



# EMERGING TECH RESEARCH Gaming Report

VC trends and emerging opportunities

**Q3**  
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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# Q3 2023 timeline



## Q3 VC deal count summary

**113**  
total deals

**-10.3%**  
QoQ growth

**-50.2%**  
YoY growth

**-53.9%**  
YTD growth

## Q3 VC deal value summary

**\$0.9B**  
total deal value

**-35.3%**  
QoQ growth

**-67.5%**  
YoY growth

**-76.1%**  
YTD growth



# Gaming landscape

- 1 Development
- 2 Operations
- 3 Access
- 4 Content
- 5 Experience

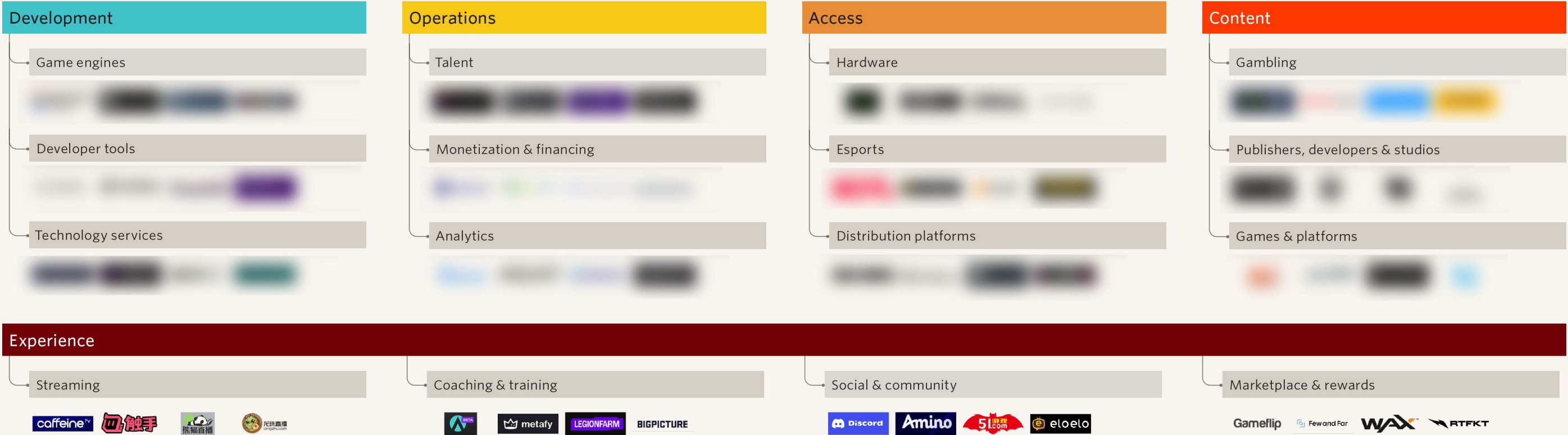






# Gaming VC ecosystem market map

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.





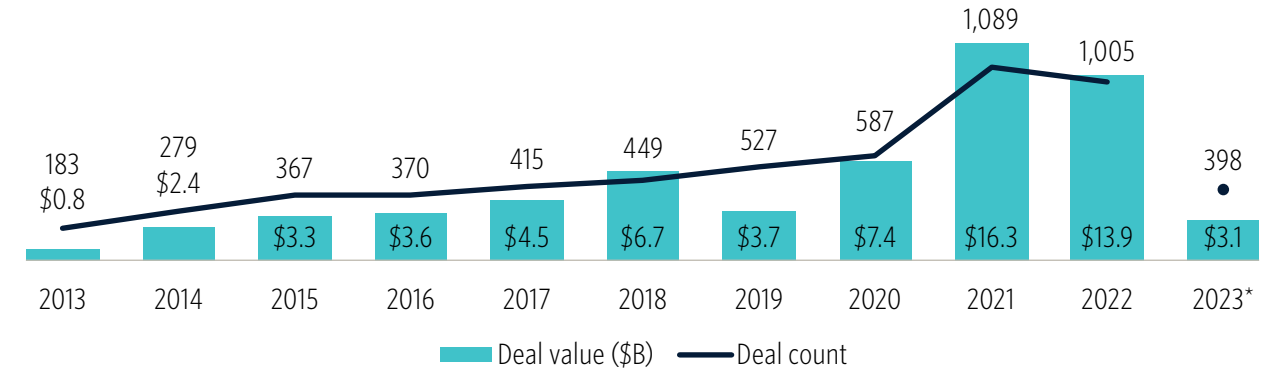
# VC activity

The gaming startup ecosystem experienced a regression in both deal count and value in Q3, totaling 113 deals for \$857.0 million, decreases of 10.3% and 35.3%, respectively. Both figures also represent substantial step-backs YoY, with deal value falling 67.5% and deal count sliding 50.2%. Despite the QoQ step-back, gaming VC activity appears to have reached a nadir, with the last four quarters generating between \$800 million and \$1.1 billion in investment. 2023 is currently on pace to narrowly exceed 2019's \$3.7 billion invested.

The content segment captured the largest portion of investment activity, totaling \$514.2 million across 66 deals, more than doubling the next highest segment (development, \$247.7 million). The remaining categories each failed to exceed \$35 million in investment. Notable deals for content developers included [Candivore](#)'s \$100.0 million late-stage round, [Second Dinner](#)'s \$90.0 million Series B, and [Whaleapp](#)'s \$50.0 million late-stage round. Notable development deals include [Futureverse](#), a blockchain technology platform, with a \$54.0 million Series A; [Inworld](#), a platform for AI-powered NPCs (\$50.0 million Series A1); and [Luma AI](#), a 3D asset-generation platform (\$25.5 million early-stage round).

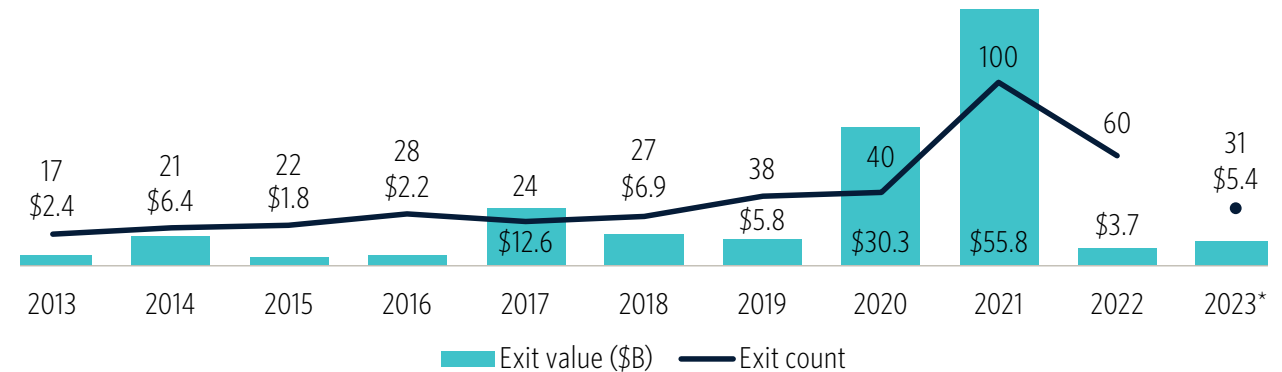
Early-stage deals accounted for the largest portion of VC investment, totaling \$353.0 million, narrowly edging out late-stage deals at \$299.0 million and reversing a trend in the two preceding quarters in which late-stage deals led all categories. Three-fourths of the way through 2023, the count of early-stage and seed/pre-seed deals totals more than 70% of all VC deal activity. Venture growth deals have receded significantly, accounting for more than 30% of deals in 2020 and 20% of deals in 2021, but only 5.8% in 2023. Late-stage deals have taken the largest step forward, increasing from 23.9% in 2022 to 46.1% YTD in 2023. Early-stage and seed/pre-seed deals have contracted slightly.

## Gaming VC deal activity



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

## Gaming VC exit activity



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



## VC ACTIVITY

### Key gaming early-stage VC deals in Q3\*

Company	Close date (2023)	Segment	Deal value (\$M)	Post-money valuation (\$M)	Lead investor(s)	Valuation step-up
<a href="#">Futureverse</a>	July 18	Development	\$54.0	N/A	10T Holdings	N/A
<a href="#">Inworld</a>	August 2	Development	\$50.0	\$515.0	Lightspeed Venture Partners	2.2x
<a href="#">Heynext</a>	July 20	Content	\$30.0	N/A	N/A	N/A
<a href="#">Luma AI</a>	August 25	Development	\$25.5	N/A	N/A	N/A
<a href="#">Manta Network</a>	July 19	Development	\$25.0	\$500.0	Polychain Capital, Qiming Venture Partners	N/A
<a href="#">eloelo</a>	September 20	Experience	\$22.0	N/A	Courtside Ventures, Griffin Gaming Partners	N/A
<a href="#">Matchday</a>	August 3	Content	\$21.0	N/A	N/A	N/A
<a href="#">Mountaintop</a>	September 21	Content	\$20.5	\$123.0	N/A	1.2x
<a href="#">Xterio</a>	July 13	Content	\$15.0	N/A	N/A	N/A
<a href="#">Spline</a>	July 13	Development	\$15.0	N/A	Gradient Ventures	N/A

Source: PitchBook ▪ Geography: Global ▪ \*As of September 30, 2023



## VC ACTIVITY

### Top VC-backed gaming companies by total VC (\$M) raised to date\*

Company	VC (\$M) raised to date	Category	HQ location	IPO probability	M&A probability	No exit probability
<a href="#">Epic Games</a>	\$5,750.0	Publishers, developers & studios	Cary, US	29%	69%	2%
<a href="#">Dream Sports</a>	\$1,182.5	Gambling	Mumbai, India	64%	34%	2%
<a href="#">Voodoo</a>	\$1,115.4	Publishers, developers & studios	Paris, France	79%	19%	2%
<a href="#">Niantic</a>	\$780.0	Publishers, developers & studios	San Francisco, US	47%	51%	2%
<a href="#">Sorare</a>	\$738.0	Games & platforms	Saint-Mand�, France	12%	86%	2%
<a href="#">Dapper Labs</a>	\$643.4	Publishers, developers & studios	Vancouver, Canada	35%	60%	5%
<a href="#">Dream Games</a>	\$467.5	Publishers, developers & studios	Istanbul, Turkey	3%	92%	5%
<a href="#">Hero Games</a>	\$370.8	Publishers, developers & studios	Beijing, China	N/A	N/A	N/A
<a href="#">Mythical</a>	\$319.5	Publishers, developers & studios	Los Angeles, US	28%	70%	2%
<a href="#">Hike</a>	\$261.0	Games & platforms	New Delhi, India	48%	50%	2%

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

Note: Probability data is based on [PitchBook VC Exit Predictor methodology](#).





SELECT COMPANY HIGHLIGHTS: STORY PROTOCOL

# STORY PROTOCOL

<b>Founded</b> 2023	<b>Total raised</b> \$84.0M	<b>Last financing valuation</b> N/A
<b>HQ location</b> Bellevue, US	<b>Last financing</b> Raised \$54.0M in early-stage VC deal	
<b>Exit Predictor</b> <b>IPO probability</b> 9%	<b>M&amp;A probability</b> 82%	<b>No exit probability</b> 9%

Note: Probability data is based on [PitchBook VC Exit Predictor methodology](#).

## Overview

[Story Protocol](#) is an open-source infrastructure for applications to track content provenance, licensing, and attribution. The platform gives creators of all media the ability to track how IP is used and iterated across platforms while sharing in the created revenue. The company points to

the advent of generative AI, which has met with differing levels of reception from creators, as a catalyst for the adoption of blockchain technology to manage content verification and trust in the absence of legal or technical infrastructure to support how content is integrated..

## Leadership

[Story Protocol](#) was co-founded by S.Y. Lee, Jason Levy, and Jason Zhao. Lee holds a degree in politics, philosophy, and economics from Oxford University and founded Radish Fiction. When Radish was acquired by Kakao Media, Lee became Kakao’s global strategy officer before joining Hashed as a venture partner and founding [Story Protocol](#). Levy graduated from Stanford’s Graduate School of Business and held a director-level position at [Pocket Gems](#) before leading Worlds Between Worlds. Levy also held multiple finance-oriented roles at [Apple](#) prior to pursuing a graduate degree. Zhao earned graduate and undergraduate degrees from Stanford before working in Google DeepMind’s product organization.

## Financing history

In September 2023, [Story Protocol](#) closed its second round of financing in less than six months. The startup raised a \$30.0 million seed round in March and a \$54.0 million early-stage deal at the end of Q3. The deal was led by [Andreessen Horowitz](#) with participation from Samsung NEXT, Paris Hilton’s 11:11 Median, Alliance DAO, Foresight Ventures, and others. These deals arrived during an otherwise challenging environment for crypto and blockchain startups and aim to focus on ownership and incentives in the forthcoming era of generative AI.



# 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.

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