The SPAC Merger Handbook

The comprehensive handbook for companies seeking to merge with SPACs.

ClearThink
CAPITAL

This guide is intended to provide preliminary guidance to operating companies interested in being acquired by, or merging with, a SPAC (as hereinafter defined).

In the current market environment, SPACs represent an unprecedented opportunity for a qualified company to access capital in the public market without the high degree of risk and costs associated with traditional initial public offerings.

Our
Expertise

Our Expertise

ClearThink Capital has extensive experience and expertise in SPACs and M&A. One of our principals 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 numerous operating companies through the labyrinth of decisions, regulations, structures, and professionals required to effect a M&A transactions, including Business Combinations (as hereinafter defined) with SPACs.

Our team is intimately familiar with SPAC structure and its variants and the resulting negotiating tactics.

SPACs are highly complicated entities and proper guidance is a gating factor to successfully completing a SPAC Business Combination.

100+	30+	Worked on the 1st
Years of M&A experience	Years of SPAC experience	SPAC and negotiated the structure and related rules with the SEC

Client Sampling

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VAM ACQUISITION CORP
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SECURITY MATTERS
HouseStay
LABTECH™ DIAGNOSTICS AT THE FOREFRONT OF LABORATORY MEDICINE
Vader NANOTECHNOLOGIES
CannaRelief
Givebox

What is a SPAC?

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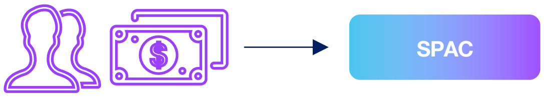
A SPAC, or Special Purpose Acquisition Company, is a public pool of capital that seeks to acquire a company through a business combination, or merger in a certain segment or with certain characteristics.

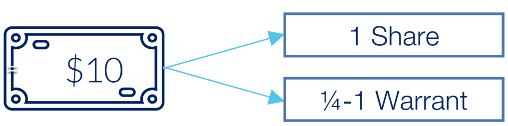
SPAC Characteristics and IPO Structure	
Offering Size	$50M - $1B+
Use of Proceeds	Placed into a Trust, Invested in Treasuries
Purpose	Formed to Acquire a Company and Bring it Public
Business Combination Timeline	12-24 Months
IPO Price	$10/Unit
Initial Trust Balance	$10 to $10.20/Unit
Unit Structure	1 Common Share and up to 1 Warrant
Warrant Exercise Price	Typically $11.50

What is a SPAC?



1 Investor invests in SPAC at IPO at $10/unit.

2 The proceeds of the IPO are held in trust and invested in treasuries



3 For the $10 investment, each investor receives one share valued at $10, and ¼-1 warrant to purchase a share at $11.50

4 Once the SPAC goes public, it tries to find a target company to acquire and bring public

Redeem Investment **OR** Shares in New Company

5 If the SPAC finds a target company to acquire, each investor can vote to get their $10 back plus interest, or get shares in the new company

6 If the SPAC does not find a target company to acquire, the investors get their $10 back plus interest

Let us guide you through the SPAC merger process

Get in Touch

Visit us at www.clearthink.capital
Contact us at abrown@clearthink.capital

SPAC Merger Requirements

Select Target Company Qualifications

To be qualified as an acquisition by a SPAC, a company must meet the following criteria:

Target company management must be public market palatable, have industry/domain experience, M&A experience, and, ideally, have public company experience

Target operating company must be **audited** by a PCAOB Accounting Firm

In order to be attractive to SPAC investors, target company must have a **reasonable valuation of at least 3X** the amount of cash in the SPAC

Target company must **have excellent growth prospects** and be able to benefit from utilization of the SPAC's cash

SPAC Merger Process

SPAC Merger Process

Day 0-7

Letter of intent signed by SPAC board and Target board.

Days 7-63

- Conduct Due Diligence.
- Financial review and audit.
- Preparation of pro forma financial statements and US-GAAP audit or US-GAAP reconciliation
- Management discussion and analysis (MD&A).
- Draft definitive agreement.

- Execute definitive agreement (contingent on audit).
- Issue press release and 8-K (four business days after announcement).
- Draft proxy.
- Independent investment bank fairness opinion review, if required.
- Fairness opinion, if required, issued.
- File S-4 with SEC.
- Await response from SEC. (15-30 days).

Day 71

Establish record date for shareholder meeting

SPAC Merger Process

Days 76-105

Update financials for end of Qs

- Print and distribute proxy to shareholders (10 to 20 calendar days' notice).
- Road show.
- Post close IR/PR campaign.
- Shareholder meeting, voting & closing.
- Issue 8-K form (Super 8-K form

Day 105

Target company is now merged and operates as a Public company.

SPAC Mergers vs. Traditional IPOs

SPAC Merger vs. Traditional IPO

SPAC Merger	Traditional IPO
External Risk	
Low risk as capital is already in the SPAC	High risk, affected by macro events
Timing	
As little as under 120 days	Six months to multiple years
Costs	
Higher overall costs but far lower capital at risk	Slightly less, but at risk throughout the process
Strategic Partnerships	
SPAC team members tend to be industry experts. May stay on post-merger	Generally no strategic partnerships
Valuation	
Negotiated through SPAC merger process	Determined by market demand
Liquidity	
Both highly liquid	
Post-Close Performance	
Both dependent on reasonably priced transaction	

Structuring a Successful SPAC Merger

- Reasonable valuation
- Limit redemptions
- Analyst coverage
- PIPE, if needed
- Institutional investor approval
- Choosing an optimal SPAC

ClearThink Capital guides companies through the SPAC merger process.

Get in Touch

Visit us at clearthink.capital/SPAC
Contact us at info@clearthink.capital

ClearThink Capital

SPAC TEAM

Robert Brown

Chief Executive Officer &
Managing Director

Mr. Brown is a founding partner of ClearThink Capital and has served as a Managing Director since its inception.

From August 2009 until August 2018, Bob served as a Managing Director and Co-Founder of New World Merchant Partners LLC, a merchant banking firm. From June 1995 through July 2009, Mr. Brown served as a founding partner of Reitler Brown & Rosenblatt LLC, a corporate and securities and merger and acquisition law firm in New York, New York, where he has specialized in public and private offerings of securities and mergers and acquisitions. From June 1992 to June 1995, Mr. Brown practiced at Squadron Ellenoff Plesent & Sheinfeld LLP, a law firm in New York, New York, where he was the principal participant in the securities offerings of The News Corporation Limited and its affiliates, as well as active on venture capital, public offering, and merger and acquisition transactions.

From 1988 until 1992, Bob practiced at Shea & Gould, then an international law firm headquartered in New York, New York. Mr. Brown has participated in approximately 240 public securities offerings involving an aggregate of approximately $9 billion of public debt securities and approximately $6 billion of equity securities, as well as in numerous merger and acquisitions for companies including News Corporation, Fox, Tele-Communications, Comcast, Liberty Media and numerous investment banking firms. Mr. Brown has extensive experience structuring, negotiating, and effecting private and public financings and mergers and acquisitions. Mr. Brown received his BA with Honors in Economics at Brandeis University and his J.D. at New York University School of Law.

Edward Hamilton

Managing Director

Edward Hamilton joined ClearThink Capital in September, 2019.

Mr. Hamilton has over 30 years of asset management, investment banking, advisory, and real estate related experience. He spent a significant part of his career as a Managing Director at Kidder Peabody which later became Paine Webber Company. While there, Mr. Hamilton was responsible for managing global debt capital markets trading and distribution platforms while living in both New York and London.

Mr. Hamilton most recently founded Axel Ventures Inc., an alternative investment advisory and financial services consulting platform. Axel Ventures leverages deep experience and relationships in an effort to generate and create customized and structured private equity and debt transactions tailored to meet the needs of each client.

Mr. Hamilton holds a B.S. in Business Administration from Pace University in New York.

Ari Brown

Managing Director

Mr. Brown joined ClearThink Capital at the time of inception.

Previously, Mr. Brown worked at New World as a full time Associate from August 2016 to August 2018 after interning for New World in the summer of 2015.

Mr. Brown graduated in May 2016 from University Of Maryland's Robert H. Smith Business School with a Bachelor's degree in Marketing. Mr. Brown is a lifetime entrepreneur and has assisted numerous companies, ranging from small businesses to large publicly traded companies with financial services and marketing and creative services.

Craig Marshak

Managing Director

Mr. Marshak is a Managing Director of Clear Think Capital, and has served as a Managing Director since joining the firm in March of 2021. From 2018 through to 2021, Mr. Marshak has acted as the Senior Advisor to SHR Ventures LLC, the family office of Stanley Hutton Rumbough, whose Grandfather was the founder of E.F. Hutton. The Family Office also worked jointly with Mr. Marshak to co found Moringa Acquisition, (a NASDAQ listed SPAC for which Mr. Marshak is a Vice chairman and Co – Founder). Since the year 2002, and through to the present time, Mr. Marshak has been one of the two Principals behind Israel Venture Partners (see Israelventurepartners.com) a platform to identify and invest in Israeli technology and health care companies.

Mr. Marshak started his investment banking career on Wall Street at Morgan Stanley in the Merchant Banking department, and thereafter, was in Corporate Finance and Mergers and Acquisitions at Wertheim Schroder, and later Schroders in London England. Subsequent thereto, Mr. Marshak started the London offices of Robertson Stephens, and from 1998 through to 2001 was Co Head of the Nomura Technology Merchant Banking Group in London England, with an emphasis on high growth companies in the Israel silicon valley sectors.

Mr. Marshak's expertise includes advising on multi Billion dollar restructuring assignments, such as for Israels Israel Chemicals which was privatized from the Israeli Government ownership, Koor Industries, one of Israels largest conglomerates at the time, and the Manville Corporation, one of the largest and most complex restructurings of its era, for which Mr. Marshak and his team at Schroders ran the entirety of the engagement. Mr. Marshak received his A.B. degree, Summa Cum Laude, Phi Betta Kappa, from Duke University, received a Scholarship to the London School of Economics, as a Roger Alan Opel Scholar, and later achieved a J.D. degree at Harvard Law School.