

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 15, 2023

FAZE HOLDINGS INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u> (State or other jurisdiction of incorporation)	<u>001-40083</u> (Commission File Number)	<u>84-2081659</u> (I.R.S. Employer Identification No.)
<u>720 N. Cahuenga Blvd. Los Angeles, CA</u> (Address of principal executive offices)		<u>90038</u> (Zip Code)

(818) 688-6373

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	FAZE	The Nasdaq Stock Market
Warrants, each whole warrant exercisable for one share of common stock	FAZEW	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 15, 2023, FaZe Holdings Inc. issued a press release and a shareholder letter announcing its financial results for the fiscal quarter ended March 31, 2023. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 and the shareholder letter as Exhibit 99.2 to this Current Report on Form 8-K.

The information in this Item 2.02 and Exhibits 99.1 and 99.2 of this Current Report on Form 8-K shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits. The following exhibit is furnished with this report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated May 15, 2023, of FaZe Holdings Inc. regarding its results of operations for the quarter ended March 31, 2022.
99.2	Letter to Shareholders issued by FaZe Holding Inc., dated May 15, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FAZE HOLDINGS INC.

Date: May 15, 2023

By: /s/ Christoph Pachler

Name: Christoph Pachler

Title: Chief Financial Officer

FaZe Holdings Inc. Announces First Quarter 2023 Financial Results

LOS ANGELES – May 15, 2023 – FaZe Holdings Inc. (Nasdaq: FAZE), the lifestyle and media platform rooted in gaming and youth culture, today posted its financial results for the first quarter, ended March 31, 2023 in a Letter to Shareholders. The Letter to Shareholders can be accessed on FaZe’s Investor Relations website, investors.fazeclan.com.

“We reported revenue of \$12.6 million for the first quarter of 2023, driven by brand partnerships and esports as well as our continued efforts to streamline the business,” said Lee Trink, Chief Executive Officer. “We remain focused on our strategy of driving brand sponsorships, enhancing our talent network and managing our costs. Despite the macro headwinds impacting our industry, we’re pursuing various opportunities in the US as well as internationally that we believe will deliver future growth and value creation.”

Forward Looking Statements

The information in this communication includes “forward-looking statements” pursuant to the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of present or historical fact included in this communication, including statements regarding the Company’s strategy, future operations, financial performance and capital structure, estimated financial position, estimated revenue and losses, projections of market opportunity and market share, projected costs, prospects, plans and objectives of management, are forward-looking statements. These forward-looking statements generally are identified by the words “budget,” “could,” “forecast,” “future,” “might,” “outlook,” “plan,” “possible,” “potential,” “predict,” “project,” “seem,” “seek,” “strive,” “would,” “should,” “may,” “believe,” “intend,” “expect,” “will,” “continue,” “increase,” and/or similar expressions that concern strategy, plans or intentions, but the absence of these words does not mean that a statement is not forward-looking. Such statements are based on management’s belief or interpretation of information currently available. These forward-looking statements are based on various assumptions, whether or not identified herein, and on the current expectations of management and are not predictions of actual performance. Because forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions, whether or not identified in this communication, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Many factors could cause actual results and conditions (financial or otherwise) to differ materially from those indicated in the forward-looking statements, including but not limited to: the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs; litigation and regulatory proceedings relating to our business, including the ability to adequately protect our intellectual property rights; our limited operating history and uncertain future prospects and rate of growth due to our limited operating history; our ability to continue to monetize our platform; our ability to grow market share in our existing markets or any new markets we may enter; our ability to maintain and grow the strength of our brand reputation; our ability to manage our growth effectively; our ability to retain existing and attract new Esports professionals, content creators and influencers; our success in retaining or recruiting, or changes required in, our officers, directors and other key employees or independent contractors; our ability to maintain and strengthen our community of brand partners, engaged consumers, content creators, influencers and Esports professionals, and the success of our strategic relationships with these and other third parties; risks related to data security and privacy, including the risk of cyber-attacks or other security incidents; our ability to secure future financing, if needed, and our ability to repay any future indebtedness when due; the impact of the regulatory environment in our industry and complexities with compliance related to such environment, including our ability to comply with complex regulatory requirements; our ability to maintain an effective system of internal controls over financial reporting; our ability to respond to general economic conditions, including market interest rates; and other risks identified in Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 and our other filings with the SEC.

These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. Forward-looking statements speak only as of the date they are made. While FaZe may elect to update these forward-looking statements at some point in the future, FaZe specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing FaZe's assessments as of any date subsequent to the date of this communication. Accordingly, undue reliance should not be placed upon the forward-looking statements.

About FaZe Holdings Inc.

FaZe Holdings Inc. (Nasdaq: FAZE) ("FaZe Clan"), is a digital-native lifestyle and media platform rooted in gaming and internet culture, reimagining traditional entertainment for the next generation. Founded in 2010 by a group of kids on the internet, FaZe Clan was created for and by gamers and today operates across multiple verticals with transformative content, tier-one brand partnerships, a collective of notable talent, and fashion and consumer products. Reaching over 509 million followers across social platforms globally, FaZe Clan delivers a wide variety of entertainment spanning video blogs, lifestyle and branded content, gaming highlights and live streams of highly competitive gaming tournaments. FaZe Clan's roster of more than 100 influential personalities consists of engaging content creators, esports professionals, world-class gamers and a mix of talent who go beyond the world of gaming, including NFL star Kyler "FaZe K1" Murray, LeBron "FaZe Bronny" James Jr., Lil Yachty aka "FaZe Boat", Offset aka "FaZe Offset" and Snoop Dogg aka "FaZe Snoop." Its gaming division includes 15 competitive esports teams who have won 39 world championships. The content of any website referenced or hyperlinked in this communication is neither incorporated into, nor part of, this communication. For more information, visit www.fazeclan.com, investor.fazeclan.com and follow FaZe Clan on Twitter, Instagram, YouTube, TikTok, and Twitch.

Contacts

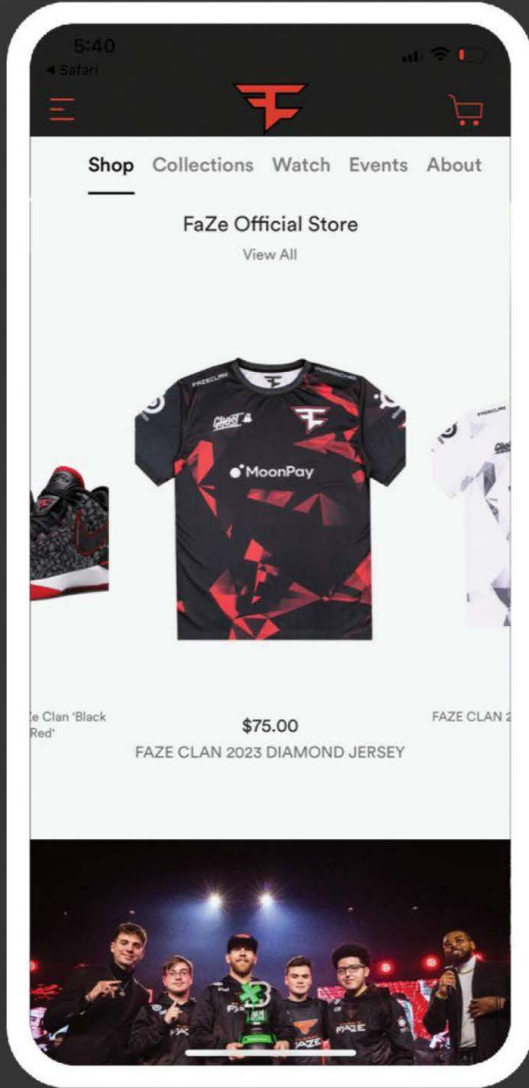
Press: alana.battaglia@fazeclan.com + chelsey.northern@fazeclan.com

Investors: IR@fazeclan.com

FAZE CLAN

Shareholder Letter

First Quarter 2023



2023 Q1 Statistics

509 million
total reach ¹

300 million total reach monetizable

136 million aggregate YouTube subscribers ²

¹ Total Reach measures the aggregate number of user accounts, or "fans", that subscribe to or follow FaZe content across YouTube, Twitter, Instagram and Twitch, including channels controlled by our celebrity talent.

² Aggregate Youtube Subscribers: This metric represents the number of subscribers our total talent pool has on their FaZe co-branded YouTube channels, the company programmed FaZe Clan YouTube channel, as well as FaZe Affiliated channels

Dear Shareholders,

Our first quarter 2023 results included revenue of \$12.6 million driven by our portfolio of brand partnerships and our esports business, as well as improved losses reflecting our steady efforts to reduce operating costs and streamline our organization.¹

As we laid out in our 2022 summary, we remain focused on securing new brand partners, bringing new and exciting talent under the FaZe umbrella, and pursuing strategic collaborations to drive sustainable growth.

FaZe has always defined the intersection of gaming and entertainment, and we are committed to remaining trailblazers. As such, we are very proud to have announced our first all-female professional esports team to compete in the VALORANT Game Changers Series. We believe this is an important strategic step towards growing our audience, expanding the brand, and therefore creating value for our business and shareholders. Welcome to the clan!

Our revenue for the quarter reflects our portfolio of key partnerships and shows meaningful growth in esports revenues. However, like many other organizations in our industry, we are not immune to current headwinds to our business. While we were excited to kick off new and exciting collaborations with Nike and Porsche early in the quarter, overall, revenue across the portfolio was lower than expected as the difficult macro environment impacted our timeline for signing on additional sponsorship deals. We are actively nurturing a pipeline of what we believe are promising opportunities in new, high-value categories, and we expect these endeavors will lead to significant growth and deliver results in the future.

As we pursue these objectives, our Board of Directors is also highly engaged in assessing various options regarding FaZe's capital structure. These discussions could result in a range of outcomes. However, there are no assurances that any of these options will come to pass, and the Company is giving no timeline for a decision, if any.

In our inaugural shareholder letter last quarter, we outlined our growth priorities across three key businesses: brand sponsorship, talent, and esports. With this letter, we intend to spotlight our esports business, acknowledging its significance as a cornerstone of the FaZe brand.

¹ Adjusted EBITDA is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" for our definition of, and additional information about, Adjusted EBITDA and for reconciliation to net loss, the most directly comparable U.S. GAAP financial measure.

First Quarter Highlights



CS:GO Team / [March 27, 2023](#): FaZe Clan's CS:GO team achieved a historic feat, becoming the first international roster to win the Intel Grand Slam.



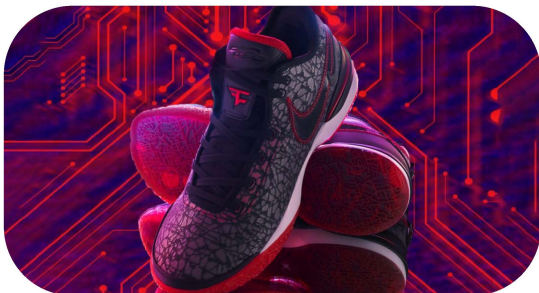
A BATHING APE / [February 13, 2023](#): FaZe Clan And A Bathing Ape® announce a limited-edition merchandise collaboration.



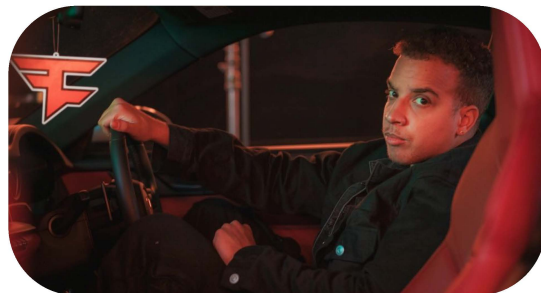
ESL R1 Racing Team / In February 2023, FaZe Clan officially enters ESL R1: Racing released for the 2023 season and signs former Call of Duty legend Crimsix as a driver.



Atlanta FaZe Team / In 2023, FaZe Clan's Call of Duty League esports team, Atlanta FaZe, won Call of Duty Major II in Boston.



NIKE / [January 30, 2023](#): Collaborated with Nike to unite the worlds of gaming and sports culture through successfully releasing a custom colorway basketball shoe, The Nike LeBron Nxt Gen x FaZe Clan.



PORSCHE / [January 19, 2023](#): FaZe Clan and Porsche announce a multiyear partnership including original content, consumer products, esports integrations, and Web3 digital goods.

Esports Trends and FaZe's Accomplishments

The esports industry has experienced unprecedented growth in recent years, fueled by the rise of mobile esports, betting, 5G, technology, blockchain, and metaverse immersion.

Despite the COVID-19 pandemic putting a temporary hold on live gaming events, the long-term outlook for this sector remains optimistic. In fact, the industry is projected to continue its rapid growth, reaching a value of \$4.8 billion by 2030, with a CAGR of 16.7%.^[1] However, esports is facing a near-term moderation in growth, primarily due to the lack of new titles.

In response to the current landscape and to help keep FaZe ahead of trend, we are focusing on community engagement and producing short-term content to capitalize on the resurgence of live events and capture the enthusiasm of our ever-expanding audience. Live competition has bounced back, and the industry is seizing on pent-up demand for live experiences. We believe we are well-positioned to benefit from this trend, thanks to our strategic efforts during the pandemic to maintain engagement and stay connected with our fans via key streaming platforms. As we prioritize fan interaction and create memorable experiences, our brand remains at the forefront of the esports community.

Our FaZe esports teams consistently demonstrate strong competitive performance. For instance, in the first quarter, FaZe's Counter-Strike: Global Offensive (CS:GO) esports team won ESL Pro League Season 17, becoming the first-ever international team to accomplish the highest prize in competitive CS:GO, an Intel Grand Slam, which generated \$1.2 million in prize money. We remain committed in our strategy to invest in the teams that perform strongly and support the brand.

1. Footnote source: <https://www.globaldata.com/store/report/esports-market-analysis/>

Brand Sponsorship

FaZe sits in a unique position in youth culture and gaming entertainment, offering brands partnership opportunities to engage with a diverse, cross-generational audience. Our ability to secure relationships with iconic brands, most recently Nike and Porsche, is a testament to our appeal. These partnerships mutually enhance our brand awareness, and we anticipate more collaboration opportunities to emerge as the year progresses.

Following the success of our first product collaboration with Nike, the Nike LeBron Nxxx Gen x FaZe Clan shoe, we are refining our merchandise strategy by focusing more on one-of-a-kind, selectively tailored products that wow our audience and reinforce FaZe's role in youth culture. The Nike collaboration, which proudly showcases the classic FaZe Clan colors, signifies the potential for even greater connections between professional athletes and gamers, bridging the gap between two passionate fan bases.

As we move forward, we are paying ever-closer attention to our community's preferences, putting our ears to the ground, and being more discerning about the merchandise we release. Our strategic approach helps ensure that each new offering aligns closely with our brand values and resonates with our dedicated audience. We are actively engaged on next steps with existing and potential partnerships.

Another near-term goal is to amplify FaZe Clan's global brand presence by forging strategic partnerships as well as discovering and supporting international talent. As esports is an inherently global phenomenon, we aim to engage with international brands and form alliances that will propel our growth and reach in the gaming community. By focusing on these strategies, we seek to strengthen our position as a leading brand in the esports and gaming industries worldwide.

Talent

Talent remains at the core of the FaZe, defining the brand, broadening our fanbase and ultimately driving FaZe’s success. Providing the greatest possible value to our talent is our core mission. We are deeply engaged with our talent to help ensure our brand is favorably positioned for relevance, growth and maximum fan engagement.

However, relationships inside such a large and dynamic roster of talent are not always frictionless. FaZe has experienced some internal disagreements and disputes in recent months. The fact that some of these conversations have played out in public is emblematic of our brand and our generation: our people wear their hearts on their sleeves—or, in this case, on their social media profiles. It is also a sign that the brand matters to both our audience and our talent, that people care deeply, and that the community is rooting for FaZe to succeed. While public spats can make for entertaining conversation in our community, everyone at FaZe is focused on resolving differences as a family and getting behind FaZe’s plans for a bright future.

Strategically, in the mid-to-long term, we want to diversify our reach by introducing non-gaming talent to our gaming universe. This approach aims to showcase the diverse and dynamic nature of FaZe as an organization that transcends the boundaries of traditional gaming and esports. As the industry anticipates its next momentum-building title, we believe we are in a prime position to drive near-term and future growth. We are also increasing our focus on data analytics to help enable us to better measure our talent’s value in a fast-moving media marketplace and communicate that value to our brand partners and sponsors.

Financial and Operating Results for Q1FY23

Our financial results for the first quarter of 2023 captured our steady progress in implementing our strategic plans laid out in our last shareholder letter.

First quarter revenue of \$12.6 million represents a year-over-year decline of \$3.2 million. However, Q1 2022 revenues were unusually high due to a one-off library deal for the content of one of our talent, and a high-budget, high-revenue content strategy, which the company ultimately abandoned. Our largest revenue driver—brand sponsorship—remains robust with a number of multiyear sponsorship deals. We are highly selective in the partnership agreements we entertain, in order to help ensure continuous brand strength, relevance to our audience, and strong financial returns.

Gross profit was \$469,000, with a gross margin of 4% a decline of 19% compared to Q1 2022. This lower than previous gross margin is reflective of the timing of deliverables to our brand partners, and we expect the margin to return to a normal steady-state percentage in future quarters.

Operating Income was (\$13.6) million, reflecting an operating margin of (106)%.

The first quarter's net loss was (\$14.0) million, compared with a net loss of (\$9.5) million in the prior year.

Adjusted EBITDA of (\$10.0) million was approximately \$3.8 million lower than in the prior year but was better sequentially than in the previous quarter due to the initial impact of cost reductions undertaken in the quarter.

FaZe ended the first quarter with \$27.4 million in cash and equivalents, more than 80% higher than the prior year. This reflects our diligent efforts to reduce headcount and overhead costs, reducing our current liability.

We have also established a Standby Equity Purchase Agreement (“SEPA”), which we believe will allow us to access additional capital by selling shares in the open market should we have the need for more liquidity. FaZe has no immediate need or plans to access the SEPA and is focused on minimizing any dilutive impact on shareholders.

Business Outlook / Guidance

As we look ahead, FaZe is focused on executing our strategic growth plan, which includes the following:

Optimizing our esports roster and presence in international markets

Investing in new, promising talent and assisting our existing talent to reach their full potential

Leveraging our brand partnerships to drive revenue growth and increase audience engagement

Exploring new revenue streams, including products, merchandise, live events, and digital media

Given the strong long-term growth prospects of gaming and the gaming community, we are confident in our ability to deliver sustained growth over time; however, it is important to note that the path to profitability may need to be revised. Nevertheless, we remain steadfast in our commitment to maximizing shareholder value.

FaZe Holdings Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except shares and per-share information, unaudited)

	Three months ended, March 31,	
	2023	2022
Revenues	\$12,550	\$15,804
Cost of revenues	<u>12,081</u>	<u>12,211</u>
Gross profit	469	3,593
Operating expenses:		
General and administrative	13,877	10,128
Sales and Marketing	<u>213</u>	<u>1,145</u>
Loss from operations	(13,621)	(7,680)
Other expense		
Interest (income) expense, net	(162)	1,851
Change in fair value of warrant liabilities	(13)	—
Other, net	<u>594</u>	<u>11</u>
Total other expense:	<u>419</u>	<u>1,862</u>
Net loss	<u>(14,040)</u>	<u>(9,542)</u>
Net loss per common share - basic and diluted	<u>(0.22)</u>	<u>(0.46)</u>
Weighted-average number of common shares outstanding- basic and diluted	<u>64,071,686</u>	<u>20,640,022</u>

The accompanying notes are an integral part of these financial statements

FaZe Holdings Inc.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except shares and per-share information, unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance at December 31, 2021	\$18,841,538	\$2	\$5,477	(112,408)	(106,929)
Stock based compensation	—	—	1,150	—	1,150
Issuance of common stock upon vesting of restricted stock awards	4,084	—	—	—	—
Exercise of stock option	74,768	—	64	—	64
Net loss	—	—	—	(9,542)	(9,542)
Balance at March 31, 2022	<u>18,920,390</u>	<u>\$2</u>	<u>6,691</u>	<u>(121,950)</u>	<u>(115,257)</u>
Balance at December 31, 2022	71,511,887	\$7	327,686	(280,942)	46,751
Stock based compensation expense	—	—	2,673	—	2,673
Issuance of common stock upon vesting of restricted stock awards	483,251	—	—	—	—
Exercise of stock option	2,050,920	—	783	—	783
Net loss	—	—	—	(14,040)	(14,040)
Balance at March 31, 2023	<u>\$74,046,058</u>	<u>\$7</u>	<u>\$331,142</u>	<u>\$(294,982)</u>	<u>\$36,167</u>

The accompanying notes are an integral part of these financial statements

FaZe Holdings Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Three months ended, March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(14,040)	\$(9,542)
Adjustments to reconcile net loss to net cash used in operating activities		
Provision for doubtful accounts	789	8
Additions to content asset	—	(313)
Depreciation & amortization expense	667	236
Amortization of operating lease right of use assets	373	329
Stock-based compensation expense	2,673	1,150
Change in fair value of warrant liabilities	(13)	—
Non-cash interest expense	—	1,851
Other	—	(37)
Change in operating assets and liabilities:		
Accounts receivable	3,849	(774)
Inventory	—	6
Prepaid expenses and other assets	1,888	180
Contract assets	(1,017)	1,563
Accounts payable and accrued expenses	(5,143)	(698)
Contract liabilities	(998)	(3,333)
Other current liabilities	—	(7)
Operating lease liabilities	(366)	(329)
NET CASH USED IN OPERATING ACTIVITIES	<u>(11,338)</u>	<u>(9,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(101)	(1,903)
Purchase of intangible assets	(13)	(164)
NET CASH USED IN INVESTING ACTIVITIES	<u>(114)</u>	<u>(2,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of loans payable	—	10,000
Proceeds from exercise of stock options	783	64
Value of shares withheld for taxes	169	—
Taxes paid related to net shares settlement of equity awards	127	—
Payment of deferred transaction costs	—	(725)

TABLE CONTINUED ON NEXT PAGE



FaZe Holdings Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

(TABLE CONTINUED FROM PREVIOUS PAGE)	Three months ended, March 31,	
	2023	2022
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>1,079</u>	<u>9,339</u>
NET CHANGE IN CASH AND RESTRICTED CASH	(10,373)	(2,438)
Cash and restricted cash at beginning of period	37,807	17,618
CASH AND RESTRICTED CASH AT END OF PERIODS	<u>27,434</u>	<u>15,180</u>
RECONCILIATION TO CONSOLIDATED BALANCE SHEETS		
Cash	26,834	14,580
Restricted Cash	600	600
Cash and restricted cash	<u>27,434</u>	<u>15,180</u>
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES:		
Cash paid for interest	—	—
SUPPLEMENTAL DISCLOSURE FOR NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capitalization of deferred transaction costs included in accounts payable	—	2,406
Purchase of property, plant and equipment in accrued expenses	—	1,019

Forward Looking Statements

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Use of Non-GAAP Financial Measures

Adjusted EBITDA, a non-GAAP measure, is a performance measure that the Company uses to supplement its results presented in accordance with U.S. GAAP. Adjusted EBITDA is defined as net loss before share-based compensation expense, foreign currency gains and losses, interest expense, impairment of content assets, depreciation and amortization, change in fair value of warrant liabilities, and loss on debt extinguishment. Adjusted EBITDA is used by the FaZe board and management as a key factor in determining the quality of our earnings (loss).

Adjusted EBITDA is a performance measure that the Company believes is useful to investors and analysts because it helps illustrate the underlying financial and business trends relating to the Company's core, recurring results of operations and also enhances comparability between periods.

Adjusted EBITDA is not a recognized measure under U.S. GAAP and is not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry. Investors should exercise caution in comparing the Company's non-GAAP measure to any similarly titled measure used by other companies. This non-GAAP measure excludes certain items required by U.S. GAAP and should not be considered as an alternative to information reported in accordance with U.S. GAAP.

The table below presents the Company's adjusted EBITDA, reconciled to its net loss for the periods indicated.

\$ in thousands

	Q1 2023 (Unaudited)	Q1 2022 (Unaudited)
Net loss	\$ (14,040)	\$ (9,542)
Adjusted for:		
Share-based compensation expense	2,673	1,150
Restructuring severance/recruiting/retention expense	318	161
Foreign exchange loss	1	-
Interest (income) expense	(162)	1,851
Depreciation and amortization of property and equipment	464	122
Amortization of intangible asset	203	114
Change in fair value of warrant liabilities	(13)	-
Other, net	594	11
Adjusted EBITDA	\$ (9,962)	\$ (6,133)