PitchBook

EMERGING TECH RESEARCH

Gaming Report

VC trends and emerging opportunities

Contents

Institutional Research Group

Analysis

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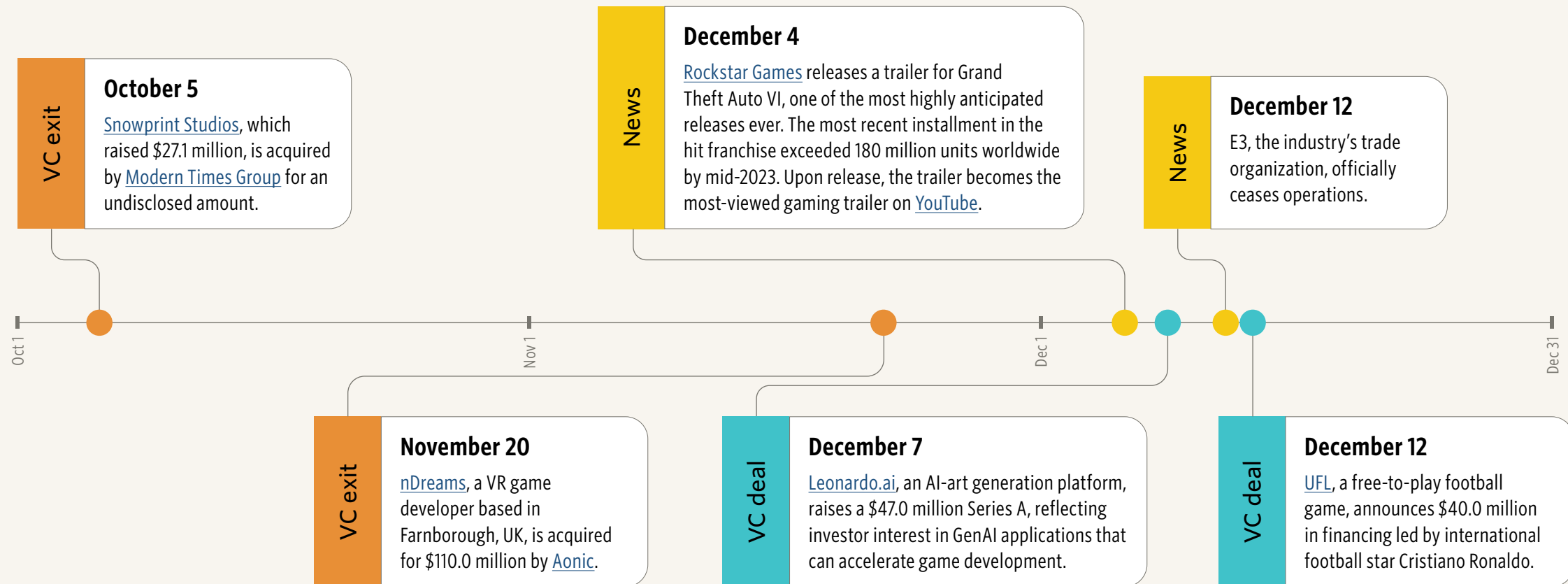pbinstitutionalresearch@pitchbook.com

Data

TJ Mei Data Analyst

Q4 2023 timeline

VC exit

October 5

Snowprint Studios, which raised $27.1 million, is acquired by Modern Times Group for an undisclosed amount.

News

December 4

Rockstar Games releases a trailer for Grand Theft Auto VI, one of the most highly anticipated releases ever. The most recent installment in the hit franchise exceeded 180 million units worldwide by mid-2023. Upon release, the trailer becomes the most-viewed gaming trailer on YouTube.

News

December 12

E3, the industry's trade organization, officially ceases operations.

VC exit

November 20

nDreams, a VR game developer based in Farnborough, UK, is acquired for $110.0 million by Aonic.

VC deal

December 7

Leonardo.ai, an AI-art generation platform, raises a $47.0 million Series A, reflecting investor interest in GenAI applications that can accelerate game development.

VC deal

December 12

UFL, a free-to-play football game, announces $40.0 million in financing led by international football star Cristiano Ronaldo.

Oct 1   Nov 1   Dec 1   Dec 31

Q4 VC deal count summary

126
total deals

0.8%
QoQ growth

-17.6%
YoY growth

-47.2%
YTD growth

Q4 VC deal value summary

$1.0B
total deal value

10.4%
QoQ growth

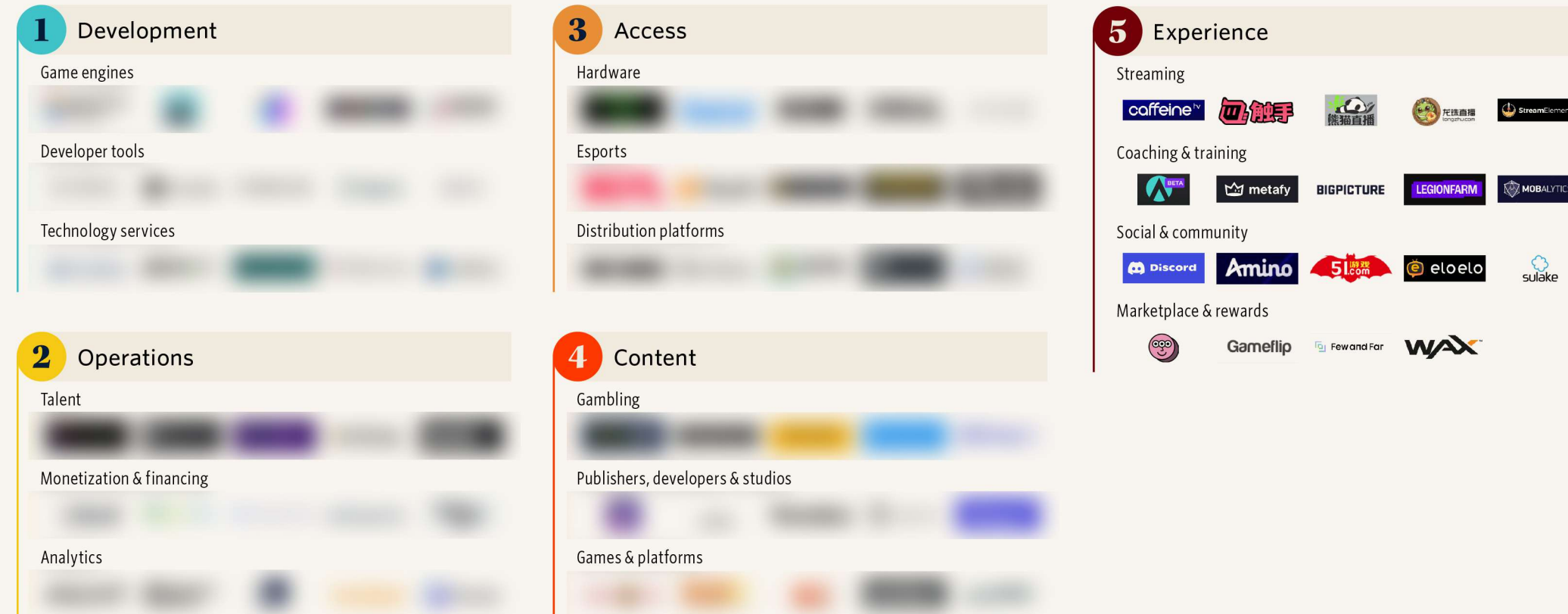**-15.5%**
YoY growth

-72.0%
YTD growth

Gaming landscape

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

Gaming 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. Click to view the full map on the PitchBook Platform.

1 Development

Game engines

Developer tools

Technology services

2 Operations

Talent

Monetization & financing

Analytics

3 Access

Hardware

Esports

Distribution platforms

4 Content

Gambling

Publishers, developers & studios

Games & platforms

5 Experience

Streaming

caffeine TV · 触手 · 熊猫直播 · 龙珠直播 longzhu.com · StreamElements

Coaching & training

BETA · metafy · BIGPICTURE · LEGIONFARM · MOBALYTICS

Social & community

Discord · Amino · 51.com 游戏 · eloelo · sulake

Marketplace & rewards

Gameflip · Few and Far · WAX

VC activity

The gaming startup ecosystem experienced a modest increase in both deal count and value in Q4 2023, totaling 126 deals for $1.0 billion—increases of 0.8% and 10.4%, respectively. Nevertheless, both figures represent more substantial step-backs YoY (-17.6% and -15.5%) and YTD (-47.2% and -72.0%). Gaming VC activity appears to have reached a nadir with the last five quarters generating between $900.0 million and $1.3 billion in investment. Further, this level of activity likely represents a more realistic level of investment than the peak years of 2020 to 2022, which attracted nonendemic and "tourist" investors during Web3 and metaverse hype-cycles. The total amount raised in 2023 reached $4.1 billion, slightly exceeding 2019 ($3.8 billion), but was the second-lowest annual figure since 2017.

The "perfect storm" of low interest rates and consumers stuck inside during a pandemic has officially cleared, and many investors that sought exposure to games are liable to grapple with the time and capital-intensive nature of game development. We expect some capital allocators to begin shifting their focus to more familiar business models, like software-as-a-service (SaaS) platforms and developer tools, away from studios. Nevertheless, the content segment continues to capture the largest portion of capital invested with $438.4 million and 71 deals in Q4, followed by development startups with $288.7 million and 29 deals. The gap did narrow QoQ; in Q3 2023, content deals more than doubled the development segment, but the delta was half as large in Q4. The remaining segments each navigated depressed activity. Only the access segment exceeded $150.0 million invested, but this was propped up by a single deal for Rokid Technology.

Gaming VC deal activity
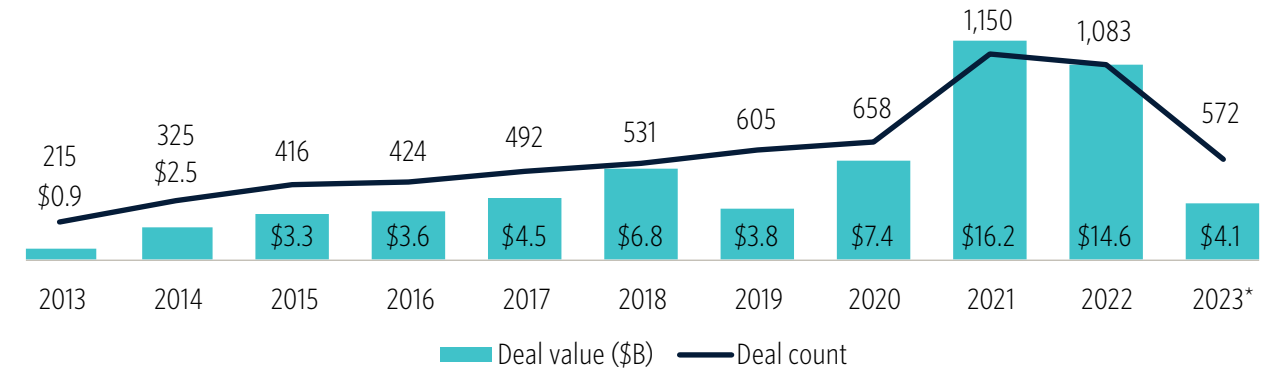
Source: PitchBook • Geography: Global • *As of December 31, 2023

Gaming VC exit activity
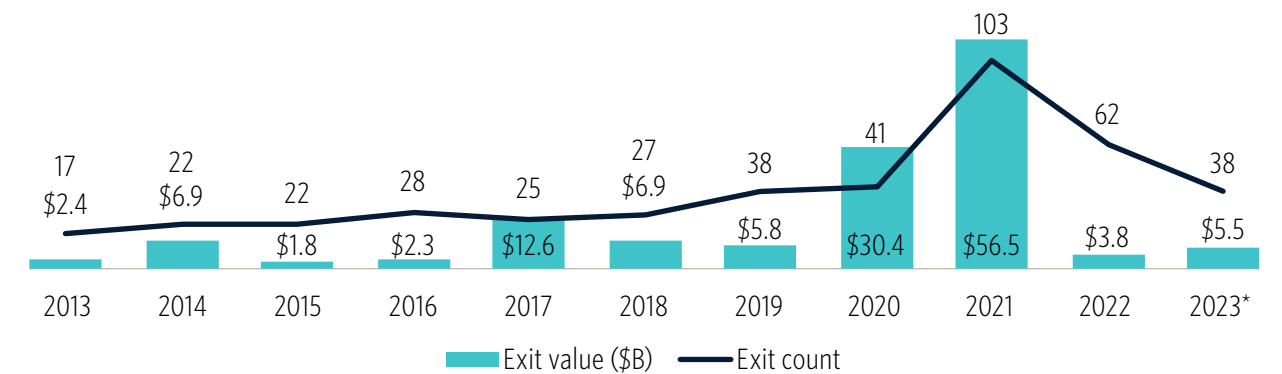
Source: PitchBook • Geography: Global • *As of December 31, 2023

Key gaming early-stage VC deals in Q4 2023*

Company	Close date	Segment	Deal value ($M)	Post-money valuation ($M)	Lead investor(s)	Valuation step-up
Stability AI	October 1	Development	$86.0	N/A	N/A	N/A
Leonardo.ai	December 7	Development	$47.0	N/A	Blackbird Ventures	N/A
blackshark.ai	November 16	Development	$35.0	N/A	M12, Point72 Ventures	N/A
Noice	November 9	Experience	$21.0	N/A	N/A	N/A
W4 Games	December 7	Development	$15.0	N/A	Naval Ravikant, OSS Capital	N/A
Allstar	December 12	Experience	$14.7	N/A	Drive Capital	N/A
Noodle Cat	October 20	Content	$12.0	$48.0	Hiro Capital	1.8x
Forge	October 18	Content	$11.0	N/A	Animoca Brands, BITKRAFT Ventures, Makers Fund	N/A
Matr1x	November 23	Content	$10.0	N/A	Folius Ventures, OKX Ventures, SevenX Ventures	N/A
Farcana	December 15	Content	$10.0	N/A	N/A	N/A

Source: PitchBook • Geography: Global • *As of December 31, 2023

Top strategic acquirers of gaming companies since 2019*

Investor	Deal count	Investor type
Unity	14	Corporation
Sony Interactive Entertainment	10	Corporation
Tencent Holdings	10	Corporation
Roblox	9	Corporation
Epic Games	8	PE-backed company
Niantic	8	VC-backed company
Animoca Brands	7	PE-backed company
Stillfront Group	7	Corporation
Meta Platforms	7	Corporation
Scopely	6	PE-backed company

Source: PitchBook • Geography: Global • *As of December 31, 2023

Top VC investors in gaming companies since 2019*

Investor	Deal count	Investor type
BITKRAFT Ventures	105	VC
Andreessen Horowitz	93	VC
Play Ventures	91	VC
Makers Fund	91	VC
Galaxy Interactive	82	VC
Griffin Gaming Partners	67	VC
Sfermion	52	VC
Hashed	49	VC
Master Ventures	45	VC
Morningstar Ventures	44	VC

Source: PitchBook • Geography: Global • *As of December 31, 2023

NOICE

Overview

Noice is a Finland-based video game livestream startup. The company is currently in a closed-beta and aims to differentiate the platform by bringing livestream viewers into a game as participants. According to the company's website, features include making predictions, locking prediction cards, forming teams, and more, with further details on creator monetization forthcoming. Bringing viewers closer to games has been an attractive endeavor to a variety of companies, including Google, which aimed to let viewers more seamlessly transition from viewers to consumers as part of its Stadia cloud gaming platform. This is likely to remain an attractive proposition as games become de facto social networks, and platforms like Fortnite and Roblox grow into early use cases for the metaverse. Nevertheless, social networks and livestreaming platforms are challenging businesses with many well-established incumbents. Twitch is an entrenched leader in livestreaming, and Kick has moved to challenge Twitch by offering attractive creator monetization upside and allowing content categories prohibited by Twitch. Microsoft's own Mixer platform failed to launch despite lucrative deals to entice top streaming talent like Ninja. Separately, Discord, X, Reddit, and other platforms have gamer strongholds.

Key company information

Founded	**Total raised**	**Lead investors**
2020	$26.0M	Sedona Holdings, Team Builder Ventures, BITKRAFT Ventures
Employees	**Last financing valuation**	
70	N/A	
HQ location	**Last financing**	
Helsinki, Finland	Raised $21.0M in an early-stage VC deal	

Exit Predictor

■ **IPO:** 1% probability ■ **M&A:** 87% probability ■ **No exit:** 12% probability

Success: 90% probability

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

Leadership

Noice was co-founded by Jussi Laakkonen, Jenni Wilson, and Jaakko Lukkari. Laakkonen previously founded and led Applifier, a platform to help mobile game developers acquire and monetize users. Applifier was acquired by Unity, and Laakkonen joined Unity as an executive vice president for years. Wilson previously held a variety of lead designer positions at Social Point and Next Games, followed by joining Noice as a lead game designer and then ascending to creative director. Lukkari was initially a software designer with Applifier before the Unity transaction. After this acquisition, Lukkari went on to hold senior and principal-level software engineering positions at Unity before eventually leaving to join Noice as the startup's chief technology officer. Additional co-founders include Senior Software Engineer Antti Tapaninen, Lead Technical Artist Juhani Karlsson, and UX Lead Niklas Beilinson.

Financing history

In November 2023, Noice closed its second round of financing. This early-stage deal totaled $21.0 million and included participation from BITKRAFT Ventures, F4 Fund, Team Builder Ventures, Sedona Holdings, and others. The company previously raised a $5.0 million angel round in May 2021. Valuations were not disclosed during either round, and the most recent deal pushed Noice's likelihood of a successful exit to 87% via M&A.

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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