



 EMERGING TECH RESEARCH

# Crypto Report

VC trends and emerging opportunities



**Q2**  
2023

## REPORT PREVIEW

The full report is available through the PitchBook Platform.



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We are adding PitchBook Exit Predictor probabilities to our Emerging Technology Research reports. PitchBook's proprietary [VC Exit Predictor](#) estimates the probability that a startup, or VC-backed company, will successfully IPO, be acquired, or merge. The tool is available exclusively to PitchBook subscribers.

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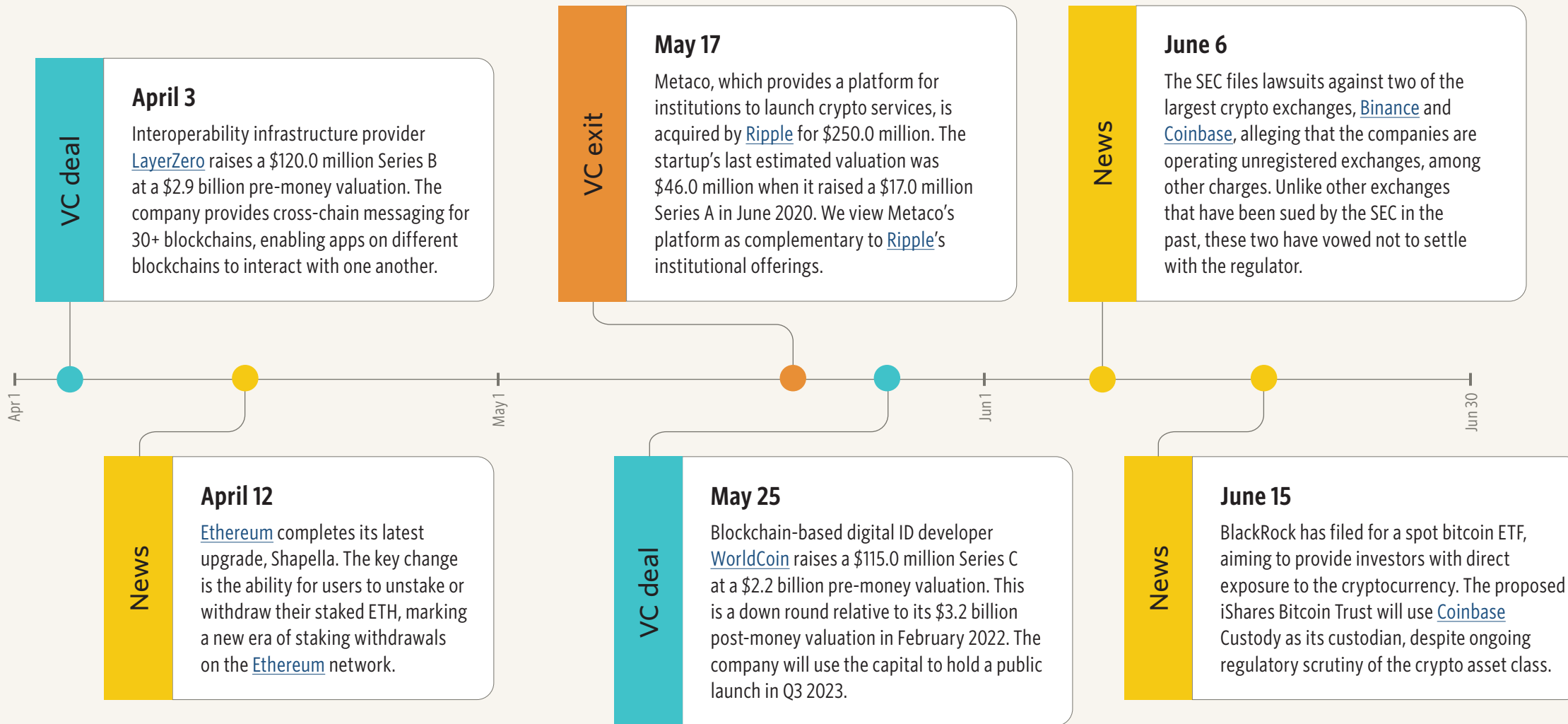
## Publishing

Report designed by **Drew Sanders**

Published on August 18, 2023



# Q2 2023 timeline



## Q2 VC deal count summary

**371**  
 total deals

**-16.3%**  
 QoQ growth

**-54.5%**  
 YoY growth

**-56.4%**  
 YTD growth

## Q2 VC deal value summary

**\$2.3B**  
 total deal value

**-14.7%**  
 QoQ growth

**-70.9%**  
 YoY growth

**-73.6%**  
 YTD growth



# Crypto landscape

- 1** Blockchain networks
- 2** Infrastructure & developer tools
- 3** Access
- 4** Web3
- 5** DeFi



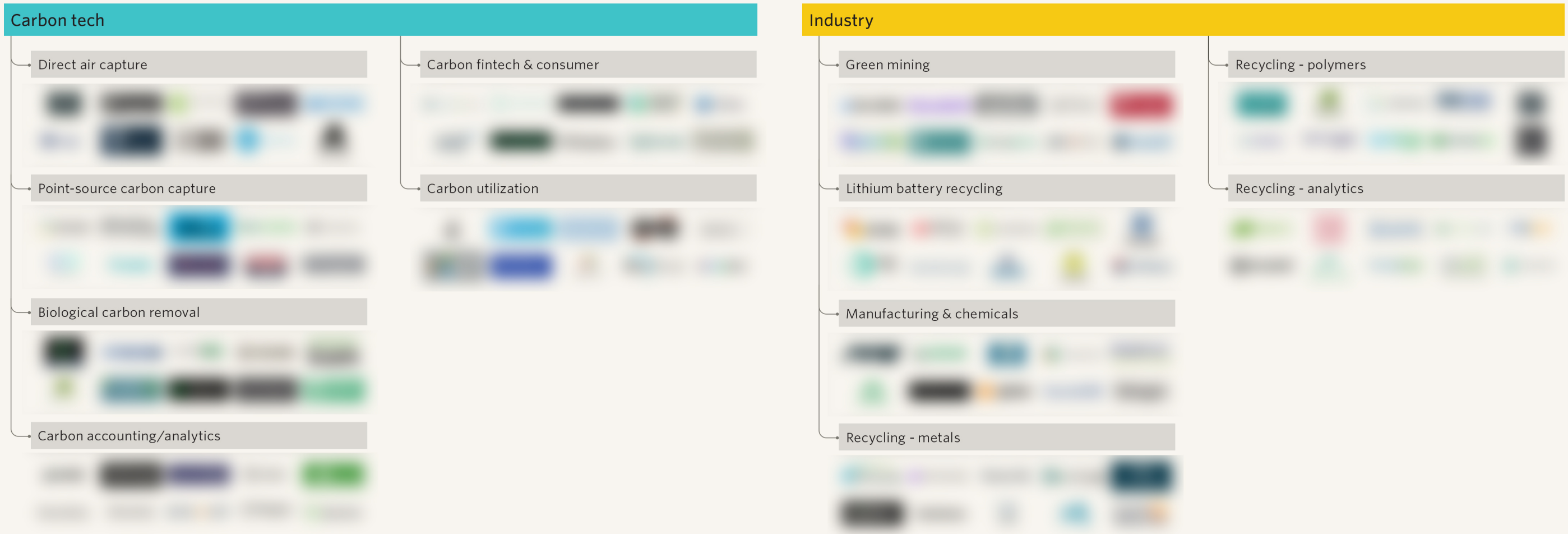




# Carbon & emissions tech VC ecosystem market map

Click to view the interactive market map on the PitchBook Platform.

Market map is a representative overview of venture-backed or growth-stage providers in each segment. Companies listed have received venture capital or other notable private investments.

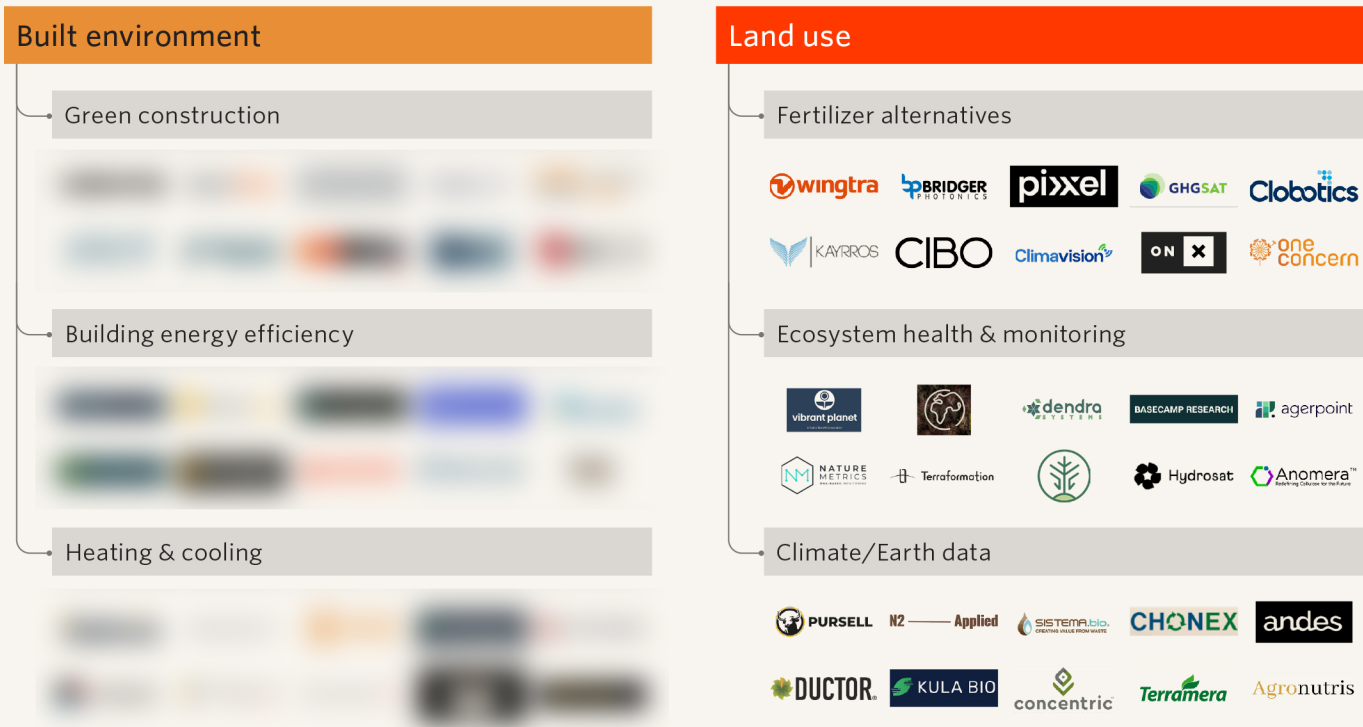




# Carbon & emissions tech VC ecosystem market map

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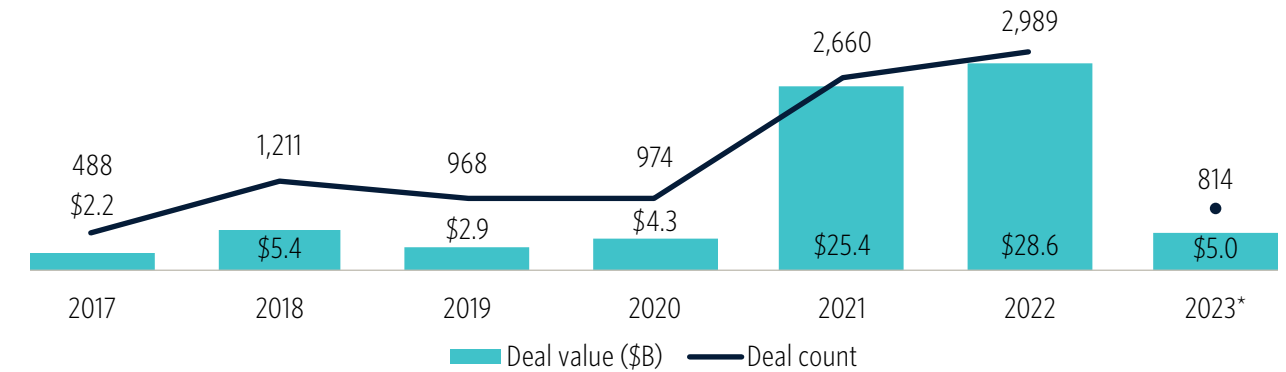


# VC activity

In Q2 2023, crypto companies globally raised \$2.3 billion in VC across 371 investment rounds, representing a 14.7% decrease in QoQ deal value and a 16.3% decrease in the number of deals. This was the lowest amount of capital invested and deals completed since Q4 2020 and represented the fifth consecutive quarter of declining investment activity. Blockchain infrastructure continued to attract the largest investments. In Q1, several L2 scaling solutions raised mega-rounds, and while now in Q2, one of the only two \$100 million+ rounds went to the interoperability protocol [LayerZero](#). The \$120.0 million Series B round valued the company at \$3.0 billion and included investors such as a16z crypto, Christie's, [Circle](#) Ventures, Lightspeed, and Sequoia Capital. The other mega-round of the quarter, a \$115.0 million Series C, went to [WorldCoin](#), which is building a privacy-preserving digital identity platform. The company is part of a broader [DePIN ecosystem](#), which also saw raises from decentralized AI compute platforms Gensyn (\$43.0 million Series A) and Together (\$20.0 million seed round).

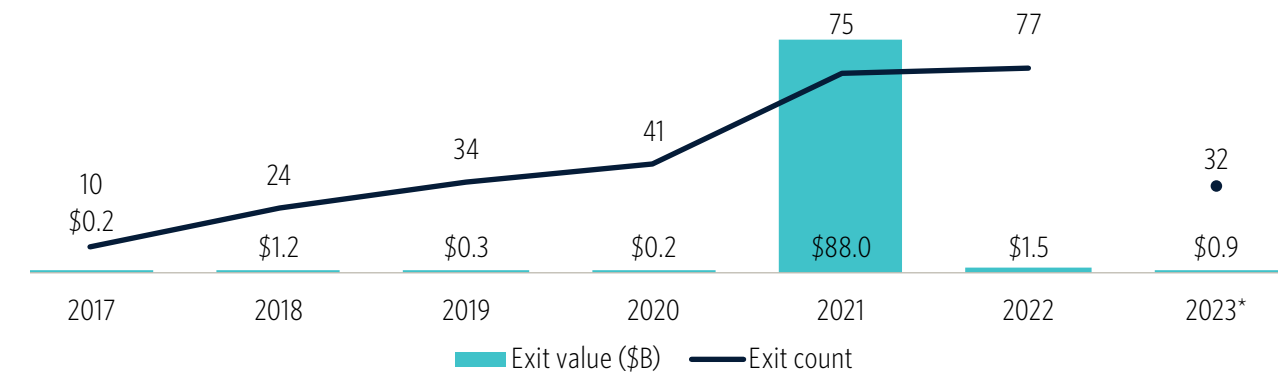
Valuation trends so far in 2023 are mixed, with seed rounds up 18.1% while early- and late-stage rounds were down 20.3% and 15.8%, respectively, for the quarter compared to full-year 2022. Seed, early-stage, and late-stage pre-money valuations for the first half of the year stood at \$15.8 million, \$47.0 million, and \$105.0 million, respectively. In Q1, late-stage valuations were up, and we suspected late-stage valuations were likely being skewed upwards, as only outsized, up-rounds were being disclosed, and down-rounds were being kept private. In addition, we stated that a single-quarter sample size is small and that we expected late-stage valuations to eventually decline. That is now evident in Q2's data. With regards to deal size for 2023 so far, the numbers across all stages are down slightly (<10%), with seed, early-stage, and late-stage median deal sizes at \$2.3 million, \$5.1 million, and \$10.0 million, respectively.

## Crypto VC deal activity



Source: PitchBook • Geography: Global • \*As of June 30, 2023

## Crypto VC exit activity



Source: PitchBook • Geography: Global • \*As of June 30, 2023



## VC ACTIVITY

### Key crypto early-stage VC deals\*

Company	Close date (2023)	Segment	Category	Deal value (\$M)	Post-money valuation (\$M)	Lead investor(s)
<a href="#">LayerZero</a>	April 3	Blockchain networks	Bridges & interoperability	\$120.0	\$3,000.0	N/A
<a href="#">Gensyn</a>	June 12	Infrastructure & developer tools	Data storage & accessibility	\$43.0	N/A	Andreessen Horowitz
<a href="#">Neon</a>	May 11	Infrastructure & developer tools	Development platforms	\$40.0	N/A	Jump Crypto
<a href="#">Zodia Custody</a>	April 27	Infrastructure & developer tools	Institutional services	\$36.0	N/A	SBI Holdings
<a href="#">River Financial</a>	May 16	Access	Asset management & taxes	\$35.0	\$375.0	Kingsway Capital
<a href="#">Magic Eden</a>	June 20	Web3	NFT platforms & collectibles	\$33.8	N/A	N/A
<a href="#">One Trading</a>	June 28	Access	Exchanges, wallets & crypto financial services	\$32.5	N/A	Valar Ventures
<a href="#">Sei</a>	April 11	Blockchain networks	Layer 1	\$30.0	\$800.0	N/A
<a href="#">Radio Caca</a>	April 6	Web3	NFT platforms & collectibles	\$30.0	N/A	N/A
<a href="#">Wow Earn</a>	June 7	DeFi	Lending, borrowing & yield generation	\$30.0	N/A	Ascendant Growth Partners, Blue Horizon Corporation, Nexus Pioneers Capital, Pinnacle Innovations Capital, Quantum Leap Ventures (Japan)

Source: PitchBook • Geography: Global • \*As of June 30, 2023



## VC ACTIVITY

### Key crypto VC exits\*

Company	Close date (2023)	Segment(s)	Exit value (\$M)	Exit type	Acquirer(s)/index	Post-money valuation (\$M)
<a href="#">Palm NFT Studio</a>	June 29	Blockchain networks	\$610.0	Merger/acquisition	Candy	\$610.0
<a href="#">Metaco</a>	May 17	Infrastructure & developer tools	\$250.0	Merger/acquisition	Ripple	\$250.0
<a href="#">Suishow</a>	May 30	Web3	\$6.5	Merger/acquisition	Mobile Factory	\$6.5
<a href="#">TAP Network</a>	April 4	Web3	N/A	Buyout/LBO	OneOf	N/A
<a href="#">Granted</a>	May 2	Web3	N/A	Merger/acquisition	Confirmed360	N/A
<a href="#">RARA</a>	April 3	Web3	N/A	Merger/acquisition	Mask Network	N/A
<a href="#">Rebellion</a>	June 1	Access	N/A	Merger/acquisition	Papara	N/A
<a href="#">BitFlyer</a>	May 30	Access	N/A	Merger/acquisition	D&I Investment	N/A
<a href="#">MB Digital Assets</a>	April 7	DeFi	N/A	Merger/acquisition	Coinbase	N/A
<a href="#">Transpose</a>	May 26	Infrastructure & developer tools	N/A	Merger/acquisition	Chainalysis	N/A

Source: PitchBook • Geography: Global • \*As of June 30, 2023



## SELECT COMPANY HIGHLIGHTS: OBOL



<b>Founded</b> 2021	<b>Total raised</b> \$18.7M	<b>Last financing valuation</b> \$62.5M
<b>Employees</b> N/A	<b>Last financing</b> Raised \$12.5M in a Series A1	<b>Lead investor(s)</b> Ethereal Ventures

### Overview

[Obol](#) is a researcher and developer of point-of-stake (PoS) infrastructure on public blockchain networks. PoS blockchains can be vulnerable to “33% attacks” should any validator control enough staked tokens, usually around 33%. This can lead to the token controller knowingly or unknowingly allowing an attack on the network. With the [Merge](#), [Ethereum](#), the largest smart contracts blockchain, is now potentially exposed to validator concentration risk. [Obol](#) currently focuses on

decentralizing [Ethereum](#)’s validator ecosystem through the development of Distributed Validator Technology (DVT). DVT is a method of distributing the resources of a validator among multiple nodes. These nodes operate together while requiring multiple signatures to command a validator, thereby lowering the risk of attack, total network control, or a single point of failure through a sole validator. DVT allows validation to be orchestrated together with multiple nodes versus standalone validator nodes.

With the staking provider ecosystem continuing to grow, [Obol](#)’s technology will benefit staking pools, LSPs, exchanges, and institutional providers, as well as individual, at-home validators. DVT has the potential to increase performance and availability—thus elevating staking rewards—while lowering risks such as centralization, security, and slashing.

### Leadership

The company is led by CEO and Co-founder Collin Myers, CTO and Co-founder Oisín Kyne, and Head of Product, Chris Battenfield. Myers was previously in DeFi product strategy at Consensys and was head of business development at Token Foundry. Kyne also previously worked at Consensys as a full-stack developer, and before that, at Accenture as a consultant. Battenfield came to [Obol](#) first as an advisor before leading its product full-time in June 2022. He previously held engineering roles at multiple crypto and Web3 companies, including Keep Network, Consensys, and Layer.

8: DVT was earlier known as secret shared validator (SSV).

9: Slashing involves penalty mechanisms coded into PoS blockchains that remove part of the stakes of a validator for misbehavior, such as signing two blocks at once or being offline.





## SELECT COMPANY HIGHLIGHTS: OBOL

### Financing history

[Obol](#) raised a \$6.2 million Series A in October 2021 in a deal led by [Ethereal Ventures](#), placing the company's post-money valuation at \$23.2 million. [Coinbase Ventures](#), [Archetype](#), [Figment Capital](#), and other investors participated in the round. The company raised a \$12.5 million Series A1 in January 2023 led by [Archetype](#) and [Pantera Capital](#).

### Financing history

PitchBook's [VC Exit Predictor](#) gives Obol an 81% probability of a successful exit, with a 1% probability of IPO, and a 80% probability of an exit via M&A.

# About PitchBook Industry and Technology Research

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As the private markets continue to grow in complexity and competition, it's essential for investors to understand the industries, sectors and companies driving the asset class.

Our Industry and Technology Research provides detailed analysis of nascent tech sectors so you can better navigate the changing markets you operate in—and pursue new opportunities with confidence.

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