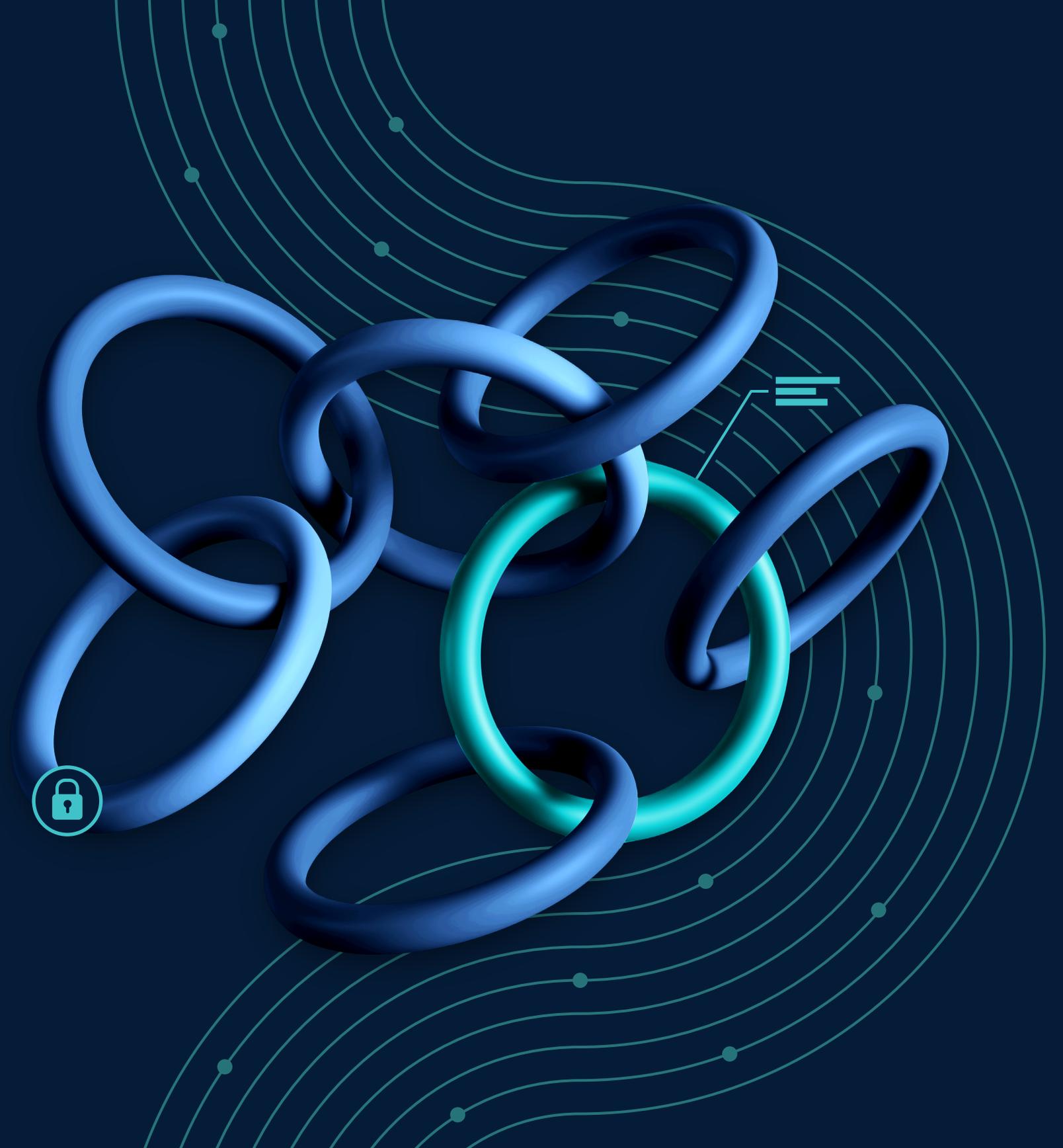**PitchBook**

EMERGING TECH RESEARCH

Crypto Report

VC trends and emerging opportunities

Q1 2024

REPORT PREVIEW
The full report is available through the PitchBook Platform.

Contents

Institutional Research Group

Analysis

Robert Le   Senior Analyst, Emerging Technology
robert.le@pitchbook.com
pbinstitutionalresearch@pitchbook.com

Data

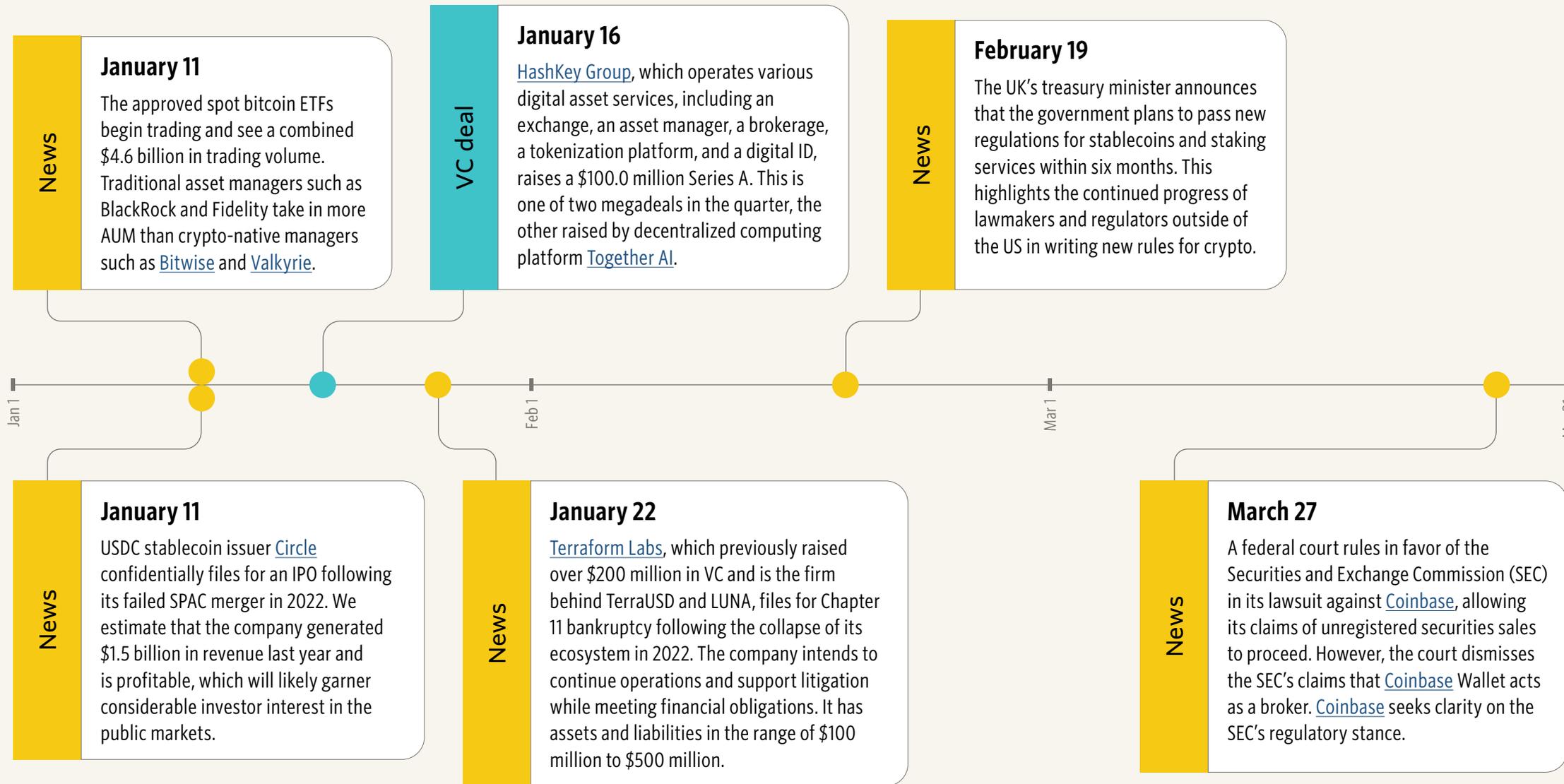**Matthew Nacionales** Senior Data Analyst

Q1 2024 timeline

News

January 11

The approved spot bitcoin ETFs begin trading and see a combined $4.6 billion in trading volume. Traditional asset managers such as BlackRock and Fidelity take in more AUM than crypto-native managers such as Bitwise and Valkyrie.

VC deal

January 16

HashKey Group, which operates various digital asset services, including an exchange, an asset manager, a brokerage, a tokenization platform, and a digital ID, raises a $100.0 million Series A. This is one of two megadeals in the quarter, the other raised by decentralized computing platform Together AI.

News

February 19

The UK's treasury minister announces that the government plans to pass new regulations for stablecoins and staking services within six months. This highlights the continued progress of lawmakers and regulators outside of the US in writing new rules for crypto.

News

January 11

USDC stablecoin issuer Circle confidentially files for an IPO following its failed SPAC merger in 2022. We estimate that the company generated $1.5 billion in revenue last year and is profitable, which will likely garner considerable investor interest in the public markets.

News

January 22

Terraform Labs, which previously raised over $200 million in VC and is the firm behind TerraUSD and LUNA, files for Chapter 11 bankruptcy following the collapse of its ecosystem in 2022. The company intends to continue operations and support litigation while meeting financial obligations. It has assets and liabilities in the range of $100 million to $500 million.

News

March 27

A federal court rules in favor of the Securities and Exchange Commission (SEC) in its lawsuit against Coinbase, allowing its claims of unregistered securities sales to proceed. However, the court dismisses the SEC's claims that Coinbase Wallet acts as a broker. Coinbase seeks clarity on the SEC's regulatory stance.

Jan 1   Feb 1   Mar 1   Mar 31

Q1 VC deal count summary

518
total deals

44.7%
QoQ growth

-15.8%
YoY growth

-38.3%
TTM growth

Q1 VC deal value summary

$2.4B
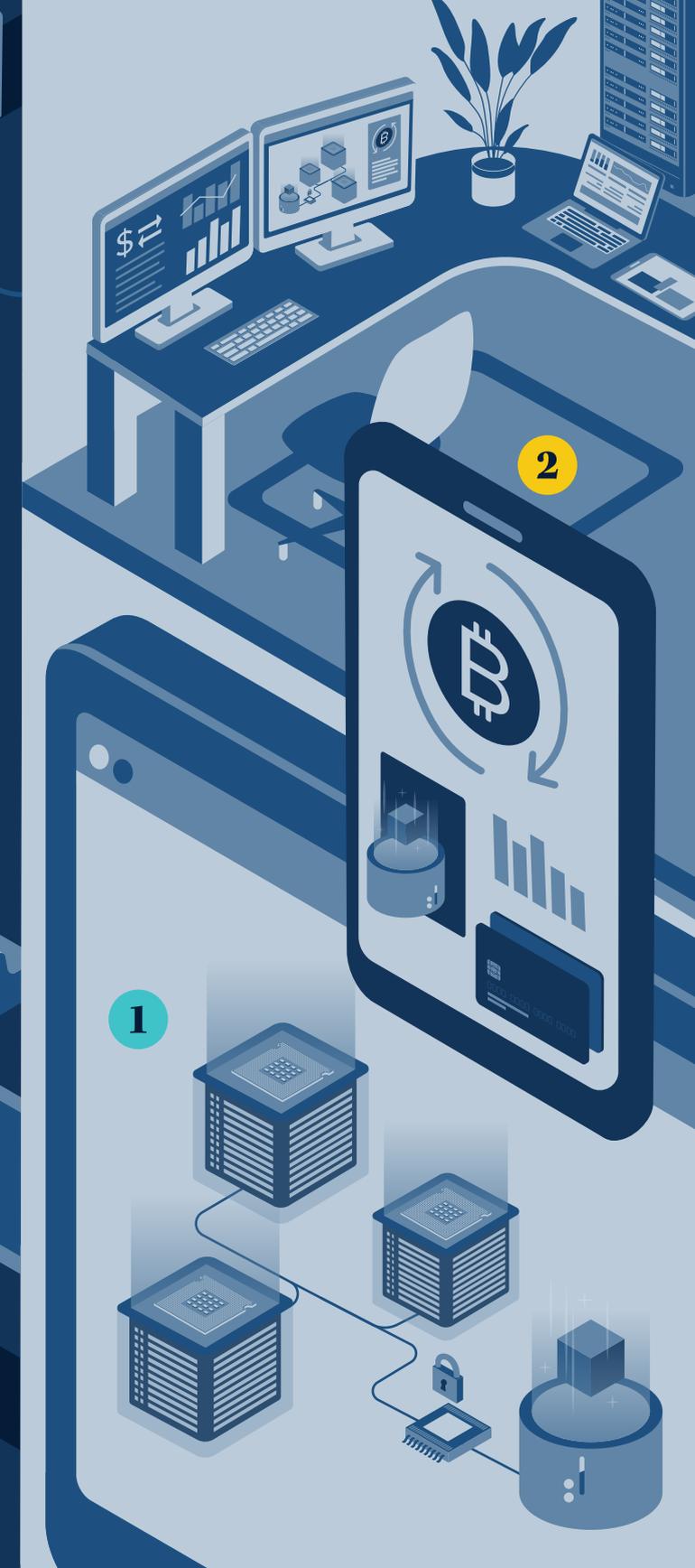total deal value

40.3%
QoQ growth

-18.1%
YoY growth

-58.7%
TTM growth

Crypto landscape

1 Blockchain networks

2 Infrastructure & developer tools

3 Access

4 Web3

5 DeFi

Crypto VC ecosystem market map

This market map is an overview of venture-backed or growth-stage companies that have received venture capital or other notable private investments.

1 Blockchain networks

Bridges & interoperability

Layer 1

Layer 2 & scalability

2 Infrastructure & developer tools

Crypto corp management & finance

Data storage & accessibility

Development platforms

Institutional services

Node & validator management

Security, risk management & compliance

3 Access

Asset management & taxes

Exchanges, wallets & crypto financial services

Onboarding & payments

Research & data tools

4 Web3

Content & social

Decentralized communities

DePINs & hardware

Enablement platforms & marketplaces

Metaverse & gaming

NFT platforms & collectibles

5 DeFi

Asset tokenization

Flowcarbon · Sommelier · 소유 · Hamsa · CLIMATE TRADE

Insurance

meanwhile · cozy · re · NEPTUNE MUTUAL

Lending, borrowing & yield generation

LIDO · 0x · CREDIX · archblock · MetaStreet

Trading, derivatives & liquidity
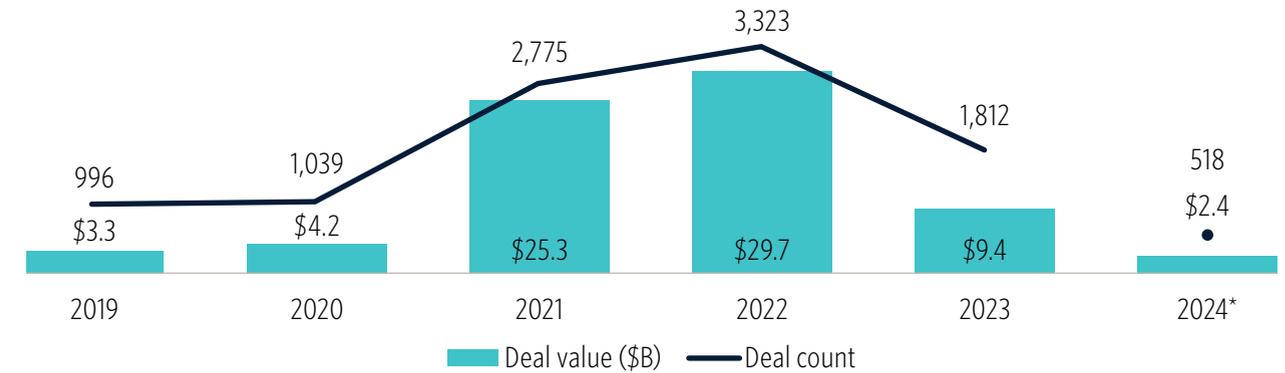
1inch · ByteTrade · PORTAL · bluefin · HASHFLOW

VC activity

In Q1 2024, crypto fundraising increased significantly as startups secured $2.4 billion across 518 deals. This represents a 40.3% increase in invested capital and a 44.7% jump in deal volume compared with the previous quarter. With positive investor sentiment returning to crypto and barring any major market downturns, we expect the volume and pace of investments to continue increasing throughout the year. Infrastructure startups led the way in funding during the quarter, with the largest rounds raised by Ethereum restaking platform EigenLayer ($100.0 million Series B) and fully homomorphic encryption (FHE) development platform Zama ($73.0 million Series A). The largest deal of the quarter went to Together AI, developer of an open-source, decentralized cloud platform for large foundation models. The startup raised a $106.0 million early-stage round led by Salesforce Ventures at a $1.1 billion pre-money valuation. This comes on the heels of its $102.5 million Series A at a pre-money valuation of $463.5 million just last quarter. Together AI is part of the broader decentralized physical infrastructure network segment, covered in depth in our Q3 2023 Analyst Note: Decentralized Physical Infrastructure Networks. This segment continues to be one of the fastest-growing areas in 2024 and will likely receive considerable investor interest.
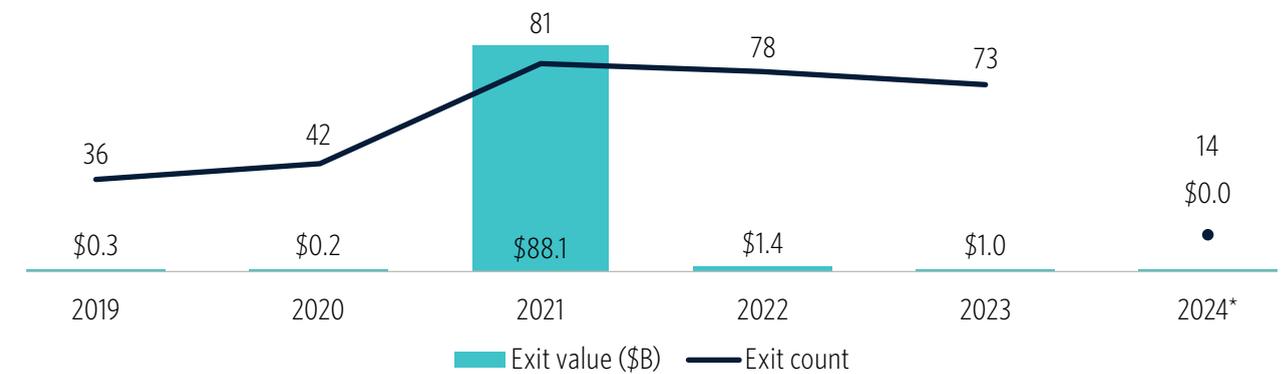
Compared with full-year 2023, valuations were up across all stages in Q1. The median pre-money valuation for the pre-seed/seed stage was $21.8 million; the early stage, $72.0 million; and the late stage, $51.1 million, representing YoY increases of 85.5%, 148.3%, and 7.6%, respectively. These numbers indicate that investment rounds have become highly competitive, especially at the early stages. This is compounded by the fact that early-stage deals are earning higher valuations than late-stage deals, but the sample set is relatively small, so we will see if this trend holds in the coming quarters. Deal sizes also reflected the valuation bumps, with median figures registering at $2.7 million for the pre-seed/seed stage, $5.0 million for the early stage, and $5.8 million for the late stage, representing an increase of 24.9%, an increase of 25.0%, and a decrease of 9.7%, respectively, from full-year 2023.

Crypto VC deal activity

Deal value ($B): 2019 $3.3, 2020 $4.2, 2021 $25.3, 2022 $29.7, 2023 $9.4, 2024* $2.4
Deal count: 2019 996, 2020 1,039, 2021 2,775, 2022 3,323, 2023 1,812, 2024* 518

Source: PitchBook • Geography: Global • *As of March 31, 2024

Crypto VC exit activity

Exit value ($B): 2019 $0.3, 2020 $0.2, 2021 $88.1, 2022 $1.4, 2023 $1.0, 2024* $0.0
Exit count: 2019 36, 2020 42, 2021 81, 2022 78, 2023 73, 2024* 14

Source: PitchBook • Geography: Global • *As of March 31, 2024

Key crypto pre-seed/seed deals in Q1 2024*

Company	Close date	Deal value ($M)	Segment	Category	Post-money valuation ($M)	Lead investor(s)
Zero Gravity	January 1	$35.0	Blockchain networks	Layer 1	N/A	Hack VC
Avail	February 26	$27.0	Blockchain networks	Layer 1	N/A	Dragonfly, Founders Fund
Ethena	February 16	$20.5	DeFi	Lending, borrowing & yield generation	N/A	Arthur Hayes, Dragonfly
Morph	March 20	$19.0	Blockchain networks	Layer 2 & scalability	N/A	Dragonfly
Mystiko	March 20	$18.0	Blockchain networks	Bridges & interoperability	N/A	Peak XV Partners
Elixir Games	March 27	$14.0	Web3	Metaverse & gaming	N/A	N/A
Utila	March 5	$11.5	Infrastructure & developer tools	Crypto corp management & finance	N/A	NFX
BOB	March 27	$10.0	Blockchain networks	Layer 2 & scalability	N/A	Castle Island Ventures
BEVM	March 26	$10.0	Blockchain networks	Layer 2 & scalability	N/A	N/A
Clusters	February 1	$9.0	Access	Onboarding & payments	N/A	Bain Capital, Polychain Capital

Source: PitchBook • Geography: Global • *As of March 31, 2024

Key crypto early-stage VC deals in Q1 2024*

Company	Close date	Deal value ($M)	Segment	Category	Post-money valuation ($M)	Lead investor(s)
Together	March 13	$106.0	Infrastructure & developer tools	Data storage & accessibility	$1,250.0	Salesforce Ventures
EigenLayer	February 22	$100.0	Infrastructure & developer tools	Security, risk management & compliance	$1,050.0	Andreessen Horowitz
Freechat	January 7	$80.0	Web3	Content & social	$800.0	N/A
Figure Markets	March 18	$60.0	Access	Exchanges, wallets & crypto financial services	N/A	Faction, Jump Crypto, Pantera Capital
Flowdesk	January 18	$50.0	Infrastructure & developer tools	Institutional services	N/A	Cathay Innovation
Eclipse	March 11	$50.0	Blockchain networks	Layer 2 & scalability	N/A	Hack VC, Placeholder Capital
Succinct	March 21	$43.0	Infrastructure & developer tools	Development platforms	$270.0	Paradigm
Passes	February 28	$40.0	Web3	Content & social	$130.0	BOND Capital
Taiko Labs	March 2	$37.0	Blockchain networks	Layer 2 & scalability	N/A	Faction, Generative Ventures, Hashed, Token Bay Capital
Parallel	March 28	$35.0	Web3	Metaverse & gaming	N/A	N/A

Source: PitchBook • Geography: Global • *As of March 31, 2024

airstack

Overview

Airstack is a SocialFi development platform with on-chain composability APIs, which provide developers with the tools necessary to build applications efficiently across various blockchain ecosystems such as Farcaster, Degen, and Base. The platform's capability to interface seamlessly with multiple blockchains has garnered trust and adoption among enterprise clients such as Coinbase and numerous development teams, enhancing its market position within SocialFi. Further advancing its growth in the SocialFi space, Airstack has introduced proprietary applications and Farcaster Frames that utilize its advanced data-handling capabilities to drive significant transaction volume and user engagement. This includes the innovative "Not A Token" program, a points system designed to reward user engagement and developer activity on the platform, which is poised to transition into a full-fledged token economy.

Airstack's ability to aggregate and structure complex data from various sources into actionable insights allows it to create a seamless and interoperable environment for SocialFi applications. This unique positioning not only enhances user experience by integrating financial elements with social interactions but also sets the stage for Airstack to play a pivotal role in the future growth and development of the Web3 landscape. As the platform continues to expand its offerings and move toward a decentralized governance model, Airstack is likely to become an indispensable part of the SocialFi infrastructure, enabling new forms of digital interaction and financial innovation.

3: This does not include the company's $4 million seed round that closed on May 2, 2024, which was led by Red Beard Ventures with participation from Superlayer, Polymorphic, Superscrypt, and Delta Blockchain Fund, among others.
4: Ibid.

Key company information

Founded	Last financing valuation	Total raised
2022	N/A	$7.8M[4]

HQ location	Last financing	Lead investor(s)
Miami, US	Raised $3.9M in pre-seed funding[3]	Superscrypt

Exit Predictor

- IPO: 1% probability
- M&A: 77% probability
- No exit: 22% probability

Success: 78% probability

Note: Probability data is based on PitchBook VC Exit Predictor methodology.

About PitchBook Industry and Technology Research

Independent, objective, and timely market intel

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.

PitchBook Data, Inc.

John Gabbert Founder, CEO

Nizar Tarhuni Vice President, Institutional Research and Editorial

Paul Condra Head of Emerging Technology Research

Additional research

Eric Bellomo
eric.bellomo@pitchbook.com
Gaming
E-Commerce

Brendan Burke
brendan.burke@pitchbook.com
Data Analytics
Information Security
Artificial Intelligence & Machine Learning

Aaron DeGagne
aaron.degagne@pitchbook.com
Medtech
Digital Health

Alex Frederick
alex.frederick@pitchbook.com
Agtech
Foodtech

Jonathan Geurkink
jonathan.geurkink@pitchbook.com
Supply Chain Tech
Mobility Tech

Kazi Helal
kazi.helal@pitchbook.com
Biopharma
Pharmatech

Derek Hernandez
derek.hernandez@pitchbook.com
Enterprise SaaS
Infrastructure SaaS

Ali Javaheri
ali.javaheri@pitchbook.com
Emerging Spaces

Robert Le
robert.le@pitchbook.com
Insurtech
Crypto

John MacDonagh
john.macdonagh@pitchbook.com
Carbon & Emissions Tech
Clean Energy Tech

Rebecca Springer
rebecca.springer@pitchbook.com
Healthcare Services
Healthcare IT

Rudy Yang
rudy.yang@pitchbook.com
Enterprise Fintech
Retail Fintech