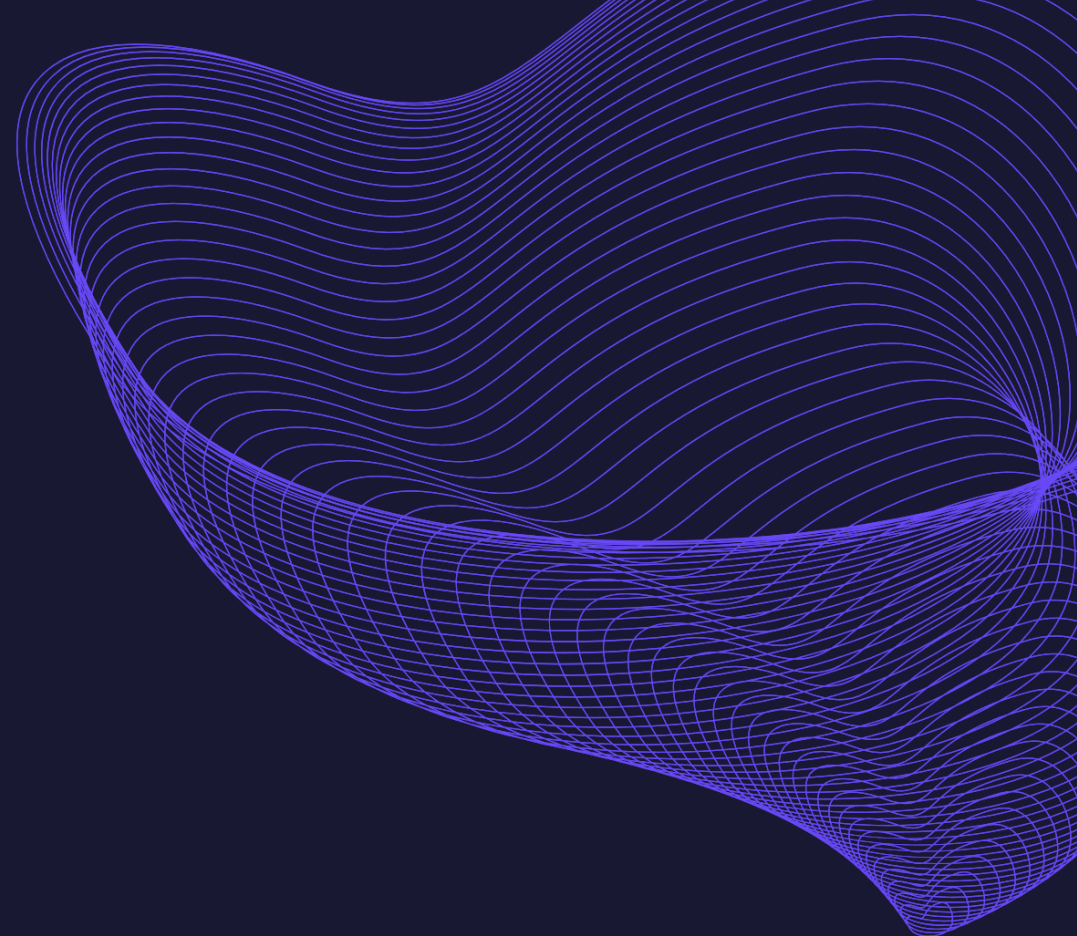




fundstrat

Deep Research



2022 Fundraising Recap

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Executive Summary

- Since late 2021, crypto markets have struggled in the face of a challenging macroeconomic background highlighted by rampant inflation and geopolitical conflict. Asset price drawdowns were exacerbated by a violent unwind of unhealthy leverage in the space, which revealed outright fraudulent behavior among some of the industry's most prominent figures. Despite these headwinds, crypto VC funding remained strong in 2022 and set a new high in yearly cumulative fundraising.
- CeFi and Infrastructure were the two verticals that garnered the most investment, whereas Web3 & NFT projects and companies had the highest deal count, albeit at earlier stages of development. The collapse of centralized entities across the industry discouraged investment into most verticals, particularly CeFi, during the back half of 2022.
- Public mining companies have seen increased distress throughout the year, which has clearly manifested in the private market. Mining represented the vertical with the least number of deals and capital raised.
- The breadth of early-stage investors expanded, with 388 different funds/companies leading at least one investment deal. A16z, Binance Labs, Polychain Capital, and Animoca Brands were the most active lead investors throughout 2022.
- Investment funds dedicated to the crypto industry thrived from a capital-raising perspective in 2022, raising over \$23 billion. The largest was a16z's \$4.5 billion Crypto Fund IV.
- **Bottom Line** - The challenging macroeconomic backdrop and blowups by some of the industry's most prominent names caused VC investment to wane in the second half of 2022. Despite this, private market investment remained resilient on an absolute basis. The \$8.9 billion invested in 2H 2022 was greater than any year before 2021. We expect at least a portion of the seeds planted this past year to translate into world-changing products.

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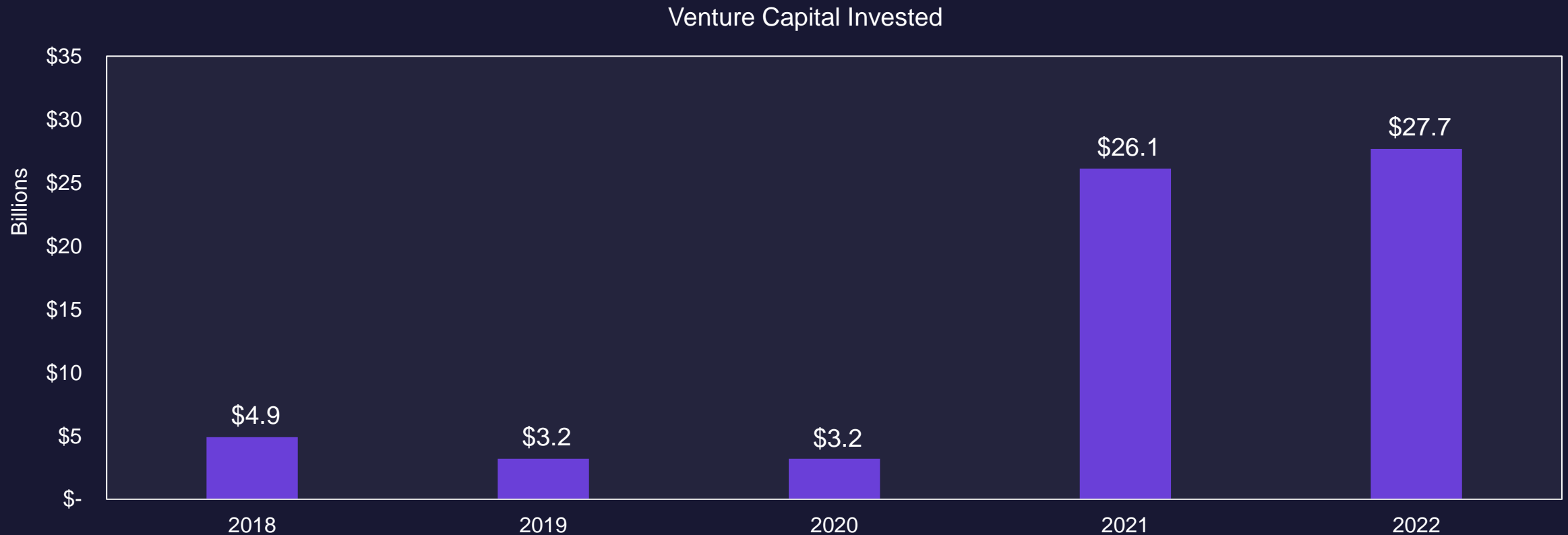
1 Year in Review

2 Crypto Verticals

3 Investment Funds

Crypto Financing History

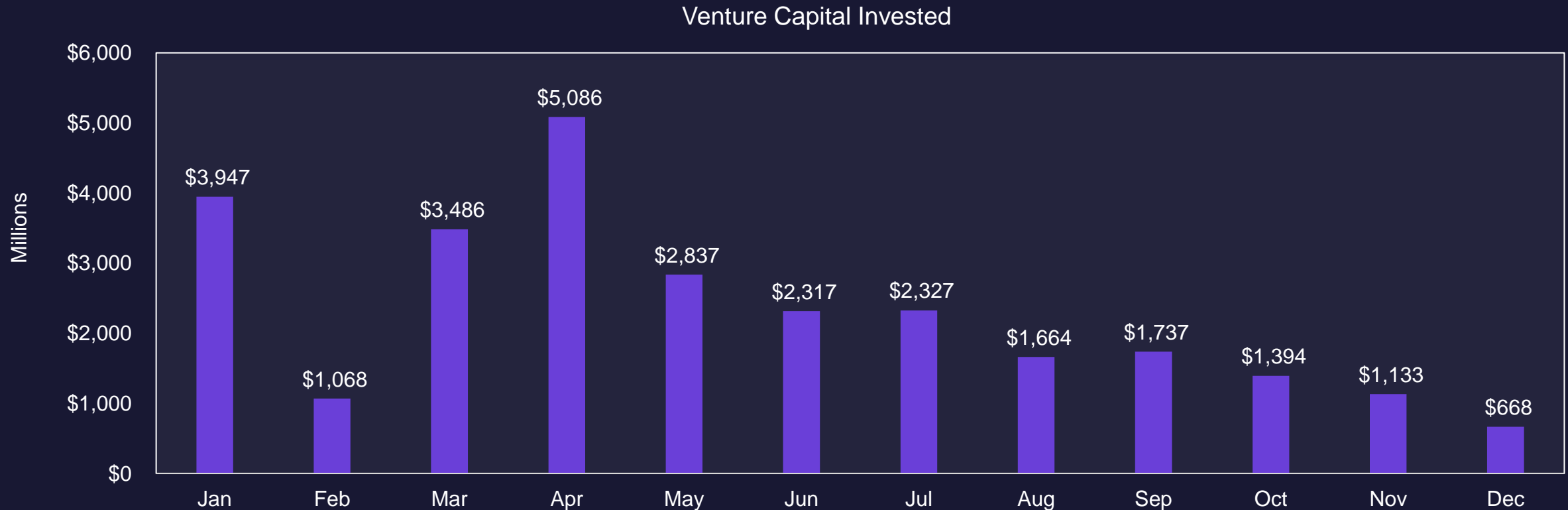
- The crypto venture market remained robust in 2022, despite broad declines in asset prices.
- 2022¹ represents the best fundraising year in crypto's short history. \$27.7 billion dollars were raised across 1,212 deals.
- Most deals and capital raised came in the year's first half and then declined as a negative macro environment was further compounded by growing idiosyncratic risk within crypto.



¹ The 2022 fundraising total includes venture capital equity & debt deals, and excludes public fundraising, capital raised for investment funds, M&A deals, and ecosystem funds.

2022 Fundraising Overview

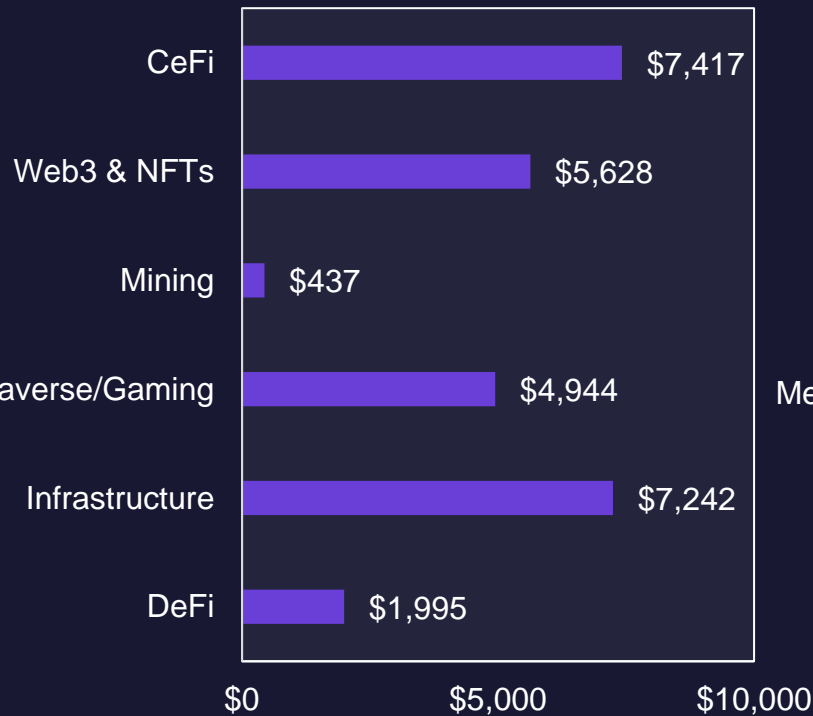
- Appetite for private market investing declined throughout 2022 in the face of macroeconomic headwinds and is a sign that the fundraising frenzy and lofty valuations in 2021 may have been overzealous. After strong fundraising through July, the monthly average dropped to under \$1.5 billion in the last five months of the year.
- Despite broad declines in crypto asset prices, cumulative fundraising has hit peak levels on a yearly basis.



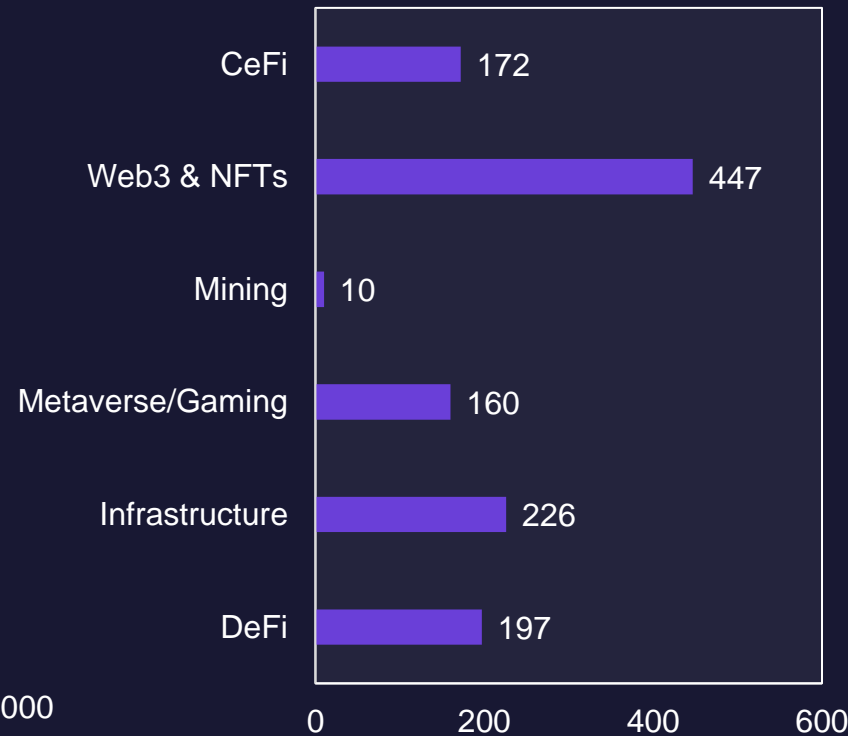
Verticals Summary

- The totals below represent equity VC deals and token sales, while excluding investment funds, ecosystem funds, or M&A deals.
- CeFi was the champion of 2022, raising approximately \$7.4 billion across 172 deals.
- Web3 & NFTs was the leader in deal count, with a total of 447 total deals, raising a total of \$5.6 billion.
- Mining was the laggard vertical, raising just under half a billion dollars across 10 deals, but had the largest average deal size at \$49 million per deal.

Total Fundraising (\$ Mil)



Deal Count



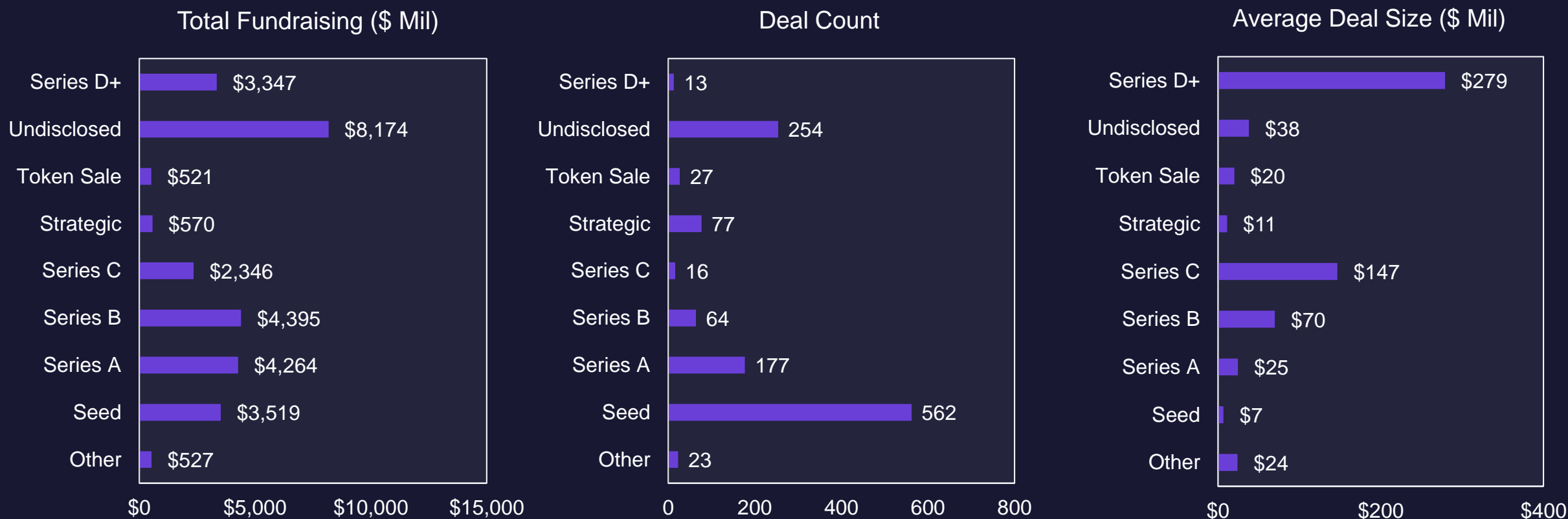
Average Deal Size (\$ Mil)



* Please see the Appendix for the full list of definitions for Deal Verticals
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Deal Stage Summary

- Total fundraising was similar across Series A and Series B deals, with both deal stages totaling over \$4 billion.
- Seed rounds significantly outpaced all other stages, with a total of 562 deals.
- Series C and Series D+ deals were larger on an average basis as investors felt more comfortable investing larger sums into companies that are further along in their project roadmaps.



* Please see Page 1 of the Appendix for the full list of criteria for each Deal Stage Category

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Vertical Trends

Seeds Were Planted for NFT Gaming

- A large portion of the NFT deals this year were gaming related, and the biggest NFT deals have gaming plans.
- Limit Break, the gaming company behind the DigiDaiku NFTs, raised \$200 million to build Web3 MMO games.
- Yuga Labs, the creator of the Bored Ape Yacht Club NFTs, raised \$450 million and recently hired Spencer Tucker as the Chief Gaming Officer and former Activision Blizzard COO, Daniel Algere, to be its new CEO.



CeFi Takes a Beating in 2H 2022

- Centralized Finance had an exceptional first half of 2022, but funding declined sharply in the second half.
- This began right after opaque CeFi lenders such as Celsius and BlockFi faced solvency issues in June, suggesting that this gave investors cold feet. This, coupled with the recent FTX collapse, may serve as a tailwind for DeFi funding in the future (barring any significant regulation).



Alternative Smart Contract Platforms were Heavily Funded Throughout 2022

- Investors continued to chase the alternative smart contract platform narrative as these continued to be funded heavily throughout 2022; these deals included a \$350 million raise for Near, a \$300M raise for Sui, and a \$150M raise for Aptos.
- While funding for alternative Layer 1's was very high throughout 2022, we are not sure that momentum in this area will continue given the saturation of alternative Layer 1 protocols and the rise of Ethereum Layer 2's (such as Optimism which raised \$200M).



Vertical Trends (Cont.)

Investors Gain Interest in Web3, Metaverse, and Gaming

- While DeFi dominated crypto VC mindshare in 2020, 2021 and 2022 saw a large rise in the relative prominence of the other use cases of blockchain, mainly related to Web3, gaming, the metaverse, and NFTs.
- NFTs, metaverse/gaming, and Web3 made up 38% of total funding.
- Contributing to this interest is likely the regulation CeFi and DeFi face, as well as the mainstream accessibility of Web3, gaming, and NFTs compared to finance.



Infrastructure was the Most Resilient Vertical in 2022

- Infrastructure was among the highest-funded verticals throughout 2022 and remained strong despite the crypto market downturn, regularly receiving well over \$200 million in monthly funding.
- Infrastructure accounted for nearly 26% of all funding.
- Infrastructure is a broad category, but the bulk of deal flow occurred in smart contract platforms, wallets, and tooling.



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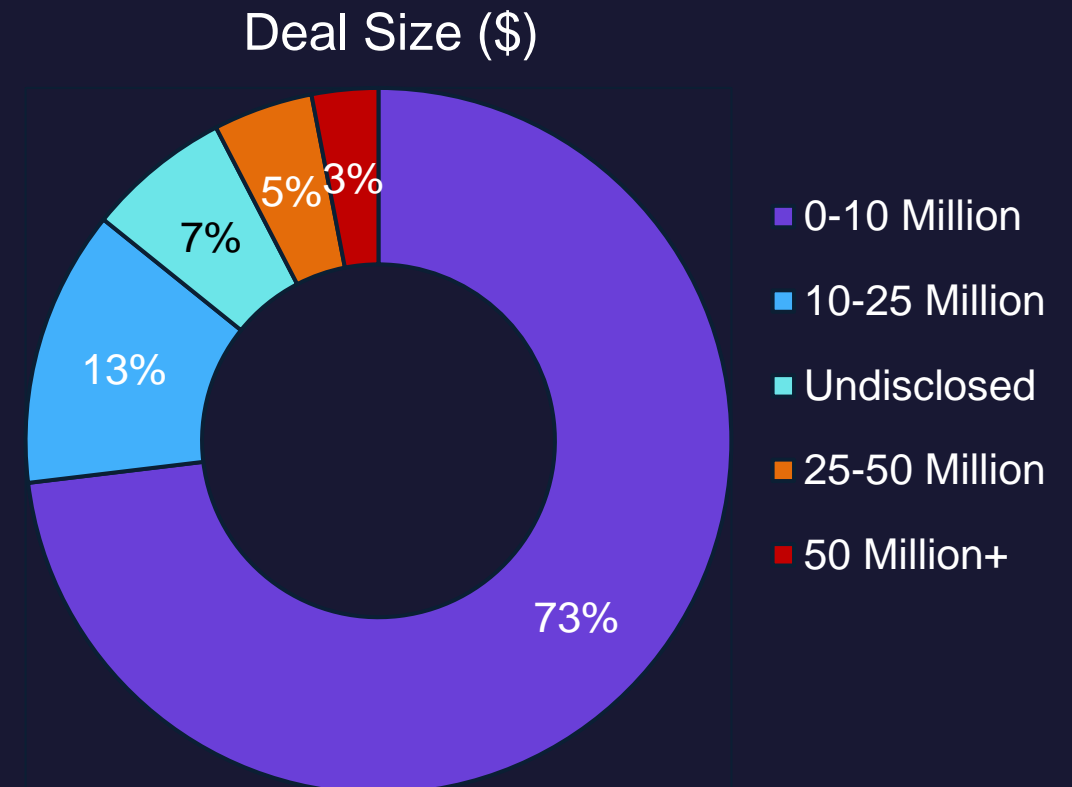
3 Investment Funds

DeFi

DeFi Summary

- Throughout 2022 there were 197 total DeFi venture capital deals, raising \$1.99 billion in total funding.
- DeFi had the smallest average deal size across all verticals. This is likely a reflection of the persistent challenges facing the sector including a lack of regulatory clarity, little demand for on-chain financial derivatives, and questions surrounding token value accrual.
- Similarly, DeFi fundraising lagged all categories besides Mining. 2023 could potentially see this trend change as confidence in centralized entities waned in 2022.

| Quick Stats | |
|--------------------------------------|------------------------------|
| Total Deals | 197 |
| Total Amount Raised | \$2.0 Billion |
| Largest Deal Size | \$165 Million (Uniswap Labs) |
| Smallest Deal Size | \$100,000 (Tonsnipe) |
| Average Deal Size | \$10.8 Million |
| Most Common Deal Stage ¹ | Seed |
| Least Common Deal Stage ¹ | Other |

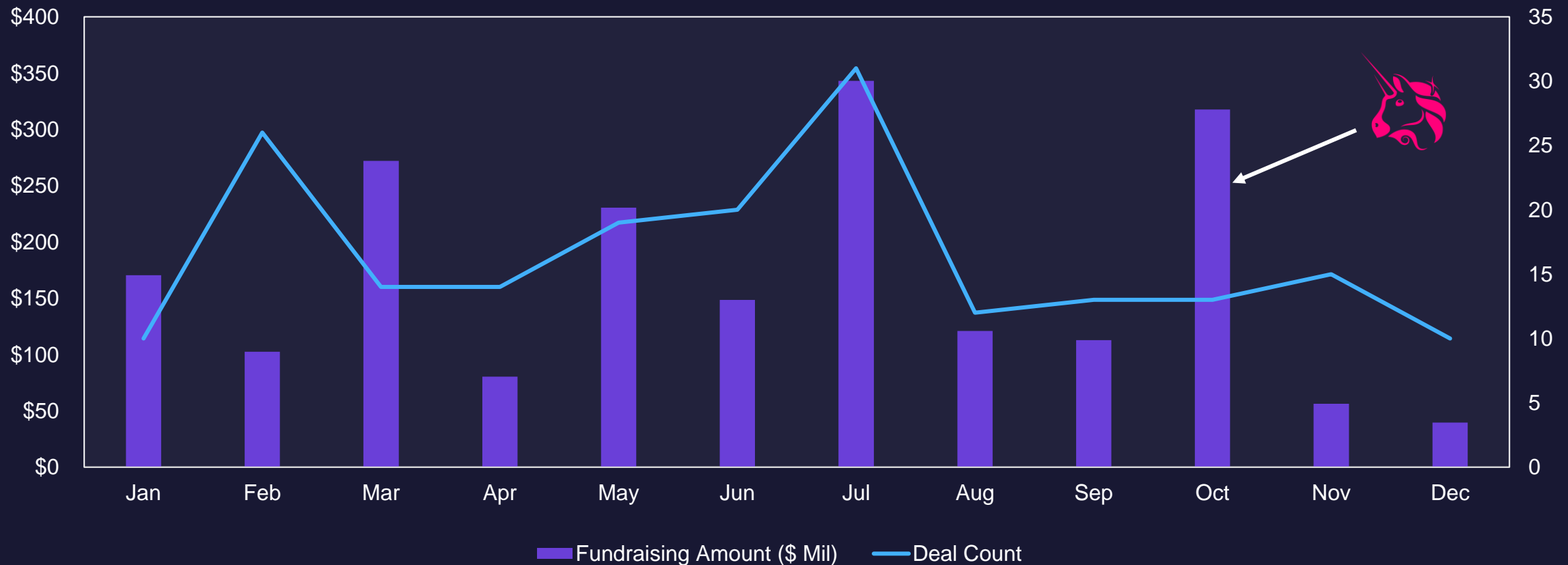


¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

DeFi Monthly Fundraising

- Q3 represented the quarter with both the highest fundraise amount and the highest deal count. The concentration of capital and deals in July can be attributed to many companies delaying announcements following the Terra/Luna and 3AC collapses in Q2.
- Uniswap Labs raised \$165 million in October, cloaking the sharp decrease in total DeFi investments seen in Q4.

Venture Capital Invested



* Please see the Appendix for the full list of definitions for Deal Verticals
Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

DeFi Deal Stages





- Seed Round deals were easily the most common disclosed deal type among venture capitalists. Additionally, of disclosed deal types, Seed Rounds garnered the highest dollar investment amount.
- Series A and Series B deals represented 27% of the total dollars raised this year while only representing 10% of the deal count. The average deal size for Series A and B deals was \$19 million and \$67 million, respectively.



* Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

DeFi Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|--|---------------|--------------------|---|
| Uniswap Labs  | \$165 Million | DEX | Uniswap Labs, the company behind the leading decentralized exchange, raised fresh capital to expand the protocol's product offerings and to help increase global awareness of the platform. The Series B round was the largest DeFi deal this year and highlights the adoption of decentralized platforms, as Uniswap has handled over \$1 trillion in trading volume since inception. |
| Euler Finance  | \$32 Million | Lending | Decentralized lending protocol, Euler Finance raised \$32 million in a round led by Haun Ventures, with other participation from Variant Investments, Coinbase Ventures, Jump Crypto, Jane Street and Uniswap Labs Ventures. The funding went towards diversifying the assets of Euler DAO. Euler differentiates itself from other DeFi lending protocols by allowing borrowing and lending with any asset that has a wETH pair on Uniswap. Additionally, multiple assets can be lent and borrowed at one time. |
| Hashflow  | \$25 Million | DEX | Decentralized exchange, Hashflow, raised \$25 million at a valuation of \$400 million in July. The Series A funding round had participation from Jump Crypto, GSR, Wintermute, LedgerPrime, Coinbase Ventures, among others. Hashflow uses a request for quote (RFQ) model allowing for cross chain interoperability, low gas fees, high liquidity, and no slippage. The funding was used to scale its product offerings, expand its team, and work on launching structured products. |
| D-ETF  | \$50 Million | Structured Product | D-ETF, a decentralized exchange-traded fund, raised \$50 million from GEM Digital in May. ETF's are a popular investment product in traditional markets and D-ETF is seeking to capitalize on the untapped market in crypto. D-ETF grants holders exposure to a diverse basket of crypto assets while alleviating the need to pay for transaction or fund management fees. Decentralized ETFs are still a novel product but it is expected they will become more popular as the industry matures. |

* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

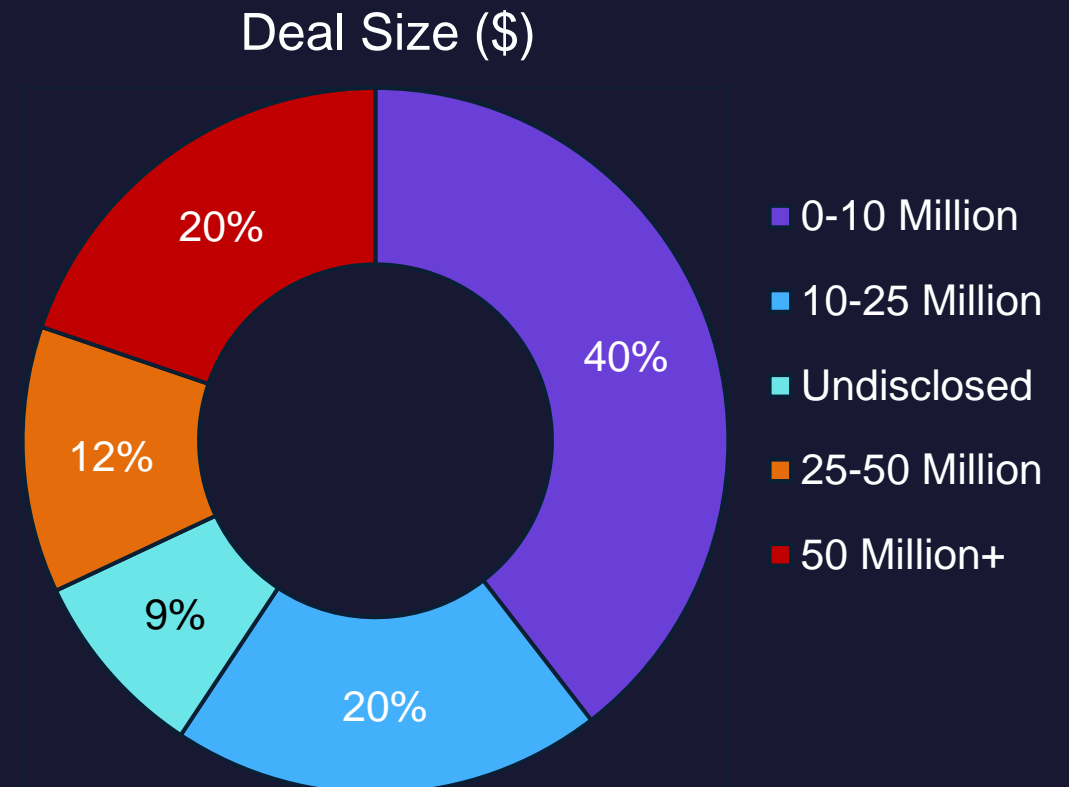


CeFi

CeFi Summary

- Throughout 2022 there were 172 total CeFi venture capital deals, raising over \$7.4 billion in total funding.
- CeFi was incredibly strong over the first half of 2022 but has since seen a sharp decline. Barriers to entry may be increasing as market share is being grabbed by larger players in the space.
- One area of CeFi that may grow in 2023 is crypto payments, as the implementation is still lagging in the real world.

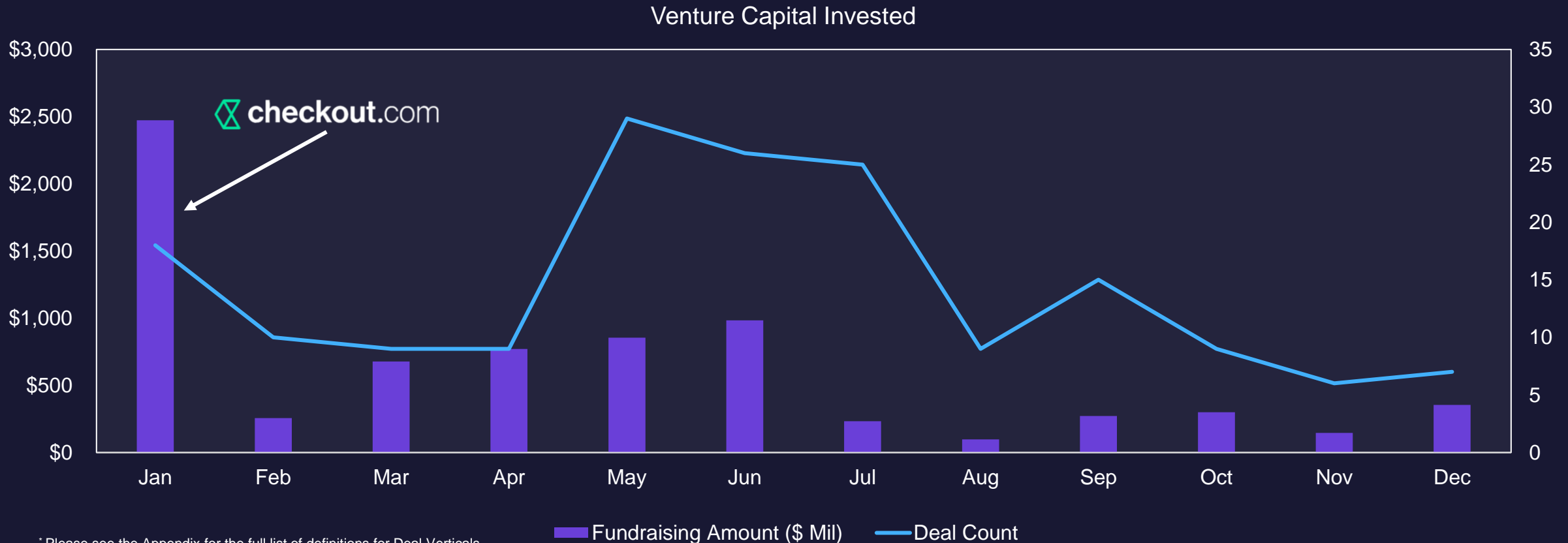
| Quick Stats | |
|--------------------------------------|----------------------------|
| Total Deals | 172 |
| Total Amount Raised | \$7.4 Billion |
| Largest Deal Size | \$1 Billion (checkout.com) |
| Smallest Deal Size | \$100,000 (Tiki) |
| Average Deal Size | \$47.2 Million |
| Most Common Deal Stage ¹ | Seed |
| Least Common Deal Stage ¹ | Token Sale |



¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

CeFi Monthly Fundraising

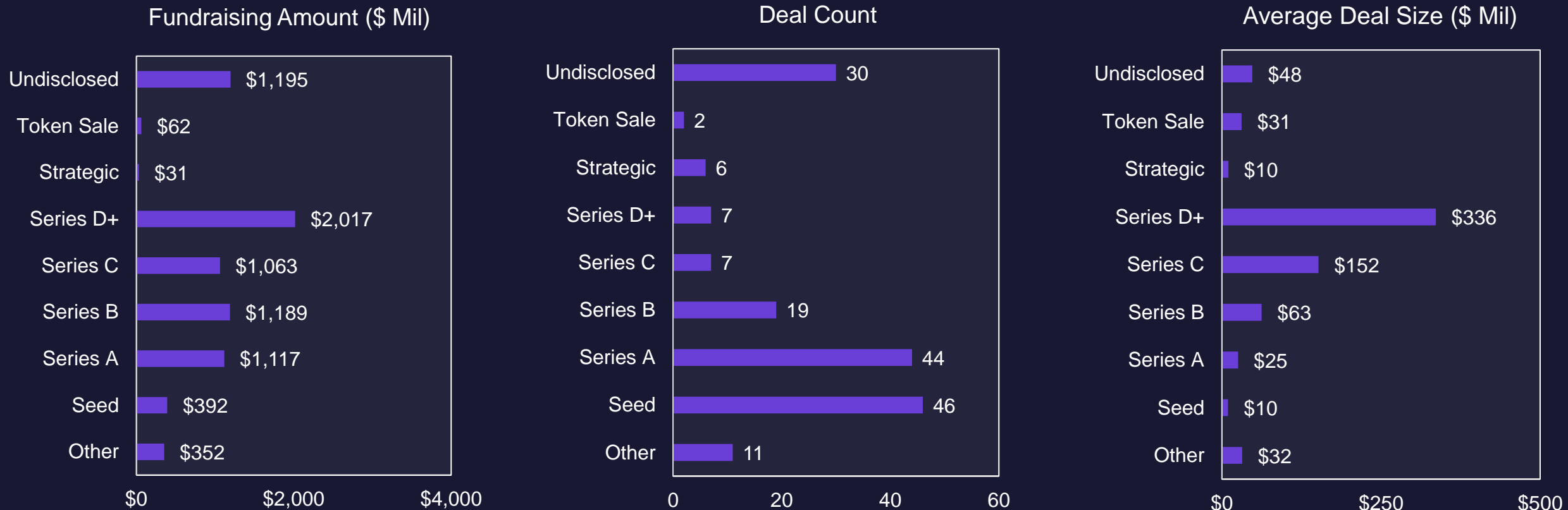
- Fundraising amount peaked in January, while deal count hit its highest total in June. The fundraising environment in January was still benefitting from the 2021 bull market, as \$2.5 billion was raised to start the year. The macroeconomic environment quickly deteriorated later in the year, negatively impacting fundraising totals throughout the rest of 2022.
- Deal counts were variable this year, with the lowest month tallying 1 deal while the highest month tallied 26 deals.
- Blowups by some of the large players in the space may have decreased investment in this sector in the second half of the year, as there is a notable drop-off after June.



* Please see the Appendix for the full list of definitions for Deal Verticals
Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

CeFi Deal Stages





- Seed deals were the most common disclosed deal type among venture capitalists. Additionally, of disclosed deal types, Series D+ garnered the highest dollar investment amount.
- Series D+ and Series A deals represented 42% of the total dollars raised this year while only representing 30% of the deal count. The average deal size for Series D+ and A deals was \$336 million and \$25 million, respectively.



* Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

CeFi Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|---|---------------|--------------|---|
| Checkout.com  | \$1 Billion | Payments | Checkout.com, the global payments processor, raised \$1 billion in a Series D deal. Checkout.com was valued at \$40 billion at the time of the deal as it helps process payments across some of the world's largest merchants, including the ability for users to checkout via crypto payments. The Series D round represents the largest CeFi deal of the year. |
| Circle  | \$400 Million | Payments | Circle, the creator of popular stablecoin USDC, raised \$400 million from prominent traditional finance firms such as BlackRock and Fidelity. The fundraise included a statement from BlackRock announcing a broader strategic partnership with Circle to explore capital market applications for USDC. The deal was raised to allow Circle to fund its next evolution of Circle's growth trajectory. |
| Unizen  | \$200 Million | CEX | Unizen, the centralized-decentralized exchange that allows for cross-chain swaps and applications, raised \$200 million from GEM Digital Markets. Unizen offers users the convenience and compliance of centralized exchanges while being able to utilize liquidity from different decentralized exchanges. Unizen raised capital in order to improve current systems, bolster innovation, expand the team, market the company's products, and rapidly accelerate the execution of the trade aggregation ecosystem. |
| Binance US  | \$200 Million | CEX | Binance US, the American arm of global crypto exchange Binance, raised \$200 million in a fundraise valuing the company at \$4.5 billion. Investors included Circle Ventures, VanEck and Foundation Capital. Binance US raised capital to expand its services in the USA and pursue to avenues of growth either organically or via strategic merger and acquisitions. |

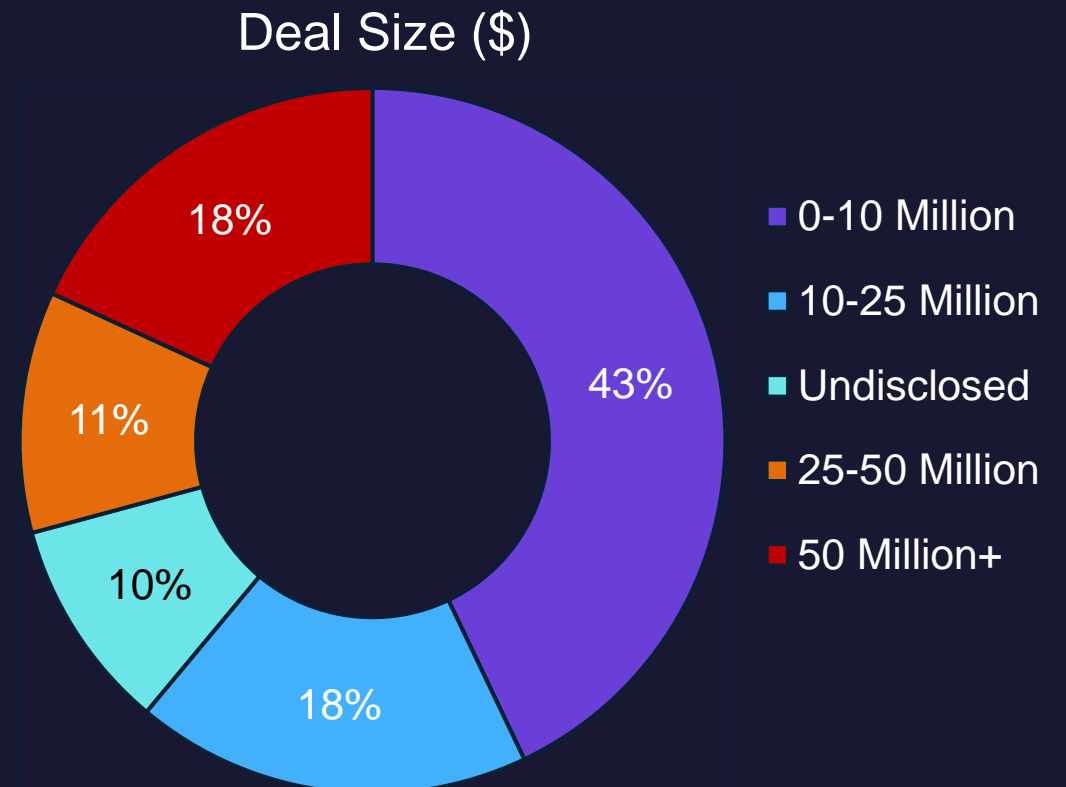
* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

Infrastructure

Infrastructure Summary

- Throughout 2022 there were 226 total infrastructure venture capital deals, raising over \$7.2 billion in total funding.
- Infrastructure was consistently a leader across verticals in 2022. Investors may be preparing for larger scale crypto adoption, and therefore betting on companies that will enable growth of the industry.
- Deal counts were concentrated in early-stage deals displaying the nascent nature of the industry.

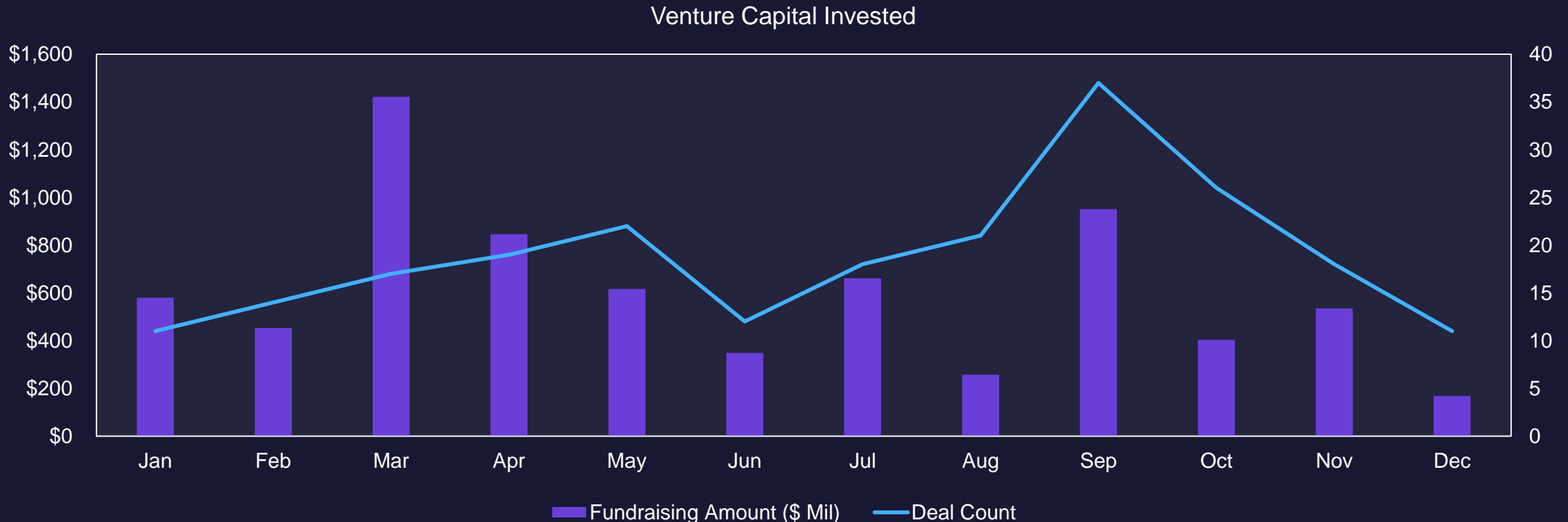
| Quick Stats | |
|--------------------------------------|--------------------------------|
| Total Deals | 226 |
| Total Amount Raised | \$7.2 Billion |
| Largest Deal Size | \$450 Million (Consensys) |
| Smallest Deal Size | \$100,000 (Satoshi Block Dojo) |
| Average Deal Size | \$35.3 Million |
| Most Common Deal Stage ¹ | Seed |
| Least Common Deal Stage ¹ | Series C |



¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Infrastructure Monthly Fundraising

- Fundraising peaked in the month of March, raising over \$1.4 billion, while deal count peaked in September with a total of 37 deals.
- Although deal count lagged in Q1, the total amount of fundraising was nearly a third higher than the next highest quarter, totaling over \$2 billion.
- Infrastructure was the most resilient vertical throughout the year, as investors may be allocating their capital to companies focused on building the next innovative technology that will allow the rest of the verticals to thrive in the future. Many smaller, more niche companies will struggle to grow without proper infrastructure.



* Please see the Appendix for the full list of definitions for Deal Verticals
Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Infrastructure Deal Stages





- Seed Round deals were the most common disclosed deal type among venture capitalists. Despite being the most common deal stage, Seed Rounds only represented 6% of total fundraising.
- Series A and Series B deals represented 45% of the total dollars raised this year while only representing 30% of the deal count. The average deal size for Series A and B deals was \$27 million and \$77 million, respectively.



* Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Infrastructure Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|---|---------------|--------------|--|
| Consensys  | \$450 Million | Wallets | Consensys, the company behind popular crypto wallet MetaMask, raised \$450 million in a Series D round valuing the company at over \$7 billion. At the time of the deal, MetaMask exceeded 30 million in monthly active users and MAUs have continued to grow since. The capital was raised to hire over 600 new employees and in order to continue investing in development and tooling for the extended Ethereum ecosystem. |
| APTOS  | \$200 Million | Layer 1 | Aptos Labs, which is striving to create the world's "safest and most scalable layer-1 blockchain", raised \$150 million in a Series A round led by FTX Ventures and Jump Crypto. Aptos Labs is led by former Meta employees who worked extensively on Meta's blockchain product, Diem. Aptos boasts an advanced tech stack with sub-second finality, quick consensus, and high throughput. Other highlights include a unique coding language similar to Rust called Move, which offers programmers more security and customization. |
| Matter Labs  | \$200 Million | Layer 2 | Matter Labs, the company behind zkSync, an Ethereum scaling solution, raised \$200 million in funding via a Series C fundraise co-led by Blockchain Capital and Dragonfly. zkSync is a zero-knowledge rollup (ZK-rollup) platform serving as one of the most promising Ethereum layer 2 scaling solutions. ZK-rollups increase throughput on Ethereum Mainnet by moving computation off-chain. This allows zkSync to inherit the security of Ethereum's base layer while also providing users with increased transaction speeds and lower costs. |
| Optimism  | \$200 Million | Layer 2 | Optimism is one of the largest and most popular Ethereum layer 2 scaling protocols which uses Optimistic rollups to cut down on time and cost of transactions. The project raised \$150 million in a Series B funding round led by a16z and Paradigm, valuing the company at \$1.65 billion. Other participants in the round include Stripe Capital, Nascent Capital, and a few notable individual investors, among others. |

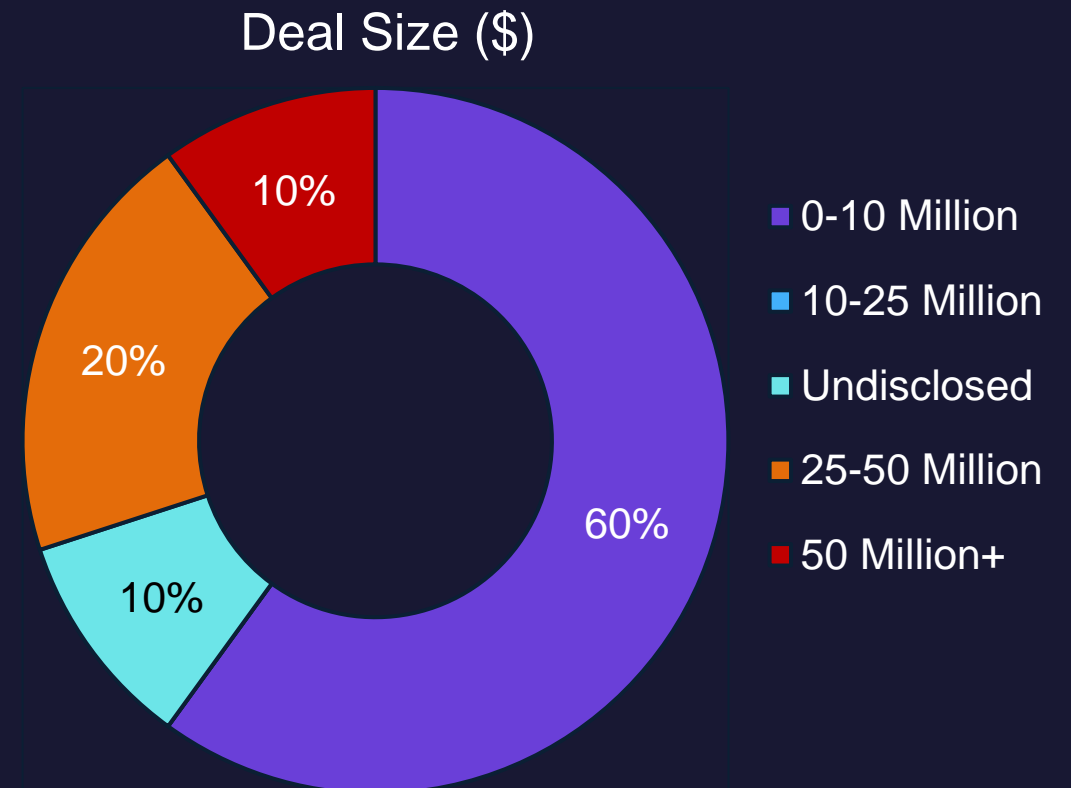
* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

Mining

Mining Summary




- Throughout 2022 there were 10 total mining venture capital deals, raising almost half a billion in total funding.
- The largest deal in 2022 was a \$350 million Series C deal by Crusoe Energy Systems.
- The dearth of early-stage investment into mining-related companies is reflective of a vertical currently undergoing consolidation due to excess leverage and poor capex management.

| Quick Stats | |
|--------------------------------------|---------------------------------------|
| Total Deals | 10 |
| Total Amount Raised | \$0.4 Billion |
| Largest Deal Size | \$350 Million (Crusoe Energy Systems) |
| Smallest Deal Size | \$250,000 (Titan Mining) |
| Average Deal Size | \$48.6 Million |
| Most Common Deal Stage ¹ | Undisclosed |
| Least Common Deal Stage ¹ | N/A |



¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Mining Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|---|---------------|--------------|--|
|  Crusoe | \$350 Million | Mining | Crusoe Energy Systems raised \$350 million in a Series C deal led by G2 Venture Partners. Other participants include Valor Equity Partners, Lowercarbon Capital, Polychain Capital, among others. The capital was raised to accelerate Crusoe's mission of aligning the future of computing with the future of climate. Crusoe plans to deploy large scale Bitcoin mining and cloud computing infrastructure. |
|  BLOCKMETRIX | \$43 Million | Mining | Bitcoin mining startup Blockmetrix raised \$43 million in a Series B round. The money was raised to secure more than 5,000 mining rigs to increase its total amount of rigs to over 6,000. The round included investors from the U.S., Australia, and multiple Asian countries. Blockmetrix operates in Texas where local legislation continues to encourage investment into the mining sector during a period where mining companies have taken a hit. |
| ARKON ENERGY | \$28 Million | Mining | Arkon Energy is a data center infrastructure and Bitcoin mining company focused on renewable and sustainable energy. The \$28 million deal will be used to expand its mining capacity during a time when traditional mining companies are struggling to keep the lights on due to increasing energy costs. The focus on renewable and cheap energy is paying off for Arkon and could be a signal for the future of mining companies. The funding came through a combination of equity and debt financing. The round was led by Blue Sky Capital. |
|  ASPEN CREEK DIGITAL CORPORATION | \$8 Million | Mining | Aspen Creek Digital Corporation (ASDC), a renewable Bitcoin mining operator, raised \$8 million in a Series A deal led by Galaxy Digital and Polychain Capital. The capital was raised in order to support the company's pipeline of wind, solar, and battery generation by 2025. ASDC's goal is to create a sustainable source of renewable energy to power the company's operations and put new renewable energy onto the grid. |

* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

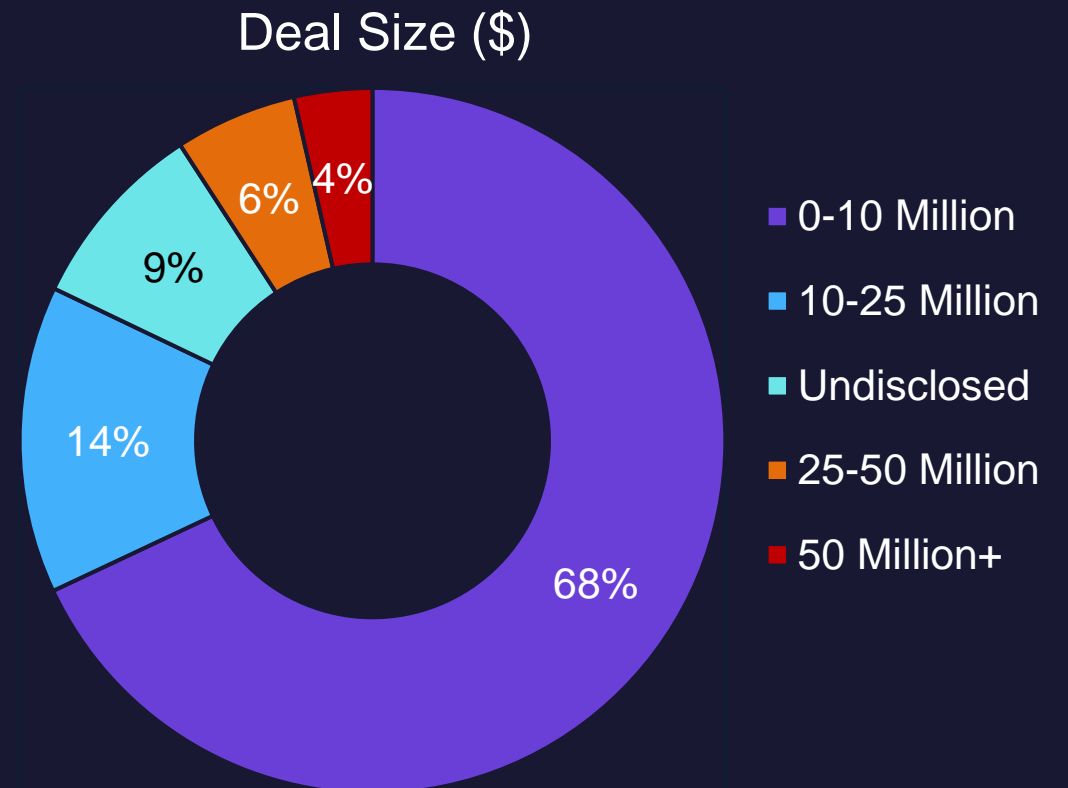


Web3 & NFTs

Web3 & NFTs Summary

- Throughout 2022 there were 447 total Web3 & NFTs venture capital deals, raising over \$5.6 billion in total funding.
- In similar fashion to CeFi, Web3 and NFT projects saw a large concentration of fundraising in the first half of the year and then began to decline in the second half.
- Most Web3 and NFT projects are comparatively newer concepts than companies in other verticals, explaining the high concentration of early-stage deals.

| Quick Stats | |
|--------------------------------------|-----------------------------|
| Total Deals | 447 |
| Total Amount Raised | \$5.6 Billion |
| Largest Deal Size | \$300 Million (OneFootball) |
| Smallest Deal Size | \$20,000 (Artbot.tv) |
| Average Deal Size | \$13.8 Million |
| Most Common Deal Stage ¹ | Seed |
| Least Common Deal Stage ¹ | Token Sale / Series D+ |

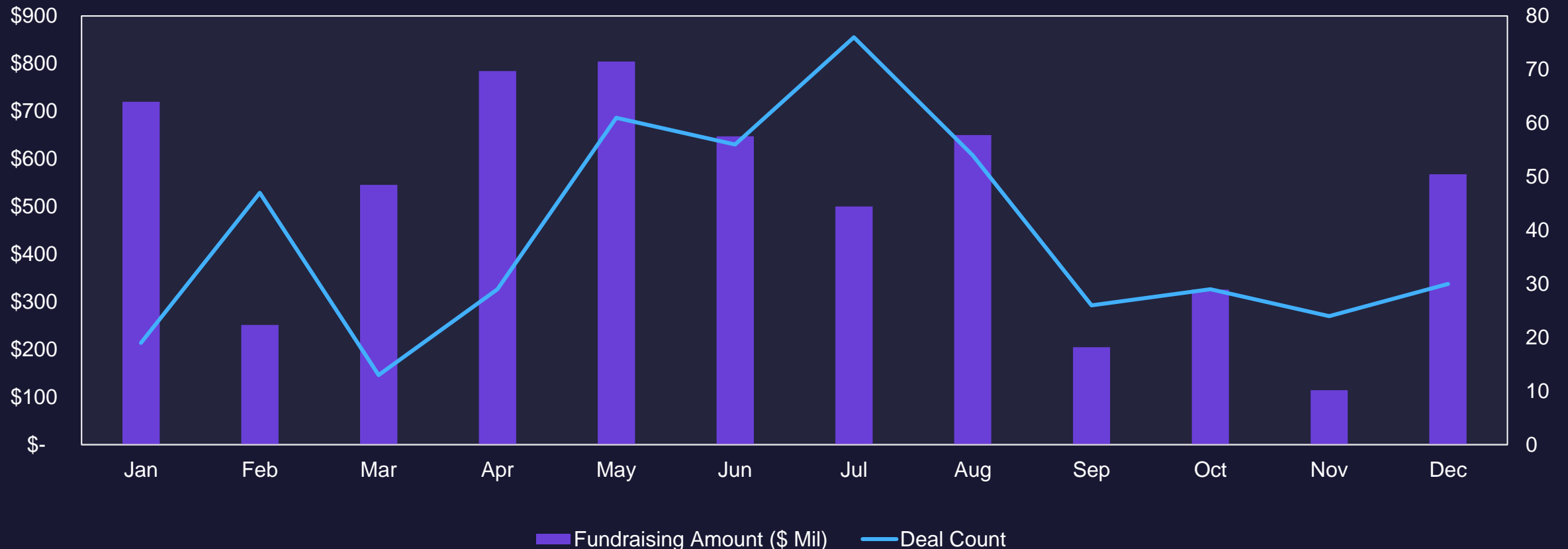


¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Web3 & NFTs Monthly Fundraising

- Monthly fundraising peaked in May while deal count had its best month in July. Deal counts were steadily rising through the first half of the year but have been declining since their July peak, in line with the LUNA/3AC/FTX unwind.
- Q2 and Q3 were strong for Web3 & NFT deals, with over 300 deals and raising over \$3.5 billion.

Venture Capital Invested

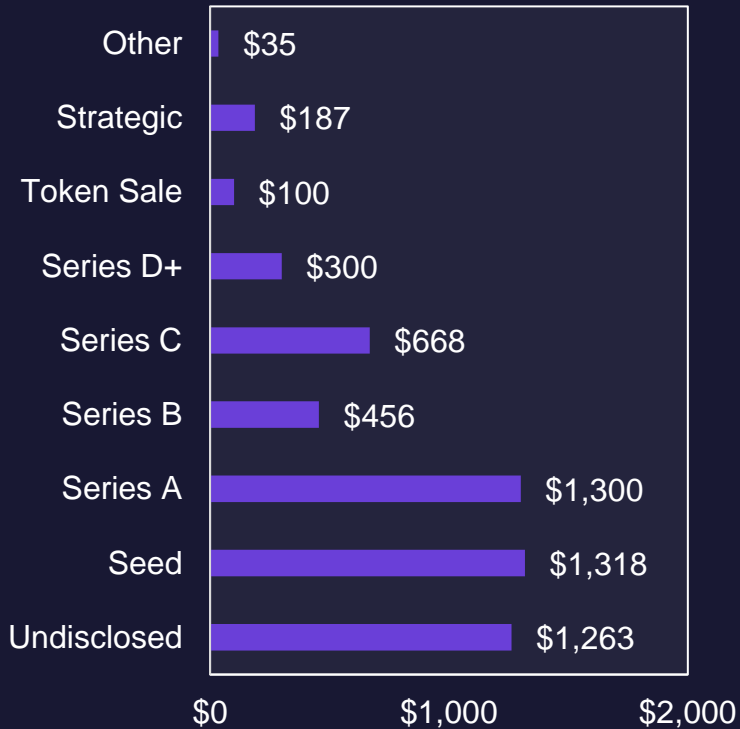


* Please see the Appendix for the full list of definitions for Deal Verticals
Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

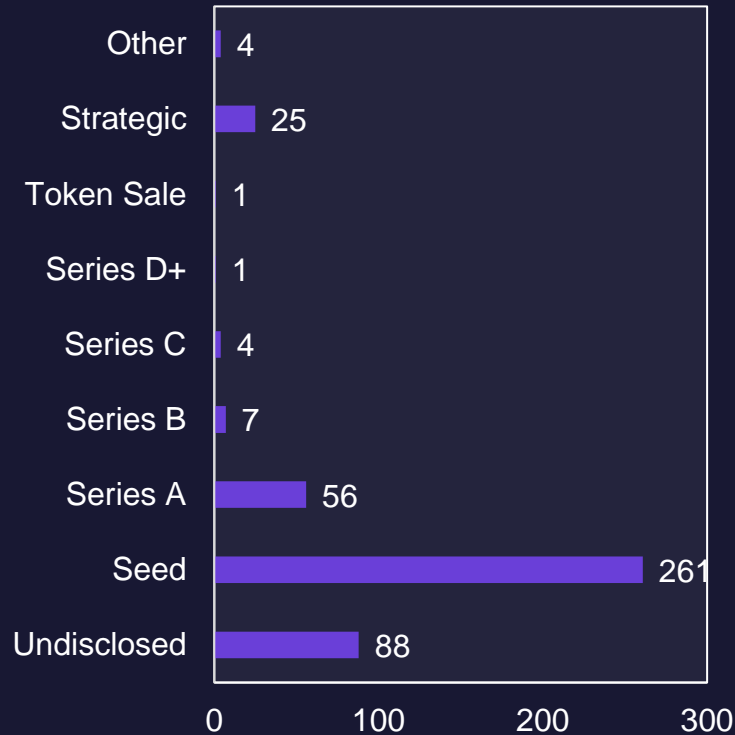
Web3 & NFTs Deal Stages

- Seed Round deals were the most common disclosed deal stage among venture capitalists, representing 23% of total dollars raised.
- Seed Round deals and Series A deals each represented 23% of the total dollars raised this year while making up a total of 71% of the deal count.

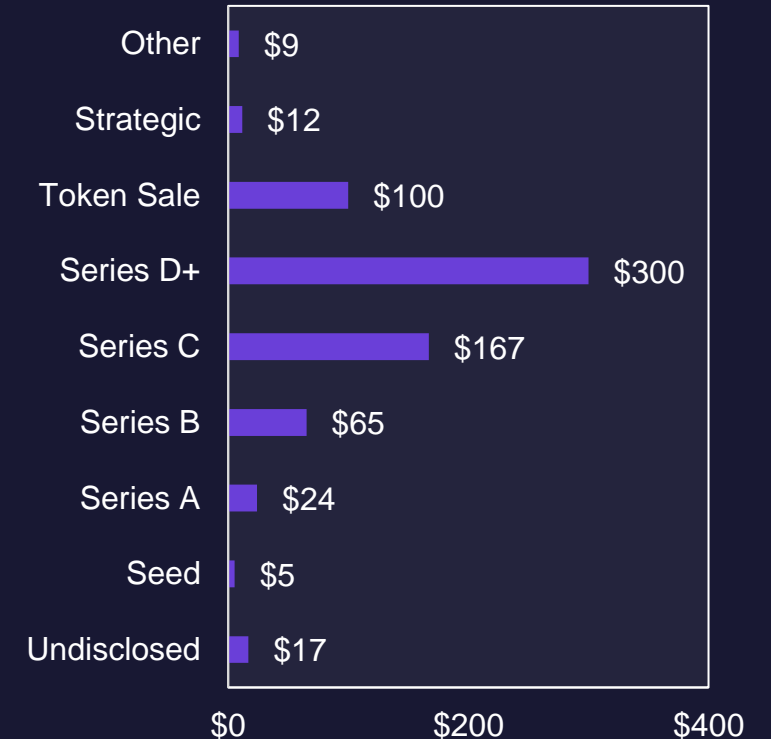
Fundraising Amount (\$ Mil)



Deal Count







Average Deal Size (\$ Mil)



* Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Web3 & NFTs Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|--|---------------|------------------|--|
| Yuga Labs  | \$450 Million | NFTs | Yuga Labs, the creator of Bored Ape Yacht Club, raised \$450 million in a Seed Round deal valuing the company at \$4 billion. Yuga Labs raised the capital to scale its team, attract more talent across creative and engineering teams, and develop other Web3 opportunities. The fundraising round included investment from many prominent names such as a16z, Animoca Brands, FTX, and MoonPay. |
| Naetion  | \$150 Million | Digital Economy | Naetion, a Web3 startup striving to create the world's largest on-chain career network, raised \$150 million from GEM Digital. Naetion wants to operate at the intersection of consumer and crypto, unlocking access to the Web3 market for mainstream users. Naetion has multiple products such as a decentralized network to show users' work skills, a streamlined HR platform for Web3 startups, and a neobank for where users can access traditional banking services for funds linked to its other products. |
| Astra Protocol  | \$100 Million | Compliance | Astra Protocol, a decentralized compliance solution for Web3 startups, raised \$100 million in a Series A round valuing the protocol at \$500 million. The capital raise will be used to deliver a compliant blockchain by combining Web3 with traditional finance ecosystems. Astra is focusing on extensive KYC and AML functions boxed in one package to allow Web3 companies to easily deploy compliance functions. |
| Worldcoin  | \$100 Million | Digital Identity | Worldcoin, the Web3 company founded by Sam Altman, focusing on proof-of-personhood, raised \$100 million via a token sale which valued the protocol at a whopping \$3 billion. Worldcoin set out to scan people's retinas, creating a unique identifier called "IrisHash" in return for an airdrop of Worldcoin. The goal is to provide universal basic income for every human in the world via the Worldcoin airdrops, with the amount a user receives contingent on how early they scan their eyes. |

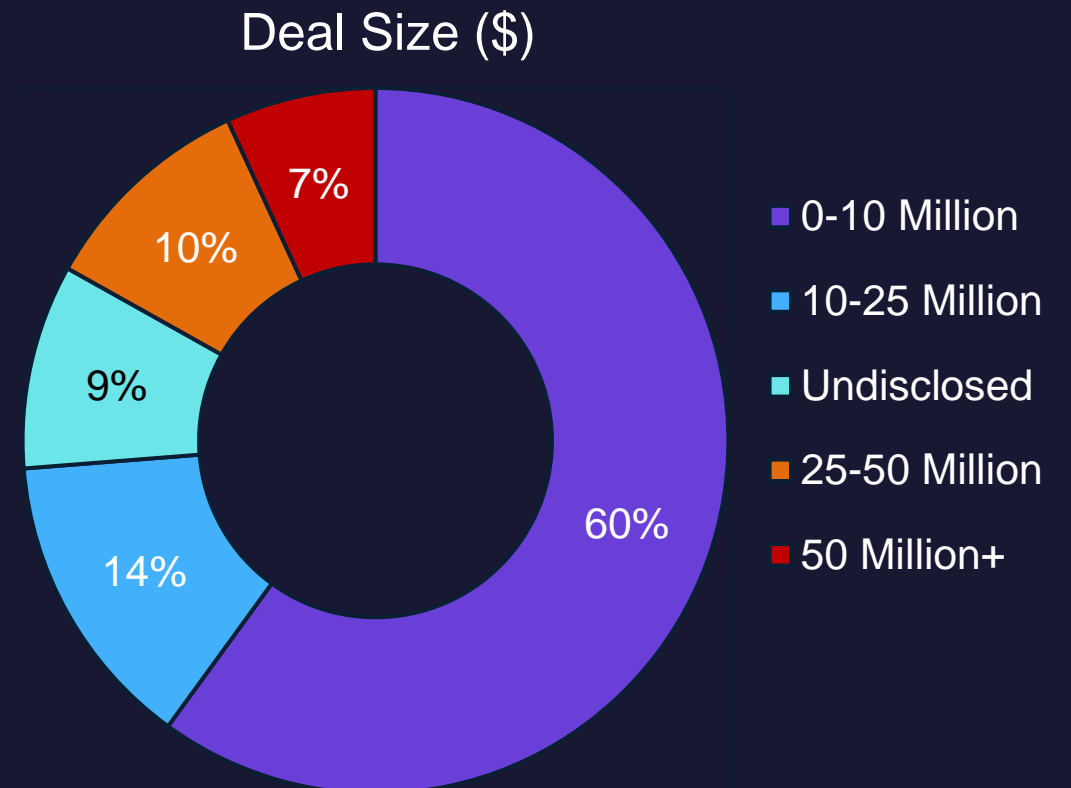
* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

Metaverse & Gaming

Metaverse & Gaming Summary

- Throughout 2022 there were 160 total Metaverse & Gaming venture capital deals, raising over \$4.9 billion in total funding.
- Average deal size for Metaverse & Gaming deals fell in the middle of the back compared to other verticals, with the average deal size being \$34.1 million.
- Almost two-thirds of Metaverse & Gaming deals fell into the \$0-10 million deal size bucket.

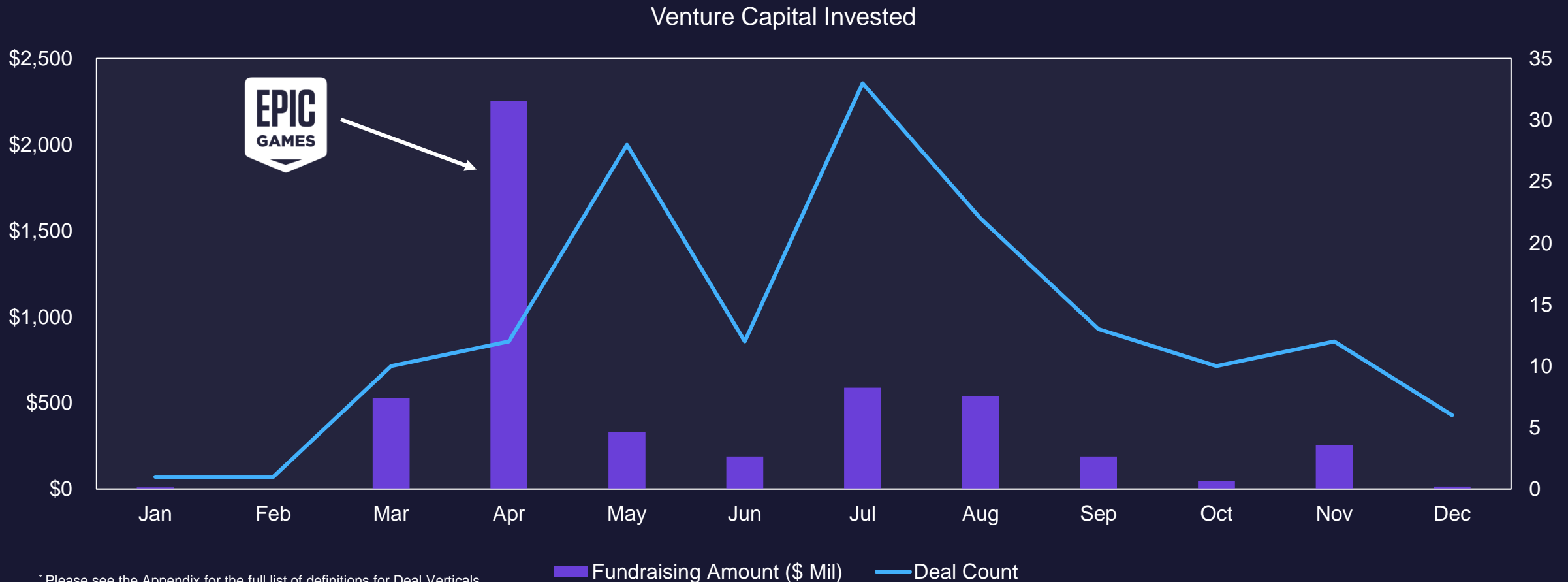
| Quick Stats | |
|--------------------------------------|--------------------------|
| Total Deals | 160 |
| Total Amount Raised | \$4.9 Billion |
| Largest Deal Size | \$2 Billion (Epic Games) |
| Smallest Deal Size | \$500,000 (Tokie Farm) |
| Average Deal Size | \$34.1 Million |
| Most Common Deal Stage ¹ | Seed |
| Least Common Deal Stage ¹ | Series C |



¹ Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Metaverse & Gaming Monthly Fundraising

- April represented the month with the highest fundraising total while July tallied the most deals. This outlier was driven by the \$2 billion investment in Epic Games.
- Deal counts were largely concentrated in Q2 and Q3 with Q3 notching 120 total deals compared to 40 total in Q1 and Q4.
- Q2 saw Metaverse & Gaming projects raise nearly \$3 billion across 52 different deals.

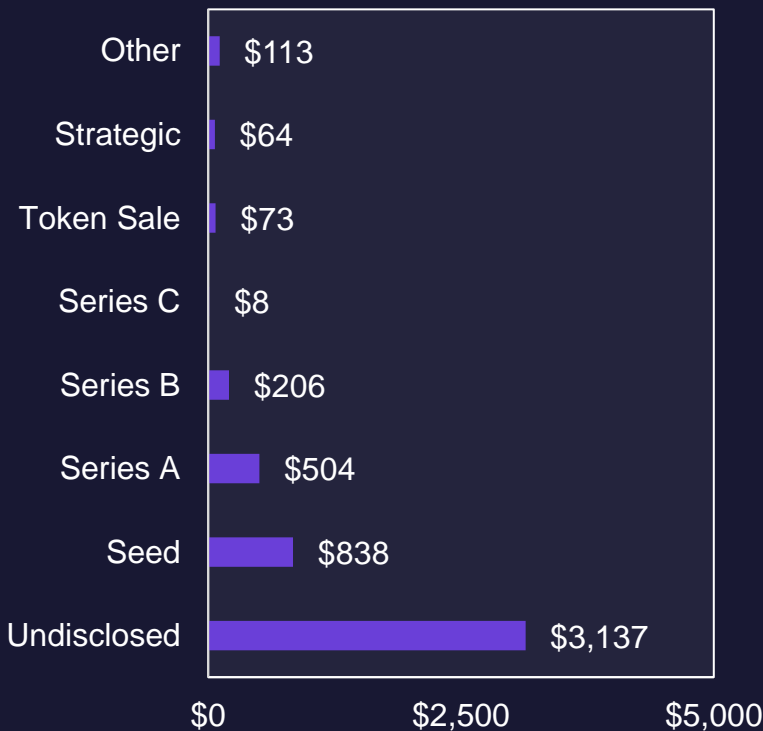


* Please see the Appendix for the full list of definitions for Deal Verticals
 Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

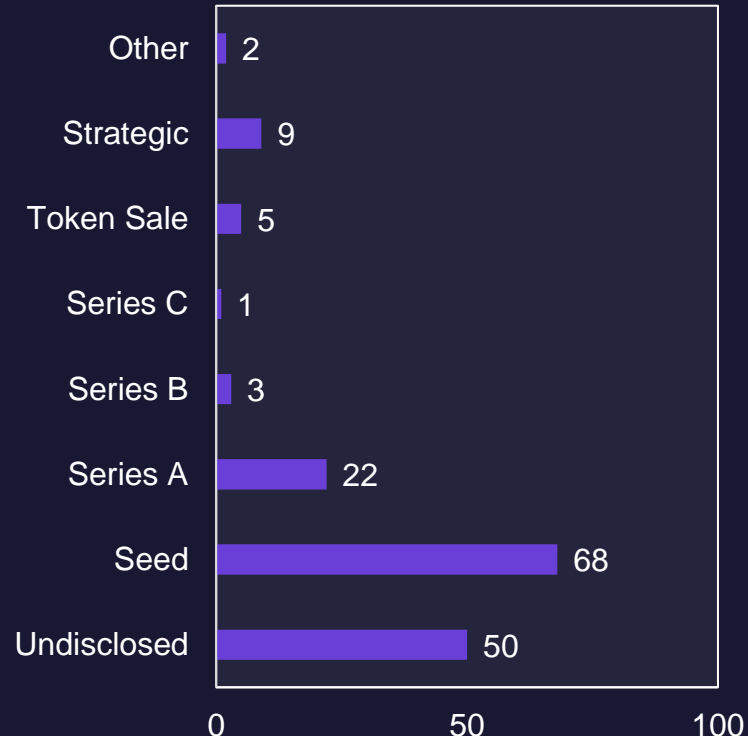
Metaverse & Gaming Deal Stages

- Seed Round deals were the most common disclosed deal type among venture capitalists. Additionally, of disclosed deal types, Seed Rounds garnered the highest dollar investment amount, representing 17% of the total.
- Seed Rounds and Series A deals represented over half of all the deals while only representing about a quarter of the total fundraising amount.
- Undisclosed deals comprised most of the funding, totaling over \$3 billion.

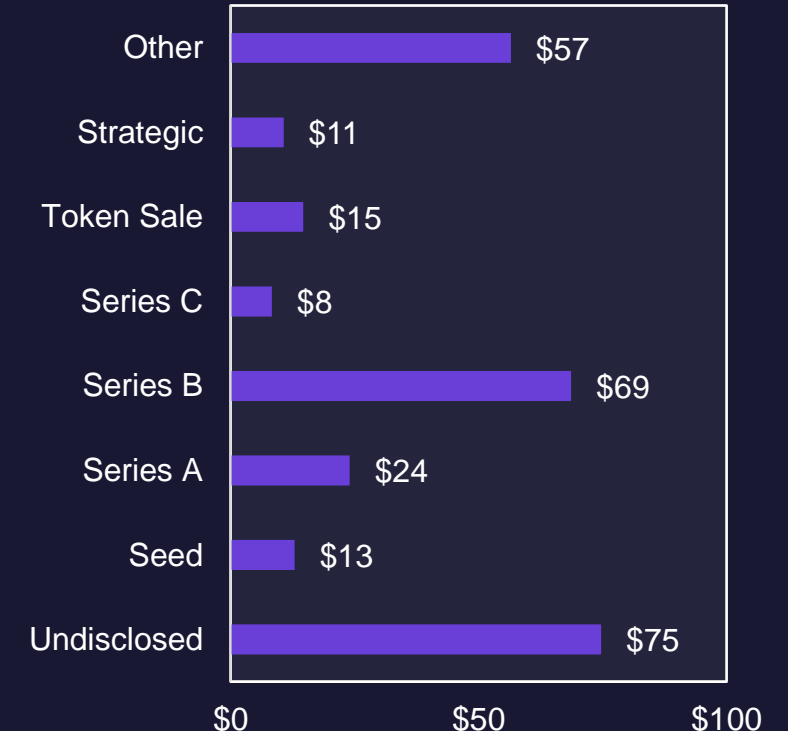
Fundraising Amount (\$ Mil)



Deal Count







Average Deal Size (\$ Mil)



* Please see the Appendix for the full list of definitions for Deal Verticals and Deal Stage criteria

Source: Fundstrat, Dove Metrics, Various Company Issued Press Releases

Metaverse & Gaming Deal Highlights

| Company | Amount Raised | Sub-Category | Description |
|---|---------------|--------------|---|
|  | \$2 Billion | Gaming | In one of the largest fundraises of the year, Epic Games, the company behind popular game Fortnite, raised \$2 billion from Sony and KIRKBI. The funding round will be used for Epic Games to take the leap from traditional videogames into the Metaverse. The investment will accelerate Epic Games' building process and help create spaces where players can have fun with friends, and brands can build creative and immersive experiences for users. |
| Limit Break  | \$200 Million | Gaming | Limit Break, the company behind the NFT collection, DigiDaigaku, raised \$200 million to build Web3 MMO games. Limit Break founders Gabriel Leydon and Halbert Nakagawa have extensive developer experience in "free-to-play" gaming with successful games such as Game of War, Mobile Strike, and Final Fantasy XV: A New Empire. Leydon and Nakagawa plan to bring their successful track record to web3 by creating free-to-play MMO games. |
|  | \$110 Million | Gaming | Animoca Brands, the Hong Kong based game software company, raised \$110 million in a strategic funding round with participation from Temasek, Boyu Capital, and GGV Capital among others. Animoca Brands is striving to advance digital property rights for the open metaverse. The new capital is earmarked for funding strategic acquisitions, investments, product development, and to secure licenses for popular intellectual properties. Animoca Brands completed multiple other fundraising deals this year totaling over \$200 million. |
| Improbable  | \$150 Million | Metaverse | Improbable, the Metaverse technology company, raised \$150 million to build out M ² , its network of interoperable metaverses. The \$150 million will be used to combine Improbable's Morpheous technology with new services related to interoperability, commerce in digital assets, and governance in Web3. M ² will introduce a way for game developers to create digital assets and add them to various metaverses and games. |

* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

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1 Year in Review

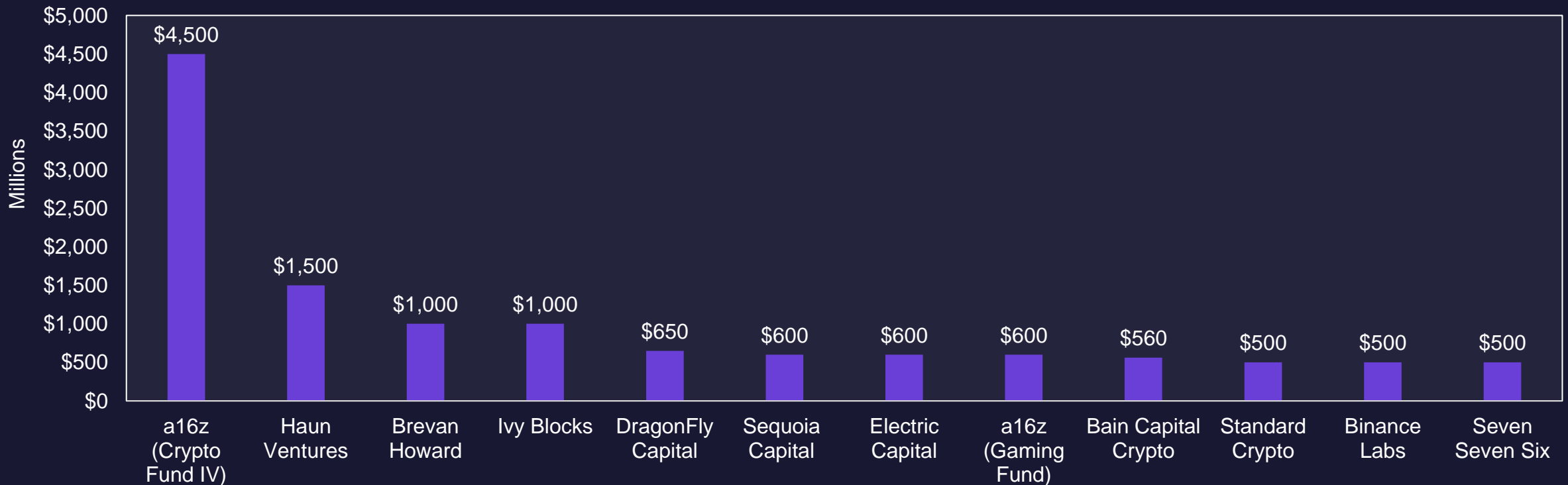
2 Crypto Verticals

3 Investment Funds

2022 Largest Crypto Funds Raised

- A16z raises dwarfed all others with \$5 billion total raised in 2022, doubling Paradigm’s leading \$2.5 billion raise in 2021.
- The largest funds all closed in the first half of the year except for Brevan Howard’s BH Digital (closed in Aug.).
- Five VC firms raised over \$1 billion for crypto-specific funds: a16z, Haun Ventures, Brevan Howard, Ivy Blocks, and Electric Capital (two funds at \$400 million, and \$600 million, respectively).

Largest Crypto Funds



Most Active Investors

The logo for Andreessen Horowitz (a16z), featuring the lowercase letters 'a16z' in a white, sans-serif font on a dark blue background.

a16z

Andreessen Horowitz (a16z) was the most active venture capitalist across crypto in 2022. They were lead investors in 31 different deals across various verticals, with Web3 representing the most participation. The largest deal a16z participated in was Yuga Labs' \$450 million deal, at the time valuing the BAYC creators at a whopping \$4 billion. Other notable deals include both Optimism and Aptos Labs.

The logo for Polychain Capital, consisting of the words 'POLYCHAIN CAPITAL' in a white, sans-serif font inside a white circle.

Polychain Capital

Polychain Capital led 19 different investment deals this year. Seed rounds appeared to be their preferred investment stage as Seed investments consisted of nearly two-thirds of its lead investments. Polychain spread its eggs across multiple baskets with no particular vertical getting increased investments. Notable deals include Uniswap's \$165 million and Yellow Card's \$40 million Series B rounds.



Binance Labs

Binance Labs maintained a strong VC presence throughout the year, leading 16 different investment rounds. Infrastructure and CeFi investments represented nearly half of Binance's investments. 7 of their 16 lead investments were sub \$10 million investments with their largest disclosed investment being \$12 million. Highlights include two investments into pStake as well as a strategic investment into Ankr.

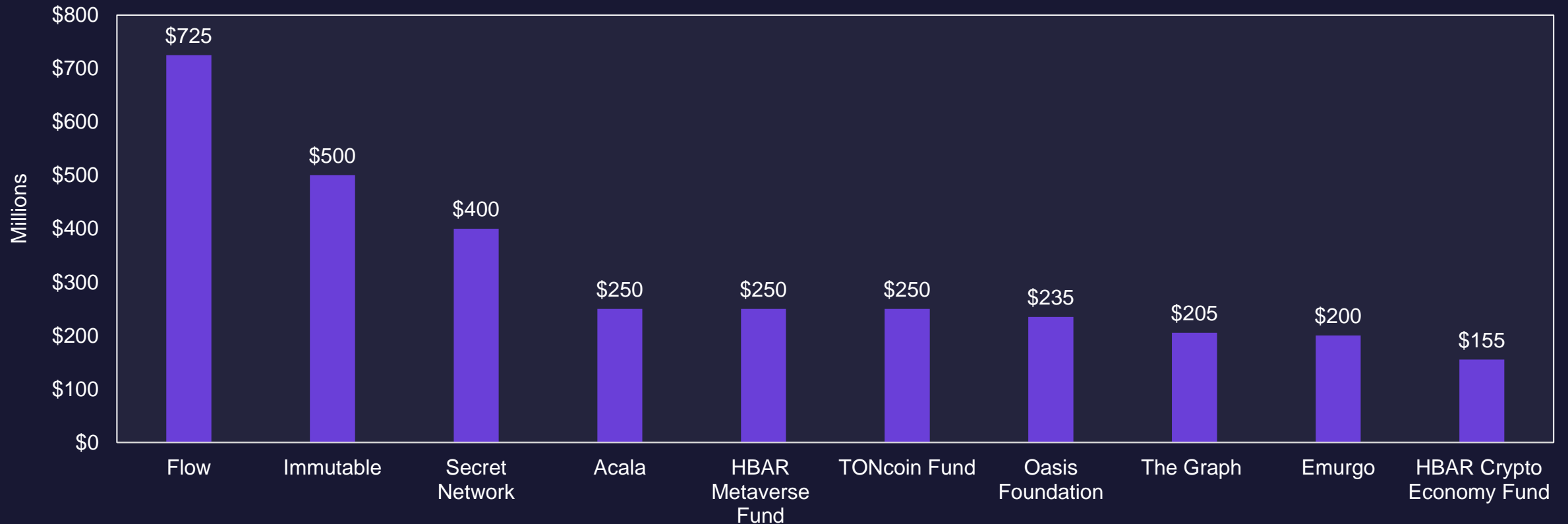
The logo for Animoca Brands, featuring the words 'animoca BRANDS' in a white, sans-serif font with a blue and white graphic element.

Animoca Brands



Animoca Brands led 15 different investment deals with the majority being Seed or Series A investment rounds. Animoca was very active in Web3, Metaverse/Gaming, and NFT projects while only participating in one infrastructure deal and zero DeFi deals. One of Animoca's notable investments is Fan Controlled Football (FCF) which is the first professional sports league where fans have governance rights over the game via the possession of tokens and NFTs.

2022 Ecosystem and Incentive Funds

- All new ecosystem funds were below \$1 billion, a downshift from 2021 which saw multiple ecosystem funds above \$1 billion (HBAR, AVAX, BNB).
- The largest two funds were launched by protocols with significant traction in NFT markets (FLOW, IMX).
- Many protocol incentive funds were denominated in native tokens which have seen prices decrease since the initiatives were announced denominated in \$USD.



Fund Highlights

| Company | Amount Raised | Fund(s) | Description |
|--|---------------|--------------------------------|--|
|  | \$5 Billion | Crypto Fund IV, Gaming Fund | A16z has become the juggernaut of blockchain VC investments, raising a record total \$7.6 billion to deploy in crypto after launching its first dedicated fund four years ago. Their most recent fund totaled \$4.5 billion, with \$1.5 billion earmarked for seed investments and \$3 billion to venture bets. They are known for funding some of the biggest raises in the space, including Aztec, Mysten Labs, Yuga Labs, Anchorage Digital, and Coinbase. The funds operate with a long-term time frame of 10-year lifespans. |
| HAUN | \$1.5 Billion | Web 3 Fund | Haun Ventures is a new web3 dedicated VC firm launched by a16z alumni Katie Haun. The fund's \$1.5 billion raise saw Katie set a new record for the largest ever debut venture fund raised by a solo female founding partner. The fund will allocate \$500 million to early-stage companies and protocols, and \$1 billion for "acceleration", or later stage opportunities. Prior to co-leading multiple crypto funds at a16z, Katie worked as a federal prosecutor for the U.S Department of Justice. |
| BREVAN HOWARD | \$1 Billion | BH Digital | Brevan Howard is a global multi-asset alternatives investment manager for institutional investors. In 2021 they launched a dedicated Crypto & Digital Asset division. The division operates with an unconstrained and evergreen structure. BH digital leverages their global team to invest across the digital asset ecosystem with a multi-manager and multi-strategy approach across all types of markets. |
|  | \$725 Million | Flow Ecosystem Fund | With the largest ecosystem fund launched this year, network creator Dapper Labs will look to fund developers building applications on the Flow blockchain. The investments are backed by partners from Flow's global investor group which include a16z, Coatue, Union Square Ventures, and Dapper Labs themselves, among others. While FLOW has seen traction among its NFT platforms NBA Top Shot, NFL All Day, and UFC Strike, the token has generally underperformed the market this year. It remains to be seen whether the funding can be leveraged to turn the ecosystem around. |

* These deals were selected by Fundstrat by examining the deal size, deal type, investor base, and company product offerings.

Appendix

Vertical Classifications

- **DeFi** - includes deals relating to protocols involved with decentralized exchanges, lending and borrowing, derivatives, and other finance functions.
- **CeFi** - includes companies bridging traditional finance and the crypto ecosystem, such as centralized trading platforms, payments platforms, and centralized stablecoin issuers.
- **Infrastructure** - groups all deals related to companies and projects building the required technology for scaling and improving the crypto ecosystem.
- **Mining** - deals include companies that offer crypto mining services or mining infrastructure.
- **Web3 & NFTs** - includes crypto deals around general dApps, digital ownership, digital economy, digital identity, the internet of things, as well as NFT collections.
- **Metaverse & Gaming** - includes deals related to metaverse development, NFT projects designed for metaverse or blockchain games, and gaming companies building play-to-earn and free-to-play games.

Deal Stage Classifications

- **Seed** - deals include Pre-Seed and Seed deals.
- **Series A** - deals include Series A and Series A Extension deals.
- **Series D+** - deals include Series D, Series E, and Series F deals.
- **Strategic** - deals are defined as deals in which the two companies involved have matching synergies where a partnership is mutually beneficial for both parties.
- **Token Sale** - includes regular token sales, private token sales, token pre-sales, and SAFTs.
- **Undisclosed** - includes any venture deal in which no deal stage was disclosed in the press release.
- **Other** - deals include any other unique equity deal stages not captured by other category definitions.

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