Kristian Haukka

Impact of SPAC Mergers on Shareholder Value

School of Accounting and Finance
Bachelor's Thesis
Finance

Vaasa 2024

UNIVERSITY OF VAASA
School of Accounting and Finance
Author: Kristian Haukka
Title of the Thesis: Impact of SPAC Mergers on Shareholder Value
Degree: Bachelor of Science in Economics and Business Administration
Programme: Finance
Supervisor: Nebojsa Dimic
Year: 2024 **Number of Pages:** 39

ABSTRACT:
The purpose of this thesis is to investigate the long-term performance of special purpose acquisition companies (SPACs) in comparison to traditional initial public offerings (IPOs), as well as to look at how acquisition timing influences SPAC outcomes. The thesis specifically evaluates whether SPACs succeed to generate sustainable shareholder value and how structural and temporal factors influence their post-merger performance. Using a literature-based approach, the thesis tests two hypotheses by combining the results of earlier research. The literature's findings suggest that SPACs face difficulties in generating positive long-term market returns and underperform compared to traditional IPOs. The association between acquisition timing and performance is also discussed in the literature, resulting in early-stage acquisition announcements facing better market response compared to the late-stage announcements.

KEYWORDS: Special Purpose Acquisition Company, Mergers and Acquisitions, Value creation, Initial Public Offering

VAASAN YLIOPISTO
Laskentatoimen ja rahoituksen yksikkö

Tekijä:	Kristian Haukka
Tutkielman nimi:	Impact of SPAC Mergers on Shareholder Value
Tutkinto:	Kauppatieteiden kandidaatin tutkinto
Oppiaine:	Rahoitus
Työn ohjaaja:	Nebojsa Dimic
Valmistumisvuosi:	2024 **Sivumäärä:** 39

TIIVISTELMÄ:

Tämän tutkielman tarkoituksena on tutkia kuoriyhtiöiden eli SPAC-yhtiöiden pitkän aikavälin suoriutumista verrattuna perinteisiin listautumisanteihin (IPO) sekä tarkastella, miten yrityskaupan ajoitus vaikuttaa SPAC-yhtiöiden tuloksiin. Tutkielmassa arvioidaan erityisesti sitä, onnistuvatko SPAC-yhtiöt tuottamaan kestävää arvoa osakkeenomistajille ja kuinka rakenteelliset ja ajalliset tekijät vaikuttavat yhtiöiden suorituskykyyn fuusion jälkeen. Kirjallisuuskatsaukseen perustuvassa lähestymistavassa tutkielma testaa kahta hypoteesia yhdistämällä aiempien tutkimusten tuloksia. Kirjallisuudessa esitettyjen havaintojen mukaan SPAC-yhtiöillä on vaikeuksia tuottaa positiivista pitkän aikavälin markkinatuottoa, ja ne suoriutuvat heikommin kuin perinteiset listautumisannit. Kirjallisuudessa käsitellään myös yritysostojen ajoituksen ja tuloksen välistä suhdetta ja osoitetaan, että yritykset, jotka ilmoittavat yritysostoista aikaisin, tuottavat paremmin kuin yritykset, jotka ilmoittavat niistä myöhään.

AVAINSANAT: Special Purpose Acquisition Company, Mergers and Acquisitions, Value creation, Initial Public Offering

Table of Contents

1 Introduction 6
1.1 Purpose of the study 6
1.2 Structure of the study 8
2 Theoretical background 9
2.1 Special Purpose Acquisition Company (SPAC) 9
2.2 Stakeholders 10
2.2.1 Sponsors 10
2.2.2 Investors 11
2.2.3 Targets 11
2.3 Timeline 11
2.4 Historical overview 12
2.5 The SPAC phenomenon of 2021 14
2.6 Regulatory changes on SPAC 16
2.7 Traditional Initial Public Offering (IPO) 17
3 Comparison between SPACs and traditional IPOs 19
3.1 Stakeholder perspectives 19
3.1.1 Company perspective on SPAC vs traditional IPO 19
3.1.2 Investors perspective on SPAC vs traditional IPO 22
3.2 Advantages of SPAC mergers 24
4 SPAC mergers and shareholder value 27
4.1 SPAC merger performance metrics 27
4.2 SPACs and traditional IPOs long-term performance 29
4.3 Impact of acquisition timing 31
5 Conclusion 34
References 36

Figures

Figure 1. SPAC IPO Summary by Year 2009-2024 (SPACInsider, 2024). 10

Figure 2. SPAC Timeline (Barth, Gu, Liu, 2023). 12

1 Introduction

Special purpose acquisition companies often called as SPACs have been a popular subject within financial circles in the last few years due to their popularity among investors and companies that are considering going public. SPACs have been around for about a hundred years in different forms, although they have gained notably more attention during last four years and especially during 2020 and 2021, when SPACs set the record of IPOs.

SPACs are non-operating companies that go public only to merger with a target company with the proceeds of the SPAC's IPO of shares (Dimitrova, 2017). SPACs have several special features including that SPAC sponsors do not get any management fees, they only receive payoffs when the deal is done. And, when comparing to private equity funds SPACs have relatively short horizon, as SPACs typically complete the merger and will be liquidated within 24 months, and private equity funds within 10 years. The third notable SPAC special feature is that SPAC allow investors to redeem shares before deal completion, which means that investors are involved in mergers decision making (Luo, D., & Sun, J., 2021)

While the SPAC market and interest towards SPACs have grown significantly, the question arises whether it has been a profitable investment or not. Literature tends to measure SPACs and their performance by looking at either their merger announcement date or the completion of the merger. For instance, Kiesel, Klingelhöfer, Schiereck & Vismara (2022) examines SPAC merger announcement returns and subsequent performance and finding out that short-term hype doesn't adapt to long-term value.

1.1 Purpose of the study

The purpose of the thesis is to study Special Purpose Acquisition Companies (SPACs) market performance. Focus on this paper will be on long-term performance, and whether the market return of companies going public via SPAC IPOs and traditional IPOs have different outcomes in long-term event window. This thesis will also evaluate if the timing of SPAC merger has impact on its performance.

Both hypotheses are based on existing literature that seems to suggest that companies going public via SPAC mergers underperform in long run, when comparing to companies that go through a traditional IPO route. Existing literature also suggests that firms that make acquisitions earlier seem to perform better (Kiesel, Klingelhöfer, Schiereck & Vismara, 2022; Dimitrova, 2017; Kolb & Tykvova, 2016).

First hypothesis approaches SPACs long-term performance from the comparative point of view. The objective is to investigate the long-term performance of companies going public through a SPAC merger in comparison to companies going public through traditional IPO process. The comparison is motivated by the clear structural and procedural distinctions between the methods of going public, which may result in different long-term market return outcomes. High redemption rates, sponsor incentives, and potentially speculative target companies are some of the distinctive characteristics of SPAC mergers. Examining this hypothesis offers valuable insight into how these variations affect financial outcomes, particularly for investors and companies choosing their path to public markets. Therefore, the first hypothesis is:

H1: Companies going public through SPAC merger exhibit lower long-term market returns than those that go public through the traditional IPO process

The second hypothesis examines SPAC mergers from a timing point of view and specifically investigates if the SPACs performance is affected by the timing of the acquisition. SPAC typically has 24 months from the date of listing until the deadline for acquiring the target company. Results tend to improve with earlier acquisition completion for several reasons. Toward the end of a SPAC's timeline, the pressure to complete deals quickly can lead sponsors to prioritize speed over deal quality, resulting in rushed and suboptimal acquisitions. Early acquisitions allow for more strategic target selection, taking advantage of favorable market conditions and lower investor redemption risks. Empirical evidence suggests that earlier deals are associated with better short-term performance, as they frequently reflect stronger expertise and financial stability post-merger. This relationship will be examined in greater detail later in the thesis. The aim is to find out if it has impact on SPACs performance whether the acquisition is completed in the early days of SPAC being listed or later. Thus, the second hypothesis is:

H2: Earlier acquisition announcements by SPACs have a positive impact on SPAC performance

The motivation behind these two hypotheses is to determine the performance of SPACs and the functions that affect the performance.

1.2 Structure of the study

The introduction to thesis and hypotheses of the thesis are presented in the first chapter. Chapter two covers theoretical background, including topics such as the special purpose acquisition company, stakeholders, timeline, historical overview, the SPAC phenomenon of 2021, regulatory changes on SPAC, and traditional initial public offering (IPO). Chapter three focuses on the comparison of SPACs and traditional IPOs. The fourth chapter has a focus on previous literatures findings on the performance of SPAC mergers and therefore the impact it has on shareholder value. Chapter five concludes all and discusses the findings.

2 Theoretical background

This chapter discusses the thesis theoretical background covering the topics of special purpose acquisition company, traditional IPO, SPAC phenomenon of 2021, regulatory changes on SPAC, and traditional initial public offering (IPO). This chapter provides a steady foundation for the rest of the thesis.

2.1 Special Purpose Acquisition Company (SPAC)

A special purpose acquisition company, i.e., SPAC, is a shell company whose sole purpose is to eventually acquire a target company to merge with. SPACs, also known as “blank check” companies, raise funding through an initial public offering. Unlike traditional IPOs, SPAC investors allocate their capital to a company that has no current operations (Dimitrova, 2017).

Going public via SPAC is somewhat both an M&A transaction and an IPO. SPACs tend to be formed by individual investors or organizations with an impressive track record in the industry the SPAC is targeting to get in.

SPAC IPOs gained significant popularity around 2020 and continued until 2022, although the peak of the boom took place in 2021. SPAC IPOs became a serious alternative to traditional IPOs for a moment. In 2021, SPAC IPOs accounted for 63% of all IPOs compared to 2010, when SPACs made up just 4% of all IPOs (Barth, Gu, Liu, 2023).

The hot SPAC market, specifically during the years 2020-2021, which are also called SPAC boom years, can be seen from the figure below. The average amount of money raised through SPAC IPOs has stayed more consistent over time; however, the highest average amount of money raised was also during booming years in 2020. Specifically, when looking at IPO volume in 2020 and 2021, the two-year window holds the total of 861 SPAC IPOs. During all the other years in the SPAC IPO summary, SPACs witnessed only 348 IPOs, which means that the “SPAC boom” years hold over 70% of the total count of SPAC IPOs between 2009 and 2024.

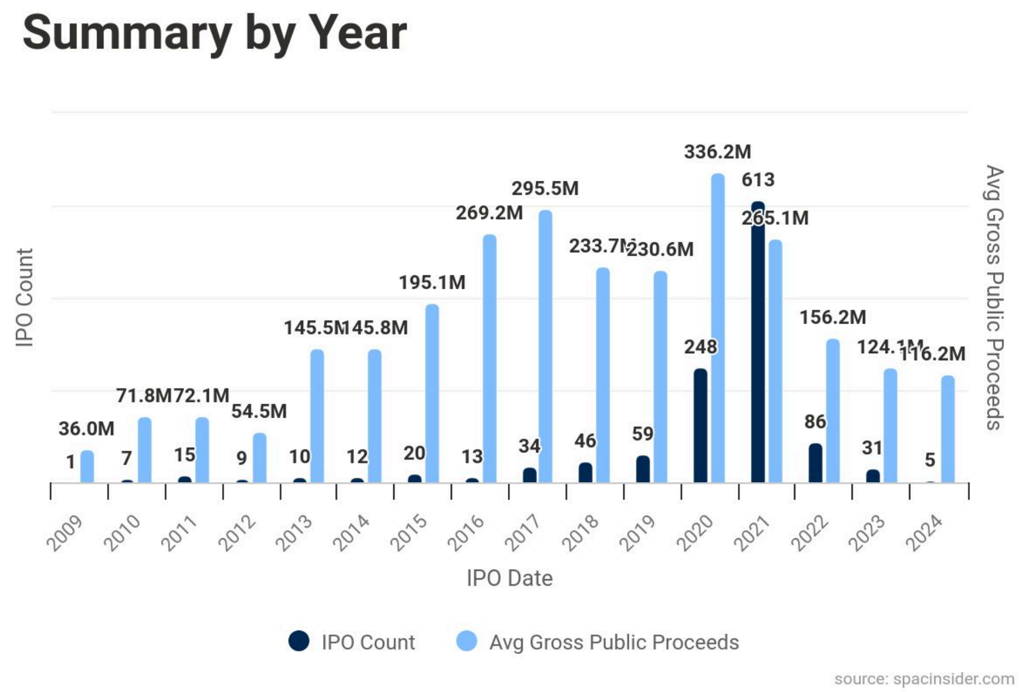

Figure 1. SPAC IPO Summary by Year 2009-2024 (SPACInsider, 2024).

2.2 Stakeholders

Sponsors, investors, and targets make up the SPAC’s stakeholders. Each stakeholder has an important role to play in the SPAC’s value chain.

2.2.1 Sponsors

SPAC sponsors invest their own risk capital into SPAC operating costs. This is a significant risk for sponsors. If sponsors fail to merge with a target company, the SPAC must be dissolved, and funds returned to original investors. On the other hand in the event of success, sponsors expect to earn significant returns, which usually is 20% of the equity raised from the original investors (Bazerman, Patel, 2021).

2.2.2 Investors

The majority of SPAC investors tend to be specialized hedge funds, so the most of SPACs original investors are from the institutional side. Investors buy SPAC shares before the identification of a target company. Investors receive common stocks and warrants that grant the investors the right to purchase common shares at a fixed price in the future. Stocks are generally valued at 10 dollars per share and warrants at 11.50 dollars per share. Warrants are crucial when it comes to risk alignment and indicating SPACs risk levels. Investors have two options after a deal with a target company is announced: either move forward with the deal or back out and get their original investment back plus interest. Investors are still able to keep their warrants even if they decide to redeem their common shares (Bazerman, Patel, 2021).

2.2.3 Targets

In this context, target stands for company with which the SPAC aim to merge. According to a Harvard Business Review article by Bazerman and Patel (2021), most of the SPAC targets are start-up companies that have gone through a venture capital process and have incentives to go public in the near future. During this stage, companies usually consider their options, which consist of going public via traditional IPO, selling the company, or raising capital from private equity firms, hedge funds, or institutional investors. SPACs appear as a lucrative option for private companies when it comes to going public. It is considered to be a notably easier and lighter way to go public compared to traditional IPOs.

2.3 Timeline

The SPAC timeline begins with the initiation of a sponsor, continues with the SPAC IPO, and follows with a 24-month period when the SPAC tries to find a target company.

Sponsors will return investors' money plus interest if they are unsuccessful in accomplishing so.

After a successful SPAC merger in which the sponsors find an operating target company, the SPAC IPO shareholders have approximately four months to decide whether to hang onto their shares or redeem them while keeping the warrants. The period between SPAC IPO and SPAC merger is called the "SPAC Period". The post-merger period after a successful merger is called the "DeSPAC Period".

In the below is visualized the whole SPAC timeline from the initiation by sponsors all the way to the DeSPAC period, in which the then target company is publicly listed in the stock exchange.

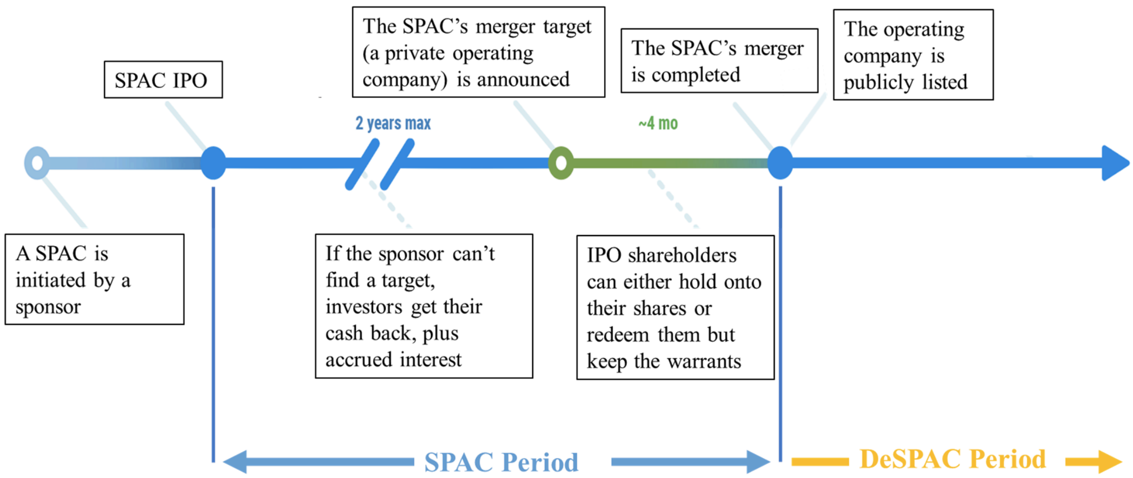

Figure 2. SPAC Timeline (Barth, Gu, Liu, 2023).

2.4 Historical overview

Special Purpose Acquisition Companies have existed in different forms since the early 1920s in England. Back then, during the South Sea Bubble, blank checks were called blind pools (Shachmurove & Vulanovic, 2017).

Blank check companies began to receive increasing attention in the U.S. in the 1980s and 1990s. According to Shachmurove & Vulanovic (2017), the primary blank check issuers were penny stock promoters with the shares listed on the over-the-counter (OTC) market and with no guarantees to investors and limited disclosures about their intentions. Thus, the 1980s and 1990s blank check market can be seen as relatively unstable and unreliable. Frauds and abuses in the penny stock market were so usual that regulators described it as an epidemic. Typical fraud was to perform a pump and dump scheme, in which investors sell their position after seeing a profit of their own at the expense of others when the stock price is inflated through misleading positive statements.

Response to frauds in the blank check market and attempting to boost investors confidence The Penny Stock Reform Act was passed in 1990 by the U.S. Congress. As a result of the act, the U.S. Securities and Exchange Commission, i.e., SEC, created regulations governing registration statements made by blank check companies issuing penny stocks. Later on in 1992, the SEC introduced Rule 419-a, creating regulations for the blank check market (Shachmurove & Vulanovic, 2017). SPACs popularity didn't last until the 1990s, while the initial public offering market boomed, and it was easier to go public via traditional IPO (Heyman, 2007).

SPACs rose in popularity again in 2003, and the rush continued until 2008. The rush naturally ended when the financial crises took place in 2008. SPACs turned heads up again in 2010-2011, when the new regulations were passed. SPAC IPOs succeeded in raising over 5 billion dollars in 2014 and 2015 (Feldman, 2018, p.108). Feldman also addresses that SPACs and reverse mergers shouldn't be discussed as separate categories, as SPACs are shell companies like the other shell companies.

The latest remarkable change in SPAC markets took place in 2020-2021. SPACs set the records to a whole new level, with 248 IPOs and 83.4 billion dollars raised in the United States in 2020 and 613 IPOs raising over 160 billion dollars in 2021 (Kiesel et al., 2022).

The period throughout 2020 and 2021 is called the “SPAC bubble” and was also called the hottest new investment vehicle at the time. One of the reasons given for the success of SPACs is the easiness of the SPAC process. Several investors even told a columnist from the New York Times that they know more people who have a SPAC than Covid. Which portrays the popularity of SPACs at a time very well (Lynch, 2023).

2.5 The SPAC phenomenon of 2021

As discussed earlier, the SPAC market boomed specifically during the year 2021 alongside traditional IPOs. 2021 also witnessed a record-breaking number of M&A transactions. SPACs shocked the markets and accounted for more than half of the total IPOs, and when examining companies going public in 2020 and 2021, SPACs accounted for approximately 22% and 34%, respectively. Various companies that could have gone public via traditional IPO have instead chosen the SPAC path (Klausner et al., 2022).

The popularity of SPACs in 2021 has multiple potential explanations, and perhaps the answer to the question “Why were SPACs so popular in 2021?” is somewhat a combination of various aspects. The potential key drivers behind SPACs popularity are the regulatory environment, market conditions, investors interest, and the general hype surrounding the SPACs.

Klausner et al. (2022) discuss that already as early as in 2020, it was seen that SPACs had a “hype” from a couple of successful SPACs that boosted the interest towards them. SPACs began to grow and get more attention from a wider audience after that, and they soon started rapidly developing into a bubble. SPACs, as previously indicated, were referred to as a “hot new financial vehicle” during the 2020 and 2021 bubble years. Typically, sponsors are successful investors, industry experts, or just financial celebrities trying to get in on the next big thing on Wall Street. Similarly, retail investors included those who were also attempting to capitalize on this new, seemingly lucrative trend in investing.

Thus, it can be stated that when scrutinizing the actions of specific sponsors and investors, the hype and so-called FOMO, or fear of missing out, are evident (Lynch, 2023).

One of the key factors for the high number of SPAC IPOs in 2021 can be linked to the speed and flexibility of SPACs, avoiding a lot of the IPOs regulatory obstacles. The Private Securities Litigation Reform Act's (PSLRA) safe harbor provisions, which are no longer in effect as of 2024, were advantageous to SPACs from a regulatory standpoint. Chapter 3 will go into more detail on this topic. Safe harbor provision allows companies going public to concentrate more on forward-looking information. The provisions apply to companies undergoing mergers, such as SPACs. Avoiding these SEC hurdles has been quite advantageous, for instance, as compared to traditional IPOs (Blankespoor et al., 2022).

In terms of market conditions, central banks maintained incredibly low interest rates in order to support the economy during the pandemic. As a result, money became more affordable, and investors began searching for alternatives to traditional assets like bonds, such as SPACs, which may yield higher returns. Through stimulus programs, governments and central banks significantly increased the quantity of capital flowing into the economy. With so much liquidity in the market, investors had more money to invest, and SPACs became an attractive option for deploying that capital. There were for instance, several direct relief payments provided by the U.S. government to support Americans. The first, under the CARES Act in March 2020, provided up to 1,200 U.S. dollars per adult and 500 U.S. dollars for each child under 17, with payment reducing for individuals earning more than 75,000 U.S. dollars and couples earning above 150,000 U.S. dollars (treasury.gov, 2020). Investors were looking for higher-yielding alternatives because fixed-income products were providing very poor returns due to the low-interest environment. In addition, SPACs looked promising and attracted investor interest since they targeted high-growth industries like technology and healthcare. In 2020 and 2021, stock markets performed similarly well due to optimism about the economy’s revival. This bullish trend encouraged more investors to look at riskier, high-growth investments, such as SPACs, which were seen as an opportunity to capture gains in emerging sectors.

In conclusion, SPACs gained a lot of popularity in 2021, primarily due to their speed, flexibility, and ability to bypass regulatory hurdles better than traditional IPOs. Investors looking for larger returns were drawn to the market by favorable conditions such as low interest rates and plenty of liquidity. Interest was further stoked by early successes and the excitement around high-growth industries like technology and healthcare, where SPACs provided a fast-track route to public markets during a time of economic optimism.

2.6 Regulatory changes on SPAC

SPACs have gone through big regulatory changes after the 2008 financial crisis. On November 16, 2009, SPACs witnessed a new regulation that is called “tender offer regulation.” This allows SPACs to choose a tender offer instead of a proxy vote during acquisition. This regulation permits shareholders that are not satisfied with the acquisition proposal to redeem their shares. Thus, the number of shares that can be redeemed is limited, as stated in the IPO filing. For example, with the SPAC known as 57th Street Acquisition Company, 88 % of shares could be redeemed. By “tender offer regulation” SPACs are said to be more appealing to private equity firms and venture capitalists, since the regulation reduced the time to complete the acquisitions and mitigating outcome uncertainty (Kolb & Tykvova, 2016).

Kolb and Tykvova (2016) also mentioned another regulatory reform known as the JOBS Act, which makes it easier and cheaper for emerging growth companies, i.e., young companies, to go public by easing the process of reporting and filing. Since SPACs can designate themselves as emerging growth companies, these benefits and ease their situation. By doing this, they can reduce their costs both before and after the SPAC merger, because they need to handle fewer filing and reporting requirements.

2.7 Traditional Initial Public Offering (IPO)

An initial public offering is considered a traditional way for private companies to go public and raise capital from public markets. After an IPO, the company lists its shares on a stock exchange.

The IPO process starts when a company decides to go public through an initial public offering and hires an investment bank to act as an underwriter. The bank and advisors aid with regulatory filings, defining the initial price for the shares, and doing due diligence. Following that, the company needs to file a registration statement containing comprehensive financial information with regulatory authorities, such as the SEC in the United States. After clearance, the company and underwriter promote the offering through a roadshow to attract potential investors. After the shares are valued, they will be listed on the stock exchange, and the company transitions to a public company, with its stock available for public trading (Geddes, 2003).

The initial public offering process allows a listed company to acquire new funding for growth. Compared to bank loans and other types of debt, capital raising through the sale of new shares has two important benefits. First, there are no repayment obligations, and second, there are no recurring, regular payments. A company can draw in more investors by listing on a stock exchange. This could result in a substantial flow of funds that could be utilized for several purposes, such as paying off debt, expanding infrastructure, or breaking into untapped markets. Employees and early investors may be able to realize the value of their holdings if share liquidity increases. An IPO can improve a company's reputation and, as a result, attract more business partners, customers, and talented employees (Geddes, 2003).

Moving from a private to a public company is not without any challenges. Analysts, shareholders, and regulators are more likely to scrutinize public companies, which can increase pressure on management to hit set financial goals. The operational load is increased by the expense of compliance and the need to maintain investor relations.

Despite the difficulties, entering public markets offers a valuable opportunity for long-term growth and value generation; therefore, for many companies, the initial public offering marks a milestone (Geddes, 2003).

3 Comparison between SPACs and traditional IPOs

Chapter three provides a comparison of two ways for companies to enter public markets: SPAC merger and traditional IPO. The differences between the viewpoints of investors and companies will be discussed in this chapter.

3.1 Stakeholder perspectives

This section examines the stakeholder perspectives, focusing on the following factors: timeline, cost structure, valuation, regulatory environment, market conditions, dilution risk, and liquidity.

3.1.1 Company perspective on SPAC vs traditional IPO

A SPAC IPO's comparatively short timeline is one of its most attractive characteristics. The target company can go public by merging with a SPAC company instead of going through the drawn-out traditional IPO procedure because SPACs are already listed on a stock exchange, and the company becomes tradable right after the acquisition (Gryglewicz, Hartman-Glaser & Mayer, 2022). In comparison to the 6-12 months often needed for a traditional IPO, this can significantly shorten the time it takes to reach the public markets, sometimes in a matter of months (Gahng, Ritter & Zhang, 2021). For companies hoping to take advantage of favorable market conditions or those in need of a quicker capital infusion, this speed can be vital, especially in volatile industries like biotech or technology. Traditional IPOs, on the other hand, require a multi-phase procedure and a substantial time commitment. In addition to a prospectus that gives prospective investors comprehensive details about the company, its finances, and its risks, companies are required to submit an extensive registration statement to the SEC. After that, companies usually proceed on a "roadshow" to spark curiosity and determine investor demand. Despite taking a lot of time, this procedure gives companies the opportunity to improve their public image and gain valuable feedback from institutional investors. Although it can cause time-sensitive strategies to be delayed, this thorough preparation can help ensure a steadier market launch (Geddes, 2003).

Cost structure and dilution concerns vary between SPAC IPOs and traditional IPOs. Due to the absence of typical underwriting fees, the direct costs of a SPAC transaction might seem lower. Nevertheless, this does not mean that the procedure is cheap. As part of their incentive, SPAC sponsors normally get 20% of the company's shares after the merger, which can significantly dilute the shareholdings of current shareholders. In addition, some SPACs provide early investors with warrants or other incentives, which raises the possibility of dilution. This approach may seem appealing to companies with less initial expenditures, but the long-term cost of dilution may affect future control and valuation. While a traditional IPO typically has high upfront costs, including underwriting fees, which are typically 7%, marketing expenditures, and regulatory fees, these costs are transparent and frequently result in less dilution for current shareholders (Chen & Ritter, 2000). Companies can often achieve a cleaner capital structure after the offering and maintain greater control over their equity structure in a traditional IPO. There may be less long-term dilution and simpler investor interactions with a traditional IPO for companies with a defined value proposition and stable financials.

When it comes to valuation, SPAC mergers allow for negotiated valuations, instead of relying only on market demand. This can give sponsors and companies the freedom to aim for favorable valuations. For instance, when negotiating the purchase price with sponsors, target companies might be motivated to provide optimistic projections (Blankespoor et al., 2022). This can lead to inflated valuations, which may leave investors disappointed or possibly result in significant losses if the company fails to meet growth projections following the merger. Overvaluation can also lead to poor post-listing performance since the market may correct for what it considers to be excessive initial price. The market condition, investor demand, and comparable companies in the industry all significantly affect the valuation in an IPO. Because it takes into account the sentiment of the market as a whole, this method frequently results in a more realistic and maybe more sustainable valuation. Even while companies have less direct influence over valuation in this phase, price discovery happens naturally through the book-building process, which can help reduce the risk of overvaluation. For companies concentrating on long-term performance, this valuation method can help maintain a more stable stock price in the early trading phases (Sherman, 2004).

From a regulatory standpoint, while some initial IPO criteria may be bypassed by SPAC mergers, companies that use SPAC to access the public market still must comply with strict regulations, particularly those set out by the SEC. Expectations for target companies have risen due to recent increases in regulatory scrutiny for SPACs, especially with regard to disclosures concerning sponsor incentives, business risks, and financial forecasts (sec.gov, 2024). Following a merger, companies must quickly adapt to the norms of the public market and assure compliance with SEC regulations, which may require operational changes if the company was formerly privately held. On the other hand, a traditional IPO requires tight regulatory monitoring from the start, including significant SEC filing and compliance requirements. This approach guarantees transparency right away, which could benefit companies later by putting strong governance procedures in place at an early stage. Even if they are initially challenging, the compliance requirements of a traditional IPO can provide a solid basis for a company’s life in the public eye by establishing a standard of accountability and operational transparency that can boost investor trust (Geddes, 2003).

From a company’s perspective, the decision between a SPAC and traditional IPO involves several important factors, all of which have an effect on the company’s readiness for the public market and long-term performance. Companies seeking quicker access to capital or greater control over valuation may find a SPAC IPO appealing. Higher dilution, possible overvaluation risks, and occasionally doubtful investor perception are the drawbacks of this approach. A traditional IPO, on the other hand, is a more drawn-out and expensive procedure, but it frequently results in a more stable valuation and a stronger compliance base.

3.1.2 Investors perspective on SPAC vs traditional IPO

Investors may see SPACs as a lucrative opportunity for high returns, especially if they invest early and the SPAC is able to acquire a promising target company. It can be said that SPACs draw yield-seeking investors who are ready to take on greater risk because they typically serve smaller, riskier companies looking to access the public markets (Bai, Ma & Zheng, 2023). SPACs, however, can be risky since, as is evident from the multiple ifs, the target company is unknown at the initial investment stage, raising uncertainty regarding its future performance. In contrast, traditional IPOs typically carry lower initial risk for investors, since the company that is going public has undergone an extensive regulatory and financial verification procedure. Established financial history is frequently included in scrutiny, which helps investors evaluate potential revenue (Feldman, 2018).

When considering valuation transparency and information asymmetry SPACs clearly involve greater information asymmetry, since investors invest funds before they have identified the target company. Although SPAC sponsors may have expertise, their restricted disclosures prior to the merger may make it more difficult for investors to determine value (Bai et al., 2023). Post-merger performance can occasionally deviate from projections. Investors can make better-informed decisions in traditional IPOs because they have access to thorough disclosures, such as audited financial statements and company prospectuses. Underwriters also assist in ensuring a fair market valuation that complies with regulatory requirements throughout the traditional IPO process. Therefore, disclosure requirements increase investors' confidence because it is more difficult to conceal issues (Feldman, 2018).

In terms of market conditions, SPACs provide flexibility in market timing, because the sponsors can postpone a merger until the market conditions are favorable. This is evident when examining the highly positive correlation between equity market sentiment and SPAC activity (Bai et al., 2023). Traditional IPOs are more directly subject to the state of the market at the time of listing. Strong market demand might be advantageous to them, but unstable or unfavorable markets can also put pressure on them.

SPAC setup may expose investors to dilution risk, since early investors were provided with shares and warrants (Feldman, 2018). After the merger, this dilution may influence the value of shares for new investors, lowering returns. In a traditional IPO, the issuance of new shares also results in dilution, but because the terms are frequently more transparent, investors are usually aware of the anticipated dilution prior to investing. Compared to the SPAC structure, there are fewer hidden expenses, which could result in more stable post-IPO valuations.

When scrutinizing both ways to go public, it is important to consider liquidity. SPACs offer investors a degree of liquidity not found in traditional IPOs by allowing them to redeem their shares if they disagree with the selected acquisition target (Feldman, 2018). Furthermore, SPACs normally list as public shell companies, providing investors with some early liquidity prior to the merger. Traditional IPO shares typically restrict investors ability to leave the company before the stock starts trading, locking them in. Liquidity is available after an IPO, but investors have no choice except to leave the company right away if they are unhappy with its early performance or direction.

In conclusion, from the investor's perspective, SPAC IPOs and traditional IPOs differ significantly in terms of risk, transparency, and flexibility. SPACs carry a higher risk because of the initial uncertainty surrounding the acquisition target, but they can yield high returns. Traditional IPOs are less risky since they provide established financial disclosures that enable investors to make more informed decisions. SPACs offer special liquidity options, such as redemption rights, and flexibility in market timing, but they also increase the risk of dilution from sponsor shares. Traditional IPOs, on the other hand, provide more transparent dilution and more stable valuations, but they don't have the same flexibility for pre-trading investor exits.

3.2 Advantages of SPAC mergers

Gahng, Ritter & Zhang (2021) discuss the potential advantages of SPAC mergers, comparing them to traditional IPOs. They have listed six key advantages of merging with a SPAC.

First, they mention similarities with venture capital financing when it comes to SPAC sponsors. Like venture capital, SPAC sponsors not only invest capital but also provide their expertise and vision to the firms they will merge with. Companies merging with a SPAC often value the business knowledge brought by sponsors; however, there is uncertainty whether the non-material benefits make up the significant dilution costs associated with SPAC mergers (Gahng et al., 2021).

The second advantage in the discussion is time efficiency. SPAC mergers may be a faster way to go public compared to traditional IPOs. It is considered to be a quicker process to negotiate a merger with SPAC and receive shareholders approval faster than a traditional IPO. Traditional IPOs' durations vary, but typically it is something around 100 days from registration to IPO. Comparatively, SPAC mergers take an average of 153 days from announcement to completion. Analysis suggests that SPAC mergers do not necessarily offer a time advantage for companies that already have audited financial statements prepared. However, a SPAC merger could potentially speed up the process of going public if the company doesn't have audited financial statements (Gahng et al., 2021).

Thirdly, Gahng et al. (2021) state that companies merging with SPACs have a unique situation where they can make very optimistic financial projections during merger announcements. Since the projections were protected under "safe harbor" provisions in the United States. "Safe harbor" provisions protected companies from lawsuits unless it can be shown that management made misleading statements on purpose. In 2021, the SEC made a statement questioning this regulatory arbitrage, and in 2022, the SEC proposed regulations with the goal of eliminating any current regulatory arbitrage. On January 24^{th}, 2024, SEC made a statement on the adoption of a rule regarding SPACs and projections (sec.gov, 2024). Therefore, it may be found that SPACs advantage over traditional IPOs in terms of being able to make optimistic forecasts is over.

The fourth advantage being discussed is SPAC mergers relative certainty over traditional IPOs. Traditional IPO conditions, such as offer price and proceeds, are negotiated after roadshows and investor interest surveys are completed. SPAC mergers, on the other hand, value the company beforehand regardless of how the market may respond. There is still uncertainty regarding how much investment will remain after investors have the redemption option, enabling them to take their money out of the company. Typically, the firms involved in a merger agree on the minimum amount of money that must be raised for the merger to proceed. In situations where the minimum requirement isn't met, companies can still choose to move forward with the merger, allowing them to go public even if they don't succeed in raising as much capital as they had intended (Gahng et al., 2021).

In the fifth observation made by Gahng, Ritter & Zhang (2021), they address that SPAC mergers offer a level of adaptability that is typically not found in traditional IPOs. As an advantage of this flexibility, sponsors and underwriters might reduce their compensation to ensure that the merger goes through. This could happen, especially when there's uncertainty about how the market will react to the merger announcement. If a SPAC's announcement is well-received, the company could end up with a good return; according to Kiesel, Klingelhöfer, Schiereck & Vismara (2022), the average merger announcement return for a sample of 375 U.S. SPACs between 2012 and June 2021 was 6.4%.

The last potential advantage for SPACs is the relative “discount” that could be available when acquiring a private company, because typically private companies are valued lower than public companies, since their shares are not as easily bought and sold (Gahng et al., 2021). In chapter four, this thesis will focus on how SPAC mergers perform.

4 SPAC mergers and shareholder value

This chapter synthesizes existing research on SPAC performance and shareholder value in order to assess the hypotheses presented in this thesis. The main emphasis is to examine the outcomes of SPAC mergers, particularly when compared to traditional IPOs, and to look into the factors affecting these outcomes. The chapter seeks to offer a comprehensive knowledge of how SPAC structures, acquisition timing, and market dynamics impact shareholder value by building on knowledge from prior studies.

4.1 SPAC merger performance metrics

Looking into the key performance metrics used in academic literature is crucial to comprehending the long-term effects of SPAC mergers on shareholder value. These metrics offer a foundation for assessing how SPACs compare against traditional IPOs and whether they accomplish their intended objectives. This part establishes the foundation for the hypotheses in this thesis by concentrating on metrics like Buy-and-Hold Abnormal Returns (BHARs), Cumulative Abnormal Returns (CAR), and Cumulative Average Abnormal Returns (CAAR).

Previous studied on SPACs extensively studies the performance metrics discussed in this section. Studies like those by Kolb and Tykvova (2020), Kiesel et al. (2022), and Dimitrova (2017) shed light on the challenges that SPACs encounter in attaining long-term success and offer insightful information on how SPAC mergers affect shareholder value. In addition to being instruments for evaluating the theories, these metrics will provide a more comprehensive understanding of the dynamics of SPAC mergers and their distinct characteristics in contrast to other public offering methods.

Buy-and-Hold Abnormal returns, or BHARs, are one of the most common metrics used to assess the long-term market performance of SPAC mergers. This metric provides a cumulative assessment of how a SPAC’s returns stack up against those of a benchmark, such as a market index, over a defined holding period. BHARs are essential to the assessment of the first hypothesis because they are especially useful for determining whether SPAC mergers result in sustainable shareholder value in the long-term after the merger.

Buy-and-Hold Abnormal returns, or BHARs, are calculated as the following equation shows:

$$BHAR = \prod_{t=1}^{T}\left(1 + R_{i,t}\right) - \prod_{t=1}^{T}\left(1 + R_{m,t}\right) \tag{1}$$

Where $R_{i,t}$ is return of the SPAC at time t. $R_{m,t}$ is return of the benchmark at time t. And the T is the holding period.

Cumulative Abnormal Returns (CAR) are a widely used performance statistic for assessing short-term market reactions to major corporate events, such as SPAC merger announcements. CAR concentrates on capturing the immediate abnormal return within a predetermined event window, in contrast to BHAR, which evaluates long-term returns.

The CAR formula is as follows:

$$CAR_i(T_1, T_2) = \sum_{t=T_1}^{T_2} AR_{i,t} \tag{2}$$

Where $AR_{i,t}$ is the abnormal return for firm i on day t, calculated by subtracting the firm’s actual return from a benchmark return:

$$AR_{i,t} = R_{i,t} - R_{m,t} \tag{3}$$

Where $R_{i,t}$ is return of the SPAC at time t. $R_{m,t}$ is return of the benchmark at time t. And $T_1$and T_2 provide the event window surrounding the merger announcement date.

Cumulative Average Abnormal Returns (CAAR) are used to gather abnormal returns across a specified event window to determine the short-term market response to SPAC merger announcements. The following formula is used to determine the CAAR, which is the average of cumulative abnormal returns for all sample companies within the selected event window:

$$CAAR_i(T_1, T_2) = \frac{1}{N}\sum_{i=1}^{N} CAR_{i,(T_1,T_2)} \tag{4}$$

Where $CAAR_{i,(T_1,T_2)}$ is the cumulative abnormal return over the event window (T_1, T_2), $CAR_{i,(T_1,T_2)}$ is the cumulative abnormal return for company i, and N is the total number of companies in the sample.

4.2 SPACs and traditional IPOs long-term performance

There is much discussion over the long-term success of companies that go public through SPAC mergers as opposed to traditional IPOs. SPACs offer a quicker and less restrictive route to public markets, but they frequently encounter challenges that can limit their ability to sustain shareholder value in the long run. Hypothesis one states that companies going public through SPAC mergers exhibit lower long-term market returns than those utilizing the traditional IPO route. Using knowledge from earlier studies, this section assesses hypothesis one.

Performance metrics like CAR, and specifically BHAR, highlight how SPACs and traditional IPOs two-year post-merger results differ. As detailed in the previous section 4.1, BHAR provides a window into long-term market trends by calculating the total abnormal performance over a given time period. Research continuously demonstrates that, in contrast to the more steady or favorable performance seen in traditional IPOs, BHAR for SPACs stays negative across 12-, 18-, and 24-month timeframes (Kolb & Tykvova, 2020; Kiesel et al., 2022). CAR specifically offers insights into how early market perceptions may translate into the long-term results, even though its primary purpose is to capture short-term market reactions. Long-term recovery seems to be difficult for SPACs despite positive CARs following merger announcements, which shows the process's structural weaknesses.

According to Kolb and Tykvova (2020), mismatched incentives between SPAC sponsors and public shareholders are a major reason why SPAC mergers continuously perform worse over the long run than traditional IPOs. Even when the selected target might not optimize long-term value, SPAC sponsors are usually motivated to conclude transactions. The SPAC structure's "agency conflict" is the outcome of this, and it frequently results in overpaying for targets and making less-than-ideal acquisitions.

Furthermore, SPACs often show significantly lower buy-and-hold abnormal returns (BHAR) than traditional IPOs, especially in the first two years after the merger (Kiesel et al., 2022). According to their study, which uses the greatest sample size available for each event window and starts with the announcement date to assess the long-term market performance of completed Special Purpose Acquisition companies (deSPACs), SPACs had a 24-month BHAR median of -55.69 % and a mean of -18.02%. Dimitrova (2017) also presents strong proof that two years post-merger, SPACs perform noticeably worse than traditional IPOs when compared against the Russell 2000 index as the bechmark. SPACs show a mean BHAR of -56.3% and a median BHAR of -72.2%, in comparison to traditional IPOs, which have a mean BHAR of -25.6% and a median BHAR of -7.5%. This demonstrates the significant difficulties SPACs encounter in generating long-term shareholder value in comparison to traditional IPOs, with a mean underperformance of -30.7 percentage points and a median underperformance of -64.7 percentage points.

The negative BHAR results show that SPACs are worse over the long run, although this trend contrasts strongly with the favorable short-term cumulative abnormal returns (CAAR) and median CAR outcomes. According to Kiesel et al. (2022), the sample of 236 completed deSPAC transactions shows positive short-term market reaction with a CAAR of 7.75% and a median CAR of 1.61% during the immediate announcement window of [-1, +1] days. Throughout the somewhat extended [-1, +3] day period, the median CAR rises to 2.09%, and the CAAR slightly declines to 7.41%.

However, the difference between these short-term favorable market responses and the long-term negative BHAR outcomes highlights the core difficulties of the SPAC structure. Although the short-term CAAR values show that the initial investor sentiment is optimistic, Dimitrova (2017) and Kiesel et al. (2022) show that this mood does not convert into sustained long-term shareholder value. The disparity draws attention to the SPAC process's fundamental weaknesses, especially the mismatch between investor expectations at the time of the announcement and the transactions' subsequent financial realities. The contrast between short-term and long-term performance results is consistent with the first hypothesis, supporting the view that SPACs underperform traditional IPOs in the long run, despite generating short-term enthusiasm during the merger announcement phase.

4.3 Impact of acquisition timing

The long-term performance and shareholder value generated by SPAC mergers may be significantly influenced by the timing of acquisitions. SPACs are subject to a special structural restriction that requires them to find and merge with a target company within a two-year period. Although the goal of this framework is to guarantee effectiveness and punctual capital deployment, it frequently presents difficulties. The pressure to close a deal quickly within the time frame may lead to poor decision-making, overlooking factors like long-term value creation and strategic fit.

Existing literature emphasizes the possible consequences of these time limitations. Kolb and Tykvova (2020) suggest that the SPAC model's inherent agency conflict is made worse by the strict timeline, stating that "Sponsors may push for low-quality firms because if the SPAC becomes liquidated, they lose their promote and their warrants become worthless." Due to their financial incentives, sponsors seem to be frequently more concerned with getting a merger done than with ensuring its quality, driven by financial incentives. Additional insight is offered by Dimitrova (2017), who points out that acquisitions completed close to the deadline typically have poorer post-merger performance. "Performance is worse when deals are completed just before the contractually specified deadline for a SPAC acquisition," according to Dimitrova (2017). This implies that SPAC sponsors might put closing a deal ahead of guaranteeing its quality as the deadline approaches, which might end up in results that are not ideal.

Furthermore, Dimitrova (2017) emphasizes how SPAC sponsors may be influenced to put deal completion ahead of quarantining its quality by structural incentives, which include liquidation risk and financial rewards linked to deal completion. She states, "I find strong evidence that much of SPAC value destruction through bad acquisitions is a result of certain contractual features that give SPAC managers incentives to pursue any acquisition over no acquisition." The impact of acquisition timing on market perception is also covered. While late-stage deals are sometimes rushed, which may result in lower market confidence and worse post-merger outcomes, early-stage deals enable more extensive due diligence and strategic fit.

Kiesel et al. (2022) provide an empirical study of SPAC acquisition performance, especially focusing on how timing affects short-term market responses. A comprehensive sample of SPACs listed on U.S. exchanges serves as the basis for their study, which offers insights into the dynamics of SPAC mergers. By dividing their study into "early" announcements, defined as acquisitions disclosed within 278 trading days after the IPO, and "late" announcements, defined as those disclosed after 278 trading days.

They evaluate the effects of merger announcement timing on cumulative average abnormal returns (CAARs) over three event windows: [-1, +1], [-1, +2], and [-1, +3]. Early-stage acquisitions have a CAAR of +10.34% in the [-1, +1] event window, which represents the immediate response to the merger announcement, while late-stage acquisitions have an average CAR of +5.17%. CAARs for early-stage acquisitions are +9.82% when the event window is extended by one day to [-1, +2], whereas those for late-stage acquisitions are +4.60%. Lastly, the CAAR for early-stage acquisitions in the [-1, +3] event window is +10.00%, while the CAAR for late-stage acquisitions is +4.81%. These findings demonstrate a trend of more robust market responses to early-stage deals.

These results are consistent with the observations by Dimitrova (2017) that acquisitions that are announced closer to the SPAC deadline tend to have poorer post-merger performance, at least in the short run. Kiesel et al. (2022) provide evidence of lower cumulative average abnormal returns (CAARs) for late-stage announcements, supporting Dimitrova's point that the need to close a deal quickly compromises due diligence and strategic fit. Similarly, Kolb and Tykvova (2020) argue that SPAC sponsors' financial incentives cause agency conflicts, encouraging deal completion rather than ensuring deal quality. The result of Kiesel et al. (2022), which demonstrates stronger market responses to early-stage acquisitions, implies that timing reduces these agency conflicts by lowering the pressure that results in rushed, less-than-ideal choices.

Together these studies show a consistent association between acquisition timing and performance. The second hypothesis is directly supported by the better market response of early-stage acquisitions, which emphasizes how crucial timing is in building investors trust and setting the foundation for value creation. It is still important to remember that although the evidence clearly shows a link between acquisition timing and short-term market response, it is still unclear how the timing and long-term performance are related.

5 Conclusion

This thesis examines the impact of SPAC mergers on shareholder value and, precisely, how well SPACs perform over the long run in comparison to traditional IPOs and how the timing of acquisition announcements affects SPAC performance. The thesis provides a comprehensive theoretical background, exploring the incentives of SPAC stakeholders, the structural characteristics of SPACs, a historical overview, the SPAC phenomenon of 2021, and the dynamics of traditional initial public offerings. It also covers a comparison of the differences between SPACs and traditional IPOs. SPAC performance is evaluated using data from relevant prior studies, with hypotheses constructed based on the insights drawn from the literature.

The findings provide strong support for the first hypothesis, which holds that SPACs underperform traditional IPOs in the long term. Significant underperformance is highlighted by metrics like BHAR and CAAR, both in terms of returns and in comparison, to benchmarks. These findings highlight the structural challenges that SPACs face, like misaligned incentives and agency conflicts, which restrict their ability to maintain shareholder value.

The second hypothesis investigates how acquisition timing affects SPAC performance. The CAAR around merger announcements shows that deals closed later than within 278 trading days typically result in worse results. This suggests that the timing of acquisitions may play a crucial role in determining the quality of target selection and the overall success of SPAC transactions.

The findings of this study provide insights for both companies and investors when considering using SPACs to access public markets. For companies, knowing the structural challenges and performance disparities among SPACs and traditional IPOs can help them make strategic decisions regarding the optimal method of going public. Especially, companies pursuing long-term shareholder value should assess the possible trade-offs between the incentives of SPAC sponsors and the accelerated SPAC timeline. For investors, the results highlight the importance of conducting thorough due diligence, as SPACs underperform in the long run, pointing out the importance of focusing on deal quality over short-term gains. These findings may also be useful to regulators and policymakers, who can use them as a foundation for improving governance structures related to SPACs in order to reduce agency conflicts and increase process transparency.

Although the study offers strong evidence in favor of both hypotheses, future empirical research could further validate the findings and investigate additional variables relevant to the hypotheses investigated in this thesis, such as market conditions and industry-specific trends.

References

Bai, J., Ma, A & Zheng, M. (2023).Segmented Going-Public Markets and the Demand for SPACs. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3746490

Barth, J, R., Gu, M & Liu, J.(2023).SPACs: An overview and assessment of returns. *The American Journal of Economics and Sociology,* https://onlinelibrary-wiley-com.proxy.uwasa.fi/doi/10.1111/ajes.12498

Bazerman, M. H., Patel, P. (2021). SPACs what you need to know. *Harvard Business Review*, SPACs: What You Need to Know (hbr.org)

Blankespoor, E., Hendricks, B. E., Miller, G. S., Stockbridge Jr, D. R.(2022). A Hard Look at SPAC Projections. *Management Science*, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3961848

Chen, H.-C. & Ritter, J.R.(2000). The Seven Percent Solution. *The Journal of Finance, https://doi-org.proxy.uwasa.fi/10.1111/0022-1082.00242*

Dimitrova, L.(2017). Perverse incentives of special purpose acquisition companies, the "poor man's private equity funds". *Journal of Accounting and Economics*, https://www.sciencedirect.com/science/article/abs/pii/S0165410116300660?via%3Dihub

Feldman, D. N. (2018). Regulation a+ and Other Alternatives to a Traditional IPO: Financing Your Growth Business Following the JOBS Act. *John Wiley & Sons, Incorporated*, ProQuest Ebook Central - Reader (uwasa.fi)

Gahng, M., Ritter, J. R., & Zhang, D. (2021). SPACs (SSRN Scholarly Paper ID 3775847). Social Science Research Network. https://doi.org/10.2139/ssrn.3775847

Geddes, R. (2003). Ipos and equity offerings. *Elsevier Science & Technology*

Gryglewicz, S., Hartman-Glaser, B & Mayer, S. (2022). PE fort the Public: The Rise of SPACs. Available at SSRN: http://dx.doi.org/10.2139/ssrn.3947368

Heyman, D. K. (2007). From Blank Check to SPAC: The Regulator's Response to the Market, and the Market's Response to the Regulations. *Entrepreneurial Business Law Journal.* chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://kb.osu.edu/server/api/core/bitstreams/b374bd45-a5ff-5715-91a1-e91e1043aa5b/content

Kiesel, F., Klingelhöfer., Schiereck, D & Vismara, S. (2022). SPAC merger announcement returns and subsequent performance. *European Financial Management.* https://doi.org/10.1111/eufm.12366

Klausner, M., Ohlrogge, M & Ruan, E. (2022). A Sober Look at SPACs. *Yale Journal on Regulation.* http://dx.doi.org/10.2139/ssrn.3856181

Kolb, J & Tykvova, T.(2016). Going public via special purpose acquisition companies: Frogs do not turn into princes. *Journal of Corporate Finance. https://doi.org/10.1016/j.jcorpfin.2016.07.006*

Lakicevic, M., Schachmurove, Y & Vulanovic, M. (2014). Institutional changes of Specified Purpose Acquisition Companies (SPACs). *North American Journal of Economics and Finance,* Institutional changes of Specified Purpose Acquisition Companies (SPACs) - ScienceDirect

Luo, D., & Sun, J. (2021). A Dynamic Delegated Investment Model of SPACs. *Available at SSRN 3929762.* http://dx.doi.org/10.2139/ssrn.3929762

Lynch, N. (2023). ENTIRE FAIRNESS OR BUST: THE BURST OF THE 2020-2021 SPAC BUBBLE. *Brooklyn Journal of Corporate, Financial & Commercial Law,* ENTIRE FAIRNESS OR BUST: THE BURST OF THE 2020-2021 SPAC BUBBLE: EBSCOhost (uwasa.fi)

Schachmurove, Y & Vulanovic, M. (2017). SPAC IPOs. *PSN: Multi-National Corporations (MNCs) (International) (Topic). https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2898102*

Sherman, A. E. (2004). Global Trends in IPO Methods: Book Building vs. Auctions with Endogenous Entry. *Journal of Financial Economics. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=276124*

SPACInsider. (2024). *SPACInsider*. https://spacinsider.com/

U.S.Department of the Treasury. (2020). COVID19 Economic Relief. Economic Impact Payments. *U.S. Department if the Treasury. https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-families-and-workers/economic-impact-payments*

U.S.Securities and Exchange Commission. (2024). For the Birds: Statement on Adoption of Rule Regarding Special Purpose Acquisition Companies, Shell Companies, and Projections. *U.S.Securities and Exchange Commission.* https://www.sec.gov/news/statement/peirce-statement-final-rule-012424