falseQ1Direct Selling Acquisition Corp.0001871745--12-31TXP3MP3D 0001871745 2022-01-01 2022-03-31 0001871745 2021-12-31 0001871745 2022-03-31 0001871745 2021-03-09 2021-03-31 0001871745 2021-09-28 2021-09-28 0001871745 2021-09-28 0001871745 2022-03-31 2022-03-31 0001871745 2021-03-08 0001871745 2021-03-31 0001871745 us-gaap:CommonClassBMember 2021-12-31 0001871745 us-gaap:CommonClassAMember 2021-12-31 0001871745 dsaq:U.s.TreasurySecuritiesMember 2021-12-31 0001871745 dsaq:U.s.MoneyMarketMember 2021-12-31 0001871745 dsaq:WorkingCapitalLoansMember 2021-12-31 0001871745 us-gaap:CashMember 2021-12-31 0001871745 us-gaap:USTreasurySecuritiesMember 2021-12-31 0001871745 us-gaap:CommonClassBMember 2022-03-31 0001871745 us-gaap:CommonClassAMember 2022-03-31 0001871745 srt:MinimumMember 2022-03-31 0001871745 us-gaap:IPOMember 2022-03-31 0001871745 dsaq:PublicShareMember 2022-03-31 0001871745 dsaq:RedemptionEventMember 2022-03-31 0001871745 dsaq:WorkingCapitalLoansMember 2022-03-31 0001871745 us-gaap:CommonStockMember 2022-03-31 0001871745 dsaq:SharePriceEqualsOrExceedsEighteenUsdMember us-gaap:CommonClassAMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:SharePriceLessThanNinePointTwentyUsdMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:RedemptionPriceTriggerMember dsaq:SharePriceEighteenUsdMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:SharePriceLessThanNinePointTwentyUsdMember dsaq:PublicWarrantsMember 2022-03-31 0001871745 dsaq:PublicWarrantsMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:PublicWarrantsMember dsaq:SharePriceEighteenUsdMember dsaq:RedemptionPriceTriggerMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:PrivatePlacementWarrantsMember 2022-03-31 0001871745 dsaq:FounderSharesMember 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:FounderSharesTransferEventMember dsaq:SharePriceEqualsOrExceedsTwelveUsdMember 2022-03-31 0001871745 dsaq:SponsorMember dsaq:PromissoryNoteMember 2022-03-31 0001871745 dsaq:UnderwritingAgreementMember 2022-03-31 0001871745 us-gaap:RetainedEarningsMember 2021-03-09 2021-03-31 0001871745 us-gaap:AdditionalPaidInCapitalMember 2021-03-09 2021-03-31 0001871745 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2021-03-09 2021-03-31 0001871745 us-gaap:CommonClassBMember 2021-03-09 2021-03-31 0001871745 us-gaap:CommonClassAMember 2021-03-09 2021-03-31 0001871745 dsaq:UnitsMember 2022-01-01 2022-03-31 0001871745 us-gaap:WarrantMember 2022-01-01 2022-03-31 0001871745 us-gaap:RetainedEarningsMember 2022-01-01 2022-03-31 0001871745 us-gaap:AdditionalPaidInCapitalMember 2022-01-01 2022-03-31 0001871745 us-gaap:CommonStockMember us-gaap:CommonClassBMember 2022-01-01 2022-03-31 0001871745 us-gaap:CommonClassAMember 2022-01-01 2022-03-31 0001871745 srt:MinimumMember 2022-01-01 2022-03-31 0001871745 srt:MaximumMember 2022-01-01 2022-03-31 0001871745 us-gaap:IPOMember 2022-01-01 2022-03-31 0001871745 us-gaap:CommonClassBMember 2022-01-01 2022-03-31 0001871745 dsaq:PrivatePlacementWarrantsMember 2022-01-01 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:PrivatePlacementWarrantsMember 2022-01-01 2022-03-31 0001871745 dsaq:FounderSharesMember 2022-01-01 2022-03-31 0001871745 dsaq:SponsorMember dsaq:PromissoryNoteMember 2022-01-01 2022-03-31 0001871745 us-gaap:CommonClassAMember us-gaap:OverAllotmentOptionMember 2021-09-28 2021-09-28 0001871745 us-gaap:IPOMember us-gaap:CommonClassAMember 2021-09-28 2021-09-28 0001871745 us-gaap:CommonClassAMember 2021-09-28 2021-09-28 0001871745 dsaq:PrivatePlacementWarrantsMember dsaq:SponsorMember us-gaap:PrivatePlacementMember 2021-09-28 2021-09-28 0001871745 dsaq:PrivatePlacementWarrantsMember 2021-09-28 2021-09-28 0001871745 dsaq:PrivatePlacementWarrantsMember us-gaap:PrivatePlacementMember 2021-09-28 2021-09-28 0001871745 dsaq:IpoAndPrivatePlacementMember us-gaap:WarrantMember 2021-09-28 2021-09-28 0001871745 dsaq:AffiliateOfTheSponsorMember dsaq:AdministrationAndSupportServicesMember 2021-09-28 2021-09-28 0001871745 us-gaap:CommonClassAMember 2021-09-28 0001871745 us-gaap:CommonClassAMember us-gaap:IPOMember us-gaap:WarrantMember 2021-09-28 0001871745 us-gaap:CommonClassAMember us-gaap:IPOMember 2021-09-28 0001871745 dsaq:SponsorMember dsaq:PrivatePlacementWarrantsMember us-gaap:PrivatePlacementMember 2021-09-28 0001871745 dsaq:IpoAndPrivatePlacementMember us-gaap:WarrantMember 2021-09-28 0001871745 dsaq:RedemptionEventMember 2021-09-28 0001871745 us-gaap:CommonClassAMember dsaq:PublicWarrantsMember 2021-09-28 0001871745 us-gaap:CommonStockMember 2022-03-31 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:PublicWarrantsMember 2022-03-31 2022-03-31 0001871745 dsaq:PublicWarrantsMember 2022-03-31 2022-03-31 0001871745 dsaq:SharePriceEqualsOrExceedsEighteenUsdMember us-gaap:CommonClassAMember 2022-03-31 2022-03-31 0001871745 dsaq:SharePriceEqualsOrExceedsEighteenUsdMember 2022-03-31 2022-03-31 0001871745 dsaq:ExpectedEventMember srt:MaximumMember us-gaap:CommonClassAMember us-gaap:IPOMember 2022-03-31 2022-03-31 0001871745 us-gaap:CommonClassAMember dsaq:FounderSharesTransferEventMember dsaq:SharePriceEqualsOrExceedsTwelveUsdMember 2022-03-31 2022-03-31 0001871745 dsaq:RegistrationRightsAgreementMember 2022-03-31 2022-03-31 0001871745 dsaq:UnderwritingAgreementMember 2022-03-31 2022-03-31 0001871745 us-gaap:CommonClassBMember dsaq:FounderSharesMember dsaq:SponsorMember 2021-06-07 2021-06-07 0001871745 us-gaap:CommonClassAMember 2022-05-13 0001871745 us-gaap:CommonClassBMember 2022-05-13 0001871745 us-gaap:RetainedEarningsMember 2021-03-08 0001871745 us-gaap:AdditionalPaidInCapitalMember 2021-03-08 0001871745 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2021-03-08 0001871745 us-gaap:RetainedEarningsMember 2021-03-31 0001871745 us-gaap:AdditionalPaidInCapitalMember 2021-03-31 0001871745 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2021-03-31 0001871745 us-gaap:RetainedEarningsMember 2021-12-31 0001871745 us-gaap:AdditionalPaidInCapitalMember 2021-12-31 0001871745 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2021-12-31 0001871745 us-gaap:RetainedEarningsMember 2022-03-31 0001871745 us-gaap:AdditionalPaidInCapitalMember 2022-03-31 0001871745 us-gaap:CommonClassBMember us-gaap:CommonStockMember 2022-03-31 iso4217:USD xbrli:shares utr:Day xbrli:pure utr:Month utr:Year iso4217:USD xbrli:shares

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM**

**10-Q**

**(Mark One)**

|  |  |
| --- | --- |
| ☒ | **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** |

**For the quarterly period ended March 31, 2022**

|  |  |
| --- | --- |
| ☐ | **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** |

**For the transition period from              to**

**DIRECT SELLING ACQUISITION CORP.**

**(Exact name of registrant as specified in its charter)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **Delaware** |  | **001-40831** |  | **86-3676785** |
| **(State or other jurisdiction of**  **incorporation)** |  | **(Commission**  **File Number)** |  | **(IRS Employer**  **Identification No.)** |

**5800 Democracy Drive**

**Plano, TX 75024**

**(Address of principal executive offices, including zip code)**

**Registrant’s telephone number, including area code: (214)**

**380-6020**

**Not Applicable**

**(Former name or former address, if changed since last report)**

**Securities registered pursuant to Section 12(b) of the Act:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **Title of each class** |  | **Trading**  **Symbol(s)** |  | **Name of each exchange on which registered** |
| **Units, each consisting of one share of Class A common stock and**  **one-half**  **of one redeemable warrant** |  | **DSAQ.U** |  | **New York Stock Exchange** |
| **Class A common stock, par value $0.0001 per share** |  | **DSAQ** |  | **New York Stock Exchange** |
| **Redeemable warrants, each warrant exercisable for one share of Class A common stock, each at an exercise price of $11.50 per share** |  | **DSAQ.WS** |  | **New York Stock Exchange** |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.    Yes

☒

    No

☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation

S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).    Yes  ☒    No  ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a

non-accelerated

filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule

12b-2

of the Exchange Act.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Large accelerated filer |  | ☐ |  | Accelerated filer |  | ☐ |
|  |  | |  | |  | |
| Non-accelerated  filer |  | ☒ |  | Smaller reporting company |  | ☒ |
|  |  | |  | |  | |
|  |  |  |  | Emerging growth company |  | ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.  ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule

12b-2

of the Exchange Act).    Yes  ☒    No  ☐

As of May

13

, 2022, there were 23,000,000 shares of the registrant’s Class A common stock, par value $0.0001 per share, and 5,750,000 shares of the registrant’s Class B common stock, par value $0.0001 per share, issued and outstanding.

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**DIRECT SELLING ACQUISITION CORP.**

**Form**

**10-Q**

**For the Quarter Ended March 31, 2022**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**DIRECT SELLING ACQUISITION CORP.**

**CONDENSED BALANCE SHEETS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **March 31,**  **2022** | |  |  | **December 31, 2021** | |  |
|  |  | **(Unaudited)** | |  |  |  | |  |
| **Assets:** |  |  |  |  |  |  |  |  |
| **Current assets:** |  |  |  |  |  |  |  |  |
| Cash |  | $ | 709,748 |  |  | $ | 1,041,948 |  |
| Prepaid expenses |  |  | 529,659 |  |  |  | 713,140 |  |
|  |  |  |  |  |  |  |  |  |
| **Total current assets** |  |  | **1,239,407** |  |  |  | **1,755,088** |  |
| Investments held in Trust Account |  |  | 234,638,898 |  |  |  | 234,618,018 |  |
|  |  |  |  |  |  |  |  |  |
| **Total Assets** |  | **$** | **235,878,305** |  |  | $ | 236,373,106 |  |
|  |  |  |  |  |  |  |  |  |
| **Liabilities, Redeemable Common Stock and Stockholders’ Deficit** |  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |  |
| Franchise taxes payable |  | $ | 50,000 |  |  | $ | 60,274 |  |
| Due to Related Party |  |  | 667 |  |  |  | 667 |  |
| Accrued offering costs and expenses |  |  | 323,199 |  |  |  | 36,350 |  |
|  |  |  |  |  |  |  |  |  |
| **Total current liabilities** |  |  | **373,866** |  |  |  | **97,291** |  |
| Warrant liability |  |  | 5,800,000 |  |  |  | 11,600,000 |  |
| Deferred underwriters’ discount |  |  | 8,050,000 |  |  |  | 8,050,000 |  |
|  |  |  |  |  |  |  |  |  |
| **Total Liabilities** |  |  | **14,223,866** |  |  |  | **19,747,291** |  |
|  |  |  |  |  |  |  |  |  |
| **Commitments and Contingencies (Note 7)** |  |  |  |  |  |  |  |  |
| Redeemable Class A common stock subject to possible redemption, 23,000,000 shares at redemption value of $10.20 |  |  | 234,600,000 |  |  |  | 234,600,000 |  |
| **Stockholders’ Deficit:** |  |  |  |  |  |  |  |  |
| Preferred stock, $0.0001 par valu  e; 1,000,000 shares authorized; none issued and outstanding |  |  | — |  |  |  | — |  |
| Class A common stock, $0.0001 par value; 380,000,000 shares authorized; none issued or outstanding (excluding 23,000,000 shares subject to redemption) |  |  | — |  |  |  | — |  |
| Class B common stock, $0.0001 par value; 20,000,000 shares authorized; 5,750,000 shares issued and outstanding |  |  | 575 |  |  |  | 575 |  |
| Additional paid-in capital |  |  | — |  |  |  | — |  |
| Accumulated deficit |  |  | (12,946,136 | ) |  |  | (17,974,760 | ) |
|  |  |  |  |  |  |  |  |  |
| **Total Stockholders’ Deficit** |  |  | **(12,945,561** | **)** |  |  | **(17,974,185** | **)** |
|  |  |  |  |  |  |  |  |  |
| **Total Liabilities, Redeemable Common Stock and Stockholders’ Deficit** |  | **$** | **235,878,305** |  |  | **$** | **236,373,106** |  |
|  |  |  |  |  |  |  |  |  |

The accompanying notes are an integral part of these unaudited condensed financial statements.

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**DIRECT SELLING ACQUISITION CORP.**

**CONDENSED STATEMENTS OF OPERATIONS**

**(UNAUDITED)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **For the three months ended March 31, 2022** | |  |  | **For the period from March 9, 2021 (inception) through March 31, 2021** | |  |
| Formation and operating costs |  | $ | 792,281 |  |  | $ | 619 |  |
|  |  |  |  |  |  |  |  |  |
| **Loss from operations** |  | $ | (792,281 | ) |  |  | (619 | ) |
|  |  |  |  |  |  |  |  |  |
| **Other Income** |  |  | **—** |  |  |  | **—** |  |
| Bank interest income |  |  | 25 |  |  |  | — |  |
| Interest on Trust investments |  |  | 20,880 |  |  |  | — |  |
| Change in fair value of warrant liability |  |  | 5,800,000 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| **Total other income** |  |  | 5,820,905 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| **Net Income (Loss)** |  | $ | 5,028,624 |  |  | $ | (619 | ) |
|  |  |  |  |  |  |  |  |  |
| Weighted average shares outstanding of Class A common stock |  |  | 23,000,000 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| Basic and diluted net income per share, Class A common stock |  | $ | 0.17 |  |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |
| Weighted average shares outstanding of Class B common stock |  |  | 5,750,000 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| Basic and diluted net income (loss) per share, Class B common stock |  | $ | 0.17 |  |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |

The accompanying notes are an integral part of these unaudited condensed financial statements.

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**DIRECT SELLING ACQUISITION CORP.**

**CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY (DEFICIT)**

**(UNAUDITED)**

**THREE MONTHS ENDED MARCH 31, 2022**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Class B Common stock** | | | | | |  |  | **Additional** | |  |  | **Accumulated** | |  |  | **Total Stockholders’** | |  |
|  |  | **Shares** | |  |  | **Amount** | |  |  | **Paid-in Capital** | |  |  | **Deficit** | |  |  | **Deficit** | |  |
| **Balance as of December 31, 2021** |  |  | **5,750,000** |  |  | **$** | **575** |  |  | **$** | **—** |  |  | **$** | **(17,974,760** | **)** |  | **$** | **(17,974,185** | **)** |
| Net income |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 5,028,624 |  |  |  | 5,028,624 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance as of March 31, 2022 (unaudited)** |  |  | **5,750,000** |  |  | **$** | **575** |  |  | **$** | **—** |  |  | **$** | **(12,946,136** | **)** |  | **$** | **(12,945,561** | **)** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**FOR THE PERIOD FROM MARCH 9, 2021 (INCEPTION) THROUGH MARCH 31, 2021**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Class B Common stock** | | | | | |  |  | **Additional** | |  |  | **Accumulated** | |  |  | **Total Stockholder’s** | |  |
|  |  | **Shares** | |  |  | **Amount** | |  |  | **Paid-in Capital** | |  |  | **Deficit** | |  |  | **Deficit** | |  |
| **Balance as of March 9, 2021 (inception)** |  |  | — |  |  | $ | — |  |  | $ | — |  |  | $ | — |  |  | $ | — |  |
| Net loss |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (619 | ) |  |  | (619 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Balance as of March 31, 2021 (unaudited)** |  |  | — |  |  | $ | — |  |  | $ | — |  |  | $ | (619 | ) |  | $ | (619 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The accompanying notes are an integral part of these unaudited condensed financial statements.

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**DIRECT SELLING ACQUISITION CORP.**

**CONDENSED STATEMENTS OF CASH FLOWS**

**(UNAUDITED)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **For the**  **three months ended March 31, 2022** | |  |  | **For the Period from March 9, 2021 (Inception) through March 31, 2021** | |  |
| **Cash flows from operating activities:** |  |  |  |  |  |  |  |  |
| Net income (loss) |  | $ | 5,028,624 |  |  | $ | (619 | ) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |  |  |  |  |  |  |  |  |
| Change in fair value of warrant liability |  |  | (5,800,000 | ) |  |  | — |  |
| Interest earned on investments held in Trust Account |  |  | (20,880 | ) |  |  | — |  |
| Changes in operating assets and liabilities: |  |  |  |  |  |  |  |  |
| Prepaid assets |  |  | 183,481 |  |  |  | — |  |
| Taxes payable |  |  | (10,274 | ) |  |  | — |  |
| Accrued offering costs and expenses |  |  | 286,849 |  |  |  | 619 |  |
|  |  |  |  |  |  |  |  |  |
| **Net cash**  **used in**  **operating activities** |  |  | (332,200 | ) |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| **Net change in cash** |  |  | (332,200 | ) |  |  | — |  |
| **Cash, beginning of the period** |  |  | 1,041,948 |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |
| **Cash, end of the period** |  | $ | 709,748 |  |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |

The accompanying notes are an integral part of these unaudited condensed financial statements.

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**DIRECT SELLING ACQUISITION CORP.**

**NOTES TO UNAUDITED CONDENSED UNAUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**Note 1 — Organization, Business Operations**

Direct Selling Acquisition Corp. (the “Company”) is a blank check company incorporated as a Delaware corporation on March 9, 2021, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar Business Combination with one or more businesses (the “Business Combination”). The Company may pursue an initial Business Combination target in any business or industry.

As of March 31, 2022, the Company had not commenced operations. All activity for the period from March 9, 2021 (inception) through March 31, 2022 relates to the Company’s formation and the initial public offering (the “Public Offering”) described below, and since the closing of the Public Offering, the search for a prospective initial Business Combination. The Company will not generate operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will

generate non-operating income

in the form of interest income from the proceeds derived from the Public Offering. The Company has selected December 31 as its fiscal year end.

The Company’s Sponsor is DSAC Partners LLC, a Delaware limited liability company (the “Sponsor”). The registration statement for the Company’s Public Offering was declared effective on September 23, 2021 (the “Effective Date”). On September 28, 2021, the Company consummated its Public Offering of 23,000,000 units (the “Units”), including the issuance of 3,000,000 Units as a result of the underwriters’ exercise of their over-allotment option in full. Each Unit consists of one share of Class A common stock of the Company, par value $0.0001 per share (the “Class A Common

Stock”), and one-half of one

redeemable warrant of the Company (each whole warrant, a “Public Warrant”), with each Public Warrant entitling the holder thereof to purchase one share of Class A common stock for $11.50 per share, subject to adjustment. The Units were sold at a price of $10.00 per Unit, generating gross proceeds to the Company of $230,000,000 which is discussed in Note 3.

Simultaneously with the closing of the Public Offering, pursuant to the Private Placement Warrants Purchase Agreement, the Company completed the private sale of 11,700,000 warrants (the “Private Placement Warrants”) to the Sponsor at a purchase price of $1.00 per Private Placement Warrant, generating gross proceeds to the Company of $11,700,000. The Private Placement Warrants are identical to the Public Warrants included as part of the Units sold in the Public Offering, except that the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) are not redeemable by the Company, (ii) may not (including the shares of Class A Common Stock issuable upon exercise of the warrants), subject to certain limited exceptions, be transferred, assigned or sold until 30 days after the completion of the Company’s initial Business Combination, (iii) may be exercised on a cashless basis and (iv) are entitled to registration rights. No underwriting discounts or commissions were paid with respect to such sale. The issuance of the Private Placement Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933 (the “Securities Act”), as amended.

A total of $234,600,000 was placed in a U.S.-based trust account maintained by Continental Stock Transfer & Trust Company, acting as trustee (the “Trust Account”).

The initial Business Combination must occur with one or more target businesses that together have an aggregate fair market value of at least 80% of the net assets held in the Trust Account (net of amounts disbursed to management for working capital purposes and excluding the amount of any deferred underwriting commissions held in trust) at the time of signing the agreement to enter into the initial Business Combination. However, the Company will only complete such Business Combination if the post transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”). There is no assurance that the Company will be able to successfully effect a Business Combination.

Upon the closing of the Public Offering, $10.20 per Unit sold in the Public Offering, including the proceeds of the sale of the Private Placement Warrants, is held in a Trust Account and invested only in U.S. government securities with a maturity of 180 days or less or in money market funds meeting certain conditions

under Rule 2a-7 under the

Investment Company Act which invest only in direct U.S. government treasury obligations. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its taxes, the proceeds from the Public Offering and the sale of the Private Placement Warrants will not be released from the Trust Account until the earliest of (i) the completion of the initial Business Combination, (ii) the redemption of the public shares if the Company is unable to complete the initial Business Combination within 15 months from the closing of the Public Offering (or 18 months from the closing of the Public Offering if the Company extends the time to complete a Business Combination by depositing into the Trust Account for a three-month extension $2,300,000 ($0.10 per share)), subject to applicable law, and (iii) the redemption of the public shares properly submitted in connection with a stockholder vote to amend the Company’s amended and restated certificate of incorporation (“Charter”) to modify the substance or timing of the Company’s obligation to redeem 100% of the public shares if the Company has not consummated an initial Business Combination within 15 months from the closing of the Public Offering (or 18 months from the closing of the Public Offering if we extend the time to complete a Business Combination by depositing into the Trust Account for a three month extension $2,300,000 ($0.10 per share)) or with respect to any other material provisions relating to stockholders’

rights or pre-initial Business Combination

activity. The proceeds deposited in the Trust Account could become subject to the claims of the Company’s creditors, if any, which could have priority over the claims of the Company’s public stockholders.

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The Company will provide its public stockholders with the opportunity to redeem all or a portion of their public shares upon the completion of the initial Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) without a stockholder vote by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a proposed Business Combination or conduct a tender offer will be made by the Company, solely in the Company’s discretion, and will be based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would require the Company to seek stockholder approval under applicable law or stock exchange listing requirements. The Company will provide its public stockholders with the opportunity to redeem all or a portion of their public shares upon the completion of the initial Business Combination at

a per-share price,

payable in cash, equal to the aggregate amount then on deposit in the Trust Account calculated as of two business days prior to the consummation of the initial Business Combination, including interest (which interest shall be net of taxes payable and less up to $100,000 to pay dissolution expenses), divided by the number of then outstanding public shares, subject to the limitations and on the conditions described herein.

The shares of common stock subject to redemption are recorded at redemption value and classified as temporary equity, in accordance with Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least $5,000,001 upon such consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the issued and outstanding shares voted are voted in favor of the Business Combination.

The Company will have only 15 months from the closing of the Public Offering (or 18 months from the closing of the Public Offering if the Company extends the time to complete a business combination by depositing into the Trust Account for a three-month extension $2,300,000 ($0.10 per share) or any extended period of time that the Company may have to consummate an initial Business Combination as a result of an amendment to the Company’s Charter) (the “Combination Period”) to complete the initial Business Combination. If the Company is unable to complete the initial Business Combination within 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,

at a per-share price, payable

in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of taxes payable and less up to $100,000 to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders’ rights as stockholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining stockholders and the Company’s board of directors, liquidate and dissolve, subject, in each case, to the Company’s obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the warrants, which will expire worthless if the Company fails to complete its initial Business Combination within the Combination Period.

The initial stockholders, Sponsor, officers and directors have entered into a letter agreement with the Company, pursuant to which they have agreed to (i) waive their redemption rights with respect to any founder shares and public shares they hold in connection with the completion of the initial Business Combination, (ii) waive their redemption rights with respect to any founder shares and public shares they hold in connection with a stockholder vote to approve an amendment to the Company’s Charter to modify the substance or timing of the Company’s obligation to redeem 100% of the public shares if the Company has not consummated an initial Business Combination within the Combination Period or with respect to any other material provisions relating to stockholders’

rights or pre-initial Business Combination

activity and (iii) waive their rights to liquidating distributions from the Trust Account with respect to any founder shares they hold if the Company fails to complete its initial Business Combination within the Combination Period or any extended period of time that the Company may have to consummate an initial Business Combination as a result of an amendment to the Company’s Charter (although they will be entitled to liquidating distributions from the Trust Account with respect to any public shares they hold if the Company fails to complete its initial Business Combination within the prescribed time frame) and (iv) vote any founder shares held by them and any public shares purchased during or after the Public Offering (including in open market and privately-negotiated transactions) in favor of the initial Business Combination.

The Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or other similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) $10.20 per public share and (ii) the actual amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than $10.20 per public share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor did it apply to any claims under the Company’s indemnity of the underwriters of the Public Offering against certain liabilities, including liabilities under the Securities Act. However, the Company has not asked the Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether the Sponsor has sufficient funds to satisfy its indemnity obligations and the Company believes that the Sponsor’s only assets are securities of the Company. Therefore, the Company cannot assure you that the Sponsor would be able to satisfy those obligations.

**Emerging Growth Company**

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

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Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to

non-emerging

growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Risks and Uncertainties**

Management is continuing to evaluate the impact of

the COVID-19 pandemic

on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of this financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Liquidity and Capital Resources**

As of March 31, 2022, the Company had $709,748 in its operating bank account and working capital of $865,541.

In order to finance transaction costs in connection with a Business Combination or any extension of the deadline by which the Company must consummate its initial Business Combination or liquidate, the Sponsor or an affiliate of the Sponsor or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (the “Working Capital Loans”). If the Company completes an initial Business Combination, the Company would repay such loaned amounts out of the proceeds of the Trust Account released to the Company. Otherwise, such loans would be repaid only out of funds held outside the Trust Account. In the event that the initial Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from the Trust Account would be used to repay such loaned amounts. Up to $1,500,000 of such loans may be convertible into warrants, at a price of $1.00 per warrant at the option of the lender. The warrants would be identical to the Private Placement Warrants, including as to exercise price, exercisability and exercise period. As of March 31, 2022, there were no amounts outstanding under any Working Capital Loans.

The Company will have only

15

months from the closing of the Public Offering (December 28, 2022) (or

18

months from the closing of the Public Offering if the Company extends the time to complete a Business Combination by depositing into the Trust Account for a three-month extension $

2,300,000

($

0.10

per share)) or any extended period of time that the Company may have to consummate an initial Business Combination.

Based on the foregoing, management believes that the Company will have sufficient working capital and borrowing capacity to meet its needs through the earlier of the consummation of a Business Combination or one year from this filing. Over this time period, the Company will be using these funds for paying existing accounts payable, identifying and evaluating prospective initial Business Combination candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to merge with or acquire, and structuring, negotiating and consummating the Business Combination.

**Note 2 — Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form

10-Q

and Article 10 of Regulation

S-X

of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented. Operating results for the three months ended March 31, 2022 are not necessarily indicative of the results that may be expected through December 31, 2022, or for any future interim periods.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company’s Annual Report on Form

10-K

as filed with the SEC on March 28, 2022

.

**Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statement, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company had $709,748 and $1,041,948 in cash and did not have any cash equivalents as of March 31, 2022 or December 31, 2021.

**Investments Held in Trust Account**

As of March 31, 2022 and December 31, 2021, the Company had $234.6 million in investments held in the Trust Account upon closing of the Public Offering including the proceeds of the sale of the Private Placement Warrants.

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At March 31, 2022 investments held in the Trust Account include investments substantially held in a money market fund characterized as Level 1 investments within the fair value hierarchy under ASC 820 (as defined below). At December 31, 2021, investments held in Trust Account consist of United States Treasury securities. The Company classifies its United States Treasury securities as

held-to-maturity

in accordance with FASB ASC Topic 320 “Investments—Debt and Equity Securities.”

Held-to-maturity

securities are those securities which the Company has the ability and intent to hold until maturity.

Held-to-maturity

treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

A decline in the market value of

held-to-maturity

securities below cost that is deemed to be other than temporary, results in an impairment that reduces the carrying costs to such securities’ fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to

year-end,

forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related

held-to-maturity

security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the “interest earned on trust investments” line item in the statements of operations. Interest income is recognized when earned.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Deposit Insurance Corporation coverage limit of $250,000. At March 31, 2022 and December 31, 2021, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

**Deferred Offering Costs**

Deferred offering costs consist of accounting and legal expenses incurred through the balance sheet date that are directly related to the Public Offering. Deferred offering costs were allocated to the separable financial instruments issued in the Public Offering based on a relative fair value basis, compared to total proceeds received. Upon completion of the Public Offering, offering costs associated with the Public Warrants and Private Placement Warrants were expensed. Offering costs associated with the Class A common stock were charged to the carrying value of the redeemable Class A common stock. Accordingly, on March 31, 2022, offering costs totaling $13,140,543 (consisting of $4,600,000 of underwriting fees, $8,050,000 of deferred underwriting fees and $490,543 of other offering costs) were recognized, $505,566 of which was allocated to the Public Warrants and Private Placement Warrants and immediately expensed and $12,634,977 was allocated to redeemable Class A common stock, reducing the carrying amount of such shares reported in temporary equity.

**Class A Common Stock Subject to Possible Redemption**

As discussed in Note 3, all of the 23,000,000 shares of Class A common stock sold as part of the Units in the Public Offering contain a redemption feature which allows for the redemption of such Public Shares in connection with the Company’s liquidation, if there is a stockholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Company’s Charter. In accordance with ASC 480, conditionally redeemable Class A common stock (including shares of Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) are classified as temporary equity. Ordinary liquidation events, which involve the redemption and liquidation of all of the entity’s equity instruments, are excluded from the provisions of ASC 480. Although the Company did not specify a maximum redemption threshold, its Charter provides that currently the Company will not redeem its public shares in an amount that would cause its net tangible assets (stockholders’ equity) to be less than $5,000,001. However, the threshold in its Charter would not change the nature of the underlying shares as redeemable and thus public shares would be required to be disclosed outside of permanent equity. Accordingly, on March 31, 2022 and December 31, 2021, 23,000,000 shares of Class A common stock subject to possible redemption at the redemption amount were presented at redemption value as temporary equity, outside of the stockholders’ deficit section of the Company’s balance sheets.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value ($10.20 per share) at the end of each reporting period. Such changes are reflected in

additional paid-in capital,

or in the absence of additional capital, in accumulated deficit. On September 28, 2021, the Company recorded an adjustment of $21,374,977 to present the redeemable Class A common stock at redemption value.

**Net Income (Loss) Per Common stock**

The Company has two classes of common stock, which are referred to as Class A common stock and Class B common stock. Earnings and losses are shared pro rata between the two classes of common stock. The 23,200,000 potential common stock for outstanding warrants to purchase the Company’s shares were excluded from diluted earnings per common stock for the three months ended March 31, 2022 and for the period from March 9, 2021 (inception) through March 31, 2021 because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net loss per common stock is the same as basic net loss per common stock for the periods. The table below presents a reconciliation of the numerator and denominator used to compute basic and diluted net loss per common stock for each class of common stock.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **For the three months ended March 31, 2022** | | | | | |  |  | **For the period from March 9, 2021 (inception) through March 31, 2021** | | | | | |  |
|  |  | Class A | |  |  | Class B | |  |  | Class A | |  |  | Class B | |  |
| Basic and diluted net income (loss) per share of common stock: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Numerator: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allocation of net income (loss) |  | $ | 4,022,899 |  |  | $ | 1,005,725 |  |  | $ | — |  |  | $ | (619 | ) |
| Denominator: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted-average shares outstanding |  |  | 23,000,000 |  |  |  | 5,750,000 |  |  |  | — |  |  |  | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic and diluted net income (loss) per common stock |  | $ | 0.17 |  |  | $ | 0.17 |  |  | $ | — |  |  | $ | — |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Fair Value of Financial Instruments**

The fair value of the Company’s assets and liabilities, other than the warrant liabilities, which qualify as financial instruments under the FASB ASC 820, “Fair Value M

e

asurements and Disclosures,” approximates the carrying amounts represented in the balance sheets, primarily due to their short-term nature. As of March 31, 2022 and December 31, 2021, the Company reported warrants issued at the consummation of the Public Offering at their fair value.

**Fair Value Measurements**

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets; |

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and |

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. |

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

**Derivative Financial Instruments**

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, “Derivatives and Hedging”. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then

re-valued

at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or

non-current

based on whether or not

net-cash

settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

**Warrants**

The Company accounts for the 23,200,000 warrants issued in connection with the Public Offering and Private Placement Warrants in accordance with the guidance contained in FASB ASC 815 “Derivatives and Hedging” whereby under that provision the warrants do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, the Company classifies the warrant instruments as a liability at fair value and adjusts the instruments to fair value at each reporting period. This liability will be

re-measured

at each balance sheet date until the warrants are exercised or expire, and any change in fair value will be recognized in the Company’s statements of operations. At March 31, 2022 and December 31, 2021, the Company recognized a warrant liability of $5,800,000 and $11,600,000, respectively, to present the Public Warrants and Private Placement Warrants at fair value. Derivative warrant liabilities are classified as

non-current

liabilities as their liquidation is not reasonably expected to require the use of current assets. Such warrant classification is also subject to

re-evaluation at each reporting period.

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**Income Taxes**

The Company accounts for income taxes under FASB ASC 740, “Income Taxes” (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must

be more-likely-than-not to

be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of March 31, 2022 and December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only “major” tax jurisdiction.

The Company is subject to income tax examinations by major taxing authorities since inception. These examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

The provision for income taxes was deemed to be immaterial for the three months ended March 31, 2022 and for the period from March 9, 2021 (inception) through March 31, 2021.

**Recent Accounting Standards**

In August 2020, the FASB issued Accounting Standards Update (“ASU”)

No. 2020-06,

Debt —Debt with Conversion and Other Options (Subtopic

470-20)

and Derivatives and Hedging—Contracts in Entity’ Own Equity (Subtopic

815-40):

Accounting for Convertible Instruments and Contracts in an Entity’ Own Equity (“ASU

2020-06”),

which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception, and it simplifies the diluted earnings per share calculation in certain areas. The Company adopted ASU

2020-06

on December 31, 2021. Adoption of the ASU did not impact the Company’s financial position, results of operations or cash flows.

The Company’s management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

**Note 3 — Initial Public Offering**

On September 28, 2021, Company consummated its Public Offering of 23,000,000 Units. Each Unit consists of one Class A common stock of the Company, par value $0.0001 per share, and

one-half

of one redeemable warrant of the Company, each whole Public Warrant entitling the holder thereof to purchase one Class A common stock for $11.50 per share. The Units were sold at a price of $10.00 per unit, generating gross proceeds to the Company of $230,000,000.

All of the 23,000,000 Class A common stock sold as part of the Units in the Public Offering contain a redemption feature which allows for the redemption of such public shares in connection with the Company’s liquidation, if there is a stockholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Company’s Charter. In accordance with SEC and its staff’s guidance on redeemable equity instruments, which has been codified in

ASC 480-10-S99, redemption

provisions not solely within the control of the Company require common stock subject to redemption to be classified outside of permanent equity.

The Class A common stock is subject to SEC and its staff’s guidance on redeemable equity instruments, which has been codified in

ASC 480-10-S99. If

it is probable that the equity instrument will become redeemable, the Company has the option to either accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. The Company recognizes changes in redemption value immediately as they occur. Immediately upon the closing of the Public Offering, the Company recognized the accretion from initial book value to redemption amount value. The change in the carrying value of redeemable common stock resulted in charges against

additional paid-in capital

and accumulated deficit.

As of March 31, 2022 and December 31, 2021, the Class A common stock reflected on the balance sheets are reconciled in the following table:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Gross proceeds from the Public Offering |  | $ | 234,600,000 |  |
| Less: |  |  |  |  |
| Proceeds allocated to Public Warrants |  |  | (8,740,000 | ) |
| Common stock issuance costs |  |  | (12,634,977 | ) |
|  |  |  |  |  |
| Plus: |  |  |  |  |
| Accretion of carrying value to redemption value |  |  | 21,374,977 |  |
|  |  |  |  |  |
| **Contingently redeemable common stock** |  | $ | 234,600,000 |  |
|  |  |  |  |  |

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**Public Warrants**

Each whole Public Warrant entitles the holder to purchase one share of the Company’s Class A common stock at a price of $11.50 per share, subject to adjustment. In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than $9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company’s board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any founder shares held by the Sponsor or its affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Class A common stock during the 20 trading day period starting on the trading day after the day on which the Company consummates its initial Business Combination (such price, the “Market Value”) is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the $18.00 per share redemption trigger price described adjacent to “Redemption of warrants for cash” will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

The Public Warrants will expire at 5:00 p.m., New York City time on the warrant expiration date, which is five years after the completion of the initial Business Combination or earlier upon redemption or liquidation. On the exercise of any Public Warrant, the warrant exercise price will be paid directly to the Company and not placed in the Trust Account.

The Company will not be obligated to deliver any Class A common stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the Class A common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company’s satisfying the Company’s obligations described below with respect to registration. No Public Warrant will be exercisable and the Company will not be obligated to issue a share of Class A common stock upon exercise of a Public Warrant unless the share of Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Public Warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Public Warrant, the holder of such Public Warrant will not be entitled to exercise such Public Warrant and such Public Warrant may have no value and expire worthless. In no event will the Company be required to net cash settle any Public Warrant. In the event that a registration statement is not effective for the exercised Public Warrants, the purchaser of a Unit containing such warrant will have paid the full purchase price for the unit solely for the share of Class A common stock underlying such Unit.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of the initial Business Combination, the Company will use its best efforts to file with the SEC and have an effective registration statement covering the shares of Class A common stock issuable upon exercise of the Public Warrants and to maintain a current prospectus relating to those shares of Class A common stock until the Public Warrants expire or are redeemed, as specified in the warrant agreement. If a registration statement covering the Class A common stock issuable upon exercise of the Public Warrants is not effective by the 60th business day after the closing of the initial Business Combination, Public Warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise Public Warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. Notwithstanding the above, if the shares of Class A common stock are at the time of any exercise of a Public Warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their Public Warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elect, it will not be required to file or maintain in effect a registration statement, and in the event the Company does not so elect, it will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

**Redemption of Public Warrants for Cash**

Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants:

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | in whole and not in part; |

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | at a price of $0.01 per warrant; |

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | upon not less than 30 days’ prior written notice of redemption to each warrant holder; and |

|  |  |  |  |
| --- | --- | --- | --- |
|  | • |  | if, and only if, the closing price of the common stock equals or exceeds $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant for any 20 trading days within  a 30-trading day  period ending three trading days before the Company sends the notice of redemption to the warrant holders. |

The Company will not redeem the Public Warrants as described above unless an effective registration statement under the Securities Act covering the Class A common stock issuable upon exercise of the Public Warrants is effective and a current prospectus relating to those shares of Class A common stock is available throughout the 30 day redemption period, except if the Public Warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the Public Warrants become redeemable by the Company, they may exercise their redemption right even if they are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

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**Note 4 — Private Placement**

Simultaneously with the closing of the Public Offering, the Company’s Sponsor has purchased an aggregate of 11,700,000 Private Placement Warrants, each exercisable to purchase one Class A common stock at $11.50 per share, at a price of $1.00 per warrant, or $11,700,000 in the aggregate. The Private Placement Warrants are identical to the warrants included as part of the Units sold in the Public Offering, except that the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) are not redeemable by the Company, (ii) may not (including the shares of Class A Common Stock issuable upon exercise of the warrants), subject to certain limited exceptions, be transferred, assigned or sold until 30 days after the completion of the Company’s initial Business Combination, (iii) may be exercised on a cashless basis and (iv) are entitled to registration rights. No underwriting discounts or commissions were paid with respect to such sale. The issuance of the Private Placement Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

**Note 5 — Related Party Transactions**

**Founder Shares**

On June 7, 2021, the Sponsor paid $25,000 of deferred offering costs on behalf of the Company in exchange for 5,750,000 shares of the Company’s Class B common stock (the “founder shares”). The number of founder shares outstanding was determined based on the expectation that the total size of the Public Offering would be a maximum of 23,000,000 Units if the underwriters’ over-allotment option was exercised in full, and therefore that such founder shares would represent 20% of the outstanding shares after the Public Offering.

The initial stockholders, officers and directors have agreed not to transfer, assign or sell any founder shares held by them until the earlier to occur of: (1) one year after the completion of the initial Business Combination; or (2) the date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction after the initial Business Combination that results in all of the public stockholders having the right to exchange their shares of common stock for cash, securities or other property. Any permitted transferees would be subject to the same restrictions and other agreements the Sponsor with respect to any founder shares

(the “Lock-up”). Notwithstanding

the foregoing, if the closing price of the Class A common stock equals or exceeds $12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within

any 30-trading day

period commencing at least 150 days after the initial Business Combination, the founder shares will be released from

the lock-up.

**Promissory Note — Related Party**

The Sponsor agreed to loan the Company up to $300,000 to be used for a portion of the expenses of the Public Offering. These loans

were non-interest bearing,

unsecured and due at the earlier of December 31, 2021 or the closing of the Public Offering. At March 31, 2022 and December 31, 2021, no amount was due on the promissory note.

**Working Capital Loans**

In order to finance transaction costs in connection with an intended initial Business Combination, the Sponsor or an affiliate of the Sponsor or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (the “Working Capital Loans”). If the Company completes its initial Business Combination, the Company would repay the Working Capital Loans. In the event that the initial Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay the Working Capital Loans but no proceeds from the Trust Account would be used to repay the Working Capital Loans. Up to $1,500,000 of the Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of $1.00 per warrant at the option of the lender. The warrants would be identical to the Private Placement Warrants. Except as set forth above, the terms of the Working Capital Loans, if any, have not been determined and no written agreements exist with respect to the Working Capital Loans. Prior to the completion of the initial Business Combination, the Company does not expect to seek loans from parties other than the Sponsor or an affiliate of the Sponsor as the Company does not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in the Trust Account. At March 31, 2022 and December 31, 2021, no such Working Capital Loans were outstanding.

**Administrative Service Fee**

The Company has entered into an administrative services agreement on the effective date of the registration statement for the Public Offering pursuant to which the Company will pay of the Sponsor a total of $10,000 per month for office space, secretarial and administrative services provided to members of the Company’s management team. Upon completion of the Company’s initial Business Combination or its liquidation, the Company will cease paying these monthly fees. For the three months ended March 31, 2022, the Company incurred and accrued $30,000 in administrative service fees. For the period from March 9, 2021 (inception) through March 31, 2021, the Company did not incur any fees for these services.

**Note 6 — Recurring Fair Value Measurements**

***Investment Held in Trust Account***

At March 31, 2022 investments held in the Trust Account include investments substantially held in a money market fund. As of December 31, 2021, the investments in the Company’s Trust Account consisted of $898 in cash and $234,617,120 in U.S. Treasury securities. All of the U.S. Treasury securities matured on March 31, 2022. The Company classifies its United States Treasury securities as

held-to-maturity

in accordance with FASB ASC 320 “Investments — Debt and Equity Securities.

“Held-to-maturity

treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts. The Company considers all investments with original maturities of more than three months but less than one year to be short-term investments. The carrying value approximates the fair value due to its short-term maturity (Level 1). The carrying value, excluding gross unrealized holding loss and fair value of held to maturity securities on December 31, 2021 are as follows:

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | | | |  | | | |  | | | |  | | | |
|  |  | **Amortized Cost and Carrying Value** | |  |  | **Gross Unrealized Gains** | |  |  | **Gross Unrealized Losses** | |  |  | **Fair Value as of December 31, 2021** | |  |
| Cash |  | $ | 898 |  |  | $ | — |  |  | $ | — |  |  | $ | 898 |  |
| U.S. Treasury Securities |  |  | 234,617,120 |  |  |  | — |  |  |  | (9,623 | ) |  |  | 234,607,497 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | $ | 234,618,018 |  |  | $ | — |  |  | $ | (9,623 | ) |  | $ | 234,608,395 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***Warrants***

Under the guidance in ASC 815-40 the warrants do not meet the criteria for equity treatment. As such, the warrants must be recorded on the balance sheets at fair value. This valuation is subject to re-measurement at each balance sheet date. With each re-measurement, the warrant valuation will be adjusted to fair value, with the change in fair value recognized in the Company’s statement of operations.

On November 12, 2021, the Company’s Public Warrants began separately trading from the Class A common stock, included in the Company’s Units, on the New York Stock Exchange (the “NYSE”). The Company’s warrant liability for the Public Warrants is based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. The fair value of the Public Warrant liability is classified within Level 1 of the fair value hierarchy.

The terms and conditions of the Company’s Private Placement Warrants are substantially the same as the Company’s Public Warrants. As such, they are economically equivalent and the Company’s warrant liability for the Private Placement Warrants is based on the price of the Company’s Public Warrants. The fair value of the Private Placement Warrants liability is classified within Level 2 of the fair value hierarchy.

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**Note 7 — Commitments and Contingencies**

**Registration Rights**

The holders of the (i) founder shares, which were issued in a private placement prior to the closing of the Public Offering, (ii) Private Placement Warrants, which were issued in a private placement simultaneously with the closing of the Public Offering and the shares of Class A common stock underlying such Private Placement Warrants and (iii) Private Placement Warrants that may be issued upon conversion of Working Capital Loans will have registration rights to require the Company to register a sale of any of the Company’s securities held by them pursuant to a registration rights agreement signed on the effective date of the Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the Company’s completion of the initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

**Underwriters Agreement**

The underwriters were paid a cash underwriting discount of two percent (2%) of the gross proceeds of the Public Offering (including the exercise of the over-allotment option), or $4,600,000. Additionally, the underwriters will be entitled to a deferred underwriting discount of 3.5% or $8,050,000 of the gross proceeds of the Public Offering (including the exercise of the over-allotment option), held in the Trust Account upon the completion of the Company’s initial Business Combination subject to the terms of the underwriting agreement.

**Attorney Fees**

At March 31, 2022, the company has incurred $237,531 in attorney fees. These fees are contingent on the consummation of a Business Combination

**Note 8 — Stockholders’ Equity (Deficit)**

**Preferred Stock**

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share. As of March 31, 2022 and December 31, 2021, there were no shares of preferred stock issued or outstanding.

**Class A Common Stock**

The Company is authorized to issue 380,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one

vote

for each share. As of March 31, 2022 and December 31, 2021, there were no shares issued or outstanding excluding 23,000,000 shares of Class A common stock issued or outstanding that are subject to possible redemption.

**Class B Common Stock**

The Company is authorized to issue 20,000,000 shares of Class B common stock with a par value of $0.0001 per share. Holders of the Class B common stock are entitled to one vote for each share. As of March 31, 2022 and December 31, 2021, there were 5,750,000 shares of Class B common stock issued and outstanding.

The shares of Class B common stock will automatically convert into shares of Class A common stock concurrently with or immediately following the consummation of the initial Business Combination on a

one-for-one

basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations and the like, and subject to further adjustment as provided herein. In the case that additional shares of Class A common stock or equity-linked securities are issued or deemed issued in connection with the initial Business Combination, the number of shares of Class A common stock issuable upon conversion of all founder shares will equal, in the aggregate, on an

as-converted

basis, 20% of the total number of shares of Class A common stock outstanding after such conversion (after giving effect to any redemptions of shares of Class A common stock by public stockholders), including the total number of shares of Class A common stock issued, or deemed issued or issuable upon conversion or exercise of any equity-linked securities or rights issued or deemed issued, by the Company in connection with or in relation to the consummation of the initial Business Combination, excluding any shares of Class A common stock or equity-linked securities or rights exercisable for or convertible into shares of Class A common stock issued, or to be issued, to any seller in the initial Business Combination and any Private Placement Warrants issued to the Sponsor, executive officers or directors upon conversion of Working Capital Loans, provided that such conversion of founder shares will never occur on a less than

one-for-one

basis.

**Note 9 — Subsequent Events**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the date that the financial statements were available to be issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

References to the “Company,” “Direct Selling Acquisition Corp.,” “our,” “us” or “we” refer to Direct Selling Acquisition Corp. References to our “management” or our “management team” refer to our officers and directors. The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the unaudited interim condensed financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

**Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form

10-Q

includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other SEC filings.

**Overview**

We are a blank check company formed under the laws of the State of Delaware on March 9, 2021, for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar Business Combination with one or more businesses. We intend to effectuate our Business Combination using cash from the proceeds of the Public Offering and the sale of the Private Placement Warrants, our capital stock, debt or a combination of cash, stock and debt.

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We expect to continue to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to complete a Business Combination will be successful.

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**Liquidity and Capital Resources**

As of March 31, 2022, we had $709,748 in our operating bank account and working capital of $865,541.

In order to finance transaction costs in connection with a Business Combination or any extension of the deadline by which the Company must consummate its initial Business Combination or liquidate, the Sponsor or an affiliate of the Sponsor or certain of the Company’s officers and directors may, but are not obligated to, provide the Company Working Capital Loans. If the Company completes an initial Business Combination, the Company would repay such loaned amounts out of the proceeds of the Trust Account released to the Company. Otherwise, such loans would be repaid only out of funds held outside the Trust Account. In the event that the initial Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from the Trust Account would be used to repay such loaned amounts. Up to $1,500,000 of such loans may be convertible into warrants, at a price of $1.00 per warrant at the option of the lender. The warrants would be identical to the Private Placement Warrants, including as to exercise price, exercisability and exercise period. As of March 31, 2022, there were no amounts outstanding under any Working Capital Loans.

The Company will have only 15 months from the closing of the Public Offering (December 28, 2022) (or 18 months from the closing of the Public Offering if the Company extends the time to complete a Business Combination by depositing into the Trust Account for a three-month extension $2,300,000 ($0.10 per share)) or any extended period of time that the Company may have to consummate an initial Business Combination.

Based on the foregoing, management believes that the Company will have sufficient working capital and borrowing capacity to meet its needs through the earlier of the consummation of a Business Combination or one year from this filing. Over this time period, the Company will be using these funds for paying existing accounts payable, identifying and evaluating prospective initial Business Combination candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to merge with or acquire, and structuring, negotiating and consummating the Business Combination.

**Off-Balance Sheet Arrangements**

As of March 31, 2022, we did not have any off-balance sheet arrangements.

**Risks and Uncertainties**

Management is currently evaluating the impact of the

COVID-19

pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, results of its operations, and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Results of Operations**

As of March 31, 2022, we had not commenced any operations. All activity for the period from March 9, 2021 (inception) through March 31, 2022 relates to our formation and the Public Offering, and, since the closing of the Public Offering, a search for a Business Combination candidate. We have neither engaged in any operations nor generated any revenues to date. We will not generate any operating revenues until after the completion of our initial Business Combination, at the earliest. We will generate

non-operating

income in the form of interest income on cash and cash equivalents from the proceeds derived from the Public Offering. We expect to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended March 31, 2022, we had net income of $5,028,624, which consisted of $5,800,000 of a change in fair value of warrant liability, interest income earned on investments held in the Trust Account and the Company’s operating bank account amounting to $20,905, partially offset by operating costs amounting to $792,281.

For the period from March 9, 2021 (inception) to March 31, 2021, we had a net loss of $619, which consisted of formation costs.

**Contractual Obligations**

We do not have any long-term debt obligations, capital lease obligations, operating lease obligations, purchase obligations or long-term liabilities.

*Administrative Services Agreement*

Commencing on the date that our securities were first listed on the NYSE, we agreed to pay our Sponsor $10,000 per month for office space, utilities and secretarial and administrative support services. Upon the earlier of the completion of the initial Business Combination or our liquidation, we will cease paying such monthly fees. For the three months ended March 31, 2022, $30,000 was incurred for the administrative service fee.

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*Registration Rights*

The holders of the (i) founder shares, which were issued in a private placement prior to the closing of the Public Offering, (ii) Private Placement Warrants, which were issued in a private placement simultaneously with the closing of the Public Offering and the shares of Class A common stock underlying such Private Placement Warrants and (iii) Private Placement Warrants that may be issued upon conversion of Working Capital Loans will have registration rights to require the Company to register a sale of any of the Company’s securities held by them pursuant to a registration rights agreement signed on the effective date of the Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company registers such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the Company’s completion of the initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

*Underwriting Agreement*

The underwriters were paid a cash underwriting discount of two percent (2%) of the gross proceeds of the Public Offering (including the exercise of the over-allotment option), or $4,600,000. Additionally, the underwriters will be entitled to a deferred underwriting discount of 3.5% or $8,050,000 of the gross proceeds of the Public Offering (including the exercise of the over-allotment option), held in the Trust Account upon the completion of the Company’s initial Business Combination subject to the terms of the underwriting agreement.

**Critical Accounting Policies and Estimates**

*Class A Common Stock Subject to Possible Redemption*

We account for shares of Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Shares of Class A common stock subject to mandatory redemption (if any) is classified as liability instruments and are measured at fair value. Conditionally redeemable shares of Class A common stock (including shares of Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, shares of Class A common stock are classified as stockholders’ equity. The Company’s shares of Class A common stock feature certain redemption rights that are considered to be outside of the Company’s control and subject to the occurrence of uncertain future events. Accordingly, as of March 31, 2022 and December 31, 2021, 23,000,000 shares of Class A common stock subject to possible redemption are presented at redemption value as temporary equity, outside of the stockholders’ equity section of the Company’s condensed balance sheets.

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*Net Income (Loss) Per Share of Common Stock*

The Company has two classes of stock, which are referred to as Class A common stock and Class B common stock. Earnings and losses are shared pro rata between the two classes of stock. The 23,200,000 potential shares of common stock for which outstanding warrants to purchase the Company’s shares are exercisable were excluded from diluted earnings per share for the three months ended March 31, 2021, because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net loss per share of common stock is the same as basic net loss per share of common stock for the periods.

Our condensed statements of operations applies the

two-class

method in calculating net income (loss) per share. Basic and diluted net income (loss) per share of Class A common stock and Class B common stock is calculated by dividing net income (loss) attributable to the Company plus any deemed dividends by the weighted average number of shares of Class A common stock and Class B common stock outstanding, allocated proportionally to each class of common stock.

*Warrant Liability*

We evaluated the Public Warrants and Private Placement Warrants issued in the Public Offering in accordance with ASC

815-40,

“Derivatives and Hedging — Contracts in Entity’s Own Equity”, and concluded that a provision in the warrant agreement related to certain tender or exchange offers precludes the Public Warrants and Private Placement Warrants from being accounted for as components of equity. As the Public Warrants and Private Placement Warrants meet the definition of a derivative as contemplated in ASC 815, they are recorded as derivative liabilities on the balance sheets and measured at fair value at inception (on the date of the Public Offering) and at each reporting date in accordance with ASC 820, “Fair Value Measurement”, with changes in fair value recognized in the statements of operations in the period of change.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

We are a smaller reporting company as defined by Rule

12b-2

under the Exchange Act and are not required to provide the information otherwise required under this item.

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, is recorded, processed, summarized, and reported within the time period specified in the SEC’s rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management evaluated, with the participation of our chief executive officer and chief financial officer (our “Certifying Officers”), the effectiveness of our disclosure controls and procedures as of March 31, 2022, pursuant to Rule

13a-15(b)

under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of March 31, 2022, our disclosure controls and procedures were effective.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting (as such term is defined in Rules13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

**Item 1. Legal Proceedings.**

None.

**Item 1A. Risk Factors.**

Except as set forth below, as of the date of this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC on March 28, 2022. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

***Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, including our ability to negotiate and complete our initial Business Combination, and results of operations.***

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we are required to comply with SEC rules and regulations. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business, including our ability to negotiate and complete our initial Business Combination, and results of operations. In particular, on March 30, 2022, the SEC issued proposed rules relating to SPACs, which have, among other things, expanded disclosure requirements in business combination transactions and created uncertainty regarding the liability under the federal securities laws of various participants in SPAC transactions. These rules, if adopted, whether in the form proposed or in revised form, or the uncertainty caused by the rule proposal itself, may materially adversely affect our ability to engage financial and capital market advisors or negotiate and complete our initial Business Combination and may increase the costs and time related thereto.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On June 7, 2021, DSAC Partners LLC, our Sponsor, purchased an aggregate of 5,750,000 shares of our Class B common stock, in exchange for an aggregate capital contribution of $25,000 at an average purchase price of approximately $0.004 per share. Such securities were issued in connection with our organization pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. The number of founder shares outstanding was determined based on the expectation that the total size of this offering would be a maximum of 23,000,000 units if the underwriters’ over-allotment option is exercised in full and therefore that such founder shares would represent 20% of the outstanding shares after this offering.

DSAC Manager LLC is the manager of our Sponsor. Our Sponsor is an accredited investor for purposes of Rule 501 of Regulation D. Each of the equity holders in our Sponsor is an accredited investor under Rule 501 of Regulation D. The sole business of our Sponsor is to act as the company’s Sponsor in connection with the Public Offering. The limited liability company agreement of our Sponsor will provide that its membership interests may only be transferred to our officers or directors or other persons affiliated with our Sponsor, or in connection with estate planning transfers.

Simultaneously with the closing of the Public Offering, on September 28, 2021, we consummated the private placement (“Private Placement”) of 11,700,000 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of $1.00 per Private Placement Warrant to the Sponsor, generating proceeds of $11.7 million.

No underwriting discounts or commissions were paid with respect to such sales.

*Use of Proceeds*

On September 23, 2021, our registration statement on Form

S-l

(File

No. 333-258997)

was declared effective by the SEC, and on September 28, 2021 we consummated our Public Offering of 23,000,000 Units, including the issuance of 3,000,000 Units as a result of the underwriters’ full exercise of their over-allotment option, at an offering price to the public of $10.00 per Unit for an aggregate offering price of $230,000,000. Each Unit consisted of one share of Class A common stock and

one-half

of one redeemable warrant. Each whole warrant entitles the holder thereof to purchase one share of Class A common stock at a price of $11.50 per share.

A total of $234,600,000, comprised of $225,860,000 of the proceeds from the Public Offering (which amount includes the deferred underwriting fee of $8,050,000) and $8,740,000 of the proceeds of the sale of the Private Placement Warrants, was placed in the Trust Account maintained by Continental Stock Transfer & Trust Company, acting as trustee. In addition, the underwriters agreed to defer approximately $8,050,000 in underwriting discounts, which amount will be payable when and if a Business Combination is consummated. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates. There has been no material change in the planned use of the proceeds from the Public Offering and the sale of the Private Placement Warrants as described in our final prospectus dated September 23, 2021, which was filed with the SEC on September 27, 2021.

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**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits**

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form

10-Q.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Exhibit  Number |  | Description |
|  |  | |
| 31.1 |  | [Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.](d350086dex311.htm) |
|  |  | |
| 31.2 |  | [Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.](d350086dex312.htm) |
|  |  | |
| 32.1\* |  | [Certification of Principal Executive Officers pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.](d350086dex321.htm) |
|  |  | |
| 32.2\* |  | [Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.](d350086dex322.htm) |
|  |  | |
| 101.INS |  | Inline XBRL Instance Document. |
|  |  | |
| 101.SCH |  | Inline XBRL Taxonomy Extension Schema Document. |
|  |  | |
| 101.CAL |  | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
|  |  | |
| 101.DEF |  | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
|  |  | |
| 101.LAB |  | Inline XBRL Taxonomy Extension Label Linkbase Document. |
|  |  | |
| 101.PRE |  | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
|  |  | |
| 104 |  | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

|  |  |
| --- | --- |
| \* | These certifications are furnished to the SEC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing. |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  | **DIRECT SELLING ACQUISITION CORP.** | | |
|  |  | |  | | | |
| Date: May 13, 2022 |  |  |  | /s/ Dave Wentz | | |
|  |  |  |  | Dave Wentz | | |
|  |  |  |  | Chief Executive Officer | | |

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