

SPACs

2021 Year in Review

By ClearThink Capital

In Partnership with Boardroom Alpha

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Boardroom Alpha provided the data for this report. All data is from Boardroom Alpha unless otherwise noted.



About ClearThink Capital

SPAC Advisory | Growth Capital | Commercial Credit | M&A Advisory and Finance | Business Development

ClearThink Capital advises both SPAC sponsors and companies seeking to merge with SPACs.

For SPAC Sponsors

We advise from idea through IPO and advise with respect to at-risk capital and sponsor structure.

For Companies Seeking to Merge with SPACs

We prepare the company for a SPAC merger, match the company with the most qualified SPAC candidates, and advise through the process.

ClearThink Capital has extensive experience and expertise in SPACs and M&A. Our Founder worked on the first SPAC and negotiated the structure and related rules with the SEC in 1991 and 1992.

ClearThink and its principals have advised multiple sponsor teams and potential sponsor teams through the labyrinth of decisions, regulations, structures, and professionals, as well as represent target companies in executing their business combinations with SPACs.



**Integrated Wellness
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About Boardroom Alpha

Boardroom Alpha SPAC Intelligence platform tracks every SPAC vehicle from Pre-IPO through mergers. It is a one stop shop providing real time analytics on deal announcements, returns, redemptions, warrant structures, filings, and more. Know the Team and Sponsor behind each deal tracking IPO sizes, time to deal, and returns across the lifecycle.

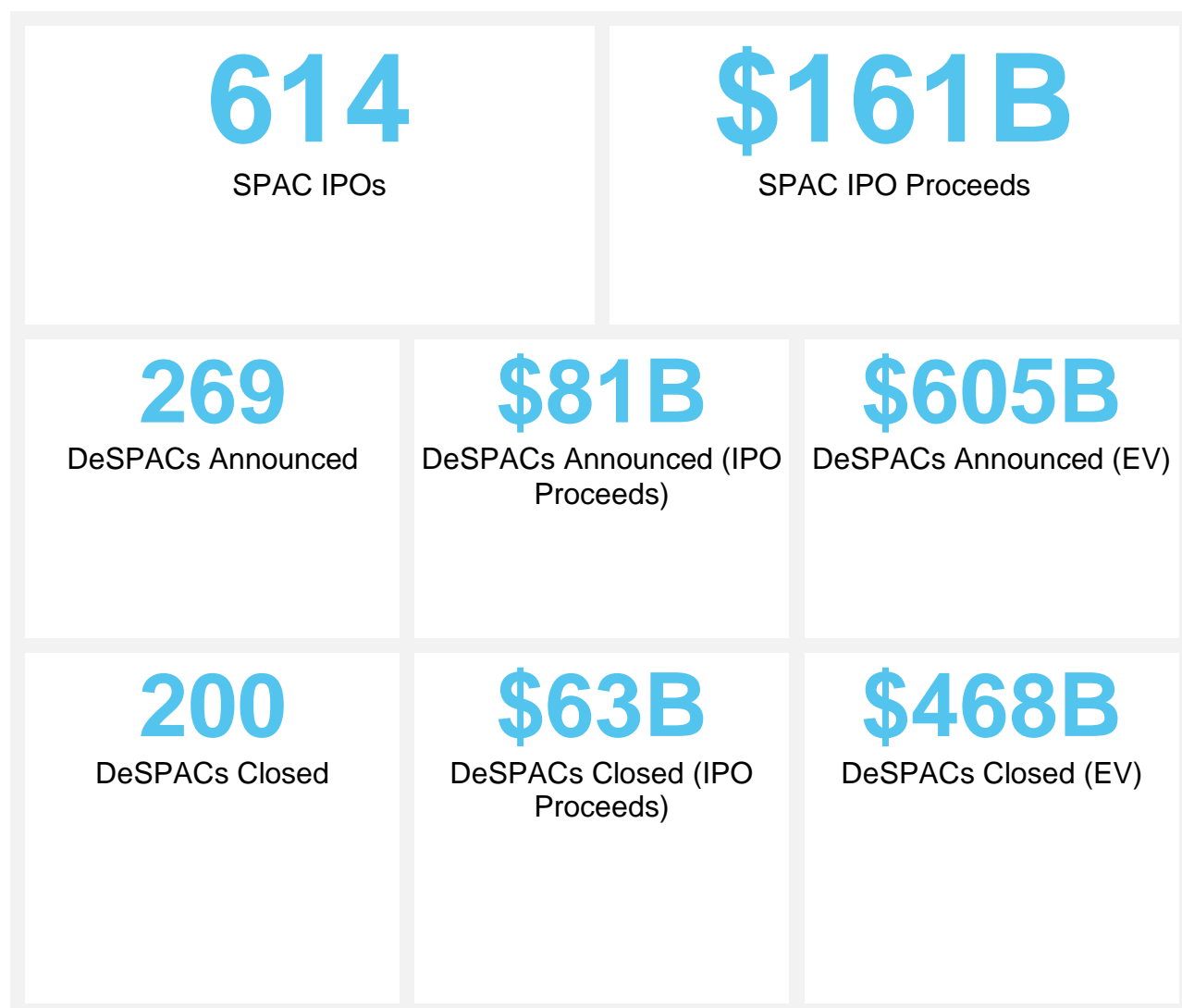
Know the full track record for every CEO, CFO, and Director with exclusive ratings, tracking of insider buying and selling, executive compensation, SPAC and M&A history, and more.

For a free trial and demo, please visit www.boardroomalpha.com.

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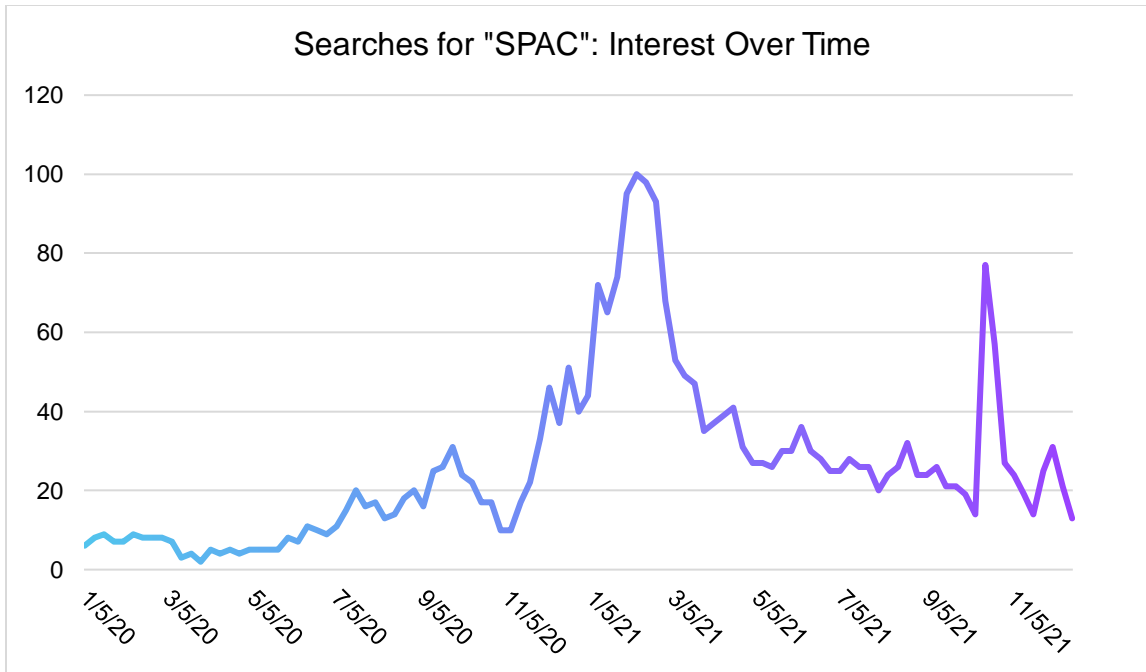
Activity Overview



2021 saw record SPAC activity, from all perspectives. There were far more SPAC IPOs than in 2020 (614 vs. 248) and SPAC IPOs accounted for 61% of all US listed IPOs.

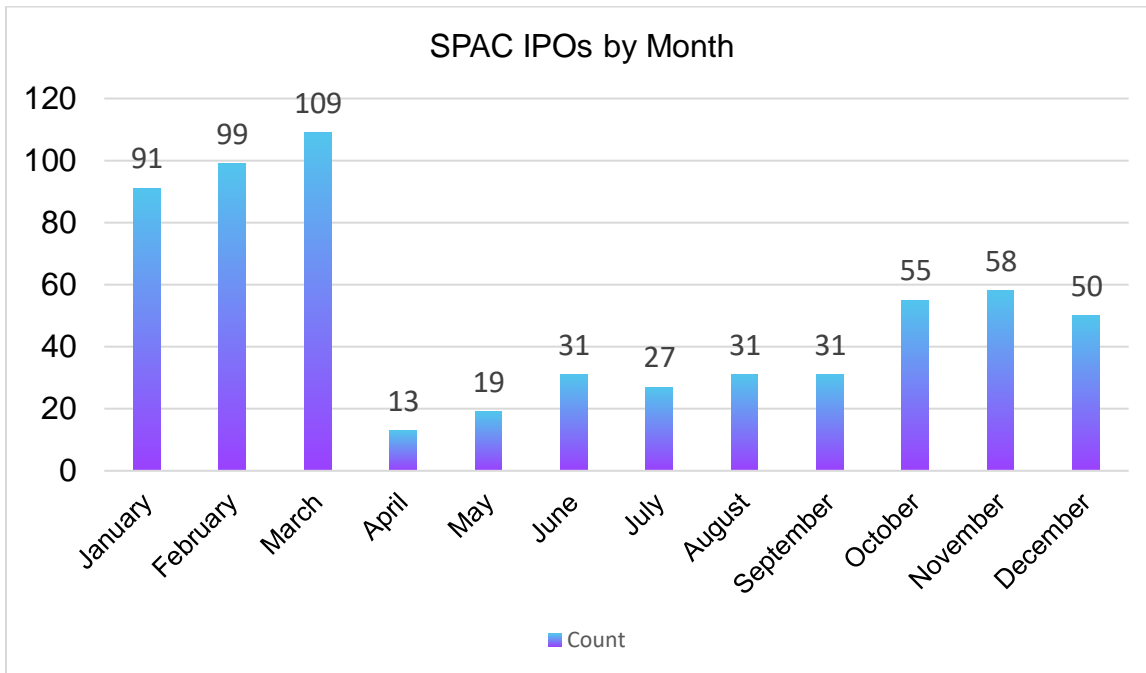
The public's interest in SPACs also increased dramatically in 2021. Google shows that searches for "SPAC" were significantly higher in 2021 than 2020.

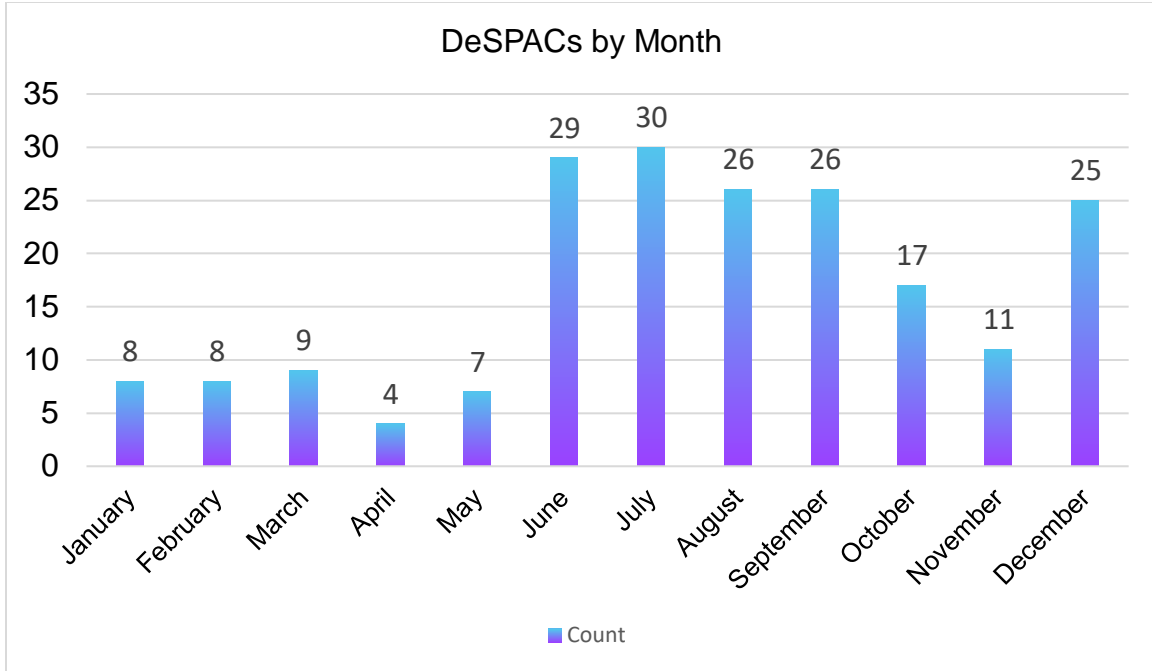




Source: Google

Summary Data





SPAC Sponsorship



SPAC Sponsorship

In 2021, we saw a diverse group of sponsors, from first time sponsors to SPAC sponsor veterans.

Most Active SPAC Sponsors (By IPO Count, 2021)

Sponsor	#IPOs
FinTech Masala	5
Cantor Fitzgerald	4
Gores	4
Social Capital, Suvretta	4
SoftBank	4
Apollo	3
Athena	3
Barry Sternlicht, Jaws Estates	3
Fortress	3
GigCapital Global	3
InterPrivate	3
Khosla Ventures	3
M. Klein and Company	3
Mountain Crest	3
Northern Star	3
Riverstone Holdings	3
Roth and Craig-Hallum	3
TPG	3

Most Active SPAC Sponsors (By DeSPAC Count, 2021)

Sponsors	# DeSPACs
Casdin Capital, Corvex	3
dMY	3
GigCapital Global	3
Gores	3
Reinvent Capital	3
Barry Sternlicht, Jaws Estates	2
Bill Foley, Trasimene Capital Management	2
Cantor Fitzgerald	2



Deerfield Management	2
Dragoneer	2
FinTech Masala	2
Foresite Capital	2
HPS Investment Partners	2
ION Asset Management	2
M. Klein and Company	2
Magnetar	2
Mountain Crest	2
NextGen	2
NGP Energy Capital Management	2
Northern Genesis	2
Riverstone Holdings	2
Roth and Craig-Hallum	2
Social Capital, Hedosophia	2
TPG	2
True Wind Capital	2

Trends in Sponsorship

Raising At-Risk Capital

Active SPAC professionals polled estimate that as high as 80% of SPAC sponsors raise at-risk capital from outside sources. Raising sponsor capital from outside sources reduces the risk for sponsors but reduces their upside as well.

Focus on Sponsor Structure

Increasingly, sponsors are focusing upon sponsor structure to balance risk and return, as well as provide sought after return profiles for specific sponsor investor groups.

Later Stage Targets

Sponsors are focused on more mature companies with higher revenues and lower commercialization risk.



“SPACs are here to stay and will continue to be an important tool that companies will use to access the capital markets. SPACs have reduced certain aspects of the risk of a company going public. They have also increased the ability of a wider group of investors to access investment opportunities.”

David Bukzin

Vice Chairman, Marcum LLP



Investing in SPAC At-Risk Capital

Most SPAC sponsor groups do not provide the entire amount of risk capital themselves.

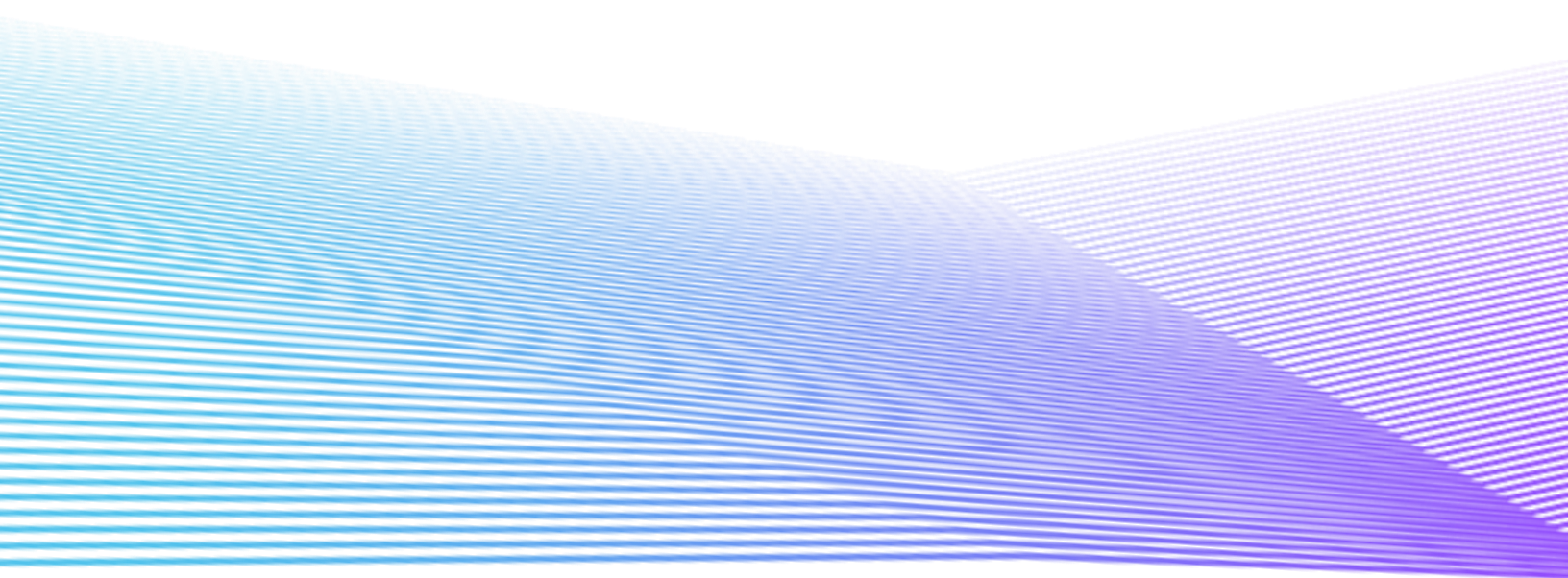
Instead, they often turn to hedge funds, family offices, and high net worth individuals to invest in the SPAC risk capital raise.

This webinar recording discusses the basics of raising and investing in SPAC at-risk capital.

[Watch The Webinar](#)



IPO Activity



IPO Activity

614

SPAC IPOs

\$161B

SPAC IPO Proceeds

\$261mm

Average IPO Size

Top 10 Most Active SPAC IPO Underwriters (By Count, 2021)

Underwriter	Deal Count
Citigroup	103
Goldman Sachs	64
Credit Suisse	62
Cantor Fitzgerald	58
Barclays	46
B. Riley	46
BofA Securities	45
Morgan Stanley	44
JP Morgan	40
Jefferies	39



Top 10 Most Active SPAC IPO Counsels (By Count, 2021)

Counsel	Deal Count
Ellenoff Grossman & Schole	147
Kirkland & Ellis	105
Skadden, Arps, Slate, Meagher & Flom	89
Davis, Polk & Wardwell	82
White & Case	79
Ropes & Gray	63
Latham & Watkins	39
Weil, Gotshal & Manges	26
Graubard Miller	53
Paul Hastings	40

Data: SPAC Research

Top 10 Most Active SPAC Auditors (By Count, 2021)

Auditor	Deal Count
Marcum	314
WithumSmith+Brown	192
BDO USA	20
Grant Thornton	15
Friedman	12
UHY	11
KPMG	10
MaloneBailey	10
Citrin Cooperman	6
Adeptus Partners	4

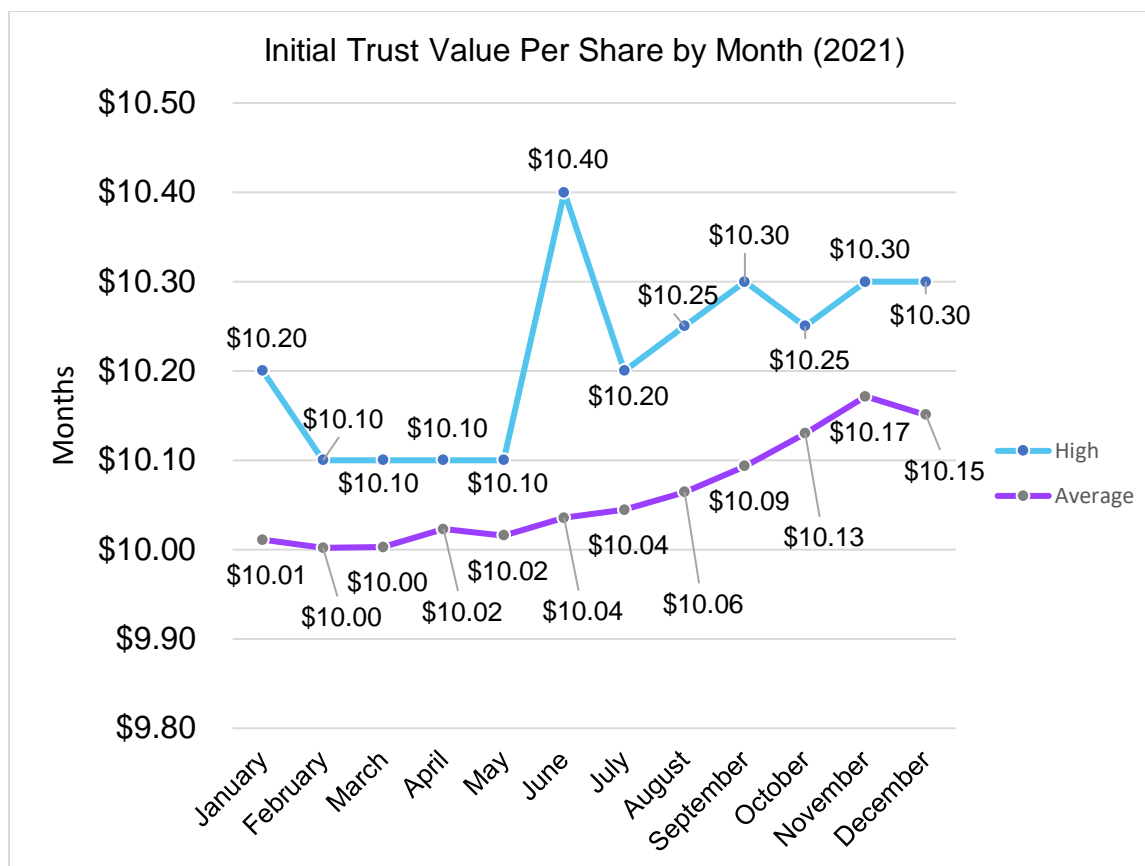
Data: SPAC Research

SPAC Trust Value (2021 IPOs)

Towards the end of 2021, it became more common for SPACs to overfund their trust. This is likely due to the high number of SPACs going public at the same time and the need to differentiate and obtain institutional attention. Although there was a high number of SPAC IPOs at the beginning of 2021, the market was in such a frenzy that the terms of the SPAC were not as important. All IPOs were trading above cash in trust so it was nearly impossible for IPO investors to have losses.

As the year went on, and many SPACs were trading below cash in the trust, investors became more discerning.



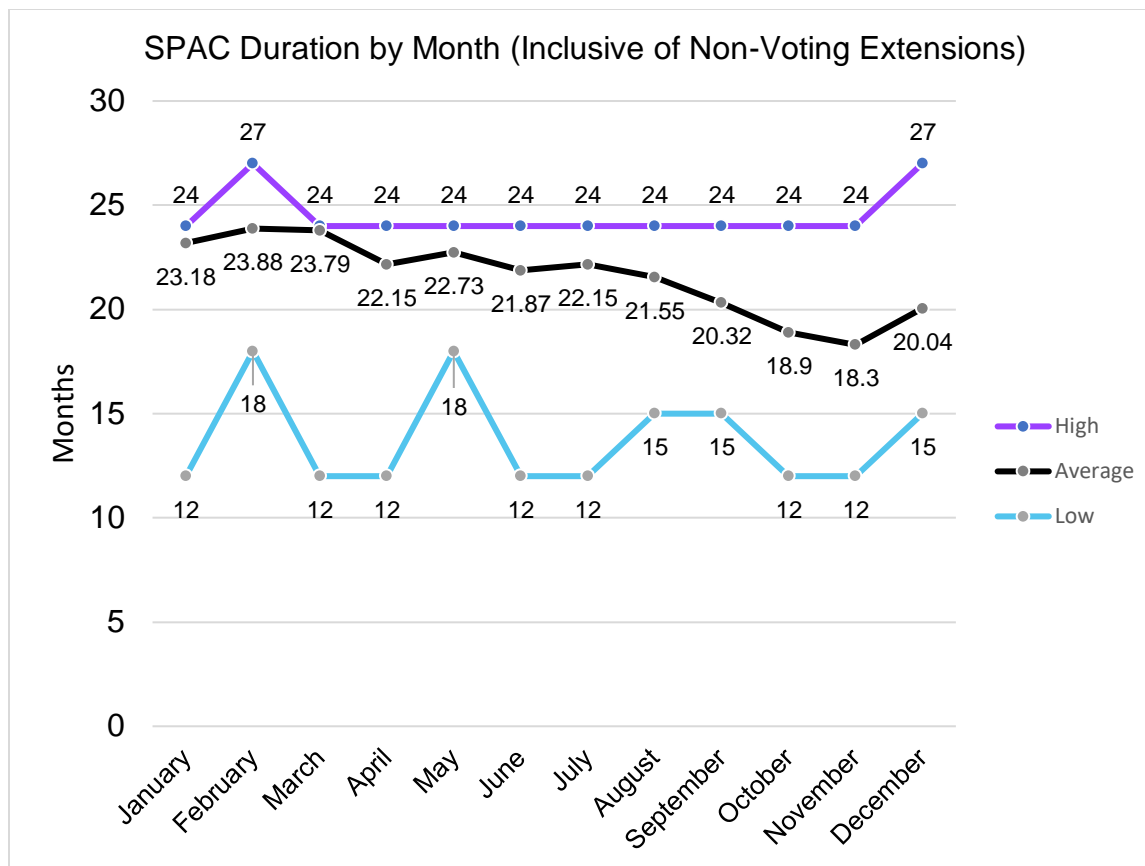


SPAC Duration (2021 IPOs)

The period a SPAC has to complete a business combination varied dramatically in 2021. At the start of the year, most SPACs were going public with 24 months to complete a business combination. As the year went on, the average duration decreased, with some SPACs having as little as 9 months (before extensions) to complete their business combination.

Shorter SPAC duration, like overfunding the trust, is one of the mechanisms used to attract more investors. The shorter a SPAC's duration, the less time an investor must wait for a transaction announcement and closing or liquidation.





The current market trend appears to be lower trust overfunding and shorter duration SPACs.

“The 2021 SPAC market was an extremely active IPO market with many de-SPAC deals with high redemptions. Going forward, there is a potential for regulatory change through more disclosure.”

Michael Blankenship
Partner, Winston & Strawn LLP



The SPAC market in 2021 exceeded everyone's expectations.

When I worked on the first SPAC, I never could have imagined the popularity the structure would receive.

While SPACs have become more and less popular over the years, the previous SPAC booms have been far from the activity we saw in 2021.

The mass acceptance of SPACs has been driven by the benefits for three groups:

- **SPAC Sponsors:** SPAC sponsors are able to leverage their expertise, proprietary deal flow, and capital to bring a viable target public, while maintaining an equity position in the combined entity
- **Investors:** Investors have the security of investing in treasuries pre-transaction, with the excitement of investing in an IPO of a growing company post-transaction.
- **Target Companies:** The SPAC structure allows companies who want to bypass the risk and amount of time required to go public via a traditional underwritten IPO.

Robert Brown

Chief Executive Officer, ClearThink Capital

DeSPAC Transactions



DeSPAC Transactions

269

DeSPACs Announced

\$81B

DeSPACs Announced (IPO Proceeds)

\$605B

DeSPACs Announced (EV)

200

DeSPACs Closed

\$63B

DeSPACs Closed (IPO Proceeds)

\$468B

DeSPACs Closed (EV)

Average DeSPAC Transaction Characteristics



Of the 196 DeSPACs closed in 2021, the average DeSPAC had the following characteristics.

<p>\$2.3B</p> <p>Average Enterprise Value</p>	<p>\$316mm</p> <p>Average SPAC IPO Amount (Not Discounting for Redemptions)</p>
<p>\$310mm</p> <p>Average PIPE Size¹</p>	<p>49%</p> <p>Average Redemption Rate²</p>

1: For DeSPAC transactions with PIPEs

2: For DeSPAC transactions that disclosed redemption rates

DeSPAC Trading Results

Given the high number of DeSPACs in 2021, the public market for SPAC securities has experienced high volatility with respect to how the DeSPACs have traded. The current price (as of the close on 12/31/2021) of the DeSPAC trading at the highest price is Churchill Capital Corp IV /Lucid Motors at \$38.05/share.

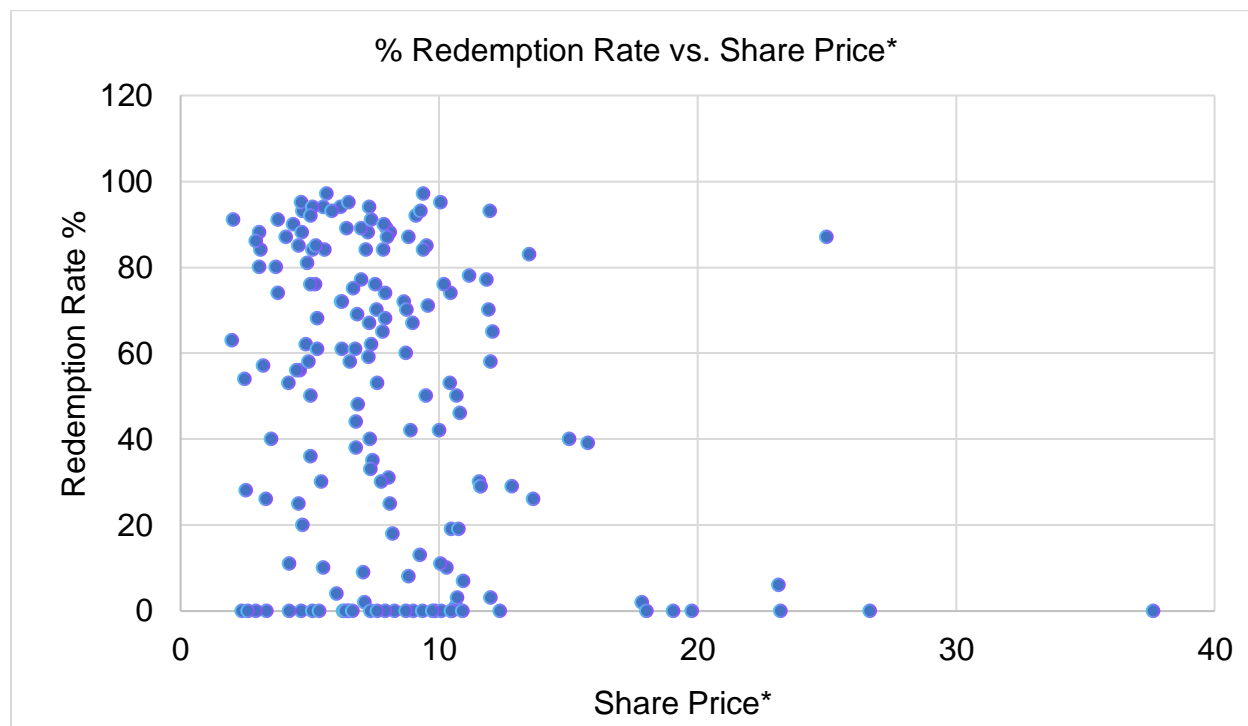
Churchill Capital Corp IV/Lucid Motors DeSPAC	
SPAC IPO Size	\$2.1B
PIPE Size	\$2.5B
Enterprise Value	\$19.6B
Redemption Rate	.01%



The current price (as of the close on 12/31/2021) of the DeSPAC trading at the lowest price is Hudson Executive Investment Corp/TalkSpace at \$1.97/share

Hudson Executive Investment Corp/TalkSpace	
SPAC IPO Size	\$414mm
PIPE Size	\$300mm
Enterprise Value	\$1.4B
Redemption Rate	62.75%

The average common share price for DeSPACs closed in 2021 is **\$8.17** as of the close on 12/31/2021. 79% of DeSPACs are trading below \$10/share, while only 21% are trading at \$10 or above.



* For DeSPACs completed in 2021.

The chart highlights an interesting correlation. While high redemptions are somewhat correlated with poor performance post-merger, it is not a perfectly negative correlation.





SPACs have become increasingly popular because of low interest rates and the expansion of the PIPE market. Moreover, they allow early-stage companies to tell their stories in the S-4 through forward-looking information, which is prohibited in the S-1's traditional IPO.

Sean Denham

National SPAC Leader, Grant Thornton
LLP

The Data

Top 10 Underwriters by Number of DeSPACs

Underwriter	DeSPAC Count
Credit Suisse	24
Citigroup Global Markets	23
Goldman Sachs	23
Deutsche Bank Securities	18
I-Bankers Securities	16
Jefferies	15
Morgan Stanley	14
JP Morgan Securities	13
Academy Securities	12
Barclays Capital	11



Top 10 Highest Enterprise Value DeSPACs

SPAC	Target	Enterprise Value (\$mm)
Altimeter Growth Corp.	Grab Holdings Ltd	30,036
Soaring Eagle Acquisition Corp.	Ginkgo	15,164
Gores Holdings IV, Inc.	United Wholesale Mortgage	15,125
Altimar Acquisition Corporation	Blue Owl	12,702
Churchill Capital Corp IV	Lucid Motors	11,750
Reinvent Technology Partners Y	Aurora Innovation, Inc.	10,562
Thoma Bravo Advantage	ironSource	10,334
Foley Trasimene Acquisition Corp. II	Paysafe Group Holdings Limited	9,000
BowX Acquisition Corp	WeWork	8,966
Social Capital Hedosophia Holdings Corp V	Social Finance, Inc.	8,650

Top 10 Lowest Enterprise Value DeSPACs

SPAC	Target	Enterprise Value (\$mm)
Chardan Healthcare Acquisition 2 Corp.	Renovacor	84.6
Newborn Acquisition Corp.	Nuvve Holding Corp	131.6
Megalith Financial Acquisition Corp.	BankMobile Technologies	140
Andina Acquisition Corp. III	Stryve Foods, LLC	170
Longevity Acquisition Corporation	4D Pharma PLC	184
Mountain Crest Acquisition Corp. II	Better Therapeutics	187
Consonance-HFW Acquisition Corp	Surrozen, Inc.	203.3
Leisure Acquisition Corp.	Ensysce Biosciences, Inc.	207
Greenrose Acquisition Corp	Shango Holdings, Future Works, Theraplant, TrueHarvest	210
Blue Water Acquisition Corporation	Clarus Therapeutics	215.9





“2021 showed that the SPAC structure is a viable alternative to traditional IPOs for a variety of types and sizes of companies.

Enterprise values of companies acquired in 2021 ranged from \$86mm to \$40B (albeit an outlier, as the second highest enterprise value for a company acquired in 2021 was \$15B).”

Ari Brown

Managing Director, ClearThink Capital

SPAC Mergers vs. Traditional IPOs

Established companies can decrease the risk, cost, and amount of time required to go public by merging with a SPAC.

With 400+ SPACs currently seeking companies to acquire, it's a great time to explore merging with a SPAC.

This webinar recording discusses the requirements, process, and advantages of SPAC Mergers.

[Watch The Webinar](#)

[Download the SPAC Merger Handbook](#)

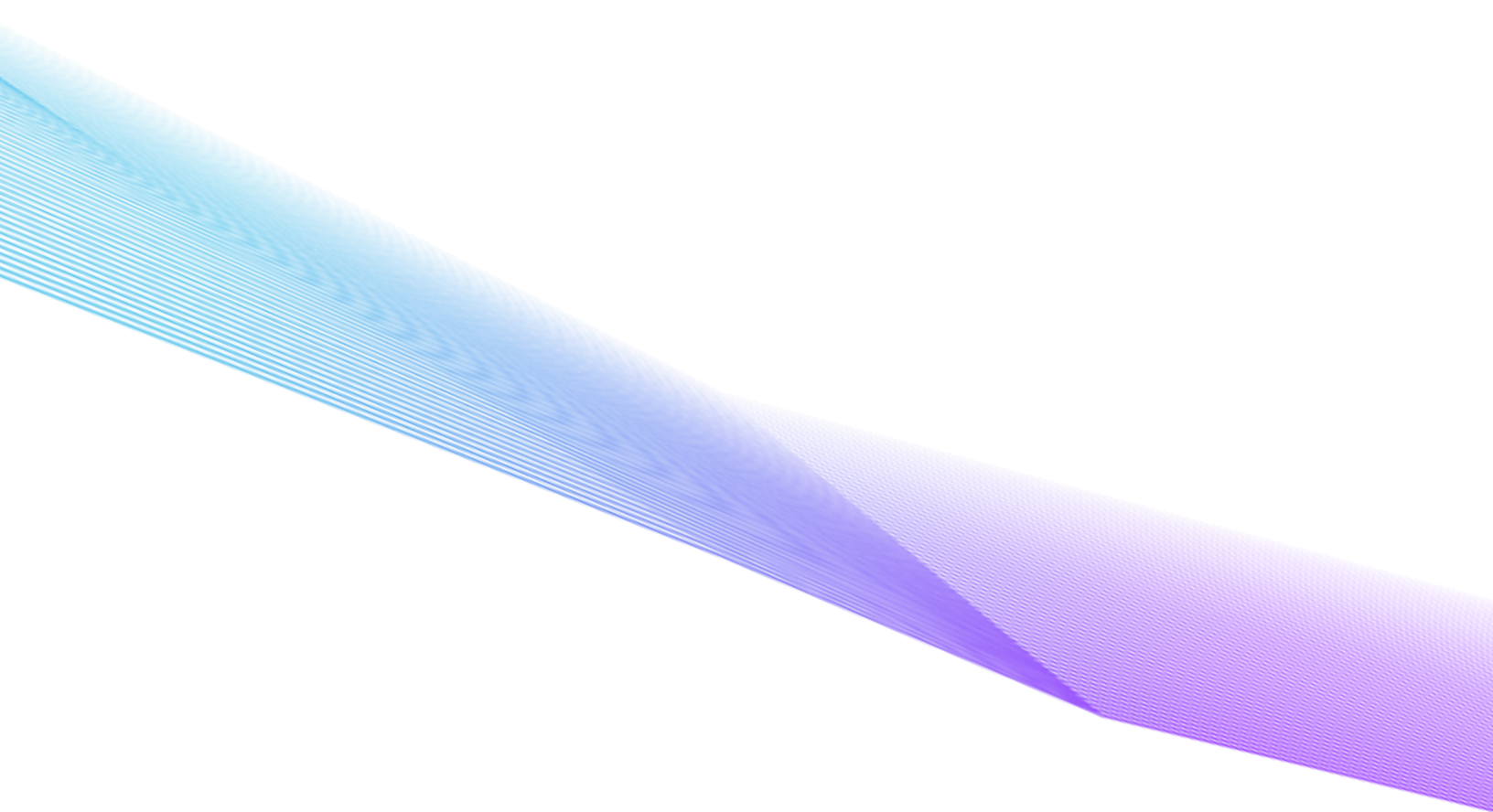


Top 10 Largest PIPE DeSPACs

SPAC	Target	PIPE Amount (\$mm)
Altimeter Growth Corp.	Grab Holdings Ltd	4,000
Churchill Capital Corp IV	Lucid Motors	2,500
Foley Trasimene Acquisition Corp. II	Paysafe Group Holdings Limited	2,000
Foley Trasimene Acquisition Corp.	Alight Inc	1,550
Altimar Acquisition Corporation	Blue Owl	1,500
Thoma Bravo Advantage	ironSource	1,300
Social Capital Hedosophia Holdings Corp V	Social Finance, Inc.	1,225
CM Life Sciences III Inc.	EQRx, Inc.	1,200
Reinvent Technology Partners Y	Aurora Innovation, Inc.	1,000
GS Acquisition Holdings Corp II	Mirion Technologies	900



Looking Forward



Looking Forward

Expected Trends in 2022 and Beyond

“I believe that 2022 will be characterized by an increase in SPAC quality, as well as additional regulatory attention focused on due diligence obligations of SPAC boards and the requirements for the use of forward looking statements.

Additionally, I believe that modifications to SPAC structure will proliferate with the objective of moderating redemptions.”

Robert Brown

CEO, ClearThink Capital

“I do not think there will be as many SPAC IPOs. I think deals are likely to get worse as SPACs are under the gun to do a deal. I think bond investors will finally discover SPACs.

I think the PIPE structure will evolve as it is getting harder to raise PIPEs. There will be some added incentives and different funding methods. SPACs will also try ways to encourage investors not to redeem.”

Matthew Tuttle

CEO, Tuttle Capital Management

“The big question for 2022 is this: Will the SEC decide to change regulatory requirements for SPACs? New regulations would make it more restrictive, or less attractive, for an operating company to go public through a SPAC, compared to other capital-raising vehicles”

Sean Denham

National SPAC Leader, Grant Thornton LLP

“I think the sponsors are going to have additional disclosure requirements and the structure will continue to evolve as the market and regulators demand it.

The three main components of the SPAC structure: amount of money in trust, warrant coverage and SPAC duration will always evolve depending on market dynamics and the makeup of SPAC team.”



David Bukzin

Vice Chairman, Marcum LLP

“Over time, I expect the structure for the back end of deals to evolve. I think duration will stay around 18 months.”

Mike Blankenship

Partner, Winston & Strawn LLP

“I see more modest growth until the plethora of existing deals work their way out. I expect little change from an insurance perspective. Rates and retentions will remain high.”

Michael Klaschka

Managing Principal, EPIC Insurance Brokers & Consultants



SPAC Resources

We put together a list of resources for individuals or entities interested in learning more about SPACs.

- [SPAC Sponsor Handbook](#)
- [SPAC M&A Handbook](#)
- [Comprehensive SPAC FAQ](#)
- [Webinar: SPACs: an Alternative to Traditional IPOs](#)
- [Webinar: Investing in SPAC At-Risk Capital](#)
- [SPAC Sponsor Capital: Family Offices vs. Hedge Funds](#)
- [SPAC.Guide](#)