$ in billion)



H1 2023 crypto M&A activity (86) is down slightly (-9%) compared to H1 2022 (94).

① Left axis in \$ USD billion and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



# Ripple, Laser Digital, Chainalysis drove the headline deals in Q2

## Crypto M&A Transaction List Q2 2023

### TRANSACTION LIST

TARGET	ACQUIRER	TARGET	ACQUIRER	TARGET	ACQUIRER
Arxnovum	<a href="#">Virgo Group</a>	LedgerX	<a href="#">MIAX</a>	XRUN	<a href="#">Southeast Asian Consortium</a>
Beyond Gaming Guild	<a href="#">Bulliverse</a>	<b>Metaco (M&amp;A Alert)</b>	<a href="#">Ripple</a>	Zebu Digital	<a href="#">Flight Story</a>
BitFlyer	<a href="#">D&amp;I Investment Corp.</a>	Metaverse Group	<a href="#">Tokens.com</a>		
Bitkipi	<a href="#">Pocket Bitcoin</a>	MEVlink	<a href="#">bloXroute</a>		
Blockchain Energy Serv.	<a href="#">Blockquarry (OTC: BLQC)</a>	Multisig Media	<a href="#">Bitwave</a>		
Cilandro	<a href="#">ARAX Holdings Corp.</a>	RARA	<a href="#">Mask Network</a>		
Core Group	<a href="#">Arax Group</a>	Red Water Acquisition	<a href="#">CryptoBlox</a>		
D3X Systems	<a href="#">Talos</a>	Robinland	<a href="#">Ark7</a>		
Digital Studios	<a href="#">Vertex Labs</a>	Snowbank	<a href="#">Gootbit</a>		
<b>Elysium Technology (M&amp;A Alert)</b>	<a href="#">Laser Digital</a>	TAP Network	<a href="#">OneOf</a>		
Fintech Blueprint	<a href="#">Fintech Nexus</a>	Tokenise Stock Exch.	<a href="#">VERO</a>		
Funderbeam	<a href="#">VentureWave</a>	<b>Transpose</b>	<a href="#">Chainalysis</a>		
Gorilla Accounting	<a href="#">Azets</a>	Valeraum	<a href="#">Vinz</a>		
Katana	<a href="#">PsyFi</a>	x2Fan.com	<a href="#">Outdoorsmen.com</a>		
Ledgerblock Int'l. Tech.	<a href="#">Al Jabeer Tech.</a>	XBteller	<a href="#">RockItCoin</a>		

① Deal count reflects publicly announced M&A transactions and may not include non-disclosed transactions. Please contact [dan@architectpartners.com](mailto:dan@architectpartners.com) with any questions.



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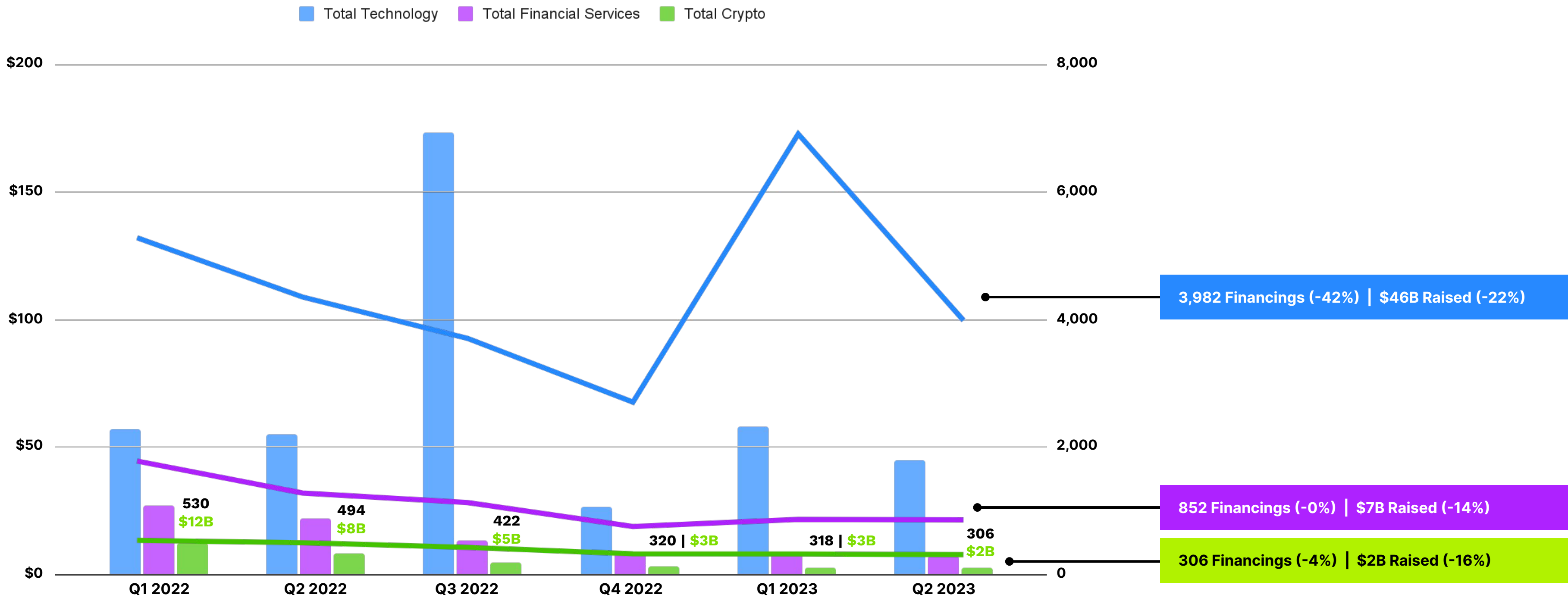
**Q2 2023**

**Crypto Private Financings**



# Crypto financing was slightly down again in Q2, tracking fintech

Private Financing Deal Count & US Dollar Volume 2022 - Q2 2023: Tech vs. Financial Services vs. Crypto (\$ in billions)



① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count.

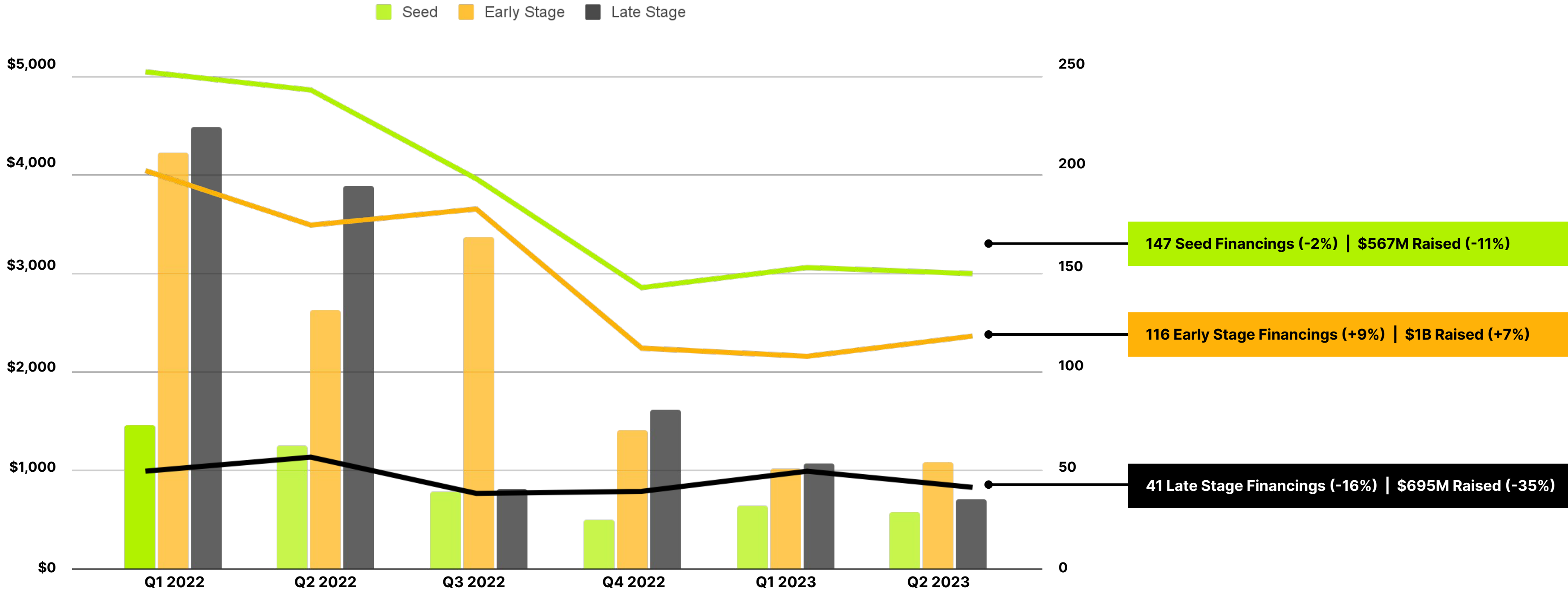
Source: Architect Partners Crypto Private Financing Tracker, Pitchbook





# Most of the downtick in financings was for late stage rounds

Crypto Financing Deal Count & US Dollar Volume 2022 - Q2 2023: Seed vs. Early Stage vs. Late Stage (\$ in millions)



**147 Seed Financings (-2%) | \$567M Raised (-11%)**

**116 Early Stage Financings (+9%) | \$1B Raised (+7%)**

**41 Late Stage Financings (-16%) | \$695M Raised (-35%)**

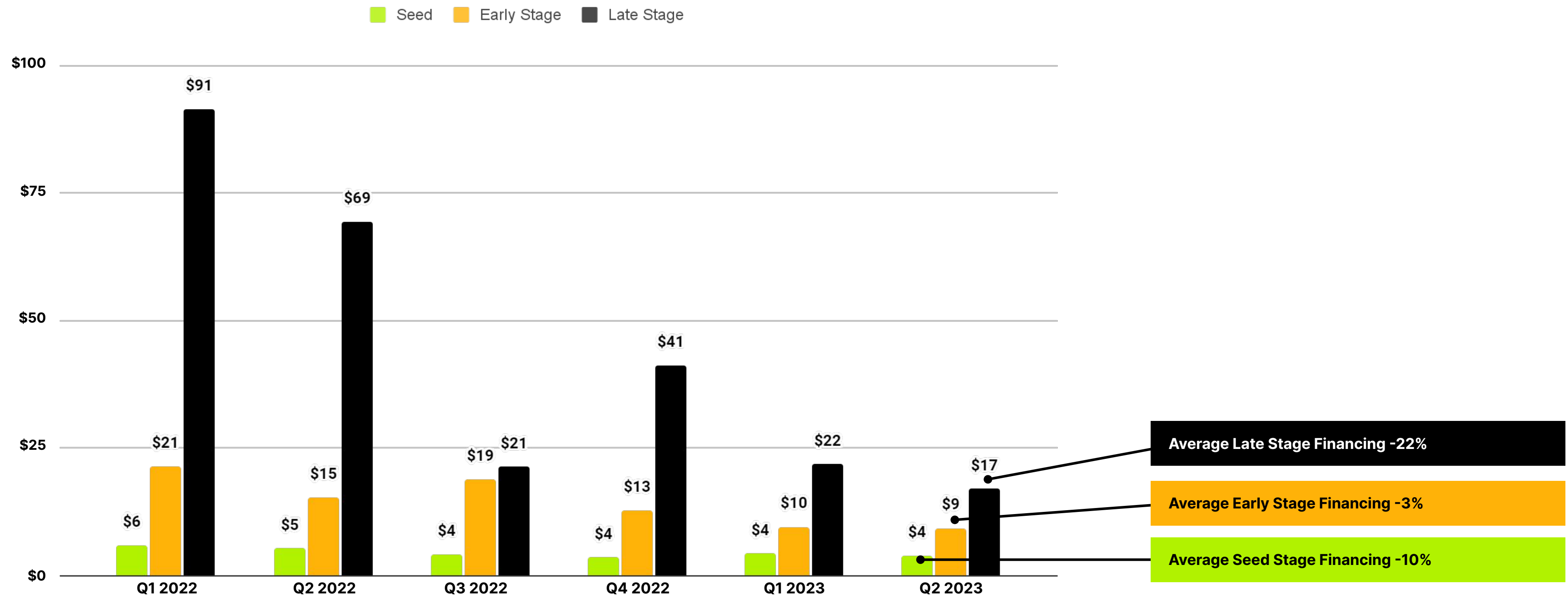
Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count.





# Average round size fell across all stages - particularly later stage

Crypto Financing Average Financing Round 2022 - Q2 2023: Seed vs. Early Stage vs. Late Stage (\$ in millions)

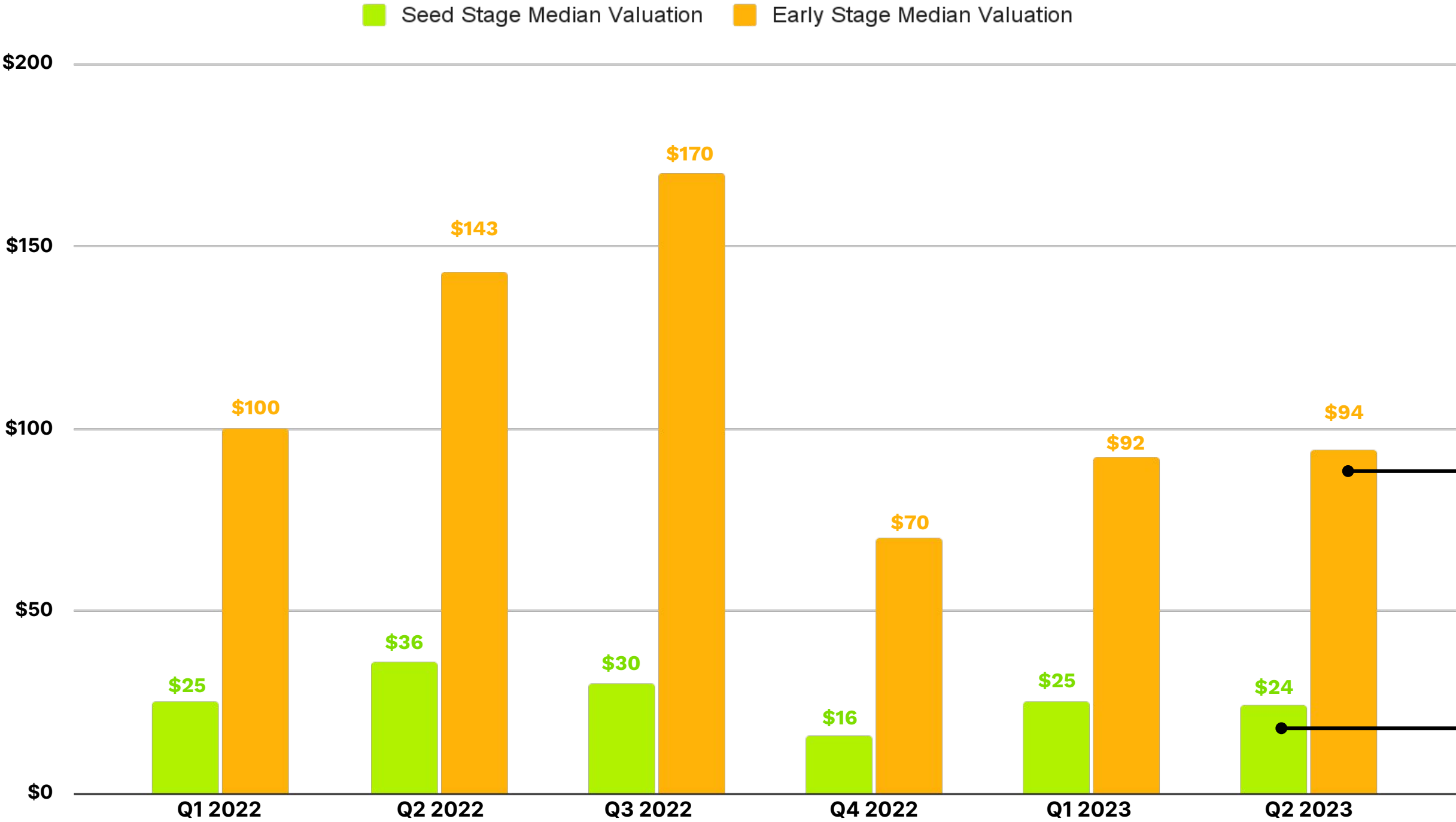


Source: Architect Partners Crypto Private Financing Tracker. Round size is calculated based on publicly available figures and does not reflect all transactions.



# Valuations remained roughly flat versus Q1 but sample size is small

Crypto Financing Median Valuations 2022 - Q2 2023: Seed vs. Early Stage (\$ in millions)



**Average Early Stage Valuation +2%**

16 of the 116 Early stage financings in Q1 of 2023 had publicly disclosed valuations.

**Median Seed Stage Valuation -4%**

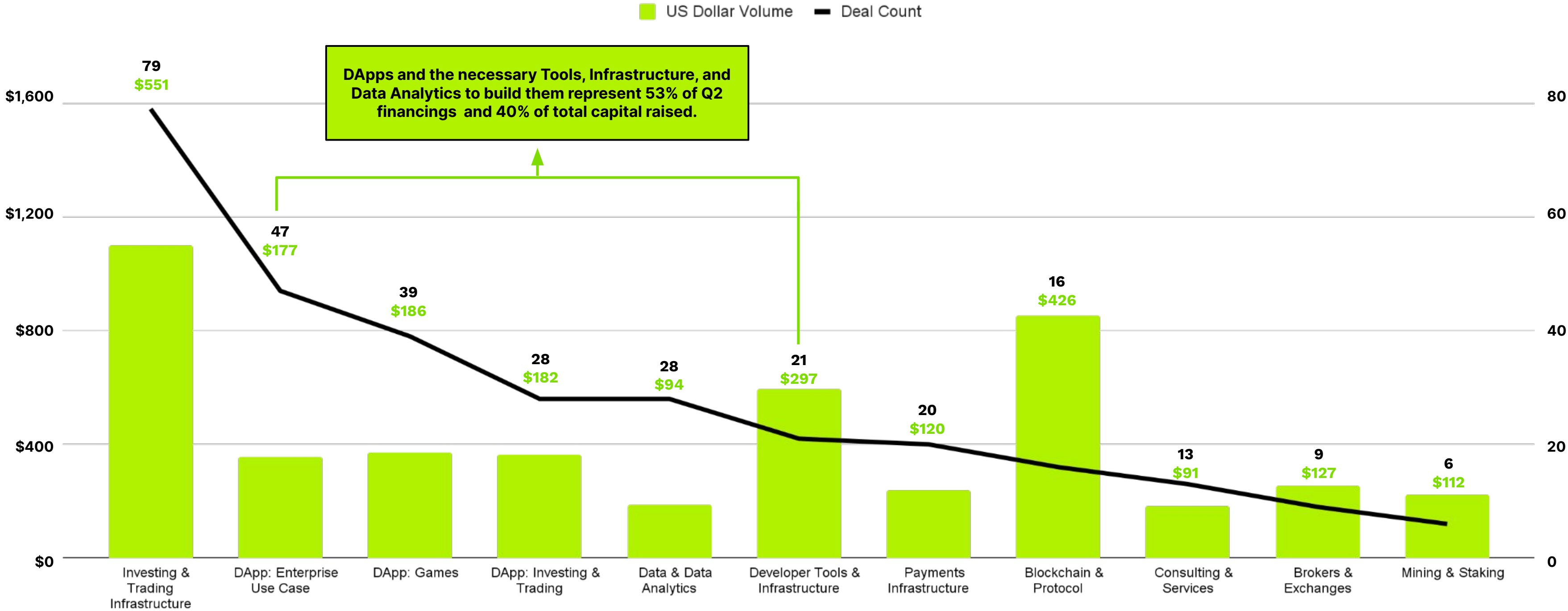
19 of the 147 Seed stage financings in Q1 of 2023 had publicly disclosed valuations.

ⓘ Median valuation estimated based on publicly available and disclosed valuation figures. There is insufficient market data for late stage valuations.



# DApp development continues to be an investment focus

Crypto Financing Deal Count & US Dollar Volume Q2 2023: By Sub-Sector (\$ in millions)



① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count.

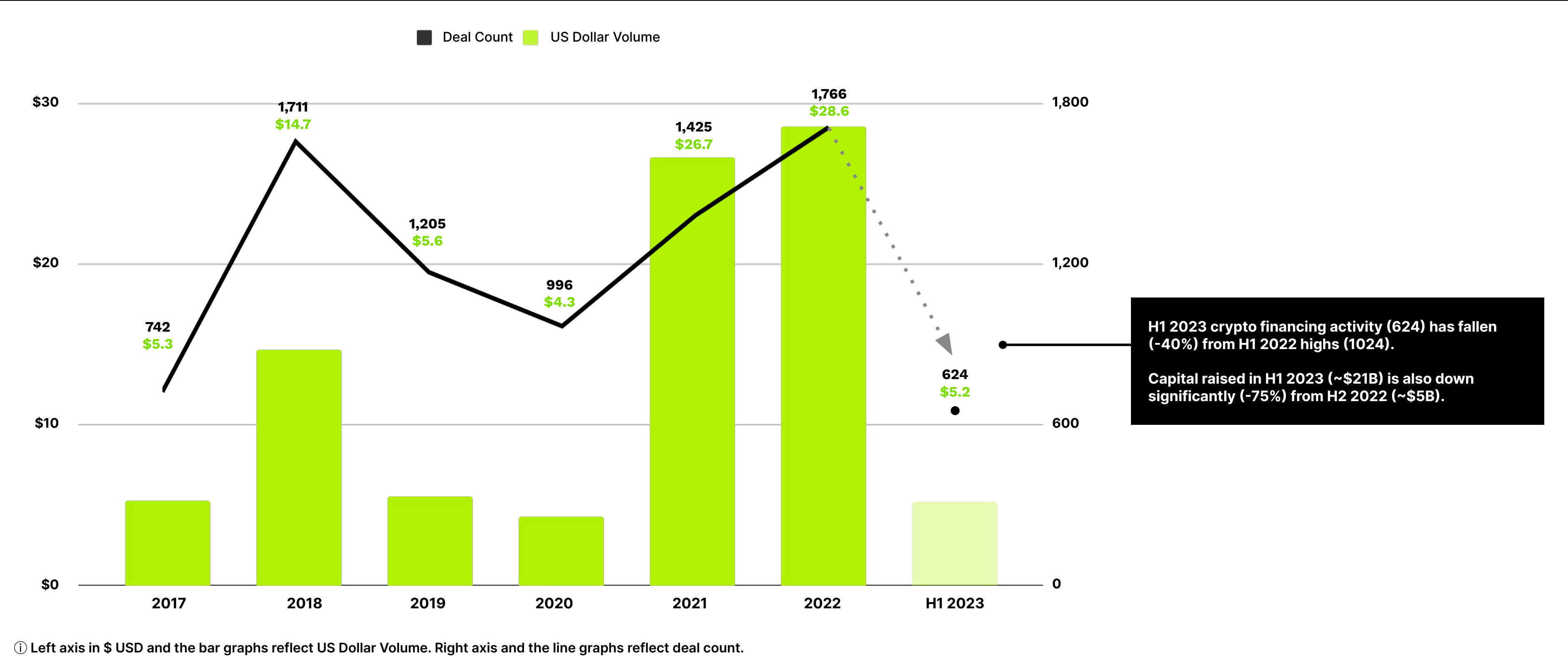
Source: Architect Partners Crypto Private Financing Tracker





# Overall, H1 2023 financing activity is well below H1 2022

Crypto Financing Deal Count & US Dollar Volume 2017 - Q2 2023 (\$ in billions)



Source: Architect Partners Crypto Private Financing Tracker, Pitchbook



# The most active investors have slowed their investing pace

## Crypto Financing **Most Active Investors** H1 2023

### MOST ACTIVE **LEAD** INVESTORS

COMPANY	Q1	Q2	H1
DWF Labs	4	6	10
a16z	7	2	9
CoinFund	2	4	6
Blockchain Capital	4	1	5
Outlier Ventures	5	-	5
Shima Capital	3	2	5
Animoca	2	2	4
BITKRAFT Ventures	2	2	4
Dragonfly	2	2	4
Framework Ventures	2	2	4
Jump Crypto	2	2	4
Lemniscap	2	2	4
Pantera Capital	2	2	4
Polychain Capital	2	2	4
WEB3 Venture Capital	3	1	4

### MOST ACTIVE INVESTORS

COMPANY	Q1	Q2	H1	COMPANY	Q1	Q2	H1	COMPANY	Q1	Q2	H1
Polygon	10	11	21	Robot Ventures	7	2	9	gumi Cryptos Capital	3	3	6
Shima Capital	11	6	17	Cogitent Ventures	4	5	9	Infinity Ventures	3	3	6
Coinbase	9	8	17	Blockchain Capital	6	2	8	IOSG Ventures	3	3	6
a16z	8	5	13	Outlier Ventures	6	2	8	Maven 11	3	3	6
Animoca	8	6	14	Sfermion	5	3	8	Placeholder Capital	5	-	5
Big Brain Holdings	8	6	14	Draper Associates	4	4	8	Bain Capital	4	1	5
Circle	8	5	13	6th Man Ventures	3	5	8	Dragonfly	4	1	5
DWF Labs	6	7	13	GSR	3	5	8	Kingsway Capital	4	1	5
Spartan	4	9	13	KuCoin Labs	3	5	8	North Island Ventures	4	1	5
Hashkey Capital	4	8	12	Protocol Labs	5	2	7	Quantstamp	4	1	5
Jump Crypto	7	4	11	Alliance DAO	4	3	7	Sequoia	4	1	5
CMT Digital	5	6	11	Pantera Capital	3	4	7	BITKRAFT Ventures	3	2	5
CoinFund	4	7	11	Blockchange Ventures	4	2	6	Delphi Digital	3	2	5
NGC Ventures	3	7	10	Distributed Global	4	2	6	Lemniscap	3	2	5
Polychain Capital	6	4	10	Framework Ventures	3	3	6	Samsung NEXT	3	2	5

① Deal count reflects publicly announced financings and may not include non-disclosed transactions. Please contact [dan@architectpartners.com](mailto:dan@architectpartners.com) with any questions.



# The top 10 financings represented ~21% of all capital raised YTD

## Crypto Financing Top 10 Financing Rounds H1 2023 (\$ in millions)

### TOP 10 CRYPTO FINANCINGS

COMPANY	AMOUNT RAISED	STAGE	SUB-SECTOR	INVESTORS
eToro	\$250,000,000	AIA	Brokers & Exchanges	SoftBank Investment Advisers
Blockstream	\$125,000,000	Late Stage	Developer Tools & Infrastructure	Fulgur Ventures, Kingsway Capital
LayerZero	\$120,000,000	Early Stage	Blockchain & Protocol	Andreessen Horowitz, BOND Capital, Christie Digital Systems, Circle Ventures, Electric Ant, IOBC Capital, Matrixport Ventures, OKX Ventures, OpenSea, Operator Partners, Protofund, Samsung NEXT Ventures, Sequoia Capital, Udaya Kumar Shivaraman
WorldCoin	\$115,000,000	Late Stage	Blockchain & Protocol	Andreessen Horowitz, Bain Capital, Blockchain Capital, Distributed Global
Ledger	\$109,000,000	Late Stage	Investing & Trading Infrastructure	10T Holdings, AdUX, Animoca Brands, CapHorn Invest, Cathay Capital Private Equity, Cathay Innovation, Cité Gestion, Club Italia Investimenti 2, Crypto.com Capital, Crédit Agricole Centre Loire, Cygni Capital, Digital Currency Group, Digital Finance Group, Draper Associates, Draper Dragon, Fabric Ventures, Fantail Ventures, Felix Capital, Financière Agache, FirstMark Capital, Gary Vaynerchuk, Global Founders Capital, Groupe MACSF, Hard Yaka, iAngels, iAngels Technologies, Icebreaker, Inherent Group, Korelya Capital, Libertus Capital, Loire Centre Capital, Marcy Venture Partners, Molten Ventures, Morgan Creek Digital Assets, Naxicap Partners, Nucleus Adventure Capital, Rosemoor Capital, Scott Galloway, Tekne Capital Management, Tessera Venture Partners, The Maze Group, True Global Ventures, Uphold Ventures, Warburg Serres Investments, Wicklow Capital, Yes VC
Tokhit	\$100,000,000	Early Stage	DApp: Games	ND
IPX	\$90,120,000	Seed	Developer Tools & Infrastructure	BRV Capital Management
Auradine	\$81,000,000	Early Stage	Developer Tools & Infrastructure	Marathon Digital Holdings, Cota Capital, DCVC, Stanford University, Celesta Capital, Mayfield People First
Qoala	\$72,400,000	Early Stage	DApp: Enterprise Use Case	Apis Partners, AppWorks, BRI Ventures, Daiwa PI Partners, Eurazeo, Flourish Ventures, Indogen Capital, KB Investment, Mandiri Capital Indonesia, MassMutual Ventures, MDI Ventures, responsAbility Investments, RMKB Ventures, Salt Ventures, SeedPlus, Sequoia Capital India, STRIVE





# The top 45 financings represented ~50% of all capital raised in 2023

## Crypto Financing Largest Financing Rounds H1 2023 (\$ in millions)

### LARGEST CRYPTO FINANCINGS

COMPANY	AMOUNT RAISED	COMPANY	AMOUNT RAISED	COMPANY	AMOUNT RAISED
eToro	\$250,000,000	Magic	\$52,000,000	Mythical Games	\$37,000,000
Blockstream	\$125,000,000	Scroll	\$50,000,000	Zodia Custody	\$36,000,000
LayerZero	\$120,000,000	Solaris Network	\$48,000,000	Sabre56	\$35,000,000
WorldCoin	\$115,000,000	Growminer	\$48,000,000	River Financial	\$35,000,000
Ledger	\$109,000,000	Anzu	\$45,000,000	Plai Labs	\$32,000,000
Tokhit	\$100,000,000	BitSwapix	\$44,150,000	One Trading	\$32,000,000
IPX	\$90,120,000	Venture Club	\$43,000,000	Peach Payments	\$31,000,000
Auradine	\$81,000,000	Gensyn	\$42,000,000	SIMBA	\$30,000,000
Qoala	\$72,400,000	Berachain	\$42,000,000	Coincover	\$30,000,000
EigenLayer	\$71,130,000	NFTCloud	\$42,000,000	Pixelcraft Studios	\$30,000,000
Chain Reaction	\$70,000,000	Crowdbotics	\$40,000,000	Sei	\$30,000,000
Taurus	\$65,000,000	Tomi	\$40,000,000	Cormint	\$30,000,000
Salt Lending	\$64,400,000	CCP Games	\$40,000,000	Wow Earn	\$30,000,000
QuickNode	\$60,000,000	fetch.ai	\$40,000,000	GrainChain	\$29,000,000
Unchained Capital	\$60,000,000	Lunar	\$37,930,000	Story Protocol	\$29,000,000

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**Q2 2023**

**Crypto Public Companies**





# Stocks rose in first half of 2023, led by mining, as Bitcoin gains 83%

## Crypto Public Companies Key Highlights Q2 2023

### STOCK PRICE PERFORMANCE

Investment Platforms			Crypto Mining			Benchmarks YTD		
Q2 2023	H1 2023	Avg % in Range	Q2 2023	H1 2023	Avg % in Range	Bitcoin	Ether	S&P 500
0.4%	39%	24%	54%	277%	60%	83%	18%	16%
Crypto Influenced			Total					
Q2 2023	H1 2023	Avg % in Range	Q2 2023	H1 2023	Avg % in Range			
6%	44%	58%	35%	191%	52%			

### AVERAGE REVENUE GROWTH

Investment Platforms	Crypto Mining
2022 to 2023E	2022 to 2023E
15%	148%
Crypto Influenced	All Groups
2022 to 2023E	2022 to 2023E
18%	91%

### AVERAGE EV / REVENUE MULTIPLES

Investment Platforms		Crypto Mining	
EV / LTM Revenue	EV / 2023E Revenue	EV / LTM Revenue	EV / 2023E Revenue
4.3x	5.9x	14.8x	3.6x
Crypto Influenced		All Groups	
EV / LTM Revenue	EV / 2023E Revenue	EV / LTM Revenue	EV / 2023E Revenue
4.9x	4.5x	10.6x	4.3x

## CRYPTO PUBLIC COMPANIES ABOVE \$100M MARKET CAP

### Investment Platforms

coinbase

bakkt

CoinShares

GALAXY DIGITAL

### Bitcoin Network Operators

MARATHON DIGITAL HOLDINGS

RIOT

Bitfarms

HUT 8

Hive

Cipher MINING

TERAWULF

NORTHERN DATA

Canaan

BITDEER

CORE SCIENTIFIC

argo

### Crypto Influenced

BLOCK

MicroStrategy

Robinhood

Source: Architect Partners Crypto Public Company Tracker



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# Architect Partners

## Firm Overview



# Architect Partners specializes in **premium-value** M&A and strategic financing advisory services.

**WE ARE**                      **Seasoned veterans** with decades of institutional, entrepreneurial, and operational expertise

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**WE BRING**                      **A honed methodology** for achieving premium valuations

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**WE DELIVER**                      **All-in, hands-on engagement** from our senior-level team

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**WE PROMISE**                      **Relentless execution**, every time

**350+** transactions closed. **\$30B** in value



# Demanding companies choose us.







# Our team brings **senior leadership experience** from top companies.

## Strategic advisory



## Principal investor



## Senior operating executive





# We execute **marquee deals**.

**#1 Largest** in North America  
2022 | **\$330 MILLION**



ACQUIRED BY



**#3 Largest** in North America  
2022 | **\$201 MILLION**



ACQUIRED BY



**#1 Largest** in Europe  
2022 | **\$54 MILLION**



ACQUIRED BY





# What our clients say about us.

“Broad connections and **deep strategic understanding**”

“Sector focus and grit”

“**Strategic investor, acquirer and premium value outcomes**”

“They work tirelessly till completion”

“Helped communicate our story, negotiate and structure a very complex transaction”

“Relentless”

“The ideal boutique advisory”

“**Crafted a deal many times better than the original offer**”

“The best bankers I’ve ever worked with”

“Positive outcome for all stakeholders”

“Principals with greater skill than much larger firms”

“Detail-oriented, strategic, analytically-driven”



**Talk With Us**

hi@architectpartners.com

