

## **How FaZe Clan Will Expand Using Money It Raises Going Public, from esports teams to consumer products**

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FaZe Clan started as a "Call of Duty" team in 2010, but has grown into a sprawling organization valued at \$1 billion.

Last week, the esports and lifestyle company announced it was going public through a special purpose acquisition company (SPAC). The move values FaZe at about \$1 billion, according to the company.

The team boasts some of the most popular creators in the gaming industry including NICKMERCES, whose 6.2 million followers on Twitch make him the platform's 13th-most popular streamer. FaZe's content creators also include Ben Simmons, Offset, LeBron James Jr., and Lil Yachty.

The company claims to reach 350 million followers across platforms. It earns revenue by taking a cut of its esports teams' prize money and of its creators' brand deals, as well as by selling merchandise.

Going public will help raise new capital and introduce FaZe to the wider market, CEO Lee Trink said.

"We're really a different kind of business," he told Insider. "We're something new, and the SPAC process really has given us and continues to give us an opportunity to educate the market."

The company, which expects to hit \$50 million in sales this year, estimates that it will bring in \$290 million in gross transaction proceeds through the SPAC process.

According to Trink, FaZe plans to use the capital raised by going public to invest in six different facets:

- Creating additional IP, including podcasts and live content
- Expanding FaZe, which is headquartered in Los Angeles, internationally
- Investing in new influencer talent
- Engaging new fans
- Adding new teams to its esports division
- Developing more consumer products

To do this, acquisitions may be in FaZe's future. The organization currently has 11 active esports teams in games like "Fortnite" and "Call of Duty," and plans could include acquiring rosters from other teams, Trink said.

Titles like "League of Legends," "Apex Legends," and "Free Fire" are potential areas of expansion, according to the company's October investor presentation. The presentation also hinted at future revenue opportunities for FaZe Clan, including live events, NFTs, and game publisher partnerships.

FaZe is also looking for consumer product brands to acquire, Trink added, noting that company's apparel launch with Japanese artist Takashi Murakami had been successful, selling over \$1 million worth of merchandise. The company estimates that consumer products will bring in \$50 million of FaZe's projected revenue of \$651 million in 2025.

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But Trink thinks FaZe going public will lift up more than just the companies it acquires. He sees it as setting a model for other creator-focused companies.

While he declined to name which specific companies he thought could benefit from going public, he said the creator economy as a whole is in the middle of a second wave of success — and that it's still undervalued.

"In the first wave, nobody knew what to make of it," he said. "And now you're seeing influencers with significant businesses, partnerships, and relationships. And I think we're still at the beginning of that journey."

Part of the path forward means more investment. Trink said he has yet to see "real investment" in the industry, and said that traditional media and traditional brands still often struggle to market themselves to Gen Z.

When he left his talent management business in 2018 to work for FaZe, he called the young, passionate audience the industry's "best kept secret." It's the same demographic FaZe has managed to capture: The company says 80% of its audience is between the ages of 13 and 34.

"It feels great that it's not the best kept secret anymore," he said.

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