

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

FORM 10-Q

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

For the quarterly period ended March 31, 2022

OR

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

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

**ST Energy Transition I Ltd.**  
(Exact name of registrant as specified in its charter)

<u>Bermuda</u> (State or other jurisdiction of incorporation or organization)	<u>001-41119</u> (Commission File Number)	<u>N/A</u> (IRS Employer Identification No.)
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<u>Par-la-Ville Place, 4<sup>th</sup> Floor</u> <u>14 Par-la-Ville Road</u> <u>Hamilton, Bermuda</u> (Address Of Principal Executive Offices)	<u>HM08</u> (Zip Code)
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+1 (441) 295-6935

Registrant's telephone number, including area code

Not Applicable

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
SAIL <sup>SM</sup> securities, each consisting of one Class A share, of \$0.0001 par value per share, and one-half of one redeemable warrant	STET.U	The New York Stock Exchange
Class A shares, \$0.0001 par value per share, included as part of the SAIL <sup>SM</sup> securities	STET	The New York Stock Exchange
Redeemable warrants, each whole warrant exercisable for one Class A share at an exercise price of \$11.50, included as part of the SAIL <sup>SM</sup> securities	STETWS	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 11, 2022, there were 28,750,000 of the Registrant's Class A shares, par value \$0.0001 per share, and 1,437,500 of the Registrant's Class B shares, par value \$0.0001 per share, issued and outstanding.

**ST ENERGY TRANSITION I LTD.**  
**Form 10-Q**  
**For the Quarter Ended March 31, 2022**

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

ST ENERGY TRANSITION I LTD.  
CONDENSED BALANCE SHEETS

	March 31, 2022 (Unaudited)	December 31, 2021
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,447,828	\$ 774,855
Prepaid Expenses - Current	677,801	612,120
Total Current Assets	2,125,629	1,386,975
Prepaid Expenses – Non-Current	392,540	539,195
Investments Held in Trust	291,843,099	291,813,714
<b>TOTAL ASSETS</b>	<b>\$ 294,361,268</b>	<b>\$ 293,739,884</b>
<b>LIABILITIES, CLASS A ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT</b>		
<b>DEFICIT</b>		
Current liabilities		
Accounts Payable and Accrued Expenses	\$ 1,549,388	\$ 1,775,315
Accounts Payable – Related Party	191,258	191,258
Total Current Liabilities	1,740,646	1,966,573
Promissory Note – Related Party	1,300,000	—
Warrant Liability	8,988,750	19,299,375
Underwriter's Fee Payable	10,062,500	10,062,500
<b>Total Liabilities</b>	<b>22,091,896</b>	<b>31,328,448</b>
<b>Commitments and Contingencies (Note 6)</b>		
Class A Ordinary Shares Subject to Possible Redemption, 28,750,000 shares at redemption value of \$10.15	291,812,500	291,812,500
<b>Shareholders' Deficit</b>		
Preferred Shares, \$0.0001 par value; 5,000,000 shares authorized; none issued or outstanding	—	—
Class A Ordinary Shares, \$0.0001 par value; 500,000,000 shares authorized; none issued and outstanding (excluding 28,750,000 shares subject to possible redemption)	—	—
Class B Ordinary Shares, \$0.0001 par value; 50,000,000 shares authorized, 1,437,500 shares issued and outstanding	144	144
Additional Paid-in Capital	—	—
Accumulated Deficit	(19,543,272)	(29,401,208)
<b>Total Shareholders' Deficit</b>	<b>(19,543,128)</b>	<b>(29,401,064)</b>
<b>TOTAL LIABILITIES, CLASS A ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 294,361,268</b>	<b>\$ 293,739,884</b>

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

**ST ENERGY TRANSITION I LTD.**  
**CONDENSED STATEMENT OF OPERATIONS**  
**(UNAUDITED)**

	<b>For the Three Months Ended March 31, 2022</b>
Operating expenses	\$ 482,092
<b>Loss from operations</b>	<b>(482,092)</b>
Other income:	
Interest income	29,403
Change in fair value of warrant liability	10,310,625
Other income, net	10,340,028
<b>Net income</b>	<b>\$ 9,857,936</b>
Basic and diluted Weighted average shares outstanding of Class A ordinary shares	28,750,000
<b>Basic and diluted net income per share, Class A ordinary shares</b>	<b>\$ 0.33</b>
Basic and diluted Weighted average shares outstanding, Class B ordinary shares	1,437,500
<b>Basic and diluted net income per share, Class B ordinary shares</b>	<b>\$ 0.33</b>

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

**ST ENERGY TRANSITION I LTD.**  
**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**  
**(UNAUDITED)**

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance—December 31, 2021</b>	—	\$ —	1,437,500	\$ 144	\$ —	\$ (29,401,208)	\$ (29,401,064)
Net income	—	—	—	—	—	9,857,936	9,857,936
<b>Balance—March 31, 2022 (unaudited)</b>	—	\$ —	1,437,500	\$ 144	\$ —	\$ (19,543,272)	\$ (19,543,128)

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

**ST ENERGY TRANSITION I LTD.**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2022**  
**(UNAUDITED)**

	<b>For the Three Months Ended March 31, 2022</b>
<b>Cash Flows from Operating Activities:</b>	
Net income	\$ 9,857,936
Adjustments to reconcile net income to net cash used in operating activities:	
Change in fair value of warrant liability	(10,310,625)
Interest earned on investments held in Trust Account	(29,385)
Changes in operating assets and liabilities:	
Prepaid expenses	80,974
Accounts payable and accrued expenses	(225,927)
<b>Net cash used in operating activities</b>	<b>(627,027)</b>
<b>Cash Flows from Financing Activities:</b>	
Proceeds from convertible promissory note – related party	1,300,000
<b>Net cash provided by financing activities</b>	<b>1,300,000</b>
<b>Net Change in Cash</b>	<b>672,973</b>
Cash at December 31, 2021	774,855
<b>Cash at March 31, 2022</b>	<b>\$ 1,447,828</b>

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

**ST ENERGY TRANSITION I LTD.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

ST Energy Transition I Ltd. (the “Company”) is a blank check company incorporated in Bermuda on April 9, 2021. The Company was formed for the purpose of effectuating a merger, amalgamation, capital share exchange, asset acquisition, share purchase, reorganization or other similar business combination with one or more businesses (the “Business Combination”). The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of March 31, 2022, the Company had not yet commenced any operations. All activity for the period April 9, 2021 (inception) through March 31, 2022, related to the Company’s formation and the initial public offering (the “Initial Public Offering”) and identifying a target for a Business Combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company generates non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering.

The registration statement for the Company’s Initial Public Offering was declared effective on December 2, 2021. On December 7, 2021, the Company consummated the Initial Public Offering of 25,000,000 SAIL<sup>SM</sup> securities (the “SAIL securities”). Each SAIL security consists of one Class A ordinary share, \$0.0001 par value per share (the “Class A Shares”), and one-half of one redeemable warrant (the “Public Warrants”), each whole Public Warrant entitling the holder thereof to purchase one Class A Share at an exercise price of \$11.50 per share, subject to adjustment. The SAIL<sup>SM</sup> securities were sold at an offering price of \$10.00 per SAIL<sup>SM</sup> securities, generating gross proceeds of \$250,000,000.

Simultaneous with the consummation of the IPO and the issuance and sale of the SAIL<sup>SM</sup> securities, the Company consummated the private placement of 10,750,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, generating total proceeds of \$10,750,000 (the “Private Placement”). The Private Placement Warrants, which were purchased by Sloane Square Capital Holdings Ltd. (the “Sponsor”), are substantially similar to the Public Warrants, except that if held by the Sponsor or its permitted transferees, they (i) may be exercised for cash or on a cashless basis, (ii) are not subject to being called for redemption (except in certain circumstances when the Public Warrants are called for redemption and a certain price per Class A Share threshold is met) and (iii) subject to certain limited exceptions, will be subject to transfer restrictions until 30 days following the consummation of the Company’s initial business combination. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company in all redemption scenarios and exercisable by holders on the same basis as the Public Warrants. The Private Placement Warrants have been issued pursuant to, and are governed by the Warrant Agreement.

Following the closing of the Initial Public Offering on December 7, 2021, an amount of \$253,750,000 (equal to \$10.15 per unit), comprised of \$245,000,000 of the proceeds from the Initial Public Offering and \$8,750,000 of the proceeds of the sale of the Private Placement Warrants in the Initial Private Placement, was placed in a U.S.-based trust account (the “Trust Account”) at J.P. Morgan Chase Bank, N.A. maintained by Continental Share Transfer & Trust Company, acting as trustee.

On December 9, 2021, the underwriters exercised their over-allotment option and purchased an additional 3,750,000 SAIL<sup>SM</sup> securities at a price of \$10.00 per SAIL security, generating total gross proceeds of \$37,500,000 (the “Over-Allotment Option”). Simultaneously, the Company completed the Private Placement of an aggregate of 1,312,500 Private Placement warrants at a price of \$1.00 per Private Placement Warrant, generating total gross proceeds of \$1,312,500 (the “Option Private Placement Warrant”). A total of \$38,062,500 (equal to \$10.15 per unit), comprised of \$36,750,000 of the proceeds from the closing of the Over-Allotment Option (which amount includes \$1,312,500 of the underwriters’ deferred discount) and \$1,312,500 of the proceeds of the sale of the Private Placement Warrants in the Option Private Placement, was placed in a U.S.-based trust account at J.P. Morgan Chase Bank, N.A. maintained by Continental Stock Transfer & Trust Company, acting as trustee.

Transaction costs amounted to \$17,493,141 consisting of \$5,750,000 of underwriting fees, \$10,062,500 of deferred underwriting fees (see Note 6) and \$1,680,641 of other costs. Of the transaction costs, \$713,600 associated with the issuance of warrants that have been classified as a liability have been expensed. In addition, at the closing of the Initial Public Offering, \$774,855 of cash was held outside of the Trust Account and is available for working capital purposes.

The Company must complete an initial Business Combination with one or more target businesses having an aggregate fair market value of at least 80% of the net investments held in the Trust Account (as defined below) (excluding the taxes payable on the income earned on the Trust Account) at the time of signing a definitive agreement in connection with the initial Business Combination and that a majority of our independent directors approve such initial Business Combination. However, the Company will only complete an initial Business Combination if the post-transaction company owns or acquires 50% or more of the voting securities of the target or otherwise is not required to register as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Upon the closing of the Initial Public Offering, management has agreed that an amount equal to at least \$10.15 per SAIL<sup>SM</sup> securities sold in the Initial Public Offering, including certain proceeds from the sale of the Private Placement Warrants, will be held in a trust account located in the United States at J.P. Morgan Chase Bank, N.A. with Continental Share Transfer & Trust Company acting as trustee, and held as cash or invested only in U.S. "government securities," within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or in money market funds meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 under the Investment Company Act, which invest only in direct U.S. government treasury obligations, as determined by the Company, until the earlier of: (i) the completion of an initial Business Combination and (ii) the distribution of the Trust Account as described below.

The Company's amended and restated bye-laws will provide that, other than the withdrawal of interest earned on the funds that may be released to the Company to pay taxes, none of the funds held in Trust Account will be released until the earlier of: (i) the completion of an initial Business Combination; (ii) the redemption of any of the Class A shares included in the SAIL<sup>SM</sup> securities being sold in the Initial Public Offering (the "Public Shares") to its holders (the "Public Shareholders") properly tendered in connection with a Shareholder vote to amend certain provisions of the Company's amended and restated bye-laws prior to an initial Business Combination or (iii) the redemption of 100% of the Public Shares if the Company does not complete an initial Business Combination within the Business Combination Period (as defined below).

The Company, after signing a definitive agreement for an initial Business Combination, will either (i) seek shareholder approval of the initial Business Combination at a meeting called for such purpose in connection with which Public Shareholders may seek to redeem their Public shares, regardless of whether they vote for or against the initial Business Combination or do not vote at all, for cash equal to their pro rata share of 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 earned on the funds held in the Trust Account and not previously released to the Company to pay its taxes, or (ii) provide the Public Shareholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of our initial Business Combination at \$10.15 per share and the per share interest earned on the funds held in the Trust Account (net of permitted withdrawals). As a result, such Public Share will be recorded at redemption amount and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Distinguishing Liabilities from Equity. The amount in the Trust Account is initially anticipated to be \$10.15 per Public Share. The decision as to whether the Company will seek Shareholder approval of the initial Business Combination or will allow shareholders to sell their shares in a tender offer will be made by the Company, solely in its 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 otherwise require the Company to seek shareholder approval. If the Company seeks shareholder approval, it will complete its Business Combination only if it receives an ordinary resolution under Bermuda law, which requires approval by a majority of the votes attached to shares voted at a general meeting of the company where a quorum of at least two persons present in person or by proxy representing at least 50% of the issued and outstanding shares (or class thereof) entitled to vote at such general meeting are present at the time such general meeting proceeds to business (unless applicable Bermuda law requires a higher approval threshold). However, in no event will the Company redeem its Public Shares in an amount that would cause its net tangible assets to be less than \$5,000,001 immediately prior to or upon consummation of an initial Business Combination. In such case, the Company would not proceed with the redemption of its Public Shares and the related Business Combination, and instead may search for an alternate Business Combination.

Notwithstanding the foregoing, if the Company seeks shareholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Company's Certificate of Incorporation provides that a public shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), is restricted from seeking redemption rights with respect to 15% or more of the Public Shares without the Company's prior written consent.



The Company only has 18 months from the closing of the Initial Public Offering to complete the initial Business Combination (or such later date as approved by holders of a majority of the outstanding Class A shares that are voted at a meeting to extend such date, voting together as a single class) (the “Business Combination Period”). If the Company does not complete an initial Business Combination within this period of time (and shareholders do not approve an amendment to the amended and restated by-laws to extend this date), it will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than 10 business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, of \$10.15, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject in the case of clauses (ii) and (iii), to the Company’s obligations under Bermuda law to provide for claims of creditors and in all cases subject to the other requirements of applicable law.

The Company’s Sponsor, officers and directors, or the Initial Shareholders, 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 (as defined in Note 5) 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 shareholder vote to approve an amendment to the Company’s amended and restated bye-laws to modify the substance or timing of the Company’s obligation to redeem 100% of its Public Shares if the Company has not consummated an initial Business Combination within the Business Combination Period or with respect to any other material provisions relating to shareholders’ rights or pre-combination transaction 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 an initial Business Combination within the Business Combination Period (although they will be entitled to liquidate distributions from the Trust Account with respect to any Public Shares they hold if the Company fails to complete an initial Business Combination within the Business Combination Period).

## **Risks and Uncertainties**

In February 2022, the Russian Federation and Belarus commenced military operations in Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus. The impact of this action and related sanctions on the global economy are not determinable as of the date of these financial statements and the specific impact on the Company’s financial condition, results of operations, and cash flows is also not determinable as of the date of these financial statements.

Management is currently evaluating the impact of the COVID-19 pandemic on the industries in which a Business Combination target is sought and has preliminarily concluded that, while it is reasonably possible that the COVID-19 pandemic could have a negative effect on the Company’s financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

## **NOTE 2. SUMMARY OF 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 8 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.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the period ended December 31, 2021, as filed with the SEC on March 31, 2022. The interim results for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or for any future periods.

### **Liquidity and Capital Resources**

As of March 31, 2022, the Company had \$291,843,099 cash held in the Trust Account and \$1,447,828 held outside of the Trust Account. Prior to the completion of the Initial Public Offering, the Company’s liquidity needs had been satisfied through a payment of \$25,000 for certain offering costs from the Sponsor for the Alignment Shares, and the loan under an unsecured promissory note from the Sponsor of \$300,000 (see Note 5). The loan is non-interest bearing and due on the earlier of the date by which the Company must complete a Business Combination, and the effective date of a Business Combination. Subsequent to the consummation of the Initial Public Offering and Private Placement, the Company’s liquidity needs have been satisfied from the proceeds from the Initial Public Offering and Private Placement not held in the Trust Account. In the three months ended March 31, 2022, the Company has sustained negative cash flows from operations and expects to continue to incur negative cash flows from operations for at least the next twelve months from the filing of this report. However, the Company’s Sponsor signed a commitment letter on February 15, 2022 undertaking to fund working capital deficiencies of the Company and finance transaction costs in connection with an initial Business Combination of the Company. On March 25, 2022, pursuant to a promissory note between the Sponsor and the Company signed on February 16, 2022, the Company drew \$1,300,000 on the loan with the Sponsor. Accordingly, management has determined that sufficient capital exists to sustain operations for one year from the date of this filing.

## **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 independent registered public accounting firm 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 shareholder 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 a 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 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, the Company, 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, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

## **Use of Estimates**

The preparation of 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 revenues and 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 statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these financial statements is the determination of the fair value of the warrant liability. Such estimates may be subject to change as more current information becomes available and accordingly, the actual results could differ significantly from those estimates.

## **Cash**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2022, and December 31, 2021. The Company had \$1,447,828 and \$774,855 of cash as of March 31, 2022 and December 31, 2021, respectively.

## **Share-based Compensation**

The transfer of the Founder Shares is in the scope of FASB ASC Topic 718, “Compensation-Stock Compensation” (“ASC 718”). Under ASC 718, share-based compensation associated with equity-classified awards is measured at fair value upon the grant date. The Founders Shares were granted subject to a performance condition (i.e., the occurrence of a Business Combination). Share-based compensation would be recognized at the date a Business Combination is considered probable (i.e., upon occurrence of a Business Combination) in an amount equal to the number of Founders Shares that ultimately vest multiplied by the grant date fair value per share (unless subsequently modified) less the amount initially received for the purchase of the Founders Shares. As of March 31, 2022, the Company determined that a Business Combination is not considered probable and, therefore, no share-based compensation expense has been recognized.

The fair value at the grant date of the 60,000 shares transferred to the Company’s directors was \$106,000 or \$1.76 per share. Upon consummation of an initial business combination, the Company will recognize \$106,000 in compensation expense.

## Income Taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740, "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions 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. The Company recognizes accrued interest and penalties related to unrecognized tax benefits, if any, as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of March 31, 2022 and December 31, 2021. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

Currently, there is no taxation imposed on the Company's income by the Government of Bermuda. Additionally, the Company has received an assurance from the Ministry of Finance of Bermuda granting an exemption, until March 31, 2035, from the imposition of tax under any applicable Bermuda law computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax in each case in respect of the Company or any of its operations, provided that such exemption shall not prevent the application of any tax payable in accordance with the provisions of the Land Tax Act 1967 or otherwise payable in relation to land in Bermuda leased to the Company.

Consequently, income taxes are not reflected in the Company's financial statements. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next 12 months.

## Shares Subject to Possible Redemption

The Company accounts for its shares subject to possible redemption in accordance with the guidance in ASC 480 Distinguishing Liabilities from Equity. Shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable shares (including shares 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. At all other times, shares are classified as shareholders' equity. The Company's shares feature certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, as at March 31, 2022 and December 31, 2021, shares subject to possible redemption are presented as temporary equity, outside of the shareholders' deficit section of the Company's condensed balance sheets.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable ordinary shares to equal the redemption value at the end of each reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized the remeasurement from initial book value to redemption amount value. The change in the carrying value of redeemable Class A ordinary shares resulted in charges against additional paid-in capital and accumulated deficit.

As at March 31, 2022 and December 31, 2021, the Class A shares reflected in the condensed balance sheets are reconciled in the following table:

Gross Proceeds	\$ 287,500,000
Less:	
Proceeds allocated to Public Warrants	(10,925,000)
Class A shares issuance costs	(16,779,541)
Plus:	
Re-measurement of carrying value to redemption value	32,017,041
<b>Class A shares subject to possible redemption, March 31, 2022 and December 31, 2021</b>	<b>\$ 291,812,500</b>

## Offering Costs

The Company complies with the requirements of FASB ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A — “Expenses of Offering.” Deferred offering costs consist of legal, accounting and other expenses incurred through December 31, 2021, that are directly related to the Initial Public Offering. Offering costs allocated to warrant liabilities will be expensed as incurred, presented as non-operating expenses in the statement of operations. Offering costs amounting to \$17,493,141, consisting of \$5,750,000 of underwriting fees, \$10,062,500 of deferred underwriting fees, and \$1,680,641 in of other offering costs were charged to shareholders’ deficit upon the completion of the Initial Public Offering. As such, the Company recorded \$16,779,541 of offering costs as a reduction of equity in connection with the Class A shares included in the SAIL<sup>SM</sup> securities. The Company immediately expensed \$713,600 of offering costs in connection with the Public Warrants included in the SAIL<sup>SM</sup> securities that were classified as liabilities. No offering costs were recorded for the three months ended March 31, 2022.

## Net Income Per Ordinary Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, “Earnings Per Share”. The Company applies the two-class method in calculating net income per ordinary share. Basic income per ordinary share is computed by dividing net income applicable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Weighted average shares were reduced for the effect of an aggregate of 187,500 Class B shares that were subject to forfeiture if the over-allotment was not exercised by the underwriters which gives retroactive effect to the share recapitalization which occurred on November 6, 2021 as described in Notes 5 and 9. In connection with the underwriters’ full exercise of their over-allotment option on December 9, 2021, the 187,500 Class B shares were no longer subject to forfeiture.

The Company has not considered the effect of the 26,437,500 warrants sold in the Initial Public Offering and private placement in the calculation of diluted net income per ordinary share, since the exercise of the warrants is contingent upon the occurrence of future events. As of March 31, 2022, the Company did not have any dilutive securities or other contracts that could, potentially, be exercised or converted into ordinary shares and then share in the earnings of the Company. As a result, diluted net income per ordinary share is the same as basic net income per ordinary share for the periods presented. Re-measurement associated with the Class A shares subject to possible redemption is excluded from earnings per share as the redemption value approximates fair value.

A reconciliation of net income per ordinary share is as follows:

	<b>For the Three Months Ended March 31, 2022</b>	
	<b>Class A</b>	<b>Class B</b>
<b>Basic and diluted net income per ordinary share</b>		
Numerator:		
Allocation of net income, as adjusted	\$ 9,388,510	\$ 469,426
Denominator:		
Basic and diluted weighted average ordinary shares outstanding	28,750,000	1,437,500
Basic and diluted net income per ordinary share	\$ 0.33	\$ 0.33

## Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal Depository Insurance Corporation coverage limit of \$250,000. The Company has not experienced losses on this account.

## **Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

The Company applies ASC 820, which establishes a framework for measuring fair value and clarifies the definition of fair value within that framework. ASC 820 defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Company's principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value hierarchy established in ASC 820 generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions that market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability and are to be developed based on the best information available in the circumstances.

Level 1—Assets and liabilities with unadjusted, quoted prices listed on active market exchanges. Inputs to the fair value measurement are observable inputs, such as quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs to the fair value measurement are determined using prices for recently traded assets and liabilities with similar underlying terms, as well as direct or indirect observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3—Inputs to the fair value measurement are unobservable inputs, such as estimates, assumptions, and valuation techniques when little or no market data exists for the assets or liabilities.

## **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 revalued 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 accounts for the Public Warrants and Private Placement Warrants in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the warrants do not meet the criteria for equity treatment thereunder, each warrant must be recorded as a liability.

## **Recently Issued Accounting Standards**

In August 2020, FASB issued ASU 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

### **NOTE 3. INITIAL PUBLIC OFFERING**

On December 7, 2021, the Company consummated its Initial Public Offering of 25,000,000 SAIL<sup>SM</sup> securities. Each SAIL<sup>SM</sup> security consists of one Class A share, \$0.0001 par value per share (the “Class A Shares”), and one-half of one redeemable warrant (the “Public Warrants”), each whole Public Warrant entitling the holder thereof to purchase one Class A Share at an exercise price of \$11.50 per share, subject to adjustment. The SAIL<sup>SM</sup> securities were sold at an offering price of \$10.00 per SAIL<sup>SM</sup> securities, generating gross proceeds of \$250,000,000.

On December 9, 2021, the underwriters exercised their over-allotment option and purchased an additional 3,750,000 SAIL<sup>SM</sup> securities at a price of \$10.00 per SAIL, generating additional gross proceeds of \$37,500,000.

### **NOTE 4. PRIVATE PLACEMENT**

On December 7, 2021, simultaneous with the consummation of the Initial Public Offering, the Company consummated the Private Placement of 10,750,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, generating total proceeds of \$10,750,000. A portion of the proceeds from the sale of the Private Placement Warrants to the Sponsor was added to the proceeds from the Initial Public Offering held in the Trust Account. \$1,312,500 was placed in the trust account as of December 7, 2021, relating to the sale of additional private placement warrants of 1,312,500. The remainder of the total proceeds were placed in the trust account on December 9, 2021, when the additional SAIL<sup>SM</sup> securities and private placement warrants were issued.

Each Private Placement Warrant is identical to the warrants offered in the Initial Public Offering, except there are no redemption rights or liquidating distributions from the trust account with respect to Private Placement Warrants, which will expire worthless if we do not consummate a Business Combination within the Business Combination Period.

### **NOTE 5. RELATED PARTY TRANSACTIONS**

#### **Alignment Shares**

On April 9, 2021, the Company issued an aggregate of 1,725,000 Class B shares (the “Alignment Shares” or “Founder Shares”) to the Sponsor for an aggregate purchase price of \$25,000. The number of Alignment Shares issued was determined based on the expectation that such Alignment Shares would represent 5% of the Class A shares issued in the Initial Public Offering. On June 29, 2021, the Sponsor transferred 10,000 Alignment Shares to each of our directors. On November 6, 2021, the Sponsor forfeited 287,500 Class B shares of the Company, resulting in a decrease in the total number of Class B shares outstanding from 1,725,000 to 1,437,500 (Note 9). All shares and associated amounts have been retroactively restated to reflect the share surrender. Up to 187,500 of the Founder Shares were subject to forfeiture depending on the extent to which the underwriters’ over-allotment was exercised and, in addition, the initial shareholders agreed to forfeit alignment shares to the extent necessary in connection with any changes to the terms or size of our offering of SAIL<sup>SM</sup> securities. In connection with the underwriters’ full exercise of their over-allotment option on December 9, 2021, the 187,500 alignment shares were no longer subject to forfeiture. The Founder Shares are entitled to a number of votes representing 20% of the Company’s outstanding ordinary shares prior to the completion of the initial Business Combination.

The Initial Shareholders have agreed not to transfer, assign or sell any of their Alignment Shares and any of their Class A shares deliverable upon conversion of the Alignment Shares for 30 days following the completion of an initial Business Combination. In connection with this arrangement, the Initial Shareholders have also agreed not to transfer, assign or sell any of their Alignment Shares until the earlier to occur of: (i) 30 days after the completion of our initial Business Combination and (ii) the date on which the Company completes a liquidation, merger, amalgamation, capital share exchange or other similar transaction after the initial Business Combination that results in all of its shareholders having the right to exchange their Class A shares for cash, securities or other property; except to certain permitted transferees and under certain circumstances as described in the prospectus. Further, in connection with this arrangement, the Initial Shareholders have also agreed not to transfer, assign or sell any of their Private Placement Warrants and any Class A shares issued upon conversion or exercise thereof until 30 days after the completion of the initial Business Combination, except to permitted transferees. Any permitted transferees will be subject to the same restrictions and other agreements of the Initial Shareholders with respect to any Alignment shares and Private Placement Warrants.

#### **Promissory Note—Related Party**

On April 30, 2021, the Sponsor agreed to loan the Company an aggregate amount of up to \$300,000 to cover expenses related to the Initial Public Offering pursuant to a promissory note (the “Note”). The Note is non-interest bearing and is payable on the earlier of (i) December 31, 2021 or (ii) the consummation of the Initial Public Offering. As loan expired on December 31, 2021, the Company can no longer draw down on this note.

## **Related Party Loans**

The Company's Sponsor signed a commitment letter on February 15, 2022 undertaking to fund working capital deficiencies of the Company and finance transaction costs in connection with an initial Business Combination of the Company by means of loans for a period of 12 months beginning February 15, 2022. Such loans would be evidenced by promissory notes. The notes would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$2,500,000 of such notes may be converted upon consummation of a Business Combination into warrants at a price of \$1.00 per warrant. The warrants will be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the loans but no proceeds held in the Trust Account would be used to repay the loans.

On February 16, 2022, the Company entered into a promissory note with the Sponsor pursuant to which the Sponsor agreed to loan the Company up to an aggregate principal amount of \$1,300,000, which the Company drew down in full on March 25, 2022. This note is non-interest bearing and is due on the earlier of the date by which the Company must complete a Business Combination, and the effective date of a Business Combination. The outstanding balance under this loan amounted to \$1,300,000 as of March 31, 2022. Management determined that there was an embedded conversion feature related to the note that would require bifurcation and be classified as a liability. However, based on a third-party valuation, the amount was determined to be de minimis. As the amount is de minimis, the Company did not record the conversion option liability and the relating debt discount in the March 31, 2022, condensed financial statements.

## **Related Party Payable**

The Sponsor has paid \$191,258 directly to vendors on behalf of the Company. As of March 31, 2022 and December 31, 2021, this amount remains outstanding and is classified as a related party payable on the Company's condensed balance sheets.

## **Administrative Services Agreement**

Commencing on the date of the prospectus related to our Initial Public Offering and until completion of the Company's initial Business Combination or liquidation, the Company may reimburse affiliates of the Sponsor up to an amount of \$10,000 per month for office space, administrative support and personnel services.

## **NOTE 6. COMMITMENTS AND CONTINGENCIES**

### **Registration Rights**

The holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of loans made to the Company by the Sponsor (and in each case holders of their component securities, as applicable) are entitled to registration rights pursuant to a registration rights agreement signed on the effective date of the Initial Public Offering, requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to our Class A shares). The holders of the majority 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 consummation of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company will bear the expenses incurred in connection with the filing of any such registration statements. The registration rights agreement does not contain liquidating damages, penalty provisions, or other cash settlement provisions resulting from delays in registering the Company's securities.

### **Underwriting Agreement**

The underwriters were paid a cash underwriting discount of 2.00% of the gross proceeds of the Initial Public Offering, being \$5,750,000 as the over-allotment option was exercised in full. In addition, the underwriters are entitled to a deferred fee of three and half percent (3.50%) of the gross proceeds of the Initial Public Offering, being \$10,062,500 as the over-allotment option was exercised in full. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

On December 9, 2021, the underwriters exercised the over-allotment option and purchased 3,750,000 SAIL<sup>SM</sup> securities at a price of \$10.00 per SAIL<sup>SM</sup> security, generating gross proceeds of \$37,500,000. A total of \$36,750,000 of the Proceeds, net of \$750,000 of underwriting fees, from the sale of the SAIL<sup>SM</sup> securities were placed in the Trust Account.

## NOTE 7. WARRANT LIABILITY

The Company will account for the 26,437,500 warrants—12,062,500 Private Placement Warrants and the 14,375,000 Public Warrants—which were issued in connection with the Initial Public Offering in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the warrants do not meet the criteria for equity treatment thereunder, each warrant must be recorded as a liability. Accordingly, the Company classifies each warrant as a liability at its fair value. This liability is subject to re-measurement at each balance sheet date. With each such remeasurement, the warrant liability will be adjusted to fair value, with the change in fair value recognized in the Company's statement of operations.

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable 30 days after the consummation of a Business Combination. The Public Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A shares 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 covering the issuance of the Class A shares issuable upon exercise of the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No Public Warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to holders seeking to exercise their Public Warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available.

The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, it will use its best efforts to file with the SEC a registration statement registering the issuance, under the Securities Act, of the Class A shares issuable upon exercise of the Public Warrants. The Company will use its best efforts to file with the SEC a registration statement covering the Class A shares issuable upon exercise of the warrants, to cause such registration statement to become effective and to maintain a current prospectus relating to those Class A shares until the warrants expire or are redeemed, as specified in the warrant agreement. If a registration statement covering the Class A shares issuable upon exercise of the warrants is not effective by the 60th business day after the closing of a Business Combination, 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 warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption.

The redemption of warrants when the price per Class A share equals or exceeds \$18.00. Once the warrants become exercisable, the Company may redeem the Warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the Class A shares 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 as described) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

The Company will not redeem the warrants as described above unless an effective registration statement under the Securities Act covering the issuance of the Class A shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those Class A shares is available throughout the 30-day redemption period. If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.



The redemption of warrants when the price per Class A share equals or exceeds \$10.00. Once the Warrants become exercisable, the Company may redeem the Warrants for redemption:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table based on the redemption date and the "fair market value" of our Class A shares;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant); and
- if the Reference Value is less than \$18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant), the private placement warrants must also concurrently be called for redemption on the same terms as the outstanding public warrants, as described above.

If and when the Public Warrants become redeemable by the Company, the Company may not exercise its redemption right if the issuance of Class A shares upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification.

The exercise price and number of Class A shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Business Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless. If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of Class A shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such warrants. Accordingly, the warrants may expire worthless.

In addition, if (x) the Company issues additional Class A shares or equity-linked securities for capital raising purposes in connection with the closing of its initial Business Combination at an issue price or effective issue price of less than \$9.20 per Class A shares (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 such 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 Company's initial Business Combination on the date of the consummation of such initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company's Class A shares during the 20-trading day period starting on the trading day prior to 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 above will be adjusted (to the nearest cent) to be equal to 180% of the greater of the Market Value and the Newly Issued Price.

The Private Placement Warrants will be identical to the Public Warrants included in the SAIL<sup>SM</sup> Securities being sold in the Initial Public Offering, except that the Private Placement Warrants will, and the Class A shares issuable upon the exercise of the Private Placement Warrants will not, be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

#### NOTE 8. CLASS A SHARES SUBJECT TO POSSIBLE REDEMPTION

The Company's Class A shares feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. The Company is authorized to issue 500,000,000 shares of Class A shares with a par value of \$0.0001 per share. Holders of the Company's Class A shares are entitled to one vote for, each share. As of March 31, 2022 and December 31, 2021, there were 28,750,000 Class A shares outstanding which were subject to possible redemption, and are classified outside of permanent equity in the balance sheet.

#### NOTE 9. SHAREHOLDERS' DEFICIT

**Class A ordinary shares** — The Company is authorized to issue up to 500,000,000 Class A shares, \$0.0001 par value. Holders of the Company's Class A ordinary shares are entitled to one vote for each share. As of March 31, 2022 and December 31, 2021, there were no Class A ordinary shares issued or outstanding, excluding 28,750,000 Class A shares subject to possible redemption.

**Class B ordinary shares** — The Company is authorized to issue up to 50,000,000 Class B ordinary shares, \$0.0001 par value. Holders of the Company's Class B ordinary shares are entitled to one vote for each share. As of March 31, 2022 and December 31, 2021, there were 1,437,500 Class B ordinary shares issued and outstanding. Of these, an aggregate of up to 187,500 Class B ordinary shares were subject to forfeiture to the Company by the Sponsor to the extent that the underwriters' over-allotment was not exercised in full or in part, which gives retroactive effect to the share recapitalization that occurred on November 6, 2021 as described in Notes 5 and 6, and, in addition, the Sponsor agreed to forfeit Alignment Shares to the extent necessary in connection with any changes to the terms or size of our Initial Public Offering, in each case so that the number of Founder Shares will equal 5% of the Class A ordinary shares offered in the Initial Public Offering. In connection with the underwriters' full exercise of their over-allotment option on December 9, 2021, the 187,500 alignment shares were no longer subject to forfeiture.

On June 29, 2021, our sponsor transferred 10,000 alignment shares to each of our directors.

On the last day of each measurement period, which will occur annually over ten fiscal years following consummation of an initial Business Combination (and, with respect to any measurement period in which there is a change of control or in which the Company liquidates, dissolves or winds up, on the business day immediately prior to such event instead of on the last day of such measurement period), 143,750 Alignment Shares (or, 125,000 Alignment Shares if the over-allotment option is not exercised) will automatically convert, subject to adjustment as described herein, into Class A shares ("Conversion Shares"), as follows:

- if the sum (such sum, the "Total Return") of (i) the VWAP, calculated in accordance with "—Volume weighted average price" below, of Class A shares for the final fiscal quarter in such measurement period and (ii) the amount per share of any dividends or distributions paid or payable to holders of our Class A shares, the record date for which is on or prior to the last day of the measurement period, does not exceed the price threshold (as defined below), the number of conversion shares for such measurement period will be 1,437 Class A shares (or 1,250 if the over-allotment option is not exercised);
- if the Total Return exceeds the price threshold but does not exceed an amount equal to 130% of the price threshold, then the number of conversion shares for such measurement period will be the greater of (i) 1,437 Class A shares (or 1,250 if the over-allotment option is not exercised) and (ii) 20% of the difference between the Total Return and the price threshold, multiplied by (A) the sum (such sum (as proportionally adjusted to give effect to any share splits, share capitalizations, share combinations, share dividends, reorganizations, recapitalizations or any such similar transactions), the "Closing Share Count") of (x) the number of Class A shares outstanding immediately after the closing of the Initial Public Offering which gives retroactive effect to the share recapitalization which occurred on November 6, 2021 as described in Notes 5, 6 and 9. (including any exercise of the over-allotment option) and (y) if in connection with the initial Business Combination there are issued any Class A shares or equity-linked securities (as defined herein), the number of Class A shares so issued and the maximum number of Class A shares issuable (whether settled in shares or in cash) upon conversion or exercise of such equity-linked securities, divided by (B) the Total Return; and

- if the Total Return exceeds an amount equal to 130% of the price threshold, then the number of conversion shares for such measurement period will be the greater of (i) 1,437 Class A shares (or 1,250 if the over-allotment option is not exercised) and (ii) the sum of (x) 20% of the difference between an amount equal to 130% of the price threshold and the price threshold and (y) 30% of the difference between the Total Return and an amount equal to 130% of the price threshold, multiplied by (A) the Closing Share Count, divided by (B) the Total Return.
- The term “measurement period” means (i) the period beginning on the date of our initial Business Combination and ending with, and including, the first fiscal quarter following the end of the fiscal year in which we consummate our initial Business Combination and (ii) each of the nine successive four- fiscal-quarter periods.
- The “price threshold” will initially equal \$10.00 for the first measurement period and will thereafter be adjusted at the beginning of each subsequent measurement period to be equal to the greater of (i) the price threshold for the immediately preceding measurement period and (ii) the VWAP for the immediately preceding measurement period (in each case, as proportionally adjusted to give effect to any share splits, share capitalizations, share combinations, share dividends, reorganizations, recapitalizations or any such similar transactions).
- For purposes of the above calculation, “equity-linked securities” means securities (other than the public warrants and the private placement warrants) issued by the company and/or any entities that (after giving effect to completion of the initial Business Combination) are subsidiaries of the company that are directly or indirectly convertible into or exercisable for Class A shares, or for a cash settlement value in lieu thereof.
- The foregoing calculations will be based on our fiscal year and fiscal quarters, which may change as a result of our initial Business Combination. Each conversion of alignment shares will apply to the holders of alignment shares on a pro rata basis. If, upon conversion of any alignment shares, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of Class A shares to be issued to such holder.

#### NOTE 10. FAIR VALUE MEASUREMENTS

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

As at March 31, 2022 and December 31, 2021, investments held in the Trust Account were comprised of \$291,843,099 and \$291,813,714 in money market funds, which are invested primarily in U.S. Treasury Securities, respectively. During the quarterly period ended March 31, 2022 and December 31, 2021, the Company did not withdraw any interest income from the Trust Account.

The following table presents information about the Company’s assets and liabilities that are measured at fair value on a recurring basis at March 31, 2022 and December 31, 2021 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

March 31, 2022

	(Level 1)	(Level 2)	(Level 3)
<b>Description</b>			
Assets:			
Investments held in Trust Account – U.S. Treasury Securities Money Market Fund	\$ 291,843,099	—	—
Liabilities:			
Public Warrants	4,887,500	—	—
Private Placement Warrants	—	—	4,101,250

December 31, 2021

	(Level 1)	(Level 2)	(Level 3)
<b>Description</b>			
Assets:			
Investments held in Trust Account – U.S. Treasury Securities Money Market Fund	\$ 291,813,714	—	—
Liabilities:			
Public Warrants	—	—	10,493,750
Private Placement Warrants	—	—	8,805,625

Transfers to/from Levels 1, 2, and 3 are recognized at the beginning of the reporting period. During the period there were transfers to/from Levels 1 and 3.

Level 1 instruments include investments in mutual funds invested in government securities. The Company uses inputs such as actual trade data, benchmark yields, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

The Company established the initial fair value of the warrants on December 7, 2021, the date of the consummation of the Company's Initial Public Offering. The Company allocated the proceeds received from (i) the sale of the SAIL<sup>SM</sup> securities to the redeemable Class A Shares and public warrants based on the with or without method by first allocating to the estimated fair value of the public warrants then to the redeemable Class A Shares, and (ii) the sale of the private placement warrants to the estimated fair value of the private placement warrants with the remainder being recorded through additional paid in capital.

The key inputs into the binomial lattice formula model were as follows:

Input	March 31, 2022	December 31, 2021	
	Private Warrants	Public Warrants	Private Warrants
Share Price	\$ 9.86	\$ 9.65	\$ 10.01
Exercise Price	\$ 11.50	\$ 11.50	\$ 11.50
Risk-free rate of interest	2.40%	1.28%	1.28%
Volatility	5.4%	12.9%	12.9%
Term	5 years	5 years	5 years
Probability Weighted Fair Value of Warrants	\$ 0.34	\$ 0.73	\$ 0.73

The Private Placement Warrants were initially and subsequently valued using a binomial lattice model, which is considered to be a Level 3 fair value measurement. The fair value of Public Warrants issued in connection with the Initial Public Offering were initially measured using a Binomial lattice model and at March 31, 2021 are measured based on the listed market price of such warrants, a Level 1 measurement.

The binomial lattice model's primary unobservable input utilized in determining the fair value of the Warrants is the expected volatility as of the IPO date was derived from observable warrant pricing on comparable 'blank-check' companies without an identified target. The expected volatility as of subsequent valuation dates was implied from the Company's own public warrant pricing.

The following table presents a summary of the changes in the fair value of the Public and Private Placement Warrants, Level 3 liabilities, measured on a recurring basis.

	Public Warrants	Private Warrants
Initial Measurement on December 7, 2021	10,925,000	9,167,500
Change in valuation inputs or other assumptions <sup>(1)</sup>	(431,250)	(361,875)
Fair Value as of December 31, 2021	\$ 10,493,750	\$ 8,805,625
Transfer of Public Warrants to Level 1	(10,493,750)	—
Change in valuation inputs or other assumptions <sup>(1)</sup>	—	(4,704,375)
Fair Value as of March 31, 2022	\$ —	\$ 4,101,250

(1) Changes in valuation inputs or other assumptions are recognized in change in fair value of warrant liabilities in the Statement of Operations.

**NOTE 11. SUBSEQUENT EVENTS**

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

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*References to the "Company," "ST Energy Transition I Ltd.," "our," "us" or "we" refer to ST Energy Transition I Ltd. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes related thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors.*

### 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 incorporated as a Bermuda exempted company limited by shares formed for the purpose of effecting a Business Combination. While we may pursue an initial Business Combination target in any industry or geographic location, we intend to focus on companies that have the potential to become the global leader in their area of expertise within energy transition, whilst achieving risk-adjusted returns for shareholders. Our sponsor is Sloane Square Capital Holdings Ltd. (the "Sponsor"). We have not yet selected any specific Business Combination target. We intend to effectuate our initial Business Combination using cash from the proceeds of our Initial Public Offering and the sale of the Private Placement Warrants, our shares, debt or a combination of cash, shares and debt.

### Liquidity and Capital Resources

On December 7, 2021, the Company consummated its Initial Public Offering of 28,750,000 SAIL<sup>SM</sup> securities, including 3,750,000 SAIL<sup>SM</sup> securities from the underwriters' full exercise of the over-allotment option, generating gross proceeds of \$287,500,000.

Simultaneously with the consummation of the Initial Public Offering and the issuance and sale of the SAIL<sup>SM</sup> securities, the Company consummated the private placement of 12,062,500 Private Placement Warrants, including 1,312,500 private placement warrants from the underwriters' exercise of the over-allotment option, at a price of \$1.00 per Private Placement Warrant, generating \$12,062,500.

Following the closing of the Initial Public Offering on December 7, 2021, an amount of \$291,813,714 from the net proceeds of the sale of the SAIL<sup>SM</sup> securities and Private Placement Warrants in the Initial Public Offering was placed in a trust account ("Trust Account") which may be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account to the Company's shareholders. Transaction costs amounted to \$17,493,141, consisting of \$5,750,000 in underwriting fees, \$10,062,500 in deferred underwriting fees, and \$1,680,641 in other transaction costs.

As of March 31, 2022, we had \$291,843,099 of investments held in the Trust Account. We intend to use substantially all of the funds held in the Trust Account to complete our Business Combination. To the extent that our shares or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the post-Business Combination entity, to make other acquisitions and pursue our growth strategies.

As of March 31, 2022, we had cash of \$1,447,828 held outside of the Trust Account. We intend to use the funds held outside of the Trust Account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices, properties, or similar locations of prospective target businesses, paying for travel expenditures, selecting the target business to merge with or acquire, and structuring, negotiating, and consummating the Business Combination.

Prior to the completion of the Initial Public Offering, the Company's liquidity needs had been satisfied through a payment of \$25,000 for certain offering costs from the Sponsor for the Alignment Shares, and the loan under an unsecured promissory note from the Sponsor of \$300,000. As this loan matured on December 31, 2021, the Company can no longer draw down on this note. Subsequent to the consummation of the Initial Public Offering and Private Placement, the Company's liquidity needs have been satisfied from the proceeds from the Initial Public Offering and Private Placement not held in the Trust Account. During the quarterly period ended March 31, 2022, the Company has sustained negative cash flows from operations and expects to continue to incur negative cash flows from operations for at least the next twelve months from the filing of this report. However, the Company's Sponsor signed a commitment letter on February 15, 2022 undertaking to fund working capital deficiencies of the Company and finance transaction costs in connection with an initial Business Combination of the Company by means of loans for a period of 12 months beginning February 15, 2022. Accordingly, management has determined that sufficient capital exists to sustain operations one year from the date of this filing.

## **Results of Operations**

Our only activities from inception through March 31, 2022, were those related to our formation, the preparation for our Initial Public Offering and, since the closing of the Initial Public Offering, the search for a prospective initial Business Combination. We have neither engaged in any operations nor generated any operating revenues to date. We will not generate any operating revenues until after completion of our initial Business Combination at the earliest. We incurred expenses as a result of being a public company (including for legal, financial reporting, accounting, and auditing compliance), as well as for expenses in connection with searching for a prospective initial Business Combination.

For the three months ended March 31, 2022, we had a net income of \$9,857,936, which is comprised of operating costs of \$482,092, a change in the fair value of the warrant liability of \$10,310,625, and interest earned on investments held in trust and an operating bank account of \$29,403.

## **Contractual Obligations**

### *Administrative Services Agreement*

Commencing on the date that our securities were first listed on the NYSE through the earlier of consummation of the initial Business Combination and the liquidation, we agreed to pay our Sponsor \$10,000 per month for office space, administrative support and personnel services provided to us by an affiliate of our Sponsor. As of March 31, 2022, we had \$30,000 accrued for administrative services.

### *Registration Rights Agreement*

The holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued upon conversion of the loans made to the Company by the Sponsor (and in each case holders of their component securities, as applicable) are entitled to registration rights pursuant to a registration rights agreement signed on the effective date of the Initial Public Offering, requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to our Class A shares). The holders of the majority 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 consummation of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

## *Underwriting Agreement*

The underwriters were paid a cash underwriting discount of 2.00% of the gross proceeds of the Initial Public Offering, being \$5,750,000 as the over-allotment option was exercised in full. In addition, the underwriters will be entitled to a deferred fee of three and half percent (3.50%) of the gross proceeds of the Initial Public Offering, being \$10,062,500 as the over-allotment option was exercised in full. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement. As of March 31, 2022, there is \$10,062,500 outstanding underwriters' fee payable.

On December 9, 2021, the underwriters exercised the over-allotment option and purchased 3,750,000 SAIL<sup>SM</sup> Securities at a price of \$10.00 per SAIL<sup>SM</sup> Security, generating gross proceeds of \$37,500,000. A total of \$36,750,000 of the Proceeds, net of \$750,000 of underwriting fees, from the sale of the SAIL<sup>SM</sup> Securities were placed in the Trust Account.

## **Critical Accounting Estimates**

The preparation of the financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting estimates affecting our financial statements:

### *Derivative Financial Instruments*

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480, "Distinguishing Liabilities from Equity" ("ASC 480"), and ASC 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the warrants was estimated using a binomial lattice model. The more significant estimates made by management in these fair value determinations are around the inputs used in the fair value model, with volatility being the most judgmental of those inputs. A 1% increase in volatility would increase the Company's warrant liability by approximately \$2,400,000.

## **Recent Accounting Pronouncements**

In August 2020, FASB issued Accounting Standards Update ("ASU") 2020-06, Debt — Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.



## **JOBS Act**

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. 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 a 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. We have elected to irrevocably 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 will adopt the new or revised standard at the time public companies adopt the new or revised standard. This may make comparison of our financial statements with another emerging growth company that has not opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an “emerging growth company”, we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO’s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our Initial Public Offering or until we are no longer an “emerging growth company,” whichever is earlier.

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

As we are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information otherwise required under this item. As of March 31, 2022, we were not subject to any market or interest rate risk. The net proceeds of the Initial Public Offering, including amounts in the Trust Account, will be invested in U.S. government securities with a maturity of 185 days or less or in money market funds that meet certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended, that invest only in direct U.S. government treasury obligations. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

We have not engaged in any hedging activities since our inception and we do not expect to engage in any hedging activities with respect to the market risk to which we are exposed.

### **Item 4. Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2022, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were effective.

### *Changes in Internal Control over Financial Reporting*

As described below, during the first quarter of 2022, we remediated the material weakness in internal control over financial reporting that we identified as of December 31, 2021. There were no other material changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### *Remediation of a Material Weakness in Internal Control over Financial Reporting*

We recognize the importance of the control environment as it sets the overall tone for the Company and is the foundation for all other components of internal control. Consequently, we designed and implemented remediation measures to address the material weakness previously identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. During the first quarter of 2022, our management enhanced and revised the design of our controls and procedures over our accounting for the sale of private placement warrants and accrued expenses. These enhancements include our implementation of additional procedures to better evaluate and understand the nuances of the complex accounting standards that apply to our condensed consolidated financial statements, including providing enhanced access to accounting literature, research materials and documents as well as increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The foregoing actions, which we believe remediated the material weakness in internal control over financial reporting, were completed during the fiscal quarter ended March 31, 2022.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this Quarterly Report are any of the risks previously disclosed in our Annual Report on Form 10-K filed with the SEC on March 30, 2022. Any of those factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. 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 30, 2022, except for the following:

***Our search for a Business Combination, and any target business with which we may ultimately consummate a Business Combination, may be materially adversely affected by the geopolitical conditions resulting from the recent invasion of Ukraine by Russia and subsequent sanctions against Russia, Belarus and related individuals and entities and the status of debt and equity markets, as well as protectionist legislation in our target markets.***

United States and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the recent invasion of Ukraine by Russia in February 2022. In response to such invasion, the North Atlantic Treaty Organization (“NATO”) deployed additional military forces to eastern Europe, and the United States, the United Kingdom, the European Union and other countries have announced various sanctions and restrictive actions against Russia, Belarus and related individuals and entities, including the removal of certain financial institutions from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system. Certain countries, including the United States, have also provided and may continue to provide military aid or other assistance to Ukraine during the ongoing military conflict, increasing geopolitical tensions with Russia. The invasion of Ukraine by Russia and the resulting measures that have been taken, and could be taken in the future, by NATO, the United States, the United Kingdom, the European Union and other countries have created global security concerns that could have a lasting impact on regional and global economies. Although the length and impact of the ongoing military conflict in Ukraine is highly unpredictable, the conflict could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Additionally, Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets.

Any of the abovementioned factors, or any other negative impact on the global economy, capital markets or other geopolitical conditions resulting from the Russian invasion of Ukraine and subsequent sanctions, could adversely affect our search for a Business Combination and any target business with which we may ultimately consummate a Business Combination. The extent and duration of the Russian invasion of Ukraine, resulting sanctions and any related market disruptions are impossible to predict, but could be substantial, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. Any such disruptions may also have the effect of heightening many of the other risks described in the “Risk Factors” section of our Annual Report on Form 10-K. If these disruptions or other matters of global concern continue for an extensive period of time, our ability to consummate a Business Combination, or the operations of a target business with which we may ultimately consummate a Business Combination, may be materially adversely affected.

In addition, the recent invasion of Ukraine by Russia, and the impact of sanctions against Russia and the potential for retaliatory acts from Russia, could result in increased cyber-attacks against U.S. companies.

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

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we are required to comply with certain SEC and other legal requirements, our business combination may be contingent on our ability to comply with certain laws and regulations and any post-business combination company may be subject to additional laws and regulations. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. A failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business, including our ability to negotiate and complete our initial Business Combination, and results of operations. In addition, those laws and regulations and their interpretation and application may change from time to time, including as a result of changes in economic, political, social and government policies, and those changes could have a material adverse effect on our business, including our ability to negotiate and complete our initial Business Combination, and results of operations.

On March 30, 2022, the SEC issued proposed rules that would, among other items, impose additional disclosure requirements in business combination transactions involving SPACs and private operating companies; amend the financial statement requirements applicable to business combination transactions involving such companies; update and expand guidance regarding the general use of projections in SEC filings, as well as when projections are disclosed in connection with proposed business combination transactions; increase the potential liability of certain participants in proposed business combination transactions; and impact the extent to which SPACs could become subject to regulation under the Investment Company Act of 1940. These rules, if adopted, whether in the form proposed or in revised form, may materially adversely affect our business, including our ability to negotiate and complete our initial business combination and may increase the costs and time related thereto.

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

On May 17, 2021, our Sponsor paid an aggregate of \$25,000 to cover certain offering costs in consideration for 1,725,000 Class B shares, par value \$0.0001. Initially, up to 225,000 alignment shares were subject to forfeiture by the Sponsor depending on the extent to which the underwriters' over-allotment option was exercised. On November 6, 2021, our Sponsor forfeited 287,500 alignment shares, resulting in 1,437,500 alignment shares outstanding (up to 187,500 of which were subject to forfeiture depending on the extent to which the underwriters' over-allotment option was exercised). In connection with the underwriters' full exercise of their over-allotment option on December 9, 2021, the 187,500 alignment shares were no longer subject to forfeiture.

Simultaneously with the closing of the Initial Public Offering, we consummated the Private Placement of 10,750,000 Warrants, at a price of \$1.00 per Private Placement Warrant with the Sponsor, generating gross proceeds of \$10,750,000. In connection with the underwriters' full exercise of their over-allotment option on December 9, 2021, we consummated the Private Placement of 1,312,500 Warrants, at a price of \$1.00 per Private Placement Warrant with the Sponsor, generating gross proceeds of \$1,312,500.

Our Sponsor agreed to loan us an aggregate of up to \$1,300,000 pursuant to a promissory note signed February 16, 2022. This loan is non-interest bearing and is due and payable in full on the earlier of the date by which the Company has to complete a Business Combination, and the effective date of a Business Combination, unless accelerated upon the occurrence of an event of default as described therein. The Company drew down on this promissory note in full on March 25, 2022. Pursuant to the terms of that promissory note, the Sponsor may, at any time on or prior to the maturity date, convert up to \$1,300,000 into whole warrants to purchase Class A shares of the Company at a conversion price equal to \$1.00 per warrant. The warrants and Class A shares issuable upon exercise of the warrants would constitute "registrable securities" pursuant to the Registration Rights Agreement, dated December 2, 2021, among the Sponsor, the Company and the other parties thereto.

Of the gross proceeds received from the Initial Public Offering and the underwriters' full exercise of the option to purchase additional SAIL<sup>SM</sup> securities, \$291,812,500 was placed in the Trust Account. The net proceeds of the Initial Public Offering and certain proceeds from the Private Placement are invested in U.S. government treasury bills with a maturity of 185 days or less and 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.

We paid a total of \$5,750,000 in underwriting discounts and commissions related to the Initial Public Offering. In addition, the underwriters agreed to defer \$10,062,500 in underwriting discounts and commissions.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

## Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Amended and Restated Bye-laws of the Company (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 7, 2021).</a>
31.1*	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) 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.</a>
31.2*	<a href="#">Certification of Chief Financial Officer (Principal Financial and Accounting Officer) 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.</a>
32.1**	<a href="#">Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer (Principal Financial and Accounting Officer) Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</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.

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURE**

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 hereunto duly authorized.

Dated: May 16, 2022

**ST ENERGY TRANSITION I LTD.**

By: /s/ Gunnar Eliassen

Name: Gunnar Eliassen

Title: Chief Executive Officer

By: /s/ Jan Erik Klepsland

Name: Jan Erik Klepsland

Title: Chief Financial Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
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, Gunnar Eliassen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of ST Energy Transition I Ltd.;
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 officers 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)) 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. [Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313];
  - 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; and
5. The registrant's other certifying officers 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 controls over financial reporting.

Date: May 16, 2022

By: /s/ Gunnar Eliassen  
Gunnar Eliassen  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
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, Jan Erik Klepsland, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of ST Energy Transition I Ltd.;
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 officers 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)) 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. [Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313];
  - 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; and
5. The registrant's other certifying officers 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 controls over financial reporting.

Date: May 16, 2022

By: /s/ Jan Erik Klepsland  
Jan Erik Klepsland  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER 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 ST Energy Transition I Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gunnar Eliassen, 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: May 16, 2022

/s/ Gunnar Eliassen

Name: Gunnar Eliassen

Title: Chief Executive Officer

(Principal Executive Officer)

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**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**

In connection with the Quarterly Report of ST Energy Transition I Ltd. (the "Company") on Form 10-Q for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jan Erik Klepsland, Chief Financial Officer, 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: May 16, 2022

/s/ Jan Erik Klepsland

Name: Jan Erik Klepsland

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

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