

## Youth-Focused Digital Platform FaZe Clan Inks \$1 Billion SPAC Deal to Go Public

Backed by the singer Pitbull and other entertainment and sports celebrities, FaZe Clan targets Gen Z and millennial consumers



FaZe Clan is known for its esports teams and online brand that is popular among young people.

PHOTO: JASEN VINLOVE/REUTERS

By Amrith Ramkumar

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Youth-focused online platform FaZe Clan Inc. is combining with [a special-purpose acquisition company](#) to go public with a roughly \$1 billion valuation, the companies said.

Based in Los Angeles, FaZe Clan markets itself as a leading online-gaming company and a brand created by young people that targets millennials and Gen Z consumers. Its business includes esports, merchandise and digital content. The company's website says FaZe Clan has a global reach to a community of roughly 350 million people across its social-media platforms.

FaZe Clan was founded in 2010 and has partnerships with large brands such as [McDonald's Corp.](#) and Totino's Pizza Rolls, which is owned by [General Mills Inc.](#), that are hoping to reach younger consumers.

The company is merging with the SPAC B. Riley Principal 150 Merger Corp., a blank-check company backed by [B. Riley Financial Inc.](#) [RILY 3.34%](#) The Wall Street Journal previously reported the two sides were nearing an agreement.

Shares of the SPAC rose 15% to \$11.19 Monday.



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PHOTO: FAZE CLAN

Fast-growing digital platforms have flocked to SPAC deals recently to raise large sums of money and increase brand awareness by going public. In the past few years, sports-betting firm [DraftKings](#) Inc., mobile gaming firm [Skillz](#) Inc. and digital-media platform BuzzFeed Inc. have completed or [announced similar mergers](#).

"The big opportunity is our direct relationship with the massive audience we have," Lee Trink, CEO of FaZe Clan, said in an interview. "It's a very large, very vibrant community that we're deeply rooted in."

Personalities who create content for FaZe Clan include professional athletes Kyler Murray and Ben Simmons. The singer Pitbull and several other sports and entertainment figures are among the company's investors.

As part of the SPAC deal, FaZe Clan is raising about \$120 million through a private investment in public equity, or PIPE, associated with the merger.

The B. Riley SPAC has about \$170 million. Some or all of that money could also increase FaZe Clan's cash proceeds from the deal. Because SPAC investors have the right to withdraw their money before a merger is completed, a SPAC's cash pile can dwindle before a deal gets finished.

Low share prices often motivate investors to withdraw money. [Such withdrawals have skyrocketed](#) in recent months amid a share-price slump for many companies that merged with SPACs, making it more difficult for many companies to complete their blank-check mergers.

A SPAC is a shell firm that raises money and begins trading on a stock exchange to merge with a private company and take it public. The private company then replaces the SPAC in the stock market. SPAC deals have exploded in the past year, in part because they allow startups such as FaZe Clan to make business projections that aren't allowed in traditional initial public offerings.

FaZe Clan projects this year's expected sales of roughly \$50 million will grow rapidly in the years ahead. The company is unique because it can expand without burning much cash, said Dan Shribman, the B. Riley SPAC's CEO.

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"It's very different than a lot of other explosive growth companies," Mr. Shribman said.

SPACs were [hot investments early this year](#), then faded in popularity after many companies that went public this way struggled to meet their business targets.

Some excitement has returned to the sector in recent days after former President [Donald Trump](#)'s new social-media venture [said it would go public](#) by combining with the SPAC Digital World Acquisition Corp. Shares of the SPAC [rose nearly 10-fold](#) in the two days following the deal announcement after individual investors piled in. The gains were unprecedented for SPACs and implied a valuation of several billion dollars for Mr. Trump's startup.