



2nd Global Crypto M&A and Fundraising Report

April 2020

Dear Clients and Friends,

We are proud to launch the 2nd edition of our Global Crypto M&A and Fundraising Report. We hope that the market colour and insights from this report will be useful data points. We will continue to publish this report twice a year to enable you to monitor the ongoing trends in the crypto ecosystem.

PwC has put together a “one stop shop” offering, focused on crypto services across our various lines of services in over 25 jurisdictions, including the most active crypto jurisdictions. Our goal is to service your needs in the best possible way leveraging the PwC network and allowing you to make your project a success.

Our crypto clients include crypto exchanges, crypto investors, crypto asset managers, ICOs/IEOs/STOs/stable and asset backed tokens, traditional financial institutions entering the crypto space as well as governments, central banks, regulators and other policy makers looking at the crypto ecosystem.

As part of our “one stop shop” offering, we provide an entire range of services to the crypto ecosystem including strategy, legal, regulatory, accounting, tax, governance, risk assurance, audit, cybersecurity, M&A advisory as well as capital raising.



More details are available on our [global crypto page](#) as well as at the back of this report.

5 Key takeaways when comparing 2018 vs 2019

There was a sharp decline in deal volume and value for crypto fundraising and M&A in 2019, and investments have been shifted towards Asia / EMEA and into more diversified sectors

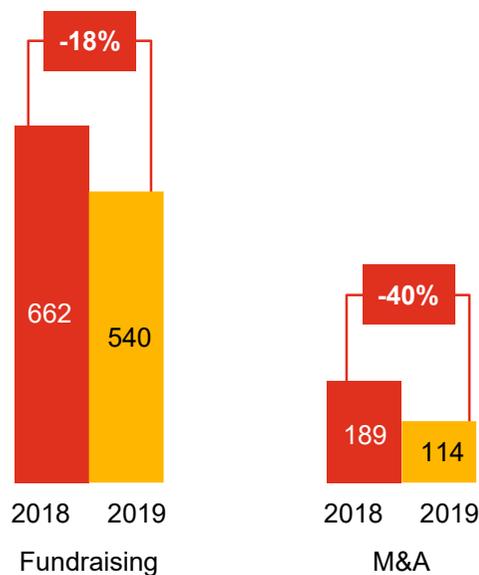
The crypto winter continued in 2019 for crypto fundraising and M&A, with both the number and value of deals falling

Asia and EMEA are now home to the majority of crypto fundraising and M&A deals

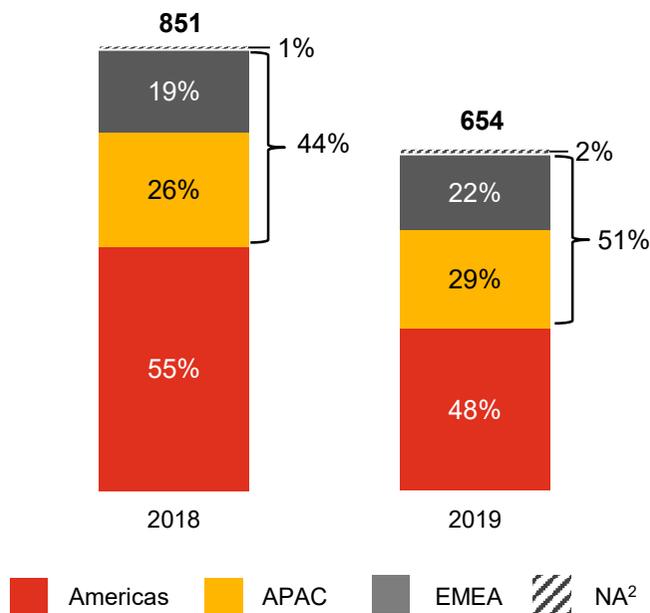
There has been increased diversification of the sectors encountering investment activity, with a clear shift towards crypto solutions and peripheral sectors

Deal counts and value¹
Fundraising & M&A

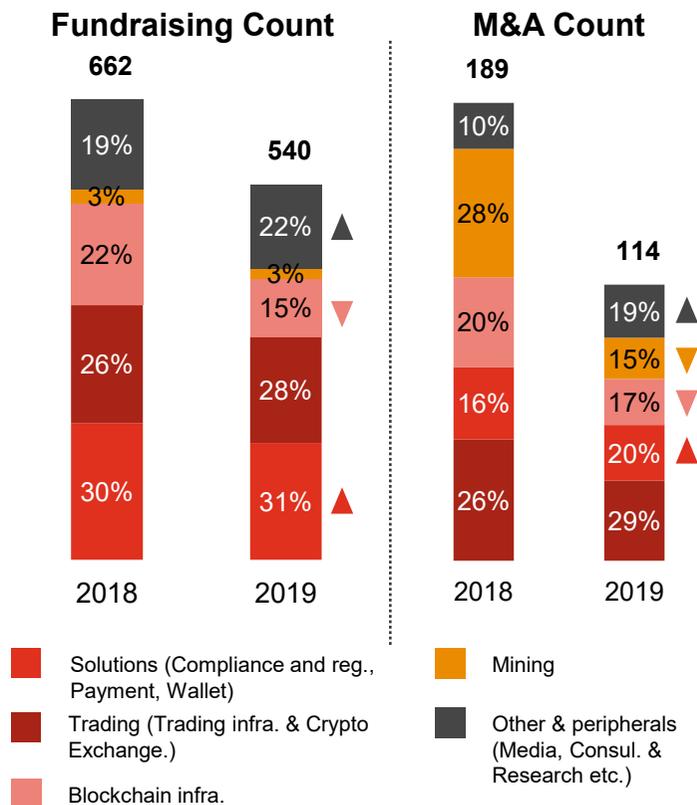
Value (US\$)	3.8b	2.2b	-40%	1.9b	0.5b	-76%
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Deals by geography
Fundraising & M&A combined, number of



Deals by Sector
Fundraising & M&A count



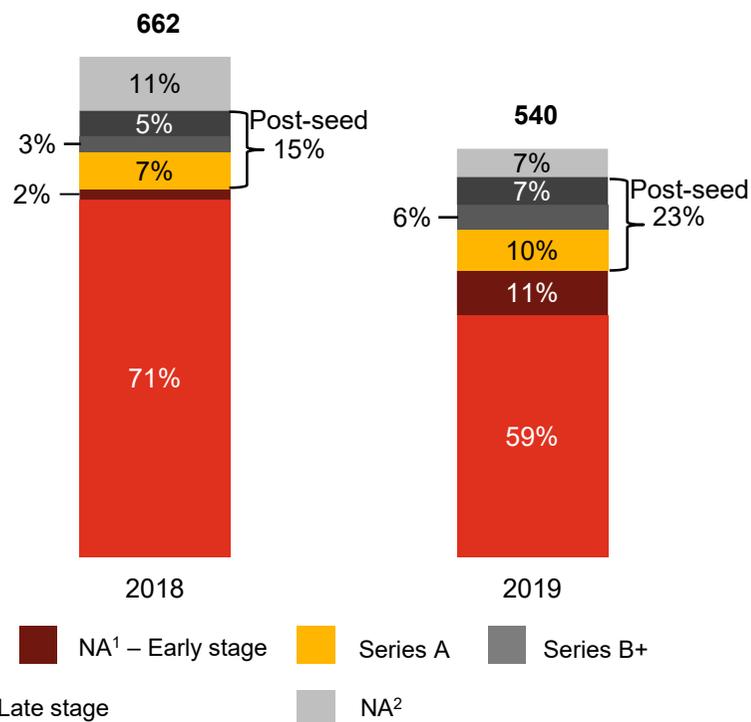
Notes: 1) Only includes deals with disclosed data and excludes potential fraud deals; 2) Not disclosed
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

5 Key takeaways when comparing 2018 vs 2019

The crypto industry continued to consolidate and mature in 2019, with funds going to later stage companies

As the crypto industry continued to mature, fundraising has trended towards later-stage companies

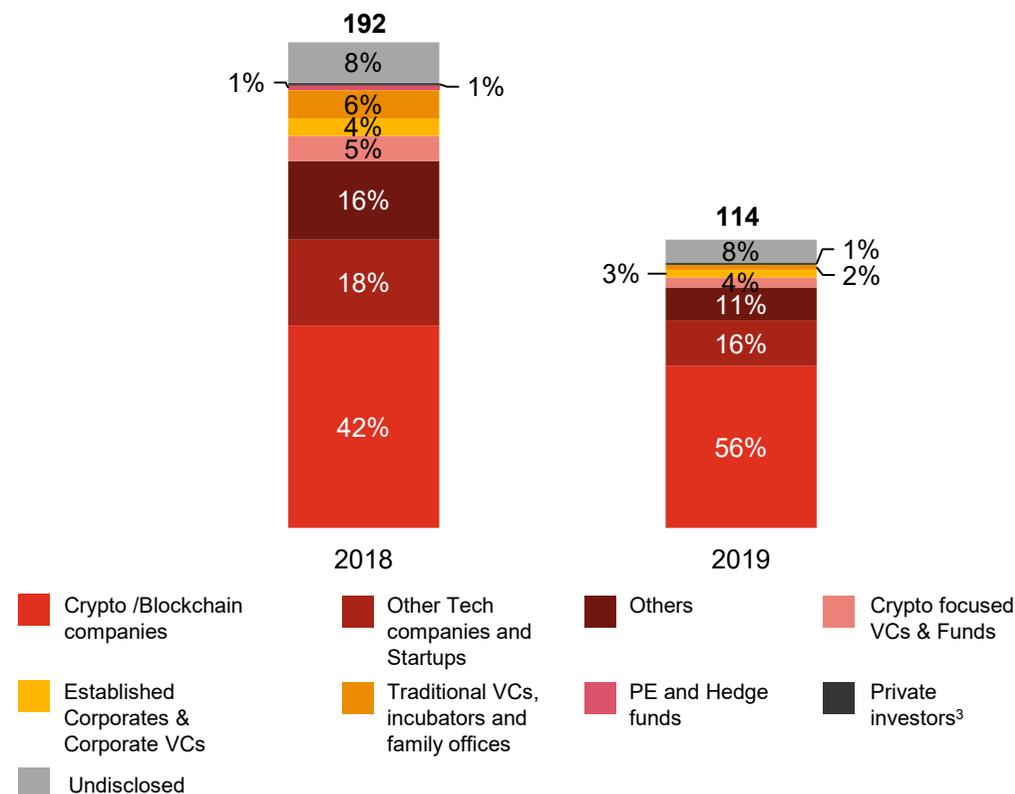
Equity fundraising of crypto companies Deal count (number of) by transaction type



Notes: 1) Specific stage was not disclosed 2) Not disclosed 3) Individuals
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

The consolidation in the crypto industry continued in 2019 with crypto incumbents driving most of the activity. 9 out of the top 10 deals were strategic in nature and driven by other crypto companies or crypto focused funds

M&A of crypto companies Buyers count



3 Trends to watch for in 2020



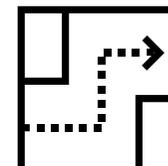
Crypto industry not immune to global macro economic conditions

- The global headwinds caused by the Coronavirus and other related events are having an impact on many industries globally, including the crypto industry.
- We believe that the crypto industry is not immune to these conditions and the number and value of fundraising and M&A deals may be impacted as a consequence in 2020.



Further consolidation to take place in 2020

- As a consequence of the turbulences in the global crypto ecosystem and as a continuation of the current trend, we expect to see further consolidation in the industry with some of the larger well funded or profitable firms buying some of the smaller players in the market.
- We expect to see some of the larger players buy firms that offer ancillary services to their current offering (e.g. crypto media, compliance, research).



APAC and EMEA to continue playing a bigger role driven in part by family offices

- 2019 saw APAC and EMEA play a bigger role in the global crypto M&A and fundraising space. We expect to see this trend to continue in 2020.
- In particular, we expect to see more activity from APAC and EMEA based family offices looking at the market turbulence as a good time to enter the market.

Fundraising

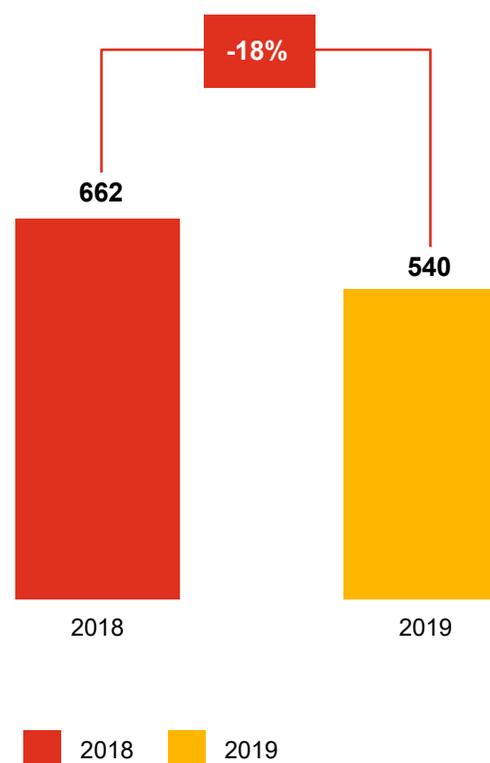


Crypto Fundraising Global Landscape

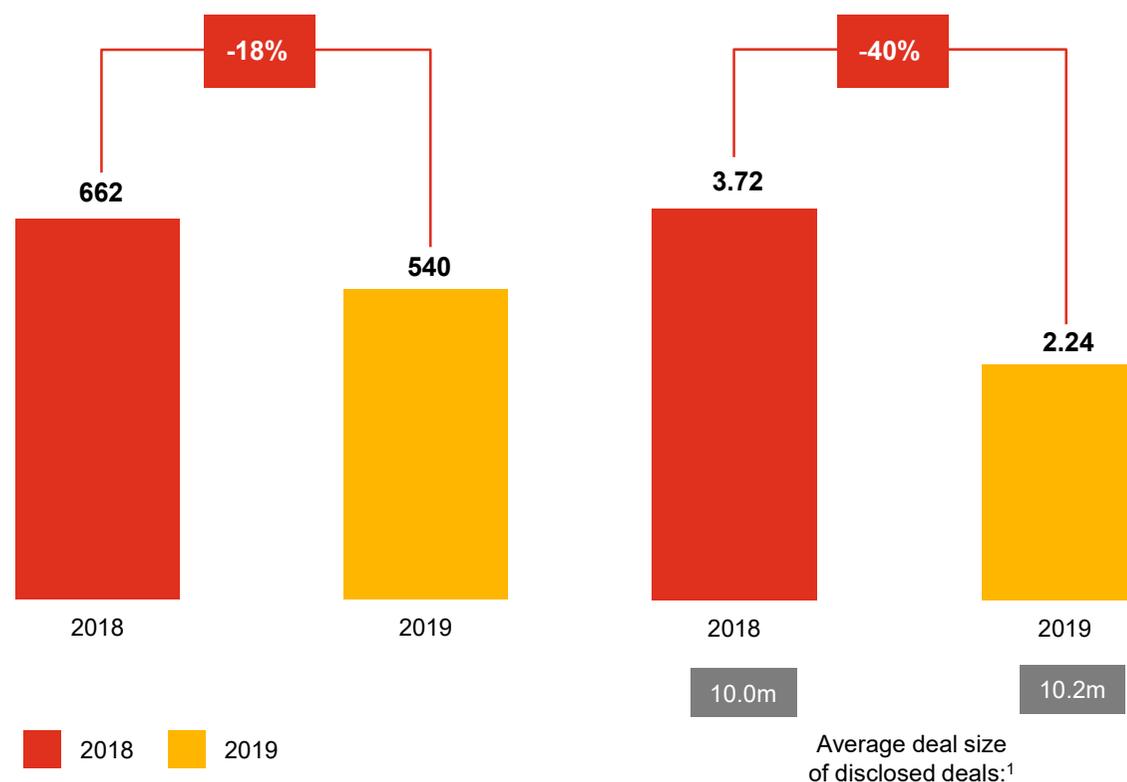
The crypto winter continued for part of 2019, with the number of equity fundraising deals for crypto related companies decreasing by 18% 2019 vs 2018 and the value of fundraising deals decreasing by 40% to US\$2.24 billion.

The rise in the price of Bitcoin in Q2 and Q3 2019, and the associated interest in “crypto assets” did not yet materialise by way of increased new capital into the industry.

Equity fundraising of crypto companies
Global deal count (number of)



Equity fundraising of crypto companies
Global deal value¹, USD in bn

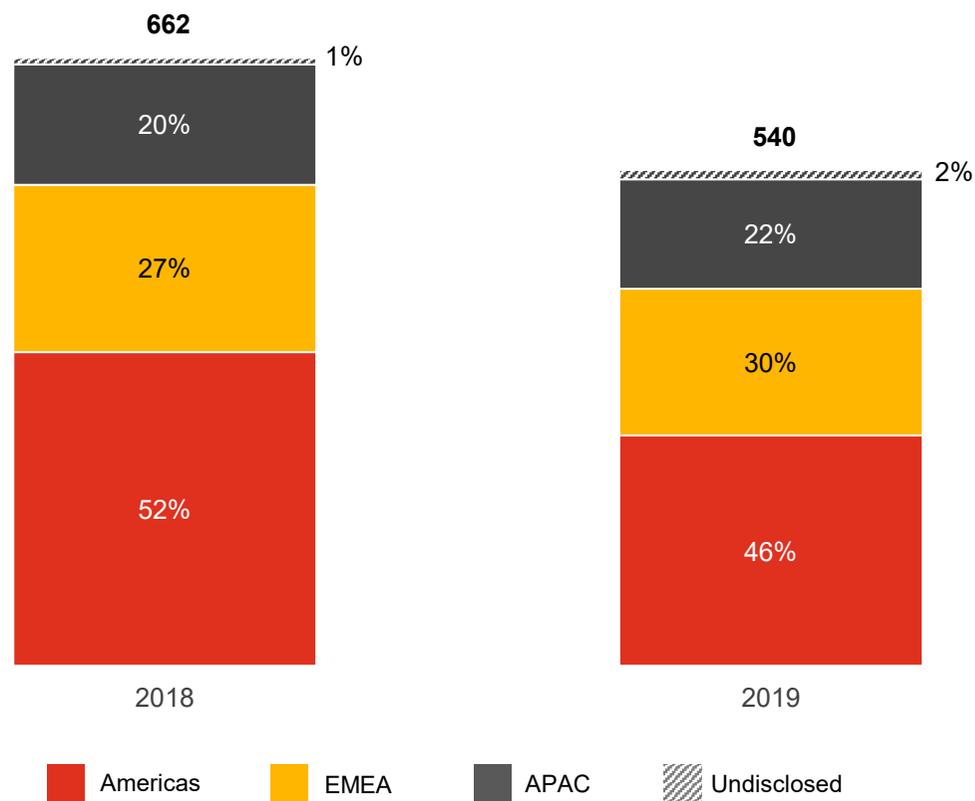


Note: 1) Deal values include only deals with available data
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Crypto Fundraising Deal Count by Geography

Whilst the Americas continue to dominate crypto fundraising activity, there was a shift towards Asia and EMEA in 2019

Equity fundraising of crypto companies
Deal count (number of) by geography



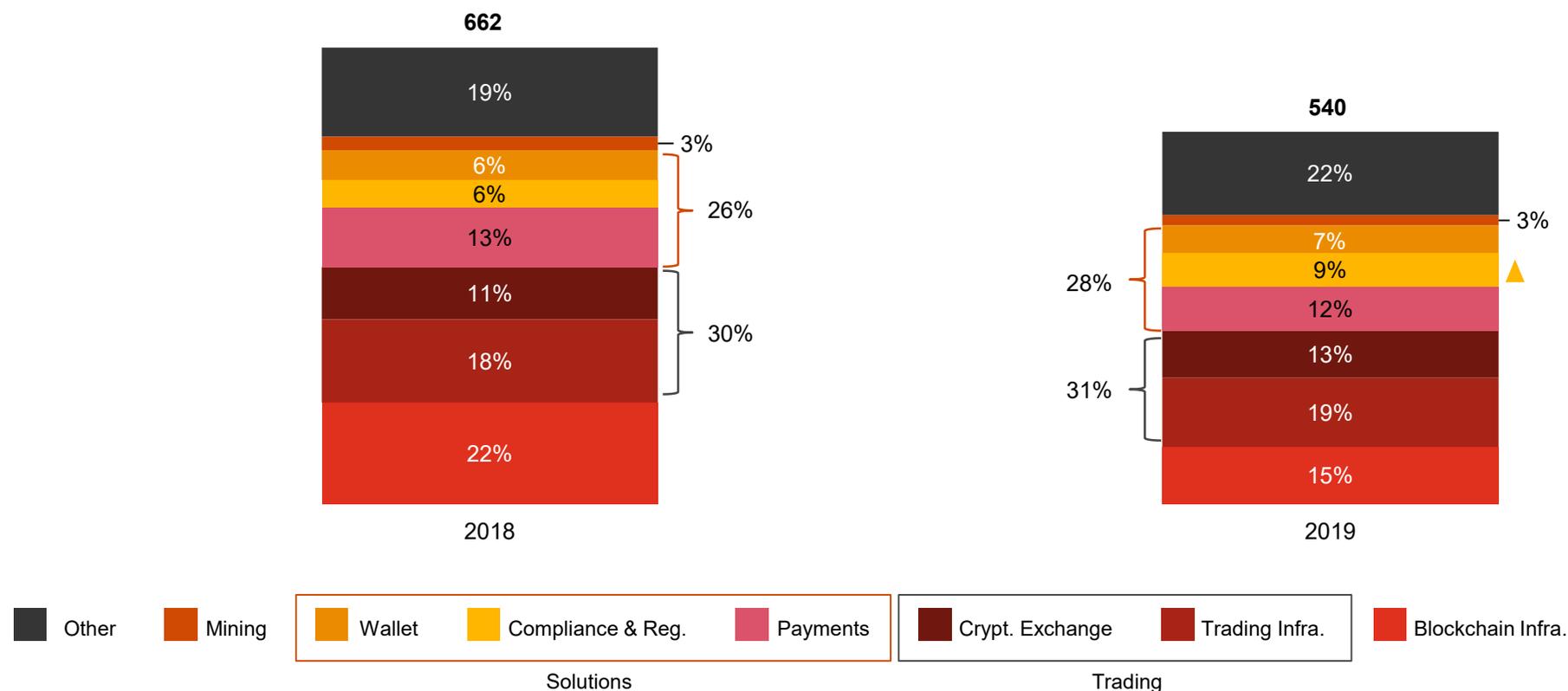
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Crypto Fundraising Deal Count by Sector

Whilst 2018 saw significant crypto fundraising going in to blockchain infrastructure projects, we are seeing a rise of investments in crypto exchanges and solutions for the crypto ecosystem, in particular the compliance and regulatory solutions sector. This is another natural consequence of the institutionalization of the industry.

Equity fundraising of crypto companies

Deal count (number of) by categories

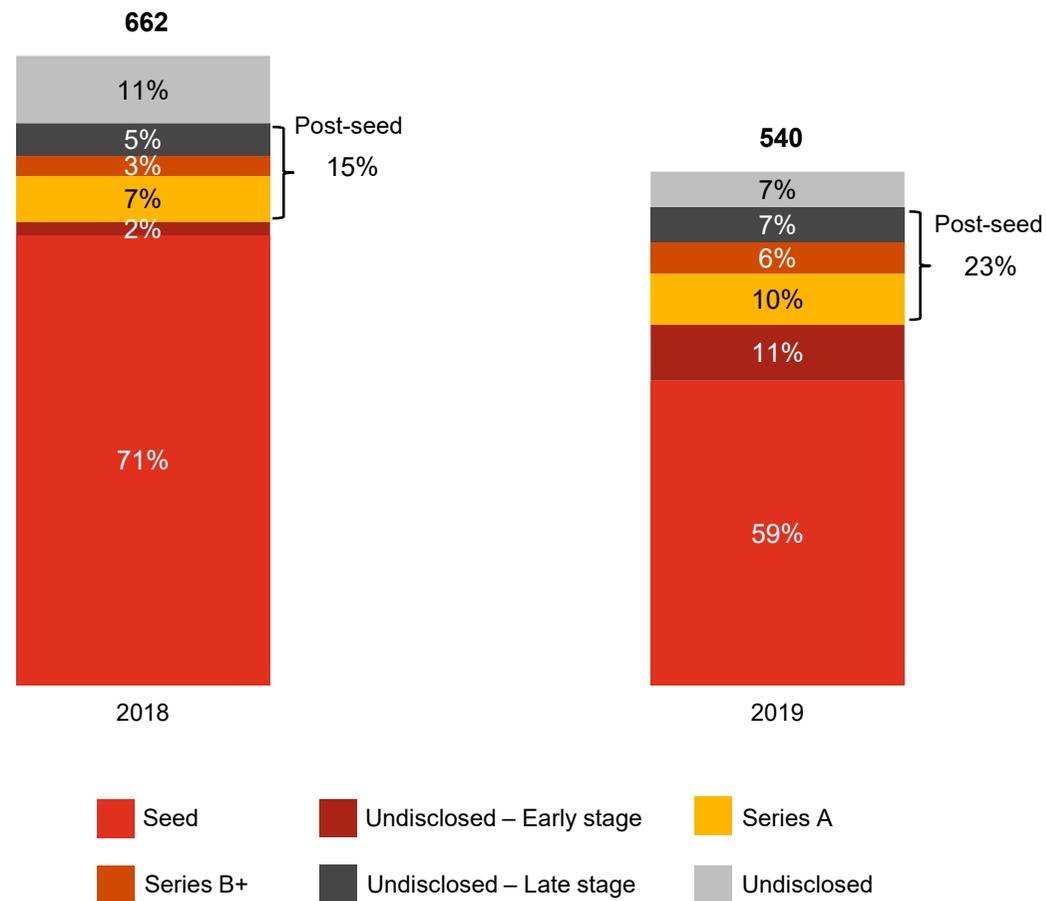


Crypto Fundraising Deal Count by Transaction Type

The crypto industry continues to mature with post-seed funding becoming a larger portion of overall crypto fundraising activity.

Equity fundraising of crypto companies

Deal count (number of) by transaction type

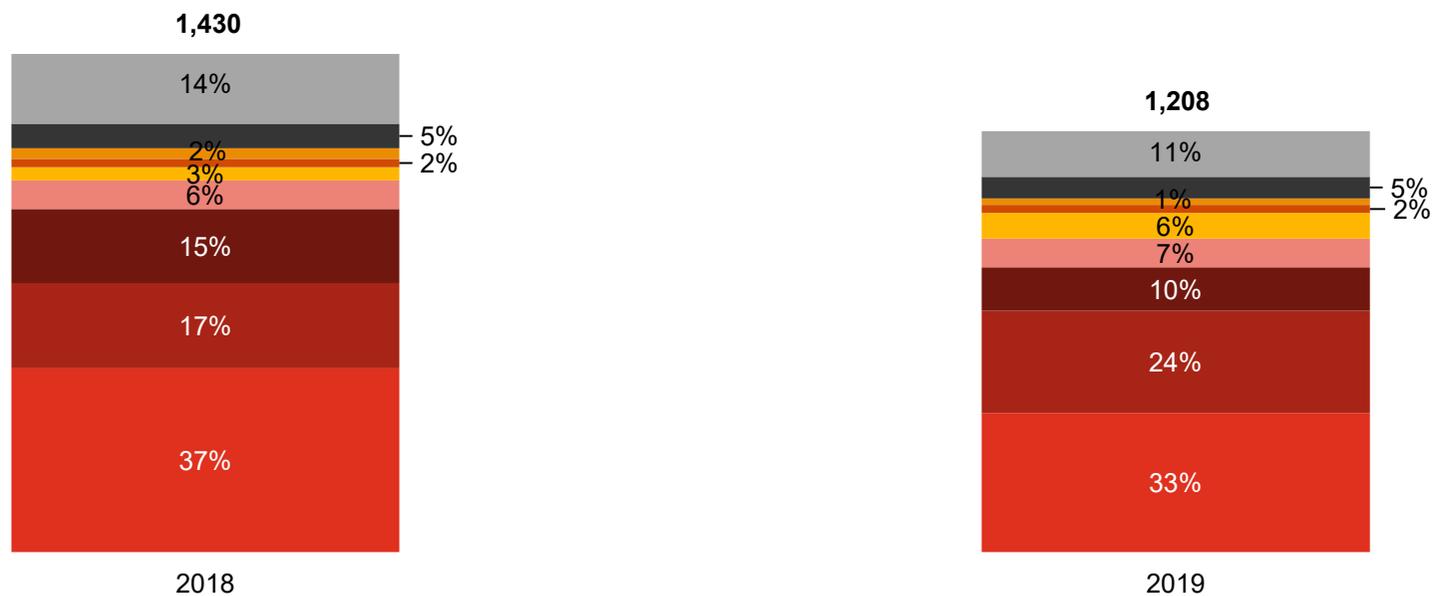


Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Crypto Fundraising Deal Count by Investor Type

Traditional VCs, incubators and family offices continue to remain the major source of funding for crypto companies. This said, there has been a rise in funding from established corporates in 2019, an example being Fnality International's fundraise that pulled 14 established banks together.

Equity fundraising of crypto companies
Investors by type



- Traditional VCs, incubators and family offices
- Crypto focused VCs & Funds
- Private investors¹
- Crypto/ Blockchain companies
- Established Corporates & Corporate VCs
- Other Tech companies and Startups
- PE and Hedge funds
- Others
- Undisclosed

Notes: 1) Individual investors
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Top 10 Crypto Fundraising Deals in 2018

In 2018, mining, crypto exchange and infrastructure were the dominant sectors, accounting for 6 out of the top 10 fundraising deals...

Equity fundraising of crypto companies

Deal count (number of) by categories*

Announce Date	Target	Lead investor	Amount (USD in mn)	Series	Sector	Target Country
07/08/18	Bitmain	Crimson Ventures	715	Series B	Mining	China
10/05/18	Robinhood	DST Global	363	Series D	Trading Infrastructure	United States
30/10/18	Coinbase	Tiger Global Management	300	Series E	Wallets	United States
09/08/18	tZERO	GSR Capital	270	Growth	Trading Infrastructure	United States
26/04/18	Revolut	DST Global	250	Series C	Crypto Exchange	United Kingdom
04/01/18	BlockTower Capital	Andreessen Horowitz, Union Square Ventures	140	Unknown	Other	United States
15/05/18	Circle	Bitmain	110	Series E	Trading Infrastructure	United States
27/09/18	Seba Crypto	Undisclosed	104	Unknown	Blockchain Infrastructure	Switzerland
18/01/18	Ledger	Draper Esprit	75	Series B	Compliance & Regulation	France
24/07/18	BlockFi	Galaxy Digital LP	52.5	Unknown	Other	United States

Note*: Based on information from online databases as well as media reports. Excluded deals with undisclosed amounts or potential fraud deals.

Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph and PwC Analysis

Top 10 Crypto Fundraising Deals in 2019

...however, in 2019, there was a shift towards crypto solution related sectors, with 5 out of the top 10 fundraising deals in the payment / wallet sector; the United States remains the main incubator for crypto, with the top 10 companies receiving funding during 2019 and 2018 mostly coming from the United States.

Equity fundraising of crypto companies

Deal count (number of) by categories*

Announce Date	Target	Lead Investor	Amount (USD in mn)	Series	Sector	Target Country
22/7/19	Robinhood	DST Global	373	Series E	Trading Infrastructure	United States
20/12/19	Ripple	Tetragon Financial Group	200	Series C	Payments	United States
15/04/19	Bithumb	ST Blockchain Fund	200	Series A	Crypto Exchange	South Korea
05/12/19	Figure Technologies	Morgan Creek Capital Management	103	Series C	Other	United States
27/02/19	Figure Technologies	Partners from DST Global, RPM Ventures	65	Series B	Other	United States
03/06/19	Fnality International	UBS	63	Series A	Payments	United Kingdom
15/10/19	Layer1	Peter Thiel, Shasta Ventures	50	Series A	Blockchain Infrastructure	United States
27/02/19	ThunderCore	ZhenFund, SV Angel and several others	50	Series A	Payments	United States
10/07/19	Anchorage	Blockchain Capital	40	Series B	Wallets	United States
02/04/19	Celo	Polychain Capital	30	Unknown	Payments	United States

Note*: Based on information from online databases as well as media reports. Excluded deals with undisclosed amounts or potential fraud deals.

Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph and PwC Analysis

Top 5 Investors in Fundraising Deals in 2018 and 2019

While 2018 saw some traditional VCs and incubators among the top investors, funding in 2019 were more provided by “crypto focused” funds and crypto incumbents such as Coinbase and ConsenSys.

Equity fundraising of crypto companies

2019 Top 5 investors by deal count*

Rank	Investor name	Selected investments
1	ConsenSys and affiliated investors	ErisX, BlockFi, Coinhouse, Ligerio
2	CoinBase and Coinbase ventures	BlockFi, O(1) Labs, BloXroute Labs, Dharma Labs
3	Digital Currency Group	Figure Technologies, CoinFLEX, Curv, Digital Assets Data
4	Fenbushi Digital	Securitize, BloXroute Labs, MEXDM, AlphaWallet
5	Pantera Capital	ThunderCore, ErisX, Tagomi Systems, Blockfolio

Equity fundraising of crypto companies

2018 Top 5 investors by deal count*

Rank	Investor name	Selected investments
1	Digital Currency Group	Circle, Ledger, ErisX, SFOX
2	ConsenSys and affiliated investors	StarkWare, Trustology, Aztec Protocol, BlockFi
3	Andreessen Horowitz	Coinbase, Celo, Harbor, Compound
4	Y Combinator	Coinbase, SFOX, NuCypher, SparkSwap
5	Pantera Capital	Circle, Harbor, Blockfolio, Merkle Data

Note: Based on information from online databases as well as media reports. Excluded deals with undisclosed amounts or potential fraud deals.*

Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph and PwC Analysis



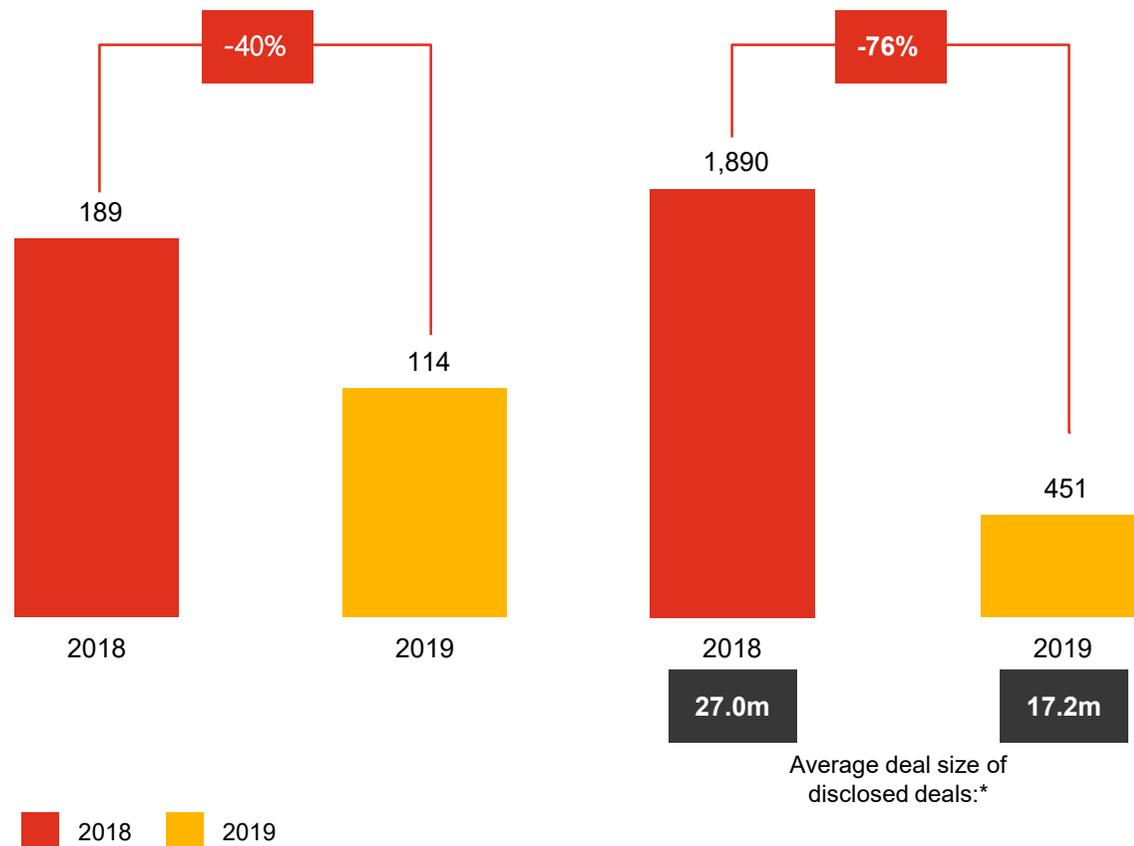
M&A

Crypto M&A Global Landscape

The number of M&A deals for crypto related companies decreased by 40% in 2019 vs 2018 and total deal value* dropped by 76%. The average deal size dropped by 36.3%.

M&A of crypto companies
Global deal count (number of)

M&A of crypto companies
Global deal value, USD in mn

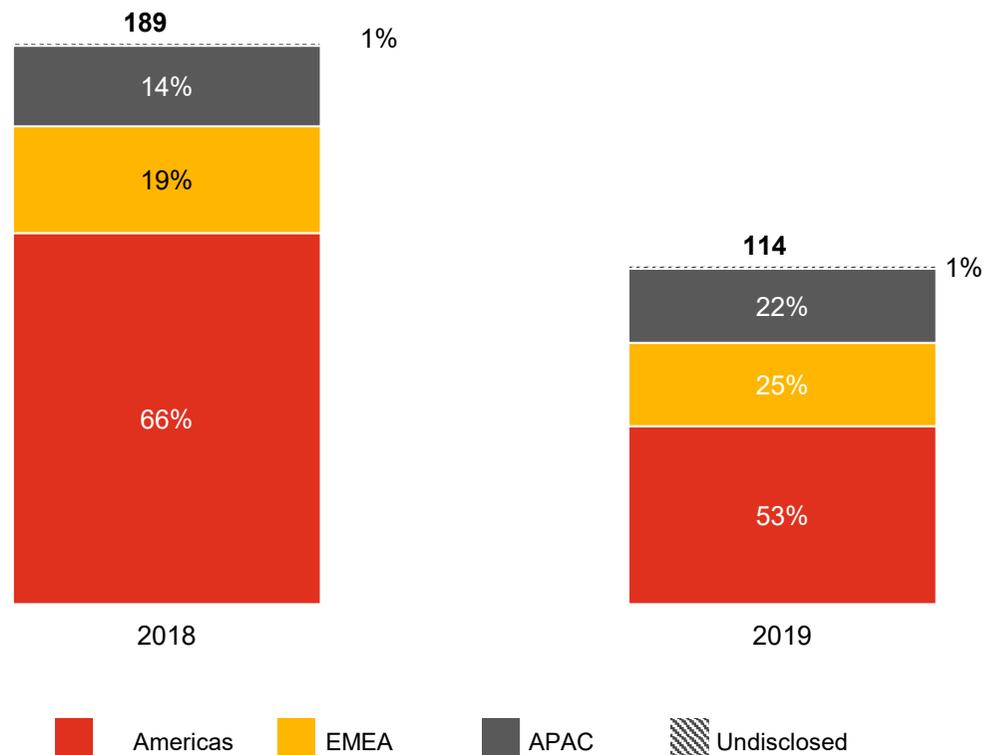


Note: Deal value and average deal size excluded deals with undisclosed amounts or potential fraud deals.
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis*

Crypto M&A Deal Count by Geography

Consistent with fundraising trends, Asia and EMEA have attracted more crypto M&A transactions in 2019.

M&A of crypto companies
Deal count (number of) by geography



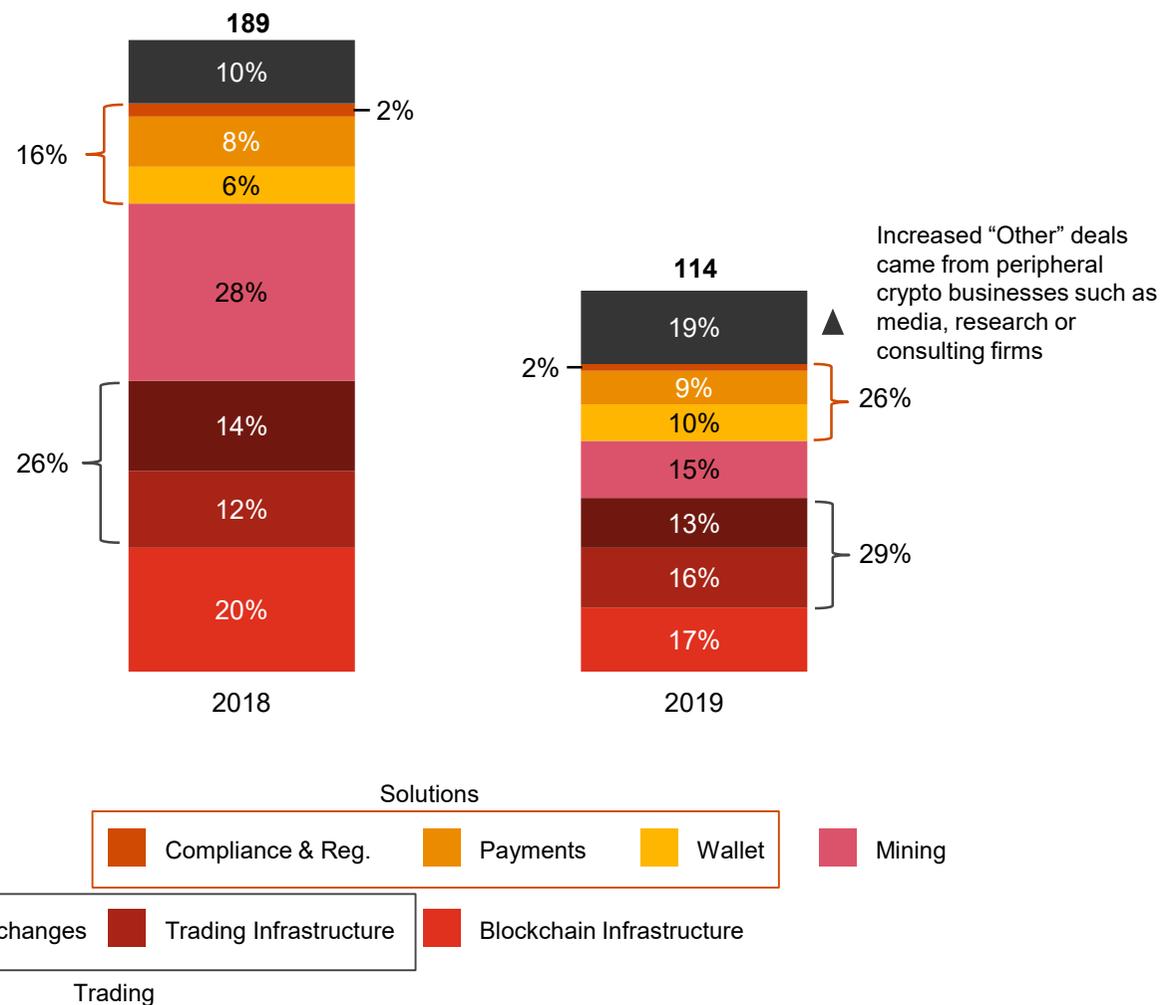
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Crypto M&A Deal Count by Sector

2019 saw less M&A in the crypto mining sector but a sharp increase in activity not only in trading infrastructure projects but also companies in the crypto service provider space such as media, research and consulting firms.

This is driven in part by some of the established firms trying to diversify by offering a broader range of crypto services.

M&A of crypto companies
Deal count (number of) by categories

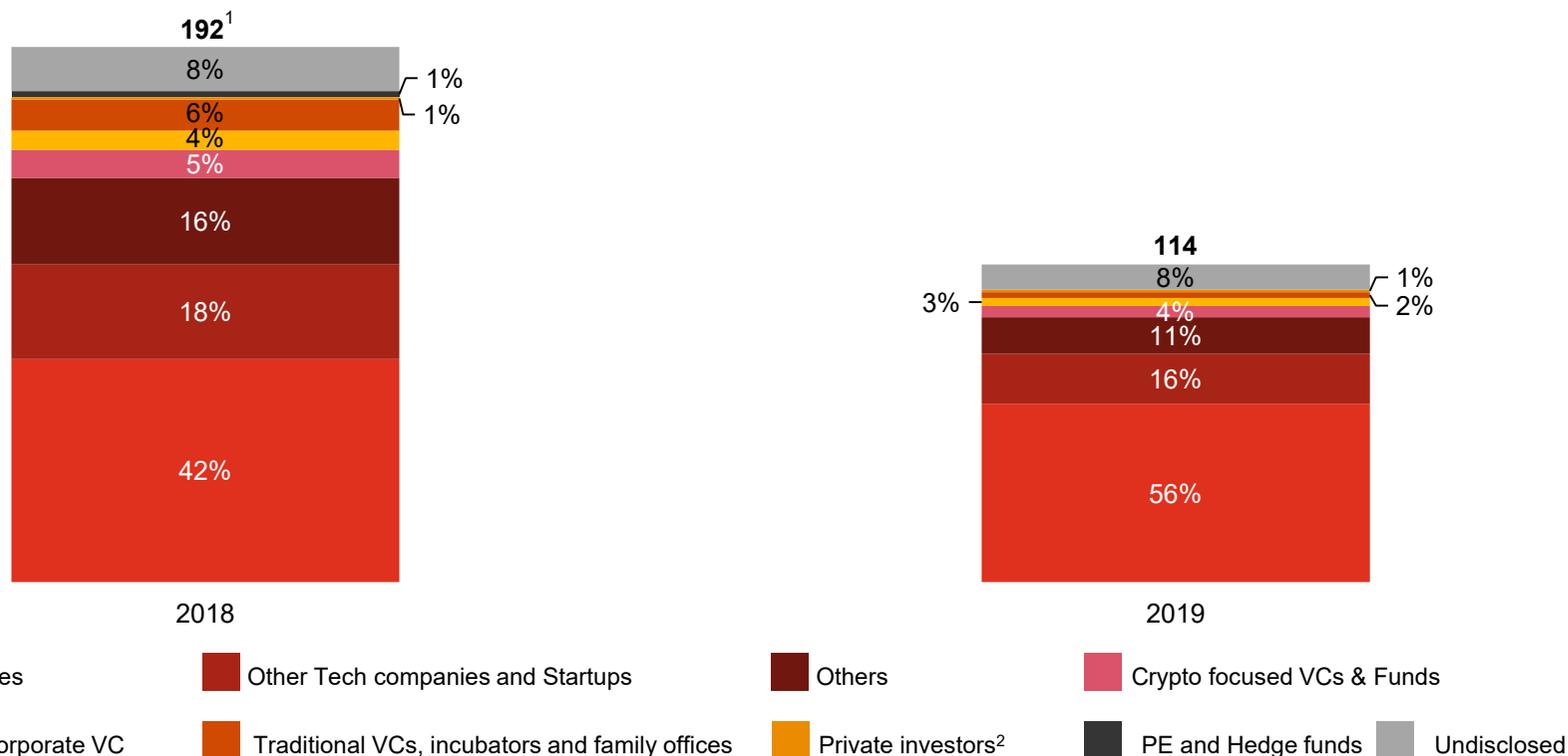


Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Crypto M&A Deal Count by Acquirer type

Consolidation in the crypto ecosystem continued in 2019 with almost half of the M&A activity in the sector being driven by existing crypto market participants looking to expanding the range of services they offer.

M&A of crypto companies
Deal count (number of) by buyer type



Notes: 1) Certain deals have more than 1 buyer 2) Individual investors
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis

Top 10 Crypto M&A Deals in 2018

Mining and Crypto Exchange accounted for 7 out of the top 10 Crypto M&A deals in 2018. Which reflected the state of hype within the crypto mining sector in 2018.

M&A of crypto companies

Top 10 deals by deal size*

Announce Date	Target	Acquirer	Amount (USD in mn)	Sector	Target Country
29/10/18	Bitstamp	NXMH	400	Crypto Exchange	United States
26/02/18	Poloniex	Circle	400	Crypto Exchange	United States
12/10/18	BTC Korea	BK Global	354	Crypto Exchange	South Korea
26/04/18	Earn.com	Coinbase	120	Other	United States
03/04/18	CryptoGlobal	HyperBlock	82	Mining	Canada
27/04/18	Diginex	Madison Holdings	60	Others	China
22/05/18	FX Trade Financial; BitTrade	Private Investor	50	Crypto Exchange	Japan
10/10/18	Zaif	Fisco	49	Crypto Exchange	Japan
03/04/18	Crypto 205	Vogogo	44	Mining	Canada
17/12/18	X2 Games	Global Blockchain	37	Blockchain Infrastructure	Canada

Note: Based on information from online databases as well as media reports. Excluded deals with undisclosed amounts or potential fraud deals.*

Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph and PwC Analysis

Top 10 Crypto M&A Deals in 2019

Consolidation in the crypto industry continued, with deals being made across the entire value chain. 9 out of the top 10 deals were from crypto businesses pursuing strategic M&A.

M&A of crypto companies

Top 10 deals by deal size*

Announce Date	Target	Acquirer	Amount (USD in mn)	Sector	Target Country
04/02/19	Crypto Facilities	Kraken	100	Trading infrastructure	United Kingdom
18/01/19	Coins.ph	Go-Jek	72	Wallets	Philippines
15/08/19	Xapo	Coinbase	55	Wallets	United States
02/01/19	CoinGeek Mining & Hardware	Squire Mining	45	Other	Canada
12/08/19	Backbone Hosting Solutions Inc.	Bitfarms Ltd	28	Mining	Canada
26/03/19	NUI Social LLC	Appliqate Inc.	25	Other	United States
19/02/19	Neutrino	Coinbase, Inc.	14	Compliance & Regulatory	Italy
06/08/19	Quid	Animoca Brands	8	Others	United States
21/11/19	WazirX	Binance.com	8	Crypto Exchange	India
09/09/19	9 Blockbox ACTM Data Centers of BitFury Group**	Hut 8 Mining Corp.	7	Mining	United States

Note*: Based on information from online databases as well as media reports. Excluded deals with undisclosed amounts or potential fraud deals.

Note**: Asset purchase deal

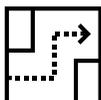
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph and PwC Analysis

How can PwC Help?

Creating value beyond the deal:

we deliver pre, during and post-deal expertise ensuring you leave no value on the table

Acquisition or Funding Strategy



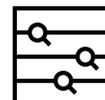
- Help develop your value creation plan, leveraging deep sector insights from our global crypto team
- Perform competitor scans and develop market entry strategies that reflect the current and expected market sentiment towards crypto
- Tap into our deep network to help you find capital providers or strategic partners, with crypto exposure and the appetite to bring your value creation plan to life

M&A Advisory — Buy and Sell Side



- Critically evaluate value drivers of your proposed investment through financial and commercial lenses to help you validate your value creation plan
- Manage your entire acquisition or divestment process as your lead M&A advisor
- Help you decipher how fluctuations in crypto prices and valuations will drive your pricing

Operational Assessment



- Assess operating models (e.g. IT and HR) leveraging experts with in the field experience and benchmarking tools to identify performance gaps and rapid improvements
- Identify and challenge operational synergies
- Assess carve-out issues and form a view of the go forward cost base
- Quantify the investment needs of the business to deliver the strategy
- Test and analyse data to help you validate the growth story

Tax & Legal Support



- Whether you are investing in a startup or mature business, we help you identify potential tax exposure and develop practical solutions
- Draft and review your legal docs considering legal, tax, accounting and commercial perspectives to mitigate value leakage
- Develop tax efficient structures that are also flexible to withstand the evolving crypto regulatory landscape
- Assist with regulatory applications

Post Acquisition and Support



- Help you realise value from your investment by converting your plan into deliverable actions
- Design packages to retain and incentivise key management and tools to ensure cultural alignment and integration
- Provide you with tools to help you monitor your investment, track the value being created and communicate this to your stakeholders
- Help you design and implement best in market governance and controls

Value Identification

Deal Execution

Value Realisation

Authors and Contacts

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We are a network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, advisory and tax services.

The PwC Global Crypto Team is composed of over 150 professionals active in over 25 countries that offer a “one stop shop” solution for our crypto clients across our multiple lines of service. Our clients range from crypto exchanges, crypto funds and ICO/IEO/STOs to traditional financial institutions moving into the crypto space, as well as national regulators with regards to their crypto policies.

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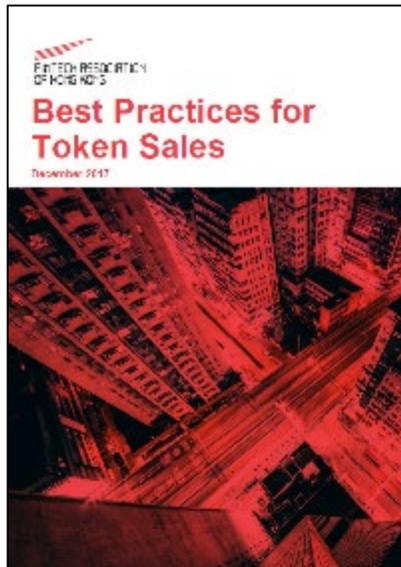
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Our publications in the global crypto / blockchain sector (1/3)



Best Practices for Token Sale

Fintech Association of Hong Kong published guidelines to help firms run potentially-successful token sales in the APAC Region. PwC was a contributing organisation



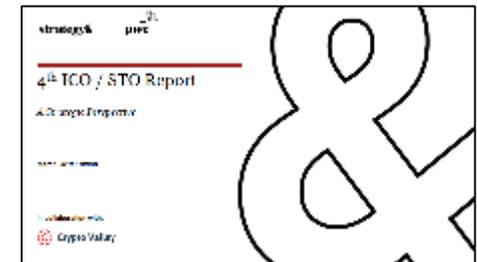
2019 Crypto Hedge Fund Report

This report provides an overview of the global crypto hedge fund landscape and offers insights into quantitative elements.



SOC 1 & 2 Report for Crypto Service Providers

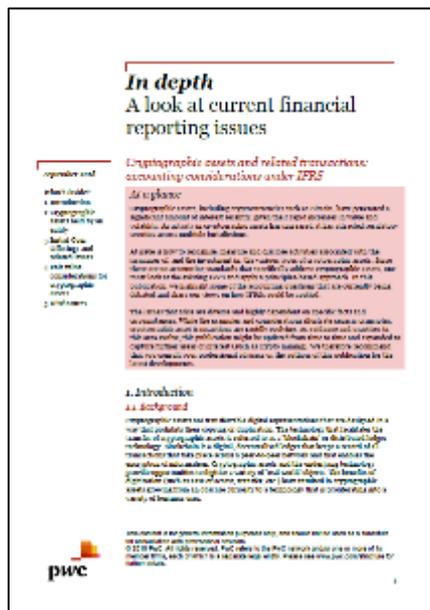
A report that provides guidance to the current regulatory landscape and crypto service providers best practices.



4th ICO / STO Report

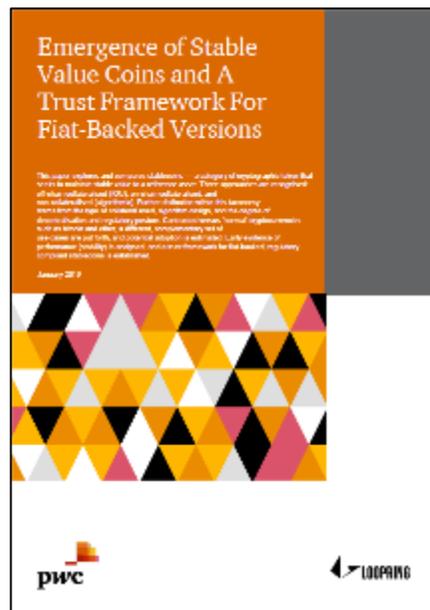
A Report that provides a strategic perspective on the current conditions of ICO / STO Fundraising globally.

Our publications in the global crypto / blockchain sector (2/3)



Accounting Considerations under IFRS

How to recognise, measure and disclose activities associated with the issuances of, and the investment in, the various types of cryptographic assets.



Emergence of Stable Value Coins

The paper explores and compares Stable Coins, a category of Cryptographic Token that seeks to maintain stable value to a referenced asset.



Crypto Insolvency

Ten things every director of a crypto firm needs to know when things start to go wrong.



IFRS & the Swiss Code of Obligations

Article that addresses Cryptographic assets in the context of IFRS.

<https://www.pwc.ch/en/insights/di-sclose/29/cryptographic-assets.html>

Our publications in the global crypto / blockchain sector (3/3)



Distributed Ledger Technology

Monographic paper from an initiative managed to create a common understanding of the distributed ledger technology between ten key players, and outline concept using Blockchain in asset management/fund-distribution value chain.



Blockchain in Asset Management

Monographic report on the methods and benefits of applying Blockchain in the asset management sector.



Introduction to Token Sales (ICO) Best Practices

Monographic report on the ICO market, structure, best practices and areas of ICO.



ASIFMA Best Practices for Digital Asset Exchanges

A guide outlining the best practices, regulatory considerations and issues of digital asset exchanges. PwC was a contributing organisation

Data compilation methodology and disclaimer

Source	The data presented is based on information compiled from MergerMarket, Capital IQ, Crunchbase, Pitchbook, CoinDesk, CoinTelegraph unless stated otherwise. Given systematic difficulties in obtaining accurate information in the crypto industry, we have noted different/contradicting data for certain deals
Deal announcement	Announced deals were used in the analysis. Some announced deals might not go on to complete, where deals have failed to complete, we have removed them from our data set.
Deal count	The deal count figures presented in this report refer to the number of deals announced, whether or not a value is disclosed for the deal
Deal value	The deal value figures presented in this report refer only to those deals where a value has been disclosed, and the value is based on the historical consideration in \$. Deals with questionable/fraudulent amounts have been removed based on media reports to provide a more .
Geography	Geography refers to the headquarter region of the target entity conducting the fundraise or the main location of acquired target
Sectors	Sectors refers to the main type of business that the target company has identified with. This includes (“Blockchain Infrastructure”, “Trading Infrastructure”, “Mining”, “Crypto Exchanges”, “Wallet”, “Payments”, “Compliance and regulatory related services”). While there are new peripheral businesses such as media, data research, consulting and wealth management business, they did not amount to a significant proportion and was grouped under “Others” for a clearer presentation.
Transaction Type	Transaction type refers to the stage of the fundraising transaction. These stages includes (“Seed”, “Undisclosed – Early Stage”, “Series A”, “Series B+”, “Undisclosed – Late stage” and “Undisclosed”). Due to limitations in data platform and availability of information, certain deals have been tagged as early stage or late stage without a precise detail of funding round. Where possible, we have cross referenced these information across the source platforms to identify the stages of the fundraise and have updated our data set.
Investor/Acquirer Type	Investor/Acquirer types includes (“Traditional Venture Capitals, incubators and family offices”, “Crypto focused Venture Capitals & Funds”, “Private Equity & Hedge funds”, “Private investors”, “Crypto/Blockchain companies”, “Other Tech companies and Startups”, “Established Corporates & Corporate Venture Capitals”, “Others” and “Undisclosed”). Where the differentiation between crypto focused VCs vs traditional VCs are based on the whether the fund promotes themselves as being a crypto/blockchain focused fund and whether their previous investments have been primarily crypto or blockchain companies. Private Equity & Hedge funds includes funds that brands themselves as private equity and did not identify themselves as VC investors. Private investors are individuals named in a transaction without affiliation to any companies in that transaction. Crypto/ Blockchain companies are companies whose main business revolve around crypto assets or blockchain technologies. Other Tech companies and Startups represents companies which did not promote themselves as having previous involvement in crypto assets, operate digitally or are involved in the following business (Artificial intelligence, Big data, e-commerce, or other internet enabled companies). Established corporates and Corporate VCs are classified based on a composite of factors including (Listing status & market cap on traditional exchanges, number of employees, years of operations as well as general reputation). “Others” includes companies that do not fit any of the above categories or do not have any easily identifiable characteristics.

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