

Architect Insights

Q3 2023 Crypto M&A and Financings

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Q3 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: Q3 2023

Mergers & Acquisitions

Crypto dealmakers must have taken the summer off as M&A deals declined again

M&A deals involving crypto companies were down 48% from 50 deals in Q3 '22 to 26 in Q3 '23, with only 112 total so far for the year.

Announced deal value was also down to \$110M, although only 4 deals disclosed their value, meaning they were quite small.

The value would have been much higher, except for the cancellations of two custody deals: Bitgo/Prime Trust and Ripple/Fortress.

Q4 will have to be huge to equal the record pace of 2022 (204 deals).

To see an increase in crypto M&A activity we need to see increased real-world adoption, more regulatory certainty (particularly in the USA), greater institutional investment leading to higher prices/greater M&A currency, and new digital asset developments.

Private Financings

Q3 was a tough time for crypto financings

Deal count was down 6% (288) from Q3 (306) and capital raised was down 28% (\$1.7B) in the same period (\$2.36B) for a low point for the year.

Biggest impact this quarter was on large raises, which were few & far between. Late stage financing amounts were down 59%, lower than any other series. We do know of several firms that tried but did not find the amounts or valuations desired.

In a larger context, crypto financings lagged both the overall tech and fintech sectors by several digits.

We are often asked if Q4 will improve. The sentiment from our network is that it will, but muted vs. previous euphoric days. In other words, a slow but not frozen market, where the muck is getting easier to slog through.

Public Companies

Public crypto is down with broader markets, but sector revenue growth remains solid

Our public crypto market index is down 7% for the quarter, compared to approx. -3.6% Q3 moves by both S&P and NASDAQ.

Network Operators again posted the largest move, down 23% during a quarter that saw BTC drop 12% and energy pricing spike with Oil climbing 28.5% to 90.79/barrel (WTC).

Crypto-influenced lost 13%, while investment platforms gained a modest 5% for the quarter.

Revenue growth remained solid however, up an average of 93% for the year so far (largely led by the crypto mining group) which suggests that the public crypto sector is beginning to move in line with broader markets rather than sector fundamentals.

Such amplified correlation may reflect an emerging theme - collaborative inroads with traditional institutions - which will eventually blur the lines between crypto and traditional finance.

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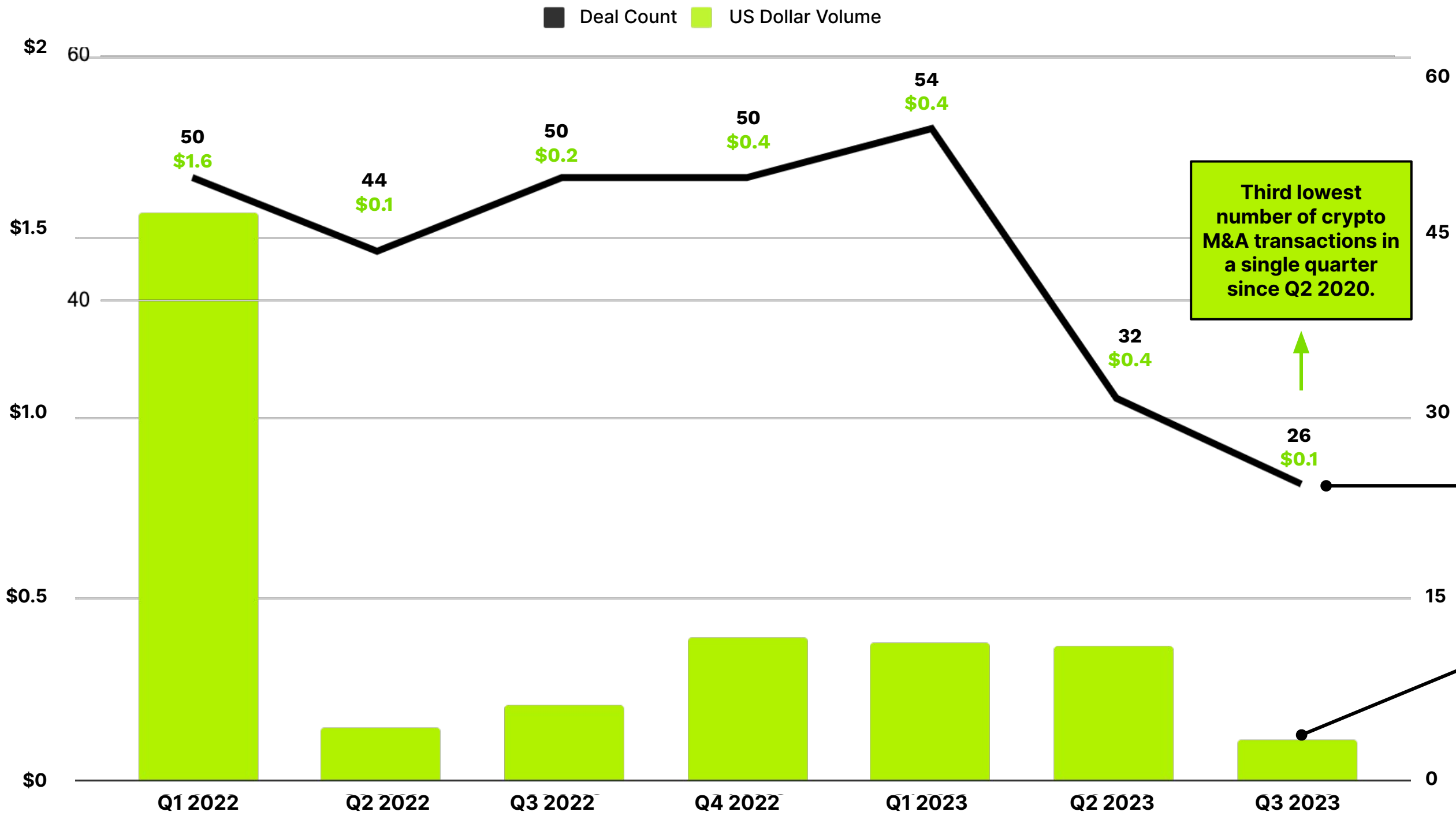
Q3 2023

Crypto Mergers & Acquisitions



2023's slow pace continues as crypto M&A activity falls again in Q3

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2022 - Q3 2023 (\$ in billion)



Third lowest number of crypto M&A transactions in a single quarter since Q2 2020.

M&A Activity has fallen (-19%)
M&A US Dollar Volume fell as well (-70%)

Lowest reported consideration paid in a quarter since Q4 2020 (\$59M)

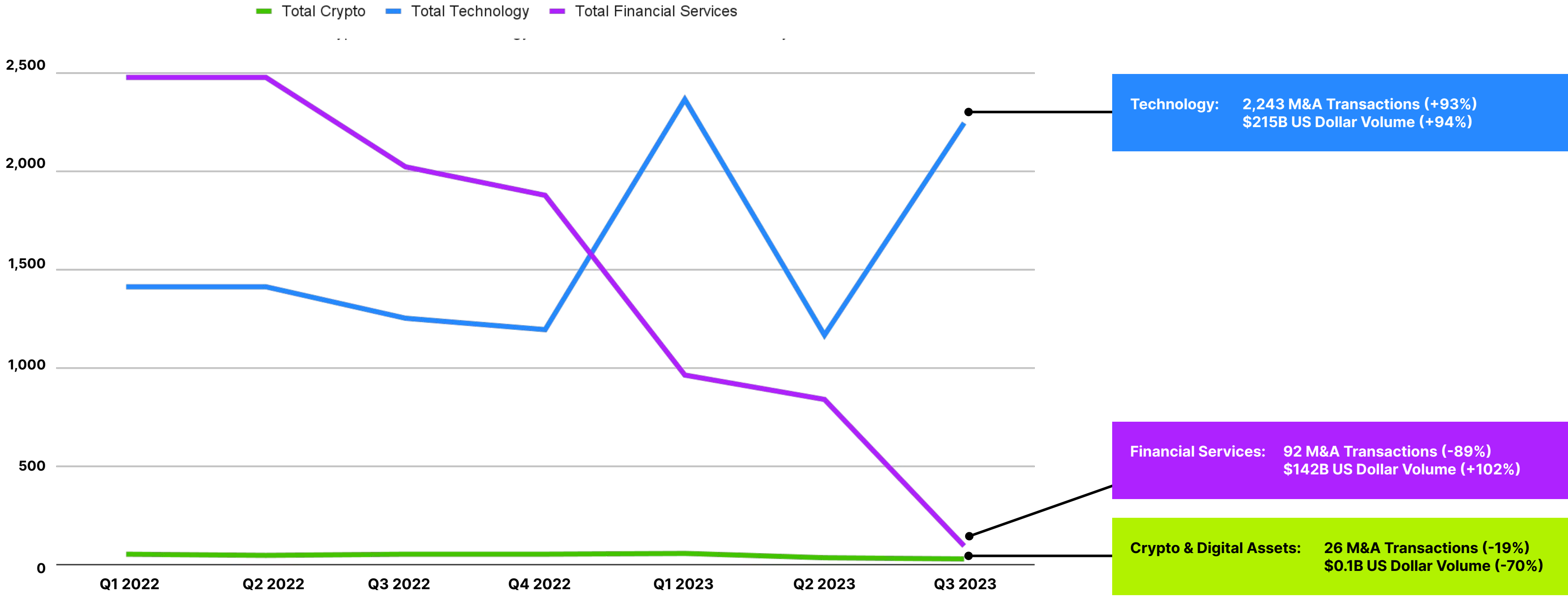
4 of the 25 M&A transactions in Q3 of 2023 had publicly disclosed deal terms and/or consideration paid compared to 10 of the 32 transactions in Q1 of 2022.

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.



Overall financial services fell as well, while technology rebounds

Crypto Mergers & Acquisitions Deal Count 2022 - Q3 2023: Tech vs. Financial Services vs. Crypto

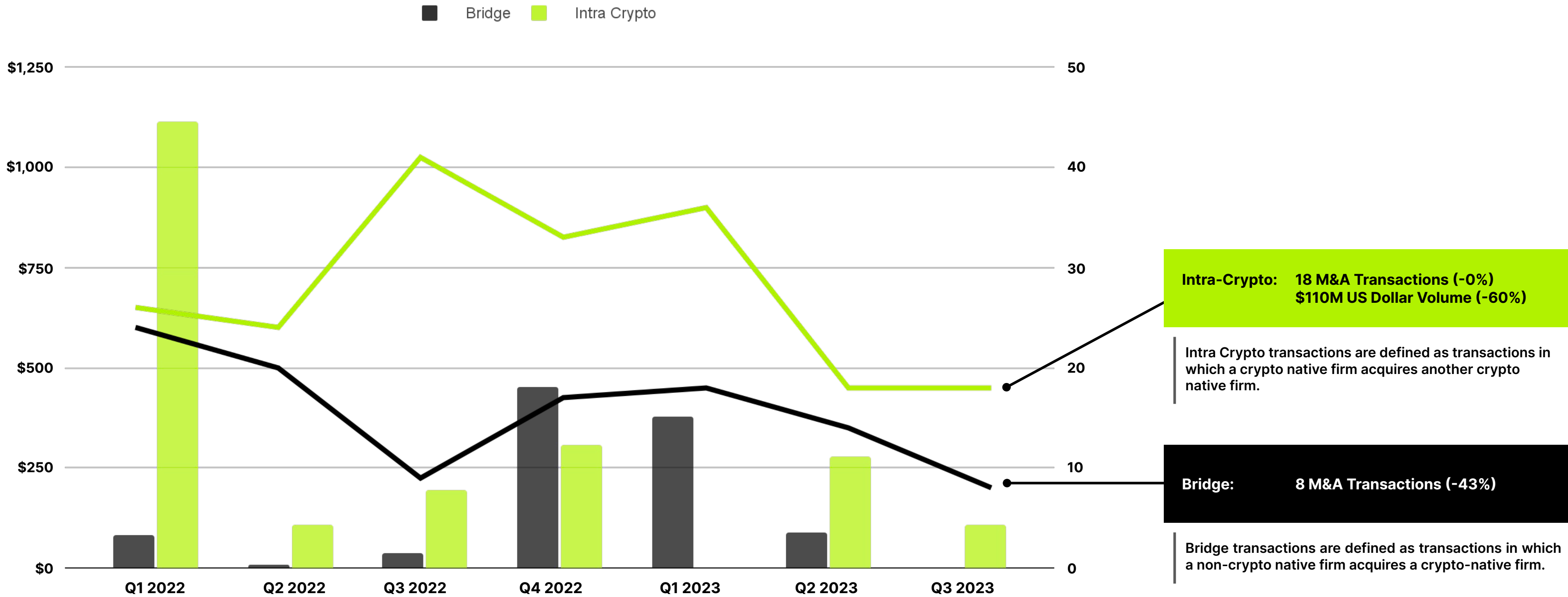


① US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



Bridge transactions fell, while intra-crypto activity remained flat

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2022 - Q3 2023: Bridge vs. Intra-Crypto Transactions (\$ in millions)

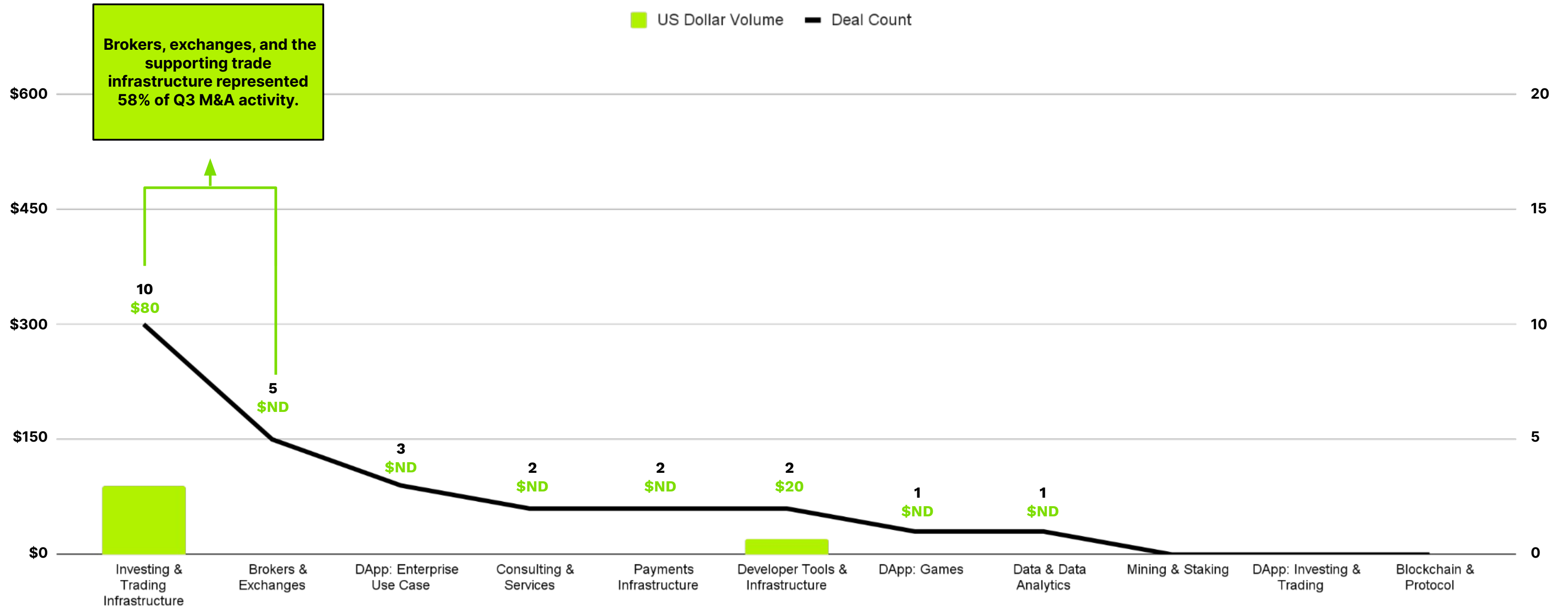


① Left axis in \$ USD Billions and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



Consistent with past, investing & trading still dominates

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume - Q3 2023: By Sub-Sector (\$ in millions)

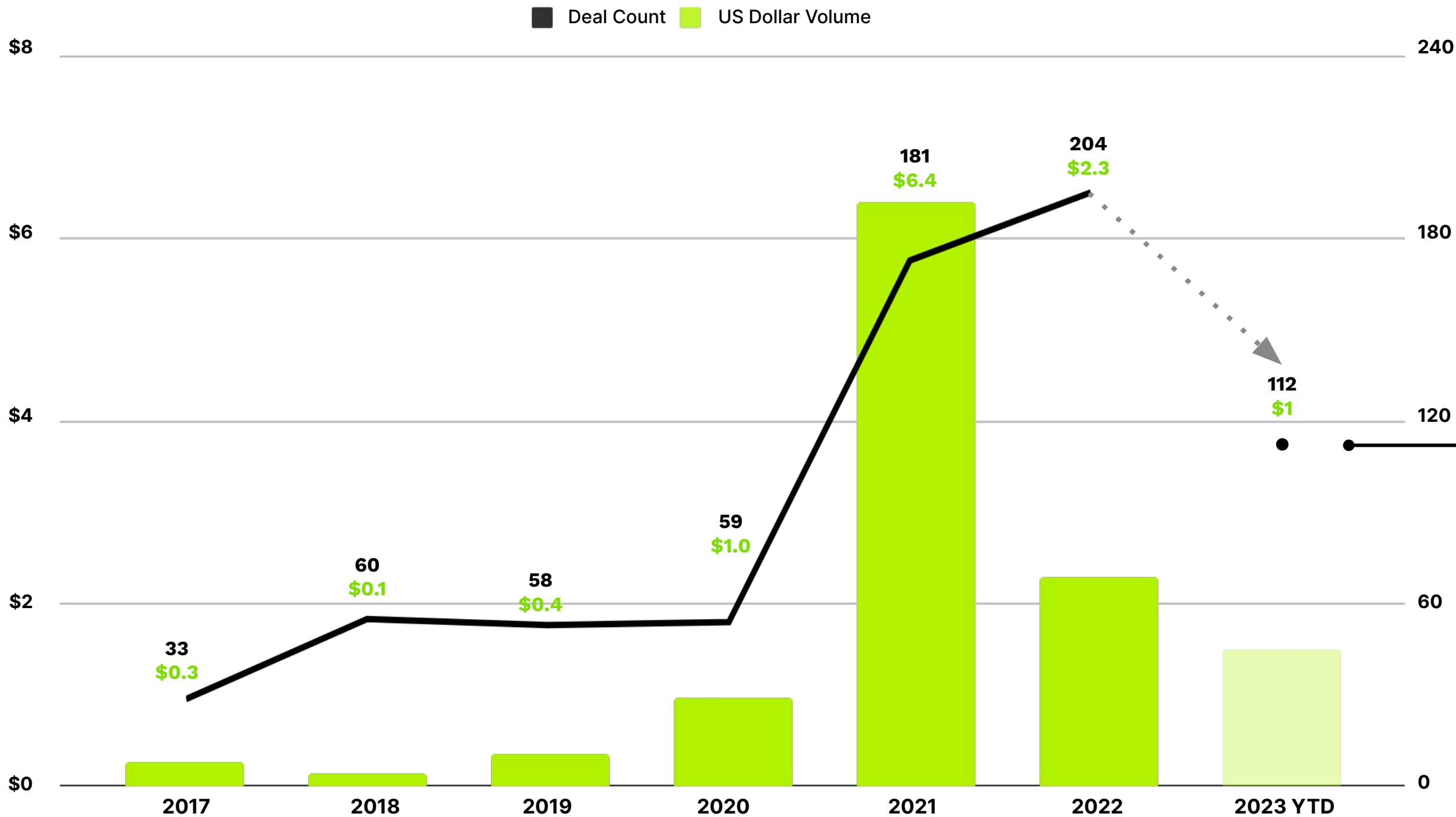


① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count. US Dollar Volume is calculated based on publicly available figures and does not reflect all transactions.



Crypto M&A this year is well below pace compared to 2021 & 2022

Crypto Mergers & Acquisitions Deal Count & US Dollar Volume 2017 - Q3 2023 (\$ in billion)



Q3 2023 crypto M&A activity (112) is down slightly (-22%) compared to the same period in 2022 (144).

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.



Fireblocks, Oanda, MoonPay, & Securitize drove headline deals in Q3

Crypto M&A **Transaction List** Q3 2023

TRANSACTION LIST

TARGET	ACQUIRER	TARGET	ACQUIRER
Altalix	Clear Junctio	Paypt Finance Ltd	GSTechnologies
Atlas Technologies	IMC	Qala	BTrust
Atomic Hub	Spielwork	Ratuken Securities Australia	AFTX
Binance Russia	CommEx	Roar Studios	Yuga Labs
Blockfold	Fireblocks	Satsuma	Alchemy
Bitsure	Evertas	TerraZero Tech	BIGG Digital Assets
Brane Trust Company	Wellfield Technologies	The Blockchain Game Info	GMO Media
Coinpass	Oanda	The Tilt	Lulu
Ethpass	MoonPay	WiredMarket	Capex.com
FundsDLT	Deutsche Börse	WonderFi, Coinsquare, Coinsmart	N/A
Gilded	Bitwave	Woorton	B2C2
JDAX	M2Bio Sciences		
nChain	Ayre Group		
OnRamp Invest	Securitize		
Paper	thirdweb		

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

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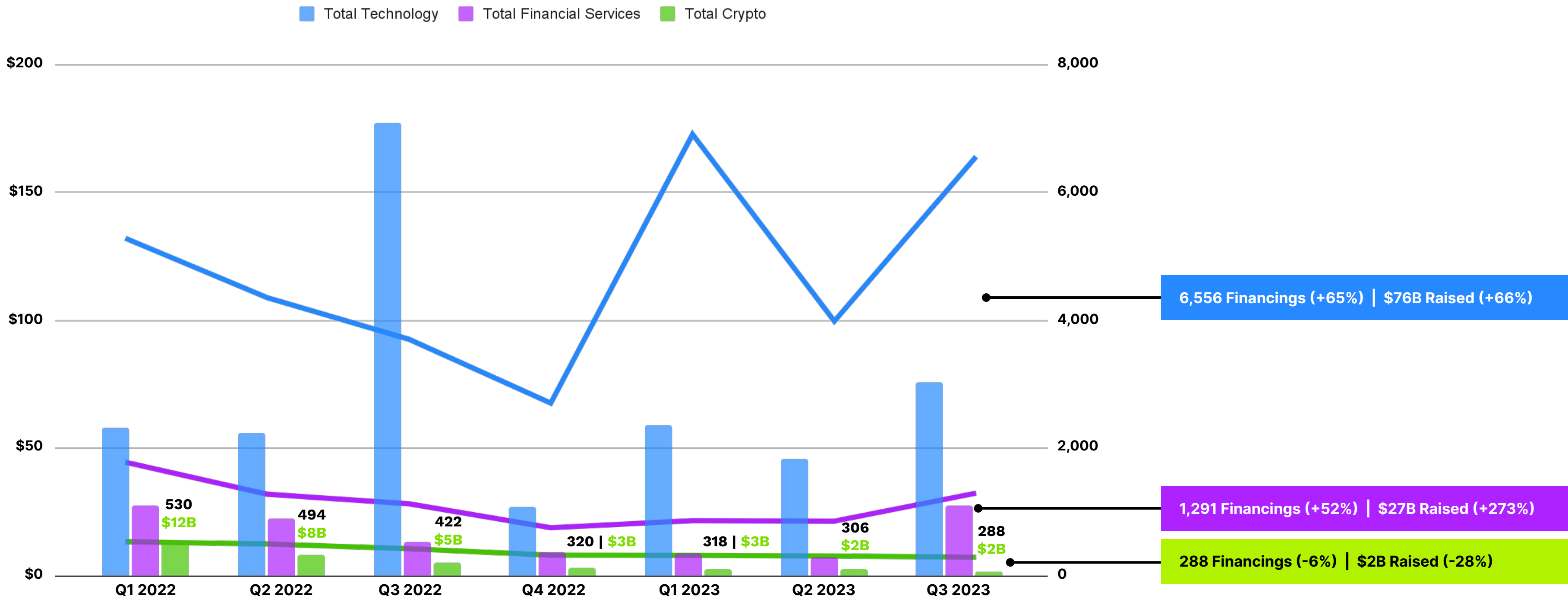
Q3 2023

Crypto Private Financings



Crypto financing down again in Q3, while fintech rebounds

Private Financing Deal Count & US Dollar Volume 2022 - Q3 2023: Tech vs. Financial Services vs. Crypto (\$ in billions)



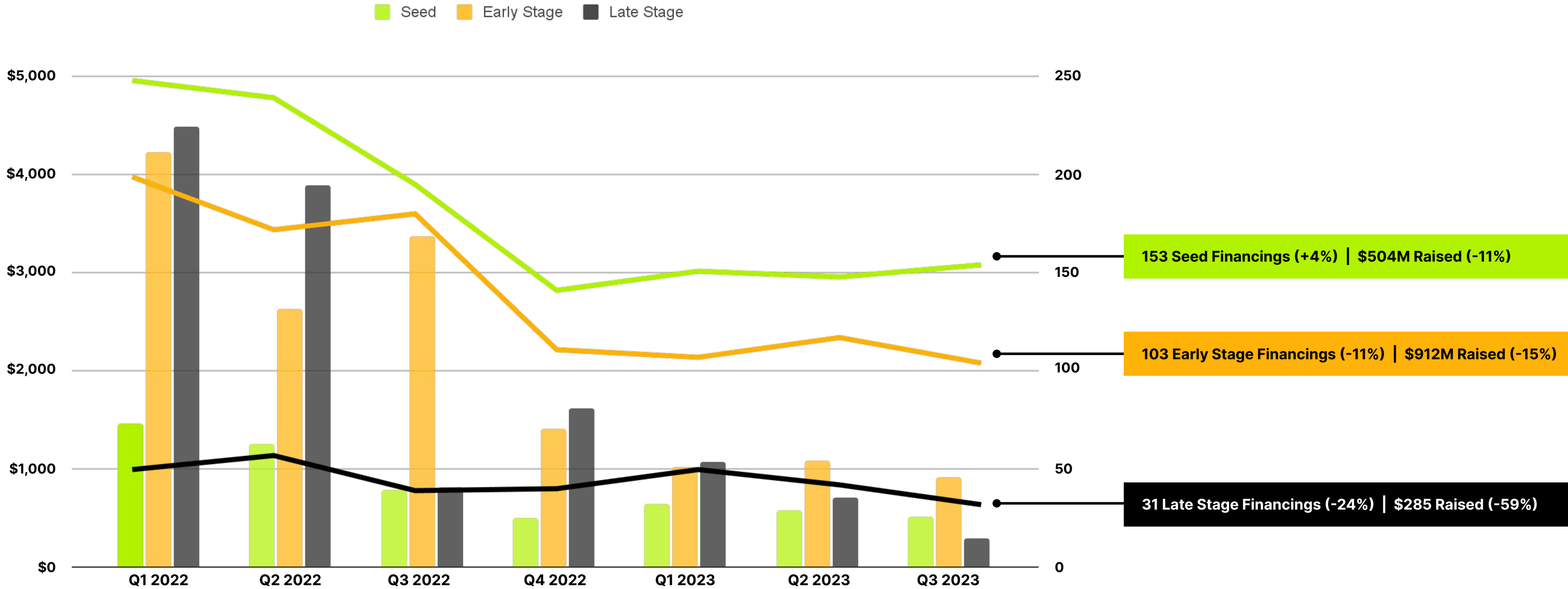
① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count.

Source: Architect Partners Crypto Private Financing Tracker, Pitchbook



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

Crypto Financing Deal Count & US Dollar Volume 2022 - Q3 2023: Seed vs. Early Stage vs. Late Stage (\$ in millions)



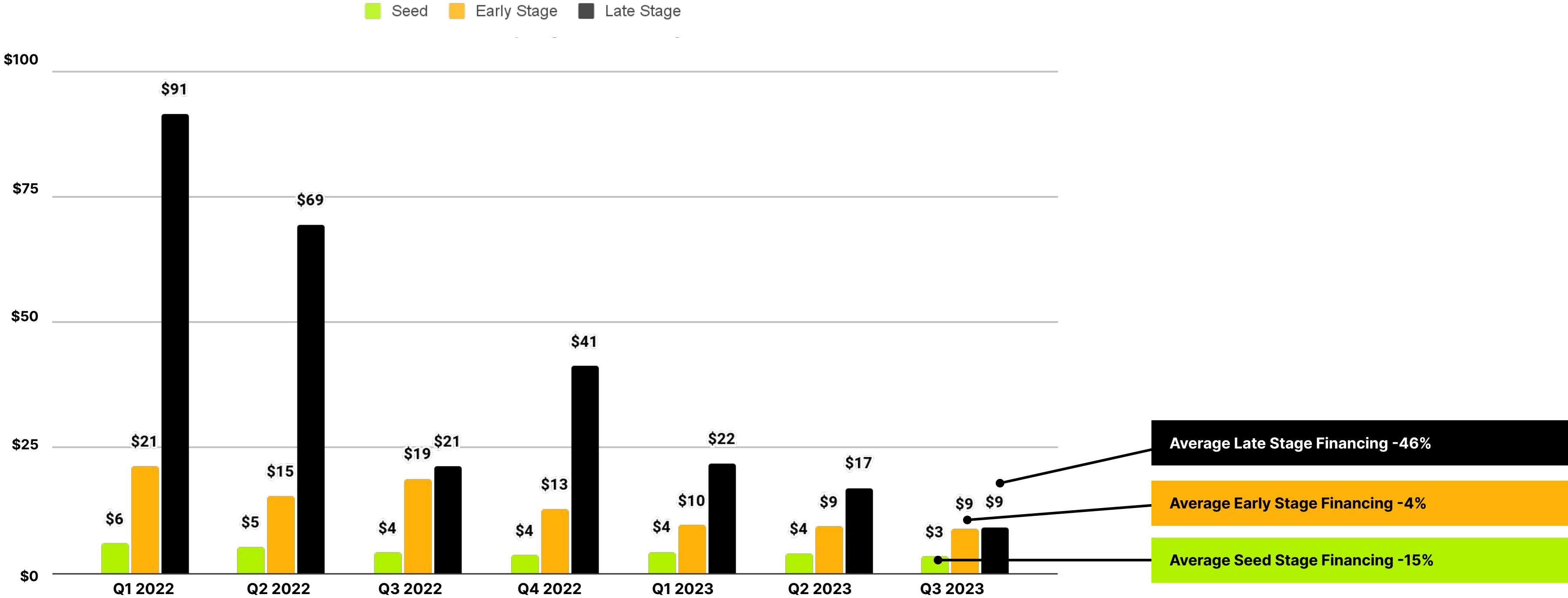
① Left axis in \$ USD and the bar graphs reflect US Dollar Volume. Right axis and the line graphs reflect deal count.

Source: Architect Partners Crypto Private Financing Tracker



Average round size fell across all stages - particularly later stage

Crypto Financing Average Financing Round 2022 - Q3 2023: Seed vs. Early Stage vs. Late Stage (\$ in millions)

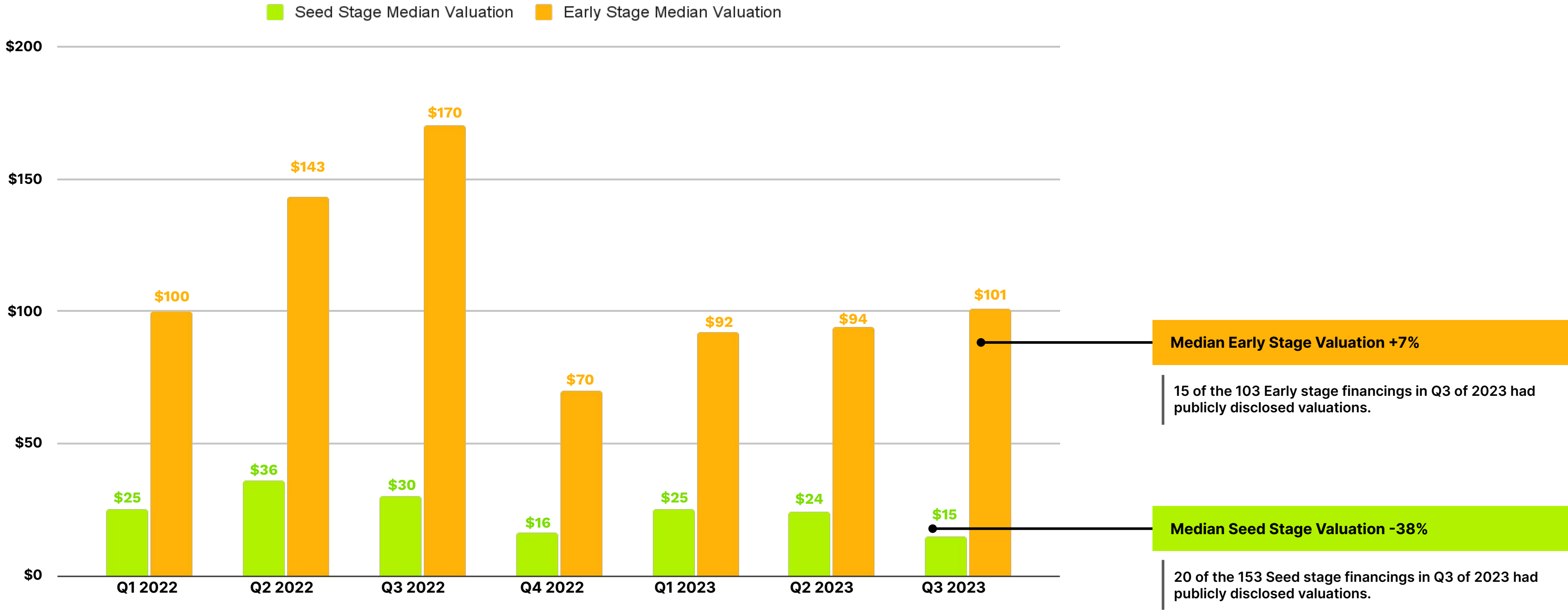


Source: Architect Partners Crypto Private Financing Tracker. Round size is calculated based on publicly available figures and does not reflect all transactions.



Valuations remained roughly flat versus Q1 but sample size is small

Crypto Financing Median Valuations 2022 - Q3 2023: Seed vs. Early Stage (\$ in millions)

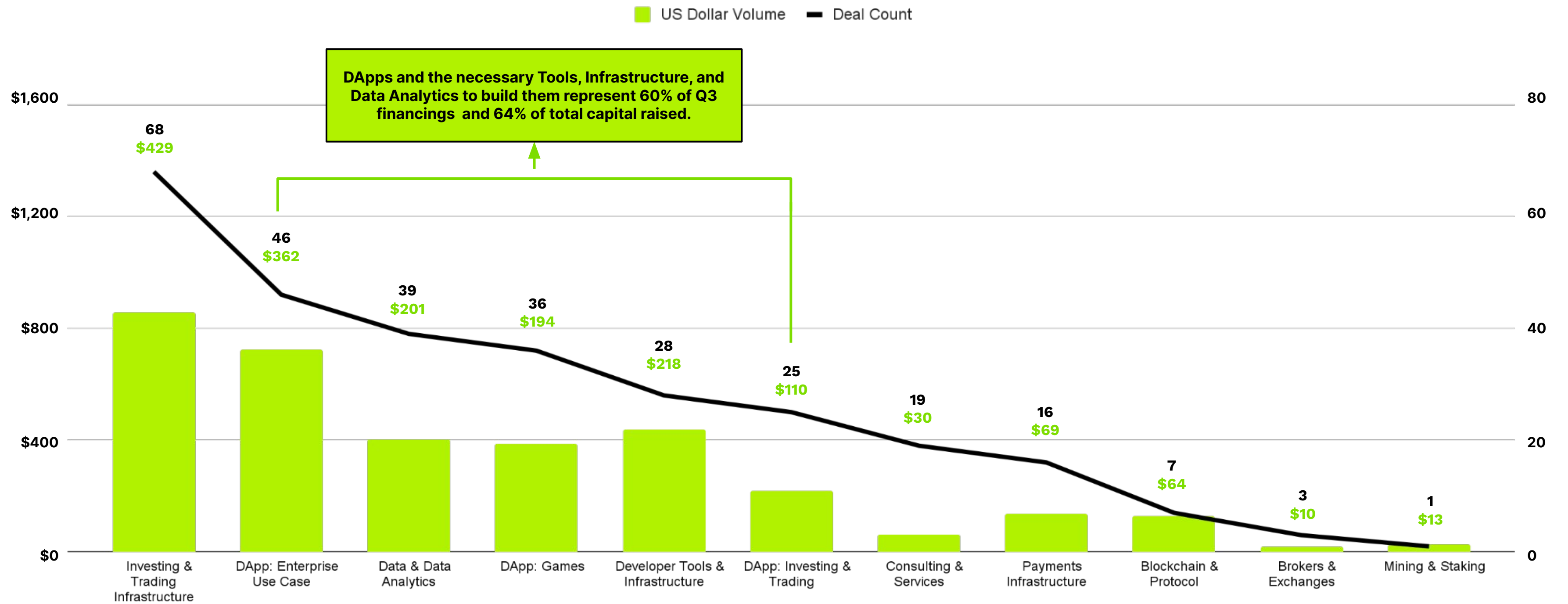


① Median valuation estimated based on publicly available and disclosed valuation figures. There is insufficient market data for late stage valuations.



DApp development is now the majority of investment focus

Crypto Financing Deal Count & US Dollar Volume Q3 2023: By Sub-Sector (\$ in millions)



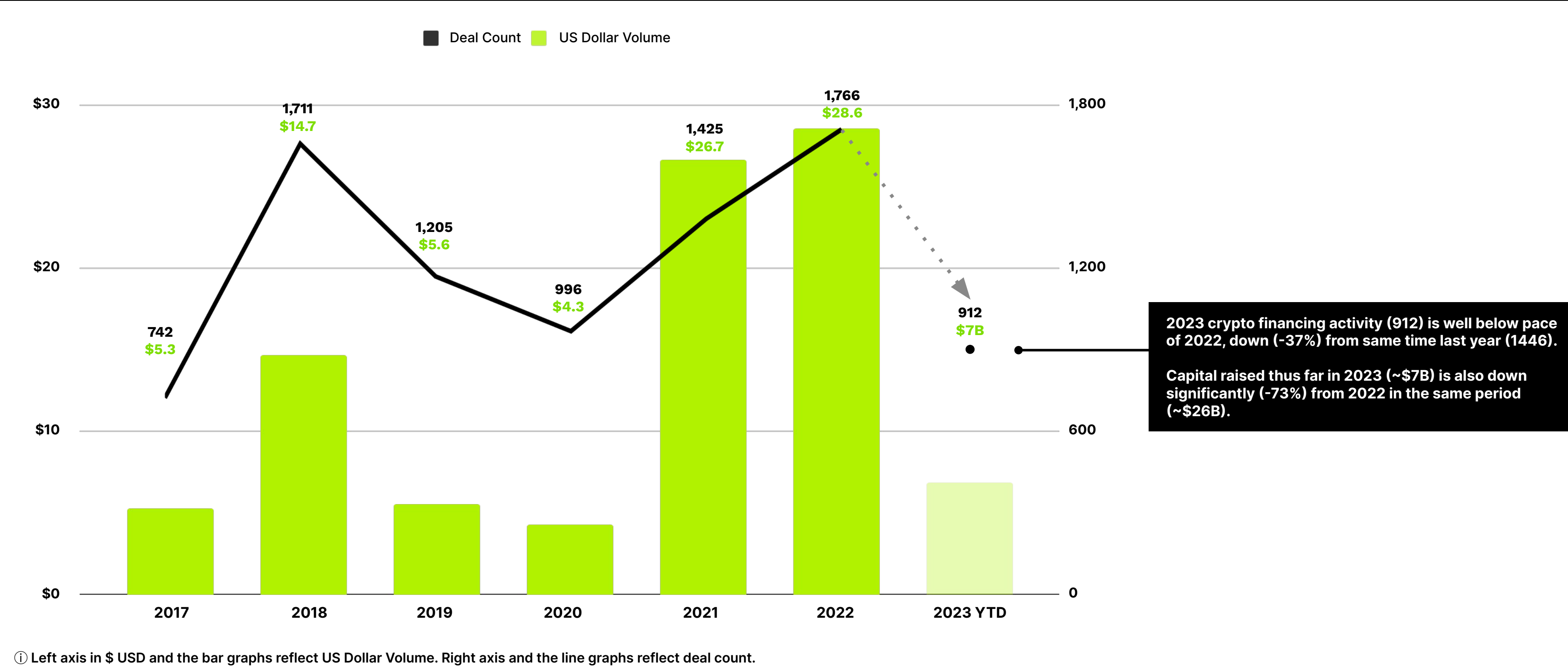
DApps and the necessary Tools, Infrastructure, and Data Analytics to build them represent 60% of Q3 financings and 64% of total capital raised.

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



Overall, 2023 financing activity is well below pace of 2022

Crypto Financing Deal Count & US Dollar Volume 2017 - Q3 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** Q3 2023

MOST ACTIVE **LEAD** INVESTORS

COMPANY	Q1	Q2	Q3
Binance	–	3	9
a16z	7	2	6
Hashed	1	2	4
Delphi Digital	–	–	3
dPixel	–	–	3
Dragonfly	3	1	3
Hashkey	–	–	3
Jump	2	2	3
LDA Capital	–	–	3
Shima Capital	3	2	3
BITKRAFT Ventures	2	2	2
Blockchange Ventures	–	2	2
BlockTower Capital	–	–	2
Coinbase	–	1	2
gumi Cryptos Capital	1	2	2

MOST ACTIVE INVESTORS

COMPANY	Q1	Q2	Q3	COMPANY	Q1	Q2	Q3	COMPANY	Q1	Q2	Q3
Binance	–	6	11	Hashed	2	2	5	Dispersion Capital	1	–	3
a16z	8	5	8	1kx	–	1	4	dPixel	–	–	3
Balaji Srinivasan	7	3	7	Alliance DAO	4	3	4	Emurgo	–	1	3
Robot Ventures	7	2	7	Blockchain Founders Fund	3	1	4	Fabric Ventures	4	–	3
Coinbase (NAS: COIN)	9	8	6	CMT Digital	5	6	4	Foundation Capital	1	1	3
Hashkey Capital	4	8	6	Cogitent Ventures	4	5	4	FunFair Ventures	2	1	3
Polygon	10	11	6	dao5	2	2	4	gumi Cryptos Capital	3	3	3
Shima Capital	11	6	6	Delphi Digital	3	2	4	Hyperithm	1	3	3
Animoca	8	5	5	Dragonfly	4	1	4	IOBC Capital	–	1	3
Big Brain Holdings	8	5	5	Foresight Ventures	3	–	4	Jsquare	–	2	3
Draper	4	4	5	Jump	7	4	4	KuCoin Labs	3	5	3
GSR	3	5	5	Nascent	1	1	4	Laser Digital	1	–	3
Mirana Ventures	–	3	5	Spartan	4	9	4	LDA Capital	–	–	3
OKX	–	6	5	Alchemy	–	5	3	NGC Ventures	3	7	3
SevenX Ventures	2	–	5	BlockTower Capital	1	–	3	Samsung NEXT Ventures	3	2	3

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



The top 10 financings represented ~41% of all capital raised in Q3

Crypto Financing Top 10 Financing Rounds Q3 2023 (\$ in millions)

TOP 10 CRYPTO FINANCINGS

COMPANY	AMOUNT RAISED	STAGE	SUB-SECTOR	INVESTORS
Zyber 365	\$100,000,000	Early Stage	Data & Data Analytics	Sram & Mram(Mahendra Joshi)
BitGo	\$100,000,000	Late Stage	Investing & Trading Infrastructure	–
Futureverse	\$54,000,000	Early Stage	DApp: Enterprise Use Case	10T Holdings(Daniel Tapiero), Ripple(Monica Long)
Story Protocol	\$54,000,000	Early Stage	Developer Tools & Infrastructure	11:11 Media(Paris Hilton), Alliance DAO, Andreessen Horowitz(Sriram Krishnan), Balaji Srinivasan, Bang Si-hyuk(Bang Si-hyuk), Chang Kim(Chang Kim), Changan Kim(Changan Kim), Charlie Songhurst(Charlie Songhurst), dao5, David Bonderman(David Bonderman), David Lee(David Lee), Endeavor (NYS: EDR), Foresight Ventures, Hashed, Insignia Venture Partners, Kyung In Jung(Kyung In Jung), Mirana Ventures, Nicolas Berggruen(Nicolas Berggruen), Roham Gharegozlou(Roham Gharegozlou), Samsung NEXT Ventures, Sanghun Kim(Sanghun Kim), Two Small Fish Ventures(Eva Lau), Wattlepad(Allen Lau)
Veloce Media Group	\$50,000,000	Late Stage	DApp: Games	GEM Digital
Solaris	\$41,470,000	Late Stage	Investing & Trading Infrastructure	Banco Bilbao Vizcaya Argentaria (MAD: BBVA), Decisive Capital Management, HV Capital(Barbod Namini), Lakestar(Nicolas Brand), SBI Investment, Yabeo Capital(Matthias Sohler)
RISC Zero	\$40,000,000	Early Stage	Developer Tools & Infrastructure	Blockchain Capital, Figment Capital, Alchemy, Delphi Digital, Bain Capital, Galaxy Digital Holdings, IOSG Ventures, RockawayX, Maven 11, Fenbushi Capital, Aglaé Ventures, IOBC Capital, Tribute Labs, a100x
Proof of Play	\$33,000,000	Seed	DApp: Games	Andreessen Horowitz(Christopher Dixon), Balaji Srinivasan, Diogo Monica(Diogo Monica), Gabby Dizon(Gabby Dizon), Greenoaks Capital Partners(Neil Mehta), Immad Akhund(Immad Akhund), Justin Kan(Justin Kan), Justin Waldron(Justin Waldron), Naval Ravikant(Naval Ravikant), Nikil Viswanathan(Nikil Viswanathan)
Flashbots	\$30,350,000	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
HI	\$30,000,000	Early Stage	Payments Infrastructure	Animoca Brands

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Q3 2023

Crypto Public Companies



Stocks fell slightly, tracking overall market, but still up for the year

Crypto Public Companies Key Highlights Q3 2023

STOCK PRICE PERFORMANCE

Investment Platforms			Crypto Mining			Benchmarks YTD		
Q3 2023	H1 2023	Avg % in Range	Q3 2023	H1 2023	Avg % in Range	Bitcoin	Ether	S&P 500
5%	43%	43%	-23%	193%	24%	62%	2%	12%
Crypto Influenced			Total					
Q3 2023	H1 2023	Avg % in Range	Q3 2023	YTD 2023	Avg % in Range			
-13%	24%	26%	-7%	116%	37%			

AVERAGE REVENUE GROWTH

Investment Platforms	Crypto Mining
2022 to 2023E	2022 to 2023E
5%	169%
Crypto Influenced	All Groups
2022 to 2023E	2022 to 2023E
16%	83%

AVERAGE EV / REVENUE MULTIPLES

Investment Platforms		Crypto Mining	
EV / LTM Revenue	EV / 2023E Revenue	EV / LTM Revenue	EV / 2023E Revenue
3.4x	2.6x	11.6x	2.7x
Crypto Influenced		All Groups	
EV / LTM Revenue	EV / 2023E Revenue	EV / LTM Revenue	EV / 2023E Revenue
4.2x	3.9x	7.9x	2.9x

CRYPTO PUBLIC COMPANIES ABOVE \$100M MARKET CAP

Investment Platforms

coinbase

bakkt

CoinShares

GALAXY DIGITAL

BITCOIN DEPOT

Bitcoin Network Operators

MARATHON DIGITAL HOLDINGS

RIOT

Bitfarms

HUT 8

Hive

Cipher MINING

TERAWULF

NORTHERN DATA

Canaan

BITDEER

CORE SCIENTIFIC

argo

Crypto Influenced

PayPal

BLOCK

MicroStrategy

Robinhood

Source: Architect Partners Crypto Public Company Tracker

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We deliver premium-value M&A and strategic financing advisory services to leading crypto, digital asset, blockchain, DeFi and fintech companies.

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