

THE **SPAC**
CONFERENCE

SPACs: By The Numbers

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SPAC Research



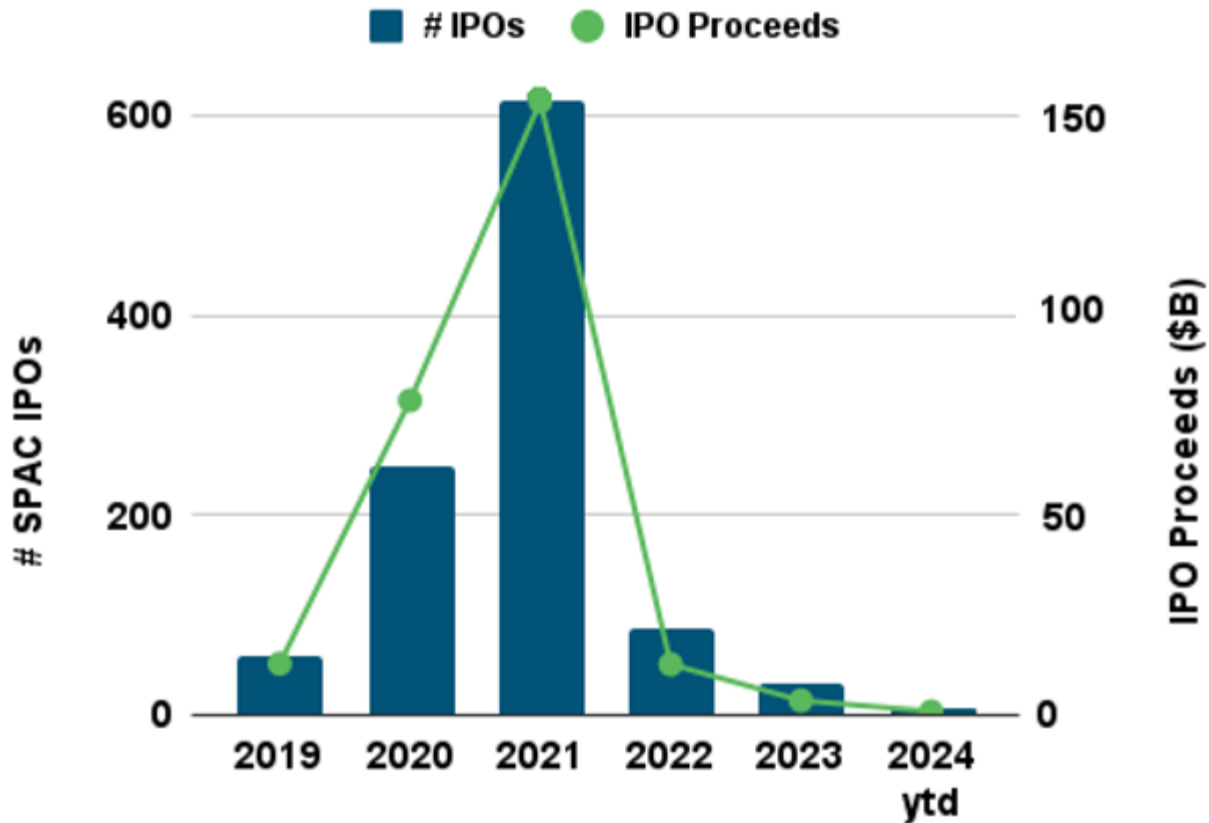
Overview

- SPAC Market Snapshot
- Sponsor Dynamics
- Deal Activity
- Trading and Market Dynamics



Capital Raised

SPAC IPOs By Year



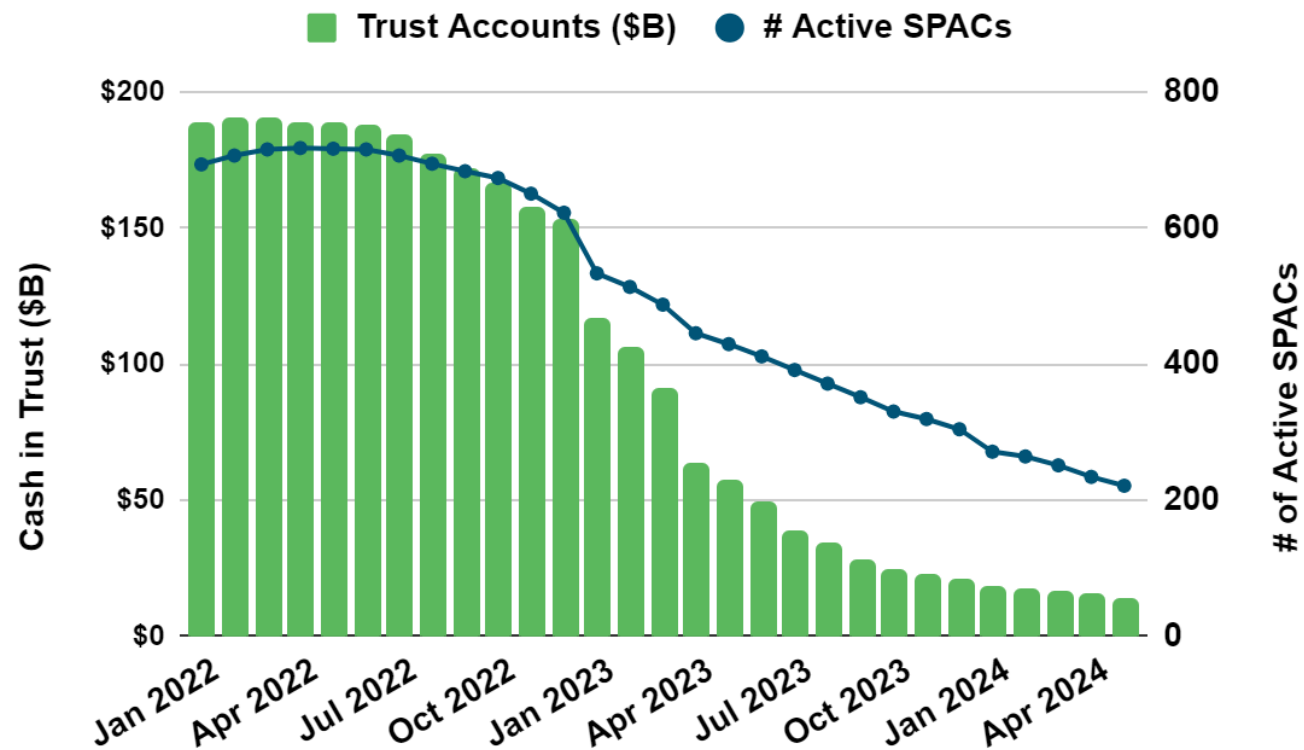
- Issuance has fallen dramatically from 2021 peak
- Bifurcated market, smaller than \$70m and larger than \$200m
- 2021 IPOs still present in the market

Source: SPAC Research as of May 31, 2024



Market Size

Active SPACs and Cash in Trust Summary



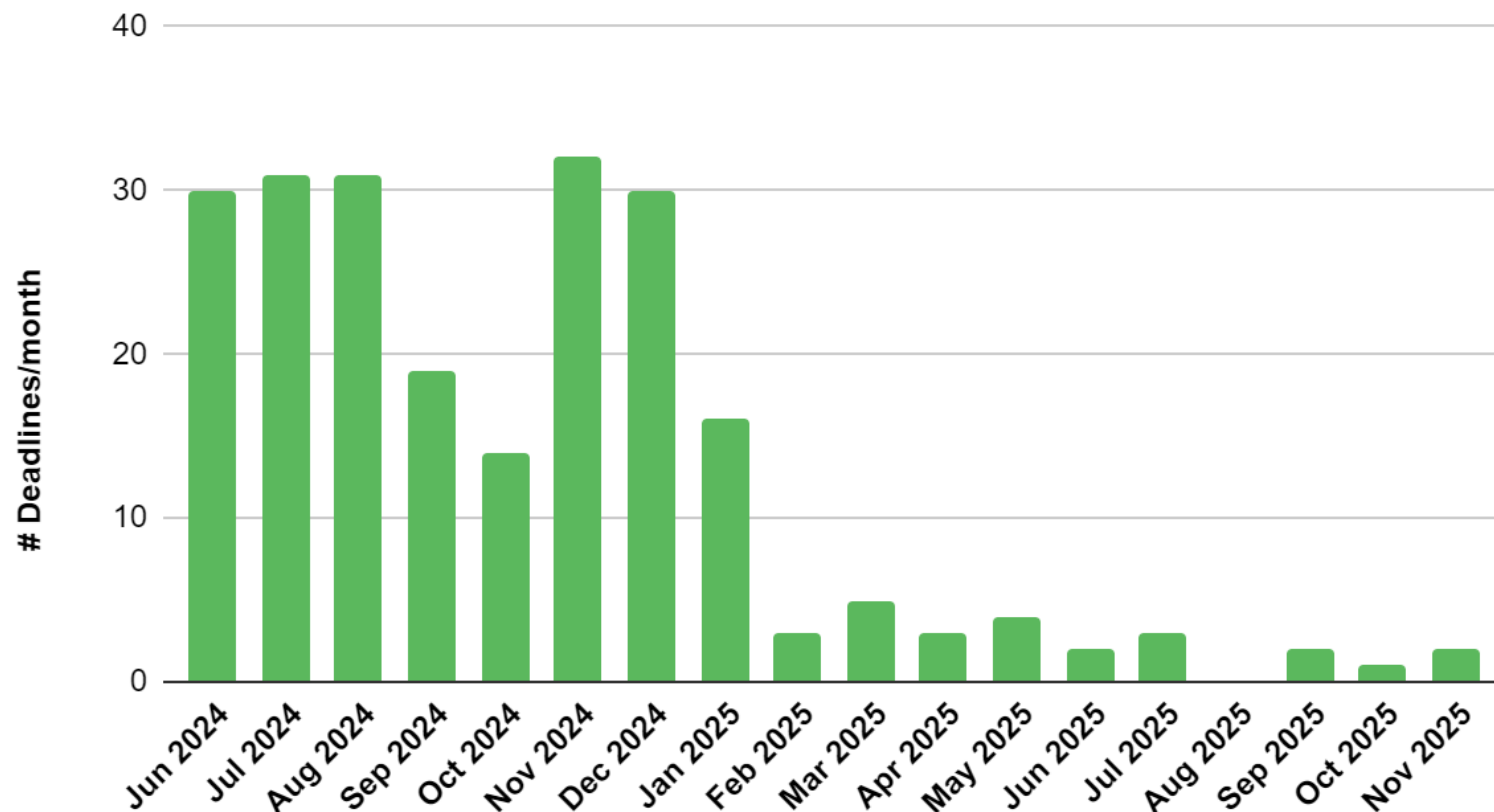
- ~\$200b market decreased to \$13b
- Large amount of trust capital redeemed at extensions
- Pace of IPOs not enough to maintain current market size

Source: SPAC Research as of May 31, 2024



Pending Maturities

SPAC Deadlines



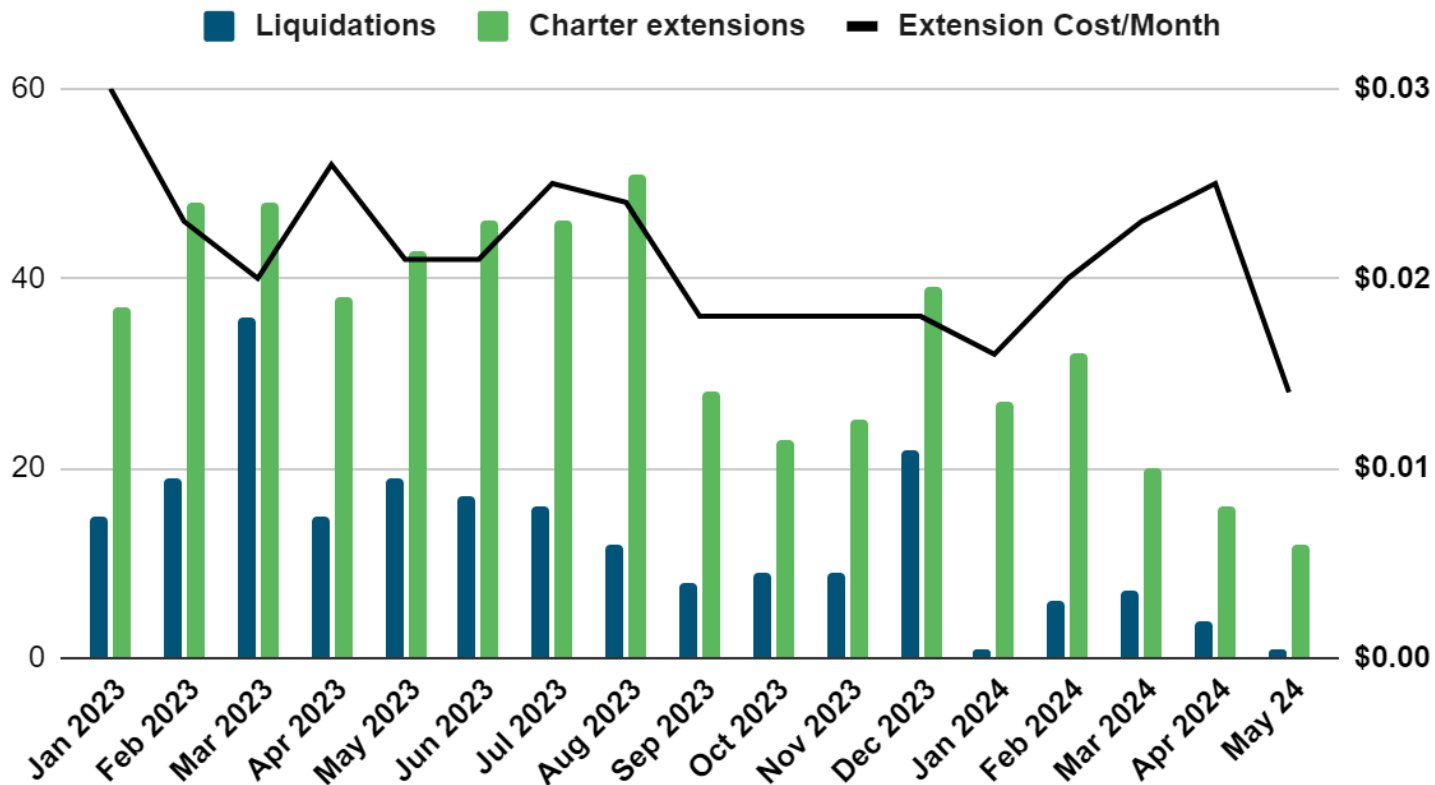
- Large drop in number of SPACs in Q1 2025
- Many SPACs trading with fraction of original trust
- Future extensions possible

Source: SPAC Research as of May 31, 2024



Decisions at Deadlines

Liquidations vs. Charter Extension Amendments



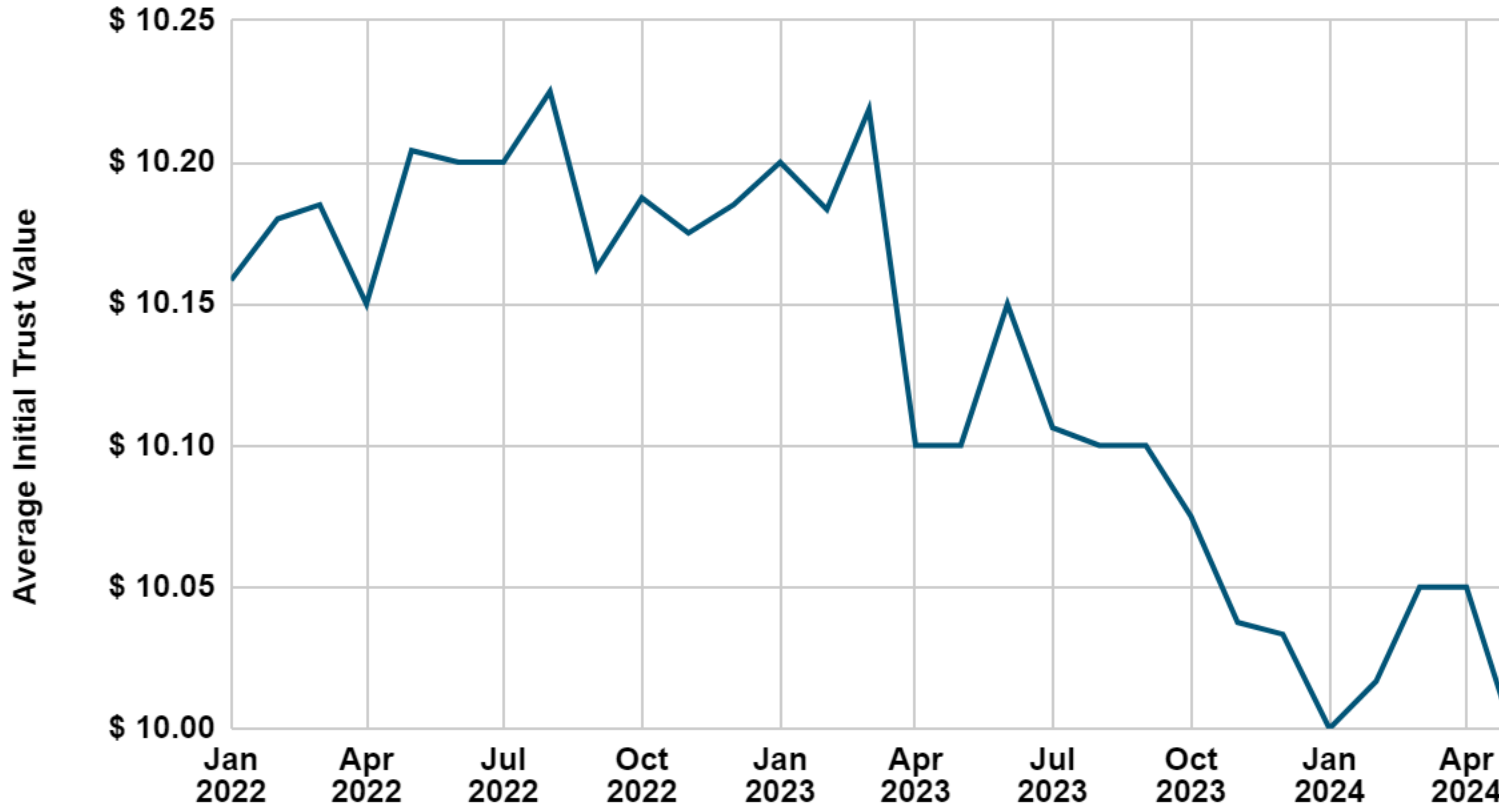
- SPACs at end of their lifecycle are choosing extension over liquidation
- Cost of extension is steady around \$0.02/month
- Smaller trust accounts/share counts means cost of extension isn't prohibitively expensive

Source: SPAC Research as of May 31, 2024



Cost of Sponsorship

Average Initial Trust Value at IPO

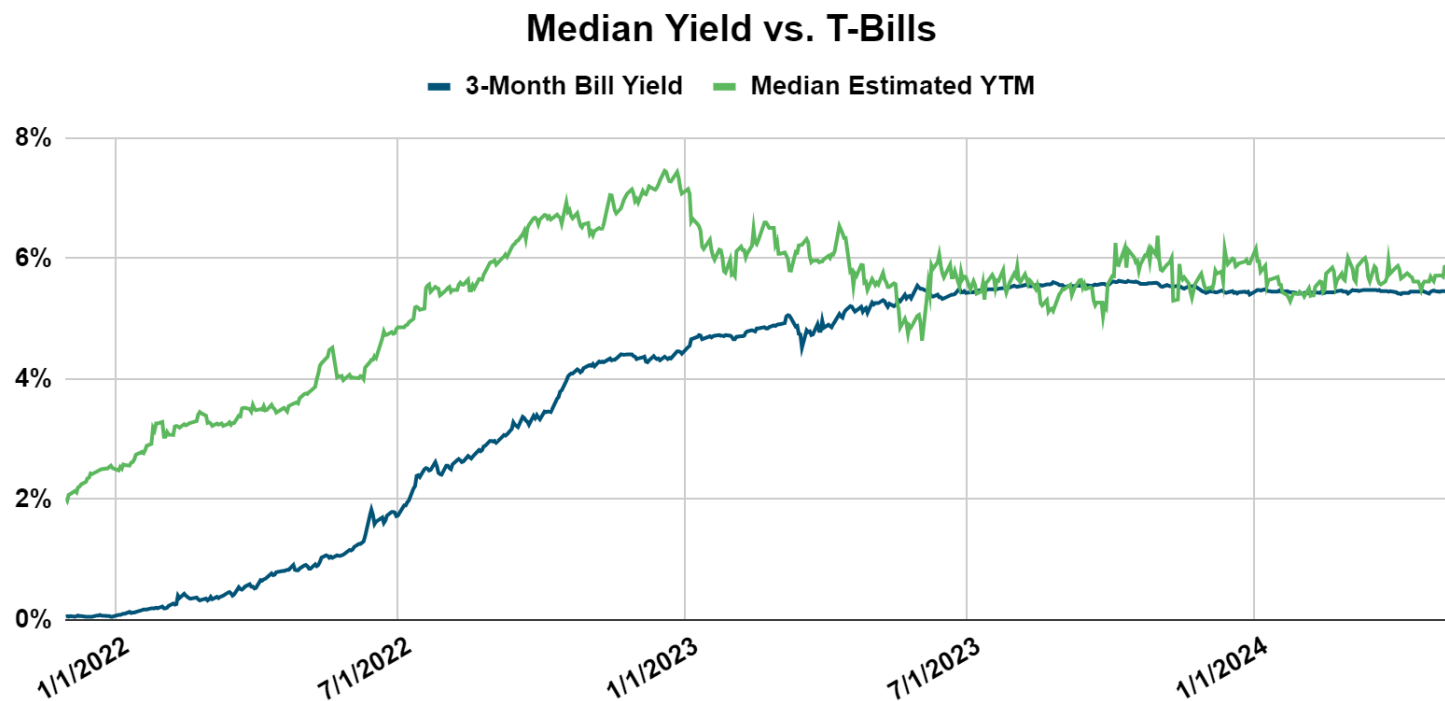


- Sponsors are no longer subsidizing IPO investors' participation in offerings
- Investors are looking to place money returned from redemptions
- \$200m IPO cost 2 years ago: \$8-10m
- \$200m IPO cost today: \$5-6m

Source: SPAC Research as of May 31, 2024



Yield Characteristics



- As rates have gone up, supply of SPACs has decreased, and demand for SPAC paper has stayed high
- Levered SPAC arb trade has come under pressure as spread to Treasuries has tightened

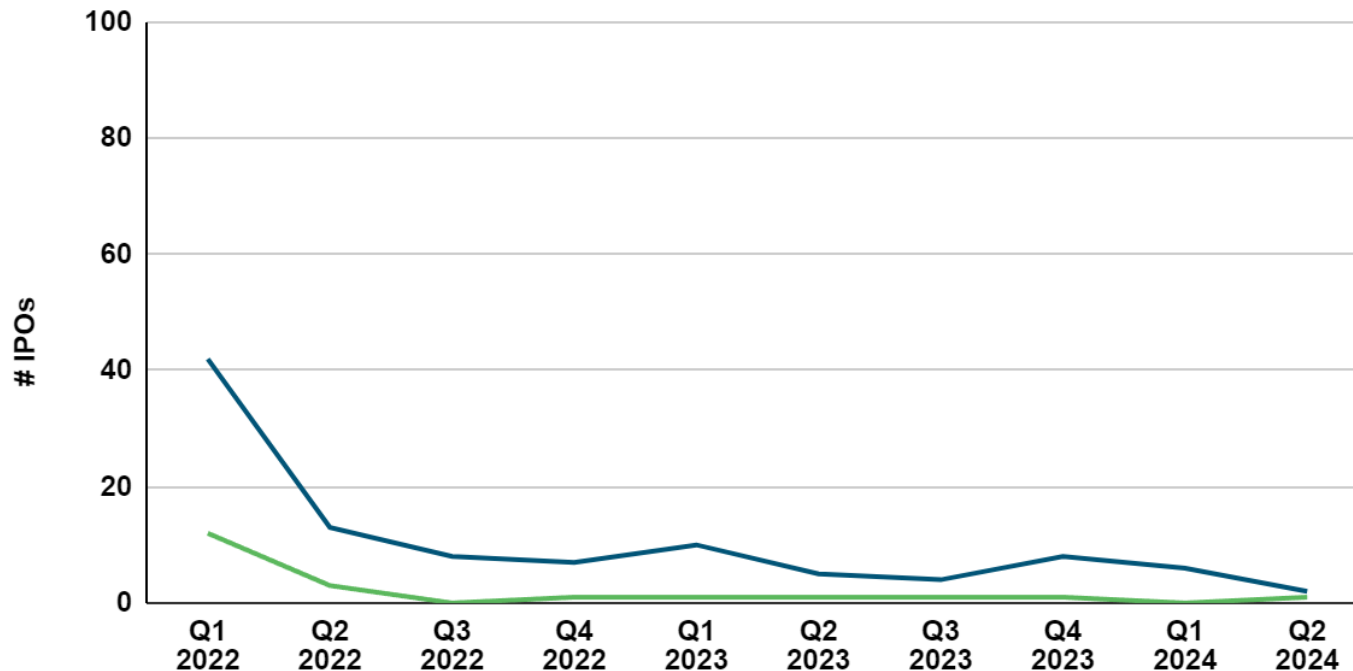
Source: SPAC Research as of May 31, 2024, calculated using estimates from current Treasury rates



Underwriter Composition

SPAC IPOs by Lead Left

— Bulge Bracket IPOs — All Other IPOs



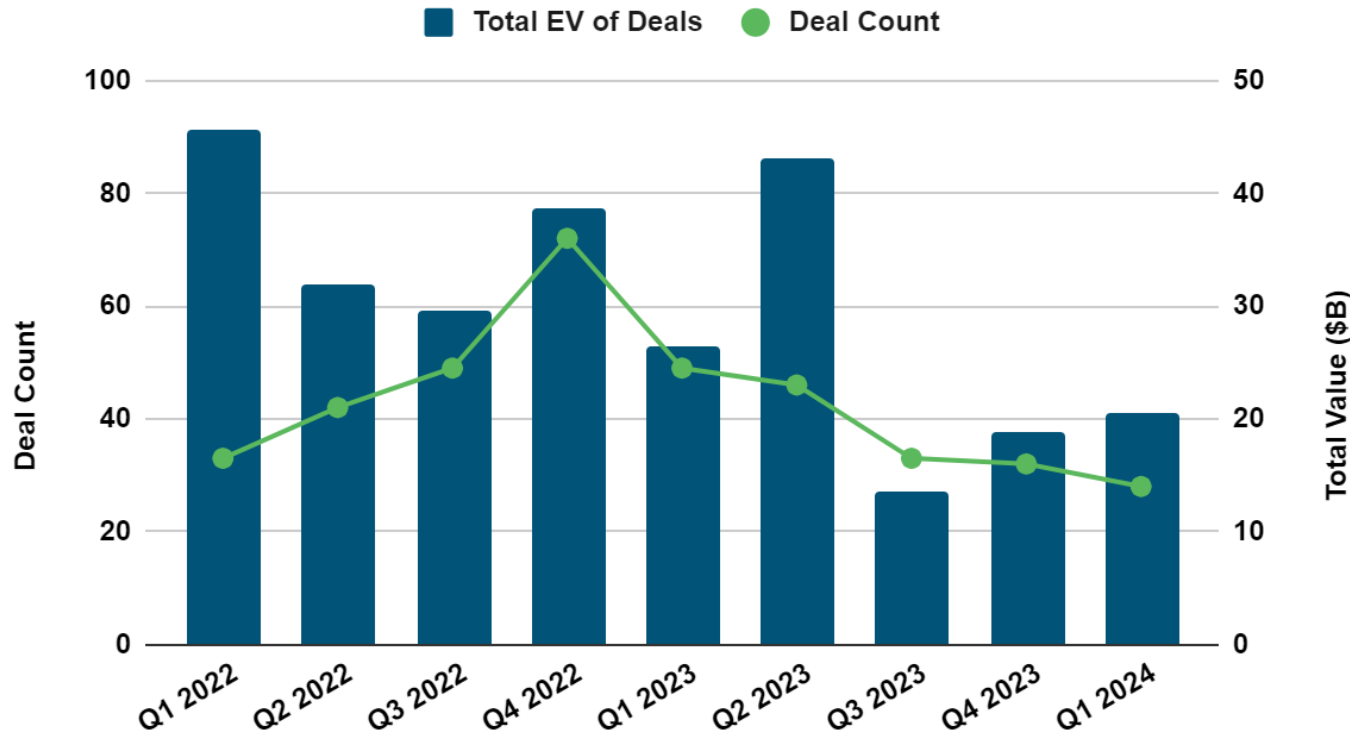
- Bulge bracket represented the majority of capital raised during peak issuance
- Bulge bracket retreated following SEC regulation draft and largely hasn't returned
- Bulge bracket isn't totally absent, but very selective in sponsors

Source: SPAC Research as of May 31, 2024



Deal Announcements

New SPAC Deals and Deal Value



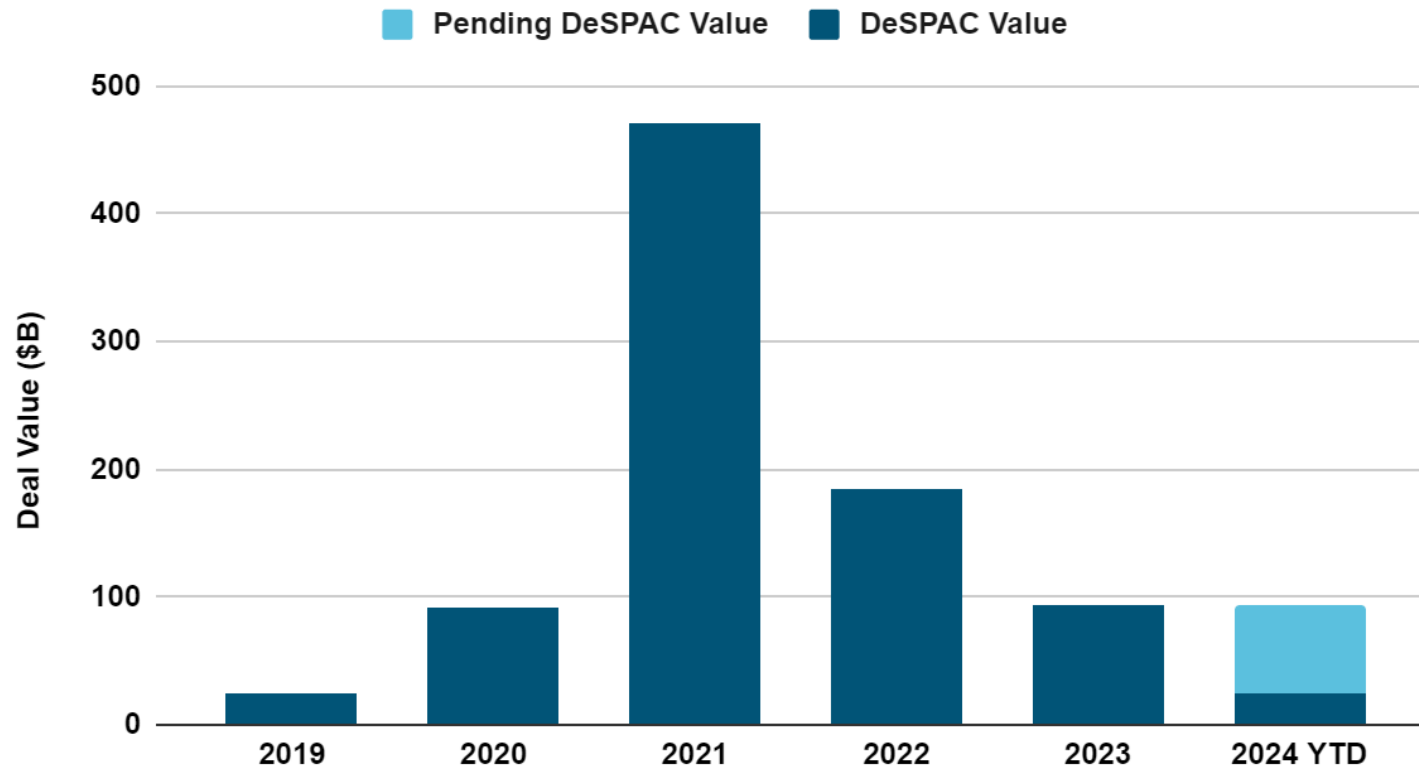
- Multi-billion dollar deals all but absent from the market
- Median deal size has dropped since mid-2023
- Large amount of value comes from target company rollover equity

Source: SPAC Research as of May 31, 2024



DeSPAC Volume

DeSPACs by Year



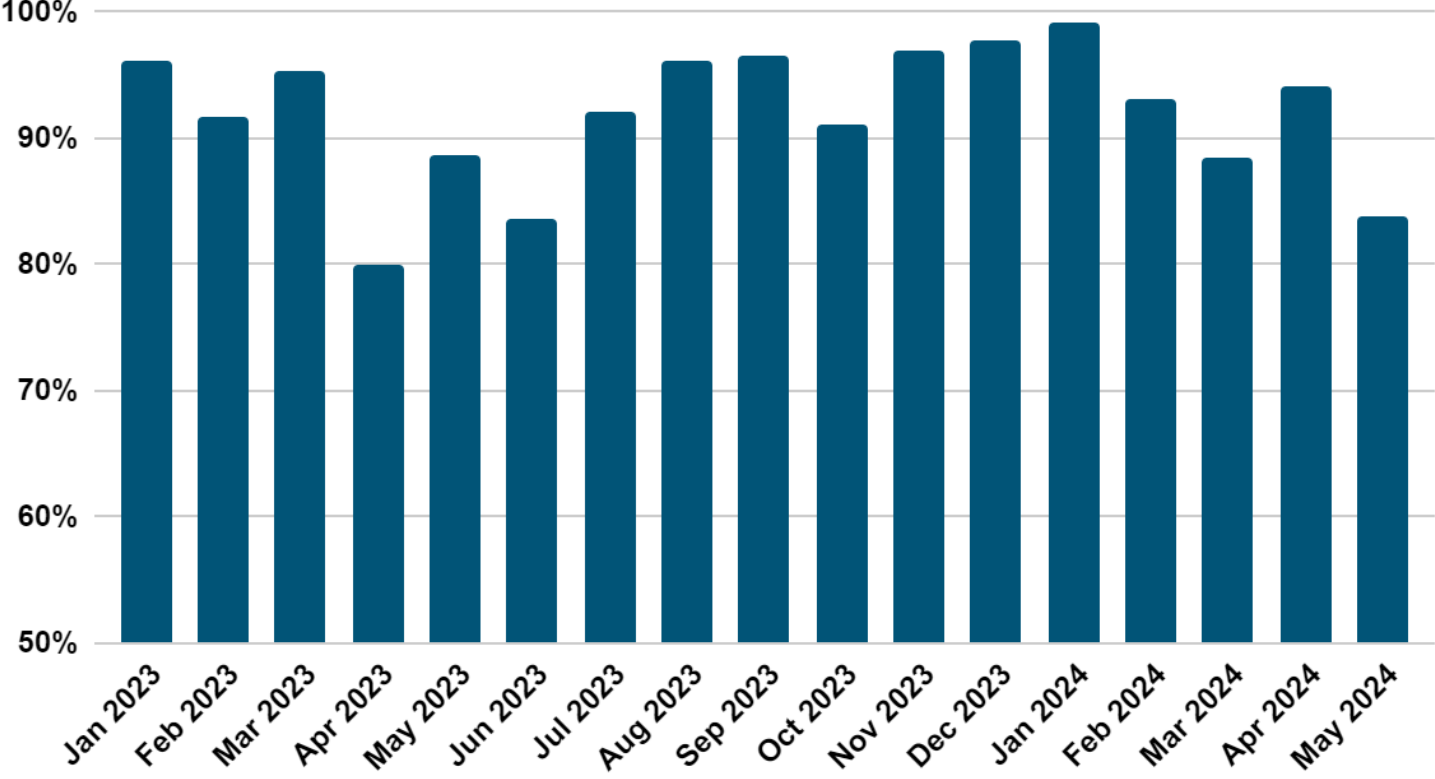
- Deal value is tracking similarly YoY
- Deals benchmarked to \$10, which might not reflect market's perception of value
- SPACs remain a viable alternative despite uncertain financing conditions

Source: SPAC Research as of May 31, 2024



Redemptions

Weighted Avg Redemption Rate by Month



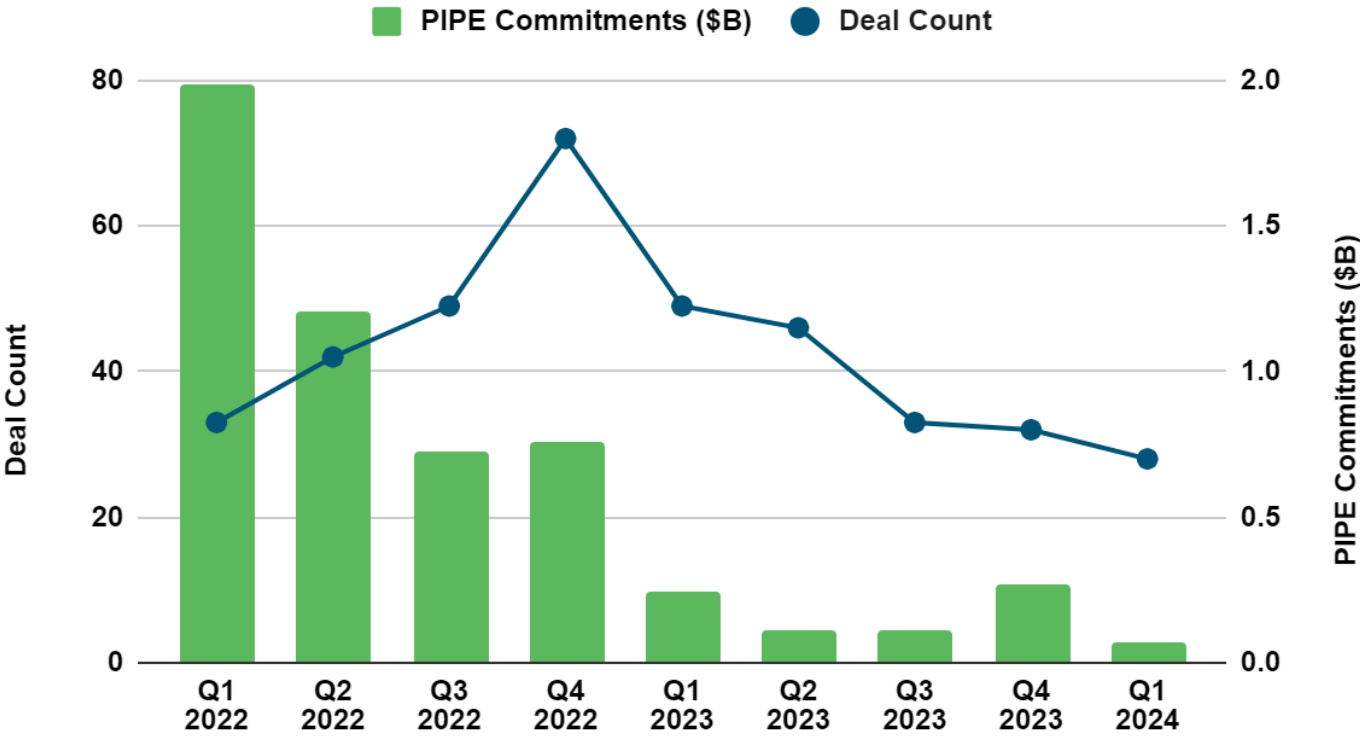
- Redemptions consistently high, around 90%
- Majority of deals trade at/below trust
- Still possible to retain shares in exciting deals

Source: SPAC Research as of May 31, 2024



Financing Trends

New SPAC Deals and PIPE Financing



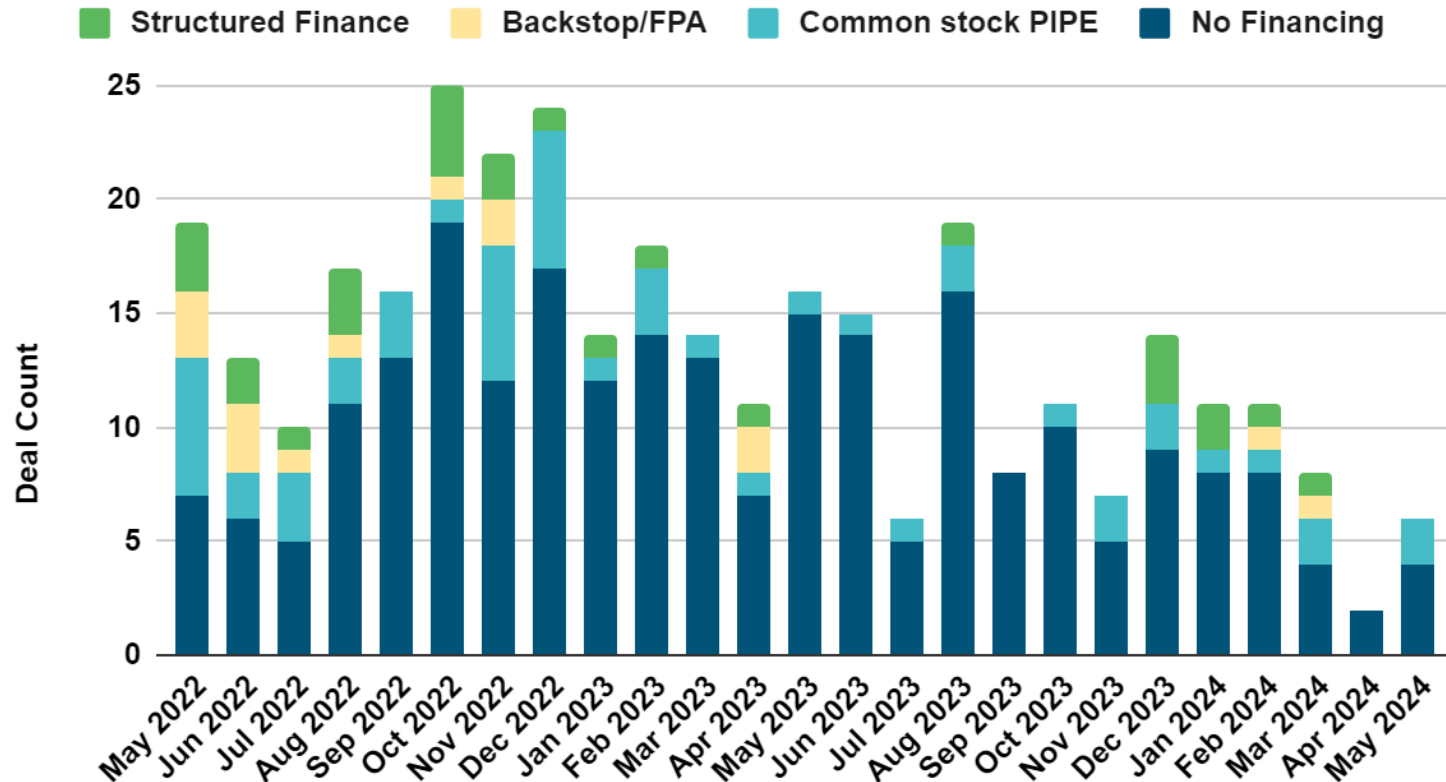
- Common stock PIPE commitments have decreased in number and size
- Well-capitalized sponsors that can backstop a deal retain an advantage

Source: SPAC Research as of May 31, 2024, at time of deal announcement



Financing Trends (II)

Frequency of Financing Type

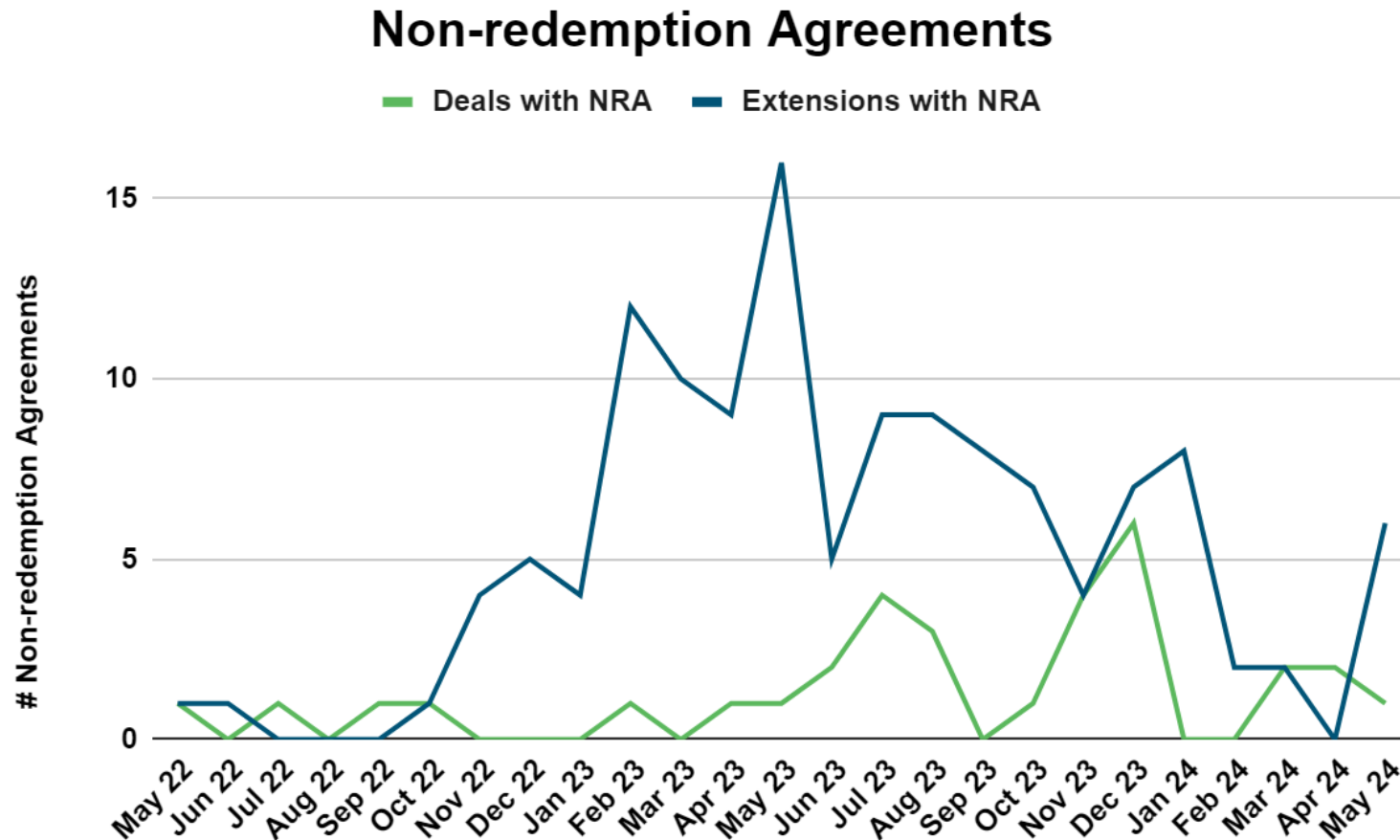


- Most deals are signed without committed capital
- Common to see sponsor-affiliated entities involved with financing
- Relatively complex financing involves NRAs, waterfall schedules, collars, convertibles

Source: SPAC Research as of May 31, 2024, at time of deal announcement



Non-redemption Agreements



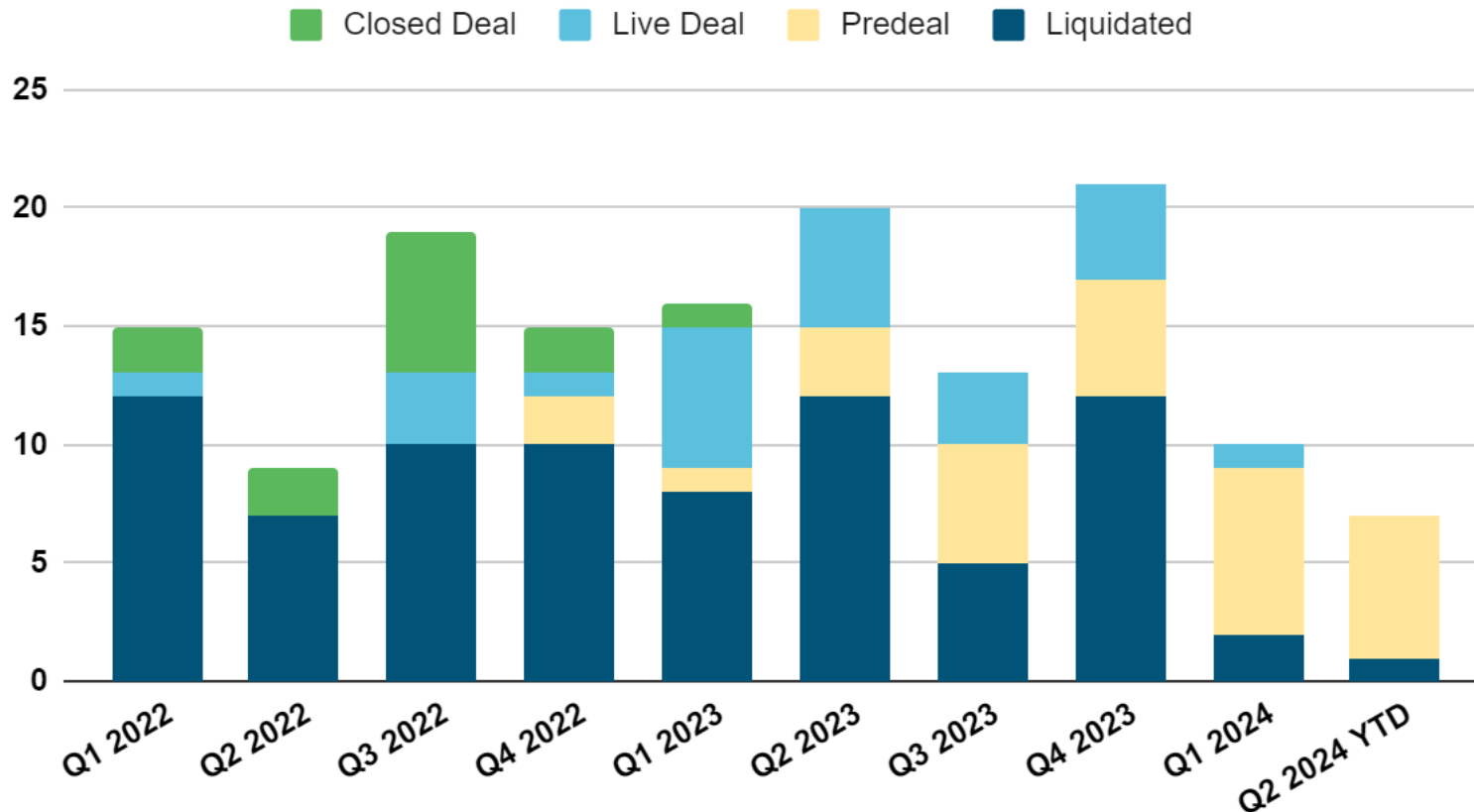
- NRA's can provide credibility/flexibility in deal negotiations
- Can assist in maintaining listing standards
- Sponsors forfeit founder shares equal to ~10%-30% of NRA shares at extensions
- NRA terms more onerous for sponsor at IBC, and increase closer to meeting date

Source: SPAC Research as of May 31, 2024



Terminated Deals

Outcomes After Deal Termination

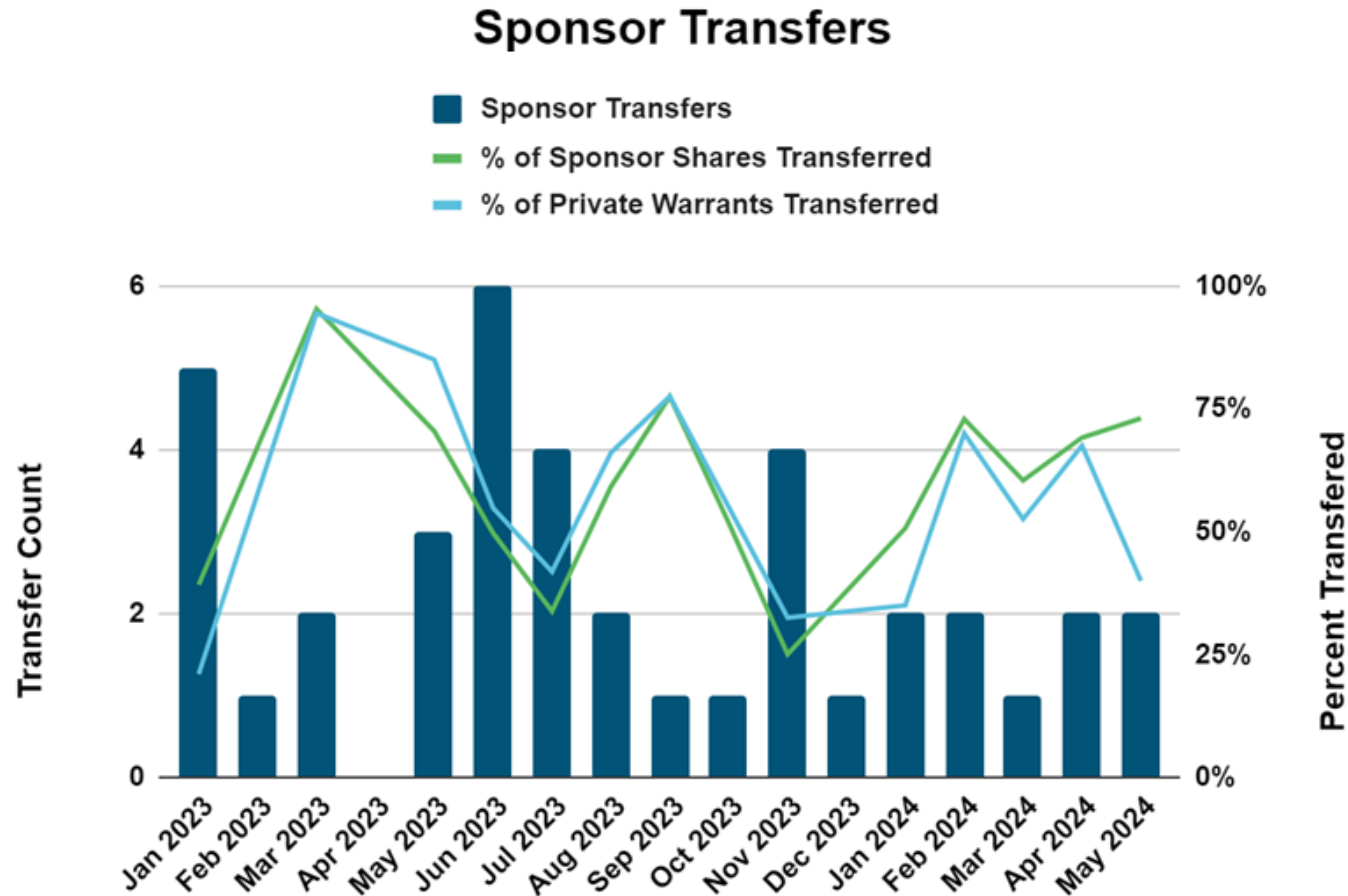


- Path to success narrows after deal termination
- Constraints increase due to less time on the clock and decreased trust account from charter extension
- Results from deals terminated in 2023 TBD

Source: SPAC Research as of May 31, 2024



Sponsor Transfers



- 38 sponsor transfers since Jan 2023
- New sponsors assume obligations in exchange for sponsor equity/warrants
- Nearly half of transferred SPACs currently have a live deal
- Numerous repeat sponsor acquirers

Source: SPAC Research as of May 31, 2024



DeSPAC Performance



- \$10/share is a misleading benchmark
- 90%+ redemptions and miniscule public float on first day of deSPAC
- Cost basis for many equityholders well below \$10
- Accurate index needs to weight redemptions and average investor cost basis

Source: Bloomberg as of May 15, 2024



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