



Special Purpose Acquisition Companies

2023 Year End Review

Executive Summary

The SPAC market experienced a 64% decline in IPOs in 2023 compared to 2022 with a record number of liquidations. The average gross IPO proceeds fell from about \$159 million in 2022 to \$125 million in 2023, and liquidations increased from 145 to 197. The average redemption rate also increased during the period. As of December 2023, there were 127 SPACs searching for targets.

Some of the factors that negatively impacted the SPAC market include disappointing performance by newly de-SPAC'd companies, SEC scrutiny, an uncertain economic outlook and rising interest rates.

Highlights

31 IPOs totaling over \$3.9 billion in gross public proceeds

140 de-SPAC transactions were announced but not yet completed as of December 31, 2023, representing over \$27 billion in IPO proceeds

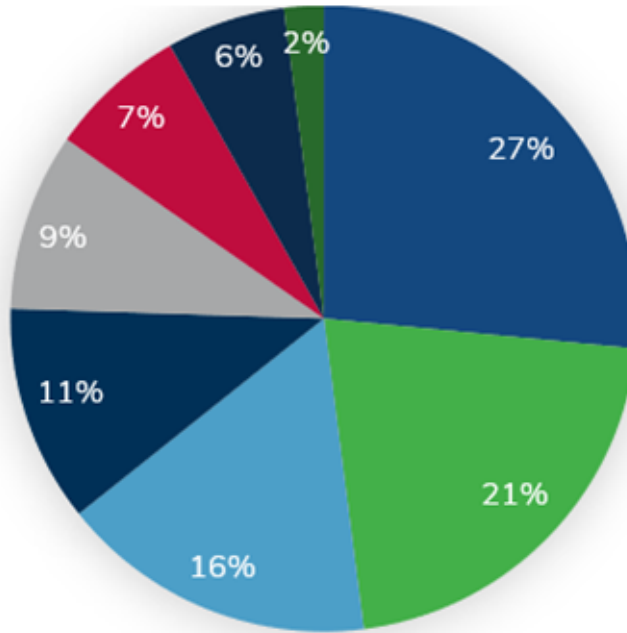
98 de-SPAC transactions were completed in 2023, representing over \$90 billion of total enterprise value

127 SPACs active and seeking targets as of December 31, 2023

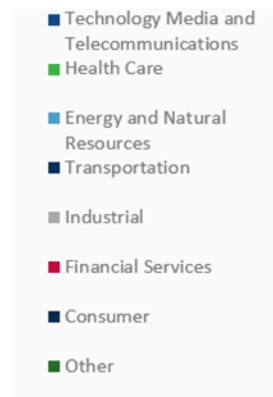
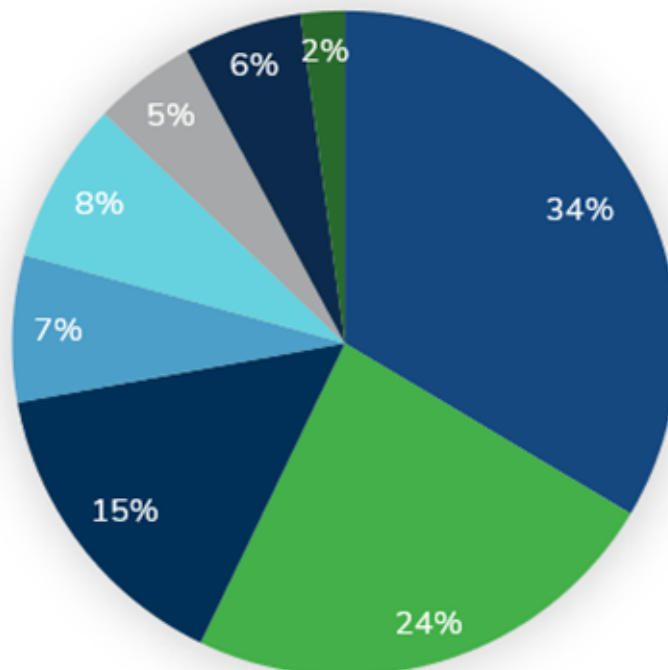
197 liquidations, representing approximately 44% of those with completion deadline dates in 2023

Select 2023 Transaction Activity

Completed Transactions



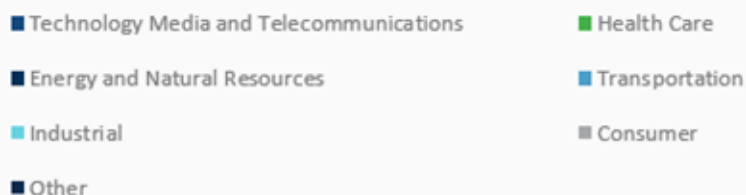
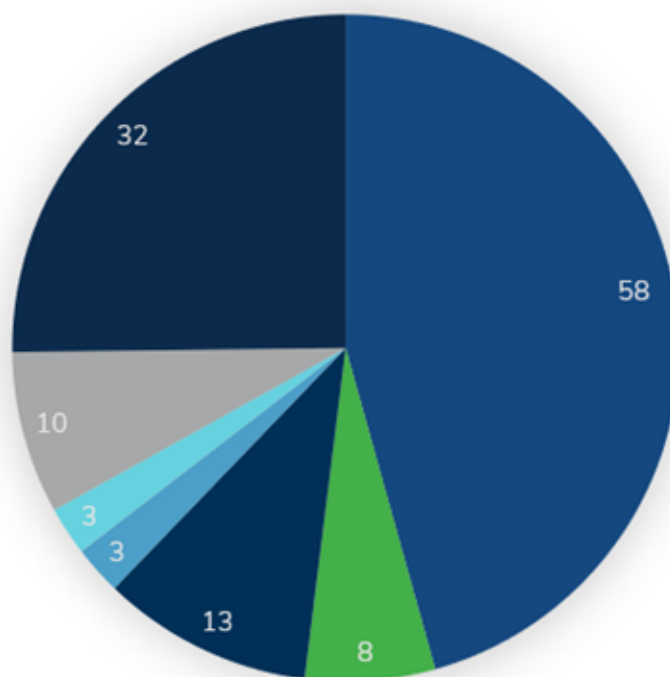
Pending Transactions



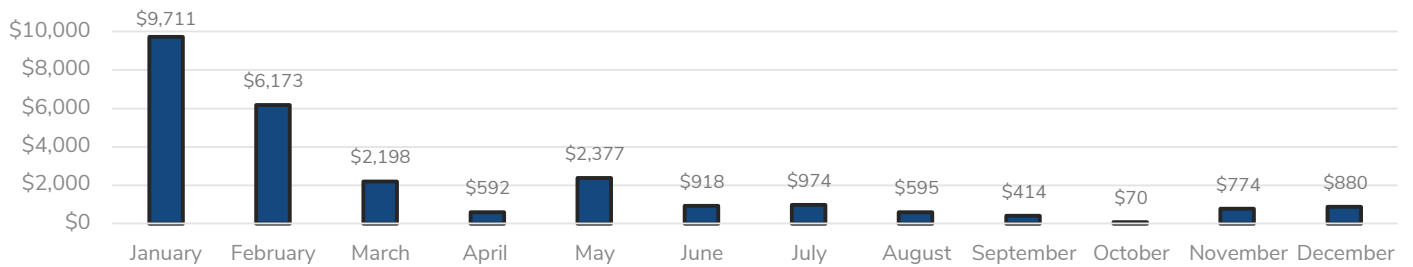
Liquidations

- As of December 31, 2023, 120 of the SPACs searching for targets are set to expire in 2024. Just in the first quarter of 2024, 77 SPACs searching for targets, representing approximately \$18 billion cash in trust, are obligated to complete mergers.
- Looming expiration dates are putting pressure on blank check companies to complete business combinations. In 2023, 197 SPACs with more than \$55 billion cash in trust have liquidated, compared to 145 liquidations in the previous year.
- Most of the liquidations in 2023 were SPACs seeking targets in the technology, media and telecommunications (TMT) industry. There are still 58 TMT-focused SPACs with more than \$12 billion cash in trust that are seeking a merger partner.

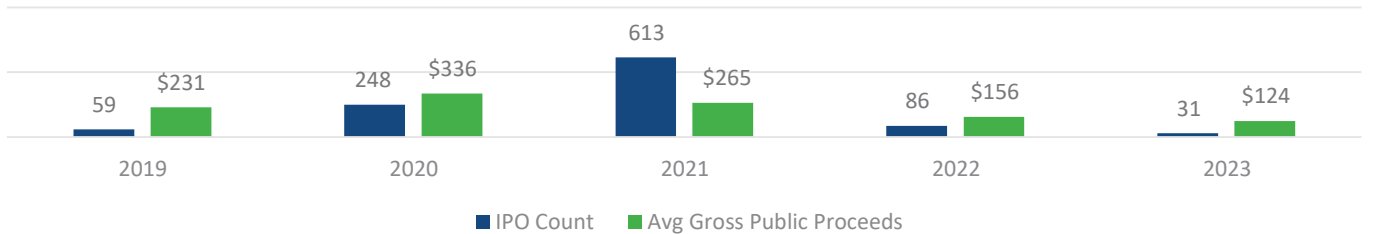
Number of SPACs Searching for Targets by Industry



SPACs Seeking Targets: Total Cash in Trust by Upcoming Expiration 2024 (millions)



IPO Count and Average Gross Public Proceeds (millions)



SPAC IPO count and average gross public proceeds peaked in 2021, followed by a sharp decline in 2022. 2023 was the lowest year for IPOs over the last five years with only 31 SPAC IPOs. Funding from both public and private investors declined. Additionally, over \$18 billion of cash in trust is set to expire in Q1 2024 if deals are not completed, likely resulting in further liquidations.

2023 League Tables

IPO Underwriters

Name	No. of Deals	Bookrunner Volume (\$ mn)
Citigroup	3	\$1,150.0
EF Hutton	8	\$615.0
Cantor Fitzgerald	3	\$580.0
UBS Investment Bank	1	\$500.0
Brookline Capital Markets	5	\$384.5
BTIG	2	\$345.0
Wells Fargo Securities	1	\$305.0
Maxim Group	2	\$250.0
William Blair	1	\$230.0
Roth Capital Partners	1	\$230.0

IPO Legal Advisors

Name	No. of Deals	Total Deal Volume (\$ mn)
Loeb & Loeb	15	\$1,396.5
Ellenoff & Grossman & Schole	7	\$1,150.0
Kirkland & Ellis	3	\$730.0
Vinson & Elkins	2	\$650.0
White & Case	2	\$555.0
Ropes & Gray	1	\$500.0
Graubard & Miller	3	\$474.0
Blank & Rome	4	\$385.0
Davis & Polk & Wardwell	1	\$345.0
Shearman & Sterling	3	\$338.0

De-SPAC Financial Advisors

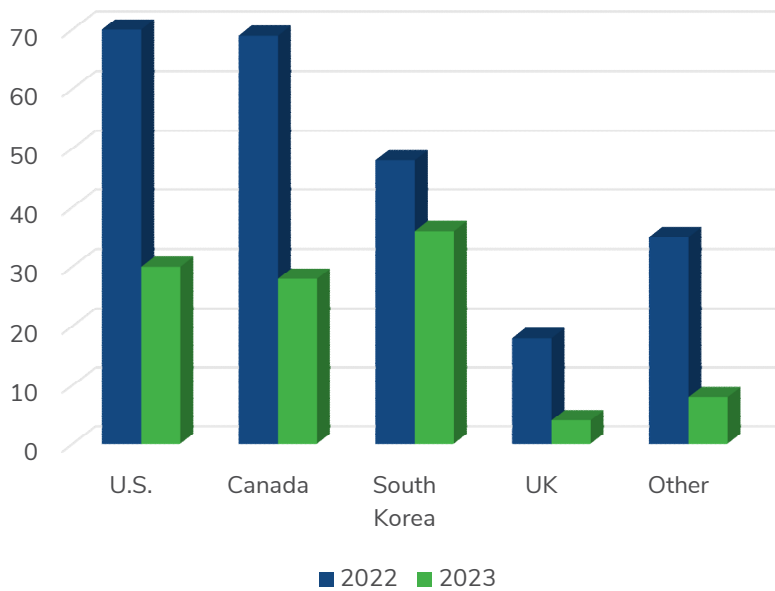
Name	No. of Deals	Total Deal Value (\$ mn)
Jones Trading	2	\$27,717.0
Barclays	3	\$10,006.0
BoFA Securities	4	\$8,700.0
China Renaissance Securities	1	\$4,081.4
Lincoln International	2	\$3,756.0
Lazard	1	\$3,547.0
Wells Fargo Securities	1	\$3,300.0
Cohen Company Capital Markets	5	\$2,736.8
Alliance Global Partners	3	\$2,678.0
Oppenheimer Co	3	\$2,467.0

De-SPAC Legal Advisors

Name	No. of Deals	Total Deal Volume (\$ mn)
Sullivan & Cromwell	3	\$8,217.0
Cooley	8	\$7,950.8
White & Case	11	\$7,092.8
Baker & McKenzie	1	\$6,732.0
Ropes & Gray	1	\$6,732.0
Latham & Watkins	12	\$6,537.8
Davis & Polk & Wardwell	5	\$5,871.2
Loeb & Loeb	13	\$5,475.9
Ogier	3	\$5,375.4
Covington & Burling	2	\$5,115.0

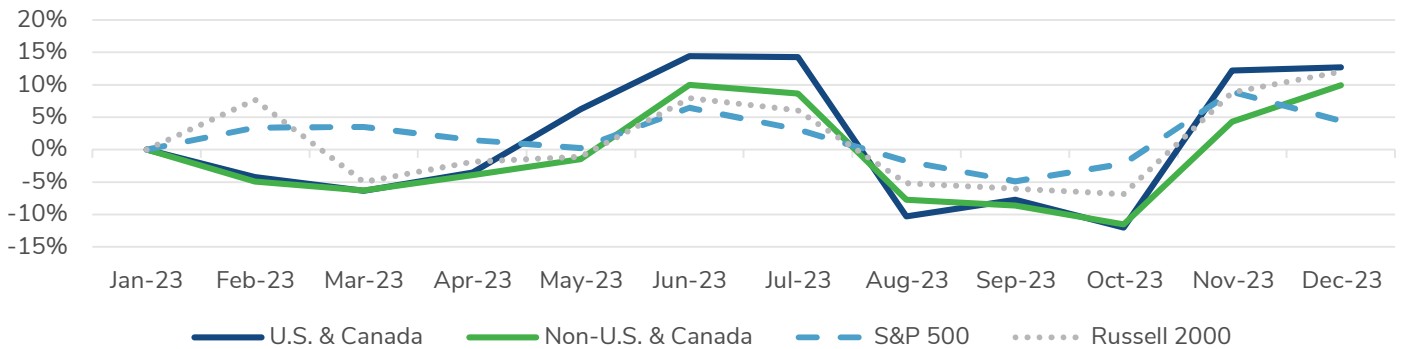
Source: SPAC insider as of 12/31/2023. Data source primarily tracks securities trading on the NYSE and NASDAQ exchange.

Global SPAC IPOs Completed 2023



Country	SPAC IPO 2023
South Korea	36
U.S.	30
Canada	28
UK	4
China	2
Germany	2
Luxembourg	1
Malaysia	1
Taiwan	1
Sweden	1

Select De-SPAC Company Performance



The chart above represents the change in total market cap of 163 companies headquartered in the U.S. and Canada and 65 companies headquartered outside of the U.S. and Canada that have gone public via a de-SPAC between January 2019 and December 2022 with a total market cap of over \$100 million USD on 12/31/2023.

SPACs, Shell Companies and Projections: Final Rules

On January 24, 2024, the Securities and Exchange Commission adopted new rules and amendments to enhance disclosures and provide additional investor protection in initial public offerings (IPOs) by SPACs and in subsequent business combination transactions.

Through these new rules and amendments, the SEC seeks to enhance investor protection in SPAC IPOs and de-SPAC transactions with respect to the adequacy of disclosure and the responsible use of projections.

The final rules, among other things:

- Require additional disclosures about SPAC sponsor compensation, conflicts of interest, dilution, the target company, and other information that is important to investors in SPAC IPOs and de-SPAC transactions;
- Require, in certain situations, the target company in a de-SPAC transaction to be a co-registrant with the SPAC (or another shell company) and thus assume responsibility for the disclosures in the registration statement filed in connection with the de-SPAC transaction;
- Deem any business combination transaction involving a reporting shell company, including a SPAC, to be a sale of securities to the reporting shell company's shareholders;
- Better align the regulatory treatment of projections in de-SPAC transactions with that in traditional IPOs under the Private Securities Litigation Reform Act of 1995 (PSLRA);
- Require disclosure of all material bases of the projections and all material assumptions underlying the projections; and
- Require additional disclosures in de-SPAC transactions regarding any determination by a board of directors or similar body as to whether the de-SPAC transaction is advisable and in the best interests of the SPAC and its shareholders, if required by law, and any outside report, opinion, or appraisal received that materially relates to the de-SPAC transaction.

Opinions Practice Overview

Our team has particular expertise in situations where advisor independence is paramount and scrutiny is elevated.

The Duff & Phelps Opinions practice helps boards of directors, and special committees formed by boards, to fulfill their fiduciary responsibilities when considering corporate transactions.

Differentiators

Core Practice: Ranked #1 for total number of Fairness Opinions issued in the U.S. and globally over the past 10 years and is a leading provider of solvency opinions (more than 2,585 fairness and solvency opinions with over \$8 trillion in deal value since 2005).

Independence: Vast majority of our opinions involve transactions in which Kroll is not the investment banker.

Analytical Rigor: Comfortable providing opinions in transactions involving minority interests and debt securities and transactions lacking a market-clearing mechanism.

Key Services

- Fairness Opinions
- Special Committee Financial Advisor
- Solvency Opinions and Surplus Opinions
- Commercially Reasonable Debt Opinions
- Reasonably Equivalent Value Opinions
- ESOP and ERISA Advisory
- Complex Valuations

Fairness Opinion League Table

Announced U.S. Fairness Opinions Rankings

	Rank	No. of Credited Deals
Full Year 2023	#1	30
Ten Years: 2014 – 2023	#1	439
Twenty Years: 2004 – 2023	#1	786

Announced Global Fairness Opinions Rankings

	Rank	No. of Credited Deals
Full Year 2023	#1	43
Ten Years: 2014 – 2023	#1	580
Twenty Years: 2004 – 2023	#1	946

Source: LSEG's (FKA Refinitiv) cumulative data 2004-2023.

Select SPAC Experience

Featured Transaction

Fairness Opinion

(pending transaction)

On December 22, 2023, Screaming Eagle Acquisition Corp. (NasdaqGM:SCRM) announced it has entered into a business combination agreement with the **Studio Business of Lions Gate Entertainment Corp.** in a de-SPAC transaction



Screaming Eagle

Financial advisor to the board of directors of Screaming Eagle Acquisition Corp.

Screaming Eagle Acquisition Corp. (Nasdaq: SCRMU, SCRM, SCRMW) ("Screaming Eagle") announced that it has entered into a definitive agreement to merge with the Motion Picture and Television Studio Business of Lionsgate (NYSE: LGF.A, LGF.B) to launch Lionsgate Studios Corp. ("Lionsgate Studios") in a de-SPAC transaction.

The Duff & Phelps Opinions Practice of Kroll provided a fairness opinion to the board of directors of Screaming Eagle Acquisition Corp. in connection with the proposed merger.

The transaction is expected to close in the spring of 2024 and is anticipated to deliver approximately \$350mn of gross proceeds to Lionsgate, including \$175mn in PIPE financing committed by leading mutual funds and other investors.

Learn more about the transaction [here](#).

Fairness Opinion

EG Acquisition Corp. has merged with **flyExclusive, Inc.** (NYSEAM:FLYX) in a de-SPAC transaction



Financial advisor to the board of directors of EG Acquisition Corp.

Fairness Opinion

Freedom Acquisition I Corp. has merged with **Complete Solaria, Inc.** (NasdaqGM:CSLR) in a de-SPAC transaction



Financial advisor to the board of directors of Freedom Acquisition I Corp.

Fairness Opinion

TLG Acquisition One Corp. has merged with **Electric Power Holdings, Inc.** (NYSE:ELIQ) in a de-SPAC transaction



Financial advisor to the board of directors of TLG Acquisition One Corp.

Fairness Opinion

(pending transaction)

On August 1, 2023, Churchill Capital Corp VII (NYSE:CVII) announced it has entered into a business combination agreement with **CorpAcq Holdings Limited** in a de-SPAC transaction

CHURCHILL CAPITAL VII

Financial advisor to the board of directors of Churchill Capital Corp VII

Fairness Opinion

(pending transaction)

On April 26, 2023, Investcorp Europe Acquisition Corp I (NasdaqGM:IVCB) announced it has entered into a business combination agreement with **OpSec Security Group Limited** in a de-SPAC transaction

INVESTCORP

Financial advisor to the board of directors of Investcorp Europe Acquisition Corp I

Fairness Opinion

(pending transaction)

On September 6, 2023, Andretti Acquisition Corp. (NYSE:WNNR) announced it has entered into a business combination agreement with **Zapata Computing, Inc.** in a de-SPAC transaction



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