

Fanatics' valuation is up 15% since March

Article

The news: Sports-merchandising giant **Fanatics** reportedly raised \$700 million from investors, pushing the company's valuation to \$31 billion—a 14.8% increase from March when it raised \$1.5 billion, per The Wall Street Journal.

- That makes Fanatics one of the few large companies to raise money at a higher valuation than its previous funding round this year.
- The company plans to set the proceeds from the investment aside for strategic M&A as it looks for growth opportunities across its company, including its sports betting and gaming

business. It says the funds won't be used for day-to-day operations.

Why Fanatics has investors' trust: Fanatics has come to dominate the sports merchandise and memorabilia market, which the Journal reports will account for roughly \$6 billion of its \$7 billion in revenues this year.

- The company also operates the Fanatics Collectibles division, which includes the trading card business it launched last year and nonfungible tokens (NFTs). The company expects to significantly grow the division's \$1 billion in revenues this year thanks to exclusive trading card deals with **Major League Baseball**, the **National Basketball Association**, and the **National Football League**.
- The company plans to launch a third division, a sports betting business, that will operate in at least 15 states next spring.

The big takeaway: While the days of cheap capital fueling hypergrowth are in the past, investors are ready to fund companies that have a proven track record of market dominance.

- Fanatics appears poised to make its mark in sports betting to further capture an even larger share of consumers' sports-related spending.