



VALUESCOPE

Measure | Defend | Create

SPAC

VALUATION SERVICES

Applying Diverse Experience
to Financial Modeling



Thousands of Transaction
Advisory Valuations

Providing SPAC Warrant
Valuations & Fairness Opinions

Protecting Your Investors,
Constituents, and the Deal

We Examine Deals from
Tax, Accounting, Valuation,
Compensation, Structure,
and Strategic Asset Perspectives

We Are Trusted by Auditors –
We are: CPAs, ASAs, ABVs,
CFFs, CFAs, CVAs, PhDs,
Economists and Engineers

“Better, Faster, Cheaper”
For Over 30 Years

FROM IDEA TO DE-SPAC: WE ASSIST WITH ALL VALUATION NEEDS

DRIVE YOUR DEAL FORWARD WITH HELP FROM VALUESCOPE

Although SPACs have been used for decades as alternative investment vehicles, they have recently come into vogue as seasoned investors and management teams have turned to SPACs to mitigate the increased market volatility risk of traditional IPOs. 2020 was a record-breaking year for SPAC IPOs. This surge has been driven by the influx of high-profile investors and management teams entering the SPAC space, coupled with an abundance of uninvested capital that had largely been sitting out the first half of 2020.

1.

Per SEC guidance issued in April 2021, most SPAC warrants must be treated as derivative liabilities.

These warrants must be valued each reporting period at Fair Value.

2.

Financial statements must be restated for companies which previously reported SPAC warrants as equity.

This includes all filings from the initial S-1 onwards.

3.

SPAC Warrants must be valued for the S-1, all quarterly reports and relevant 8-K filings.

Valuations continue quarterly until there are no outstanding warrants.

SPAC Warrants are best valued using Monte Carlo Simulations. ValueScope has extensive experience customizing and calibrating these models for complex features often relevant to SPAC warrants, such as:

- Unique redemption features
- Make-Whole Provisions
- Probability of acquisition success
- Varying volatility regimes (pre- and post-business combination)

PHASE 1

ISSUANCE TO DETACHMENT

Public Warrants are issued in combination with Stock, called Units.

- Units typically include fractional warrants.
- Units may sometimes include other derivative securities, such as Rights.
- Redemption rights require critical attention.



PHASE 2

DETACHMENT TO BUSINESS COMBINATION

Public Warrants detach from Units and begin trading as Warrants.

- Unique characteristics of SPAC Warrants require Monte Carlo Simulations.
- Volatility calculations must be adjusted for pre- and post-business combination.
- Analysis of make-whole provisions is essential for SPAC simulation modeling.



PHASE 3

DE-SPAC TO EXPIRY

Private Warrants become Warrants for the stock of the Operating Company.

- A Black-Scholes Option Pricing Model may be adequate for valuation if the Warrants do not have special provisions.
- Otherwise, Monte Carlo simulations must be used.
- Volatility estimates are calculated based on comparable public companies' returns.

VALUESCOPE'S SPAC RELATED SERVICES

Fairness Opinions from an independent third party can help mitigate SPAC transaction risks. Given the complex valuation issues and risk of personal liability for sponsors, it is important to consider obtaining an independent advisor's fairness opinion during a SPAC transaction.

ValueScope has the personnel, expertise and research resources to provide the

assurance of fairness to participants that these types of deals require. A fairness opinion from ValueScope is the product of a comprehensive analysis that includes a thorough review of the terms and structure of the proposed transaction.

Our expertise assures you that our Warrant Valuation Reports go beyond the traditional valuation by assessing the key characteristics that distinguish your SPAC.

Financial Reporting: We can support your Fair Value Accounting reporting requirements related to purchase price allocations (ASC805) and impairment testing for goodwill and other intangible assets (ASC350).

Tax Reporting: We can support your reporting needs related to Fair Market Values as specified in IRS Revenue Ruling 59-60. These valuations are required for share transfers, gift and estate valuations, purchase price allocations and employee compensation (Section 409A). Transfer pricing is a contested tax issue as more companies take on multinational operations.

OUR DEEP, BROAD EXPERTISE IS FURTHER DEFINED:

EXECUTIVE COMPENSATION

- Peer group comparative analysis
- Multi-level corporate structures
- Cash & long-term incentives
- Benefits packages
- Perquisites
- Performance analysis
- Annual and long-term metrics

CREDIT RISK ANALYSIS

- Merton Model
- KMV Model
- Cash coverage analysis
- Credit score / rating analysis
- The 5 C's of credit analysis

FINANCIAL FORENSICS

- Financial auditing skills to identify criminal financial activity
- Tracing fraudulent activities
- Fraudulent transfer analysis
- Money laundering and Ponzi schemes

DERIVATIVE SECURITIES

- Waterfall analysis for multi-level cap tables
- Probability weighted expected return method
- Valuation of embedded securities
- Monte Carlo simulation

TRANSFER PRICING

- Market-based techniques
- Benchmarking studies
- Inter-company pricing policies
- Cost sharing agreements
- Functional and economic analysis

TRANSACTION ANALYSIS

- Fairness & solvency opinions
- Contingent consideration valuations
- Purchase price allocations
- Goodwill impairment
- Voting premiums & discounts
- Intangible asset valuation
- Analyzing accounts receivables
- Customer turn analysis

IP AND INTANGIBLE ASSET VALUATION

- Contract-related (e.g., favorable supplier or other product/service contracts)
- Customer-related (e.g., customer lists and customer relationships)
- Data processing-related (e.g., computer software, automated databases)
- Engineering-related (e.g., patents, trade secrets)
- Goodwill-related (e.g., going-concern value)
- Human capital-related (e.g., employment agreements, a trained and assembled workforce)
- Internet-related (e.g., domain names, process applications, services and delivery systems)
- Literary-related (e.g., literary copyrights, musical composition copyrights, movies, plays)
- Location-related (e.g., leasehold interests, certificates of need)
- Marketing-related (e.g., trademarks and trade names)
- Technology-related (e.g., engineering drawings and technical documentation)

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BUSINESS VALUATION	FINANCIAL REPORTING	FAIRNESS OPINIONS
LITIGATION SUPPORT	TRANSACTION ADVISORY	SOLVENCY OPINIONS
HEALTHCARE FMVS	TRANSFER PRICING	TAX REPORTING
ENERGY VALUATION	QUALITY OF EARNINGS	EXECUTIVE COMPENSATION

INDUSTRIES

- Technology
- Telecommunications
- Software
- Media
- Entertainment
- Wholesale
- Energy
- Oil & Gas
- Transportation
- Aircraft
- Manufacturing
- Distribution
- Retail
- Insurance
- Professional Services
- Healthcare
- Human Resources
- Consumer Products
- Financial Services
- Brokerage
- Banking
- Construction

RESOURCES SUPPORT

Bloomberg



SPAC VALUATION & FAIRNESS OPINION SERVICES