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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended **September 30, 2023**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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**DIRECT SELLING ACQUISITION CORP.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-40831  
(Commission  
File Number)

86-3676785  
(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)

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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.W	OTC

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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, anon-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   
Non-accelerated filer

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 November 14, 2023, there were 5,595,494 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 September 30, 2023**

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

DIRECT SELLING ACQUISITION CORP.  
CONDENSED BALANCE SHEETS

	September 30, 2023 (Unaudited)	December 31, 2022
<b>Assets:</b>		
<b>Current assets:</b>		
Cash	\$ 859,286	\$ 1,151,319
Prepaid expenses	6,785	114,915
<b>Total current assets</b>	<b>866,071</b>	<b>1,266,234</b>
Investments held in Trust Account	61,439,377	239,365,794
<b>Total Assets</b>	<b>\$ 62,305,448</b>	<b>\$240,632,028</b>
<b>Liabilities, Redeemable Common Stock and Stockholders' Deficit</b>		
<b>Liabilities:</b>		
Franchise taxes payable	\$ 68,800	\$ 68,880
Federal income taxes payable	1,448,368	646,912
Due to related party	667	667
Promissory notes to related party	3,775,719	2,300,000
Excise tax payable	1,829,791	—
Accounts payable and accrued expenses	2,308,745	432,844
<b>Total current liabilities</b>	<b>9,432,090</b>	<b>3,449,303</b>
Warrant liability	464,000	928,000
Deferred underwriters' discount	8,050,000	8,050,000
<b>Total Liabilities</b>	<b>17,946,090</b>	<b>12,427,303</b>
<b>Commitments and Contingencies (Note 6)</b>		
Redeemable Class A common stock subject to possible redemption, 5,595,494 and 23,000,000 shares at redemption value at September 30, 2023 and December 31, 2022, respectively	60,926,032	239,285,445
<b>Stockholders' Deficit:</b>		
Preferred stock, \$0.0001 par value; 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 5,595,494 and 23,000,000 shares subject to redemption at September 30, 2023 and December 31, 2022, respectively)	—	—
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	(16,567,249)	(11,081,295)
<b>Total Stockholders' Deficit</b>	<b>(16,566,674)</b>	<b>(11,080,720)</b>
<b>Total Liabilities, Redeemable Common Stock and Stockholders' Deficit</b>	<b>\$ 62,305,448</b>	<b>\$240,632,028</b>

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

**DIRECT SELLING ACQUISITION CORP.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating costs	\$ 386,678	\$ 431,682	\$ 3,185,009	\$ 1,575,253
<b>Loss from operations</b>	<b>(386,678)</b>	<b>(431,682)</b>	<b>(3,185,009)</b>	<b>(1,575,253)</b>
Other income (expense):				
Bank interest income	12,957	1,303	34,306	1,521
Interest earned on investments held in Trust Account	775,008	1,058,397	3,932,692	1,396,280
Change in fair value of warrant liability	(232,000)	928,000	464,000	10,208,000
Total other income, net	555,965	1,987,700	4,430,998	11,605,801
Income before provision for income taxes	169,287	1,556,018	1,245,989	10,030,548
Provision for income taxes	(154,972)	(212,037)	(801,456)	(240,255)
<b>Net income</b>	<b>\$ 14,315</b>	<b>\$ 1,343,981</b>	<b>\$ 444,533</b>	<b>\$ 9,790,293</b>
Weighted average shares outstanding of Class A common stock	5,595,494	23,000,000	10,759,468	23,000,000
<b>Basic and diluted net (loss) income per share, Class A common stock</b>	<b>\$ (0.09)</b>	<b>\$ 0.02</b>	<b>\$ (0.22)</b>	<b>\$ 0.31</b>
Weighted average shares outstanding of Class B common stock	5,750,000	5,750,000	5,750,000	5,750,000
<b>Basic and diluted net (loss) income per share, Class B common stock</b>	<b>\$ (0.09)</b>	<b>\$ 0.02</b>	<b>\$ (0.22)</b>	<b>\$ 0.31</b>

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

**DIRECT SELLING ACQUISITION CORP.**  
**CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(UNAUDITED)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**

	Class B common stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Stockholders'
			Capital		Deficit
<b>Balance as of December 31, 2022</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$(11,081,295)</b>	<b>\$(11,080,720)</b>
Accretion of carrying value to redemption value	—	—	—	(2,374,093)	(2,374,093)
Net income	—	—	—	562,788	562,788
<b>Balance as of March 31, 2023 (unaudited)</b>	<b>5,750,000</b>	<b>575</b>	<b>—</b>	<b>(12,892,600)</b>	<b>(12,892,025)</b>
Accretion of carrying value to redemption value	—	—	—	(676,567)	(676,567)
Net loss	—	—	—	(132,570)	(132,570)
<b>Balance as of June 30, 2023 (unaudited)</b>	<b>5,750,000</b>	<b>575</b>	<b>—</b>	<b>(13,701,737)</b>	<b>(13,701,162)</b>
Accretion of carrying value to redemption value	—	—	—	(1,050,036)	(1,050,036)
Excise tax payable attributable to redemption of common stock	—	—	—	1,829,791	1,829,791
Net income	—	—	—	14,315	14,315
<b>Balance as of September 30, 2023 (unaudited)</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$(16,567,249)</b>	<b>\$(16,566,674)</b>

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

	Class B common stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Stockholders'
			Capital		Deficit
<b>Balance as of December 31, 2021</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$(17,974,760)</b>	<b>\$(17,974,185)</b>
Net income	—	—	—	5,028,624	5,028,624
<b>Balance as of March 31, 2022 (unaudited)</b>	<b>5,750,000</b>	<b>575</b>	<b>—</b>	<b>(12,946,136)</b>	<b>(12,945,561)</b>
Accretion of carrying value to redemption value	—	—	—	(63,680)	(63,680)
Net income	—	—	—	3,417,688	3,417,688
<b>Balance as of June 30, 2022 (unaudited)</b>	<b>5,750,000</b>	<b>575</b>	<b>—</b>	<b>(9,592,128)</b>	<b>(9,591,553)</b>
Accretion of carrying value to redemption value	—	—	—	(796,360)	(796,360)
Net income	—	—	—	1,343,981	1,343,981
<b>Balance as of September 30, 2022 (unaudited)</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$(9,044,507)</b>	<b>\$(9,043,932)</b>

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

**DIRECT SELLING ACQUISITION CORP.  
CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

	For the nine months ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income	\$ 444,533	\$ 9,790,293
Adjustments to reconcile net income to net cash used in operating activities:		
Change in fair value of warrant liability	(464,000)	(10,208,000)
Interest earned on investments held in Trust Account	(3,932,692)	(1,396,280)
Changes in current assets and liabilities:		
Prepaid assets	108,130	526,253
Other liabilities	—	395,829
Due to related party	—	30,000
Taxes payable	801,376	232,008
Accrued offering costs and expenses	1,875,901	14,750
<b>Net cash used in operating activities</b>	<b>(1,166,752)</b>	<b>(615,147)</b>
<b>Cash flows from investing activities:</b>		
Withdraw from Trust Account to pay taxes	519,000	294,568
Withdraw from Trust Account for redemptions of stock	182,460,109	—
Funding of Trust Account	(1,120,000)	—
<b>Net cash provided by investing activities</b>	<b>181,859,109</b>	<b>294,568</b>
<b>Cash flows from financing activities:</b>		
Redemption of Class A common stock subject to possible redemption	(182,460,109)	—
Proceeds from issuance of promissory note to related party	1,475,719	—
<b>Net cash used in financing activities</b>	<b>(180,984,390)</b>	<b>—</b>
<b>Net change in cash</b>	<b>(292,033)</b>	<b>(320,579)</b>
Cash, beginning of the period	1,151,319	1,041,948
<b>Cash, end of the period</b>	<b>\$ 859,286</b>	<b>\$ 721,369</b>
<b>Supplemental disclosure of non-cash financing activities:</b>		
Accretion of carrying value to redemption value	\$ 4,100,696	\$ 860,040
Excise tax payable attributable to redemption of common stock	\$ 1,829,791	\$ —

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

**DIRECT SELLING ACQUISITION CORP.**  
**NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**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 September 30, 2023, the Company had not commenced operations. All activity for the period from March 9, 2021 (inception) through September 30, 2023 relates to the Company’s formation and the initial public offering (the “Public Offering”). 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’s Sponsor is DSAC Partners LLC, a Delaware limited liability company (the “Sponsor”). On September 28, 2021, the Company consummated its Public Offering of 23,000,000 units (the “Units” and with respect to the Class A common stock included in the Units sold, the “Public Shares”). 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.

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 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 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 by the Termination Date, 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 by the Termination Date 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.

With the December 28, 2022 deposit into the Trust Account for a three-month extension of \$2,300,000 (\$0.10 per share), the Company had 18 months (or March 28, 2023) from the closing of the Public Offering, 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.

On March 17, 2023, the Company announced that it entered into a non-binding letter of intent ("LOI") for a potential business combination with a private company in the urban mobility sector. No assurances can be made that the Company will successfully negotiate and enter into a definitive agreement for a business combination or that the Company will be successful in completing the business combination. On March 24, 2023 the Company's stockholders voted to amend the Company's Charter to extend the date (the "Termination Date") by which the Company has to consummate a Business Combination (the "Charter Extension") from March 28, 2023 (the "Original Termination Date") to June 28, 2023 (the "Charter Extension Date") and to allow the Company, without another stockholder vote, to elect to extend the Termination Date to consummate a Business Combination on a monthly basis up to nine times by an additional one month each time after the Charter Extension Date, by resolution of the Company's board of directors (the "Board"), if requested by the Sponsor, and upon five days' advance notice prior to the applicable Termination Date, until March 28, 2024 (each, an "Additional Charter Extension Date") or a total of up to twelve months after the Original Termination Date, unless the closing of a Business Combination shall have occurred prior thereto (the "Extension Amendment Proposal"). For each monthly extension of the Charter Extension Date the Company will deposit \$160,000 into the Trust Account.

In connection with the Company's stockholders' vote on March 24, 2023, the holders of 17,404,506 Class A common stock of the Company properly exercised their right to redeem their shares for an aggregate price of approximately \$10.48 per share, for an aggregate redemption amount of \$182,460,109. After the satisfaction of such redemptions, the balance in the Company's trust account was approximately \$58,660,352 (including interest not previously released to the Company but net of expected franchise and income taxes payable). For the nine months ended September 30, 2023, \$1,120,000 has been deposited in the Trust Account to extend the Termination Date to October 28, 2023. On October 27, 2023, \$160,000 was deposited in the Trust Account to extend the Termination Date to November 28, 2023.

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.

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**

### ***Inflation Reduction Act of 2022***

On August 16, 2022, the Inflation Reduction Act of 2022 (the “IR Act”) was signed into law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases (including redemptions and economically similar transactions) of stock by publicly traded U.S. corporations on or after January 1, 2023. Because we are a Delaware corporation and our securities are trading on the New York Stock Exchange, we are a “covered corporation” within the meaning of the IR Act. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased (although it may reduce the amount of cash distributable in a current or subsequent redemption). The amount of the excise tax is generally 1% of the fair market value of the shares repurchased, determined at the time of the repurchase. Corporations are permitted to net the fair market value of certain new stock issuances by such corporation against the fair market value of stock repurchases (or deemed repurchases) during the same taxable year to reduce or eliminate the amount of excise tax that would otherwise apply. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the “Treasury”) has authority to provide regulations and other guidance to carry out, and prevent the abuse or avoidance of, the excise tax.

Whether and to what extent we would be subject to the excise tax will depend on a number of factors, including (i) whether the redemption is treated as a repurchase of stock for purposes of the excise tax, (ii) the fair market value of the redemptions treated as repurchases in connection with a Business Combination, (iii) the structure of a Business Combination and whether any such transaction closes, (iv) the nature and amount of any private investment in public equity (“PIPE”) or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a Business Combination), (v) whether we consummate a Business Combination, and (vi) the content of regulations and other guidance issued by the Treasury. It is possible that the Company will be subject to the excise tax with respect to any subsequent redemptions, including redemptions in connection with a Business Combination, that are treated as repurchases for this purpose (other than, pursuant to recently issued guidance from the Treasury, redemptions in complete liquidation of the Company). As mentioned, the excise tax is imposed on the repurchasing corporation itself, not the stockholders from which stock is repurchased. The imposition of the excise tax (including as a result of holders of public shares electing to exercise their redemption rights in connection with a Business Combination) could, however, reduce the amount of cash available to the Company to pay redemptions (or the cash contribution to the target business in connection with a Business combination, which could hinder the Company’s ability to complete a Business Combination or cause the other shareholders of the combined company to economically bear the impact of such excise tax). At the time of the redemptions, management believed the company would consummate a Business Combination by December 31, 2023, thus negating much, if not all, of the potential excise tax liability related to the redemptions of the Company’s common stock in March 2023. At September 30, 2023, the parties to the LOI are actively working through the LOI and the Company’s management believes there is uncertainty that a Business Combination will be consummated as of December 31, 2023. Based on this change in the outlook for the Company, an excise tax liability was recognized. Any reduction in the tax liability due to a subsequent stock issuance, or an event giving rise to an exception, that occurs within a tax year should be recorded in the period of such stock issuance or event giving rise to an exception. For the nine months ended September 30, 2023 and 2022, the Company has recognized \$1,829,791 and \$0, respectively, in excise tax payable related to share redemptions. In accordance with ASC 340-10-S99-1, the liability does not impact the condensed statements of operations and is offset against accumulated deficit because additional paid-in capital is not available.

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### **Liquidity and Capital Resources**

As of September 30, 2023, the Company had \$859,286 in its operating bank account and a working capital deficit of \$8,566,019.

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"). The Company has entered into promissory notes ("Promissory Notes") with the Sponsor for a total of \$3,775,719. These Notes bear no interest and are due upon liquidation or consummation of an initial Business Combination. 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.

As of the date of this filing, the Company has until November 28, 2023, unless otherwise extended pursuant to the Charter and with a monthly additional deposit of \$160,000 to the Trust Account, to consummate an initial Business Combination.

It is uncertain that the Company will be able to consummate an initial Business Combination within 12 months from the issuance date of these financial statements or obtain additional working capital loans from the Sponsor. If an initial Business Combination is not consummated by the required date, there will be a mandatory liquidation and subsequent dissolution. In the event of a dissolution, we anticipate a shortfall of liquidity. Our anticipated shortfall of sufficient liquidity to meet our current and future estimated financial obligations raises substantial doubt about our ability to continue as a going concern for a period of time within one year after the date that the accompanying financial statements are issued. We plan to address this uncertainty through working capital loans and through consummation of our initial Business Combination. There is no assurance that working capital loans will be available to us or that our plans to consummate an initial Business Combination will be successful.

### **Proxy Meeting**

On March 24, 2023, the Company held an Extension Meeting to, in part, amend its charter to extend its Termination Date from March 28, 2023 (the "Original Termination Date") to June 28, 2023 (the "Charter Extension Date") and to allow the Company, without another stockholder vote, to elect to extend the Termination Date to consummate a Business Combination on a monthly basis up to nine times by an additional one month each time after the Charter Extension Date, by resolution of our board of directors (the "Board"), if requested by the Sponsor, and upon five days' advance notice prior to the applicable Termination Date, until March 28, 2024 (each, an "Additional Charter Extension Date") or a total of up to twelve months after the Original Termination Date, unless the closing of a Business Combination shall have occurred prior thereto (the "Extension Amendment Proposal"). For each monthly extension of the Charter Extension Date the Company will deposit \$160,000 into the Trust Account. In connection with that vote, the holders of 17,404,506 Class A common stock of the Company properly exercised their right to redeem their shares for an aggregate price of approximately \$0.48 per share, for an aggregate redemption amount of \$182,460,109. After the satisfaction of such redemptions, the balance in the Company's trust account was approximately \$58,660,352 (including interest not previously released to the Company but net of expected franchise and income taxes payable). As of the filing of this Form 10-Q, the Company has deposited funds into the Trust Account such that the Termination Date is November 28, 2023.

## **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 and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected through December 31, 2023, 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 31, 2023.

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**Use of Estimates**

The preparation of the condensed 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 \$859,286 and \$1,151,319 in cash and did not have any cash equivalents as of September 30, 2023 or December 31, 2022.

**Investments Held in Trust Account**

At September 30, 2023 and December 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).

**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 September 30, 2023 and December 31, 2022, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

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

As discussed in Note 3, all of the Class A common stock 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 ASC480-10-S99, 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 September 30, 2023 and December 31, 2022, 5,595,494 and 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, respectively.

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 (\$10.89 and \$10.40 per share at September 30, 2023 and December 31, 2022, respectively) 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.

**Net (Loss) Income 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 and nine months ended September 30, 2023 and 2022, because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net (loss) income per common stock is the same as basic net (loss) income 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) income per common stock for each class of common stock.

	For the three months ended	
	September 30,	
	2023	2022
Net income	\$ 14,315	\$1,343,981
Accretion of temporary equity to redemption value	(1,050,036)	(796,360)
Net (loss) income including accretion of temporary equity to redemption value	\$(1,035,721)	\$ 547,621

	For the nine months ended	
	September 30,	
	2023	2022
Net income	\$ 444,533	\$9,790,293
Accretion of temporary equity to redemption value	(4,100,696)	(860,040)
Net (loss) income including accretion of temporary equity to redemption value	\$(3,656,163)	\$8,930,253

	For the Three Months Ended September 30,			
	2023		2022	
	Class A	Class B	Class A	Class B
<i>Basic and diluted net (loss) income per share of common stock:</i>				
Numerator:				
Allocation of net (loss) income	\$ (510,808)	\$ (524,913)	\$ 438,097	\$ 109,524
Denominator:				
Weighted-average shares outstanding	5,595,494	5,750,000	23,000,000	5,750,000
Basic and diluted net (loss) income per common stock	\$ (0.09)	\$ (0.09)	\$ 0.02	\$ 0.02

	For the Nine Months Ended September 30,			
	2023		2022	
	Class A	Class B	Class A	Class B
<i>Basic and diluted net (loss) income per share of common stock:</i>				
Numerator:				
Allocation of net (loss) income	\$ (2,382,776)	\$ (1,273,387)	\$ 7,144,202	\$ 1,786,051
Denominator:				
Weighted-average shares outstanding	10,759,468	5,750,000	23,000,000	5,750,000
Basic and diluted net (loss) income per common stock	\$ (0.22)	\$ (0.22)	\$ 0.31	\$ 0.31

### **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 Measurements and Disclosures," approximates the carrying amounts represented in the balance sheets, primarily due to their short-term nature. As of September 30, 2023 and December 31, 2022, 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. The Company has determined its public warrants, Private Placement Warrants, and Working Capital Loans Conversion Option are derivative instruments.

### **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 September 30, 2023 and December 31, 2022, the Company recognized a warrant liability of \$464,000 and \$928,000, 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.

### **Working Capital Loan Conversion Option**

One of the Company's Promissory Notes was entered into on December 28, 2022, whereby the Sponsor agreed to loan the Company \$2,300,000 in connection with the extension of the date by which the Company has to consummate a Business Combination from December 28, 2022, to March 28, 2023. At the option of the Sponsor, up to \$1,500,000 of the Convertible Note may be converted into warrants of the Company at a price of \$1.00 per warrant (1,500,000 warrants) with each Warrant exercisable for one share of Class A common stock, \$0.0001 par value per share ("Convertible Note" or "Working Capital Loan"). The warrants would be identical to the Private Placement Warrants, including as to exercise price, exercisability and exercise period. As of September 30, 2023 and December 31, 2022, there was \$2,300,000 outstanding under the Working Capital Loans. This amount is reported on the balance sheet as promissory notes to related party. The Working Capital Loan Conversion Option qualifies as an embedded derivative under ASC 815 and is required to be reported at fair value. As of September 30, 2023 and December 31, 2022, the value of the Working Capital Loan Conversion Option was \$0.

## **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 740-270-25-2 requires that an annual effective tax rate be determined and such annual effective rate applied to year to date income in interim periods under ASC 740-270-30-5. As of September 30, 2023 and December 31, 2022, the Company's deferred tax asset had a full valuation allowance recorded against it. The Company's effective tax rate was 91.54% and 64.32% for the three and nine months ended September 30, 2023, respectively, and 16.67% and 2.47% for the three and nine months ended September 30, 2022, respectively. The effective tax rate differs from the statutory tax rate of 21% for the three and nine months ended September 30, 2023 and 2022, due to the valuation allowance on the deferred tax assets and the change in the fair value of the warrant liabilities.

While ASC 740 identifies usage of an effective annual tax rate for purposes of an interim provision, it does allow for estimating individual elements in the current period if they are significant, unusual or infrequent. Computing the effective tax rate for the Company is complicated due to the potential impact of the Company's change in fair value of warrants (or any other change in fair value of a complex financial instrument), the timing of any potential Business Combination expenses and the actual interest income that will be recognized during the year. The Company has taken a position as to the calculation of income tax expense in a current period based on ASC 740-270-25-3 which states, "If an entity is unable to estimate a part of its ordinary income (or loss) or the related tax (benefit) but is otherwise able to make a reasonable estimate, the tax (or benefit) applicable to the item that cannot be estimated shall be reported in the interim period in which the item is reported." The Company believes its calculation to be a reliable estimate and allows it to properly take into account the usual elements that can impact its annualized book income and its impact on the effective tax rate. As such, the Company is computing its taxable income (loss) and associated income tax provision based on actual results through September 30, 2023.

The Company is taking the position that the deferred tax asset related to the unutilized net operating loss ("NOL") should still be fully reserved. While interest rates have increased, the actual amount of interest income for tax purposes may differ significantly due to the timing of treasuries purchased, whether the Company invests in treasuries or potential unrealized interest income based on maturity. Additionally, the NOL utilization is limited to 80% so the approach and estimate used in the interim period is conservative in nature while reviewing the pertinent facts unique to the Company's income tax situation.

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 September 30, 2023 and December 31, 2022. 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.

## **Recent Accounting Standards**

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 condensed financial statements.



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### Note 3 — Common Stock Subject to Redemption

All of the Class A common stock 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.

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. The change in the carrying value of redeemable common stock resulted in charges against additional paid-in capital and accumulated deficit.

As of September 30, 2023 and December 31, 2022, the Class A common stock reflected on the balance sheets are reconciled in the following table:

<b>Contingently redeemable common stock at January 1, 2022</b>	<b>\$ 234,600,000</b>
Plus:	
Accretion to redemption value from earnings	2,385,445
Accretion to redemption value from additional funding	<u>2,300,000</u>
<b>Contingently redeemable common stock at December 31, 2022</b>	<b>239,285,445</b>
Less:	
Redemptions	(182,460,109)
Plus:	
Accretion of carrying value to redemption value	2,980,696
Accretion to redemption value from additional funding	<u>1,120,000</u>
<b>Contingently redeemable common stock at September 30, 2023</b>	<b><u>\$ 60,926,032</u></b>

### 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 below under "Redemption of Public 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.



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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 such Public Warrant. 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 Public 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.

#### **Note 4 — 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 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**

In May 2023 the Company formalized a promissory note with the Sponsor. As of September 30, 2023, the Company had borrowed \$475,719 under the promissory note ("Note"). The Note does not bear interest and matures upon closing of the Company's Business Combination. In the event that the Company does not complete a Business Combination, the Note will be repaid only from funds held outside of the Trust Account established in connection with the Company's IPO, or will be forfeited, eliminated or otherwise forgiven. The Note is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the Note and all other sums payable with regard to the Note becoming immediately due and payable.

##### **Working Capital Loans**

On December 28, 2022, the Company issued the Convertible Note in the principal amount of \$2,300,000 to the Company's Sponsor in connection with the extension of the date by which the Company has to consummate a Business Combination from December 28, 2022, to March 28, 2023. The Convertible Note is non-interest bearing, unsecured and due at the time of an initial Business Combination. If a Business Combination is not completed, the Company may not use funds in the Trust Account to repay the Convertible Note. Additionally, upon consummation of a Business Combination, up to \$1,500,000 of the Convertible Note may be converted into warrants of the Company at a price of \$1.00 per warrant with each Warrant exercisable for one share of Class A common stock, \$0.0001 par value per share. The warrants shall be identical to the Private Placement Warrants issued to the Sponsor at the time of the Company's IPO. As of September 30, 2023 and December 31, 2022, there is \$2,300,000 outstanding under the Convertible Note.

##### **Administrative Service Fee**

The Company has entered into an administrative services agreement pursuant to which the Company will pay of the Sponsor a total of \$0,000 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 and nine months ended September 30, 2023, the Company incurred and accrued \$30,000 and \$90,000 in administrative service fees, respectively, of which were included in due to related party. For the three and nine months ended September 30, 2022, the Company incurred and accrued \$30,000 and \$90,000 in administrative service fees, respectively, of which were included in due to related party.

#### **Note 5 — Recurring Fair Value Measurements**

##### **Investment Held in Trust Account**

At September 30, 2023 and December 31, 2022, investments held in the Trust Account were held in a money market fund that invests in U.S. government treasury securities. The Company reports this fund at fair market value.

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### **Warrants**

Under the guidance in ASC815-40 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 statements of operations.

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.

At September 30, 2023 and December 31, 2022, 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 at September 30, 2023 and December 31, 2022.

### **Working Capital Loan Conversion Option**

The Company's Convertible Promissory Note contains an embedded option whereby up to \$,500,000 of the Convertible Note may be converted into the Company's warrants. The embedded Working Capital Loan Conversion Option is accounted for as a liability in accordance with ACS815-40 on the balance sheet and is measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value in the statement of operations. Valuation of the Working Capital Loan Conversion Option was derived from the valuation of the underlying Private Placement Warrants and is classified as a level 3 valuation.

The following tables presents fair value information as of September 30, 2023 and December 31, 2022 of the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value.

	September 30, 2023		
	Level 1	Level 2	Level 3
<b>Assets:</b>			
Investments held in Trust Account	\$ 61,439,377	\$ —	\$ —
<b>Liabilities:</b>			
Working Capital Loan Conversion Option	\$ —	\$ —	\$ —
Public Warrants	230,000	—	—
Private Placement Warrants	—	234,000	—
	<u>\$ 230,000</u>	<u>\$234,000</u>	<u>\$ —</u>
	December 31, 2022		
	Level 1	Level 2	Level 3
<b>Assets:</b>			
Investments held in Trust Account	\$239,365,794	\$ —	\$ —
<b>Liabilities:</b>			
Working Capital Loan Conversion Option	\$ —	\$ —	\$ —
Public Warrants	460,000	—	—
Private Placement Warrants	—	468,000	—
	<u>\$ 460,000</u>	<u>\$468,000</u>	<u>\$ —</u>

**Note 6 — 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 are entitled to a deferred underwriting discount of 3.5% or \$8,050,000 of the gross proceeds of the Public Offering 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 September 30, 2023 and December 31, 2022, the company owes \$100,000 and \$400,000, respectively, in attorney fees reported in accounts payable and accrued expenses on the condensed balance sheet. These fees are contingent on the consummation of a Business Combination.

**Note 7 — Stockholders' 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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022, there were no shares issued or outstanding excluding 5,595,494 and 23,000,000 shares of Class A common stock issued or outstanding that are subject to possible redemption, respectively.

**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 September 30, 2023 and December 31, 2022, 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 8 — 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, other than noted below.

On October 27, 2023, \$160,000 was deposited in the Trust Account to extend the Termination Date to November 28, 2023.

## **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.

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.

On March 24, 2023 our stockholders voted to amend our amended and restated certificate of incorporation (the “Charter”) to extend the date (the “Termination Date”) by which we have to consummate a Business Combination (the “Charter Extension”) from March 28, 2023 (the “Original Termination Date”) to June 28, 2023 (the “Charter Extension Date”) and to allow the Company, without another stockholder vote, to elect to extend the Termination Date to consummate a Business Combination on a monthly basis up to nine times by an additional one month each time after the Charter Extension Date, by resolution of our board of directors (the “Board”), if requested by the Sponsor, and upon five days’ advance notice prior to the applicable Termination Date, until March 28, 2024 (each, an “Additional Charter Extension Date”) or a total of up to twelve months after the Original Termination Date, unless the closing of a Business Combination shall have occurred prior thereto (the “Extension Amendment Proposal”). For each monthly extension of the Charter Extension Date we will deposit \$160,000 into the Trust Account. For the nine months ended September 30, 2023, \$1,120,000 was deposited in the Trust Account to extend the Termination Date to October 28, 2023. On October 27, 2023, \$160,000 was deposited in the Trust Account to extend the Termination Date to November 28, 2023.

In connection with the vote of our stockholders on March 24, 2023 to extend our Termination Date, the holders of 17,404,506 Class A common stock of the Company properly exercised their right to redeem their shares for an aggregate price of approximately \$10.48 per share, for an aggregate redemption amount of \$182,460,110. After the satisfaction of such redemptions, the balance in our trust account was \$58,660,352 (including interest not previously released to the Company but net of expected franchise and income taxes payable).

### **Liquidity and Capital Resources**

As of September 30, 2023, we had \$859,286 in our operating bank account and working capital deficit of \$8,566,019.

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. The Company has entered into promissory notes (“Promissory Notes”) with the Sponsor for a total of \$3,775,719. These Notes bear no interest and are due upon liquidation or consummation of an initial Business Combination. 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.

It is uncertain that we will be able to consummate an initial business combination within 12 months from the issuance date of these financial statements or obtain additional loans from the Sponsor. If an initial Business Combination is not consummated by the required date of August 28, 2023, there will be a mandatory liquidation and subsequent dissolution. In the event of a dissolution, we anticipate a shortfall of liquidity. Our anticipated shortfall of sufficient liquidity to meet our current and future estimated financial obligations raises substantial doubt about our ability to continue as a going concern for a period of time within one year after the date that the accompanying financial statements are issued. We plan to address this uncertainty through loans and through consummation of our initial Business Combination. There is no assurance that loans will be available to us or that our plans to consummate an initial Business Combination will be successful.

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### **Off-Balance Sheet Arrangements**

As of September 30, 2023, we did not have any off-balance sheet arrangements.

### **Risks and Uncertainties**

Various social and political circumstances in the U.S. and around the world (including wars and other forms of conflict, rising trade tensions between the United States and China, and other uncertainties regarding actual and potential shifts in the U.S. and foreign trade, economic and other policies with other countries, terrorist acts, security operations and catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and global health epidemics), may also contribute to increased market volatility and economic uncertainties or deterioration in the U.S. and worldwide. Specifically, the conflict between Russia and Ukraine and resulting market volatility could adversely affect the Company's ability to complete a Business Combination. In response to the conflict between Russia and Ukraine, the U.S. and other countries have imposed sanctions or other restrictive actions against Russia. Any of the above factors, including sanctions, export controls, tariffs, trade wars and other governmental actions, could have a material adverse effect on the Company's ability to complete a Business Combination and the value of the Company's securities.

In addition, we depend on a variety of U.S. and multi-national financial institutions to provide us with banking services. The default or failure of one or more of the financial institutions that we rely on may adversely affect our business and financial condition, including our ability to successfully consummate a Business Combination.

We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of the failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our liquidity, business and financial condition.

### ***Inflation Reduction Act of 2022***

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases (including redemptions and economically similar transactions) of stock by publicly traded U.S. corporations on or after January 1, 2023. Because we are a Delaware corporation and our securities are trading on the New York Stock Exchange, we are a "covered corporation" within the meaning of the IR Act. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased (although it may reduce the amount of cash distributable in a current or subsequent redemption). The amount of the excise tax is generally 1% of the fair market value of the shares repurchased, determined at the time of the repurchase. Corporations are permitted to net the fair market value of certain new stock issuances by such corporation against the fair market value of stock repurchases (or deemed repurchases) during the same taxable year to reduce or eliminate the amount of excise tax that would otherwise apply. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the "Treasury") has authority to provide regulations and other guidance to carry out, and prevent the abuse or avoidance of, the excise tax.

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Whether and to what extent we would be subject to the excise tax will depend on a number of factors, including (i) whether the redemption is treated as a repurchase of stock for purposes of the excise tax, (ii) the fair market value of the redemptions treated as repurchases in connection with a Business Combination, (iii) the structure of a Business Combination and whether any such transaction closes, (iv) the nature and amount of any private investment in public equity (“PIPE”) or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a Business Combination), (v) whether we consummate a Business Combination, and (vi) the content of regulations and other guidance issued by the Treasury. It is possible that the Company will be subject to the excise tax with respect to any subsequent redemptions, including redemptions in connection with a Business Combination, that are treated as repurchases for this purpose (other than, pursuant to recently issued guidance from the Treasury, redemptions in complete liquidation of the Company). As mentioned, the excise tax is imposed on the repurchasing corporation itself, not the stockholders from which stock is repurchased. The imposition of the excise tax (including as a result of holders of public shares electing to exercise their redemption rights in connection with a Business Combination) could, however, reduce the amount of cash available to the Company to pay redemptions (or the cash contribution to the target business in connection with a Business combination, which could hinder the Company’s ability to complete a Business Combination or cause the other shareholders of the combined company to economically bear the impact of such excise tax). At the time of the redemptions, management believed the company would consummate a Business Combination by December 31, 2023, thus negating much, if not all, of the potential excise tax liability related to the redemptions of the Company’s common stock in March 2023. At September 30, 2023, the parties to the LOI are actively working through the LOI and the Company’s management believes there is uncertainty that a Business Combination will be consummated as of December 31, 2023. Based on this change in the outlook for the Company, an excise tax liability was recognized. Any reduction in the tax liability due to a subsequent stock issuance, or an event giving rise to an exception, that occurs within a tax year should be recorded in the period of such stock issuance or event giving rise to an exception. For the nine months ended September 30, 2023 and 2022, the Company has recognized \$1,829,791 and \$0, respectively, in excise tax payable related to share redemptions. In accordance with ASC 340-10-S99-1, the liability does not impact the condensed statements of operations and is offset against accumulated deficit because additional paid-in capital is not available.

### **Results of Operations**

As of September 30, 2023, we had not commenced any operations. All activity for the period from March 9, 2021 (inception) through September 30, 2023 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 September 30, 2023, we had net income of \$14,315, which consisted of, interest income earned on investments held in the Trust Account of \$775,008 and the Company’s operating bank interest income of \$12,957, partially offset by operating costs amounting to \$386,678, provision for income tax of \$154,972 and \$232,000 of a change in fair value of warrant liability.

For the three months ended September 30, 2022, we had net income of \$1,343,981, which consisted of \$928,000 of a change in fair value of warrant liability, interest income earned on investments held in the Trust Account of \$1,058,397 and the Company’s operating bank interest income of \$1,303, partially offset by operating costs amounting to \$431,682 and provision for income tax of \$212,037.

For the nine months ended September 30, 2023, we had net income of \$444,533, which consisted of interest income earned on investments held in the Trust Account of \$3,932,692 and the Company’s operating bank interest income of \$34,306, and \$464,000 of a change in fair value of warrant liability, partially offset by operating costs amounting to \$3,185,009 and provision for income tax of \$801,456.

For the nine months ended September 30, 2022, we had net income of \$9,790,293, which consisted of \$10,208,000 of a change in fair value of warrant liability, interest income earned on investments held in the Trust Account of \$1,396,280 and the Company’s operating bank interest income of \$1,521, partially offset by operating costs amounting to \$1,575,253 and provision for income tax of \$240,255.

### **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**

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 and nine months ended September 30, 2023, \$30,000 and \$90,000 was incurred for the administrative service fee, respectively. For the three and nine months ended September 30, 2022, \$30,000 and \$90,000 was incurred for the administrative service fee, respectively.

### **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.

### **Underwriting Agreement**

The underwriters are entitled to a deferred underwriting discount of 3.5% or \$8,050,000 of the gross proceeds of the Public Offering 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**

We describe our significant accounting policies in Note 2—Significant Accounting Policies, of the Notes to Financial Statements included in this report. Our audited financial statements have been prepared in accordance with GAAP. Certain of our accounting policies require that the Company’s management apply significant judgments in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, the Company’s

management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. Judgments are based on historical experience, terms of existing contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and, therefore, actual results could differ from our estimates.



**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 September 30, 2023, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of September 30, 2023, 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 Rules 13a-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.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings.**

None.

**Item 1A. Risk Factors.**

As of the date of this Quarterly Report, 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 31, 2023. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

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

None

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

None.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**Item 5. Other Information.**

None.

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### Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form10-Q.

Exhibit Number	Description
31.1	<a href="#"><u>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.</u></a>
31.2	<a href="#"><u>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.</u></a>
32.1*	<a href="#"><u>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.</u></a>
32.2*	<a href="#"><u>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.</u></a>
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.

**PART III. 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.

Date: November 14, 2023

**DIRECT SELLING ACQUISITION CORP.**

/s/ Dave Wentz

Dave Wentz  
Chief Executive Officer

**CERTIFICATION**  
**PURSUANT TO RULES 13A-14(A) AND 15D-14(A)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dave Wentz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Direct Selling Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: /s/ Dave Wentz  
Dave Wentz  
Chief Executive Officer  
(Principal Executive Officer)



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Direct Selling Acquisition Corp. (the "Company") on Form10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dave Wentz, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2023

By: /s/ Dave Wentz  
Name: Dave Wentz  
Title: Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Direct Selling Acquisition Corp. (the "Company") on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mike Lohner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2023

By: /s/ Mike Lohner

Name: Mike Lohner

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)