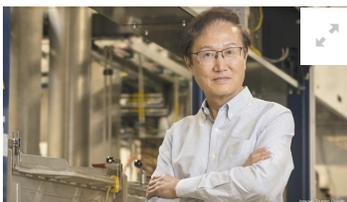


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Technology

Amprius CEO says production crunch, need for industry partner led to its SPAC merger plan



Kang Sun is CEO of Fremont battery maker Amprius Inc.

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By Cromwell Schubarth –
TechFlash Editor, Silicon Valley
Business Journal
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For Amprius Technologies Inc. CEO Kang Sun, the decision to go public soon through a merger with a special purpose acquisition company was a simple one, despite mounting investor skepticism towards such deals.

"We know that the overall

market – especially the part connected to SPACs – is not ideal today," Sun told the Business Journal about the merger plan announced last week. "But we have an urgent need to expand our manufacturing. We have basically sold out the capacity of our current pilot facility through the end of next year."

Fremont-based Amprius plans to use the money it raises – projected to be up to \$430 million – to build a 1,500-person factory. It is looking at sites in Athens, Georgia, and San Marcos, Texas, according to Sun. Among the factors Sun said will decide where the factory goes will be the availability and cost of labor, energy costs and the local business environment.

Amprius makes lithium-ion batteries that use silicon for anodes instead of the traditional material, graphite. It says this makes them more powerful

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Marquis Bernardo
works on
manufacturing
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batteries at
Amprius Inc. in
Fremont.

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The company sells these batteries today to customers that include Airbus SE and the U.S. Army who use them for electric aircraft and drones. Amprius projects that in the future they will be used in electric cars, too.

The sponsor of the SPAC that Amprius plans to merge with, Kensington Capital Acquisition Corp. IV, helped San Jose-based solid state battery maker QuantumScape Corp. raise \$700 million when it went public in a November 2020 merger.

"We found a partner that has exceptional experience," Sun said, adding that a lot of that is in the electric vehicle and mobility industries he is

targeting.

Amprius and Kensington project that their merged company will be valued at about \$1.3 billion when their deal is completed. It was valued at about \$670 million after a January 2021 funding, according to PitchBook Data. The company has raised about \$392 million from investors who include Kleiner Perkins and Trident Capital since it was founded in 2008.

The investor presentation and regulatory filings that Amprius has made haven't included the financial projections that many others who have done SPAC mergers in the past two years have included. Most of the companies that made those projections have fallen far short of them.

That prompted the Securities and Exchange Commission to propose rules that would make the companies, the SPACs they merge with and the banks that underwrite the deals potentially liable to investors for such shortfalls.

"I think the SEC will have more

scrutiny on such projections in the future, so we decided to be pro-active in not including them in our filing," Sun said.

The SEC is also calling for the same disclosures for SPAC mergers that are now made in traditional initial public offerings, going back at least two years. Sun said that information will be included soon in new regulatory filings.

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