

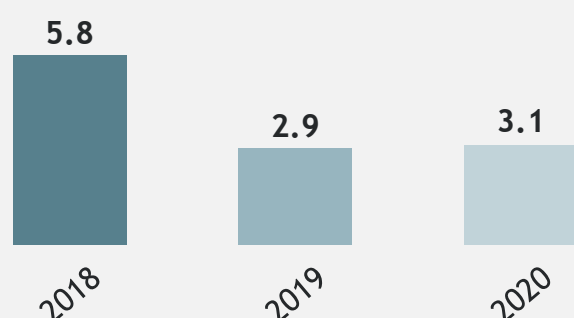
# Financing & Consolidation of the crypto industry

## Year 2020 in review and perspectives

### Main trends

#### VC Financing

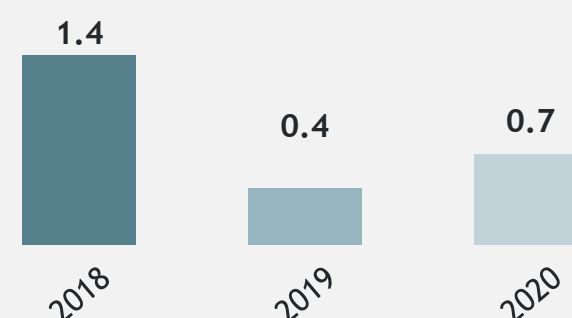
Global VC deals in crypto (in billion USD)



- Prior to 2018, volumes were only sub \$1bn
- Size of largest deals is increasing
- The 2 main trends for VC investing are Decentralised Finance (DeFi), and brokerages & custody. A fully comprehensive and coherent prime-services offer has yet to emerge from all the ongoing projects

#### M&A activity

Global M&A deals in crypto (in billion USD)



- M&A volumes in crypto are still much smaller than VC in absolute terms, but also in relative terms (the overall M&A industry is 10x the size of the VC industry)
- This is a reflection of the still nascent state of the crypto industry
- Most active segments within crypto have been exchanges, brokerage / custody and data & analytics

### Transactions highlights

#### 2020 VC main deals

- 774 deals in 2020, \$3.1bn total value
- Main category: banking & payments
- Main other themes: brokerage / custody, data & analytics, trading & exchanges
- 4 landmark transactions above \$100m

	<b>Bakkt</b> \$300m - Mar 2020 banking & payments
	<b>Ripple Labs</b> \$200m - Feb 2020 banking & payments
	<b>Paxos</b> \$142m - Dec 2020 brokerage / custody
	<b>Chainalysis</b> \$100m - Nov 2020 data & analytics

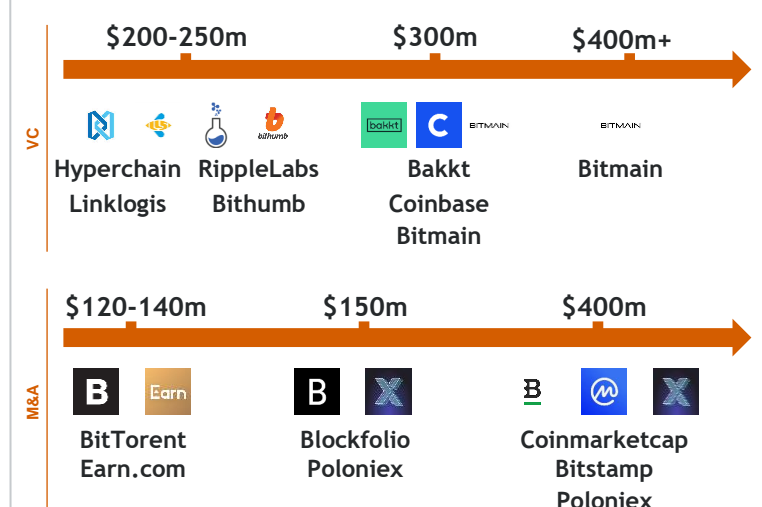
#### 2020 M&A main deals

- 83 deals in 2020, \$691m total value
- 3 main deals, representing 96% of the total, were conducted by **centralized crypto exchanges**, highlighting the major role played by these actors

	Target	Acquirer	Deal size	Date	Segment
	Coinmarketcap	Binance	\$400m	Apr 2020	Crypto pricing website
	Blockfolio	FTX	\$150m	Aug 2020	Mobile news & portfolio tracking app
	Tagomi	Coinbase	\$75m	May 2020	Crypto prime broker+L&B activity

#### Broader perspective

Largest ever VC and M&A deals in crypto



- Over the last 3 years, crypto has developed as a visible segment within global VC: **1.3% of total VC allocation**
- M&A still small (0.02% of overall volumes)

### Looking ahead

#### Key expected milestones

- **Coinbase** (crypto exchange) expected to IPO in first part of 2021. Valuation expected to reach \$28bn according to Messari, and up to \$70bn according to The Block. This will be a significant milestone for the nascent crypto industry
- **BlockFi** (retail-focused crypto lending) could also IPO in S2 this year
- On a non-financing related topic, but also crucial for the industry overall, unfolding of legal cases on **Ripple** and **Tether** will also be closely watched, as they may have important repercussions

#### What's next?

- Significant additional funding will certainly be deployed to the crypto space. One area that is expected to keep attracting new capital, outside of brokerages & custody, is DeFi
- One key dimension for the industry to watch will be the development of regulatory considerations (or the absence of it)
- The development of the crypto space is reminiscent of the early days of Internet. A lot of failures are to be expected, a lot of consolidations as well.
- **In the end, who will be the Google of crypto?**