

SPACs in Healthcare Industry Overview Q3 2021

Report

September 2021



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The number of public companies has decreased over the last 20-30 years, but the amount of money flowing into the public markets has simultaneously increased. Moreover, the financial markets see the emergence of new mechanisms as alternatives to traditional initial public offerings. The standing demand and supply for companies going public have led to the increased popularity of special purpose acquisition companies (SPACs).

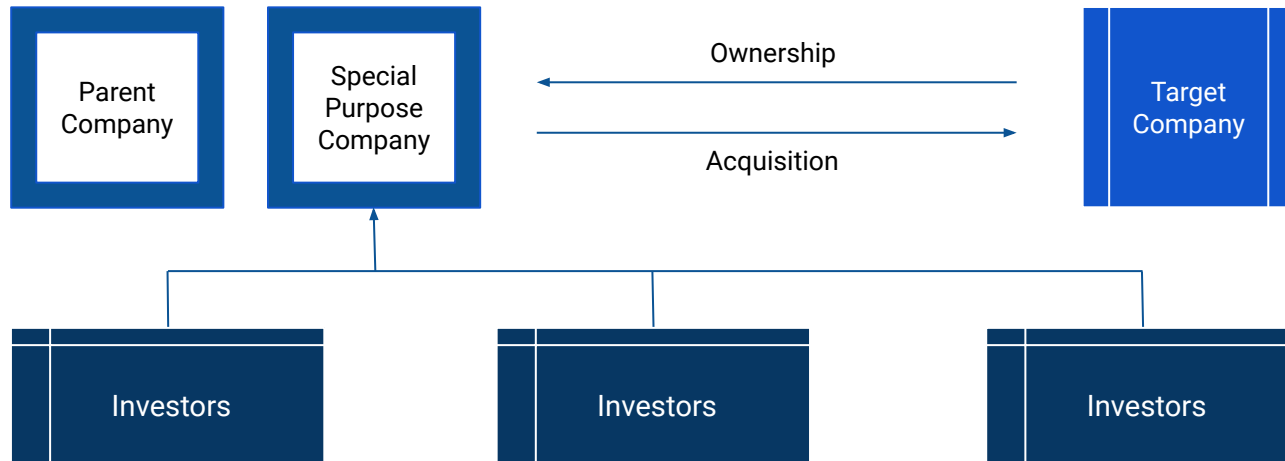
This alternative to the traditional IPO is getting renewed attention, with the healthcare sector being not an exception. 2020 has seen an unprecedented splash of new SPACs and announced merger deals across the industry. SPACs continued to top fundraising records through the first half of 2021.

This report aims to take an in-depth look at what a SPAC IPO is, find the core reasons of its increasing popularity across the markets and healthcare sectors, in particular. The report incorporates the current observations and future traction of SPACs along with comprehensive analysis of the depth to which they are changing the future of the initial public offering.

What is a SPAC?

Special Purpose Acquisition Company (SPAC) is a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) **for the purpose of acquiring an existing company**. Also known as "**blank check companies**", SPACs have been around for decades. They have become more popular in recent years, attracting big-name underwriters and investors and raising a record amount of IPO money in 2020.

For the most part, the SPAC is formed by an experienced management team or a sponsor with nominal invested capital, typically transforming into a ~20% interest in the SPAC (founder shares). The remaining ~80% are offered to public shareholders in an IPO of the SPAC's shares. SPACs have the potential to de-risk and shorten the IPO process for their target companies, often offering them better terms than a traditional IPO would.



How SPACs work?

Announce the creation of the SPAC

Assemble the sponsor team and raise capital from investors

Take the SPAC public

Identify the target

Raise additional funds

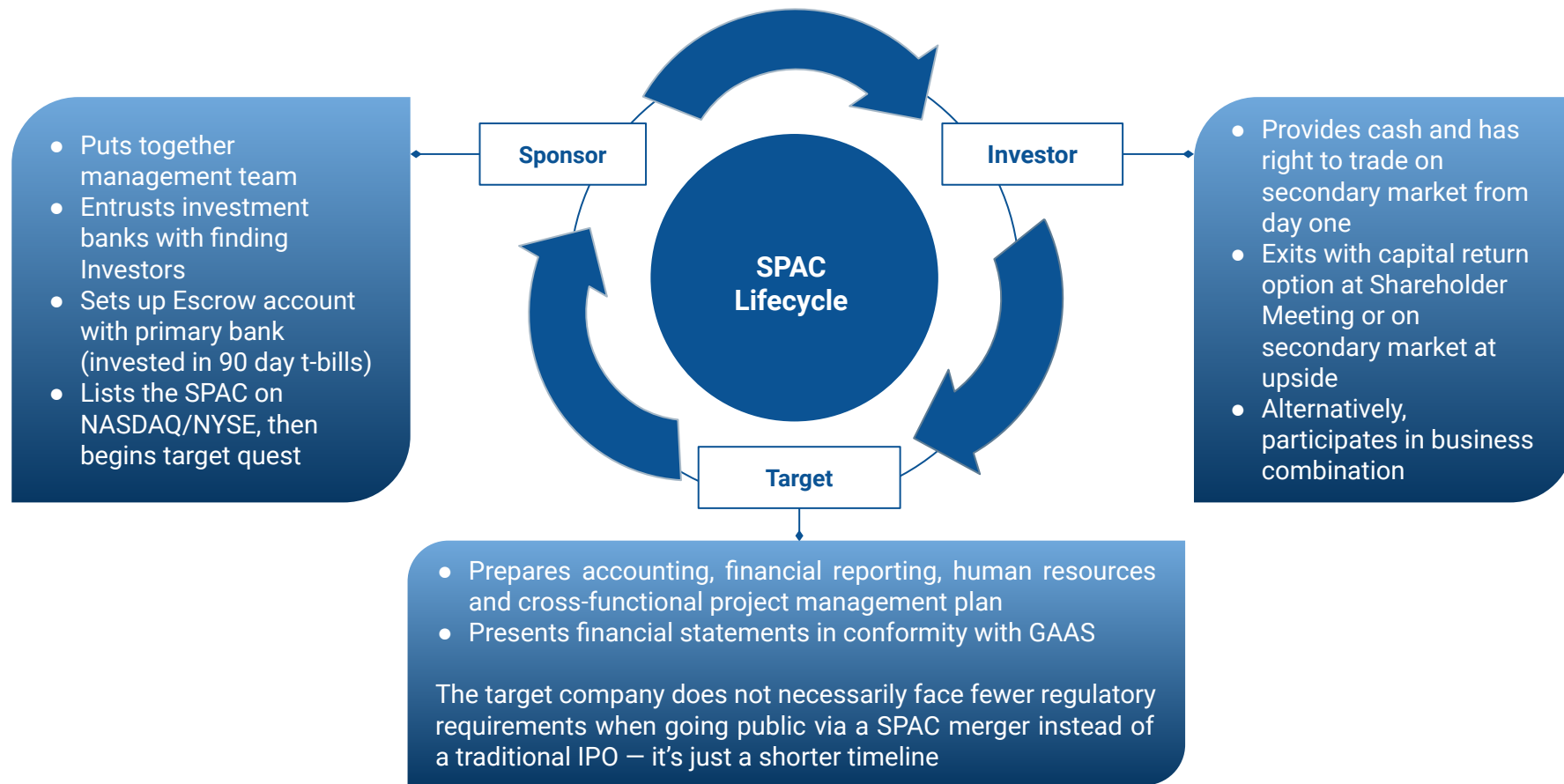
Negotiate terms, sign an agreement, and file a proxy

Set a date for investors to approve or reject the deal

Complete the merger

- Prior to identifying a target, sponsors develop a SPAC business plan, invest from \$1.5 million to \$2 million for operating expenses to start the process, and announce a board of directors.
- Sponsors fill out their team with underwriters and others, file an S-1 offering document, and participate in a limited roadshow to raise capital — typically from \$200 to \$750 million — largely from special-situation public investors.
- Once the SPAC goes public, its stock becomes tradable, as with any other publicly listed corporation. Sponsors pay the underwriters 2% of the raised amount as IPO fees. Generally, within 52 days, the units of the SPAC are split into warrants and common shares, which trade independently.
- The SPAC management team begins discussions with privately held companies that might be suitable merger targets and has two years to reach an agreement with a target.
- When the SPAC and target agree to the terms, the SPAC commences a roadshow to validate the valuation and raise additional capital in a round of funding known as a PIPE, or private investment in public equity.
- The merger and PIPE agreements are signed simultaneously, and the SPAC and the target file a proxy, which outlines the financial history of the target along with merger terms and conditions.
- The SPAC schedules a formal date for SPAC shareholders to (a) approve the deal and have their investment rolled into the combined entity, (b) approve the deal but receive their invested funds back with interest, or (c) reject the deal and receive their invested funds back with interest.
- If the deal is approved, the merger is completed shortly thereafter using the assets remaining after any withdrawals. The SPAC and PIPE proceeds are invested in the target, the governance structure of the SPAC dissolves, and the target starts trading under its own name and ticker symbol.

SPAC Participants



Sponsors

Sponsors initiate the SPAC process. They take risks and invest in non-refundable payments to bankers, lawyers, and accountants to cover operating expenses.

Sponsors have limited time to find a company (usually two years); otherwise, the SPAC must be dissolved, and all funds returned to the original investors. The sponsors lose not only their risk capital but also the not-insignificant investment of their own time. But if they succeed, they earn sponsors' shares in the combined corporation, often worth as much as 20% of the equity raised from original investors.

Those rewards are available to sponsors only if they develop a strong concept and successfully attract investors, identify a promising target, and convince the target of the financial and strategic benefits of a business combination. They must also negotiate competitive transaction terms and shepherd the target and the SPAC through the complex merger process – without losing investors along the way. And with the proliferation of SPACs, **the competition among sponsors for targets and investors has intensified**, heightening the chance that a sponsor will lose both its risk capital and investment of time.

Sponsors



- High reward in case of a successful deal
- Choose a company for the acquisition



- Two years to make a merge with a company
- Competition among sponsors for targets and investors has intensified

Initial investors in SPAC buy shares before identifying the target company, and they must trust sponsors that they will find an attractive company to merge with.

Investors receive two classes of securities: **common stock** (typically at \$10 per share) and **warrants** that allow them to buy shares in the future at a specified price (typically \$11.50 per share). Warrants are often an indicator of SPAC's risk and provide additional upside to early investors being an incentive to subscribe. The greater the number of warrants issued, the higher the perceived risk of the SPAC. Some SPACs issue one warrant for every common share purchased; some issue fractions (often one-half or one-third) of a warrant per share; others issue zero.

After the sponsor announces an agreement with a target, the original **investors choose whether to move forward with the deal or withdraw and receive their investment back with interest or to exit**. Even if they decide to pull out, they can keep their warrants. In this sense, the SPAC provides them with a risk-free opportunity to evaluate an investment in a private company.

The vast majority of investments in SPACs to date have come from institutional investors, often highly specialized hedge funds. In addition to buying shares of the SPAC when entering the IPO, investors can buy its shares that are already trading on the stock exchange.

Investors



- The prospect of high profits in the event of a successful deal
- SPAC investors can redeem their shares if they disapprove of the proposed acquisition



- Loss of time in case the sponsors do not find a merger company
- Statistically negative return after going public for companies

Target Companies

Most SPAC targets are start-up firms that have been through the venture capital process. Firms at this stage commonly consider several options: pursuing a traditional IPO, conducting a direct IPO listing, selling the business to another company or a private equity firm, or raising additional capital, typically from private equity firms, hedge funds, or other institutional investors.

SPACs permit companies to provide future forecasts. This is not allowed in a traditional IPO prospectus because of liability risk. Since a SPAC is, in essence, a merger, they can inform investors of what the company will look like post-merger.

SPACs can be an attractive alternative to these late-round options. They are highly customizable and can address a variety of combination types. Although targets are commonly a single private company, sponsors may also use the structure to roll up multiple targets. SPACs can also take companies public in the United States that are already public overseas and even combine multiple SPACs with taking one company public.

For targets, the entire SPAC process can take as little as three to five months, with the valuation set within the first month, whereas traditional IPOs often take nine to 12 months.

Targets



- Faster and cheaper way to go public than traditional IPO
- Lower regulatory requirements to become public



- Lower investor confidence
- Capital shortfall from potential redemption
- Shareholding dilution

PIPE Financing in SPAC Deals

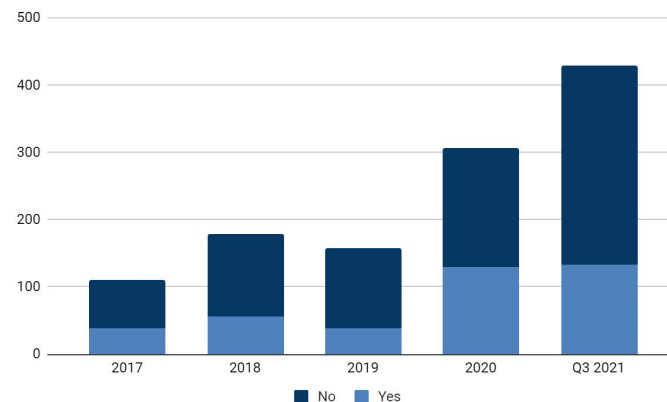
Private Investment in Public Equity (PIPE Deals) is a private placement of shares of an already listed company to a select group of accredited investors.

PIPE deals are often seen in SPAC transactions because **sponsors need to raise more money than they get in their IPO to complete the acquisition of companies** that are viable for the purpose of the SPAC. These viable companies sometimes cost more than the money SPAC sponsors have in their trust account from the public fund-raising.

The PIPE investors often receive material non-public information from the SPAC **about which target they're looking to acquire**. Investors in the PIPE usually receive their securities at a discount at least to the market price and sometimes they even get shares below the IPO price.

The high levels of PIPE financing involved in recent SPAC deals are another sign that **sponsors are using all resources at their disposal to close deals efficiently**. Therefore, PIPE financing is likely to play a part in de-SPAC transactions throughout 2021-2023.

Number of SPACs Receiving Private Investment in Public Equity (PIPE)



It's notable that 2020 SPACs which included PIPEs had a median stock price performance of 46 percent, one month after their deals closed, according to Morgan Stanley. Those without PIPEs saw gains less than half that (21 percent) over the same time period.

Buying of shares by
PIPE investors

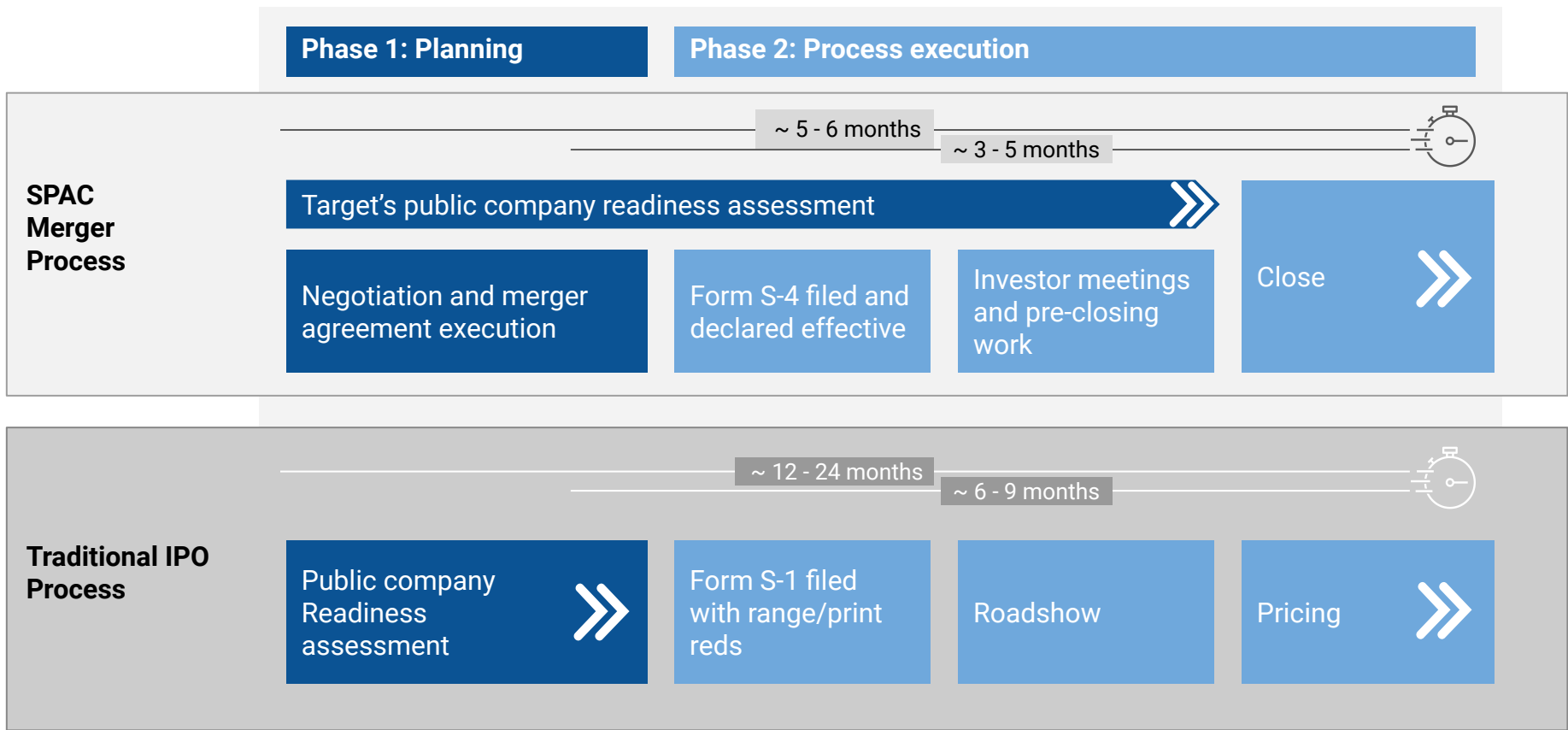
Filing with a
regulatory body

Black-out period

Lock-up period to
protect retail
investors

Price risk during
lock-up period

SPAC Merger Process vs Traditional IPO Process



SPAC Merger Process vs Traditional IPO Process

SPAC

It must be completed within the specified time (usually 18 or 24 months), otherwise SPAC investors can redeem their original investment. Therefore, this process is quicker for companies than IPO.

There is no marketing journey for a privately operated company; shareholders vote to prove marketability.

SPACs often are structured similarly and may be subject to certain minimum exchange listing requirements.

No major underwriting or roadshow costs to bring a private operating company to market. After the merger SPAC founders collect their 20% stake making the investor holding diluted.

VS

Timeline



Promotion



Legal



Expenses



IPO

It depends mainly on market conditions and company's readiness. Without a clear timetable, the IPO process may stretch from a few to many months.

Underwriters promote new stocks through doing some reconnaissance and pre-trade roadshows to pique investor interest.

The nature and scope of financial reporting obligations vary from situation to situation.

Underwriting and roadshow costs are more onerous, but can be offset by the offering proceeds.

Criteria for a SPAC Merger

One of the first things to consider is **the industry the business operates in**. Although there has been a significant increase in SPAC activity across industries in recent years, **the most active sector has been technology**. Accordingly, privately held operating companies in the technology sector are prime candidates for SPAC transactions.

Size is another item to consider when thinking about a SPAC merger. SPACs vary widely in size and the size of transactions they are seeking to consummate can vary just as widely. **The capital raised in the IPO of the SPAC generally is much smaller than the enterprise value of the target company** that is ultimately acquired. SPACs typically sell additional equity or equity-linked securities to complete a merger, in addition to raising debt financing.

It's critical to work with **an experienced investment banker** to seek out appropriate merger partners, based on industry, size and other important preferences to vet out with an advisor, as SPACs seek a variety of target attributes in their search for a suitable target.

Company needs to make a number of **additional assessments** since it will be moving to public company status. It will need to determine if it is ready for public ownership and take the steps necessary to prepare for that change.

The company must be ready to submit **audited historical financial statements in compliance with public company standards (PCAOB)**, to governance and proper auditing procedures, including the effectiveness of its internal controls and procedures for Sarbanes-Oxley reporting and establishing appropriate levels of oversight, such as an audit committee.

SPACs Market Overview



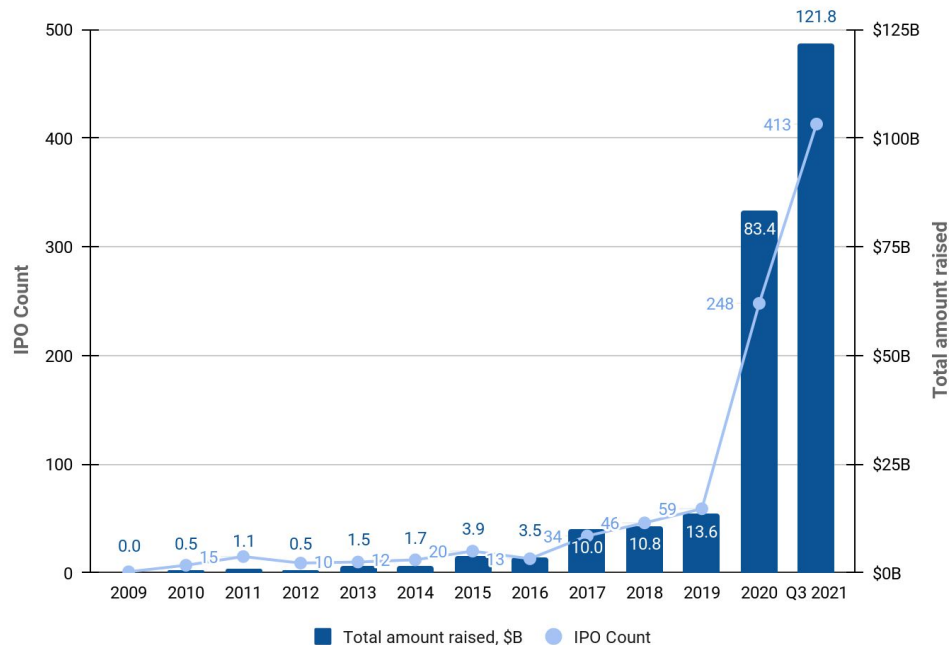
SPACs Market Overview

The popularity of SPACs has grown rapidly over the last two years. In 2020, 248 SPACs raised around \$83.4B. 2021 has already outreached that figure. From January to August 2021, 413 SPACs raised \$121.8B. By later August, over 438 SPACs with more than \$130 billion in the capital were seeking targets, while over 182 SPACs announced acquisitions companies have gone public via a SPAC since the start of the year.

Q1 2021 was marked by the significant boom of SPAC deals: by March, over 370 SPACs with more than \$118B in capital were seeking targets, while over 130 companies have gone public via a SPAC. These trends reflect companies' appreciation for the SPAC route to public status.

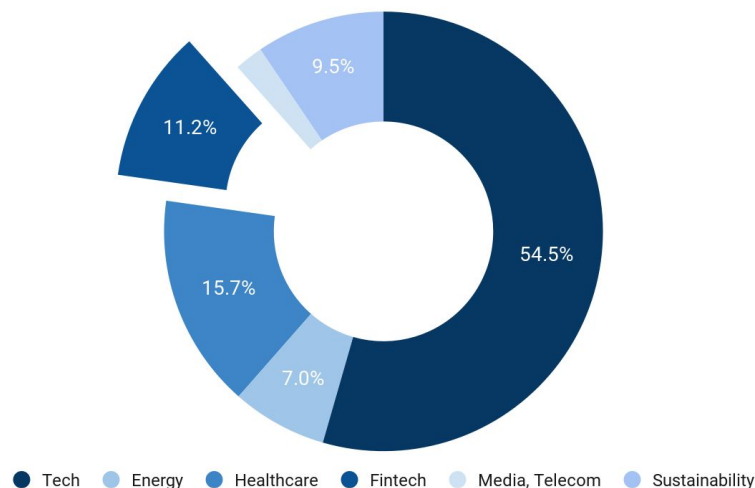
However, **the SPACs deal flow slowed in Q2 2021:** fewer than 50 announced. It can be mainly explained by some regulatory interference and more investor scrutiny of some particularly risky deals.

SPAC IPO Transactions: Summary by Year

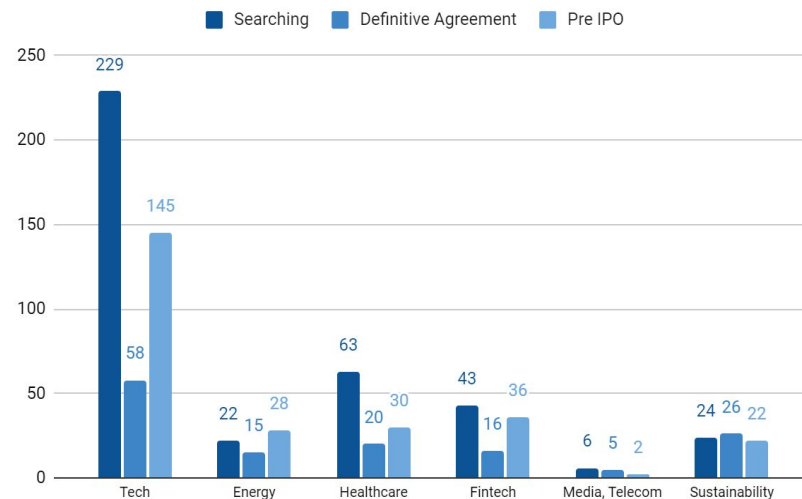


SPACs Market Overview

Distribution of SPACs by Target Across Active SPACs



SPAC Count by Target and Stage

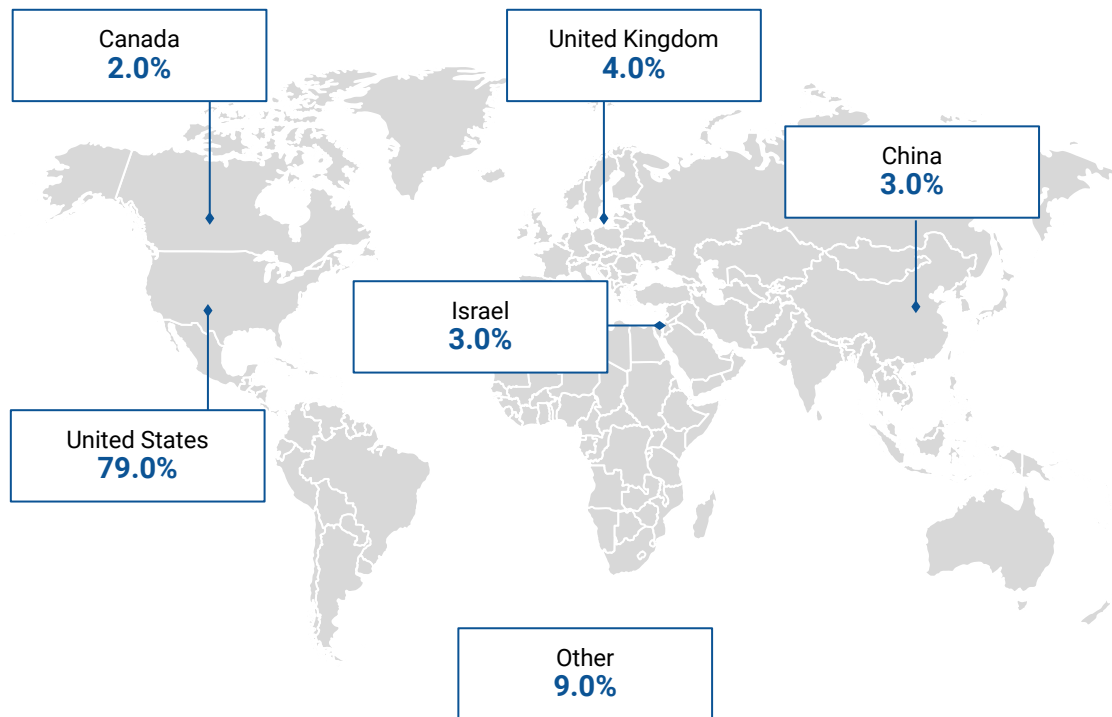


Although there has been a significant increase in SPACs activity across industries in recent years, the most active sector has been Tech, Healthcare and FinTech Sectors. Such trends are mainly explained by the fact that these industries involve more private companies looking for capital compared to other industries. Judging from the **CAGR of Tech (13.3%), Healthcare (11.3%) and FinTech (18.4%)** there will be a standing demand and supply for future SPAC deals.

At the same time, companies of the most actively developing sectors must be prepared to market the transaction benefits for the entire **de-SPAC period of approximately four to five months**. SPAC sponsors and companies should also be prepared for critical pre-closing shareholder vote activity and important post-closing disclosure and reporting policies.

Regional Distribution of SPAC Deals

SPAC Acquisition Targets by Region in 2015-Q3 2021, %



SPAC targets are largely US-based companies accounting to **79.0%**. As a result, a number of profitable private company targets to acquire is declining. The sponsors will likely expand their target search to companies outside the United States.

Now, the SPACs are more common in **Europe**, with **Amsterdam** emerging as the continent's epicenter for deals.

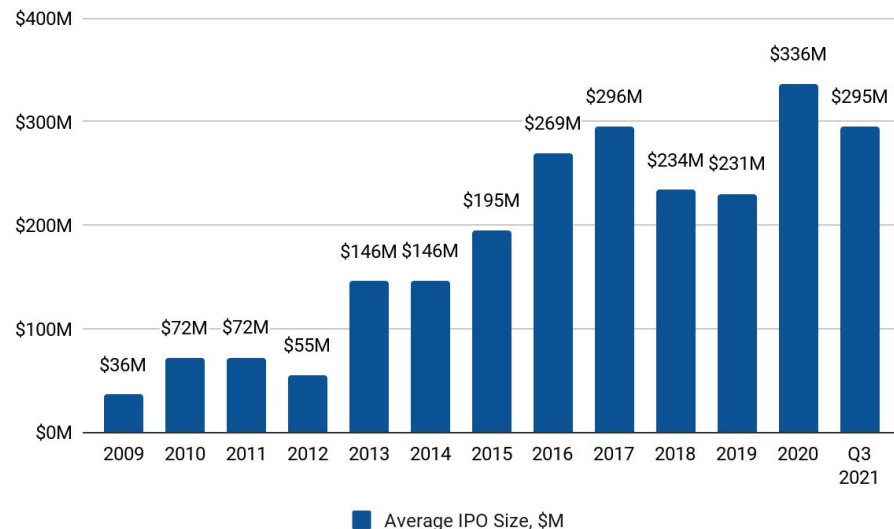
In its turn, the increasing number of SPACs are chasing targets in **China** right now, especially those with pressure to close this year. Chinese companies have strong revenue growth, are highly innovative having a sizable addressable market.

These are the types of companies that investors are keen on and will heavily compete to acquire. In similar way **Hong Kong** is actively working on extending SPAC listings.

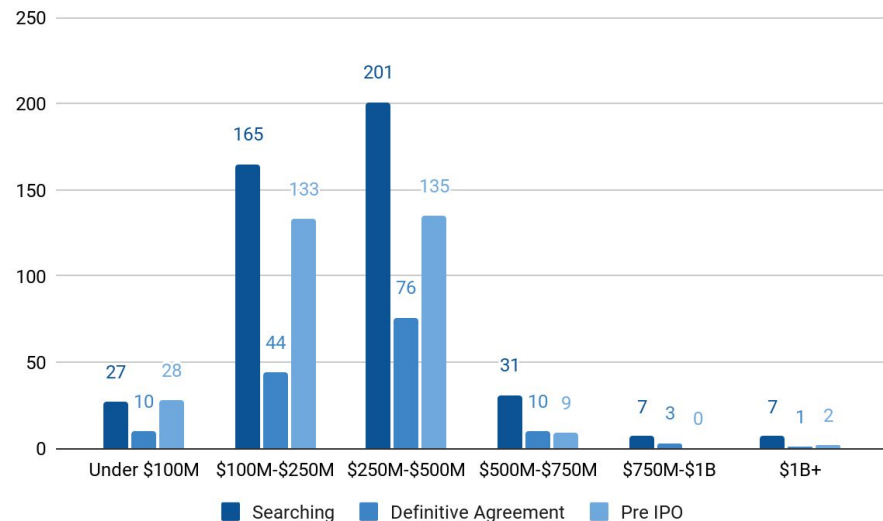
Sponsors intending to engage in **international SPAC transactions may face legal obstacles** including additional tax issues or state regulations increasing the transactional costs.

IPO Size vs Trust Account Size for SPACs

Average SPAC IPO Size by Year

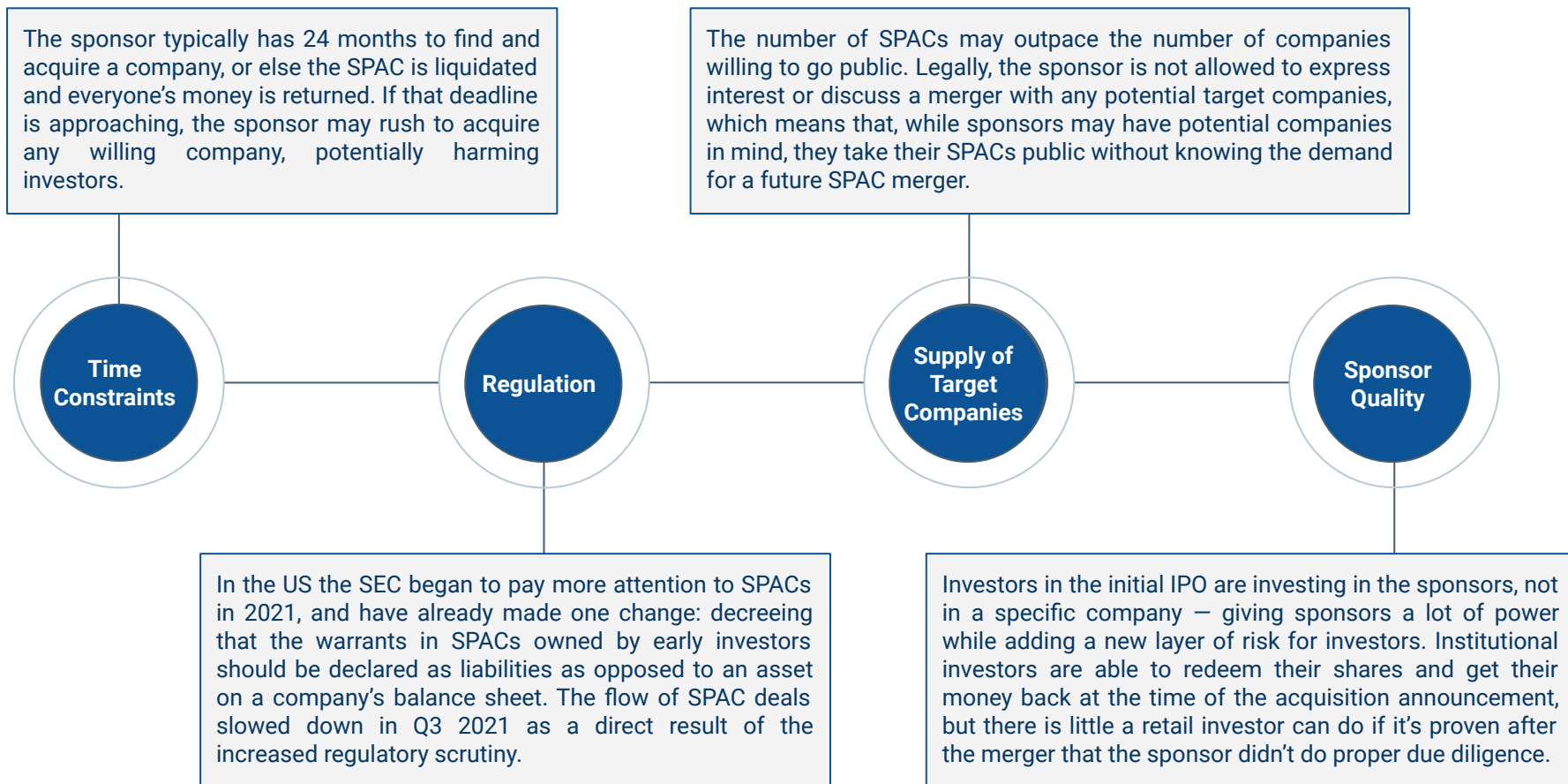


SPAC Count by Trust Size



The average SPAC IPO size has risen from **\$36M** in 2009 to **\$294.9M** in Q3 2021. SPACs generally look to combine with a target company that is 2-3 times the size of the amount of capital in the trust account. This means that target companies that have a valuation lower than **\$150-\$200M** are going to have a tough time finding a SPAC to merge with due to their size.

Challenges to SPAC Deals



Healthcare-focused SPACs

Market Overview



SPACs Appealing to Healthcare Sector

It is important to understand why a healthcare startup would choose a SPAC over a direct listing or an IPO. Ever increasing number of late-stage biotech and healthcare startups choose to exit through a SPAC rather than the traditional route, and SPAC mechanism will continue to be a popular solution for top startups.

Healthcare startups that have experienced rapid growth might take advantage of a SPAC to capitalize on that growth because it is quicker and cheaper upfront than the traditional IPO route.

50

Healthcare- and BioTech-focused SPACS looking for targets

51

Healthcare- and BioTech-focused startups with > \$180M in total private funding

Key factors designating the attractiveness of SPACs for healthcare companies:



SPAC deal-making is quicker than IPO preparation, so exiting via SPAC can mitigate fear that demand for an initial public offering will not be around six months from now.



SPACs also give companies more flexibility to share future earnings projections, which can make a deal more attractive – especially with pre-revenue companies.



High growth sectors are most attractive to SPACs. There is an increased demand for digital health solutions and new drugs and treatments that could be used to fight COVID-19, in particular.



Successful startups in the biotech and healthtech see that demand is high for biotech solutions, and they endeavour to move fast to seize the opportunity before it dissolves. SPACs enable them to secure a deal within just a few months of negotiations, as opposed to the year or more it usually takes for a traditional IPO



The SPAC mechanism is delivering more and faster liquidity in healthTech and biotech industries.

SPAC Deals Dynamics across Healthcare & BioTech Sectors

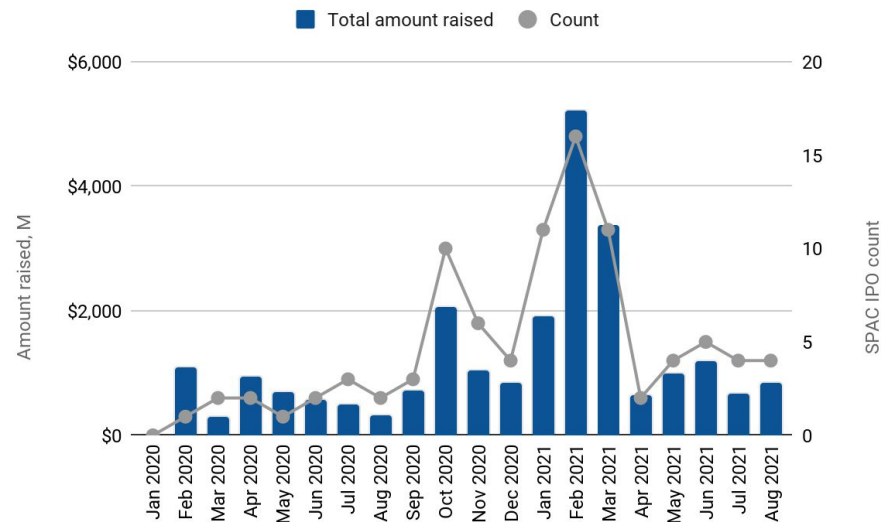
Before 2020, SPACs in HealthTech and BioTech were rare. As COVID-19 created uncertainty in public markets, **in 2020 we saw a surge in the formation of SPACs** designed to take companies public without going through the lengthy traditional IPO process.

In 2020 there were 50 SPACs going public with Healthcare & BioTech being their target sector. The median proceeds for these SPACs were \$130M. The total amount raised by these SPACs outstrips the roughly \$4B drug companies raised through traditional IPOs in all of 2019, but falls short of the \$16B raised by biotech IPOs in 2020.

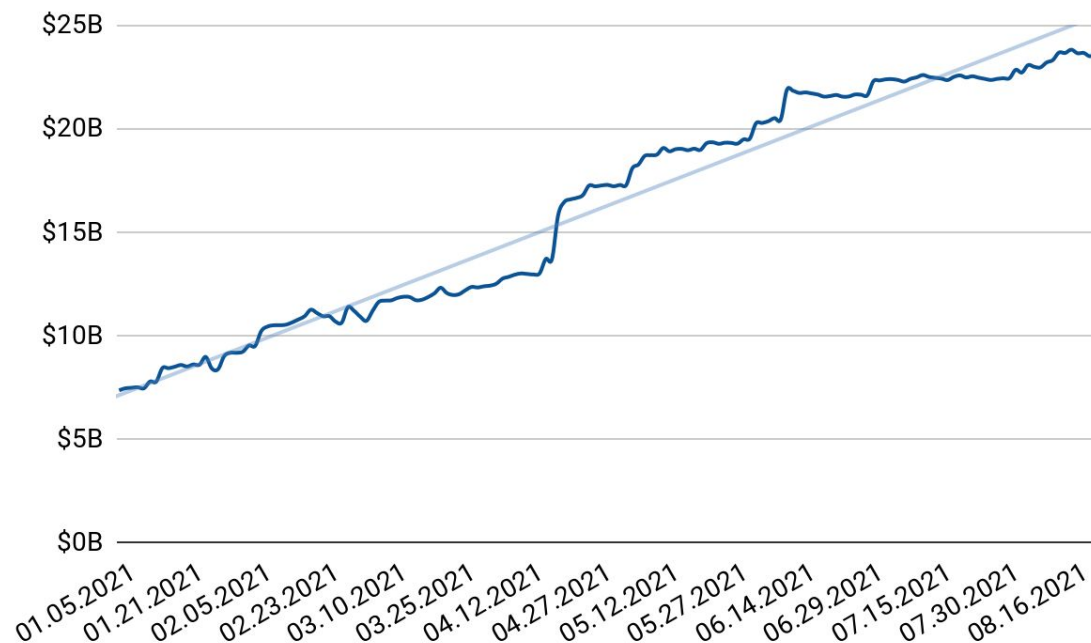
Throughout 2021 the market could see more startups choose to go public via this exit pathway. **Over 50 SPACs are actively searching for target companies** across the healthcare and life sciences industries.

The industry should expect to see more companies exits in 2021. About two-thirds (67%) of the current Healthcare and BioTech are late-stage and many of these companies will likely look to raise capital from public investors.

Healthcare-focused SPACs in 2020 - Q3 2021



Total Market Capitalization of Healthcare SPACs in 2021



In 2021, the total market capitalization of healthcare SPACs had a positive trend (221.7% growth in 8 months of 2021). On average, capitalization indicators increased by 14.7% monthly. A certain jump is clearly visible in April (by 15.5%, from \$13.7B to \$15.8B).

In general, more and more SPACs will be created in the near future and larger amounts of capital will be attracted through them, because they have proven themselves to be a fairly convenient source of raising capital for many healthcare companies.

Top 50 SPACs Searching for Investment Targets in Healthcare & BioTech Industry

SPAC Ticker	SPAC Name	Market Cap (\$M)	Commons Price	IPO Date	IPO Size (M)	Underwriters
ABGI	ABG Acquisition Corp. I	\$150.84	\$9.69	2021-02-16	\$150.7	Jefferies
ACII	Atlas Crest Investment Corp. II	\$333.27	\$9.66	2021-02-03	\$345.0	Cantor
ADOC	Edoc Acquisition Corp.	\$96.02	\$10.05	2020-11-09	\$91.5	I-Bankers Securities
ALPA	Alpha Healthcare Acquisition Corp. III	\$150.00	\$9.90	2021-07-26	\$150.0	BofA Securities, PJT Partners
ARTA	Artisan Acquisition Corp.	\$325.77	\$9.60	2021-05-14	\$339.3	Credit Suisse, UBS Investment Bank
ARYD	ARYA Sciences Acquisition Corp IV	\$152.48	\$9.87	2021-02-25	\$149.5	Credit Suisse, Citigroup, BofA Securities
ARYE	ARYA Sciences Acquisition Corp V	\$133.59	\$9.93	2021-07-12	\$149.5	Jefferies, Goldman Sachs & Co. LLC
BCAC	Brookline Capital Acquisition Corp.	\$73.01	\$9.82	2021-01-28	\$58.1	Ladenburg Thalmann
BIOT	Biotech Acquisition Company	\$222.41	\$9.67	2021-01-25	\$230.0	Cantor
BLSA	BCLS Acquisition Corp.	\$144.17	\$9.70	2020-10-21	\$143.8	Goldman Sachs, Jefferies
CFFE	CF Acquisition Corp. VIII	\$251.57	\$9.85	2021-03-11	\$250.0	Cantor
CFIV	CF Acquisition Corp. IV	\$493.68	\$9.68	2020-12-22	\$500.0	Cantor
CFVI	CF Acquisition Corp. VI	\$296.26	\$9.65	2021-02-18	\$300.0	Cantor
CHPM	CHP Merger Corp	\$299.70	\$9.99	2019-11-21	\$300.0	JP Morgan, Credit Suisse
CPUH	Compute Health Acquisition Corp.	\$830.59	\$9.63	2021-02-04	\$862.5	Goldman Sachs
DALS	DA32 Life Science Tech Acquisition Corp.	\$204.02	\$9.88	2021-07-27	\$230.0	JPMorgan, Cowen

Top 50 SPACs Searching for Investment Targets in Healthcare & BioTech Industry

SPAC Ticker	SPAC Name	Market Cap (\$M)	Commons Price	IPO Date	IPO Size (M)	Underwriters
DSAC	Duddell Street Acquisition Corp.	\$169.58	\$9.69	2020-10-28	\$175.0	BofA Securities
DYNS	Dynamics Special Purpose Corp.	\$231.23	\$9.75	2021-05-25	\$230.0	J.P. Morgan
EGGF	EG Acquisition Corp.	\$225.00	\$9.68	2021-05-26	\$225.0	BTIG
EUCR	Eucrates Biomedical Acquisition Corp.	\$130.82	\$9.72	2020-10-23	\$104.8	Stifel, H.C. Wainwright & Co.
FLAC	Frazier Lifesciences Acquisition Corp	\$138.72	\$9.70	2020-12-09	\$138.0	Credit Suisse
FOXW	FoxWayne Enterprises Acquisition	\$57.13	\$9.85	2021-01-19	\$58.1	Kingswood Capital Markets
FVAM	5:01 Acquisition Corp	\$83.63	\$9.70	2020-10-13	\$82.6	BoA Securities
GAMC	Golden Arrow Merger Corp.	\$279.45	\$9.72	2021-03-16	\$287.5	BTIG
HAAC	Health Assurance Acquisition Corp.	\$509.25	\$9.70	2020-11-12	\$525.0	Morgan Stanley
HHLA	HH&L Acquisition Co.	\$399.51	\$9.65	2021-02-05	\$414.0	Golman Sachs (Asia), Credit Suisse
HLXA	Helix Acquisition Corp	\$118.11	\$9.90	2020-10-19	\$115.0	
HSAQ	Health Sciences Acquisitions Corporation 2	\$198.57	\$9.71	2020-08-04	\$160.0	Chardan, Barclays
IBER	Ibere Pharmaceuticals	\$133.86	\$9.70	2021-02-26	\$138.0	Raymond James
IGNY	Ignyte Acquisition Corp.	\$70.32	\$9.65	2021-01-27	\$57.5	EarlyBirdCapital
IMPX	AEA-Bridges Impact Corp.	\$390.00	\$9.75	2020-10-01	\$400.0	Credit Suisse, Citigroup
JYAC	Jiya Acquisition Corp.	\$105.22	\$9.69	2020-11-18	\$103.5	Citigroup
KLAQ	KL Acquisition Corp	\$279.45	\$9.72	2021-01-07	\$287.5	Goldman Sachs

Top 50 SPACs Searching for Investment Targets in Healthcare & BioTech Industry

SPAC Ticker	SPAC Name	Market Cap (\$M)	Commons Price	IPO Date	IPO Size (M)	Underwriters
OEPW	One Equity Partners Open Water I Corp.	\$339.82	\$9.85	2021-01-21	\$345.0	Drexel Hamilton, Credit Suisse, RBC Capital Markets
OHPA	Orion Acquisition Corp.	\$399.92	\$9.66	2021-03-01	\$414.0	Credit Suisse
OMEG	Omega Alpha SPAC	\$138.57	\$9.69	2021-01-06	\$138.0	Jefferies, Morgan Stanley
PAIC	Petra Acquisition, Inc.	\$79.76	\$10.03	2020-10-08	\$70.7	LifeSci Capital, Ladenburg Thalmann
PANA	Panacea Acquisition Corp. II	\$175.10	\$9.84	2021-04-07	\$172.5	Cowen
PHIC	Population Health Investment Co., Inc.	\$168.87	\$9.79	2020-11-18	\$172.5	JP Morgan
PMGM	Priveterra Acquisition Corp.	\$302.25	\$9.75	2021-02-08	\$276.0	Wells Fargo Securities, Guggenheim Securities, Odeon Capital Group, LLC
RACB	Research Alliance Corp. II	\$150.62	\$9.75	2021-03-18	\$149.5	Jefferies
RE VH	Revolution Healthcare Acquisition Corp.	\$534.60	\$9.72	2021-03-17	\$550.0	Morgan Stanley
ROCG	Roth CH Acquisition IV Co.	\$116.72	\$10.05	2021-08-05	\$116.7	Roth Capital Partners, Craig-Hallum Capital Group
SHAC	SCP & CO Healthcare Acquisition Company	\$221.26	\$9.62	2021-01-21	\$230.0	Barclays, Piper Sandler
SMIH	Summit Healthcare Acquisition Corp.	\$190.80	\$9.54	2021-06-09	\$200.0	BofA Securities
SRSA	Sarissa Capital Acquisition Corp.	\$194.20	\$9.71	2020-10-20	\$200.0	Cantor
TLGA	TLG Acquisition One Corp.	\$386.80	\$9.67	2021-01-27	\$400.0	RBC Capital Markets
TSPQ	TCW Special Purpose Acquisition Corp.	\$448.15	\$9.66	2021-03-01	\$463.9	Citigroup, Barclays
VHAQ	Viveon Health Acquisition Corp.	\$250.30	\$9.95	2020-12-23	\$203.3	Chardan

Healthcare-focused SPACs

Deals Profiling



Profiling of Completed SPAC Deals in 2021



23andMe offers home DNA testing kits to help customers understand their ancestry and discover inherited traits to support more personalized healthcare. The company is pivoting away from genealogical insights and towards healthcare, with a partnership with GlaxoSmithKline to collaborate on drug development and a broad self-directed pipeline of over 30 potential treatments.

Virgin Group Acquisition Corp. (VGAC) is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. It is primarily focused on affecting a business combination with consumer-facing businesses in the U.S. and Western Europe, with a focus on travel & leisure, financial services, health & wellness.

Deal Announcement Date	January 2021
Money raised	\$1009M
SPAC IPO	September, 2020
Merge Date	February 2021
Investors	Altimeter Capital, Casdin Capital and Foresite Capital

23andMe, a leading consumer genetics and research company, and VG Acquisition Corp., a special purpose acquisition company sponsored by Virgin Group, announced the completion of their previously announced business combination in 16 June. The resulting company is listed on the NYSE under the ticker "ME."

The result of transaction is 23andMe having around \$984 million in cash available at close to spend on product development, hires and other growth strategies.

Profiling of Completed SPAC Deals in 2021



Better Therapeutics, Inc. a prescription digital therapeutics company delivering cognitive behavioral therapy to address the root causes of cardiometabolic diseases. The Better Therapeutics platform blends clinical, behavioral and psychological inputs into a series of therapy lessons and skill-building modules.

Mountain Crest Acquisition Corp is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. Mountain Crest Acquisition Corp's efforts to identify a prospective target business will not be limited to a particular industry or geographic region, although the Company intends to focus on operating businesses in North America.

Deal Announcement Date	April 6, 2021
Money raised	\$113M
SPAC IPO	January 8, 2021
Merge Date	August 18, 2021
Investors	Farallon Capital Management, RS Investments, Monashee Investment

Better intends to use the capital to fund ongoing clinical trials of its app-based treatments for Type 2 diabetes, and plans to develop more prescription apps for people with diabetes, high blood pressure, and other chronic illnesses. Better has a strong outlook, with an addressable market of around 34 million Americans who have been diagnosed with type 2 diabetes and another 88 million who are pre-diabetic.

The completion of the transaction is anticipated by the end of summer 2021.

Profiling of Completed SPAC Deals in 2021



Humacyte is developing regenerative human tissues that can be implanted off the shelf in any patient without the need for immunosuppressive drugs. Humacyte is also in talks with the Department of Defense regarding use of Humacyte's solution in battlefield trauma care.

Alpha Healthcare Acquisition Corp. is a blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition with one or more businesses. While the company may pursue an initial business combination target in any business or industry, it intends to focus its search on companies in the healthcare industry in the United States.

Deal Announcement Date	February 22, 2021
Money raised	\$275M
SPAC IPO	September 18, 2020
Merge Date	August 18, 2021
Investors	OrbiMed, Alexandria Venture Investments, Fresenius Medical Care

The Humacyte's management chose to go the SPAC route rather than carry out a traditional IPO because the process gave the company more time to pitch its technology to investors.

Proceeding from the SPAC private investment in public equity financing will bankroll phase 3 programs as well as build out several earlier-stage prospects in congenital heart defects, heart bypass surgery and diabetes.

Profiling of Completed SPAC Deals in 2021



Ambulnz provides two complementary services that mesh the medical transportation and last-mile health service niches. The company delivers home-based, non-critical medical care such as vaccinations, bloodwork, wound care, EKGs, and testing, as well as a medical mobility service that can transfer any patient to the appropriate location.



Motion Acquisition Corp. operates as a blank check company. Motion was founded by a management team and board comprised of seasoned business executives recognized as pioneers in the transportation software and technology sector that possess substantial operating and acquisition experience. Motion is listed on Nasdaq under the ticker symbol "MOTN."

Deal Announcement Date	March 9, 2021
Money raised	\$125M
SPAC IPO	October 15, 2020
Merge Date	N/A
Investors	Light Street Capital, Moore Strategic Ventures

Ambulnz will be renamed DocGo after the deal. DocGo is predicted to generate over \$155 million in revenue in 2021, and more than \$265 million for 2022.

DocGo plans to use the capital to rapidly expand its sphere of activity to build a predictable recurring revenue base of approximately 70% of forecasted revenue for 2021.

Profiling of Completed SPAC Deals in 2021

Clover Health



Clover Health through its software platform provides preferred provider organization and health maintenance organization health plans for Medicare-eligible consumers. Clover uses its proprietary technology platform to collect, structure, and analyze health and behavioral data to improve medical outcomes and lower costs for patients.

Social Capital Hedosophia Holdings Corp. III is a partnership between the investment firms of Social Capital and Hedosophia. Social Capital Hedosophia Holdings Corp. III unites technologists, entrepreneurs and technology-oriented investors around a shared vision of identifying and investing in innovative and agile technology companies.

Deal Announcement Date	October, 2020
Money raised	\$1.2B
SPAC IPO	October 15, 2020
Merge Date	January 8, 2021
Investors	Senator Investment Group, Perceptive Advisors, Jennison Associates

In October 2020, Clover was far down the road with a traditional IPO and had made a number of filings with the Securities and Exchange Commission. Clover Health (ticker: CLOV) began trading on January 8, 2021.

In addition to the \$400 million PIPE, Clover received up to \$828 million of cash held in the trust account of Social Capital Hedosophia Holdings Corp. III.

Profiling of Completed SPAC Deals in 2021

hims & hers



OAKTREE

OAC | OAKTREE ACQUISITION CORP.

Hims & Hers Health, Inc. is an American telehealth company that sells prescription and over-the-counter drugs online, as well as personal care products. The company is best known for selling generic treatments for erectile dysfunction and hair loss.

The Oaktree Acquisition Corp. was founded to partner with high-quality, growing companies to facilitate their successful entry to the public markets. With approximately \$140 billion in assets under management Oaktree Acquisition Corp. seeks to provide best-in-class resources and execution, coupled with a focus on long-term partnership and shareholder value creation.

Deal Announcement Date	October, 2020
Money raised	\$279.5M
SPAC IPO	July 22, 2019
Merge Date	January 20, 2021
Investors	Franklin Templeton Investments

As a result of the business combination, Hims & Hers received proceeds of approximately \$279.5 million prior to transaction expenses. This includes cash proceeds of approximately \$204.5 million from Oaktree Acquisition Corp.'s trust account and \$75 million from private placement investors.

Profiling of Completed SPAC Deals in 2021



Sharecare is an US-based health and wellness company that provides consumers with personalized information, programs and resources to improve their health. It provides personalized information to the site's users based on their responses to the RealAge Test, the company's health risk assessment tool, and offers a clinical decision support tool, AskMD.



Falcon Capital Acquisition Corp. invests in top-tier growth companies in the media, digital media / consumer technology, interactive entertainment, health / wellness and related industries using special purpose acquisition companies.

Deal Announcement Date	February, 2021
Money raised	\$571M
SPAC IPO	September 21, 2020
Merge Date	July 2, 2021
Investors	Digital Alpha, Baron Capital, Eldridge, Woodline Partners

The transaction was approved by Falcon's shareholders on June 29, 2021, during a Special Meeting. Beginning July 2, 2021, Sharecare's shares of Class A common stock are traded on the NASDAQ under the symbol "SHCR."

Sharecare received gross proceeds of over \$571 million, prior to transaction expenses, including investments from funds managed by Koch Strategic Platforms and Baron Capital Group. The combined company is valued at \$2.5B as of August 2021 with approximately \$400 million in growth capital on the balance sheet.

Profiling of Completed SPAC Deals in 2021



**FS Development
Corp.**

Gemini Therapeutics is a clinical stage precision medicine company, engages in developing various therapeutic compounds for treating genetically defined age-related macular degeneration (AMD) and linked ocular disorders. Its lead candidate is GEM103, a recombinant form of the human complement factor H protein that is in a Phase 2a trials in dry AMD patients with a complement factor H protein risk variant.

FS Development, sponsored by Foresite Capital, is a blank check company formed for the purpose of effecting a business combination with one or more businesses in the biotechnology sector.

Deal Announcement Date	October, 2020
Money raised	\$216M
SPAC IPO	August 12, 2020
Merge Date	February 8, 2021
Investors	Wu Capital, Wellington Management, Foresite Capital, Boxer Capital, OrbiMed

Gemini Therapeutics received proceeds of approximately \$216 million, prior to transaction expenses, which includes cash proceeds of approximately \$121M from FSDC's trust account (after redemptions of \$1,200) and \$95 million from PIPE investors led by Foresite Capital.

Profiling of Completed SPAC Deals in 2021

ROIVANT
SCIENCES

**MONTES
ARCHIMEDES**
ACQUISITION CORP

Roivant Sciences is a biopharmaceutical company focused on completing the development of promising late-stage drug candidates. It aims to reduce the time and cost of developing new medicines for patients and to share those savings with the healthcare system. Since its inception, Roivant has developed over 40 medicines across a range of disease areas. Companies built by Roivant have conducted eight consecutive positive Phase 3 studies with two FDA approvals to date.

Montes Archimedes Acquisition Corp. (Nasdaq: MAAC) is a SPAC sponsored by Patient Square Capital.

Deal Announcement Date	May 3, 2021
Money raised	\$611M
SPAC IPO	October 7, 2020
Merge Date	Pending at Q3 2021
Investors	Fidelity Management & Research Company, Eventide Asset Management, Palantir Technologies, Viking Global Investors, SoftBank and Sumitomo Dainippon Pharma.

The transaction is expected to close in the third quarter of 2021 and will provide \$611 million in fresh cash for Roivant's drug development activities, pushing up Roivant's net cash position to \$2.3 billion.

On completion of this deal, outstanding shares and warrants of MAAC will be exchanged for newly issued shares and warrants of Roivant Sciences, which is expected to be listed on Nasdaq under the new ticker symbol "ROIV."

Profiling of Completed SPAC Deals in 2021



Celularity, Inc. is a clinical stage biotechnology company leading the next evolution in cellular medicine by developing off-the-shelf placental-derived allogeneic cell therapies, including unmodified NK cells, genetically-modified NK cells, T-cells engineered with a CAR (CAR T-cells), and mesenchymal-like adherent stromal cells (ASCs) targeting indications across cancer, infectious and degenerative diseases.

GX Acquisition Corp. is a blank check company incorporated in Delaware for the purpose of effecting a merger, share exchange, asset acquisition with one or more businesses or entities. GX Acquisition Corp. is led by Jay R. Bloom and Dean C. Kehler, who serve as Managing Partners of Trimaran Capital Partners.

Deal Announcement Date	January 8, 2021
Money raised	\$138M
SPAC IPO	August 12, 2020
Merge Date	July 19, 2021
Investors	Starr Insurance Companies, Dragasac Limited, Sorrento Therapeutics













That deal provided Celularity with \$138M of cash, including an \$83M PIPE financing, but took five months to close owing to a large number of redemptions, and GX having to vote to extend its life.

The combined company operates under the name Celularity Inc., and its common stock is traded from 19 July under the ticker symbol CELU.

De-SPAC Transactions to See in 2021-2023

SPAC	Target Company	SPAC's Ticker	Announcement Date	Deadline Date	SPAC Deal Valuation (\$M)	SPAC	Target Company	SPAC's Ticker	Announcement Date	Deadline Date	SPAC Deal Valuation (\$M)
MedTech Acq		MTAC	8/13/2021	12/22/2022	1,000	Paywall Acq. Corp. IV		*	7/6/2021	*	1,500
CM Life Sciences III Inc.		CMLT	8/6/2021	4/9/2023	1,800	FS Development II		FSII	6/29/2021	2/19/2023	276
Capstar		CPSR	7/19/2021	7/7/2022	1,300	DFP Healthcare		DFPH	6/28/2021	3/13/2022	1,000
Lionheart Acquisition II		LCAP	7/12/2021	2/18/2022	32,600	Thimble Point Acq		THMA	6/22/2021	2/4/2023	1,600
HealthCor Catalio Acq		HCAQ	7/8/2021	1/29/2023	581	Soaring Eagle Acq		SRNG	5/11/2021	2/26/2023	15,164
Healthcare Capital		HCCC	7/8/2021	1/20/2023	660	LifeSci Acquisition II		LSAQ	5/7/2021	11/24/2022	1,050

De-SPAC Transactions to See in 2021-2023

SPAC	Target Company	SPAC's Ticker	Announcement Date	Deadline Date	SPAC Deal Valuation (\$M)	SPAC	Target Company	SPAC's Ticker	Announcement Date	Deadline Date	SPAC Deal Valuation (\$M)
Amplitude Health		AMHC	5/6/2021	11/22/2021	490	Big Cypress Acquisition Corp.		BCYP	06/22/2021	01/11/2023	325
Montes Archimede s Acq		MAAC	5/3/2021	10/9/2022	5,000	CF Acquisition Corp. V		CFV	07/06/2021	28/01/2023	1,100
Blue Water Acquisition		BLUW	4/27/2021	12/17/2021	215	Chardan Healthcare Acquisition 2 Corp		CHAQ	03/23/2021	24/04/2022	350
D8 Holdings		DEH	4/15/2021	7/17/2022	1,119	CM Life Sciences II Inc.		CMLT	03/29/2021	22/02/2023	1,200
CA Healthcare Acq		CAHC	4/7/2021	1/29/2023	30,000	Longview Acquisition Corp. II		LGV	07/15/21	19/03/2023	2,800
Alpha Healthcare		AHAC	2/17/2021	9/22/2022	849	Roth CH Acquisition III Co.		ROCR	06/16/21	27/09/2023	829

AI in Pharma Industry Overview

We see significant potential for Artificial Intelligence in the Pharmaceutical Industry. Driven to some degree by the COVID-19 pandemic, publicly traded AI in Pharma companies demonstrated significant growth, reaching **\$2.2T** industry capitalization.

One of the main indicators of investment expediency of the industry is its growth dynamics. Thus, **the expected Compound Annual Growth Rate for this market is projected to be around 40% over the next 3 years.**

Despite the decline in the prices of shares of several major companies in the beginning of 2021 due to the outflow of speculative capital, we believe that the long-term growth of the market will not be affected .

Furthermore, in our view, COVID-19 will continue to push valuations and M&A activity in the sector because next generation technologies are required for fast and reliable R&D solutions.

Cumulative Capitalization of Publicly Traded AI in Pharma Companies, 2020-2021



SPAC Deals in AI in Pharma Sector

Across **AI in Pharma Sector** SPACs have been gaining the popularity as a vehicle to bring biotech companies to public markets. Innovations will drive more SPAC deals, with pharma companies expanding their portfolios with new drugs and capabilities. These trends are driving expectations of **lasting trend of M&A and IPOs in 2021 in the pharmaceutical industry. Demand is also growing** because some investors now view SPACs as a cash-management tool. Since the SPAC boom resulted in few merge deals, there is a possibility that **SPAC mechanism would bring high-quality young biopharma groups to the public markets.**



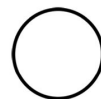
Target Company: Roivant Sciences
SPAC: Montes Archimedes Acquisition Corp.
Deal Size: \$611M

Biopharmaceutical company focused on completing the development of promising late-stage drug candidates. It aims to reduce the time and cost of developing new medicines for patients and to share those savings with the healthcare system.



Target Company: LumiraDx
SPAC: CA Healthcare Acquisition Corp.
Deal Size: \$5B

The company offers proven solutions to help achieve health care transformation goals, practically and reliably. The company's clients universally deliver more integrated and patient-centered care that is safer, more efficient, and with demonstrably better outcomes.



Valo

Target Company: Valo Health
SPAC: Khosla Ventures
Deal Size: \$2.8B

Valo Health uses human-centric data and machine learning-anchored computation to transform the drug discovery and development process. The discovery and development of life-changing treatments can be accelerated, with the potential to reduce cost, time, and failure rate.

khosla ventures



LONGEVITY
ACQUISITION CORPORATION

Target Company: 4D Pharma plc
SPAC: Longevity Acquisition Corporation
Deal Size: \$5B

4D is a world leader in the development of live biotherapeutics, a novel and emerging class of drugs, defined by the FDA as biological products that contain a live organism, such as a bacteria, that is applicable to the prevention, treatment or cure of a disease.

Market's Point of View



Larry Fink and Lee Einbinder on the SPAC Boom



"In many cases I think SPACs could replace many private equity platforms because they could be another avenue for organizations or subsidiaries of organizations to be spun out. So if SPACs continue to grow in importance I do believe it's going to be pressure on some private equity because you're going to see more money moving into these type of organizations."

— Larry Fink, Chairman of Blackrock Capital

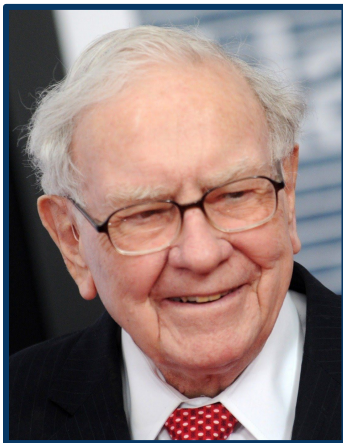


"I think I was one of the first investment bankers doing a SPAC, along with Michael Klein (Credit Suisse, former Citi Vice Chair) and a few others. As a banker, there's no better training ground. It's like a combination of doing an M&A deal and an IPO!"

"The rule of thumb in raising a SPAC is the deal size you do ends up being 3–5x the amount you raised in the IPO. But these rules have been thrown out the window. Just look at Grab!... The SPAC market is cannibalizing what used to be the later stage VC market"

— Lee Einbinder, ex Vice-Chair at Barclays Capital, Inc., SPAC CEO

Berkshire Hathaway and Virgin Group on the SPAC Boom



"It's a killer.

That won't go on forever, but it's where the money is now and Wall Street goes where the money is. The gambling impulse is very strong in people worldwide and occasionally it gets an enormous shove and conditions lead to this place where more people are entering the casino than are leaving everyday. And it creates its own reality for a while and nobody tells you when the clock's going to strike 12 and it all turns to pumpkins and mice."

— Warren Buffett, CEO of Berkshire Hathaway

Buffett said about the influence of special purpose acquisition companies on Berkshire's ability to find businesses to buy.



"I think SPACs are transforming landscape of the world and even tremendously exciting enabling is relating companies do a remarkable incredible thinks and, obviously we're being incredibly pleased with success of the SPACs that we've been involved in. Virgin Galactic is in many times this value since going public. So I think SPACs in the right hands, right people, right management teams are really good. It is really creating a new revolution of on-the-job grace and which is great for the world."

— Sir Richard Branson, Founder at Virgin Group

Major Observations for SPACs in 2021: Key Business Takeaways

SPACs are gaining ever increasing popularity. 2020 was the year of the SPAC surge, 2021 and 2022 will be the time where these vehicles merge and thereby bringing new companies to public.

The SPAC merger allows the company to faster, cheaper and easier obtain the funds it needs compared to the traditional IPO.

Region wise, **the US is an absolute leader** in terms of number of SPAC deals and marketplayers. At the same time, the SPACs landscape will see the increased number of international SPAC transactions: **European and Asian investors are taking notice.** The saturated US market with increasing number of competing SPACs and less number of target companies may draw investors' attention to other financial centers, mainly London, Amsterdam and Hong Kong. These cities have been reviewing the regulations over SPACs listings.

SPACs offer protections, such as the right of an investor to withdraw capital with interest at the time of a proposed business combination, which essentially creates a riskless "free option." Once a private company acquisition is completed, the SPAC investors can either swap their shares for shares of the merged company or redeem their SPAC shares to get back their original investment, plus the interest accrued while that money was in trust. SPAC sponsors typically get about a 20% stake in the final, merged company.

Increased importance of PIPE financing in SPAC deals. The money a SPAC raises in its IPO falls short of the amount necessary to buy out its acquisition target. The sponsors will then seek to fill the funding gap through a PIPE, a private investment in public equity, to which the sponsors issue shares at par value in exchange for cash.

Key Business Takeaways for Healthcare-focused SPAC Deals in 2021

SPAC Deals Prospects across Healthcare and BioTech:

Healthcare-focused target companies are strong enough at the moment to attract SPACs that weren't specifically committed to the sector. This sector is an attractive investment target for private equity firms due to the industry resilience and the sound returns it has provided on average compared to other sectors.

Q1 2021 was marked by boom of SPACs announcements and raised capital. Even though some lull in SPACs formations is observed within Q2-Q3 2021, the competition for acquiring will remain fierce. Thus, over 50 SPACs are actively searching for target companies across Healthcare and BioTech Sectors.

Healthcare and BioTech companies, especially those having an emerging product pipeline with the near-term expectations of clinical news and a strong management team, **can achieve the same fund-raising goals via merger with SPAC instead of traditional IPO path.** A company that needs regulatory approvals of their products and pipeline can benefit from the immediate capital raised by a SPAC, especially if it has no other channels through which to pursue funding.

Obstacles That Still Remain:

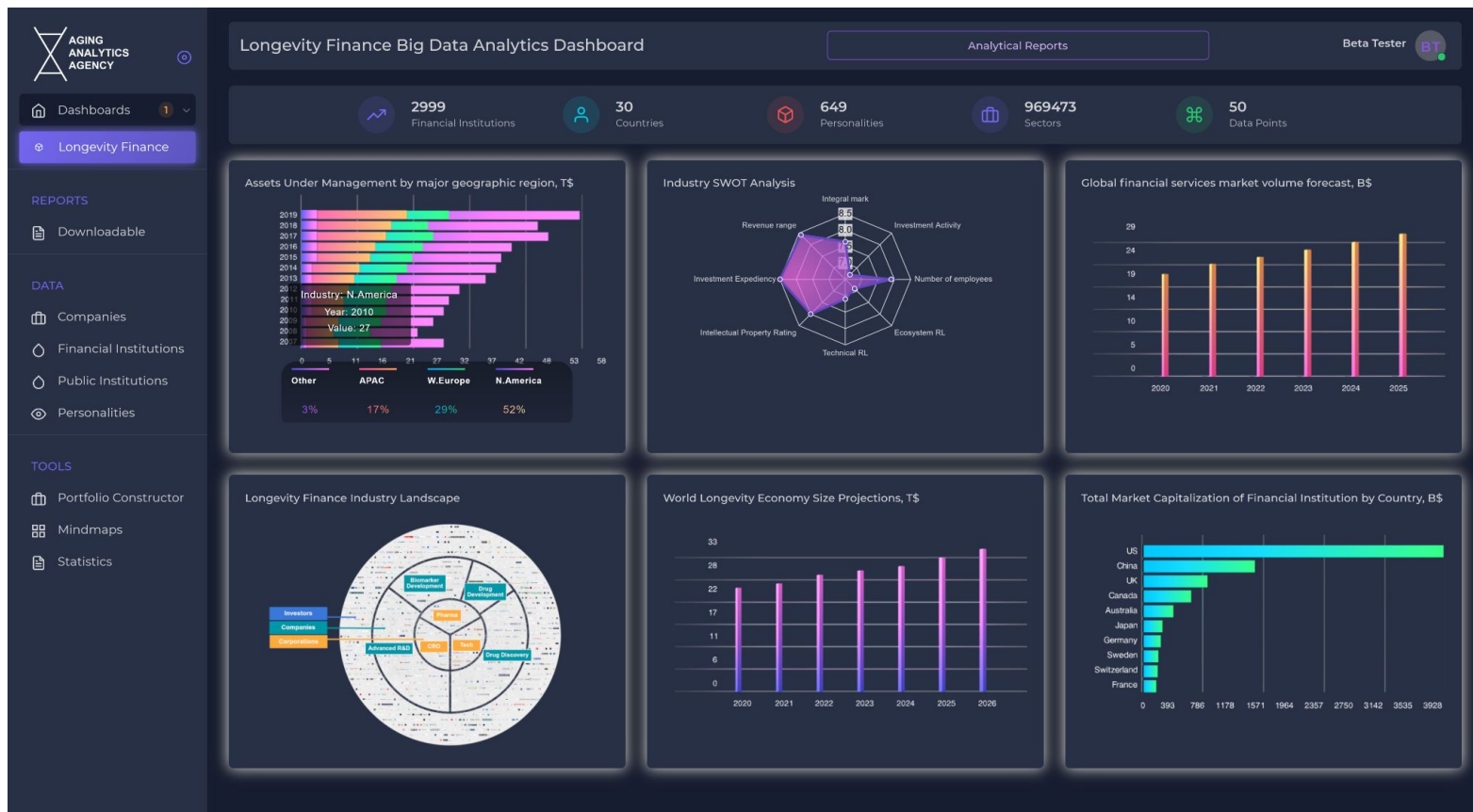
Each SPAC that is formed is looking for a company to acquire. Too many SPACs in the market could mean that **SPACs will begin to compete with each other on a greater scale for a limited number of start-ups available for acquisition.**

Closing the successful merger deal **SPAC requires having industry knowledge rather than solely investments and deal-making expertise**, especially when it comes to Healthcare and BioTech Sectors. This may be a cause for concern in the long-term and questions the sustainability of healthcare and other SPACs.

Despite the current trend for SPAC M&As to be used as an easier way for healthcare companies to go public, **the long term performance of these companies remains to be seen.**

Ultimately, **SPAC deals participants will be potentially tested by regulatory requirements.** For example, in April, 2021 the U.S. SEC issued new guidance on how SPACs should account for the warrants issued as part of their IPOs. Such actions are aimed at granting access to public financial market to the most promising companies.

Longevity Finance Big Data Analytics Dashboard



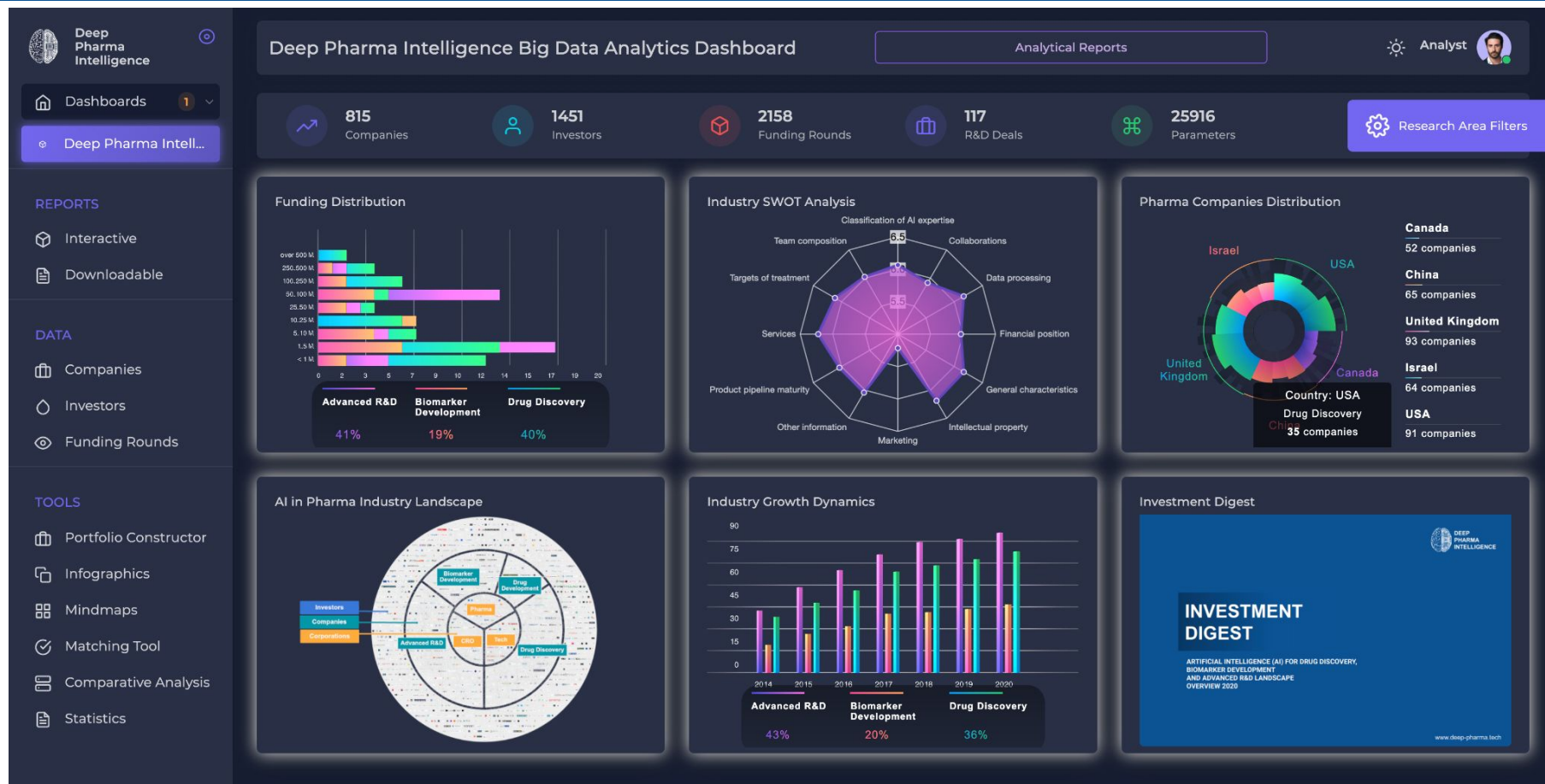
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Longevity Investment Big Data Analytics Dashboard



www.platform.dkv.global/dashboards/longevity-investment

Deep Pharma Intelligence Big Data Analytics Dashboard



Overview of Proprietary Analytics by Deep Pharma Intelligence

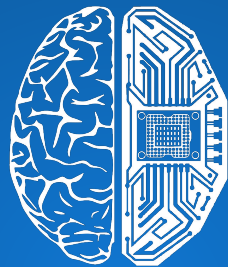
Deep Pharma Intelligence (DPI) is a strategic partner to the leading Life Science organizations, investment institutions (VC funds, investment banks), and governments across the globe – in matters related to investment analytics, strategic positioning, and policy development in the areas of pharmaceutical and biotech research, and healthcare tech.

While Deep Pharma Intelligence is regularly producing open industry reports covering high-growth sectors in the Life Sciences, including artificial intelligence (AI), digital health, and new therapies, some of the more in-depth research is only available to our clients and strategic partners under the “Proprietary Analytics” category.

Our range of proprietary services includes custom consulting projects, based on the specific customer needs, as well as a collection of pre-produced “ready-to-use” proprietary reports, produced by our research team, covering general trends and specific action ideas and strategy insights related to the most promising investment prospects (e.g. new technologies, biotech startups), M&A prospects (e.g. pipeline development targets), and strategic growth ideas (trends profiling, industry overviews etc).

Services:

- Investment analytics.
- Preliminary due-diligence (business, science and technology, intellectual property (IP) profiling, freedom of operation assessment, legal assessment etc).
- Comprehensive due-diligence (deep business, science and technology assessment, IP and legal assessment, growth potential assessment etc).
- Infringement analysis of technology (i.g. If you plan to partner or invest in a data-analytics biotech, or AI-development vendors, it is essential to understand their technological assets, both in terms of innovation potential and in terms of legal protection and non-infringement risk management).
- SWOT analysis of companies and technological sectors, competitive profiling.
- Industry profiling and growth strategy development for top-tier companies and governments.



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