PitchBook

EMERGING TECH RESEARCH

Gaming Report

VC trends and emerging opportunities

Q2 2023

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

Contents

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.

Institutional Research Group

Analysis

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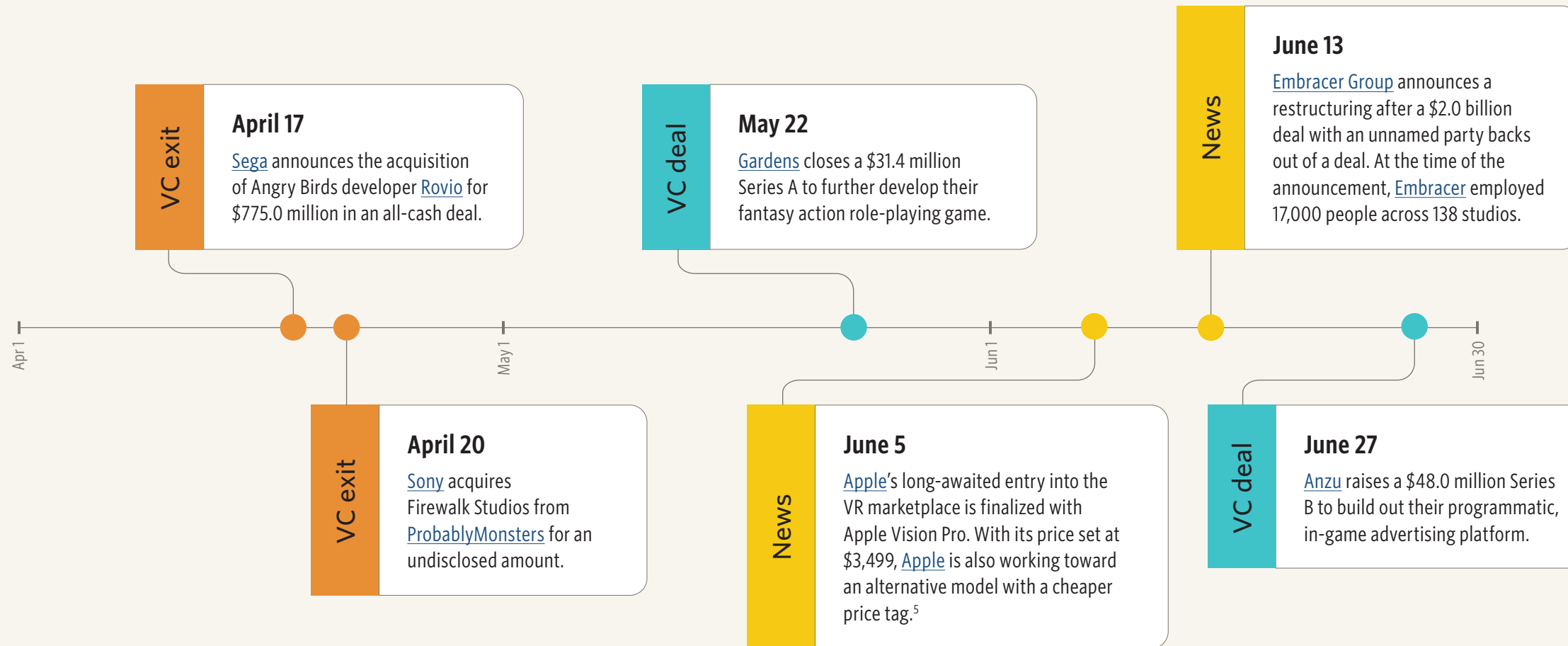pbinstitutionalresearch@pitchbook.com

Data

TJ Mei Data Analyst

Q2 2023 timeline

VC exit

April 17
Sega announces the acquisition of Angry Birds developer Rovio for $775.0 million in an all-cash deal.

VC exit

April 20
Sony acquires Firewalk Studios from ProbablyMonsters for an undisclosed amount.

VC deal

May 22
Gardens closes a $31.4 million Series A to further develop their fantasy action role-playing game.

News

June 5
Apple's long-awaited entry into the VR marketplace is finalized with Apple Vision Pro. With its price set at $3,499, Apple is also working toward an alternative model with a cheaper price tag.[5]

News

June 13
Embracer Group announces a restructuring after a $2.0 billion deal with an unnamed party backs out of a deal. At the time of the announcement, Embracer employed 17,000 people across 138 studios.

VC deal

June 27
Anzu raises a $48.0 million Series B to build out their programmatic, in-game advertising platform.

Apr 1　May 1　Jun 1　Jun 30

Q2 VC deal count summary

110
total deals

-29.0%
QoQ growth

-57.5%
YoY growth

-56.3%
YTD growth

Q2 VC deal value summary

$1.1B
total deal value

12.1%
QoQ growth

-82.1%
YoY growth

-79.7%
YTD growth

5: "How Apple Can Bring Down the Price of Apple Vision Headset From $3,500," Bloomberg, Mark Gurman, June 11, 2023.

Gaming landscape

1 Development

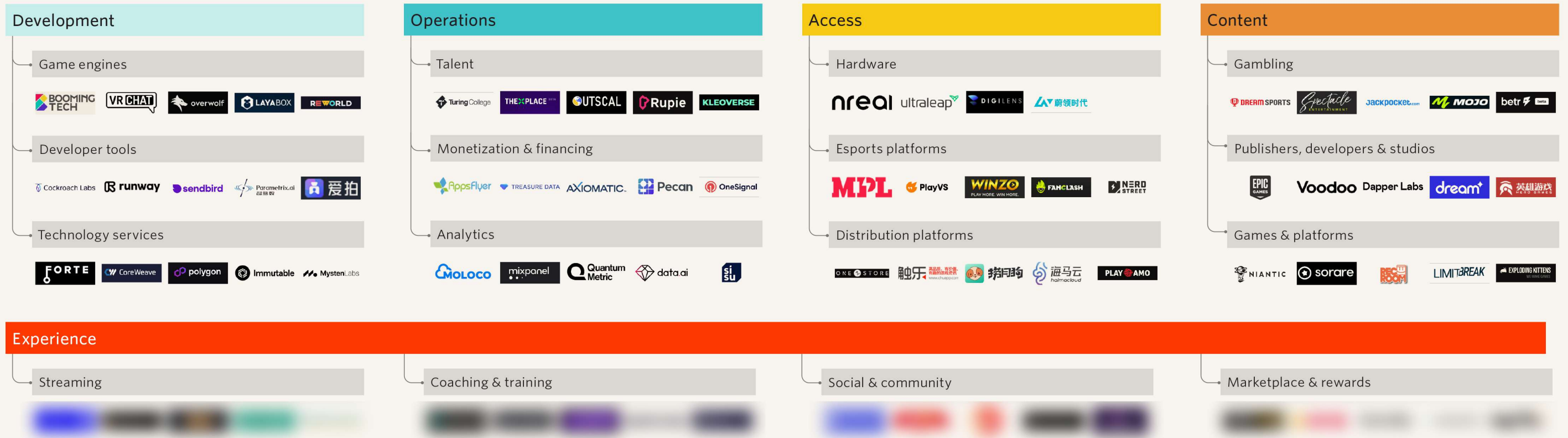2 Operations

3 Access

4 Content

5 Experience

Gaming VC ecosystem market map

Click to view the interactive market map on the PitchBook Platform.

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.

Development

Game engines
BOOMING TECH | VR CHAT | overwolf | LAYABOX | REWORLD

Developer tools
Cockroach Labs | runway | sendbird | Parametrix.ai | 爱拍

Technology services
FORTE | CoreWeave | polygon | Immutable | MystenLabs

Operations

Talent
Turing College | THE XPLACE | OUTSCAL | Rupie | KLEOVERSE

Monetization & financing
AppsFlyer | TREASURE DATA | AXIOMATIC. | Pecan | OneSignal

Analytics
MOLOCO | mixpanel | Quantum Metric | data.ai | sisu

Access

Hardware
nreal | ultraleap | DIGILENS | 蔚领时代

Esports platforms
MPL | PlayVS | WINZO | FANCLASH | NERD STREET

Distribution platforms
ONE STORE | 触乐 | 捞月狗 | 海马云 haimacloud | PLAY AMO

Content

Gambling
DREAM SPORTS | Spectacle | Jackpocket.com | MOJO | betr

Publishers, developers & studios
EPIC GAMES | Voodoo | Dapper Labs | dream | 英雄游戏

Games & platforms
NIANTIC | sorare | REC ROOM | LIMITBREAK | EXPLODING KITTENS

Experience

Streaming

Coaching & training

Social & community
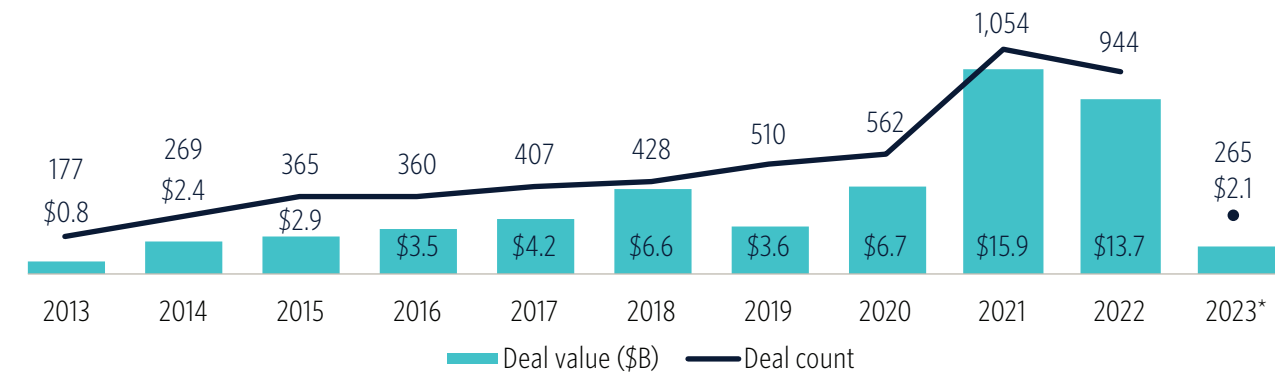
Marketplace & rewards

VC activity

The gaming startup ecosystem experienced a slight QoQ increase in deal value but a decrease in deal count during Q2 2023. Deal value totaled $1.1 billion across 110 deals, an increase of 12.1% from $1.0 billion, and decrease of 29.0% from 155 deals, respectively. Both figures represent substantial step-backs relative to 2022, as deal value fell over 80% and deal count is down 57.5% YoY.

Despite the deceleration, several notable deals occurred, including specialized cloud provider CoreWeave's $421.0 million Series B, developers Metagame's $100.0 million early stage, Mythical Games' $50.0 million Series C, Gardens' $31.4 million Series A, and in-game advertising platform Anzu's $48.0 million Series B. Overall, development startups led all segments with $488.0 million in deal value, narrowly edging out the content segment with $483.4 million in deal value. Publishers, developers, and studios led all subsegments with $304.1 million in VC investment, followed by technology services at $437.5 million—which was boosted significantly by CoreWeave.
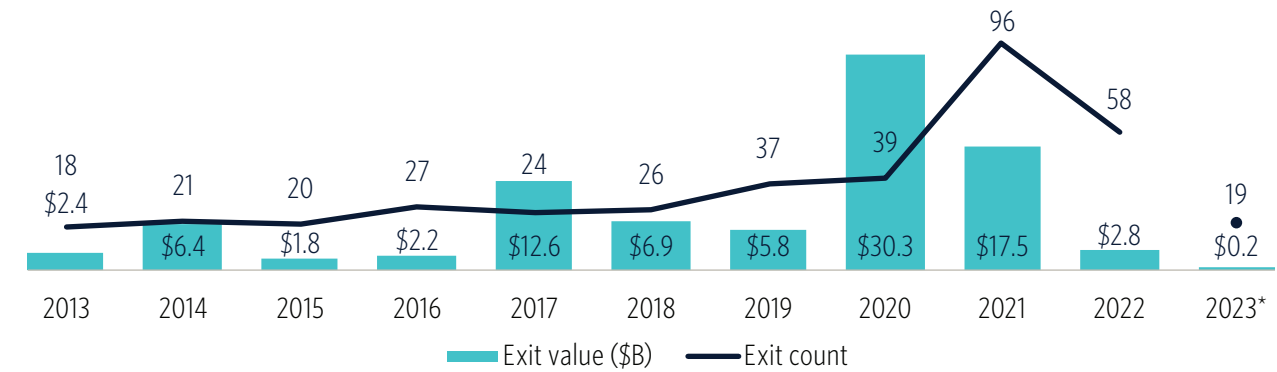
Late-stage deals accounted for the largest portion of VC investment in Q2 2023, totaling $611.0 million. This was the first time since Q1 2022, and the largest such delta since Q3 2021, when late-stage capital outperformed other categories. Despite late stage out-performing in deal value, early-stage and angel and seed deals accounted for 71.8% of VC deal count. This amount of activity in early-stage startups underscores investor optimism for the industry's long-term growth potential. Geographically, North America ($1.3 billion) continues to outpace other regions, namely Asia ($400.0 million) and Europe ($300.0 million), through H1.

Gaming VC deal activity

Year	Deal count	Deal value ($B)
2013	177	$0.8
2014	269	$2.4
2015	365	$2.9
2016	360	$3.5
2017	407	$4.2
2018	428	$6.6
2019	510	$3.6
2020	562	$6.7
2021	1,054	$15.9
2022	944	$13.7
2023*	265	$2.1

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

Gaming VC exit activity

Year	Exit count	Exit value ($B)
2013	18	$2.4
2014	21	$6.4
2015	20	$1.8
2016	27	$2.2
2017	24	$12.6
2018	26	$6.9
2019	37	$5.8
2020	39	$30.3
2021	96	$17.5
2022	58	$2.8
2023*	19	$0.2

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

Key gaming early-stage VC deals in Q2 2023*

Company	Close date (2023)	Subsegment	Stage	Deal value ($M)	Lead investor(s)
Metagame Industries	May 19	Publishers, developers & studios	N/A	$100.0	N/A
betr	June 27	Gambling	Series A2	$35.0	Eberg Capital, Fuel Venture Capital, IA Sports Ventures
Gardens	May 22	Publishers, developers & studios	Series A	$31.4	Krafton, Lightspeed Venture Partners
Radio Caca	April 6	Games & platforms	N/A	$30.0	N/A
Goals	April 19	Games & platforms	Series A	$20.0	Seven Seven Six
HyperPlay	June 8	Developer tools	Series A	$12.0	BITKRAFT Ventures, Griffin Gaming Partners
Triumph Labs	May 10	Developer tools	Series A	$10.2	General Catalyst
Cheelee	June 14	Social & community	N/A	$10.0	N/A
Illuvium	June 4	Games & platforms	N/A	$10.0	N/A
BigBrain	April 28	Games & platforms	Series A	$8.5	N/A

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

Top VC-backed gaming companies by total VC raised to date in Q2 2023*

Company	VC raised to date ($M)	Subegment	HQ country	IPO probability (%)	M&A probability (%)	No exit probability (%)
Epic Games	$5,750.0	Publishers, developers & studios	US	20%	78%	2%
Dream Sports	$1,182.5	Gambling	India	86%	12%	2%
Voodoo	$1,115.4	Publishers, developers & studios	France	79%	19%	2%
Discord	$1,100.3	Social & community	US	60%	38%	2%
Forte	$952.0	Technology services	US	40%	57%	3%
Niantic	$780.0	Games & platforms	US	90%	8%	2%
Sorare	$738.0	Games & platforms	France	17%	79%	4%
Dapper Labs	$643.6	Publishers, developers & studios	Canada	66%	32%	2%
Cockroach Labs	$633.1	Developer tools	US	65%	33%	2%
CoreWeave	$481.4	Technology services	US	64%	34%	2%

Source: PitchBook • Geography: Global • *As of June 30, 2023
Note: *Probability data based on PitchBook VC Exit Predictor methodology.*

TRIUMPH

Founded	**Total raised**	**Last financing valuation**
2020	$14.0M	$51.2M
Location	**Last financing**	**Exit Predictor**
San Francisco, California	Raised $10.2M in a Series A	92% success probability, M&A

Overview

Triumph Labs enables game developers to monetize their games by adding real-money tournaments to mobile games via their proprietary SDK and engine. The startup's most recent fundraise will be used to expand to other platforms beyond mobile. This deal reflects the need of developers to consistently attract and monetize their user base, as well as novel strategies to leverage esports enthusiasm. Other games do incorporate real-money offerings, but few offer services to third-party developers. Legal ambiguity and technical complexity have discouraged developers from integrating these real-money experiences, but Triumph Labs' plug-and-play integration is positioned to significantly reduce this complexity.

Leadership

Triumph Labs was co-founded and is led by co-CEOs Jacob Brooks and Jared Geller. They are both computer science students and past roommates at Stanford University. This is the duo's first company.

Financing history

Triumph Labs raised $10.2 million in its Series A in May 2023, led by General Catalyst at a $51.2 million post-money valuation. Strike Capital, Flux Capital, Tribe Capital, Raven One Ventures, NOMO Ventures, and others participated in the round. The funds will be used to expand to additional platforms beyond mobile and will offer novel real-money experiences. The company previously raised $3.8 million of seed funding from Flux Capital at a pre-money valuation of $24.2 million.

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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