The Business of Esports: Big Prizes, Small Profits

Name Date Class

Reading

1 In August 2026, the Esports World Cup (EWC) ended in Paris, its first edition outside Saudi Arabia. It offered a $75 million prize pool, which the organizers called a record, and China-based AG.AL won $7 million as Club Champion. The organizers reported 850 million viewers and 440 million hours watched. Esports Charts, an independent analytics company, counted about 237 million hours using its own method, which shows how much audience **metrics** depend on what is measured. Yet for most of its history, competitive gaming has struggled to earn more than it spends. Why is it so hard for esports to pay for itself?

2 Part of the answer is ownership. No company owns football, but every esport is built on a game that belongs to its publisher. A publisher such as Riot Games, which makes League of Legends and VALORANT, decides who may run tournaments, how teams qualify, and how **revenue** from the competition is shared. This allows publishers to **dominate** the business. Organizers, teams, and streaming platforms rely on rules they cannot control, and a publisher can change them, or close a league, when its plans change.

3 Teams have tried several ways to build a steady income. The most important has been **sponsorship**: brands pay to appear on team shirts, streams, and social media. Many leagues also sold **franchises**, permanent places for teams. The founding teams of Blizzard's Overwatch League paid $20 million each to join in 2017. As viewing numbers fell, Activision Blizzard offered each team a $6 million termination fee to leave, and the league ended in 2023. Team **valuations** fell too. FaZe Clan was valued at $725 million when it joined the stock market in 2022, but in 2023 GameSquare agreed to buy the whole company in a share deal that Bloomberg valued at about $17 million.

4 Korea, which has had professional gaming leagues since the early 2000s, shows that a strong audience does not guarantee profit. According to filings reported by the Korean financial outlet DealSite, LCK Corporation, which ran Korea's top League of Legends league, lost 8.1 billion won in 2022 and 28.5 billion won in 2024, while its revenue fell from 27.9 to 11.4 billion won. In October 2025, Riot Games Korea **absorbed** the league company. From 2026, Riot also removed regional prize money in the LCK and other major leagues, saying it would spend the money elsewhere. The chief executive of the Korean team Gen.G called the change unfortunate.

5 Publishers now also earn from players, not only from advertisers. Riot sells in-game items linked to teams and events, and part of that income goes to partner teams. Since 2025, it has also allowed approved betting companies to sponsor top teams in the Americas and in Europe, the Middle East, and Africa, though not on Riot's own broadcasts. In a July 2026 interview with GamesIndustry.biz, John Needham, Riot's head of publishing and esports, said the company was "super close" to making League of Legends esports **break even** "within Riot". That wording describes a division inside a company that profits from the game itself, not an independent business.

6 The largest new source of money is Saudi Arabia. The Esports Foundation, funded by the country's Public Investment Fund (PIF), runs the EWC and pays selected teams through its Club Partner Program. Saudi-owned companies also hold large **stakes** across the industry. In 2022, the PIF-owned Savvy Games Group bought and merged the tournament organizers ESL and FACEIT, and in August 2026 a group including the PIF completed its purchase of the game publisher Electronic Arts. Deals like these **consolidate** ownership in fewer hands. Saudi **subsidies** help explain why prizes are so high while many teams struggle, but they also create **dependence**. The EWC moved to Paris for 2026 after the Esports Foundation cited the regional situation in the Middle East, and critics describe the spending as sportswashing, an attempt to improve a country's image through sport. The event is scheduled to return to Riyadh in 2027.

7 What would a **sustainable** esports business look like? One direction is mobile games: Mobile Legends: Bang Bang, whose biggest leagues are in Indonesia and the Philippines, was again the most-watched EWC tournament in 2026, according to Esports Charts. Some teams now **diversify** into video content, clothing, and creator streams, so that one bad season does not ruin them. The key test for the next few years is whether publishers can **monetize** fans directly, share enough of that money with teams, and keep leagues running if Saudi funding slows.

Vocabulary Matching

Match each word from the reading with its meaning. Write the letter on the line.

1	**metrics**	_____	**A**	money that an organization earns
2	**revenue**	_____	**B**	able to continue without outside support
3	**dominate**	_____	**C**	add different types to reduce risk
4	**sponsorship**	_____	**D**	shares of ownership in a business
5	**franchises**	_____	**E**	earn as much as you spend
6	**valuations**	_____	**F**	earn money from something
7	**absorbed**	_____	**G**	licenses giving a permanent place in a league
8	**break even**	_____	**H**	have the most power or influence
9	**stakes**	_____	**I**	took a smaller group into a larger one
10	**consolidate**	_____	**J**	public money that lowers the cost of something
11	**subsidies**	_____	**K**	the state of needing something else to survive
12	**dependence**	_____	**L**	money a brand pays to appear at an event
13	**sustainable**	_____	**M**	estimates of how much a company is worth
14	**diversify**	_____	**N**	measures used to track performance or size
15	**monetize**	_____	**O**	combine into a smaller number of larger groups

Fill in the Blank

Choose a word from the box to complete each sentence. Use each word once. The words are already in the correct form.

absorbed	**break even**	**consolidate**	**dependence**	**diversify**	**franchises**	**metrics**	**monetize**	**revenue**
sponsorship	**stakes**	**subsidies**	**sustainable**	**valuations**				

1 Teams track viewer _____ such as average and peak audience.

2 The club's _____ rose by ten percent last year.

3 The team signed a _____ deal with a hardware brand.

4 The league sold ten _____ to investors for $20 million each.

5 Team _____ fell after investors lost interest.

6 Last year the large bank _____ two smaller banks.

7 The shop made no profit and no loss, so it managed to _____ .

8 The fund holds large _____ in several game companies.

9 The two small companies will _____ into one large firm.

10 Farm _____ from the government keep food prices lower.

11 A small team's _____ on one sponsor is risky.

12 A business is _____ if it can continue without outside money.

13 To reduce risk, the club plans to _____ its income.

14 Streamers _____ their audience through subscriptions and ads.

Comprehension Questions

Answer in your notebook or discuss with a partner. Questions 10 to 12 are IELTS-style.

1 What did AG.AL win at the 2026 EWC, and how large was the total prize pool?

2 Why do the organizers' figure and the Esports Charts figure for hours watched differ? What does this show?

3 According to the reading, why are publishers able to dominate the esports business?

4 What happened to the Overwatch League, and what does it suggest about franchise leagues?

5 How did FaZe Clan's value change between 2022 and 2023?

6 What does the Korean example add to the writer's argument?

7 How has Riot tried to earn more from esports, and why does the phrase "within Riot" matter?

8 In what ways has Saudi money shaped esports, and what risks does it bring?

9 Which path toward a sustainable esports business in the last paragraph seems best supported by the evidence in the reading? Explain.

IELTS-Style Questions

10 **True, False, or Not Given:** *"The 2026 EWC sold more tickets than any earlier edition."* Explain your answer using the reading.

11 **Yes, No, or Not Given:** *"The writer believes Needham's statement shows that League of Legends esports is a profitable independent business."* Explain your answer using the reading.

12 **Author's purpose:** Why does the writer end with "the key test for the next few years" rather than a firm prediction?

True or False

Circle T (true) or F (false) according to the reading. Write a correction for each false statement on the dotted line.

1 **T / F** The organizers reported more hours watched than Esports Charts counted.

2 **T / F** The 2026 Esports World Cup was held in Riyadh.

3 **T / F** Riot Games makes League of Legends and VALORANT.

4 **T / F** The founding Overwatch League teams paid $6 million each to join.

5 **T / F** GameSquare bought FaZe Clan in a share deal.

6 **T / F** LCK Corporation's yearly losses became smaller between 2022 and 2024.

7 **T / F** Betting sponsors do not appear on Riot's own broadcasts.

8 **T / F** Needham said League esports is a profitable independent business.

9 **T / F** The EWC is scheduled to return to Riyadh in 2027.

10 **T / F** Esports Charts found League of Legends was the most-watched EWC tournament in 2026.

Discussion Questions

Talk with a partner or in a small group. The questions move from personal to more abstract.

1. Do you follow any esports team or player? What first got you interested, or why not?
2. Would you pay for an in-game item that supports your favorite team? Why or why not?
3. Organizers and independent firms often report very different audience numbers. Which kind of source would you trust more, and why?
4. No company owns football, but one company owns each esport. Is this a problem for players and fans?
5. Closed franchise leagues protect team owners, while open leagues give new teams a chance. Which model seems fairer to you?
6. What does the FaZe Clan story suggest about investing in brands that are popular with young people?
7. Should esports teams be allowed to take money from betting companies? What limits, if any, should apply?
8. Korea has had professional gaming leagues for decades, yet its top league lost money. What might explain this?
9. Is it fair for a publisher to remove prize money and spend it in other ways? Who should decide?
10. What are the benefits and risks when one country's government funds a large part of a global industry?
11. Critics call Saudi spending on esports sportswashing. What evidence would you need to judge this claim?
12. Many major sports events move between host cities. Should the Esports World Cup do the same? Why or why not?
13. Can an entertainment industry stay healthy if many of its businesses lose money? Explain your view.
14. Is esports best understood as a sport, as entertainment, or as advertising for games? How should the answer affect the way it is funded?

Language Focus: Noun Compounds in Business English

Business English often builds noun groups from two or more nouns: the last noun is the main idea, and the earlier nouns describe it (prize pool, termination fee). Some are written as two words, some with a hyphen, and some as one word. Plurals are usually on the final noun only.

In the reading:

- "It offered a $75 million **prize pool**, which the organizers called a record…"
- "…Activision Blizzard offered each team a $6 million **termination fee** to leave…"
- "…it has also allowed approved **betting companies** to sponsor top teams…"

Practice: Combine into one noun compound: *"A fund that supports the development of national teams."* Begin with *a national team…*

Activities and speed challenge
englishbridges.com/lessons/business-of-esports

Notes