The Life Cycle of a SPAC

Phase A: Foundation

I. The sponsor, together with the future board members, establishes a Swiss public company. The SPAC is a special purpose vehicle to merge with a private company in order to take it public and provide dedicated support.
II. The sponsor bears the financing of the initial costs, the IPO and the operating costs up to the IBC and in return receives preferred shares (founder shares) and warrants (for future capital increases).
III. Conduct a roadshow with institutional investors under the direction of the SPAC Board of Directors.
IV. IPO to raise equity by issuing SPAC shares and warrants to institutional and private investors.
V. Deposit of the entire issue proceeds into a blocked account (escrow account).
VI. Listing of SPAC on the SIX Swiss Exchange and start of regular trading of the shares and warrants.

Phase B: Initial Business Combination (IBC)

I. SPAC management and the Sponsor evaluate operating target companies that may be merged with SPAC or acquired by SPAC in whole (or in part).
II. (Capital increase, if necessary - mostly by means of PIPE transaction).
III. The target company is presented to the SPAC owners and the shareholders vote on the merger/acquisition with the target at an extraordinary general meeting. If approved, the SPAC owners have three options:

   a. Retain shares as a shareholder of the combined company;
   b. Sale of the shares on the stock exchange;
   c. Use of the right of buyback (sale of the shares to SPAC for the initial value), if he has refused to the deal

   The investor keeps the warrant as compensation for his risk.

Phase C: De-spacing of the SPAC or liquidation

I. Formal completion of the merger/acquisition, whereby the SPAC is dissolved and the funds in the blocked account are used to purchase the operating target company.
II. Ticker/symbol is adjusted and transfers to the operating target company, which takes over the listing of the SPAC, existing shareholders sell or remain as shareholders of the new listed company (with the sponsor subject to a lockup of typically 6 months or longer).
III. (If no transaction has taken place within 24 months after the IPO, SPAC will be liquidated and the IPO proceeds will be returned to the investors. The sponsor loses all of its initial seed capital as a risk investment).