



# SPAC Overview

## Why are they overtaking IPOs

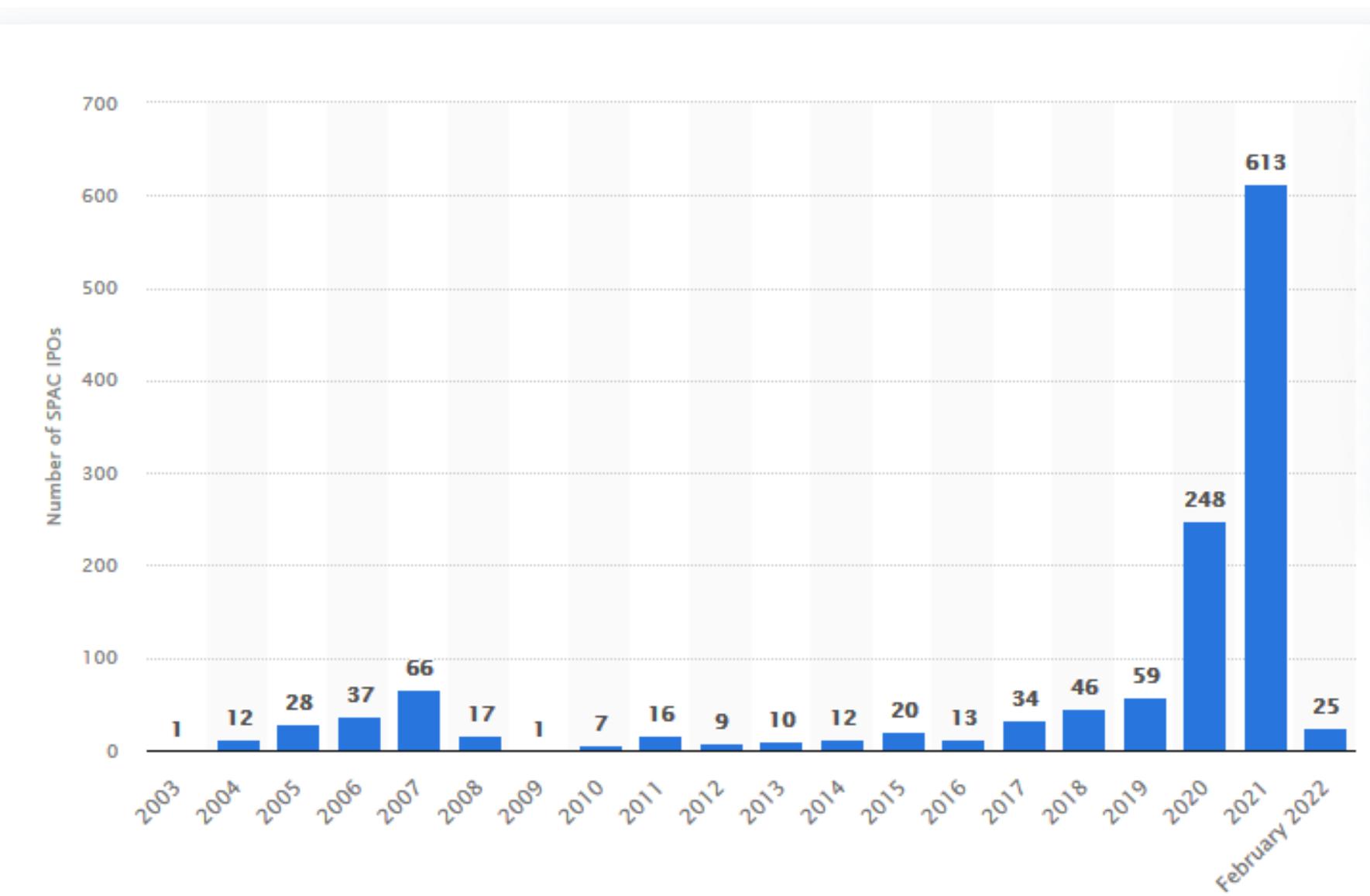
*NAATBatt International*

**FEBRUARY 2022**

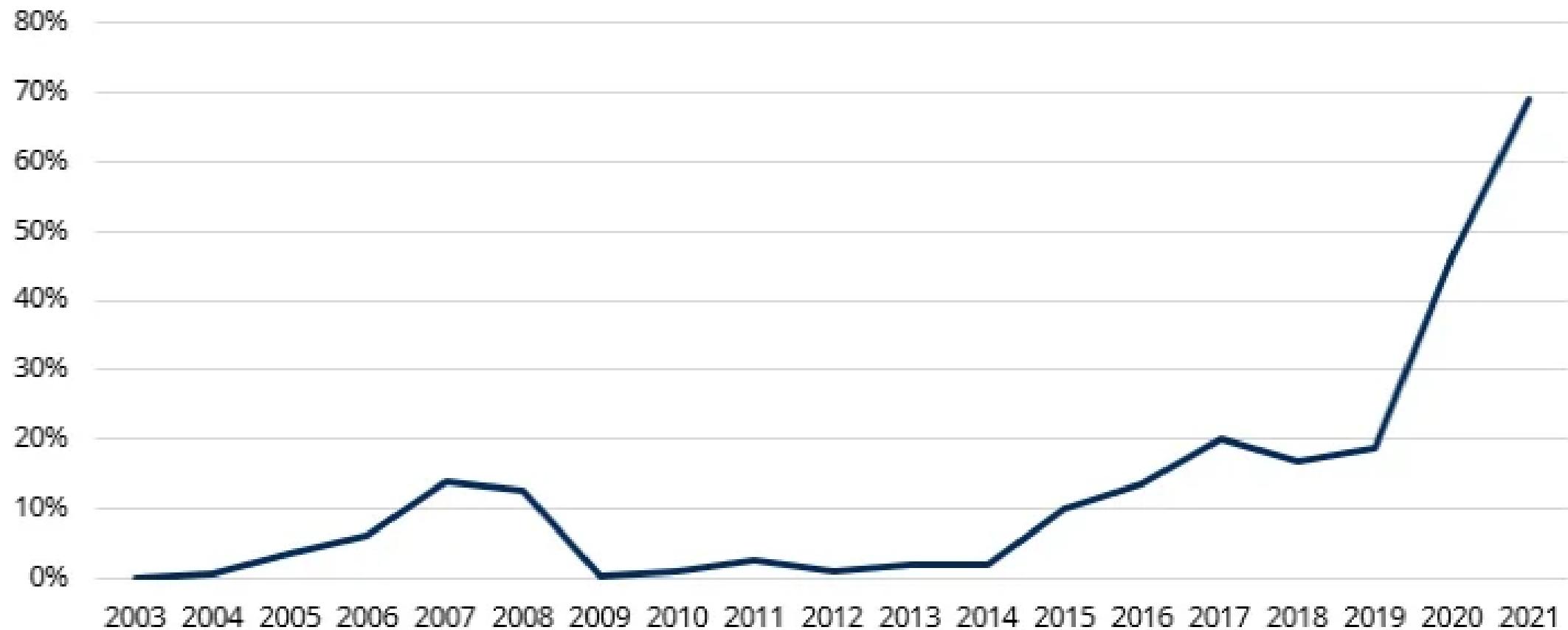


**PER-A**

## SPAC Trends



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## **SPAC: “Special Purpose Acquisition Company”**

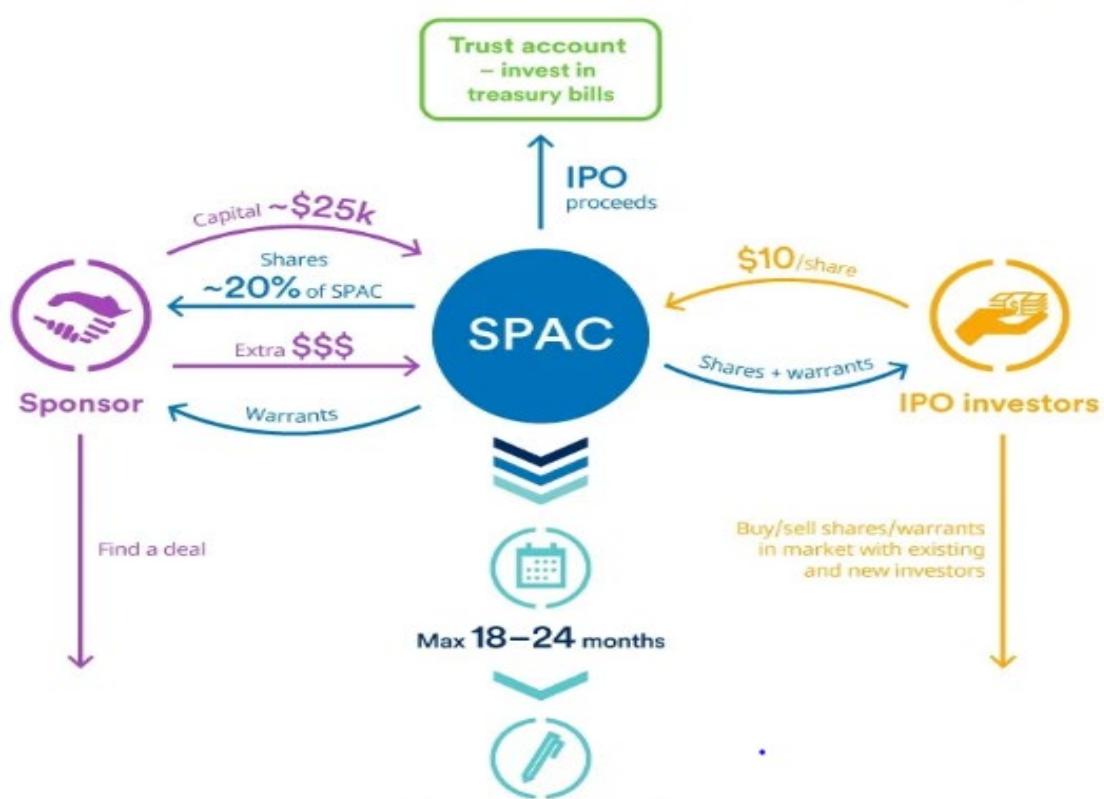
- Public Company with no commercial operations; sole purpose to merge with a private company
- Set up by management team known as sponsor(s)
- No visibility into acquisition target company

### **Pros**

- Potential for private company to access public markets, possibly at elevated valuations
- Increased certainty in pricing and faster than traditional IPO path
- Reduced Regulatory Burden
- Warrants function as “risk free bet” for investors
- Sponsors can experience windfall by connecting capital to quality companies
- Democratizes information about funding sources for companies

### **Cons**

- Investing post-IPO generally not as good of a deal for investors (i.e. retail)
- Sponsors can be big names without actual domain expertise (e.g. celebrities)
- Can rely on (overly?) optimistic projections, pushing valuations higher than typically expected
- In the long run can be more expensive than traditional IPO due to share redemption & underwriting fees



### Deal found?



# SPAC Example Terms

<b>SPAC sponsor:</b>	Sponsor Company, LLC
<b>Size:</b>	\$200.0mm / 20mm units + 15% greenshoe
<b>Sponsor promote:</b>	20% ownership, post offering
<b>Anchor Investors:</b>	Investor 1, Investor 2, Investment Bank 1, Investment Bank 2
<b>Unit composition:</b>	1 Class A ordinary share and 1/3 of 1 redeemable warrant
<b>Warrant terms:</b>	\$11.50 strike with 5 year life post initial business combination (callable for cash >\$18 and for shares >\$10)
<b>Amount held in trust:</b>	100% of the offering proceeds
<b>Initial target industries:</b>	Best-in-class solution for super interesting battery companies
<b>Time to complete acquisition:</b>	24 months
<b>Bookrunners:</b>	Bank A, Bank B