



## Preparing to go public in the US via a de-SPAC

The preparation process for completing a de-SPAC is, in many respects, similar to that of a company preparing a standalone IPO, and includes the following activities and considerations:

- IPO readiness
- Tax structuring
- Accounting and SEC reporting considerations
- Financial statement preparation
- PCAOB audits
- Proxy/SEC registration documents, including preparation of MD&A, risk factors etc.

## Going public in the US via a merger with a US-listed SPAC

We anticipate renewed interest from US publicly listed special purpose acquisition companies (SPACs) looking for mergers or acquisitions (known as de-SPAC) of European target companies. This is being driven by increased regulatory clarity, increased sophistication among sponsors and investors, and the need for institutional investors to diversify their investments.

Accessing the US market via a de-SPAC provides an alternative path to becoming a US listed company in lieu of a traditional US initial public offering (IPO). de-SPAC IPOs can provide the following advantages:

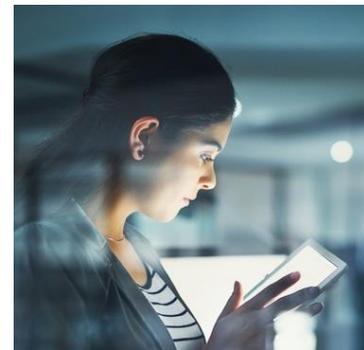
- 01 Speed to market:** Going public via a SPAC can be completed in a few months, whereas a traditional IPO can take a year or more.
- 02 Certainty of capital:** Funds are already raised and held in trust, providing the target company with immediate access to capital.
- 03 Experienced sponsors:** SPAC sponsors often bring valuable industry expertise and public market knowledge.
- 04 Flexibility:** Negotiated deal structures and timelines provide tailored solutions for the target company's needs.

### SPACs as an alternative path to US public markets

SPACs raise capital through an IPO for the purpose of merging with or acquiring an operating company, referred to as the target. The SPAC IPO proceeds are held in a trust, while the SPAC typically has between 18 and 24 months from the time of the IPO to complete the de-SPAC. Most SPACs currently active in the market completed their IPO in the US, resulting in the target becoming publicly listed in the US once de-SPAC is completed. For a target company, merging with or being acquired by a SPAC is therefore an alternative path to access the public markets and achieve liquidity for shareholders.

# The de-SPAC process

**SPACs normally need to solicit shareholder approval prior to de-SPAC. In order to do this, they prepare proxy statements that contain various matters seeking shareholder approval, including the proposed de-SPAC and governance matters.**



## Similarities to a traditional IPO

The proxy statement is filed with the Securities Exchange Commission (SEC) via a registration statement. Like a traditional IPO, the registration statement must include the target company's financial and non-financial disclosures, such as historical financial statements, MD&A, risk factors, and a description of the target's business, similar to the disclosures that would be required if the target were completing a traditional IPO.

The registration statement is subject to the usual SEC review and comment process.

## Differences from a traditional IPO

Unlike a traditional IPO, the proxy statement is required to include pro-forma disclosures reflecting the impact of the de-SPAC under various scenarios. Once the filing has been declared effective by the SEC, the proxy is mailed to the SPAC's public shareholders, who will vote for or against the transaction and, regardless of their vote, may decide to redeem their shares for cash from the trust.

The pricing of the listing is also different from a traditional IPO. Target management can negotiate more customised deal terms, such as making minimum cash requirements on completion of the de-SPAC (including following all redemptions) a condition for closing, or other performance metrics that are not part of a traditional IPO. If the SPAC needs additional funds in order to meet minimum cash requirements, it often issues additional shares in the form of private investment in public equity (PIPE).

Once shareholders approve the SPAC merger and all regulatory matters have been cleared, the merger closes and the target company becomes a public entity.

## Bottom line

While there are many similarities between a traditional IPO and a de-SPAC for companies planning to go public, de-SPACs introduce additional complexities that must be properly assessed. SPACs remain a viable liquidity path for companies, but success requires early planning, robust project management, and readiness across accounting, tax and governance.

## How PwC can help

We can guide companies through every stage of the IPO process – whether traditional or de-SPAC – from readiness assessments, preparing financial reports and technical accounting to SEC reporting, valuations and tax structuring.

Feel free to contact us for more information if you would like to gain a better understanding of the de-SPAC process and its complexities.

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