SIFM quarterly conference

SPAC overview

March 22, 2022

Building a better working world

Disclaimer

Views expressed in this presentation are those of the speakers and do not necessarily represent the views of Ernst & Young LLP or other members of the global EY organization.

This presentation has been prepared for general informational or training purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

Neither EY nor any member firm thereof shall bear any responsibility whatsoever for the content, accuracy, or security of any third-party websites that are linked (by way of hyperlink or otherwise) in this presentation.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

This presentation is © 2022 Ernst & Young LLP. All Rights Reserved. No part of this document may be reproduced, transmitted or otherwise distributed in any form or by any means, electronic or mechanical, including by photocopying, facsimile transmission, recording, rekeying, or using any information storage and retrieval system, without written permission from Ernst & Young LLP. Any reproduction, transmission or distribution of this form or any of the material herein is prohibited and is in violation of US and international law. Ernst & Young LLP expressly disclaims any liability in connection with use of this presentation or its contents by any third party.

Today's agenda

01

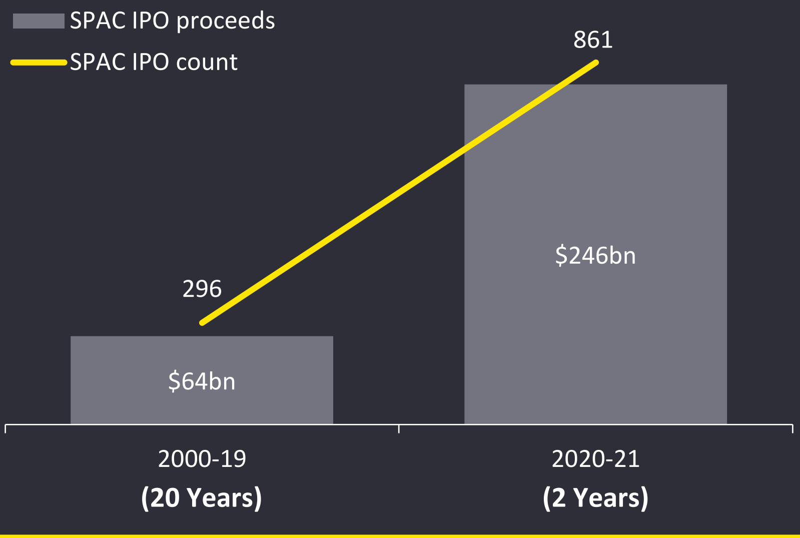
SPAC market update

The state of the SPAC market: Where are we today?

- After ~30 years of relative obscurity, the **SPAC market exploded** in 2020 and early 2021
- A **historic amount of SPAC capital** is currently seeking targets
- **Favored targets and deal structures** have evolved considerably
- **Market and regulatory/legal pressures** emerged in Spring 2021, slowing SPAC market activity
- **Investor selectivity and valuation sensitivity** have increased significantly
- A **catalyst** would be needed to **re-accelerate** activity levels

Source: Dealogic

SPACs attacked . . .



. . . and then pulled back

"Congress to Hold Hearing on SPACs as Scrutiny Builds Over Liability Protections" - *Reuters*

"YTD Post-Merger SPAC Performance is Mostly Negative" - *Bloomberg*

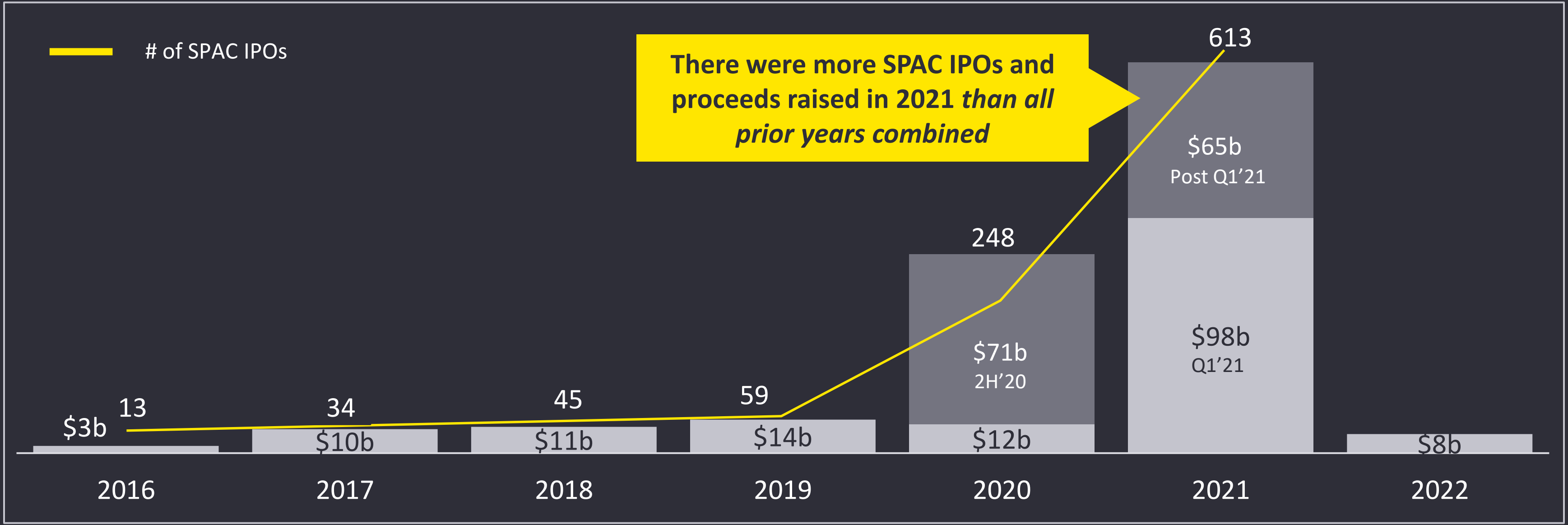
"SPAC Lawsuits Jump in Another Sign of Suspect Deal-Making for the Once Red-Hot Space" - *CNBC*

"SPAC Market Remains Saturated, Deal Pace Needs to Pick up to Clear" - *TheStreet*

SPAC capital is plentiful today and is actively seeking high quality merger targets

600+ Active SPACs: $160B+

200+ Publicly filed SPACs: $45B+



There were more SPAC IPOs and proceeds raised in 2021 *than all prior years combined*

The SPAC IPO Market is adapting to the current environment

Overfunded Trusts

Shorter Investment Periods

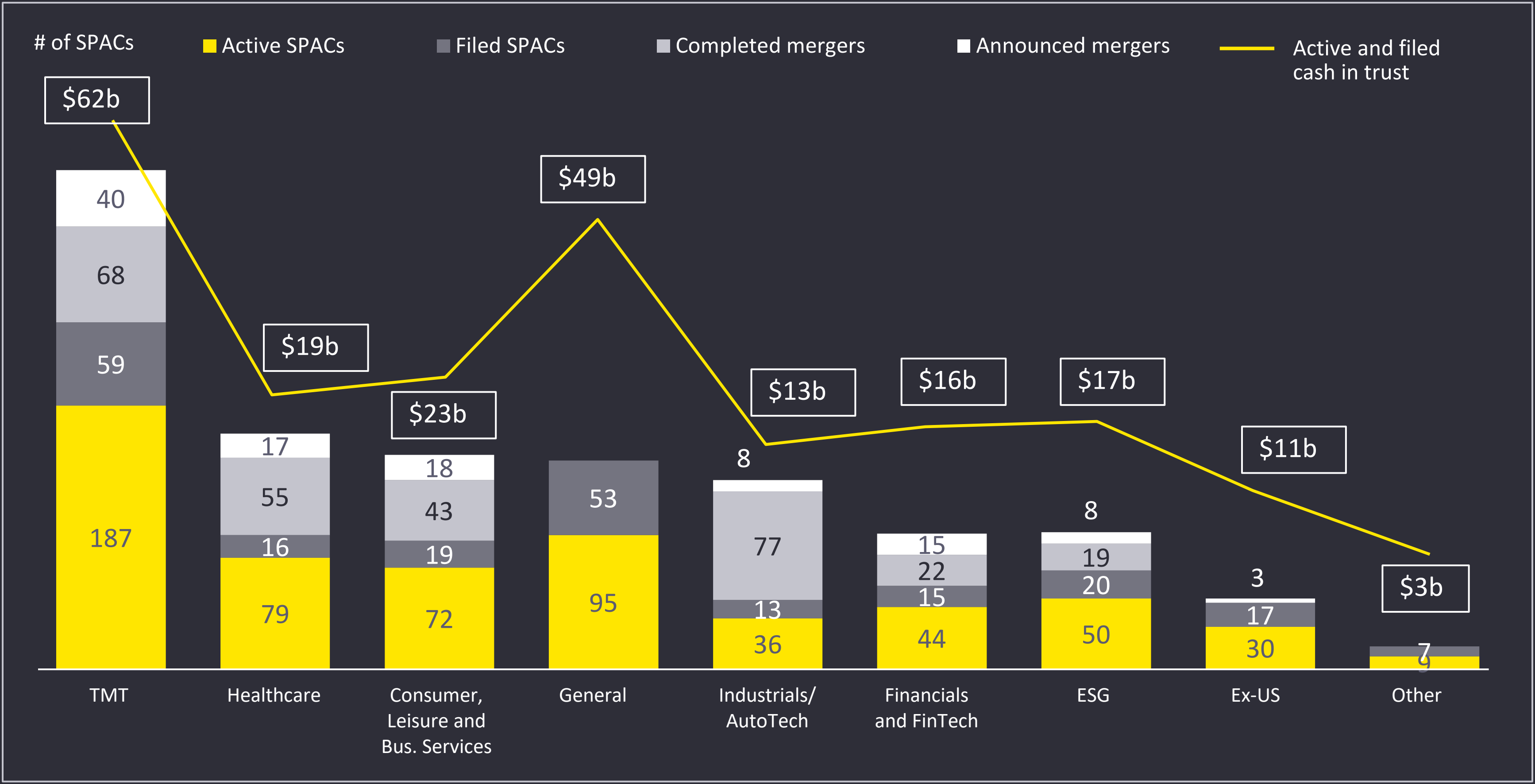
Increased Warrant Coverage

Anchors Sharing Economics

Inclusion of Rights

Source: Dealogic; SPACInsider | Note: Data as of February 28, 2022.

SPACs have expanded and refined their industry focus



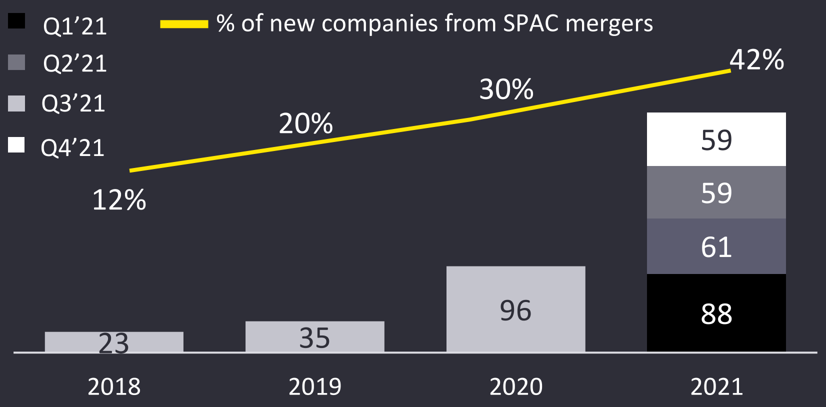
359	**348**	**345**	**336**	**356**	**341**	**384**	**326**	**327**

Average Remaining Investment Days (Active SPACs)

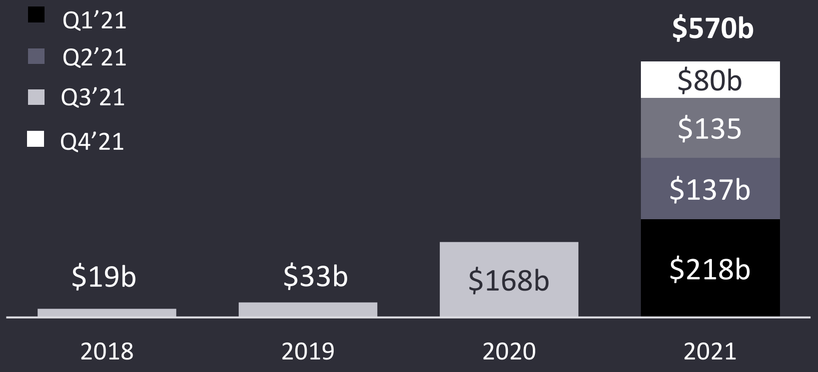
Source: Dealogic; SPACInsider | Note: Includes SPACs which have filed or priced an IPO, or announced or completed a merger since January 2020. Data based on SPAC status as of the end of February 28, 2022. General comprised of SPACs with no industry specific target and Other comprised of niche mandates.

Record SPAC merger activity in 2021, but the pace and size of mergers have been declining

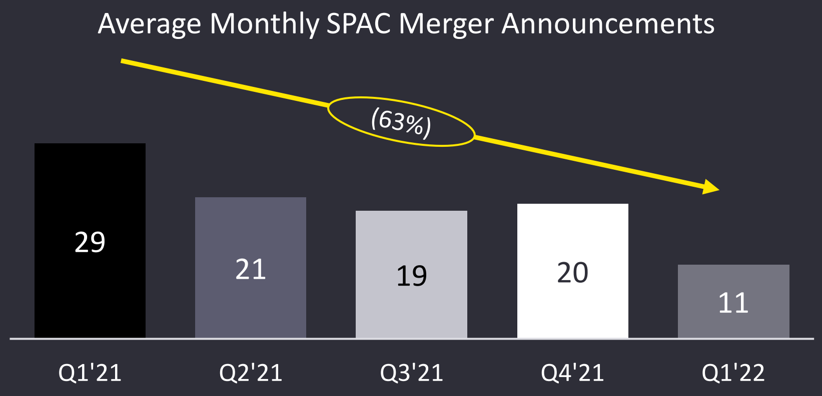
1 **SPAC mergers accelerated in 2021 . . .**



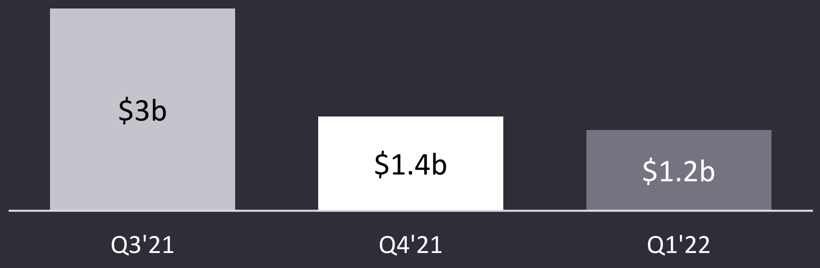
2 **. . . with transaction values approaching $600B**



3 **but announcement activity has slowed . . .**



4 **. . . and announced transaction values have declined**



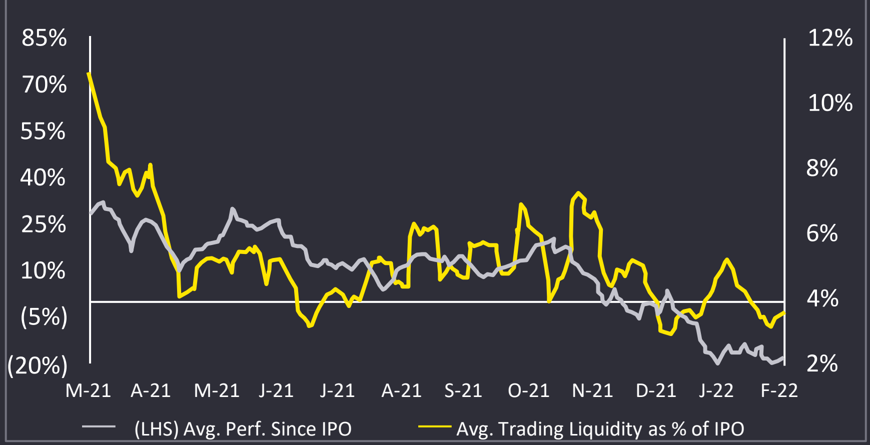
Source: Dealogic; SPACInsider; IPO Pro | Note: New Public companies from SPAC mergers based on date of merger announcement. Data as of February 28, 2022.

Significant market, legal and regulatory headwinds have slowed the SPAC market considerably

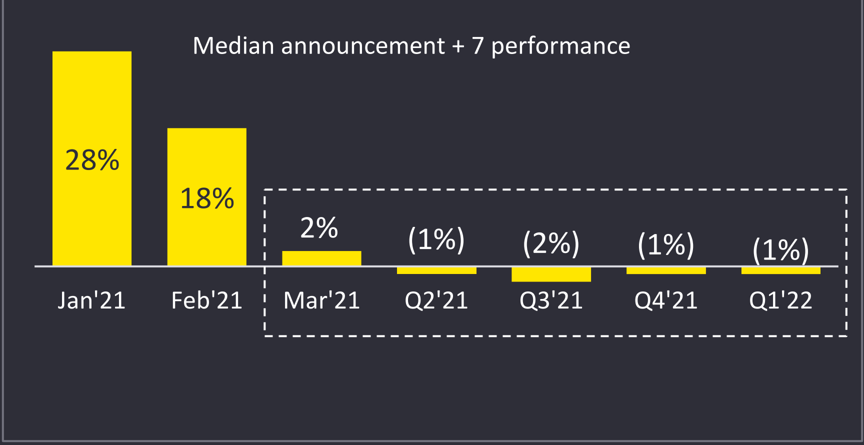
Legal, regulatory and other considerations

Conflicts of Interest | Alignment of Incentives | Accounting Treatment | Use of Projections
Litigation and Enforcement | Activists and Shorts | Redemption Rates | FINRA Inquiries

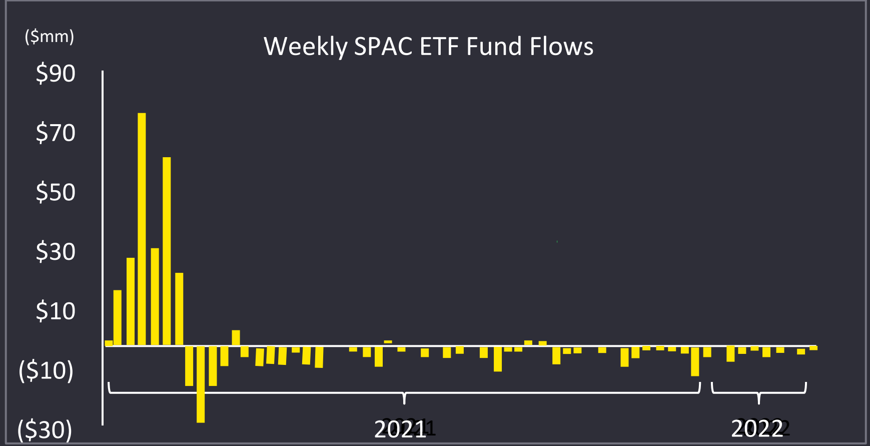
SPAC stock prices and liquidity have declined



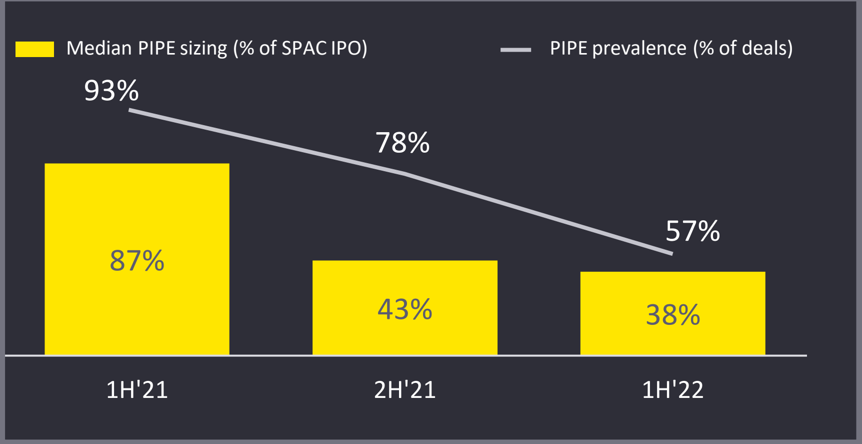
Announced deals aren't "popping"



Flows into SPAC ETFs have reversed



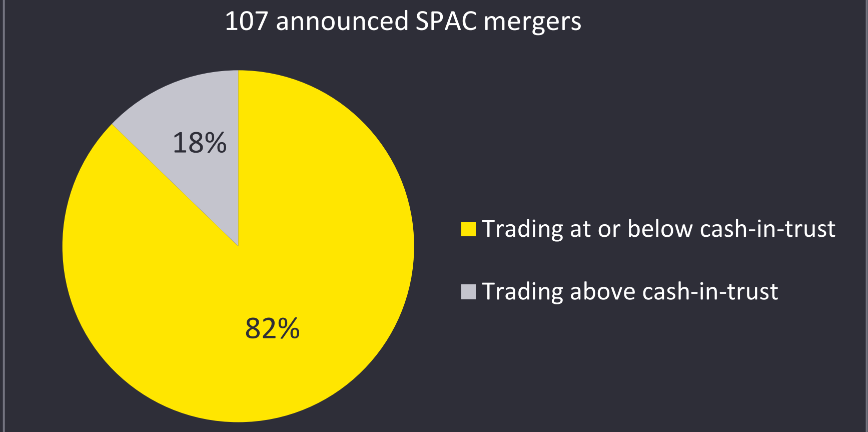
PIPE market has pulled back significantly



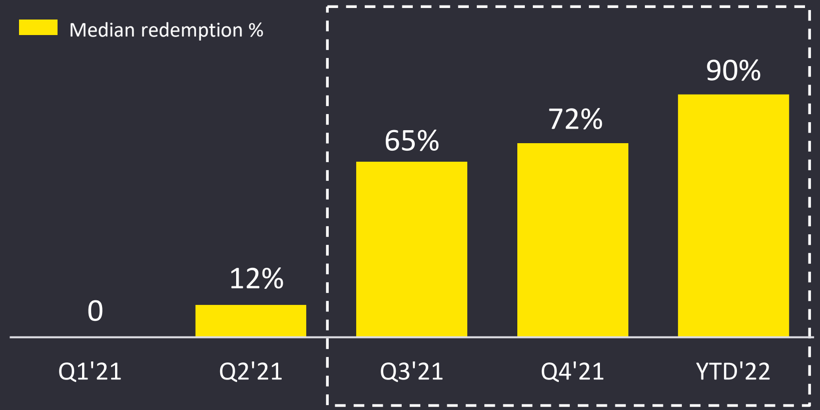
Source: Dealogic; SPACInsider; Bloomberg | Note: Data as of February 28, 2022. Trading performance reflects performance for SPACs since merger announcement since 2H 2019; weekly fund flow data for three SPAC ETFs (SPAK, SPCX, SPXZ).

Increased redemptions are forcing merger re-negotiations

Most deals are trading below cash-in-trust



Redemption rates have increased considerably



Selected mergers with re-negotiated terms

	ARCHER	**lumiraDx**	**Sonder**	**BIGBEAR. AI**	**eToro**	**Tims**
Announced	Feb '21	Apr '21	Apr '21	Jun '21	Mar'21	Aug '21
Terms revised	July '21	Aug '21	Oct '21	Nov '21	Dec'21	Mar '22
Revised valuation	$1.7bn Down 37%	$3.0bn Down 40%	$1.9bn Down 13%	$1.1bn Down 14%	$8.8bn Down 15%	$1.4bn Down 17%
Other revisions	Sponsor shares into earnout	Redemption-based forfeiture	Additional sponsor and PIPE capital	Additional sponsor capital	Sponsor economics forfeiture(1)	Removal of minimum cash condition

Source: SPACInsider | Note: Data as of February 28, 2022. Cash-in-Trust assumed to be $10.10 per share.
(1) Adjustment to Sponsor Economics announced prior to revision of transaction valuation.

02

SPAC transaction basics

SPAC transaction basics

Lifecycle overview

Special purpose acquisition company (SPAC)

SPAC IPO

Acquisition target

De-SPAC transaction

SPAC transaction basics

Key concepts

Special purpose acquisition company (SPAC)

- A SPAC raises capital with the purpose of acquiring one or more unspecified businesses or assets to be identified after the SPAC IPO, typically within 18 to 24 months.
- Each SPAC has a sponsor, an individual or entity that forms and manages the SPAC and typically has a strong financial background and/or expertise in the target industry.
- SPACs do not have operations but are essentially a temporary cash box used to identify a merger target and facilitate its access to the public markets.

SPAC IPO

- A SPAC will go through the typical IPO process of filing a registration statement, undertaking a roadshow, etc. to generate proceeds for the transaction.
- SPACs will issue units at $10 each, and units are typically comprised of one share and a fraction of a warrant. IPO proceeds will be held in a trust account until released to fund the business combination or used to redeem shares sold in the IPO.
- SPACs will often secure additional funding in forward purchases or private investment in public equity (PIPE) commitments.

Acquisition target

- SPACs cannot identify acquisition targets prior to the closing of the IPO. However, most SPACs will specify an industry or geographic focus.
- There is no maximum size for the business combination, but SPACs typically target companies that are at least two to three times the size of the SPAC to mitigate the dilutive impact of the equity structure.
- The target and SPAC will go through several rounds of negotiation before executing the transaction agreement.

De-SPAC transaction

- A SPAC is required to obtain shareholder approval before completing the business combination.
- Once the business combination is complete, the name and brand of the target company survive as the publicly listed entity.
- In connection with the De-SPAC transaction, SPACs are required to offer the holders of public shares the right to redeem their public shares for a pro rata portion of the proceeds held in the trust account. The redemption does not apply to the public warrants, which remain outstanding.

SPAC transaction basics

Merger terms

IPO price per unit	$10.00
Target enterprise value	Generally 2–5x cash in trust
Target lockup	Generally 180 days
Subject to redemptions	Yes
Sponsor promote	~20%
Founder warrants	Correlates to “at-risk” capital
Warrant coverage	Typically 1/3–1/2 warrant per share
Warrant strike price	$11.50
Merger consideration	Highly flexible
Additional financing	Forward purchase commitments, PIPEs

SPAC transaction basics

Process timeline

Pre-IPO stage:

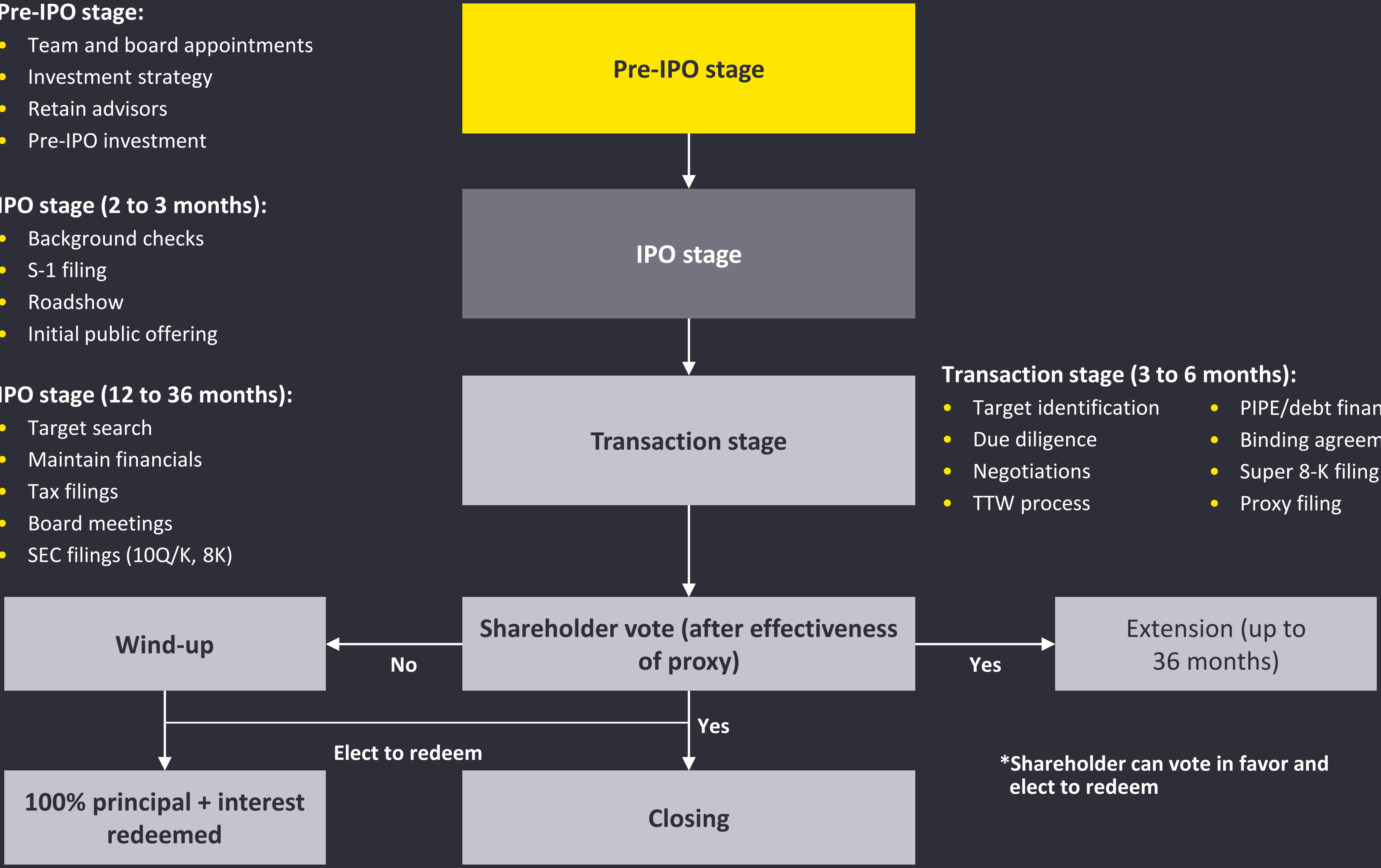
- Team and board appointments
- Investment strategy
- Retain advisors
- Pre-IPO investment

IPO stage (2 to 3 months):

- Background checks
- S-1 filing
- Roadshow
- Initial public offering

IPO stage (12 to 36 months):

- Target search
- Maintain financials
- Tax filings
- Board meetings
- SEC filings (10Q/K, 8K)



Transaction stage (3 to 6 months):

- Target identification
- Due diligence
- Negotiations
- TTW process
- PIPE/debt financing
- Binding agreement
- Super 8-K filing
- Proxy filing

***Shareholder can vote in favor and elect to redeem**

SPAC transaction basics

IPO process and activities

Organizational preparation

- Finalize key management roles and independent directors
- Complete pre-IPO placement
- Hire banking syndicate, issuer's counsel, accountant, auditor, financial printer and trust agent
- Form corporate entity: draft charter, bylaws, code of ethics, corporate policies
- Required action for Director and Officers (e.g., questionnaire, background checks, insurance, power of attorney for registrations statement/amendments)

IPO documentation

- Prepare SPAC audited financial statements
- Issuer's counsel drafts S-1 registration statement with input from underwriter's counsel
- Draft underwriting letter and insider letter
- Draft IPO roadshow presentation (with assistance from underwriters)
- Commence Blue Sky qualification and FINRA approval process

Filing and roadshow

- File initial S-1 and respond to SEC comment letters through amended filings until S-1 is finalized
- Notify FINRA of effective and offering date
- Underwriting agreement and comfort letter
- Board approval of final prospectus and underwriting agreement
- Complete roadshow; agree on final terms and allocation

SPAC transaction basics

Post-IPO process and activities

SEC requirements

- File quarterly (10-Q) and annual (10-K) financial statements
- Issue 8-K in the event of any material developments
- Hold regular board meetings

Target selection and related transaction timing (3 to 6 months)

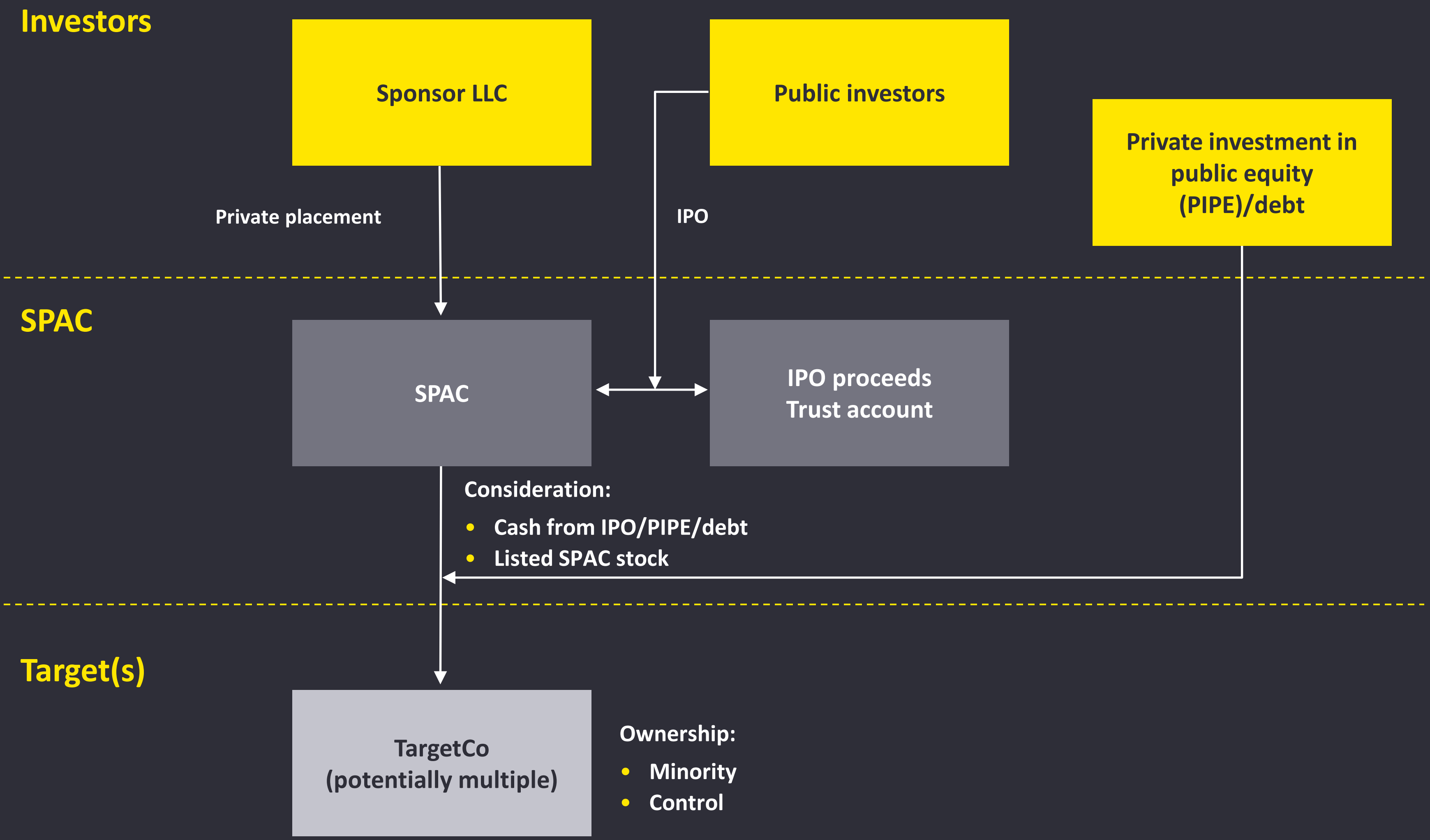
- Engage with multiple target companies to assess attractiveness and potential outcomes
- Enter into nonbinding LOI with identified target to initiate due diligence
- Arrange additional funding in the form of PIPE and/or debt financing
- Board approval for transaction
- Execute definitive merger documentation along with PIPE agreements
- Announce transaction via 8-K and press release
- Proxy filing with the SEC — typically takes two months from initial filing to effective version
- Conduct roadshow to educate investors about investment opportunity

Closing (De-SPAC)

- Schedule shareholder vote with at least three weeks' notice after proxy effectiveness
- Shareholder vote to approve transaction and related corporate actions
- Following successful shareholder vote and closing, the SPAC trust assets and additional funding (PIPE proceeds) are available to be merged with entity after accounting for redemptions
- Liquidate SPAC if majority vote is negative or conditions precedent to closing are not met
- New corporate identity survives the transaction — change in management, board members, name, ticker symbol, etc.
- File Super 8-K

SPAC transaction basics

Typical corporate structure



Investors

Sponsor LLC

Public investors

Private investment in public equity (PIPE)/debt

Private placement

IPO

SPAC

SPAC

IPO proceeds
Trust account

Consideration:

- Cash from IPO/PIPE/debt
- Listed SPAC stock

Target(s)

TargetCo
(potentially multiple)

Ownership:

- Minority
- Control

SPAC transaction basics

Benefits of a SPAC — advantages for seller and investor

Seller

- Less disruption than traditional IPO
- Potential for seller to retain upside through stock consideration
- Ability to structure transactions to meet needs
- Flexible capital
- Benefit from sponsor’s management experience and credibility
- Private equity-type deal without private equity rights/terms

Investor

- Access to aligned high-quality sponsors without management fee
- Private-equity-like investment
- Capital protection using ring-fenced trust account that provides investors with redemption right at Closing
- Additional upside through warrants
- Bounded time horizon — wind-up with 100% principal returned to investors if no acquisition within 24 months
- Immediate liquidity through publicly traded securities
- Equity exposure through common stock investment

SPAC transaction basics

IPO vs. SPAC considerations

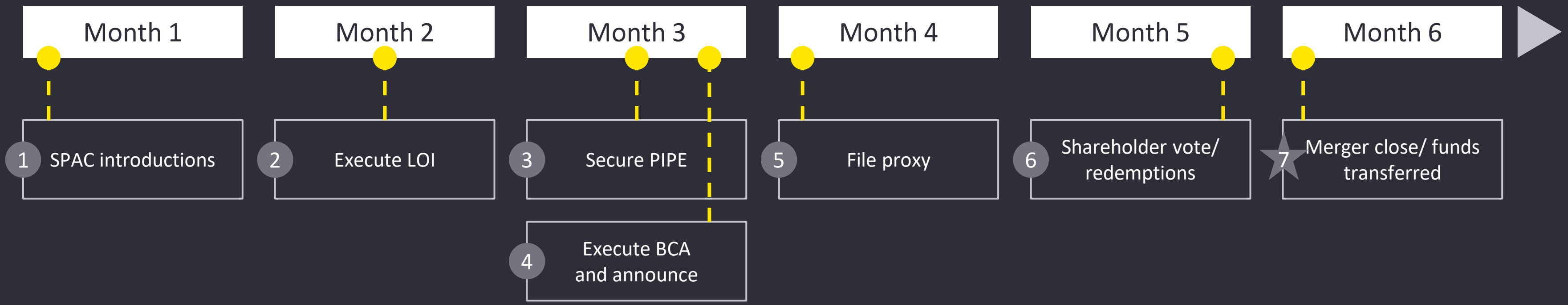
	Traditional IPO	SPAC merger
"Best" use cases	Established comp set Easily understood stories Moderate capital needs	"Early" equity stories Considerable capital or monetization needs
Pricing mechanism	Price discovery driven by investor engagement Roadshow and book-building process	Valuation negotiated with SPAC Pricing validated in PIPE process and SPAC trading
Advantages	✓ Wide universe of investors ✓ Publicity/branding ✓ Growth capital and potential for secondary shares ✓ "Curated" shareholder base ✓ Equity sales support ✓ Sell-side research	✓ Expedited path to public listing ✓ Price and execution certainty ✓ Potential for considerable capital infusion and shareholder monetization ✓ Ability to leverage Sponsor relationships/experience
Considerations	✗ Extensive preparation process ✗ Market risk around pricing ✗ Negative publicity if failed offering	✗ Dilution from sponsor promote and warrants ✗ Shareholder redemption and vote risk ✗ Shortened "readiness" period ✗ Filings are not confidential ✗ Ongoing involvement of Sponsor

03

SPAC timeline

Transaction process timelines

SPAC merger



Month 1

Month 2

Month 3

Month 4

Month 5

Month 6

1 SPAC introductions

2 Execute LOI

3 Secure PIPE

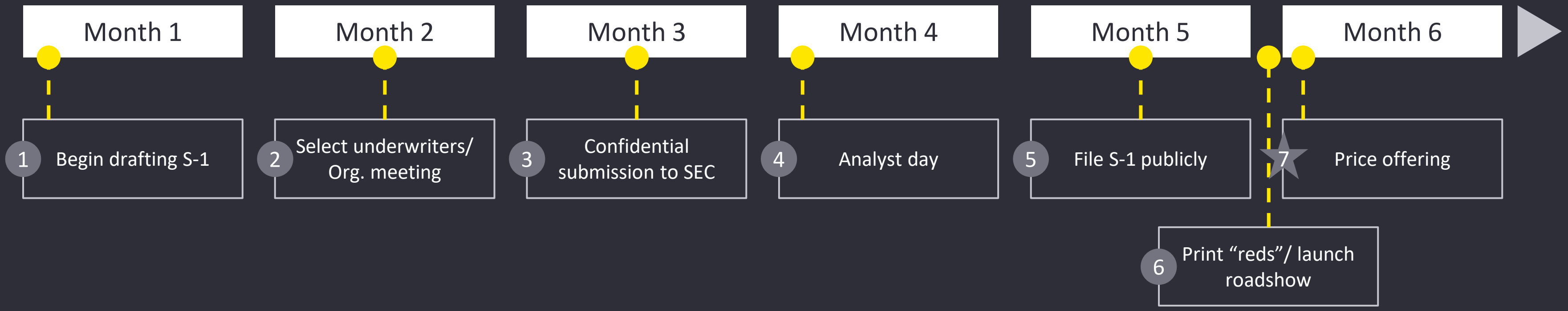
4 Execute BCA and announce

5 File proxy

6 Shareholder vote/ redemptions

7 Merger close/ funds transferred

Traditional IPO



Month 1

Month 2

Month 3

Month 4

Month 5

Month 6

1 Begin drafting S-1

2 Select underwriters/ Org. meeting

3 Confidential submission to SEC

4 Analyst day

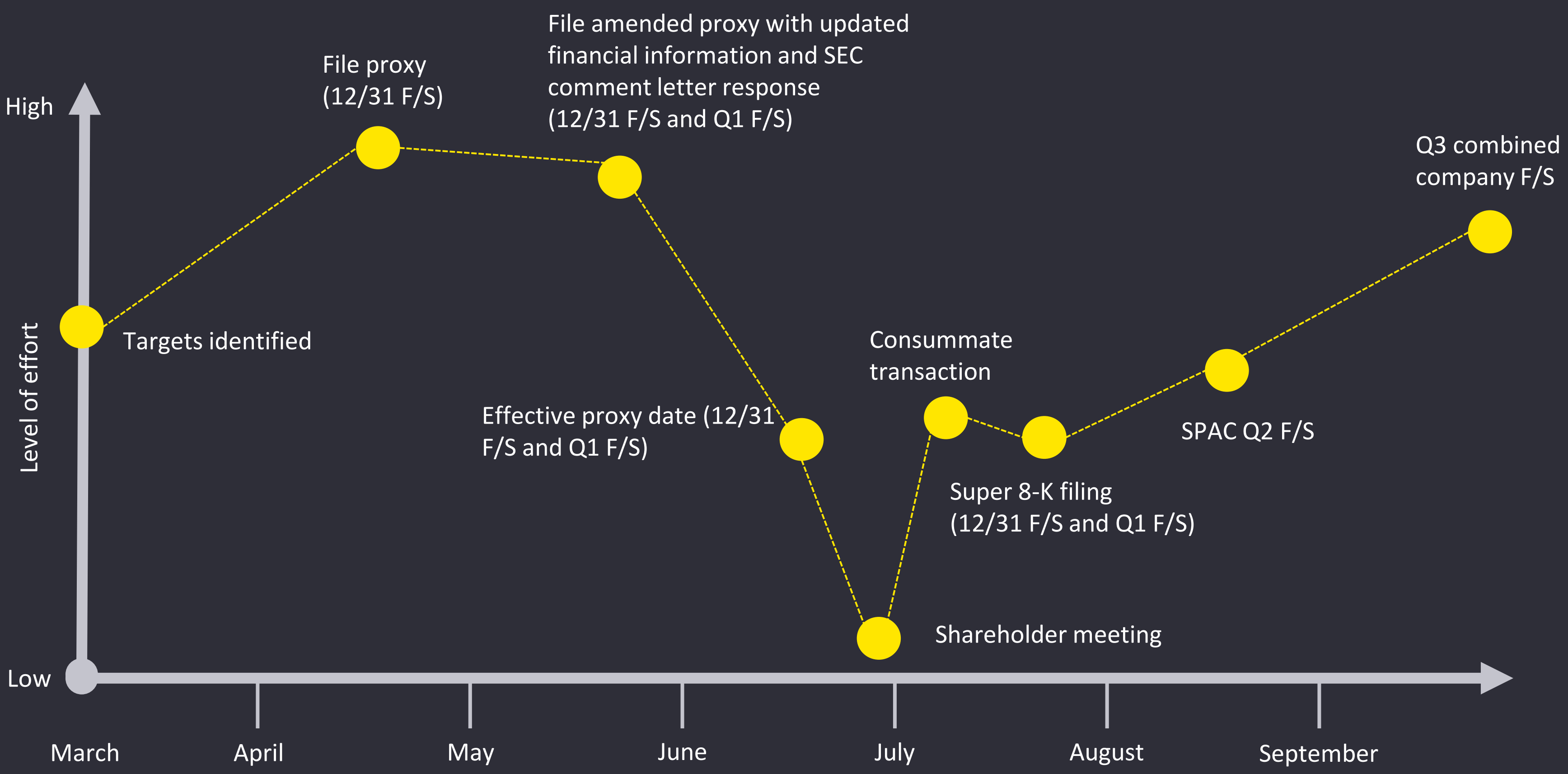
5 File S-1 publicly

6 Print “reds”/ launch roadshow

7 Price offering

Illustrative SEC filing timeline

The timeline below illustrates the timing and level of effort of SEC filings once a target has been identified and a business combination agreement is entered into. In this scenario, the target was identified on March 1. This is exclusive of roadshow timing.



04

Public company readiness

Public company readiness assessment
Key functional areas

The following functional areas are critical while assessing public company readiness:

1. Capital markets strategy
- Defining transaction goals (corporate finance/capital structure/liquidity)
- IPO/SPAC/Direct listing evaluation
- Financial advisor selection
- Equity story and growth drivers
- Street model development
- Timeline considerations

2. Governance and IR
- Building analyst relationships
- Investor communications
- Guidance strategy
- Corporate housekeeping and governance
- C-suite and BOD
- Committees

3. Taxes
- Company level
- Shareholder level
- Executive/employee level
- Transaction level

8. Sustainable finance/ESG
- Alignment to Equity story
- Setting the strategy
- Nonfinancial reporting pre and post listing
- Process, controls and governance

Program management
- Timeline guidance and managing to IPO listing windows
- Stakeholder coordination and communication
- Governance and risk management
- Vendor coordination

4. Finance/Accounting
- Financial close process
- SEC reporting
- Accounting policies
- Forecasting
- Group entity structure
- Treasury

7. Management/HR
- Retention/recruitment
- Payroll and benefits
- Long term incentive compensation
- Tax, accounting and controls for comp process

6. IT
- Scalability
- Control environment
- Security
- Continuity
- Governance

5. Internal controls
- Internal audit and PCAOB audit support
- SOX Control framework
- Process and control documentation
- Enterprise risk

Post-SPAC merger SOX considerations

Section 404(a) and (b)

404 considerations

- Under SEC staff guidance, management may skip reporting on the internal controls of acquired businesses in the first Form 10-K following a material business combination (regardless of whether the combined entity is an EGC or its filer status).
- In SPAC mergers, the internal controls of the target are generally the only ones remaining after the transaction. If management applies the internal control exclusion, there are no meaningful controls to assess as of year-end. However, when a SPAC merger occurs shortly after year-end and the company is required to file an amended Form 8-K to update the financial statements of the target to year-end, that filing is viewed as the equivalent of the company's first annual report on Form 10-K, and subsequent Form 10-K filings should not exclude management's report on internal control over financial reporting.
    - SEC staff has specific guidance in compliance and disclosure interpretations (C&DI) Section 215.02 relevant to determining the 404 compliance dates following a SPAC acquisition.
- EGCs are not required to comply with the requirement to provide the auditor's report on internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act for as long as it qualifies as an EGC. Non-EGCs that are non-accelerated filers are also exempt from compliance with Section 404(b).

Filer status	EGC vs. non-EGC	Required to comply with Section 404(b)
Non-accelerated filer	EGC or non-EGC	No
Accelerated filer	EGC	No
	Non-EGC	Yes
Large accelerated filer	N/A	Yes

05

SEC filing requirements and accounting considerations

SEC filing requirements

Merger requirements

Proxy statement

- Once a SPAC identifies a target, it prepares a proxy statement to solicit shareholder approval for transaction aspects, including:
  - The business combination
  - The issuance of securities
  - The election of the board of directors of the combined company
  - Other organizational and governance-related matters
- The proxy statement also contains:
  - Financial statements of the SPAC, target(s) and other entities to comply with Regulation S-X Rules 3-05 and 3-09
  - Unaudited pro forma financial information reflecting the proposed acquisition
  - Management's discussion and analysis of the SPAC and target(s)
  - Selected historical financial data of the SPAC and target(s), including pro forma financial data
  - Comparative per share information, including pro forma per share data

Super 8-K

- Within four business days of completing a SPAC merger, the combined company must file a Form 8-K (Super 8-K).
- The disclosure requirements include, for the predecessor target, information required if the company were filing a Form 10 registration statement.
- Disclosures in the Super 8-K may be identical to those in the proxy statement, but financial statements and related disclosures may need to be updated due to age requirements.
  - The pro forma financial information and related disclosures in the proxy statement should be updated to reflect the actual redemptions and any other preliminary information finalized as a result of the transaction.

SEC filing requirements

Post-SPAC merger considerations

Post-transaction reporting

- Depending on the timing of the merger, the Super 8-K may need to be updated.
- After the closing, the combined company is a publicly traded company and responsible for complying with ongoing filing requirements.
- The combined company will likely qualify as an emerging growth company (EGC), meaning it's permitted to:
  - Include less extensive narrative disclosure, particularly with regards to executive compensation
  - Provide audited financial statements for two fiscal years instead of three
  - Not provide an auditor attestation of internal control over financial reporting
  - Defer complying with certain changes in accounting standards

Audit readiness

- As a public company, the combined entity will be subject to annual audits by an independent auditor in accordance with PCAOB standards.
  - Systems, processes and controls should be scaled up to comply with audit standards.

SPAC transaction accounting considerations

Sponsor and target perspectives

Sponsor perspective

- Valuation
- PIPE investments recognition
- Consolidation
- Earnout shares issued to the sponsors
- Classification of SPAC warrants

Target perspective

- SEC/PCAOB independence
- Public company readiness
- S-X compliant financial statements
- Management discussion and analysis
- Article 11 unaudited pro forma information
- Super 8-K issuance
- Sarbanes-Oxley requirements
- Other accounting issues
  - Accounting acquirer determination
  - Earnout considerations classification
  - Modification on equity awards
  - Classification of target’s warrants post de-SPAC
  - Transaction expenses

06

Tax due diligence considerations

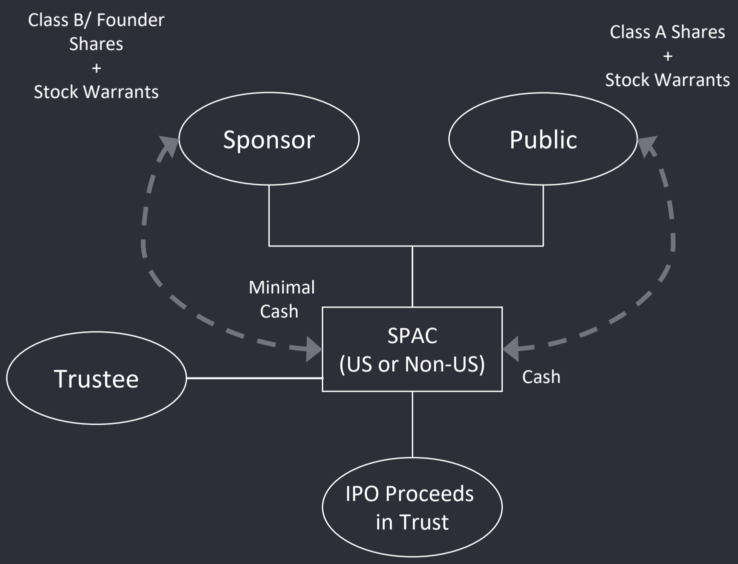
Tax due diligence

- Common areas of tax diligence focus
  - Tax positions taken with respect to prior internal or third-party transactions
  - Tax positions taken with respect to recurring items
  - Federal consolidated return-related items
    - Prior deferred intercompany transactions
    - Excess loss account/negative stock basis
    - Consolidated group filing and election failures
  - Quality of tax attribute carryovers, taking into account consolidated “SRLY” limitations, preexisting Section 382 limitations, and strength of any tax positions on which attributes are based
  - International tax exposures for groups with foreign affiliates and/or operations
- Preparation for tax diligence process

07

Tax structuring considerations

Formation and general tax considerations



General

- In connection with the formation of a SPAC, a Sponsor contributes a sufficient amount of cash to the SPAC in order to fund formation and underwriting costs. In exchange, the Sponsor typically receives Class B Founder shares and warrants.
  - The Class B Founder shares and warrants are convertible into Class A shares of the SPAC in connection with the closing of a business combination (**De-SPAC**) transaction. The warrants typically have no economic rights in advance of the De-SPAC transaction.
- In connection with the IPO of SPAC shares, the public subscribes for Class A shares and warrants and IPO proceeds are deposited in the “trust account” established for the SPAC.

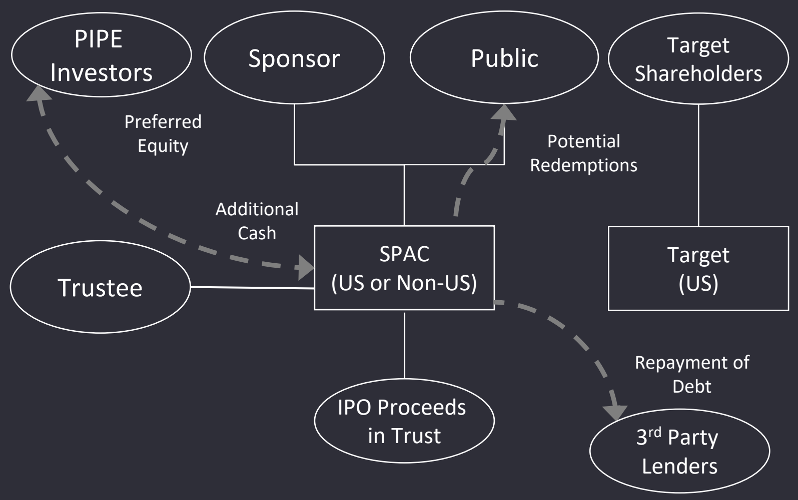
Choice of Jurisdiction: US vs. Non-US

- Country of incorporation/residency is typically chosen based on the anticipated domicile of the Target of the De-SPAC.
- If Target could be non-US or its jurisdiction is unknown, incorporating the SPAC in an offshore jurisdiction generally provides greater flexibility.
  - Consider residency/exit charges, such as location of central management and control.
- US SPACs are typically organized in Delaware.
- Non-US SPACs are often domiciled in the Cayman Islands.

Intended US tax treatment

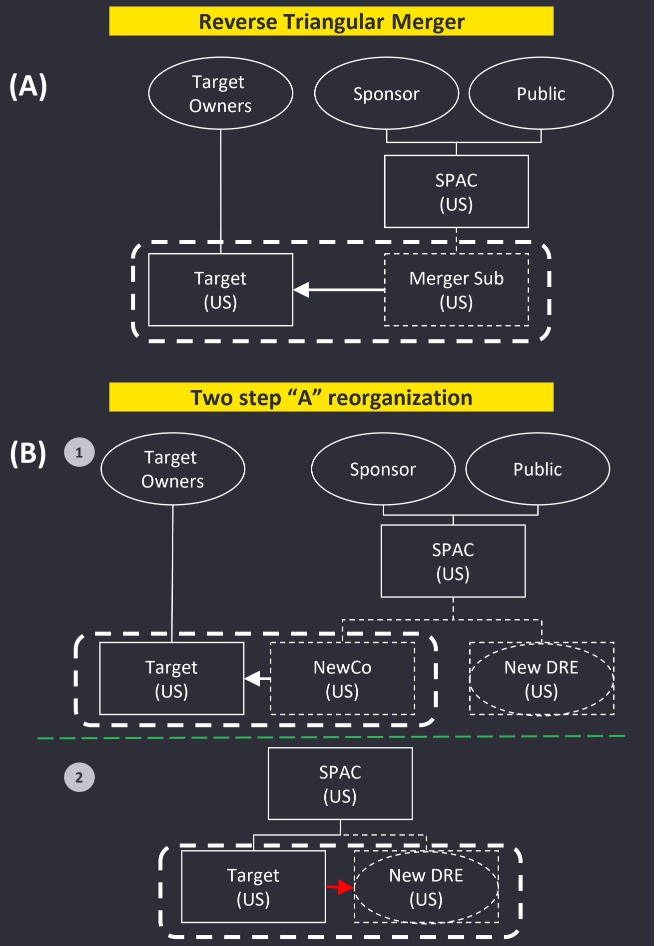
- Initial formation of the SPAC is intended to be tax-free under Section 351.
- Consider protective Section 83(b) elections in connection with Founders’ Shares/Warrants.
- For non-US SPACs, consider controlled foreign corporation (**CFC**) and passive foreign investment company (**PFIC**) status.
  - Consider qualified electing fund (QEF) election.
  - Consider the potential applicability of the PFIC start-up exception.

‘De-SPAC process’ and PIPE considerations



- Potential redemptions that occur in connection with a De-SPAC transaction generally treated as an exchange for redeemed SPAC shareholders under Section 302.
- Form of De-SPAC transaction will depend on numerous considerations that include the following:
  - Whether the SPAC and Target are domestic of foreign
  - Whether the Target is in corporate or partnership form
  - Importance of US nonrecognition treatment of Target shareholders that want to retain some ownership in the Target
  - Whether it is necessary or important for the SPAC entity to remain in existence

Example of typical transaction structure involving domestic SPAC and corporate Target



Transaction structure

- If Target is a US corporation, various structures may be available depending on the commercial objectives (e.g., "rollover" of Target shareholders and cash needs).
- In general, the US tax-free reorganization rules provide flexibility to structure the De-SPAC transaction as a nontaxable transaction while providing as much as 60% non-stock consideration to Target shareholders.

Illustrative structure alternatives

A. "Reverse Triangular Merger" — SPAC forms a new state law corporation (Merger Sub) which merges with and into Target, with Target surviving the merger (see illustration).

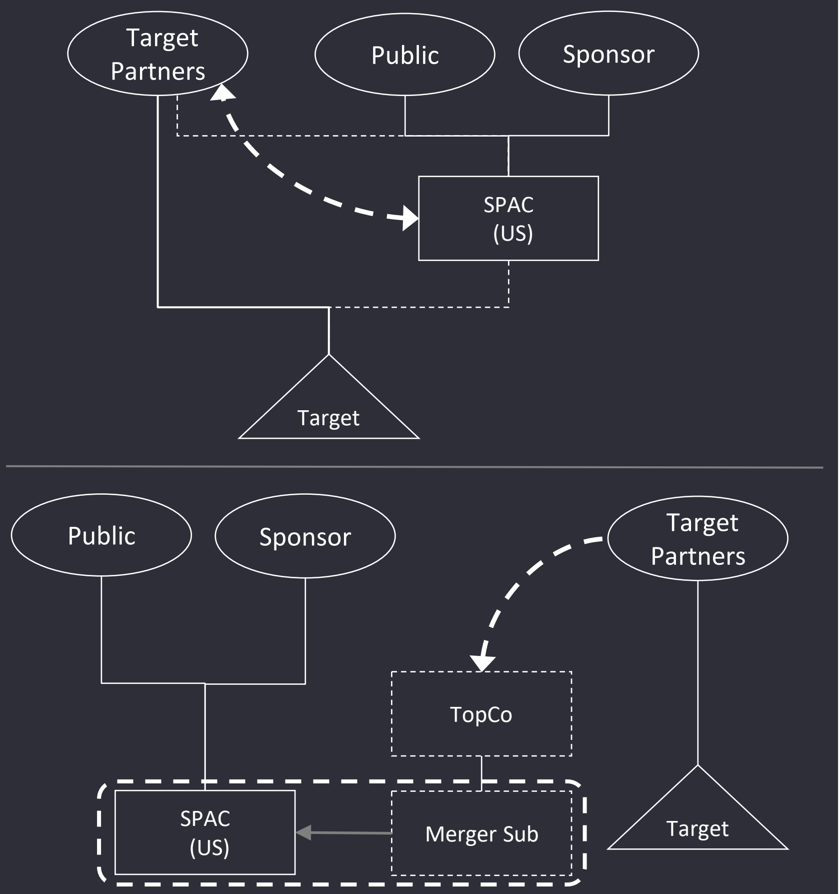
B. "A" Reorg." — Target merges with and into SPAC or a disregarded subsidiary of SPAC, and, as part of the merger, Target ceases to exist.

C. "Two-Step "A" Reorg." — SPAC forms a new state law corporation (NewCo) and a new disregarded entity (New DRE). NewCo merges with and into Target, with Target surviving the merger. Immediately thereafter, Target merges with and into New DRE, with New DRE surviving the merger (see illustration).

Key US tax considerations

- Assuming the nonstock consideration does not exceed the extent of permissible boot under the applicable reorganization provision, the acquisition transaction is intended to qualify as a tax-free reorganization.
- Alternative (A) is intended to qualify as a tax-free reverse triangular merger transaction, provided boot does not exceed 20%. (see Sec. 368(a)(2)(E)). In case of excess boot, Alternative A is treated as a taxable stock acquisition.
- Alternative (B) is intended to qualify as a tax-free "A" reorganization, provided boot does not exceed 60%.

Example of typical transaction structure involving domestic partnership Target (including “Up-C” structure)



Transaction structure

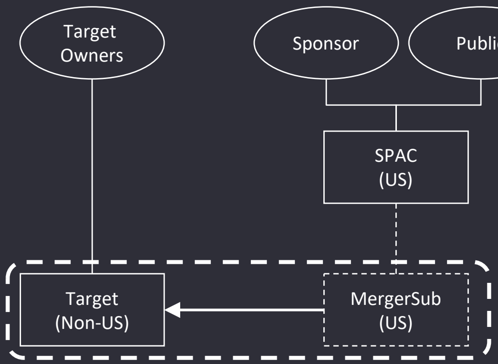
- If Target is a US partnership, various structures may be available depending on the commercial objectives (e.g., “rollover” of the legacy partners of Target (Target Partners), business cash needs, and US tax classification of Target Partners).
- It is challenging to structure a tax-free transaction for legacy Target Partners absent forming a new parent corporation.
- Generally, tax-free merger treatment is not available for Target Partners who wish to convert their ownership into corporate stock.

Illustrative transaction alternatives

- Up-C Structure: Allows legacy Target Partners to remain as owners of a flow-through entity and provides the SPAC with a step-up in tax basis of Target assets when the legacy Target Partners monetize/sell down their ownership stake.
  - Target Partners may also request the parties enter into a Tax Receivable Agreement (TRA) with respect to any future tax basis step-up obtained.
  - SPAC Up-C transactions both with and without a TRA are common.
- “Double Dummy” Structure: Sponsor forms a new US corporation (TopCo) and TopCo forms a new corporate subsidiary (Merger Sub). Merger Sub merges with and into SPAC with SPAC surviving. Target Partners contribute their interest in Target to TopCo in exchange for TopCo shares. As a result of the transaction, Target ceases to be a partnership for US tax purposes.
  - Intended to be tax-free to Sponsor, Public and Target Partners.
  - Would likely require a delisting of SPAC and relisting of TopCo.
  - Need to consider treatment of Sponsor warrants and consider alternatives depending on anticipated use of SPAC cash.

Example of typical transaction structure involving domestic SPAC and non-US Target

Reverse triangular merger



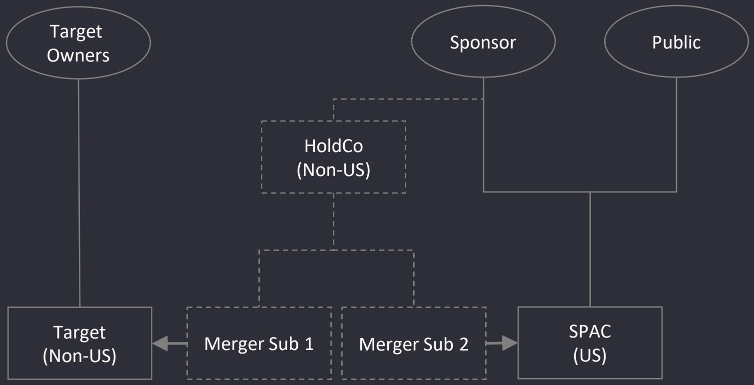
Intended US tax treatment

- MergerSub merges with and into Target with Target surviving, and is typically treated as a tax-free reverse triangular merger (Section 368(a)(2)(E)).

Considerations

- Non-US business of Target would be subject to US taxation on a go forward basis, including under GILTI and Subpart F rules.
- Other US tax considerations would include withholding tax on future distributions from Target to HoldCo and interest deduction limitations.

"Double Dummy"



Intended US tax treatment

- Formation of HoldCo and the two mergers are together intended to be treated as tax-free (Section 351 and 368(a)(2)(E)).

Considerations

- HoldCo undergoes listing process.
- Target avoids application of US taxation to its non-US operations.
- Consider applicability of US anti-inversion rules (Section 7874).
- Consider outbound reorganization rules (Section 367(a)).

08

Appendix A:
Insurance-specific deals

Completed and announced SPAC transactions — Insurance

Announcement date	Closing date	Target	SPAC	Deal value (US$m)
Mar-2016	Jul-2016	LIMBACH	1347 Capital LLC	$97.0
May-2017	Nov-2017	F&G ANNUITIES & LIFE	CF CORP	$2,240.0
Jun-2018	Nov-2018	SiriusPOINT	Easterly Acquisition	$2,200.0
Sep-2019	Mar-2020	IGI	TIBERIUS ACQUISITION CORPORATION	$425.0
Jun-2020	Oct-2020	Shift	C&CO IAC INSURANCE ACQUISITION CORP.	$415.9
Nov-2020	Feb-2021	metromile	C&CO IAC INSURANCE ACQUISITION CORP.	$956.0
Feb-2021	Jul-2021	CCC	DRAGONEER INVESTMENT GROUP	$7,049.0
Mar-2021	Jul-2021	doma	CAPITOL INVESTMENT V	$3,030.0
Mar-2021	Aug-2021	hippo	Reinvent TECHNOLOGY PARTNERS	$5,000.0
Aug-2021	Dec-2021	HAGERTY	ALDEL FINANCIAL	$3,134.0
Jul-2021	TBD	olive.com	M·D·H MDH ACQUISITION CORP	$959.0
Jan-2022	TBD	ETAO INTERNATIONAL GROUP	Mountain Crest	$2,500.0

Active SPACs targeting insurance sector

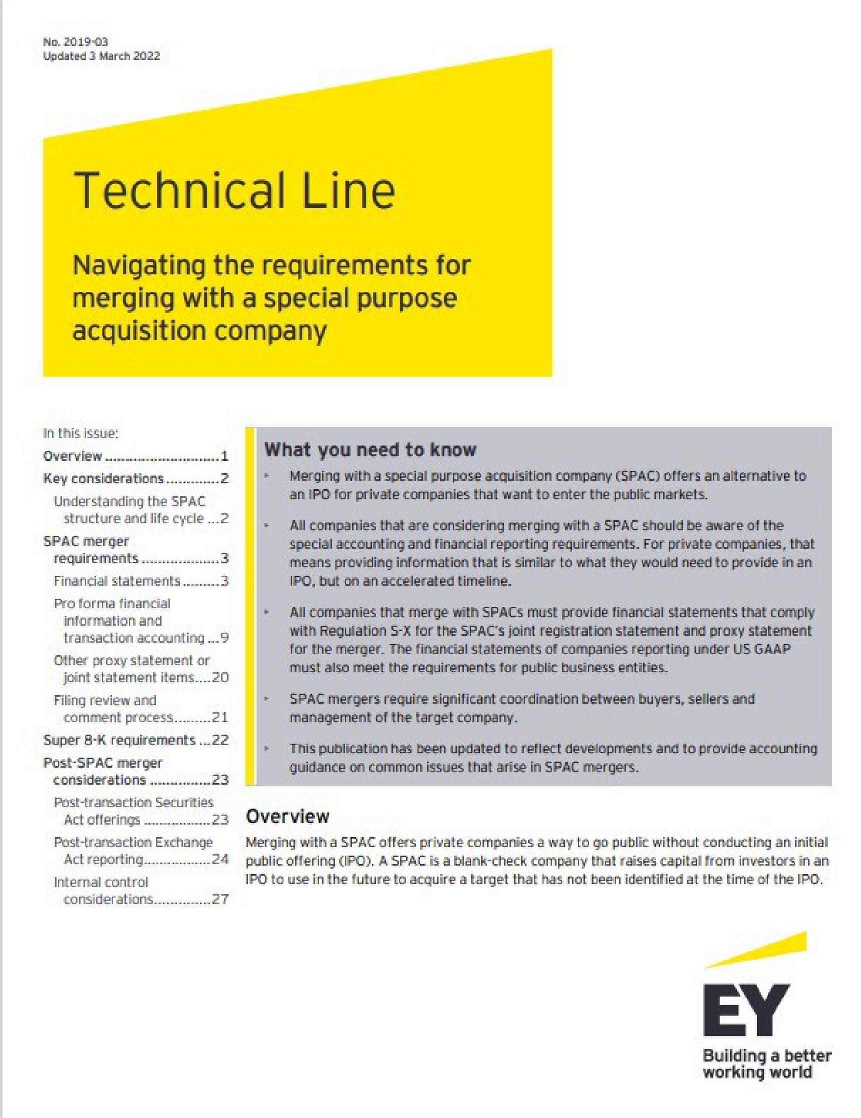
IPO date	Completion deadline date	SPAC	IPO proceeds raised (US$m)
Nov-2020	May-2022	Omnichannel Acquisition Corp.	$200.0
Dec-2020	Jun-2022	delwinds	$175.0
Dec-2020	Dec-2022	C & C O IAC Insurance Acquisition Corp.	$218.0
Jan-2021	Jan-2023	Kairos Acquisition Corp. Creating Insurance Alpha	$240.0
Aug-2021	Nov-2022	OXAC	$100.0

08

Appendix B:
EY technical line

Appendix B: EY technical line

Navigating the requirements for merging with a SPAC



No. 2019-03
Updated 3 March 2022

Technical Line

Navigating the requirements for merging with a special purpose acquisition company

In this issue:

What you need to know

- Merging with a special purpose acquisition company (SPAC) offers an alternative to an IPO for private companies that want to enter the public markets.
- All companies that are considering merging with a SPAC should be aware of the special accounting and financial reporting requirements. For private companies, that means providing information that is similar to what they would need to provide in an IPO, but on an accelerated timeline.
- All companies that merge with SPACs must provide financial statements that comply with Regulation S-X for the SPAC's joint registration statement and proxy statement for the merger. The financial statements of companies reporting under US GAAP must also meet the requirements for public business entities.
- SPAC mergers require significant coordination between buyers, sellers and management of the target company.
- This publication has been updated to reflect developments and to provide accounting guidance on common issues that arise in SPAC mergers.

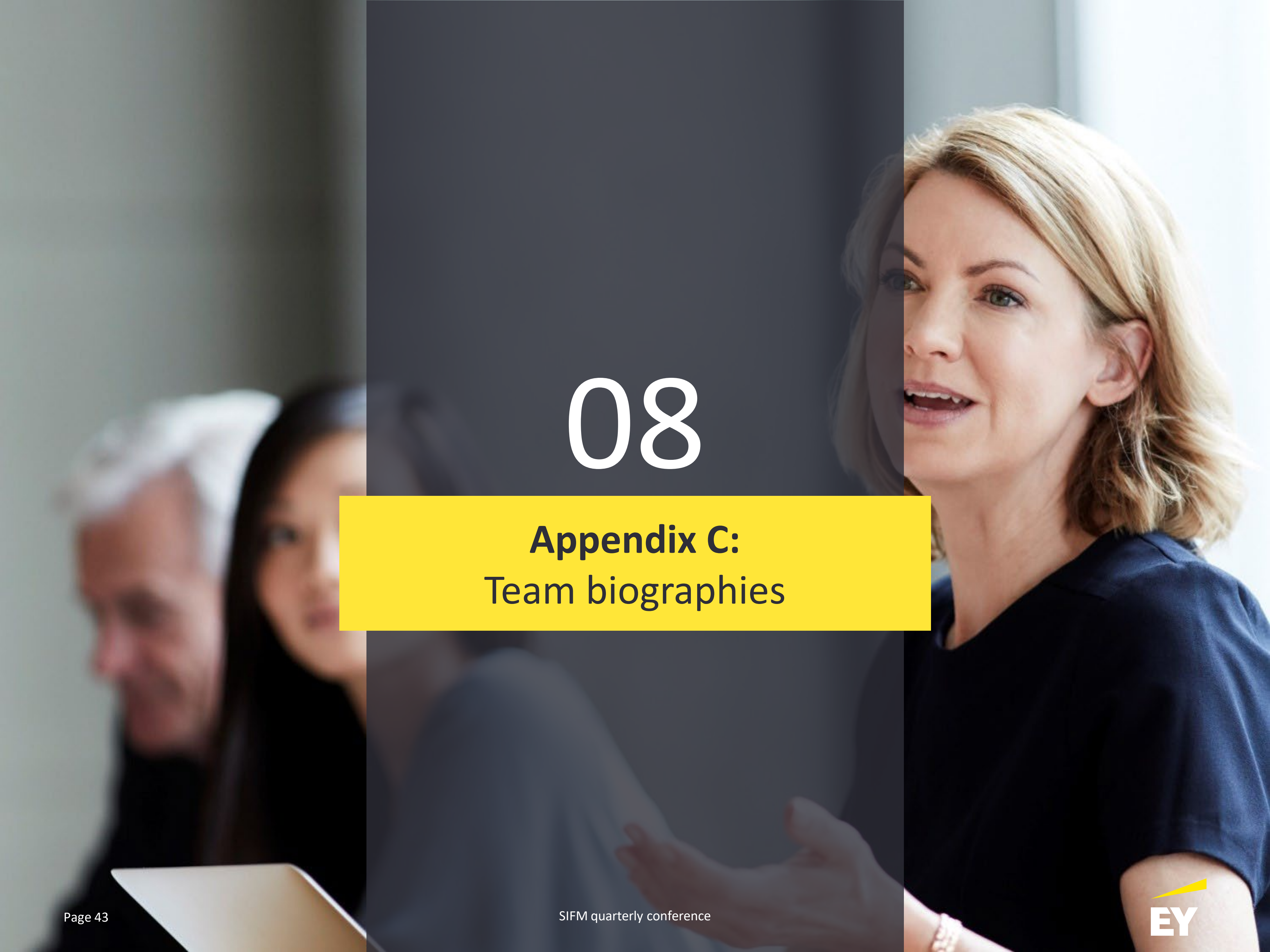
Overview

Merging with a SPAC offers private companies a way to go public without conducting an initial public offering (IPO). A SPAC is a blank-check company that raises capital from investors in an IPO to use in the future to acquire a target that has not been identified at the time of the IPO.

Building a better working world

About the Tech Line

- Published March 2022
- Topics include:
  - Key considerations
  - SPAC merger requirements
  - Super 8-K requirements
  - Post-SPAC merger considerations
- Link to publication
  - Technical Line — Navigating the requirements for merging with a special purpose acquisition company | EY — US



08

Appendix C:

Team biographies

Team Biographies

Sabina Zaman
Partner

+1 917 744 4700
sabina.zaman@ey.com

Sabina is a Partner of Ernst & Young LLP and is based in New York. She serves as the IPO leader for the Financial Services sector and has over 25 years of experience. She serves as the client relationship partner on several FinTech and private equity clients, providing accounting and financial reporting consultation advice. Sabina's core competency is around capital markets transactions; she led various large-scale complex transactions related to IPOs/SPACs, M&A/carveouts. She has also advised clients on public company readiness, including the transformation of the finance organization. Sabina's broad and diverse experiences as an auditor, subject matter specialist, deal advisor and management consultant, enable her to bridge technical accounting and financial reporting advice with an understanding of business operations.

Mark Schwartz
Head of IPO and SPAC Capital Markets Advisory
Managing Director

+1 305 415 1699
mark.schwartz1@ey.com

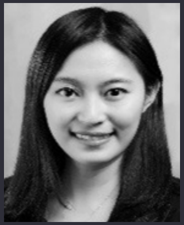
Mark leads Ernst & Young Capital Advisors, LLC's ("EYCA") IPO and SPAC capital markets advisory practice, where he focuses on preparing private companies transitioning to the public markets. Mark provides clients with independent strategic perspectives and advice on all aspects of a public listing – from early-stage evaluation, planning and process, through execution. Prior to joining EYCA, Mark served in senior Equity Capital Markets positions on Wall Street for nearly 15 years – most recently he was Deutsche Bank's Head of Equity Financing Solutions focused on IPOs. Mark was also a senior IPO execution investment banker at Barclays and its predecessor Lehman Brothers.

Gary R. Vogel
Managing Director

+1 202 327 6392
gary.vogel@ey.com

Gary R. Vogel is a Managing Director in the Mergers & Acquisitions practice and National Tax Department of Ernst & Young LLP, based in Washington, D.C., and works primarily on structuring complex corporate transactions, including those involving SPACs. Gary joined Ernst & Young LLP in 2001 and has over 29 years of experience, with much of that concentrated in transaction tax matters involving insurance and other financial services companies. Gary has had extensive experience planning both taxable and tax-free transactions, including stock and asset acquisitions and dispositions, tax attribute utilization planning, and the consolidated return aspects of transactions.

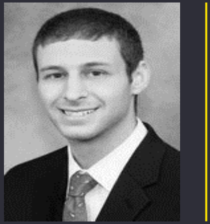
Team Biographies



Hong Tan
Senior Manager

+1 212 773 1526
hong.tan@ey.com

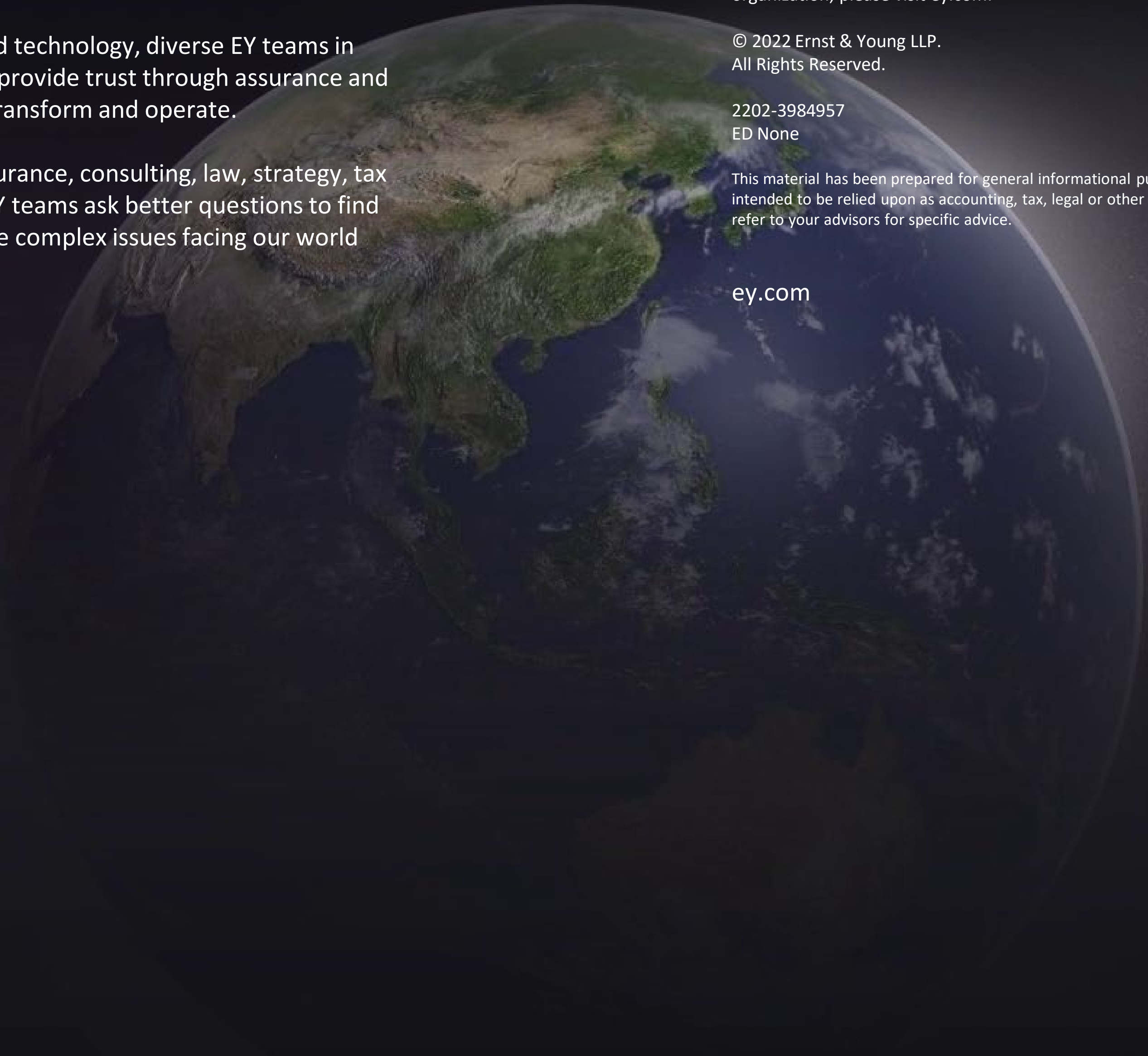
Hong Tan is a New York-based Senior Manager in EY and has over 12 years of experience providing assurance and advisory services to a variety of public and private financial institutions and other capital markets participants. She has experience in providing transaction-based accounting advisory services on topics including merger and acquisitions (“M&A”), special purpose acquisition company (“SPAC”) transactions, and initial public offerings (“IPO”). Hong has assisted financial service companies undertaking an IPO or SPAC transaction on a variety of projects including: 1) advising executives on IPO timelines and capital markets strategy including IPO readiness assessments; 2) coordinating with the company’s executives, legal counsel, underwriters and auditor to prepare SEC filing forms, including form S-1, form S-4, and form 8-K, and SEC regulation S-X compliant financial statements (“FS”); 3) assisting with developing significant accounting policies, KPIs and non-GAAP measures; and 4) reviewing management’s responses to SEC comment letters



Eric Corwin
Senior Manager

+1 212 773 8267
eric.corwin@ey.com

Eric Corwin is a New York-based Senior Manager in EY and has over 7 years of experience providing assurance and advisory services to a variety of public and private asset management, banking, insurance, FinTech and crypto clients. He has experience in providing transaction-based accounting advisory services topics, including special purpose acquisition company (“SPAC”) transactions. Eric has assisted clients on a variety of projects related to the preparation of SEC registration statements, including Forms S-1 and S-4. This assistance includes the preparation of financial statements, drafting of the MD&A, drafting technical accounting whitepapers, assisting with SEC comment letters, and providing insights regarding the SEC’s views on non-GAAP measure presentation.



EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

2202-3984957
ED None

ey.com