

Global Crypto M&A and Fundraising Report H1 2019

September 2019



Dear Clients and Friends,

We are proud to launch the 1st edition of our Crypto M&A and Fundraising - Global Snapshot. We hope that the market colour and insights from this report will be useful data points. We aim 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.

We provide an entire range of services to the crypto ecosystem including strategy, legal, regulatory, accounting, tax, governance, risk assurance, audit, cybersecurity as well as transaction advisory.

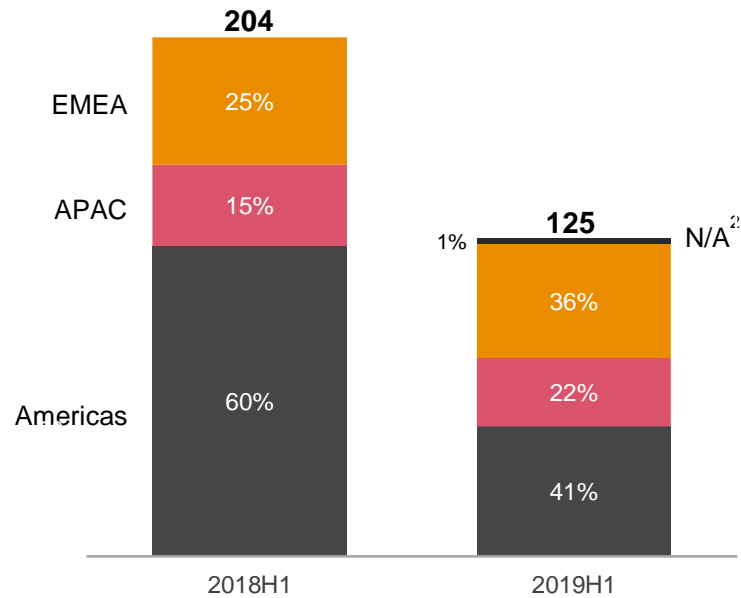


More details are available on our [global crypto page](#) as well as at the back of this report.

3 Key takeaways when comparing H1 2018 vs H1 2019

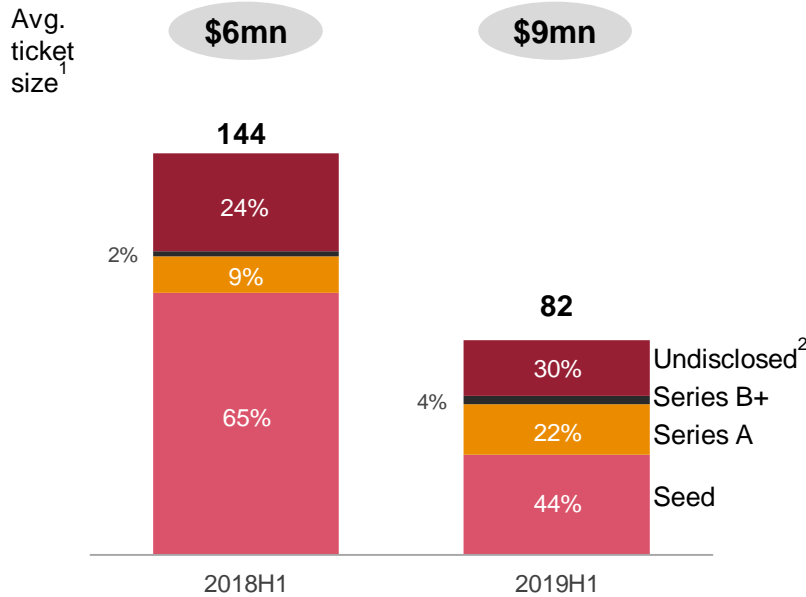
As the crypto industry matures the geography, type and size of deals are changing...

Deals by geography
Fundraising & M&A, number of



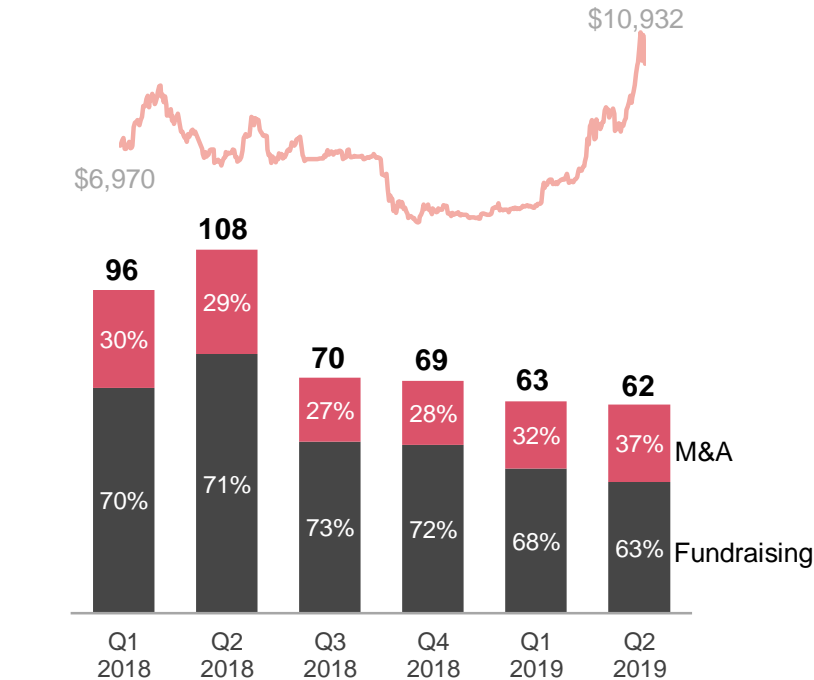
Majority of crypto fundraising and M&A activity is now taking place in EMEA and APAC (58%).

Fundraising by stage of investment
Fundraising only, number of



Seed rounds percentage reduced from 65% to 56%. The average ticket size remains small although it has increased from US\$6 to 9 million.

Deals vs BTC price
Fundraising & M&A, number of



Historically crypto fundraising and M&A appears to be positively correlated with the price of Bitcoin. Given the recent surge in market activity, we expect H2 2019 data to further reflect this trend.

Notes: 1) Average ticket size only includes deals with disclosed data; 2) Not disclosed
Source: MergerMarket, Capital IQ, Crunchbase, Pitchbook, PwC Analysis
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3 Trends to watch for Q3 and Q4 2019



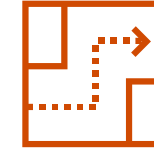
Increase in crypto M&A activity

- Historical data suggests that crypto M&A activity surges along with the price of Bitcoin and crypto assets more broadly
- Recent market rally has brought confidence and firepower to some of the large industry players like crypto exchanges who may look to acquire and expand



Increase in crypto fundraising activity

- Investors may aim to get exposure to crypto markets by backing institutional grade companies
- As evidenced by a rise of 51% in amount of capital allocated to the sector from Q1 2019 to Q2 2019 which we expect to continue



Broader institutionalization of the industry

- The involvement of many other players that have been sitting on the side-lines may be accelerated by recent macro events such as the anticipated the launch of Facebook's cryptocurrency Libra, as well as various other announcements from institutional players

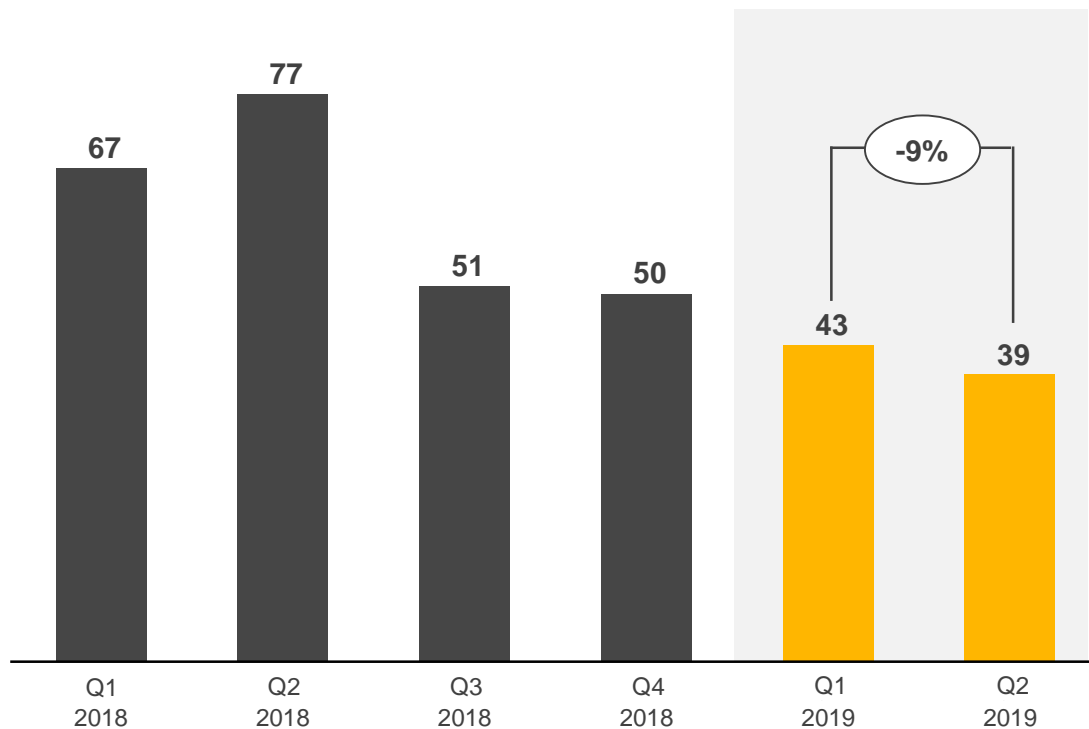
Fundraising

Crypto Fundraising Global Landscape

Whilst the number of equity fundraising deals for crypto related companies decreased by 9% in Q2 2019 vs Q1 2019, the value of fundraising deals has increased by 51% to US\$250mn over the same period.

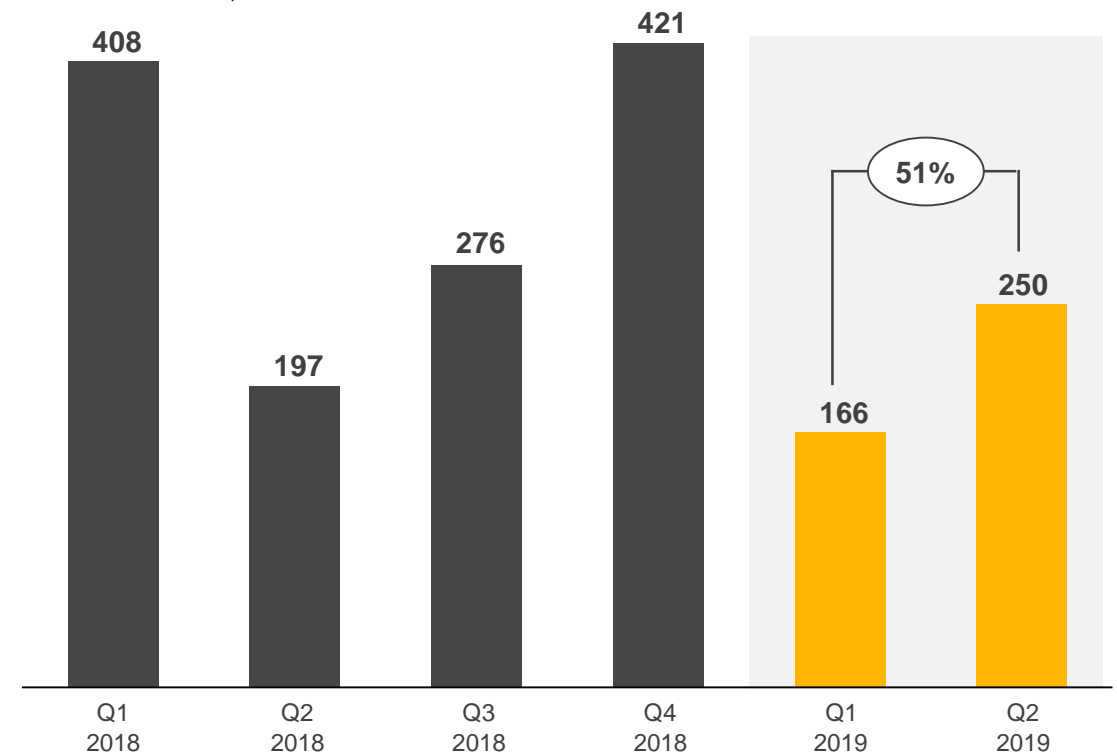
Equity fundraising of crypto companies

Global deal count (number of)



Equity fundraising of crypto companies

Global deal value, USD in mn



Note: Deal values include only deals with available data

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

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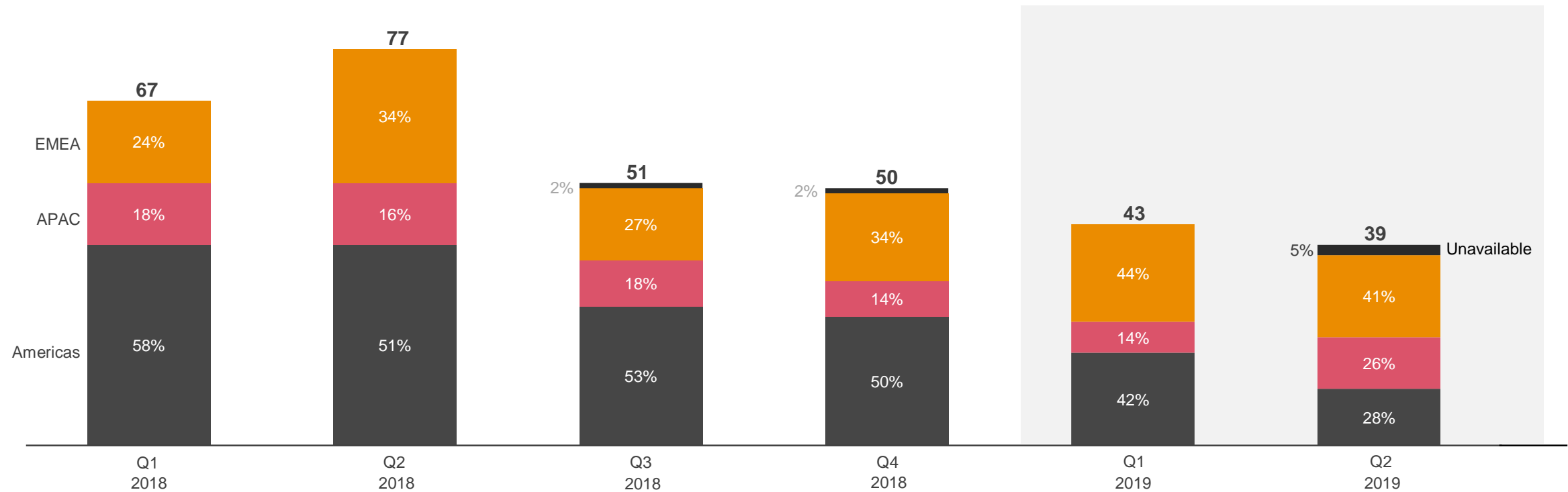
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Crypto Fundraising Deal Count by Geography

The majority of crypto deals took place in the Americas last year. This year EMEA & APAC are driving the activities.

Equity fundraising of crypto companies

Deal count (number of) by geography

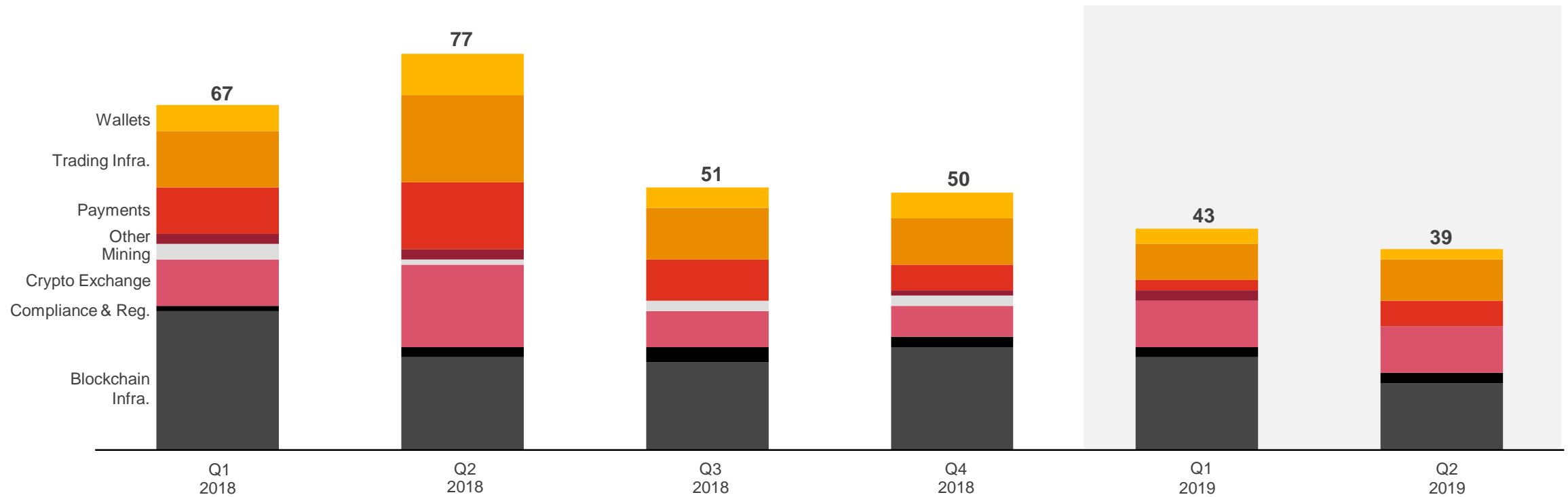


Crypto Fundraising Deal Count by Sector

Crypto fundraising activity remains diversified across different sectors of the crypto ecosystem. Whilst deal activity in crypto mining has fallen in 2019, healthy activity remains across blockchain, exchange and trading infrastructure projects.

Equity fundraising of crypto companies

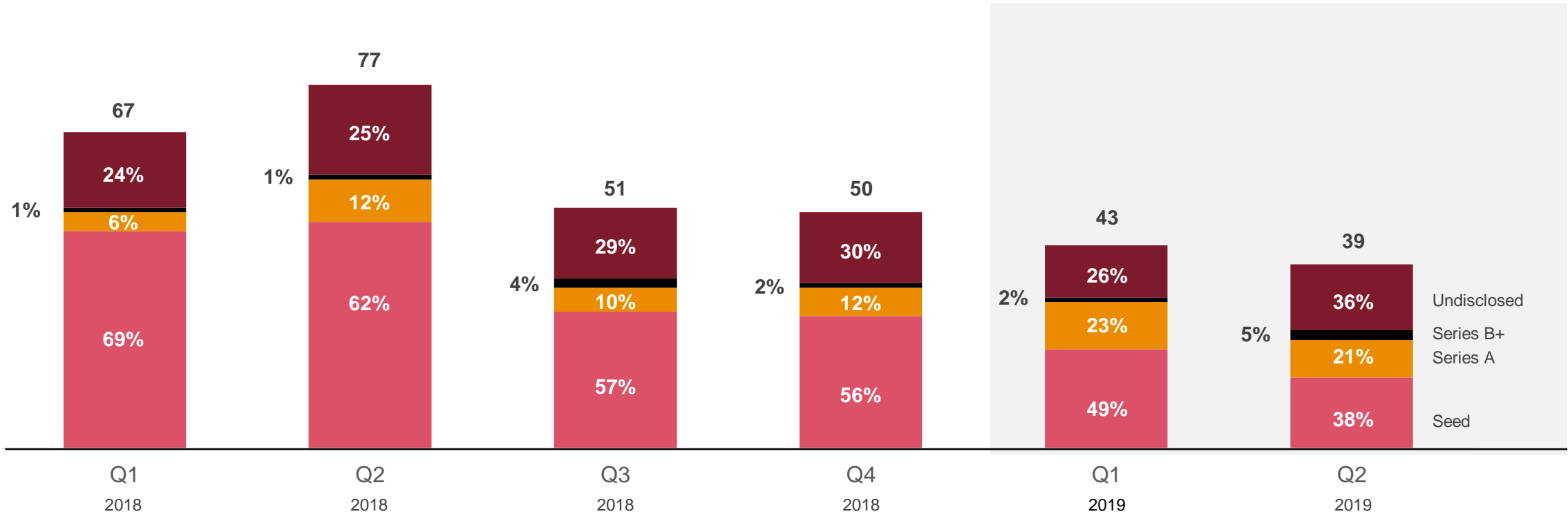
Deal count (number of) by sector



Crypto Fundraising Deal Count by Transaction Type

The crypto industry is maturing with seed funding becoming a smaller portion of overall crypto fundraising activity and is being replaced by an increase in series A and B funding rounds.

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



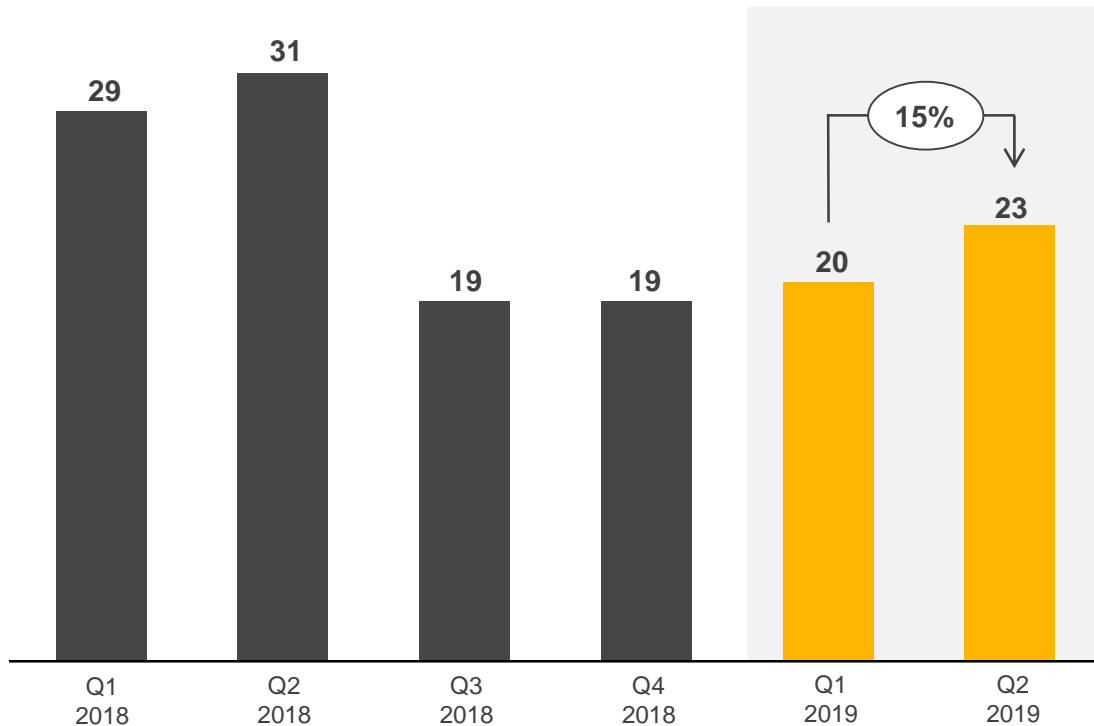
M&A

Crypto M&A Global Landscape

Whilst there was a drop in the number of deals in Q3 2018, the crypto M&A market has since rebounded, with the number of deals increasing by 15% in Q2 vs Q1 2019.

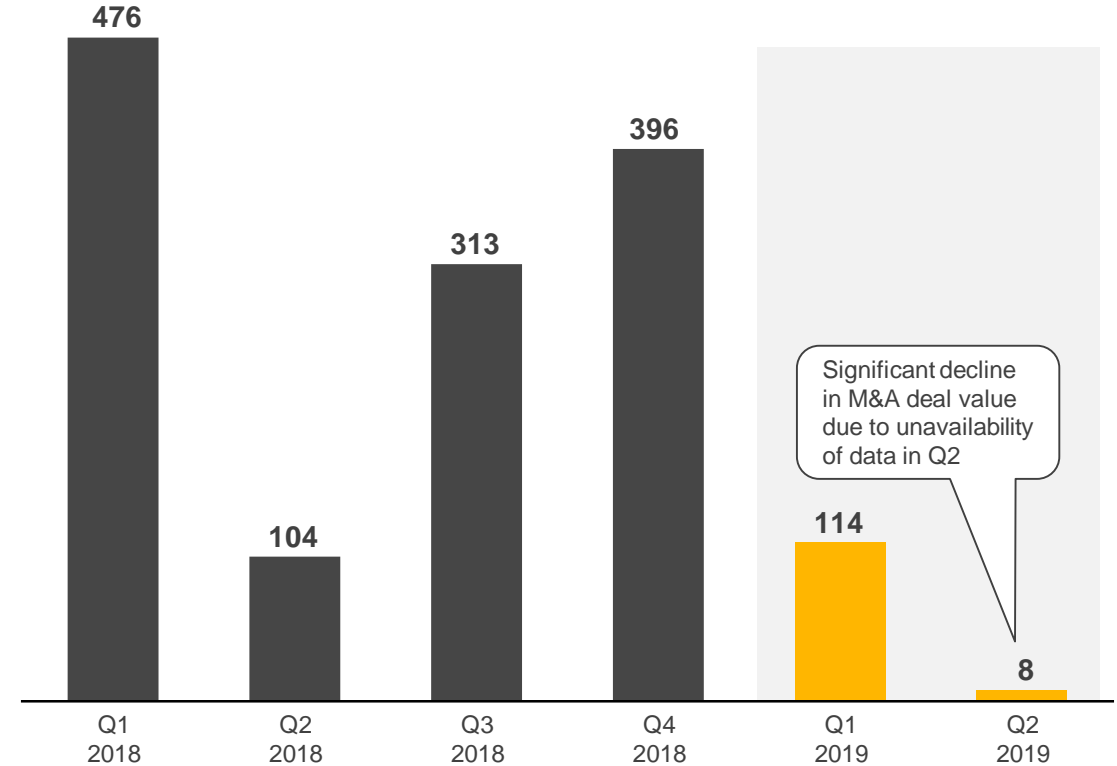
M&A of crypto companies

Global deal count (number of)



M&A of crypto companies

Global deal value, USD in mn



Note: Deal values include only deals with available data

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

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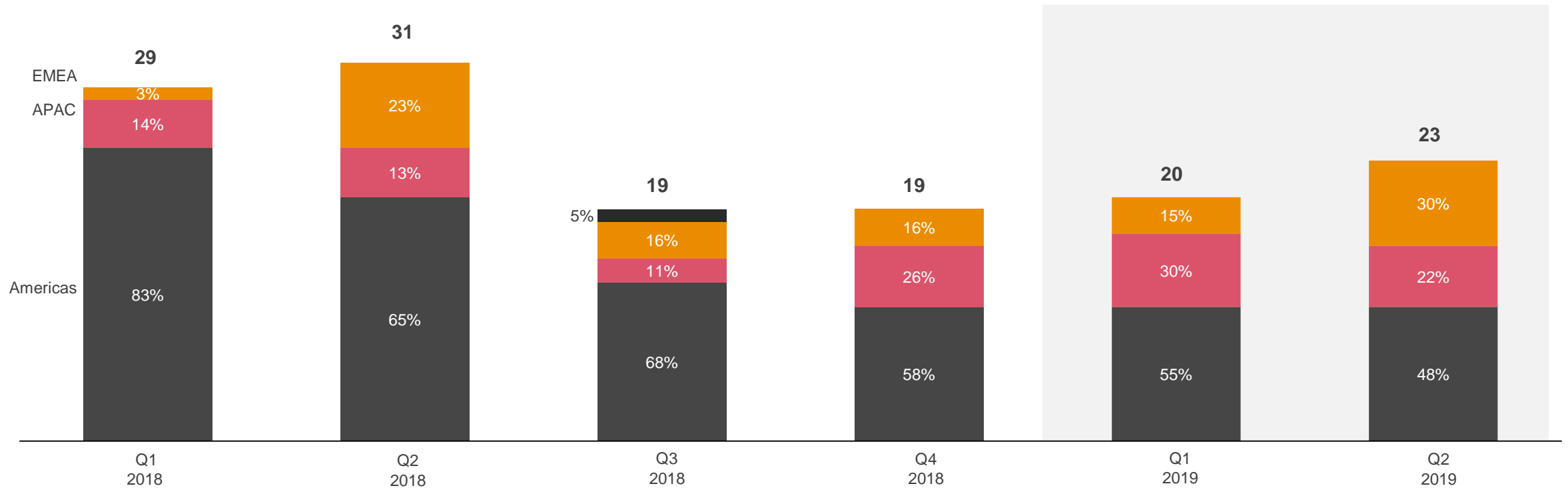
Crypto M&A Deal Count by Geography

There was a flurry of consolidation activity in H1 2018 in the Americas. Whilst the number of deals in the Americas has now dropped significantly, it is still a key driver, although EMEA and APAC is seeing more activity than a year ago.

M&A of crypto companies

Deal count (number of) by geography

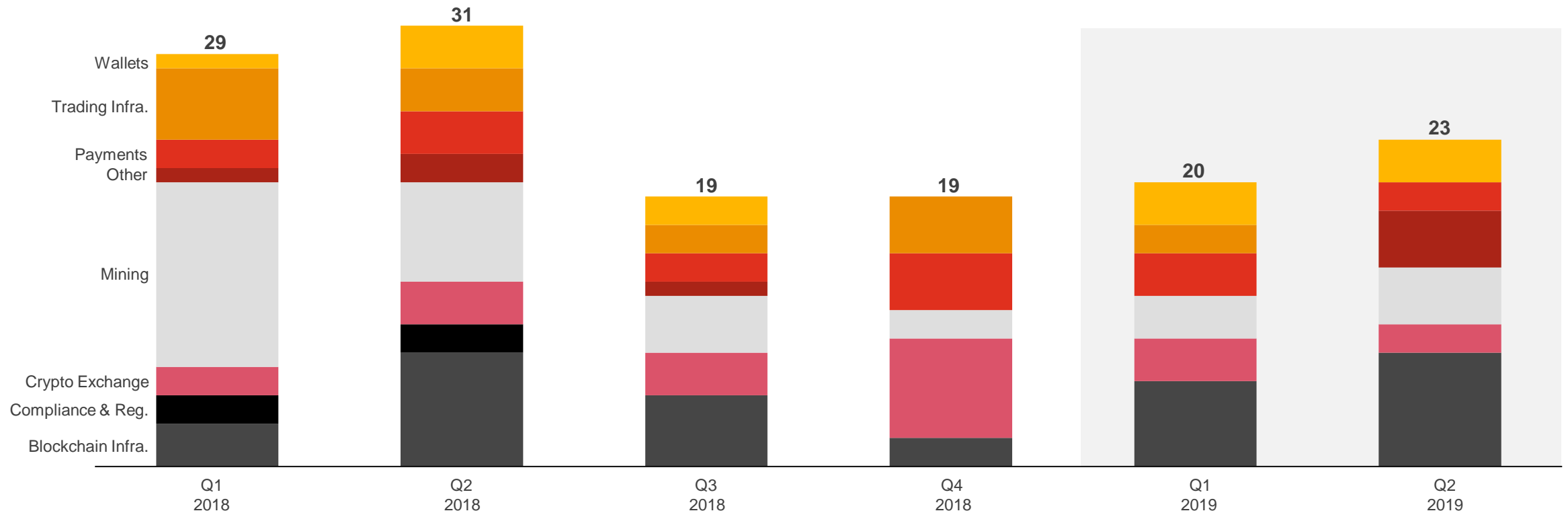
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Crypto M&A Deal Count by Sector

The crypto mining sector has consolidated with numerous M&A deals in the first half of 2018 while activities in other sectors remain largely unchanged.

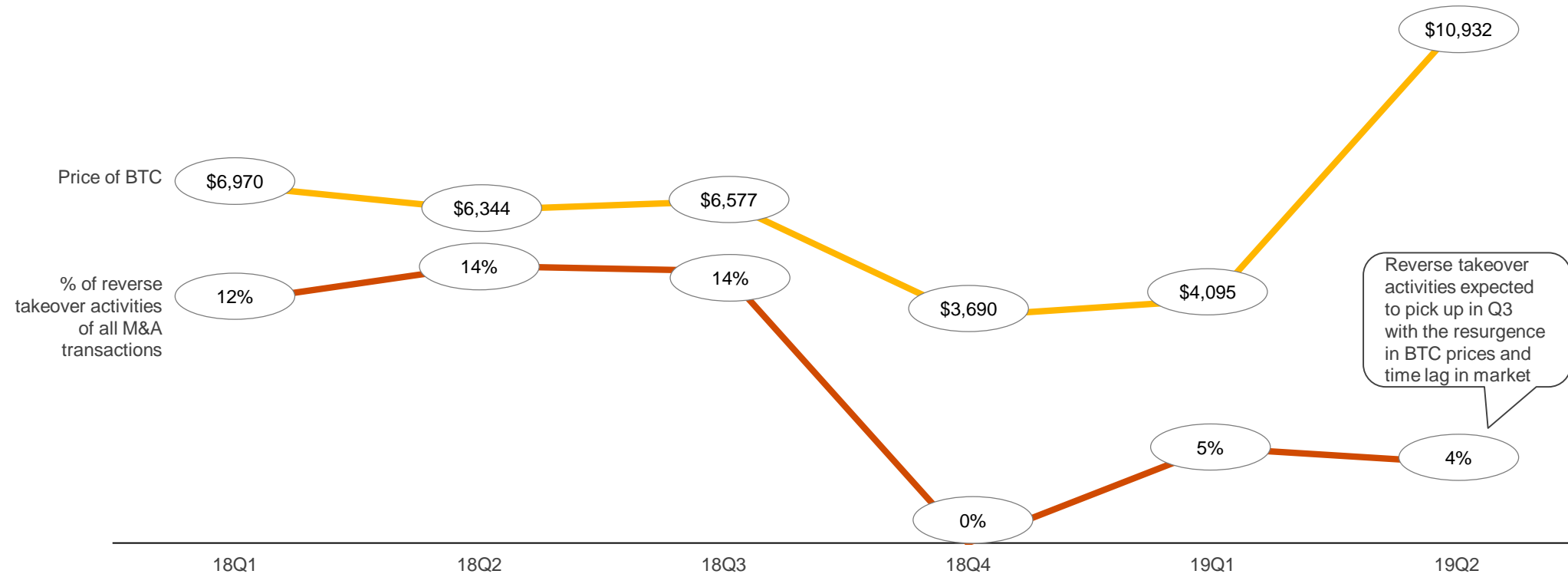
M&A of crypto companies
Deal count (number of) by sector



Crypto M&A Deal Count by Transaction Type











Reverse takeover activities are taking place again as the price of bitcoin has recovered.

Reverse takeover activities (as % of total transactions) vs. BTC



Top 10 Crypto M&A Deals

Crypto exchanges and trading infrastructure accounts for the three of the larger deals in Crypto M&A in 2018.

Announce Date	Target	Acquirer	Amount (USD in mn)	Sector	Target Country
26/02/2018	Poloniex	Circle	400	Crypto Exchanges	United States 
11/10/2018	Blockchain Exchange Alliance	BK Global	330	Trading Infrastructure	South Korea 
07/09/2018	Plus500	Undisclosed	229	Crypto Exchanges	Israel 
18/01/2018	Coins.ph	Go-Jek	72	Custodians and Wallets	Philippines 
10/10/2018	Zaif Cryptocurrency Exchange Business of Tech Bureau	Fisco Cryptocurrency Exchange	49	Crypto Exchanges	Japan 
03/04/2018	Crypto 205	Vogogo	44	Mining	Canada 
16/04/2018	Coincheck	Monex Group	34	Trading Infrastructure	Japan 
27/02/2018	Bitcity	CryptoGlobal	32	Mining	Canada 
26/03/2019	NUI Social LLC	Appliqate Inc.	25	Blockchain Infrastructure	United States 
29/03/2018	Blockchain Dynamics	CryptoGlobal	23	Compliance and Regulatory	Canada 

How can PwC Crypto Deals Team 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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The materials contained in this publication were assembled on August 2019 and were based on the law enforceable and information available at that time.