

# Valuation of an Esports Organisation

December 2025



# Esports: The Global Competitive Gaming Industry

Esports (electronic sports) is competitive video gaming, where people play against each other online and also at spectator events in indoor arenas, usually for a cash prize. Esports is played by both amateurs and professionals and is inclusive. It's open to all, regardless of gender, physical ability and so on.

**Platforms:** Esports can be played **on PCs, consoles and mobiles.**

**Format:** Depending on the game, the format can be **1v1, 2v2, 3v3, 4v4, 5v5, 6v6 and so on.**

## Evolution Snapshot

### 1970s-90s



### 2000s



### 2010-18



### 2018-Now



# Industry Overview: Scale and Growth of the Esports

Esports has evolved from a niche hobby into a billion-dollar global industry in 2025, connecting players, fans, and brands across every region. The global esports market is estimated to be around US\$3 billion as of 2025 and is expected to grow at a CAGR of 20% to reach US\$6.4 billion by 2029. Sponsorship and media rights remain the dominant revenue sources, accounting for roughly 40% of total income. Regionally, Asia-Pacific remains the leading force in both audience size and revenue, driven by China, South Korea, and Japan, while North America and Europe maintain strong institutional and commercial influence. The global esports audience is expected to reach around 641 million viewers in 2025, including approximately 320 million core fans who follow tournaments regularly. This represents a steady annual growth rate of about 7-8%, driven largely by mobile accessibility, streaming platforms, and expanding local leagues in emerging markets. As global internet infrastructure improves and 5G networks expand, audience growth in Africa, Latin America, and South Asia will likely accelerate, adding tens of millions of new fans by 2026.



# Industry Overview: Scale and Growth of the Esports

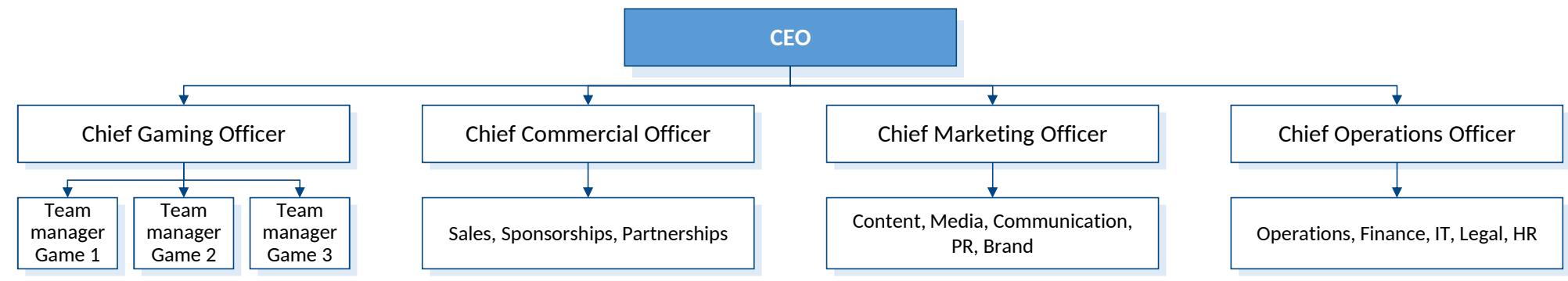
## All-time popular esports games by viewership

Name	Type	Prize Pool (US\$mn)	Peak Viewership		Tournaments total
			Date	Views	
League of legends	PC / Console	125	2-Nov-24	6,856,769	4,071
Free Fire	Mobile	28	30-May-21	5,415,990	1,276
Mobile Legends: Bang Bang	Mobile	28	17-Dec-23	5,067,107	1,018
PUBG Mobile	Mobile	110	21-Jan-21	3,801,998	1,932
Counter-Strike	PC / Console	185	7-Nov-21	2,748,434	8,753
Dota 2	PC / Console	354	17-Oct-21	2,741,514	2,551
Fortnite	PC / Console	139	28-Jul-19	2,334,826	1,191
Valorant	PC / Console	45	24-Mar-24	1,687,848	2,985
Brawl Starts	Mobile	10	3-Nov-24	1,103,153	378
Arena of Valor	Mobile	21	23-Jul-23	974,624	264

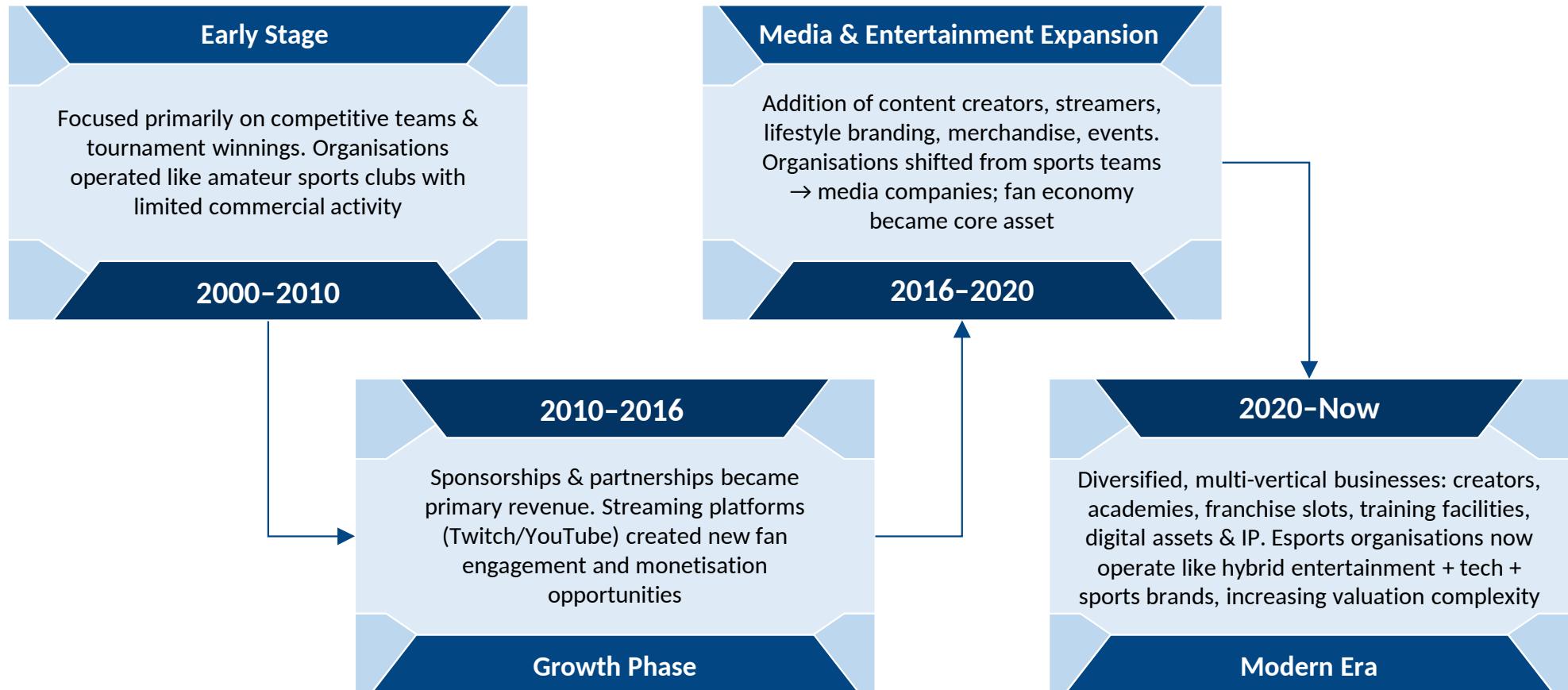
# Esports Organisations and Their Business Models

An esports organisation fields players in competitive games, manages branding, marketing, sponsorships & often content creation. It is a company that manages multiple professional video game teams under one brand, similar to a traditional sports franchise. Esports teams and organizations operate similarly to traditional sports franchises. They have structured management, a dedicated coaching staff, professional players under contracts, and specialized departments for marketing.

## By Business Model:

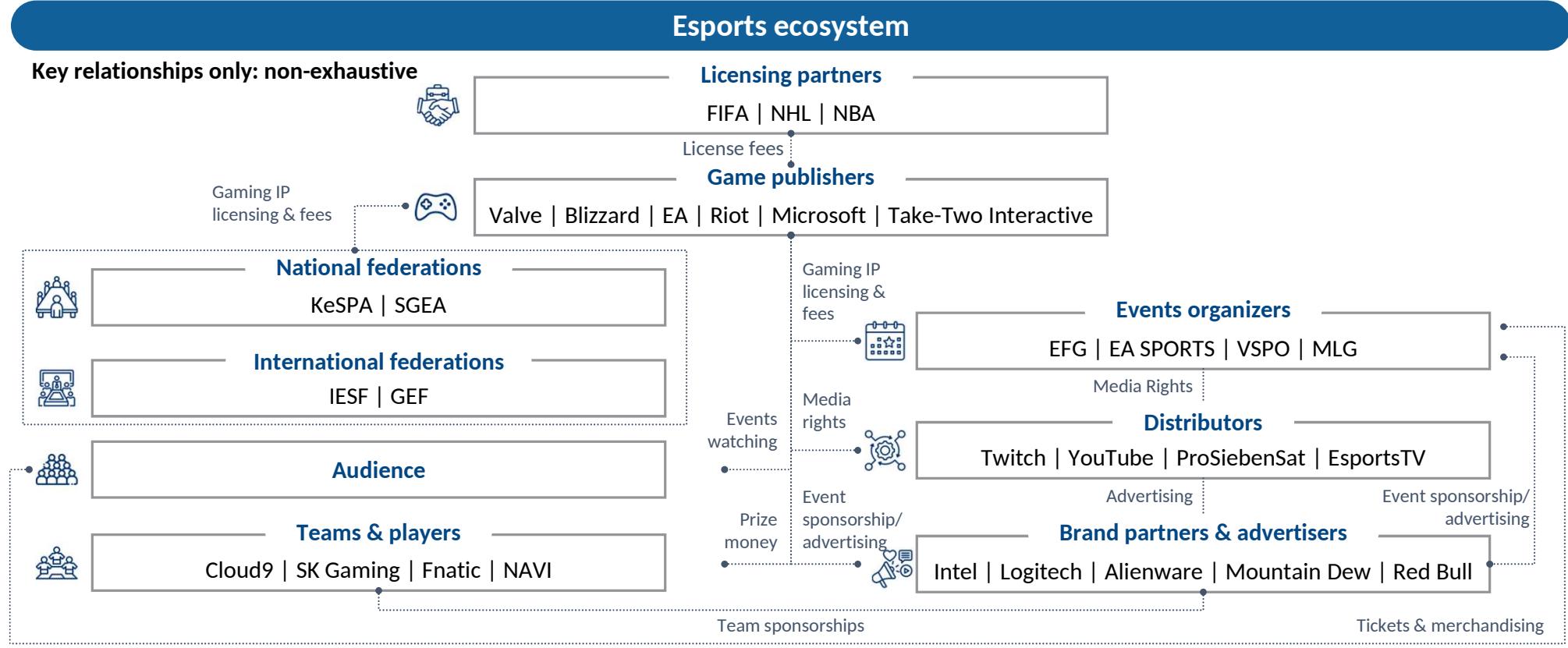


# Evolution of Esports Organisations



# Esport Ecosystem

Exhibit 1 – Esports ecosystem requires cooperation between many diverse stakeholders



# Revenue sources for Esports Organisation

Esports teams derive most of their revenue from sponsorships and merchandise sales

## Revenue Sources for Esports Organisations

Sponsorships

Broadcast Revenue

Naming Rights

Merchandise Sales

Prize Money

## Revenue Flows Across the Esports Ecosystem



# Key KPIs for Esports Organisations

## Performance Metrics



- Tournament performance/title rankings
- Total number of Talents

## Engagement Metrics



- Average viewership & peak concurrent viewers
- YouTube/Twitch watch hours & subscriber growth
- Social media followers & engagement rate

## Commercial Metrics



- Total Sponsors
- Prize winnings
- Sponsorship revenue & renewal rate
- Merch revenue per fan / per event
- Digital item & skins revenue share
- Revenue per player / per team

## Case study: KPI for Team Liquid

- Total Matches: 3,915
- Tournaments: 2,373
- Total Roster: 32
- Trophies: 75+
- Talent: 160+ (Athletic and creator talent across 15+ competitive game titles)
- 3 global facilities

- All-time Peak Viewers: 4,129,026
- 2 billion views across all platforms

- Total # of Sponsors: 5 (Alienware, Monster Energy, SAP, Honda, Secretlab, IMC, Coinbase, Visa)
- Total Prize Money: US\$56mn

# Key Challenges Faced by Esports Organisations

 <b>Financial Sustainability &amp; Profitability</b>	<ul style="list-style-type: none"> <li>Many organisations struggle to convert large audiences into stable revenue</li> <li>High operating costs: player salaries, travel, production, and franchise fees</li> <li>Sponsorship dependence → revenue concentration risk</li> </ul>	
 <b>Monetisation Challenges</b>	<ul style="list-style-type: none"> <li>Limited direct monetisation of fans compared to traditional sports</li> <li>Merch and digital-item sales inconsistent and hard to scale</li> <li>Streaming revenue depends heavily on platform algorithms &amp; creator popularity</li> </ul>	
 <b>Dependence on Game Publishers</b>	<ul style="list-style-type: none"> <li>Publishers control game rules, league structures, IP ownership, and revenue sharing</li> <li>Sudden changes in game popularity or league format can destroy team value</li> <li>No control over licensing fees, prize pool structure or calendar</li> </ul>	
 <b>Volatility of Competitive Performance</b>	<ul style="list-style-type: none"> <li>Rosters change frequently; high turnover impacts team identity and fan loyalty</li> <li>Prize earnings unreliable as a long-term business model</li> <li>Player burnout &amp; short professional careers</li> </ul>	
 <b>Fragmented Ecosystem &amp; Lack of Standardisation</b>	<ul style="list-style-type: none"> <li>Different monetisation systems across games, leagues, and regions</li> <li>No unified governance framework like FIFA or ICC</li> <li>Contract standards vary widely</li> </ul>	
 <b>Sponsorship Fatigue &amp; Brand ROI Scrutiny</b>	<ul style="list-style-type: none"> <li>Brands demanding measurable engagement &amp; conversion, not just visibility</li> <li>Renewals harder if viewership drops or games decline</li> </ul>	
 <b>Uncertain Long-Term Audience Strategies</b>	<ul style="list-style-type: none"> <li>Large variation in viewer engagement across titles &amp; platforms</li> <li>Shifts in audience interest based on game life cycles</li> <li>Hard to predict long-term revenue based on trends</li> </ul>	

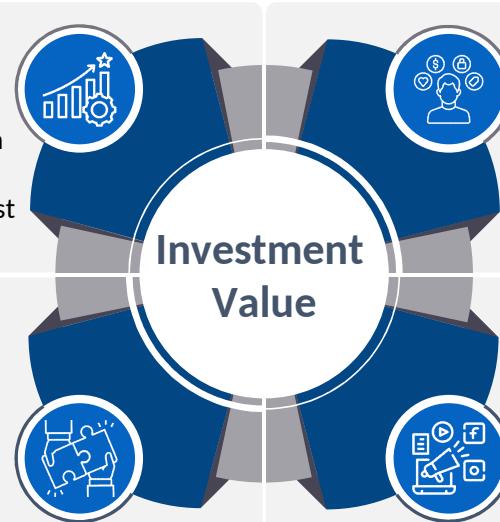
# Strategic Value Drivers in Esports Organisations

## Road to success

Esports teams represent a hybrid of media and sport. Financial success depends not only on winning but on leveraging gaming content, video, and community into engaging experiences. Consequently, metrics defining successful performance and from which effective multiples may be created are varied.

### Proven competitive performance

The most successful esports clubs consistently place well in major competitions with multiple teams competing in different game titles. These teams gain the most recognition by the global esports audience, and have management that correctly understands which new game titles will be the most valuable and how to invest in team and player development



### Brand Integration Strength

Clubs that have stronger brand names can support integration with larger non-endemic brands, and justify higher priced partnerships

### Fan Behavior Analytics

Clubs are in a unique position to capture and deliver analytics about their own fans. Developing systems to capture these analytics can help justify higher valuations

### Media and Merchandise Potential

The Clubs that understand how to expand and promote their brand in multiple media markets will lead to team-centric licensing, and will generate loyal fan bases and strong fan consumption of team-embedded media and merchandise

# Valuation Framework for Esports Organisations

Esports organisations are valued using the three standard valuation approaches: cost, income and market. While all approaches are considered, their relevance differs materially given the intangible, growth-driven nature of esports businesses. In practice, valuation judgement lies in determining which approach best captures economic reality.



## Cost approach

The cost approach estimates value based on the fair value of assets and liabilities. For esports organisations, this approach has limited relevance as tangible assets are minimal and do not reflect the true drivers of value such as brand strength, fan engagement, media reach and future monetisation potential. As a result, the cost approach is typically used only as a reference point rather than a primary valuation method.



## Income Approach

The income approach values an esports organisation based on projected future cash flows and is the most appropriate framework for this sector. It captures expected growth in sponsorship, media content, merchandising and digital revenues while allowing explicit modelling of risk, volatility and scalability. Given the industry's evolving economics, multi-year discounted cash flow analysis is generally preferred and carries the greatest weight in valuation conclusions.



## Market Approach

The market approach derives value from observed trading or transaction multiples of comparable companies. Limited transaction data and significant differences across teams in titles, regions and business models constrain its application in esports. Consequently, this approach is best used as a benchmarking tool to support, rather than replace, income-based valuations.

**Esports valuations are driven by future monetisation potential, making the income approach the most representative measure of value.**

# Thank You...!



[valuation@artovaladvisors.com](mailto:valuation@artovaladvisors.com)



+91 98191 95731



<https://www.linkedin.com/company/artoval-advisors>



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