



CALCBENCH

Next Generation Financial Data Tools

SPECIAL PURPOSE ACQUISITION COMPANIES: A study of trends and disclosures

Like many others who study financial data and follow financial news, Calcbench has been fascinated by special purpose acquisition companies, more commonly known as SPACs.

What are these financial reporting contraptions? How many are there? What financial disclosures do they make, and how can one study those disclosures for useful financial analysis? How much do the people behind SPACs get paid? Calcbench decided, therefore, to publish this research note studying SPACs from various angles. This report examines:

- How many SPACs are filing financial statements;
- The assets on their balance sheets;
- An example of financial disclosures from a SPAC;
- How to follow a SPAC from its IPO through an acquisition;
- The wave of restatements that swept over SPACs in Q1 2021;
- The major business sectors that SPACs enter as they de-SPAC;
- How many de-SPACing transactions have happened lately.

All data and research here is drawn from [Calcbench.com](https://www.calcbench.com).

Part 1. What Are SPACs, Exactly?

SPACs are publicly traded holding companies, also commonly known as “blank check companies.” They have no substantive operations; they exist to hold money in trust from investors, and then go hunting for a private operating company to acquire.

Once that acquisition is done — presto! The newly merged entity is a publicly traded operating company.

In theory, SPACs are a faster, simpler way for private companies to go public than a traditional IPO. Of course, SPACs also enrich the executives who launch the SPAC (known as “sponsors” of the SPAC) and then go hunting for an acquisition deal, as well as the entertainers, athletes, and other famous people who often serve as “advisers” to a SPAC.

How many SPACs exist?

That's a good question, because legions of firms have announced themselves as SPACs over the last 18 months or so.

One good place to begin is with SIC codes. SPACs are category 6770. When we set up a peer group for all firms in that SIC category as of Dec. 31, 2020, we found 189 “live” firms that had submitted current financial statements — everyone from **5:01 Acquisition Corp.** (\$FVAM) to **Zeta Acquisition Corp. I** (\$ZETAI).

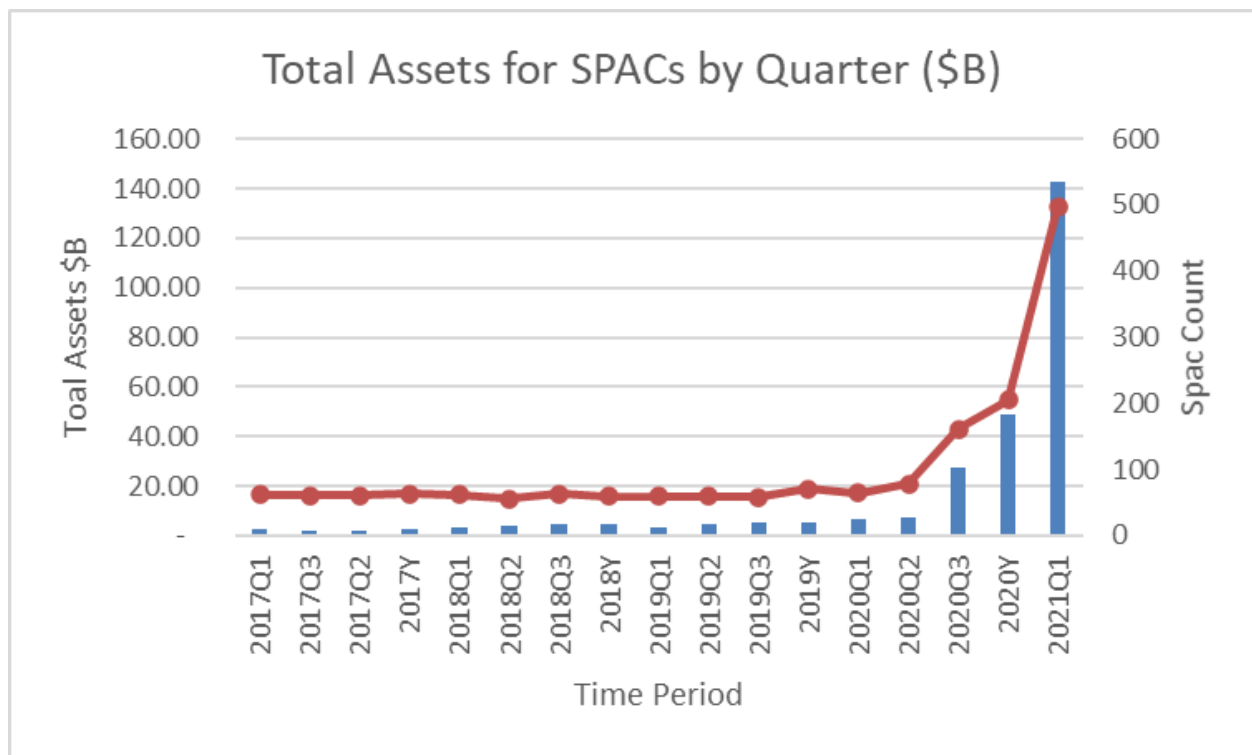
By the end of first quarter 2021, the picture looked markedly different. We found 358 firms with current financial statements, including new entrants such as **26 Capital Acquisition Corp.** (\$ADER) and **Pershing Square Totine Holdings** (\$PSTH), operated by billionaire investor Bill Ackman. (Yes, we know Ackman [closed Pershing in mid-August and refunded its monies to investors](#). These observations were originally written before that event.)

That said, it's worth remembering that plenty of firms announce that they're forming a SPAC, and even file an S-1 registration statement with the Securities & Exchange Commission. Then... nothing. They ghost the capital markets, never to file a statement

again. So when we say “189 blank check companies in Q4 2020” or “358 firms in Q1 2021,” we’re talking about firms that have filed quarterly statements for that period and are keeping up with their disclosure duties.

How much money do these SPACs have?

They have lots, and most of it raised only within the last year or so. We used our Bulk Data Query tool to track total assets and average assets for all firms under SIC code 6770, from the start of 2019 through first-quarter 2021. Figure 1, below, tells the tale.



Huge amounts of money poured into SPACs in the first quarter of 2021, when the SPAC frenzy seemed to be at its height. Total assets soared from \$48.8 billion in Q4 2020 to almost \$143 billion in Q1 2021.

We also saw the number of large SPAC firms (defined as having \$1 billion or more in assets) rise from three at the end of 2020 to nine at the end of Q1 2021. Figure 2, below, shows the largest 10 firms at end of Q1:

CALCBENCH Company Detail

Compare Multiple Companies

Whole Universe Choose Companies Individual Company Calendar

Looking at: **6770 BLANK CHECKS** Select C

Add Standardized Metric **Add XBRL Tag**

Find Standardized Metrics

506 Results , No data for 403 companies | Export | Export Trace | Export Formulas | Get Previous Period For All Columns

Company	Assets Q1-2021 Total : \$142,864,745,629 Average : \$286,876,999
Pershing Square Tontine Holdings, Ltd. (PSTH)	\$4,029,881,803
Churchill Capital Corp VII (CVIIU)	\$1,387,274,284
KKR Acquisition Holdings I Corp. (KAHC)	\$1,384,580,903
Austerlitz Acquisition Corp II (ASZU)	\$1,381,427,508
Social Capital Hedosophia Holdings Corp. VI (IPOF)	\$1,150,998,999
Jaws Mustang Acquisition Corp (JWSMU)	\$1,036,981,516
Alight Group, Inc. (WPF)	\$1,036,400,606
Thoma Bravo Advantage (TBA)	\$1,004,218,419
Ares Acquisition Corp (AACU)	\$1,002,156,432
Reinvent Technology Partners Y (RTPYU)	\$979,772,405

And what do SPACS do?

As we said earlier, they raise funds from investors first, and then acquire an operating company later. Many SPACs have a specific investment theme — say, only biotech companies, or only European businesses, or only businesses owned by women or developing green energy products.

The crucial point is that SPACs have 18 to 24 months to find their acquisition target; if they haven't closed a deal by then, the SPAC managers must — gasp! — give the money back to the investors. Which creates all sorts of pressures to close deals quickly.

Part 2. An Example of SPAC Financial Statements

We found nine SPAC firms reporting more than \$1 billion in assets, and only one had more than \$2 billion: **Pershing Square Tontine Holdings** (\$PSTH), managed by billionaire investor Bill Ackman.

So let's start there. What does a SPAC like Pershing report?

On the income statement [Pershing doesn't report too much](#), because so far the SPAC isn't doing much. The company had \$4.78 million in legal fees and another half-million or so in expenses in Q1, and a piddling \$638 in interest income. That means an operating loss of \$5.3 million for the quarter. See Figure 3, below.

Pershing Square Tontine Holdings, Ltd. (PSTH)

Period Type ? Annual Quarterly Combined Cumulative Fiscal Period As-Originally-Reported Related: [BFT](#) [IPOF](#) [WPF](#) [PRPB](#) [CRHCU](#)

Currency Native

Financial Statements Disclosures Quick Reports Filings Ownership Revisions

Operations Balance Sheets Cash Flows Balance Sheets (Parenthetical) Changes in Stockholder's Equity / (Deficit)

Reverse Order Highlight Revisions (0) Show Guidance & Non-GAAP Metrics / 1,000 Show All History Add Previous Period

Export Export Formulas Export All Statements

	1Q 2021 1/1/2021 to 3/31/2021 10-Q
Interest and dividends earned in operating account notes	\$638
Legal fees notes	(\$4,788,878)
Research expense notes	(\$7,313)
Insurance expense notes	(\$413,310)
Franchise tax expense notes	(\$50,000)
Other expenses notes	(\$68,096)
Loss from operations notes	(\$5,326,959)
Unrealized gains on marketable securities notes	\$898,278
Income earned in Trust Account notes	\$898,278
Change in fair value of Forward Purchase Agreement liabilities ext notes	\$268,621,120
Change in fair value of Outstanding Warrant liabilities notes	\$72,992,581
Other income notes	\$341,613,701
Income before provision for income taxes notes	\$337,185,020
Income tax provision notes	(\$188,639)
Net income notes	\$336,996,381
Weighted Average Number of Shares Outstanding, Basic notes	200,000,000
Earnings Per Share, Basic and Diluted	\$3,362,867.42
Diluted weighted-average shares outstanding, Class A Common Stock subject to possible redemption notes	243,057,132
Basic and diluted weighted-average shares outstanding, Non-redeemable Class B Common Stock notes	100
Earnings Per Share, Diluted	\$676,656.22

But wait — what are those two line-items for change of fair value in liabilities? Together they add up to \$341.6 million in other income, which drove an impressive \$337 million in net income for Pershing for the quarter.

The warrants and forward purchasing agreements are financial instruments that Pershing (or any other SPAC) offers to investors alongside its IPO shares. They are recorded as liabilities on the balance sheet. The SPAC must then assess the fair value of those liabilities every quarter.

In Pershing's case, the fair value of those warrant and FPA liabilities declined, which is then recorded as Other Income on the income statement. See Figure 4, below.

The following tables present the changes in the fair values of the Outstanding Warrants and FPA:

	Public Warrants	Private Placement Warrants	Total Outstanding Warrants
Fair Value at December 31, 2020	\$ 213,333,331	\$ 249,371,353	\$ 462,704,684
Change in Fair Value	(32,222,222)	(40,770,359)	(72,992,581)
Fair Value at March 31, 2021	\$ 181,111,109	\$ 208,600,994	\$ 389,712,103

	Committed Forward Purchase Agreement	Additional Forward Purchase Agreement	Forward Purchase Agreements
Fair Value at December 31, 2020	\$ 429,783,320	\$ 164,110,000	\$ 593,893,320
Change in Fair Value	(189,651,120)	(78,970,000)	(268,621,120)
Fair Value at March 31, 2021	\$ 240,132,200	\$ 85,140,000	\$ 325,272,200

You might also be wondering, "Is this warrants and liabilities stuff the same issue [the SEC flagged about SPACs in April](#), and caused a wave of restatements?"

Yes, it is. The SEC warned SPACs that they had been recording warrants and FPAs as equity, when the proper accounting treatment was to record them as liabilities. After that warning many SPACs, Pershing included, had to restate their prior financials. We'll take a deep dive into that issue further in this paper. Figure 2, above, shows how warrants and FPAs are supposed to be reported. (Pershing had fixed the matter for its Q1 report.)

As a practical matter, however, Pershing's Q1 net income is almost entirely notional. The SPAC did not actually rake in hundreds of millions in revenue. The operating part of its income statement is pretty much a snoozefest.

And the Balance Sheet

The balance sheet isn't much more exciting. It reveals that Pershing has several classes of assets such as cash, prepaid expenses, and dividends — but the amounts haven't fluctuated all that much over the last few filing periods.

The big item on the balance sheet is the "cash and securities held in trust account." That's where a SPAC parks the capital it raises from investors, before spending that cash on an acquisition target. As you can see in Figure 5, below, Pershing has \$4 billion at its disposal.

Period Type ? Annual Quarterly Combined Cumulative Fiscal Period As-Originally-Reported Currency Native

Financial Statements Disclosures Quick Reports Filings Ownership Revisions

Operations Balance Sheets Cash Flows Balance Sheets (Parenthetical) Changes in Stockholder's Equity / (Deficit)

/ 1,000

	1Q 2021 3/31/2021 10-Q	X	Y 2020 12/31/2020 10-K	X	3Q 2020 9/30/2020 10-Q	X
Assets:						
Current Assets:						
Cash and cash equivalents <small>notes</small>	\$25,117,342		\$25,348,287		\$26,590,385	
Prepaid expenses <small>notes</small>	\$2,175,501		\$2,601,472		\$3,027,437	
Dividends receivable from operating account <small>notes</small>	\$228		\$220		\$168	
Total Current Assets <small>notes</small>	\$27,293,071		\$27,949,979		\$29,617,990	
Cash and marketable securities held in Trust Account <small>notes</small>	\$4,002,588,732		\$4,001,690,454		\$4,000,792,654	
Total Assets <small>notes</small>	\$4,029,881,803		\$4,029,640,433		\$4,030,410,644	
Liabilities and Stockholders' Equity / (Deficit)						
Current Liabilities:						
Accrued expenses <small>notes</small>	\$5,877,314		\$1,207,263		\$279,400	
Accrued offering costs <small>ext notes</small>	\$85,000		\$85,000		\$501,913	
Income taxes payable <small>notes</small>	\$289,155		\$289,155			
Total Current Liabilities <small>notes</small>	\$6,251,469		\$1,581,418		\$781,313	
Forward Purchase Agreement liabilities <small>ext notes</small>	\$325,272,200		\$593,893,320			
Outstanding Warrant liabilities <small>notes</small>	\$389,712,103		\$462,704,684			
Deferred income taxes payable <small>notes</small>	\$188,639				\$23,473	
Deferred underwriting fees payable <small>ext notes</small>	\$56,250,000		\$56,250,000		\$56,250,000	
Total Liabilities <small>notes</small>	\$777,674,411		\$1,114,429,422		\$57,054,786	
Class A Common Stock, \$0.0001 par value, 200,000,000 shares subject to possible redemption at redemption value <small>notes</small>	\$4,002,110,938		\$4,001,401,299		\$3,968,355,857	
Stockholders' Equity / (Deficit)						
Common stock					\$162	
Additional paid-in capital <small>notes</small>	\$25,000		\$25,000		\$4,911,537	
Accumulated deficit <small>notes</small>	(\$749,928,546)		(\$1,086,215,288)		\$88,302	
Total Stockholders' Equity / (Deficit) <small>notes</small>	(\$749,903,546)		(\$1,086,190,288)		\$5,000,001	
Total Liabilities and Stockholders' Equity / (Deficit) <small>notes</small>	\$4,029,881,803		\$4,029,640,433		\$4,030,410,644	

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In fact, the only significant change on the balance sheet has been those FPAs and warrants, and the change in fair value Pershing recorded in Q4 2020 and Q1 2021. Most other items hold fairly steady.

As always, you can dive into this data deeply with Calcbench. For example...

By moving your cursor over a line item and clicking on the "notes" tag, you can [open a new page to see exactly what the SPAC had to say about that line item in its footnotes](#). You can search disclosures by specific XBRL tag, if you want to see all firms that made the same disclosure. (Remember to screen for SPACs specifically, under SIC code 6770; otherwise you'll also get results for non-SPAC firms that used the same tag.)

You can use the [Multi-Company database page to see the disclosures of all SPACs](#) as a group.

Part 3. From SPAC to Acquisition

OK, a SPAC raises gobs of money from investors through an IPO. What happens next? What do SPACs disclose about acquisition deals, deadlines, and purchases?

More specifically, how can one find information on those IPO dates and merger timelines? How can an analyst find details about any de-SPAC mergers that have happened so far?

IPO Dates and Deal Deadlines

Let's start with finding IPO dates and time horizons to close deals. As an example, we'll use **Khosla Ventures Acquisition Corp.** (\$KVSA), a SPAC ultimately managed by venture capital titan Vinod Khosla, co-founder of Sun Microsystems and head of Khosla Ventures.

First, find the filings for Khosla Ventures Acquisition in the Calcbench Interactive Disclosure database, and specifically [pull up the Description of Business Operations disclosures](#). (That will always be the place to start when researching any SPAC.)

There, we can see that the Khosla SPAC was founded on Jan. 15, 2021. Four paragraphs down, one can also find that Khosla went public on March 8. That IPO generated proceeds of \$345 million.

Next, we wanted to know how long Khosla had to put that money to work. So we just did a simple text search for "months." Sure enough, several paragraphs further down we found this:

If the company is unable to complete a business combination within 24 months from the closing of the Initial Public Offering (the "Combination Period"), the company will (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares...

That's our answer. Khosla has until March 8, 2023 to consummate a merger with an operating company. When researching your own SPACs, you may also want to search for "years" or "18", "24", "two years" or similar terms. That should bring you to the detail you want to find.

Acquisition Disclosures

So the clock is ticking for Khosla to close a deal. Then we noticed that in addition to its Q1 2021 filings, Khosla also filed an 8-K on June 9. Had these folks already found a target?

Yes!

The [8-K filing announced that Khosla Ventures Acquisition had struck a merger deal with Valo Health](#), a drug discovery startup in Boston using artificial intelligence to do... um, something with pharmaceutical research. We're just financial data geeks here.

The deal values Valo at \$2.8 billion, and is expected to close sometime in the third quarter. It also involves numerous other firms investing \$168.5 million in the resulting public company in a PIPE (private investment in public equity) deal, which is not uncommon to see in SPAC land.

What we don't yet know is the purchase price allocation of this deal, since (a) it hasn't actually happened yet; and (b) firms typically don't disclose purchase price allocation details until several months after deal closing anyway. So we don't know how much of Khosla Ventures' cash will go to goodwill, tangible assets, and so forth.

Finding Details on Purchase Price Allocation

Hold up, though. We don't know the purchase price allocation here because this de-SPAC transaction is still pending. What about prior deals from other SPACs? Can one find out those numbers?

In Calcbench, yes you can.

Start by going to our [Segments, Rollforwards & Breakouts database](#). There, you can select the “Business Combinations - Purchase Price Allocations” option from the drop-down menu at left; and from the “Choose Companies” option at the top you can screen for all firms that use SIC code 6770 — the code for SPACs. To get the maximum amount of data possible, we also checked the All History button that's on the top right.

Figure 6, below, shows what we did and some of the results. Note the history check-box and the disclosure choice, both circled in red; and our SPACS_PeerGroup screen, flagged with a blue arrow.

The screenshot shows the Calcbench interface with the following elements:

- Navigation tabs: Company Detail, Multi-Company, Disclosures, Analytics, Data, Breakouts, XBRL, Press Release.
- Page Title: Segments, Rollforwards & Breakouts
- Filters: Whole Universe (unchecked), Choose Companies, Individual Company, Company name or ticker.
- Calendar Period: Combined 2020 (dropdown), All History (checked checkbox).
- Looking at: SPACS_PeerGroup (indicated by a blue arrow).
- Data Set: Business Combinations - Purchase Price Allocation (dropdown menu circled in red).
- Metrics: 3 checked (dropdown).
- Fact Version: Revised (radio button), As Originally Reported (radio button).
- Table columns: Entity, Target, Calendar Period, Business Combinations - Purchase Price, Business Combinations - Purchase Price, Business Com.

Entity	Target	Calendar Period	Business Combinations - Purchase Price	Business Combinations - Purchase Price	Business Com
Upd Holding Corp. (UPDC)	Cash - Behavioral - Health - Inc. - - - Cash	2021-1	\$10,284	Trace	
Upd Holding Corp. (UPDC)	Right of use assets - Behavioral - Health - ...	2021-1	\$52,787	Trace	
Upd Holding Corp. (UPDC)	Goodwill - Behavioral - Health - Inc. - - - G...	2021-1	\$416,981	Trace	
Upd Holding Corp. (UPDC)	Total assets acquired - Behavioral - Health...	2019-3	\$480,052	Trace	
Infrastructure & Energy Alternatives, Inc. (IEA)	Goodwill, Nondeductible Portion, Amount ...	2019-2	\$2,900,000	Trace	
Infrastructure & Energy Alternatives, Inc. (IEA)	Goodwill, Nondeductible Portion, Amount ...	2019-1		\$1,200,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Business Combination, Provisional Inform...	2019-1		\$4,100,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Business Combination, Provisional Inform...	2019-1	\$2,900,000	Trace	
Infrastructure & Energy Alternatives, Inc. (IEA)	Goodwill, Nondeductible Portion, Amount ...	2019-0		\$1,200,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Estimated acquisition-date fair value adjus...	2019-0		\$4,100,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Estimated acquisition-date fair value adjus...	2019-0		\$1,200,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Business Combination, Provisional Inform...	2019-0		\$4,100,000	Trace
Infrastructure & Energy Alternatives, Inc. (IEA)	Business Combination, Provisional Inform...	2019-0	\$29,800,000	Trace	
Infrastructure & Energy Alternatives, Inc. (IEA)	Goodwill - - - Goodwill	2019-0	\$2,900,000	Trace	
Infrastructure & Energy Alternatives, Inc. (IEA)	Goodwill, Nondeductible Portion, Amount ...	2019-0	\$6,641,000	Trace	

The results are the purchase price allocation by type, for each transaction. That's why the first three results all look similar; they all pertain to an acquisition completed by **UPD Holding Corp.** (\$UPDC) in the first quarter of 2021: cash, right of use assets, and goodwill.

UPD apparently spent \$480,052 to acquire a business earlier this year, and nearly \$417,000 of that sum went to goodwill. To learn the exact details of this transaction, you can then hold your cursor over one of those line items and use the Calcbench trace feature to go to the full disclosure. Which [we did, and we found this](#) (Figure 7):

NOTE 7 – ACQUISITION

In February 2021, through a Stock Exchange Agreement (“Exchange Agreement”) in which 100% of the outstanding shares of Vital Behavioral Health Inc. (“Vital”) were acquired via the issuance of 16,840,000 shares of restricted common stock, the Company acquired the assets and assumed the liabilities of Vital and its two wholly owned subsidiaries: VBH Frankfort LLC (“VBHF”) and VSL Frankfort LLC (“VSLF”). The Company did not incur material acquisition costs associated with the Exchange Agreement.

The following table represents the fair value of the consideration paid allocated to the assets and liabilities acquired in applying the acquisition method for the completion of the Vital business combination:

Description	As of February 16, 2021
Fair value of 16,840,000 shares of restricted common stock	\$ 522,040
Lease liabilities	52,787
Other current liabilities	27,475
Notes payable forgiven	(122,250)
Total consideration	\$ 480,052
Cash	10,284
Right of use assets	52,787
Goodwill	416,981
Total assets acquired	\$ 480,052

Through the Vital acquisition, the Company intends to operate multiple facilities in the U.S. that will focus on substance abuse treatment and offer various programs that help provide a continuum of care to its patients. VBHF is intended to operate as an out-patient substance abuse treatment facility in Frankfort, Kentucky. VSLF is intended to offer sober-designated living quarters for individuals who are in recovery. Each of Vital, VBHF, and VSLF are in the early development stage and have not received any operational licenses or permits through the date of this report.

In February of this year, UPD agreed to acquire a drug treatment business in Kentucky, Vital Behavioral Health Inc. That business consists of one outpatient treatment clinic, and one residential facility for people in addiction recovery. On May 21, UPD detailed the purchase price allocation. Almost all of the \$480,000 price went to goodwill, with a smattering paid in cash and right-of-use assets.

Read the fine print, however. You can see in the narrative disclosure that neither of Vital's two facilities had any licenses to operate as of May 21. Moreover, if you then jump over to the business description for UPD, you can find that the business previously operated as a brewing company, Record Street Brewing, which UPD sold at the end of 2020 before getting into the addiction recovery business.

We'll say no more about the merits of the UPD-Vital deal. Just understand that the data about merger deals is out there, and Calcbench can help you find it.

Part 4. The Restatement Wave

We next want to look at the wave of restatements that roiled SPACs earlier this year.

The broad strokes of the story are as follows. Back in April, the Securities and Exchange Commission published guidance warning SPACs that they may have been recording certain line-items incorrectly.

Specifically, the SEC said, many SPACS had been recording the warrants and FPA's they often issue to investors as equity, when the proper accounting treatment is to record those instruments as liabilities.

This is a rather complicated and arcane branch of accounting, so people shouldn't assume that SPACs were doing this with nefarious intent. Still, the numbers involved are also large enough that for a firm to correct the reporting, it has to restate prior financials — which SPACs did, in large numbers, for several months in early 2021.

That wave of restatements also led to a big drop in the appetite among investors for investing in SPACs. According to an [article in the Wall Street Journal recounting this predicament](#), the money raised by SPACs coming to market plummeted from \$35 billion in March to only \$3 billion in April, and monthly totals didn't crack \$4 billion May or June either.

Meanwhile, restatements shot up from 80 in all of 2020 to 330 in the first six months of 2021. That's the most since 2010, and this year still has months to go.

So what can Calcbench tell you about a SPAC's restatements? Lots.

Looking for Restatement Data

Let's go back to Pershing Square Tontine Holdings. How would an analyst quickly find the particulars of Pershing's restatement?

First, call up the SPAC in question using our [Company-in-Detail page](#). You'll see the company's most recent financial statements, along with a series of tabs running above that display. Click on the option that says "Revisions."

That will take you to a table that lists the SPAC's recent filings. Any filings that have been revised will include a small + icon next to the relevant period. See Figure 8, below. The important parts are noted in blue.

Filing Date	Filing Type	Revision Count
2021-05-24	10-Q	0
2021-05-24	10-K/A	14
2021-03-31	10-K	0
2020-11-12	10-Q	0

Right away we can see that on May 24 Pershing restated its 10-K filing from earlier this year, and that the restatement included 14 adjustments.

Exactly what were those adjustments? Click on the + icon to the left. That will expand the page to show each revision made by amount, line item, and date. See Figure 9, below.

Filing Date	Filing Type	Revision Count
2021-05-24	10-Q	0
2021-05-24	10-K/A	14

Fiscal Period	Date Range	XBRL Tag	Revisions
Y-2020	As of 2020-12-31	AdditionalPaidInCapital	\$6,430,134 (Filed 2021-03-31) → \$25,000 (Filed 2021-05-24)
Y-2020	As of 2020-12-31	CommonStockValue	\$173 (Filed 2021-03-31) → - (Filed 2021-05-24)
Y-2020	As of 2020-12-31	Liabilities	\$57,831,418 (Filed 2021-03-31) → \$1,114,429,422 (Filed 2021-05-24)
9MOS-2020	2020-05-04 to 2021-01-01	NetIncomeLoss	(\$1,430,298) (Filed 2021-03-31) → (\$954,881,205) (Filed 2021-05-24)
Y-2020	As of 2020-12-31	StockholdersEquity	\$5,000,009 (Filed 2021-03-31) → (\$1,086,190,288) (Filed 2021-05-24)
Y-2020	As of 2020-12-31	TemporaryEquitySharesOutstanding	198,270,991 (Filed 2021-03-31) → 200,000,000 (Filed 2021-05-24)

Now we're getting to the good stuff. For example, we can see that liabilities ballooned from \$57.8 million in the original 10-K filing, to \$1.114 billion in the restated version. That makes sense; the SEC's notice had told firms to report all those warrants as liabilities, after all. (Note that in the Revisions column you can see the exact date of the original filing and the subsequent restatement, too.)

The restatement also increased Pershing's net loss from \$1.4 million to \$954.8 million; and cut shareholder equity, too. Again, one would expect those changes given the nature of the accounting issue that Pershing had to restate.

Some SPACs have had more extensive restatements than others. Apollo Strategic Growth Capital (\$APSG), which reported \$818 million in total assets for Q1 2021, made a boatload of revisions across numerous periods this year— including 39 revisions made to its 10-K. See Figure 10, below:

Filing Date	Filing Type	Revision Count
2021-06-21	10-Q	4
2021-06-21	10-K/A	39

Fiscal Period	Date Range	XBRL Tag	Revisions
Y-2020	As of 2020-12-31	AccountsPayableAndAccruedLiabilitiesCurrent	\$383,167 (Filed 2021-03-30) → \$383,164 (Filed 2021-06-21)
Y-2020	As of 2020-12-31	AdditionalPaidInCapital	\$5,437,026 (Filed 2021-03-30) → \$24,670,251 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	AdjustmentsToAdditionalPaidInCapitalStockIssuedIssuanceCosts	\$2,291,714 (Filed 2021-03-30) → \$800,877 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	AdjustmentsToAdditionalPaidInCapitalWarrantIssued	\$18,336,200 (Filed 2021-03-30) → \$328,959 (Filed 2021-06-21)
3Q-2020	As of 2020-10-06	AssetsHeldInTrust	\$18,336,200 (Filed 2021-03-30) → \$328,959 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	CommonStockSubjectToPossibleRedemptionShares	\$2,291,714 (Filed 2021-03-30) → \$800,877 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	CommonStockSubjectToPossibleRedemptionValue	78,252,362 (Filed 2021-03-30) → 70,788,131 (Filed 2021-06-21)
			\$782,523,620 (Filed 2021-03-30) → \$707,881,310 (Filed 2021-06-21)
			\$782,519,707 (Filed 2021-03-30) → \$707,877,771 (Filed 2021-06-21)
			\$3,913 (Filed 2021-03-30) → \$3,539 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	EarningsPerShareBasicAndDiluted	(\$0.03) (Filed 2021-03-30) → (\$1.04) (Filed 2021-06-21)
Y-2020	As of 2020-12-31	Liabilities	\$30,845,034 (Filed 2021-03-30) → \$105,487,341 (Filed 2021-06-21)
TTM-2020	As of 2020-11-30	MaximumCommonStockSharesSubjectToForfeiture	1,142,500 (Filed 2021-03-30) → 1,142,250 (Filed 2021-06-21)
Y-2020	2020-01-01 to 2021-01-01	NetIncomeLoss	(\$408,164) (Filed 2021-03-30) → (\$19,641,760) (Filed 2021-06-21)
			(\$408,164) (Filed 2021-03-30) → (\$19,641,760) (Filed 2021-06-21)
D-2020	2020-10-06 to 2020-10-07	PaymentsOfStockIssuanceCosts	\$43,541,714 (Filed 2021-03-30) → \$42,050,877 (Filed 2021-06-21)

The above are only a fraction of the revisions Apollo made to its 10-K. And they're not to be confused with the other revisions Apollo also made to its 10-Q filing from mid-June, either.

Calcbench can't speculate on what this restatement wave means for SPACs over the long term. Perhaps it's only a temporary pause while everyone adjusts to the new numbers on the balance sheet; maybe other pressures that have nothing to do with warrants and GAAP accounting rules will quell SPAC mania anyway.

Our point is only that if you need to see exactly what a SPAC has been doing, or revising, we have all the data you need in just a few keystrokes.

Part 5. The Afterlife of SPACs

So what happens to a special purpose acquisition company after it acquires an operating company. Or, more simply — where do SPACs go after they die?

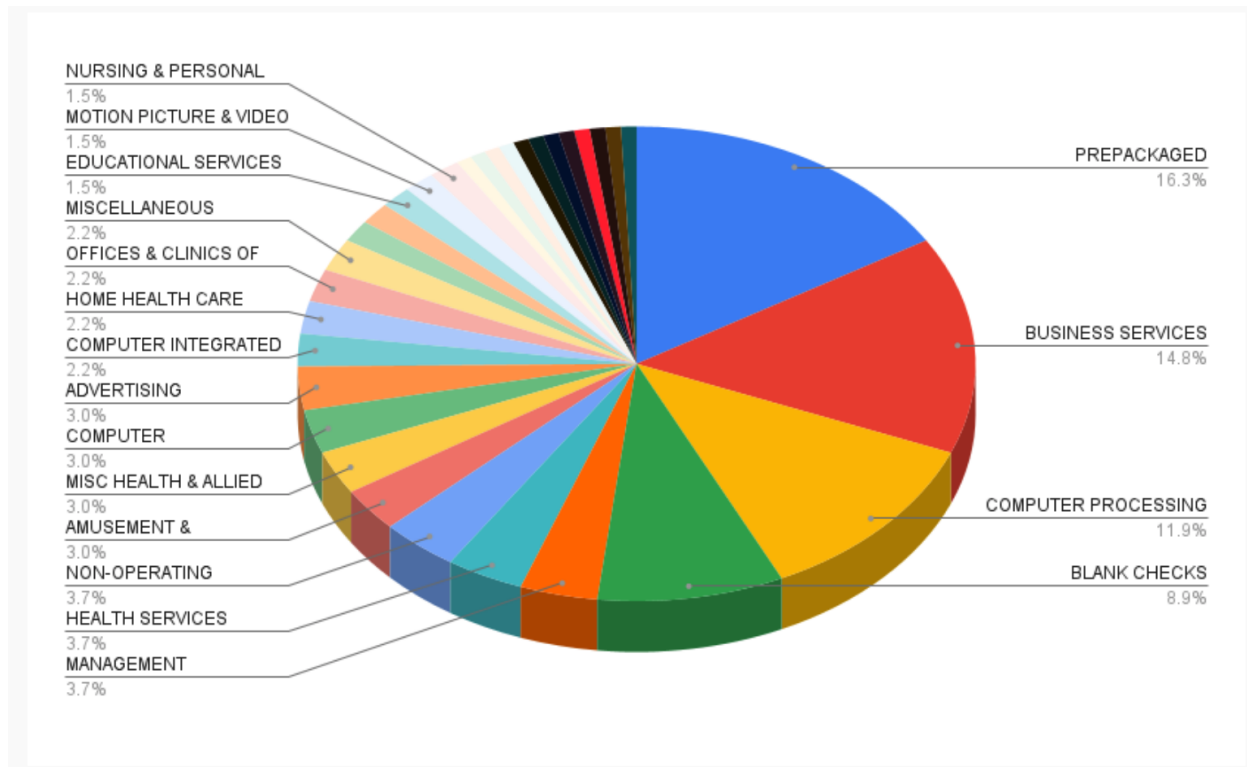
A fair number of them go into the software and tech sectors, apparently.

The Calcbench research team examined 135 SPACs to see what operating businesses they acquired, and what the balance sheets of those resulting firms looked like. Of those 135 firms, 22 “de-SPACed” into prepackaged software businesses and another 16 went into computer processing and data preparation.

Following a SPAC firm into the operating company beyond isn't easy, because once the SPAC acquires the target, it ceases to exist. No longer do you have a ticker symbol or other standard identifier that would let an analyst follow the SPAC from its prior form into the new one.

But as a matter of standard procedure, Calcbench does assign a unique identifier to every registrant in our database, SPACs included. So we can follow along and see which operating companies today were SPACs in the past. By examining the resulting firm's new SIC code, we can see which industries were most popular with SPACs as the SPACs acquired their way into operating company status.

Figure 11, on the following page, is the breakdown for the 135 SPACs we studied. As you can see, the picture quickly gets messy. After prepackaged software, business services, and computer processing, most other industries have only a handful of SPACs entering their lines of work.



Where the Money Goes

We were also curious to see how de-SPAC transactions work in specific instances. So we looked at **Diamond Eagle Acquisition Corp.**, which acquired both online sports betting company **DraftKings** (\$DKNG) and sports betting technology firm **SBTech** at the same time in April 2020.

Prior to the acquisitions, Diamond Eagle had about \$400 million in its coffers to make an acquisition. Executives there [struck a deal to acquire DraftKings and SBTech at the end of 2019](#), and part of the deal included several institutional investors pumping another \$304 million into the resulting public company in exchange for stock. (That's another example of the PIPE deals we mentioned earlier.)

The accounting for de-SPAC transactions, however, is tricky. Essentially, accounting rules treat DraftKings as the acquiring firm, which scooped up both Diamond Eagle and SBTech. So there is no purchase price allocation one can examine to see what the SPAC paid for DraftKings.

Rather, Diamond Eagle and the PIPE investors pumped a total of \$704 million into DraftKings and SBTech, and the resulting public company [had \\$1.82 billion in cash on the balance sheet at the end of 2020](#). (Up from only \$76.5 million in 2019.)

On the other hand, DraftKings also acquired that other business, SBTech — and we do have a purchase price allocation for that one. If you [look at the Business Combinations disclosure that DraftKings included in its 10-K from May 3](#), you find this (Figure 12):

Cash and cash equivalents	\$ 9,639
Trade receivables	17,815
Other current assets	3,674
Property and equipment	10,677
Intangible assets	484,051
Operating lease right-of-use assets	27,696
Other non-current assets	1,017
Total identifiable assets acquired	554,569
Liabilities assumed:	
Accounts payable and accrued expenses	23,613
Current operating lease liabilities	3,583
Long-term income tax liability	63,575
Non-current operating lease liabilities	24,113
Other long-term liabilities	558
Total liabilities assumed	115,442
Net assets acquired (a)	439,127
Purchase consideration (b)	977,367
Goodwill (b) – (a)	\$538,240

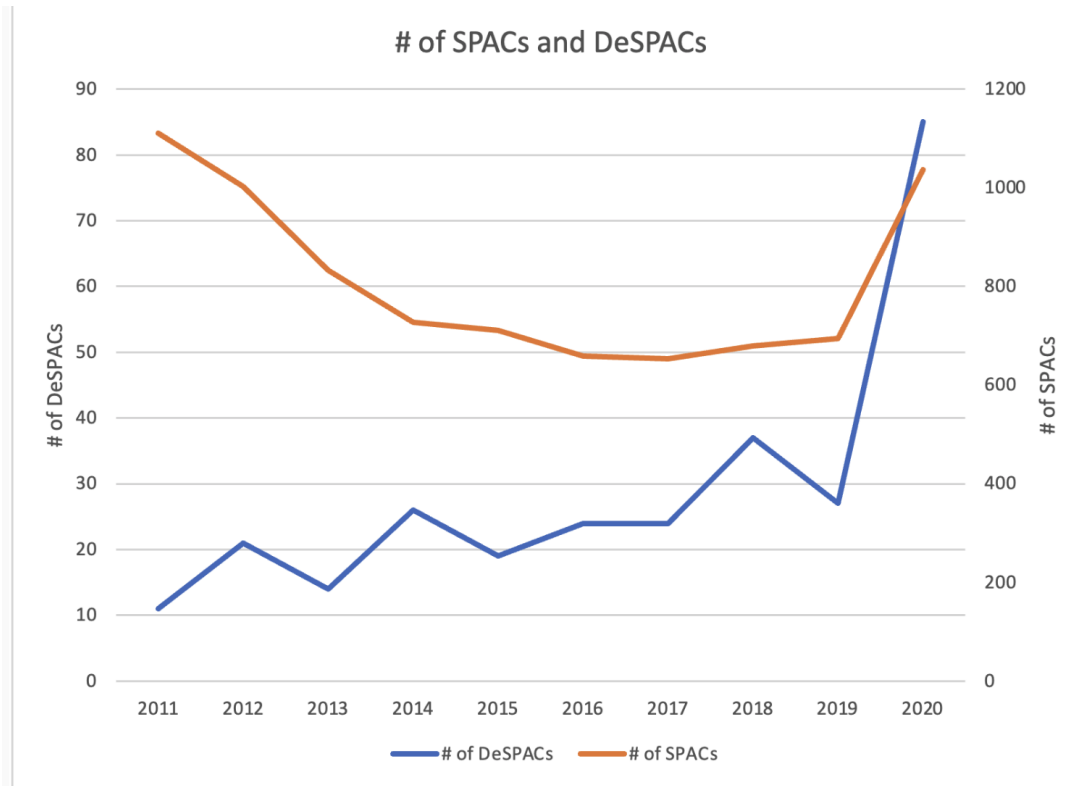
In other words, DraftKings (or Diamond Eagle and its PIPE investors, depending on your point of view) paid \$977 million to acquire SBTech, and \$538 million of that sum (55 percent) went to goodwill.

You can conduct similar research yourself using our [Interactive Disclosures page](#) to research business combinations, with some assistance from the [Company in Detail page](#) to analyze the balance sheet.

Part 6. How Many Firms Are DeSPACing?

Lastly, we wanted to see how many SPACs are already deSPACing into operating companies.

Figure 13, below, tells the tale. We charted the number of SPACs each year (orange line) for the last decade, compared to the number of firms that deSPACed (blue line) in the same year.

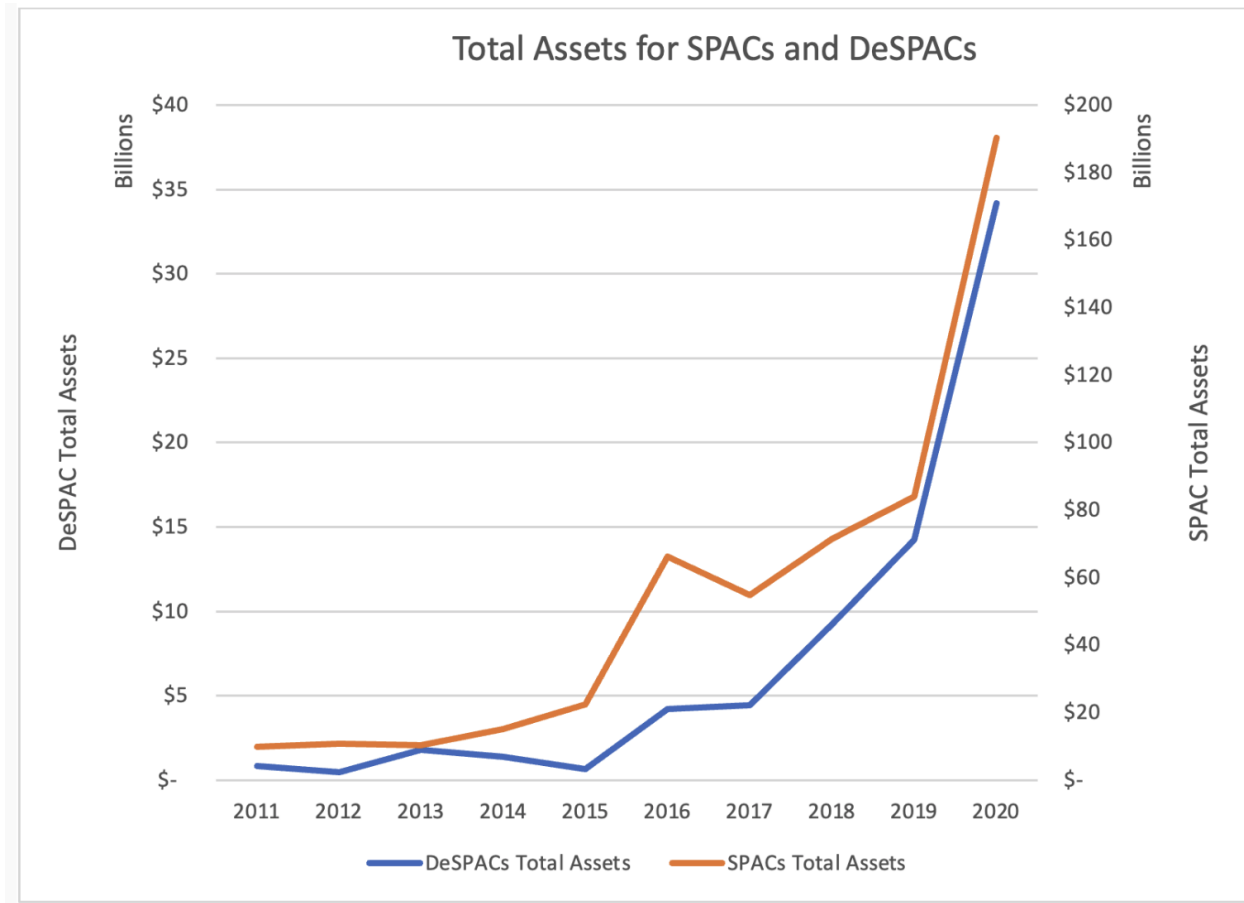


How did we get those numbers? SPACs are defined as firms that use SIC 6770, the code for blank check companies; and a deSPACing is detected by a change in that reported SIC from 6770 to something else. These cases are easy to identify as Calcbench [has a metric called "SIC Code at Time of Filing."](#)

As one can see from the chart, the number of SPACs is not at an all-time high, even though it feels as such these days. In fact, the number of SPACs today is a tad lower than SPACs in 2011.

What is striking, however, is the number of firms that have deSPACed. The number of deSPACs was much higher in 2020 (85 cases) compared to previous years. We're on pace to be at least that high in 2021, with 42 deSPACs already reported through the first half of this year.

We then examined total assets reported by these firms. Figure 14, below, shows total assets for SPACs and the resulting firms after a deSPAC transaction.



So if we take Figures 13 and 14 together, we can see that while there were more SPACs in 2011 and 2012 than there are today, those SPACs didn't have much in total assets. Today's SPACs have total assets north of \$190 billion.

Although there was a high number of SPACs in 2011 and 2012, their total assets did not add up to much. With the more recent increase in the number of SPACs, we see a substantial increase in total assets reaching a total of \$190 billion. Total assets for firms after de-SPACing (shown using the left-side axis in Figure 2) also increased dramatically, to \$34 billion.

Of course, \$34 billion in deSPACed assets is still a lot less than the \$190 billion in assets SPAC firms have in their coffers. So presumably we're going to see a lot more of that

money flow into merger deals and deSPAC transactions, as the SPACs come under pressure to put all that money to work.

Conclusion

SPACs are likely to be a force in the capital markets for quite some time, and the financial reporting issues they raise are considerable. Already we've seen the Securities and Exchange Commission sanction one SPAC and its acquisition target for poor disclosures to investors ahead of the proposed merger; and has charged the CEO of a deSPACed firm with fraud. The Justice Department is also investigating a third deSPACed firm for fraud as well.

As financial analysts study the disclosures SPACs make and try to understand the stories these firms are trying to tell, Calcbench data can help in numerous ways.

- You can track the financial disclosures SPACs make using the [Company-in-Detail page](#) (for individual firms) or the [Multi-Company page](#) (for groups of firms);
- You can track the other footnote disclosures SPACs make on the [Interactive Disclosures page](#);
- The [Segments, Rollforwards, and Breakouts page](#) tracks purchase price allocations that firms make regarding various acquisition deals;
- Our [SIC Code at Time of Filing](#) metric allows analysts to see which operating companies today were acquired by SPACs in the past.

Calcbench is also happy to work directly with clients in their specific research needs. Contact us at us@calcbench.com any time.

About Calcbench

Calcbench databases and research tools provide a new experience in researching financial and accounting data. Calcbench tracks all types of corporate disclosures — 10-Q, 10-K, 8-K, earnings releases, proxy statements; more to come in the future — whether they are displayed prominently or buried in the footnotes. We have that level of detail for more than 9,000 U.S.-listed businesses. Above all, we let you connect the dots among all that data, from a numerical disclosure on one financial statement to the narrative behind the number elsewhere.

Financial analysts, investors, academics, auditors, and economists can instantly access, research, and share data, both online and through our Excel add-in. Our accessible and intuitive platform can help you better understand competitor financials, identify potential risk areas, find trends across industry sectors, or conduct more effective due diligence. Calcbench is the tool you need to make better decisions.

Learn more at www.Calcbench.com.