

# **Brigade-M3 European Acquisition Corp.**

**Financial statements**

**For the year ended 31 December 2022  
with report of independent auditors**

# Brigade-M3 European Acquisition Corp.

Contents

31 December 2022

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# Brigade-M3 European Acquisition Corp.

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### DIRECTORS' REPORT

#### Introduction

Brigade-M3 European Acquisition Corp. (the “**Company**”) is a blank cheque company incorporated under the laws of the Cayman Islands as an exempted company with limited liability formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganisation or similar Business Combination with an operating company with significant operations in Europe which has positively benefited from a structural shift caused by the COVID-19 pandemic or has been negatively impacted by a temporary dislocation caused by the COVID-19 pandemic, which is referred to herein as a Business Combination (“**Business Combination**”).

The Company was formed by Brigade SPAC Sponsor II LLC (the “**Sponsor Entity**”). The Sponsor Entity is controlled by Brigade Capital GP, LLC, which is an affiliate of Brigade Capital Management, LP, together with the group entities that are affiliated with it by way of common control (“**Brigade**”). M3 Euro SPAC Sponsor I, LP (“**M3**”) is the strategic partner to the Sponsor Entity.

This Annual Report covers the year ended 1 January 2022 to 31 December 2022 (the “**Audit Period**”).

#### Business and Financial Developments

The Company appointed: (i) Cantor-Aurel and Cantor Fitzgerald Europe (“**Cantor**”) as joint global coordinators (collectively, the “**Joint Global Coordinators**”); (ii) Cantor-Aurel as sole bookrunner; (iii) Brigade Capital UK LLP (the “**Financial Adviser**” or “**Brigade UK**”), an affiliate of the Sponsor Entity, as the financial adviser; (iv) ABN AMRO Bank N.V. as the listing and paying agent, and the warrant agent; and (v) HSBC Bank plc (the “**Escrow Agent**”) as escrow agent, in each case, in connection with the Offering (as defined below) and admission to listing and trading on Euronext Amsterdam of the Units, Ordinary Shares and Warrants (“**Admission**”).

On 8 December 2021, the Company offered by way of private placement 25,000,000 Units (the “**Units**”), each consisting of one ordinary share (an “**Ordinary Share**”) and one-half (1/2) of a warrant (a “**Warrant**”), at a price of \$10.00 per Unit (the “**Offering**”). The Offering ended on 10 December 2021, raising proceeds of \$250,000,000, and the Units, Ordinary Shares and Warrants were admitted to listing on Euronext Amsterdam on 10 December 2021.

The Company has 18 months from 14 December 2021 (the “**Settlement Date**”) to complete a Business Combination (the “**Business Combination Deadline**”).

The Company holds the proceeds of the IPO in an Escrow Account administered by the Escrow Agent (the “**Escrow Account**”). As of 31 December 2022, the amount held in the Escrow Account was \$258,070,782.

More information about the Company, including the Company's Initial Public Offering (“**IPO**”) Prospectus dated 8 December 2021 (the “**Prospectus**”), which was approved by the Dutch Authority for the Financial Markets (AFM), can be found on the Company's website – [www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)

The Company continues to actively seek to complete a Business Combination.

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### DIRECTORS' REPORT (CONTINUED)

Financial summary as at 31 December 2022:

- Escrow Account balance: \$258,070,782
- Bank account balance: \$369,832
- Shareholders' deficit: (\$1,411,978)
- Share Price: \$9.80 (closing price) \$10.00 (last traded price)
- Unit Price: \$9.85 (closing price) \$10.00 (last traded price)

The revenue generated by the Company during the Audit Period includes interest income on the cash held in escrow account, the reversal of the contingent settlement provision and the reversal of previous share based payment expense. The Company also generated unrealized capital gains during the Audit Period attributable to the fair value recognition of the forward derivative agreement and warrant liabilities. The expenses incurred by the Company during the Audit Period include, amongst others, legal costs, corporate services, accounting and tax advisory costs, amortization expense and other operating expenses. This has resulted in a loss of \$2,688,942 during the Audit Period.

### Background and Strategy

The Company was formed for the purpose of effecting a Business Combination with an operating company with significant operations in Europe which has positively benefited from a structural shift caused by the COVID-19 pandemic or has been negatively impacted by a temporary dislocation caused by the COVID-19 pandemic. The Company focuses primarily on identifying attractive acquisition candidates with strong business fundamentals under normalised circumstances. The Company also anticipates that these target companies will have established a viable ESG plan for their future or recognised the potential associated with establishing such an ESG plan, which will help drive incremental future growth and expansion as investors and customers are demonstrating an increasing focus on sustainability as a key requirement for investment or purchases. Accordingly, the search for Business Combination targets may extend across a wide range of industry sectors and geographies in which the Company believes that it can create shareholder value. The Directors believe that their and Brigade's investment and operating expertise across multiple industry verticals and across companies in all stages of their corporate evolution gives the Company a large, addressable universe of potential targets in order to enable it to maximise its chances of completing a Business Combination in a timely manner and to maximise shareholder returns following such a Business Combination.

The Directors believe that the experience, capabilities, relationships and track record of the Directors, Brigade and M3 will be instrumental in identifying compelling targets, making the Company an attractive partner for potential target businesses, enhancing the Company's ability to complete a successful Business Combination and, thereafter, improving the performance of the post-Business Combination company in order to create value for investors.

Notice of any Business Combination Extraordinary General Meeting ("**Business Combination EGM**"), shareholder circular and/or Prospectus (as applicable) and any other meeting documents relating to a proposed Business Combination will be published on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)) no later than 21 calendar days prior to the date of the Business Combination EGM.

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## DIRECTORS' REPORT (CONTINUED)

### Business Outlook

The Company is continuing its search for a proposed Business Combination with a target company, to be completed within 18 months of the Company's IPO closing on 14 December 2021. As at the date of this Annual Report, the Directors believe there is an increasing probability that the Company will not achieve a Business Combination prior to the Business Combination Deadline. The Directors are therefore exploring the options available to the Company, including the possibility of obtaining an extension of the duration of the Company from shareholders or obtaining alternative financing following the redemption of the Units and Ordinary Shares in accordance with the Prospectus.

### Director Information

The Company was incorporated on 21 April 2021 as an exempted company with limited liability under the laws of the Cayman Islands with registered number 374650.

The Company is subject to the relevant provisions of Cayman Islands law as well as its Memorandum and Articles of Association. Additionally, the Company voluntarily applies certain principles from the Dutch Corporate Governance Code (the "DCGC").

As at the date of this Annual Report, the directors of the Company (the "Directors" and, together, the "Board"): are:

<b>Name</b>	<b>Position</b>
Vijay Rajguru	Executive Director and chairperson of the Board
Rosalía Portela	Executive Director
Steven P. Vincent	Non-Executive Director
Carlos Sagasta	Independent Non-Executive Director
Stephan Walz	Independent Non-Executive Director
Brenda Rennick	Independent Non-Executive Director

Further details on the directors, including their respective management experience and expertise, their powers, responsibilities and functioning, and their mandatory disclosure obligations are set out in the Prospectus.

### *Interests of the Directors*

As at the date of this Annual Report, the interests of Directors in the capital instruments of the Company remain as disclosed in the Prospectus.

### *Powers, Responsibilities and Functioning*

Pursuant to the Articles of Association, the Directors are granted broad authority to manage the Company's business and may exercise all powers in such respect. The Executive Directors manage the Company's day-to-day business and operations and implement its strategy. The Non-Executive Directors focus on policy and supervising the performance of the duties of all Directors and the general state of affairs of the Company. The Directors may take actions by unanimous written resolution or by a majority vote at a Board meeting.

## DIRECTORS' REPORT (CONTINUED)

### Corporate Governance

As a company incorporated under the laws of the Cayman Islands, there is no statutory corporate governance code applicable to the Company. The laws of the Cayman Islands do however provide that proper corporate governance has to be maintained. Notwithstanding there being no statutory corporate governance code applicable to the Company, the Company has implemented a corporate governance framework consisting of (i) a Board the majority of which consists of directors who, in the Company's estimate, would qualify as independent within the meaning of best practice provision 2.1.8 of the DCGC, were it to apply to the Company, (ii) an Audit Committee and (iii) corporate governance policies, including a Code of Ethics, Diversity Policy, Insider Trading Policy and Corporate Governance Guidelines, each as defined below and each of which can be viewed on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)).

#### *Audit Committee*

The Board has appointed from among its Directors an Audit Committee. The Audit Committee consists of Ms. Rennick as chairperson and Mr. Rajguru. The organisation, rules, decision-making and other internal matters of the Audit Committee have been adopted by the Board and are set out in the Company's Audit Committee Charter, available on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)).

#### *Code of Ethics*

The Company has adopted a code of ethics (the "**Code of Ethics**") requiring it to avoid, wherever possible, all conflicts of interest, except under guidelines or resolutions approved by the Board (or the Audit Committee, where applicable). Under the Code of Ethics, conflict of interest situations will include any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) involving the Company. In addition, the Audit Committee, pursuant to the terms of reference of the Audit Committee, will be responsible for reviewing and approving related party transactions to the extent that the Company enters into such transactions. The Company's Code of Ethics is available on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)).

#### *Insider Trading Policy*

The Company has adopted an insider trading policy (the "**Insider Trading Policy**") setting out, *inter alia*, prohibitions on directly or indirectly conducting or recommending transactions in Company securities while in the possession of inside information. The Company's Insider Trading Policy is available on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)).

#### *Corporate Governance Guidelines*

The Company has adopted corporate governance guidelines (the "**Corporate Governance Guidelines**") relating to, *inter alia*, (i) board composition and director qualifications; (ii) the Board's responsibilities; (iii) the Board's meetings and related procedures; (iv) director communications, compensation, orientation and continuing education; (v) leadership development; (vi) the Board's annual performance evaluation; and (vii) means of communicating with the Board. The Company's Corporate Governance Guidelines are available on the Company's website ([www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)).

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### DIRECTORS' REPORT (CONTINUED)

#### Corporate Social Responsibility

The Directors believe that businesses which have established a viable environmental, social and governance (“ESG”) plan for their future, or that recognise the potential associated with establishing such an ESG plan will experience enhanced expansion relative to those without such a commitment or opportunity for the foreseeable future, and the Directors therefore are also focused on ensuring that the target company meets these criteria. As a consequence, the Company takes into account sustainability and corporate social responsibility factors when evaluating potential target businesses. The factors that will be evaluated relating to the sustainability of the business and opportunity for enhancing such sustainability include: the practices, products and services of the business; the production methods for the products and services, including their relationship to a low-carbon, prosperous, equitable, healthy and safe society; the nature of revenue and the likelihood that current earnings are “borrowing” from future earnings; and overall contribution to equality and long-term benefit to society.

#### Anti-corruption and Human Rights

The Company complies with the anti-corruption and human rights laws of the countries in which it does business. The Directors shall not take or cause to be taken any action that would reasonably result in the Company not complying with such anti-corruption and/or human rights laws. The Directors are responsible for ensuring that any agents appointed on the Company’s behalf are reputable and uphold the Company’s standards in this area.

#### Risks and Risk Management

##### *Risks*

The Company is exposed to certain risk factors and events that may or may not occur. A summary of certain risks is set out in the table below and should be read in conjunction with Part II of the Company’s Prospectus (available on the Company’s website: [www.BrigadeM3EAC.com](http://www.BrigadeM3EAC.com)), which discloses what the Directors believe are the most material risks concerning the Company’s business, the Units, the Ordinary Shares and the Warrants, although they may not be the only risks and uncertainties. Additional risks not known to the Company, or currently believed not to be material, could later turn out to have a material impact on the Company.

Risk category	Risk description	Potential impact
Strategic	The Company may face significant competition for Business Combination opportunities	High
Strategic	There is no assurance that the Company will identify suitable Business Combination opportunities by the Business Combination Deadline	High
Strategic	The ability of the Company to negotiate a Business Combination on favorable terms could be affected by the limited time to complete the Business Combination	High

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## DIRECTORS' REPORT (CONTINUED)

Risk category	Risk description	Potential impact
Financial	The Company will be constrained by the potential need to finance redemptions of Ordinary Shares in connection with a Business Combination	Medium
Financial	The Company may need to arrange third-party financing and there can be no assurance that it will be able to obtain such financing, which could compel the Company to restructure or abandon a particular proposed Business Combination	Medium
Financial	If the Company's working capital is insufficient to allow the Company to operate until the Business Combination Deadline, it could limit the amount available to fund the Company's search for a target business and the Company may be unable to complete a Business Combination	Medium
Operational	The Company's success is dependent upon the Directors, Brigade and/or M3 to identify and execute a Business Combination and the departure of key individuals could adversely affect the Company group of individuals and other key personnel	Medium
Operational	The Company's search for a target business may be materially adversely affected by the coronavirus (COVID-19) pandemic as well as other adverse global health events	Medium
Operational	The Company's search for a target business may be materially adversely affected by macroeconomic events as well as other adverse conditions on the public financial markets	High
Operational	Harm to the reputation of the Company, the Sponsor (or any of its affiliates) or the Directors may materially adversely affect the Company	Medium

### *Risk Management*

The Board is ultimately responsible for maintaining effective risk management, which includes the Company's risk governance structure, the Company's system of internal controls and the Company's audit approach.

The Company has in place a risk management and internal control system in relation to its financial reporting process and the process of preparing the financial statements. The Board reviews the effectiveness of the system of internal financial, operational and compliance controls and the risk management. The Board examines whether the system of internal controls operated effectively throughout the year (taking into account that due to the size of the Company and its limited operations, segregation of duties is generally limited) and will make recommendations when appropriate.

The Board is of the opinion that, to the best of its knowledge:

- no deficiencies in the effectiveness of the internal risk and control systems have been identified;



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## DIRECTORS' REPORT (CONTINUED)

- the internal risk management and control systems of the Company provide reasonable assurance that the financial reporting as included in the financial statements do not contain any material inaccuracies;
- there is a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as set out in the Prospectus, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting. This opinion is based on the fact that the Board remains focused on completing a Business Combination by the Business Combination Deadline; however, given the time remaining to this deadline, the mandatory liquidation and subsequent dissolution requirement, forming this opinion involves significant judgement. Refer to note 2.3 in the notes to the financial statements for the going concern assessment which has been made by management.

As set out in the Prospectus, the Company is established for a period of 18 months. No matter how comprehensive a risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments from occurring in the Company's business and business environment or that response to risk will be fully effective. The Company's risk management framework is designed to avoid or mitigate rather than to eliminate the risks associated with the accomplishment of the Company's strategic objectives. It provides reasonable assurance but not absolute assurance against material misstatement or loss. In the Audit Period, the Company has not identified any major failings in its internal risk management and control system.

### External Auditor

The Company's external auditor, KPMG (the "Auditor"), provides to the Audit Committee a statement that they have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, actions taken to eliminate threats or safeguards applied. The performance of the Auditor is reviewed by the Audit Committee on an annual basis through an assessment of the services provided against the agreed audit plan. Following this review, the Audit Committee is satisfied that the external audit process operates effectively.

### 2022 Financial Statements

The Directors have reviewed and discussed the 2022 annual report and financial statements. The 2022 financial statements, as prepared by MaplesFS Limited, have been audited by KPMG, whose auditor's report is included in this Annual Report, and were extensively discussed by the Audit Committee and the Board.

The Directors believe the 2022 financial statements of the Company meet all requirements for fair presentation of information.

On behalf of the Directors

28 April 2023

Vijay Rajguru  
Chairman

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## DIRECTORS' REPORT (CONTINUED)

### NON-EXECUTIVE DIRECTORS' REPORT

The Non-Executive Directors focus on policy and supervising the performance of the duties of all Directors and the general state of affairs of the Company. As at the date of this Annual Report, the Company's Non-Executive Directors are as listed below:

<b>Name</b>	<b>Position</b>
Steven P. Vincent	Non-Executive Director
Carlos Sagasta	Independent Non-Executive Director
Stephan Walz	Independent Non-Executive Director
Brenda Rennick	Independent Non-Executive Director

The Non-Executive Directors provide, *inter alia*, a supervisory and oversight function to the Company in relation to its search for a Business Combination and to ensure that any decisions that are reached align with the Company's strategy.

The Non-Executive Directors are aware of the Company's strategic, financial, operational, legal and compliance risks, the internal control and management systems in place, and of the actions taken to manage the risks.

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## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT

The Directors do not receive any fixed or variable remuneration. As compensation for their services, the Sponsor Entity has assigned Sponsor Shares to each of the Directors (other than to Steven P. Vincent who does not receive any compensation) at the nominal value of \$0.0001 per Sponsor Share:

<b>Name</b>	<b>Position</b>	<b>Sponsor Shares</b>
Vijay Rajguru	Executive Director and chairperson of the Board	25,000
Rosalia Portela	Executive Director	20,000
Steven P. Vincent	Non-Executive Director	-
Carlos Sagasta	Independent Non-Executive Director	20,000
Stephan Walz	Independent Non-Executive Director	20,000
Brenda Rennick	Independent Non-Executive Director	20,000

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report. The Annual Report comprises the Directors' Report, the Financial Statements and some other information. The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors are required by law to prepare the Annual Report for each financial year. The Directors have prepared the Annual Report in accordance with International Financial Reporting Standards ("IFRS"). The Directors must not approve the Annual Report unless they are satisfied that it gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Annual Report, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the Annual Report; and
- prepare the Annual Report on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the Annual Report complies with applicable law. The Directors have assessed the effectiveness of the Company's internal risk management and control systems. Though such systems are designed to manage and control risks, they can provide reasonable, but not absolute, assurance against material misstatements. Based on this assessment, to the best of our knowledge and belief, no material failings of the effectiveness of the Company's internal risk management and control systems occurred and the internal risk and control systems provides reasonable assurance that the 2022 financial statements do not contain any errors of material importance.

Each of the Directors confirm that to the best of their knowledge:

- the Company's financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Directors' Report gives a true and fair view on the situation on the balance sheet date, the development and performance of the business and the position of the Company of which the financial information is included in the Directors' Report and includes a description of the principal risks that the Company faces; and
- having taken all matters considered by the Board and brought to the attention of the Board during the financial year into account, the Directors consider that the Annual Report, taken as a whole is fair, balanced and understandable. The Directors believe that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider it appropriate to adopt the going-concern basis in preparing the Annual Report.

On behalf of the Company

28 April 2023

Vijay Rajguru  
Chairman



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## **Independent Auditors' Report**

To the Board of Directors and Shareholders of Brigade-M3 European Acquisition Corp.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Brigade-M3 European Acquisition Corp. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 2.3 of the financial statements, which indicates that the Company has less than 12 months to complete an initial business combination for which significant contingencies to completion exist. As stated in Note 2.3, these conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:



**Report on the Audit of the Financial Statements (continued)**

Share-based payments

Refer to page 30 (accounting policy) and page 56 (financial disclosures)

<b>Description of key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Sponsor shares are equity instruments that management have identified as being granted under a share-based payment arrangement.</p> <p>The recognition or derecognition of share-based payments is determined by the probability of business combination. Probability of business combination is significant because the share-based payment expense and associated reserve in equity is recognised if the business combination is more likely than not to be achieved. Conversely, if the probability of business combination is not likely to be achieved, the share-based payment expense and associated reserve in equity is derecognised.</p> <p>Management have determined the probability of business combination is less than 50%. Accordingly, the share-based payment expense and associated reserve in equity have been derecognised.</p> <p>Significant judgment has been applied by management in the determination of the probability of business combination.</p>	<p>The procedures we undertook included:</p> <ul style="list-style-type: none"> <li>• Evaluating and challenging management on the facts and circumstances that could impact the probability of business combination, such as the time frame and market conditions; and</li> <li>• Evaluating whether management's assessment of the probability of business combination includes all relevant information that has come to our attention in the audit.</li> </ul> <p>We used the work undertaken by our own valuation specialist to assist with the above procedures.</p> <p>We consulted with our Department of Professional Practice on the judgements made in applying accounting policies including remeasurement of the share-based payment expense and the associated reserve in equity.</p> <p>In addition, we also considered the appropriateness, in accordance with relevant accounting standards, of the disclosures relating to share-based payments.</p> <p>Based on our assessment of information obtained from our procedures, we concluded that judgements relating to the probability of business combination and the resulting remeasurement of share-based payment expense and associated reserve in equity to be reasonable.</p>

Contingent settlement provision

Refer to page 51 (accounting policy and financial disclosures)

<b>Description of key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company is required to settle deferred underwriting commissions upon business combination. The contingent settlement provision is a financial liability that is initially recognised at fair value and subsequently measured at amortised cost.</p> <p>Subsequent measurement of the financial liability at amortised cost is determined by estimating the rate that exactly discounts the estimated future cash payment through the expected life of the financial liability to the amortised cost of the financial liability.</p>	<p>The procedures we undertook included:</p> <ul style="list-style-type: none"> <li>• Challenging management on the facts and circumstances that could impact the probability of business combination, such as time frame and market conditions; and</li> <li>• Evaluating whether management's assessment of the probability of business combination included all relevant information that has come to our attention in the audit.</li> </ul> <p>We used the work undertaken by our own valuation specialist to assist with the above procedures.</p>



## Report on the Audit of the Financial Statements (continued)

<p>Management have determined the probability of business combination is less than 50%. Accordingly, the estimated future cash payment is nil\$. Further, as the expected outcome of the financial liability is nil\$, the financial liability is subsequently measured at nil\$.</p> <p>Significant judgment has been applied by management in determination of the probability of business combination and derecognition of the contingent settlement provision.</p>	<p>We consulted with our Department of Professional Practice on the judgements made in applying accounting policies including remeasurement of the contingent settlement provision.</p> <p>In addition, we also considered the appropriateness, in accordance with relevant accounting standards, of the disclosures relating to the contingent settlement provision.</p> <p>Based on our assessment of information obtained from our procedures, we concluded that judgments relating to the probability of business combination and remeasurement of the contingent settlement provision to be reasonable.</p>
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### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Directors' Report and Statement of Directors' Responsibility but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of



## **Report on the Audit of the Financial Statements (continued)**

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

#### *European Single Electronic Format (ESEF)*

The Company has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the financial statements as included in the reporting package by the Company, has been prepared in all material respects in accordance with the RTS on ESEF.

Those charged with governance are responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the management combine the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package, is in accordance with the RTS on ESEF.

Our procedures included amongst others:

- obtaining an understanding of the Company's financial reporting process, including the preparation of the annual report in XHTML format; and





**Report on the Audit of the Financial Statements (continued)**

- examining whether the annual report in XHTML format is in accordance with the RTS on ESEF.

The engagement partner on the audit resulting in this independent auditors' report is Tanis McDonald.

KPMG

April 28, 2023

**Brigade-M3 European Acquisition Corp.**  
**Statement of Financial Position**  
**31 December 2022**

	Note	2022 \$	*2021 \$
<b>Assets</b>			
Cash	4	369,832	915,515
Escrow account	8	258,070,782	255,000,001
Prepayments		571,562	1,186,105
Share capital receivable	7	-	625
Forward derivative agreement at fair value through profit or loss	3,14	151,500	1,841,750
<b>Total assets</b>		<b>259,163,676</b>	<b>258,943,996</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	9	625	625
Share based payment reserve	17	-	2,215,745
Retained (deficit)/earnings		(4,755,417)	1,276,339
<b>Total shareholders' (deficit)/equity</b>		<b>(4,754,792)</b>	<b>3,492,709</b>
<b>Liabilities</b>			
Accrued expenses		182,000	193,477
Contingent settlement provision	13	-	5,802,357
Units	9	120,287,901	241,160,628
Redeemable Ordinary Shares	9	137,300,617	-
Public Warrants liabilities at fair value through profit or loss	3,9	2,350,450	-
Sponsor Warrant liabilities at fair value through profit or loss	3,9	3,797,500	8,294,825
<b>Total liabilities</b>		<b>263,918,468</b>	<b>255,451,287</b>
<b>Total shareholders' equity and liabilities</b>		<b>259,163,676</b>	<b>258,943,996</b>

The notes on pages 20 to 56 form an integral part of these financial statements.

**Brigade-M3 European Acquisition Corp.**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2022**

		2022	*2021
	Note	\$	\$
<b>Income</b>			
Net unrealised gains on financial assets and liabilities at fair value through profit or loss			
		7,932,075	5,146,925
Interest income		3,074,866	-
Reversal of contingent settlement provision	13	5,802,357	-
Reversal of share based payment reserve	17	2,215,745	-
<b>Total income</b>		<b>19,025,043</b>	<b>5,146,925</b>
<b>Expenses</b>			
Share based payment expense	17	-	2,215,745
Interest expense calculated using the effective interest method	9	23,903,339	765,009
Formation and operational expenses	10	1,153,460	889,832
<b>Total expenses</b>		<b>25,056,799</b>	<b>3,870,586</b>
<b>Net (loss)/income for the year/period</b>		<b>(6,031,756)</b>	<b>1,276,339</b>
<b>Total comprehensive (loss)/income for the year/period</b>		<b>(6,031,756)</b>	<b>1,276,339</b>
Basic (loss)/earnings per share	12	(\$0.97)	\$0.20
Diluted (loss)/earnings per share	12	(\$0.97)	\$0.20

\*For the period from 21 April 2021 (date of incorporation) to 31 December 2021

**Brigade-M3 European Acquisition Corp.**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2022**

	Share capital	Share based payment reserve	Retained earnings	Total
	\$	\$	\$	\$
<b>Opening balance – 21 April 2021</b>	-	-	-	-
Comprehensive income for the period	-	-	1,276,339	1,276,339
<b>Total comprehensive income for the period</b>	-	-	<b>1,276,339</b>	<b>1,276,339</b>
<b>Capital transactions</b>				
Issuance of Sponsor Shares	625	-	-	625
Share based payment reserve	-	2,215,745	-	2,215,745
<b>Closing balance – 31 December 2021</b>	<b>625</b>	<b>2,215,745</b>	<b>1,276,339</b>	<b>3,492,709</b>
Comprehensive loss for the year	-	-	(6,031,756)	(6,031,756)
<b>Total comprehensive loss for the year</b>	-	-	<b>(6,031,756)</b>	<b>(6,031,756)</b>
<b>Capital transactions</b>				
Reversal of share based payment reserve	-	(2,215,745)	-	(2,215,745)
<b>Closing balance – 31 December 2022</b>	<b>625</b>	-	<b>(4,755,417)</b>	<b>(4,754,792)</b>

**Brigade-M3 European Acquisition Corp.**  
**Statement of Cash Flows**  
**For the year ended 31 December 2022**

	2022	*2021
	\$	\$
<b>Cash flows from operating activities:</b>		
Net (loss)/income for the year/period	(6,031,756)	1,276,339
<b>Adjustments to reconcile net (loss)/income for the year/period to net cash used in operating activities:</b>		
Adjustment for:		
Net unrealised gains on financial assets and liabilities at fair value through profit or loss	(7,932,075)	(5,146,925)
Share based payment expense	-	2,215,745
Reversal of Share based payment	(2,215,745)	-
Reversal of contingent settlement provision	(5,802,357)	
Interest expense calculated using the effective interest method	23,903,339	765,009
Changes in:		
Prepayments	614,543	(1,186,105)
Accrued expenses	(11,476)	193,477
<b>Net cash used in operating activities</b>	<b>2,524,473</b>	<b>(1,882,460)</b>
<b>Cash flows from investing activities:</b>		
Deposit in escrow account of proceeds from issuance of Units	-	(255,000,001)
Deposit of interest income on escrow account	(3,070,781)	-
<b>Net cash used in investing activities</b>	<b>(3,070,781)</b>	<b>(255,000,001)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of Sponsor Warrants	-	10,850,000
Proceeds from issuance of Units	-	250,000,000
Offering costs	-	(3,051,399)
Share capital receivable	625	(625)
<b>Net cash generated from financing activities</b>	<b>625</b>	<b>257,797,976</b>
<b>Net change in cash</b>	<b>(545,683)</b>	<b>915,515</b>
Cash at beginning of the year/period	915,515	-
<b>Cash at end of the year/period</b>	<b>369,832</b>	<b>915,515</b>
<b>Supplemental disclosure of non-cash information:</b>		
Proceeds from issuance of Sponsor Shares	-	625

\*For the period from 21 April 2021 (date of incorporation) to 31 December 2021

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements**  
**31 December 2022**

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**1. General information**

Brigade-M3 European Acquisition Corp. (the “Company”) is an exempted company with limited liability, incorporated under the laws of the Cayman Islands on 21 April 2021. The Company is registered as exempted because its objects are to be carried out mainly outside the Cayman Islands. With effect from 17 June 2021, the name of the Company was changed from Brigade European Acquisition Corp. to Brigade-M3 European Acquisition Corp. The Company is a Special Purpose Acquisition Company (“SPAC”), formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganisation or similar Business Combination (a “Business Combination”) with an operating company with significant operations in Europe which has positively benefited from a structural shift caused by the COVID-19 pandemic or has been negatively impacted by a temporary dislocation caused by the COVID-19 pandemic.

The Company is registered with the Registrar of Companies under incorporation number 374650 and has its registered office in Grand Cayman, Cayman Islands. Brigade SPAC Sponsor II LLC is the Company's sponsor (the “Sponsor Entity”).

The Company has been listed on the Euronext Amsterdam Stock Exchange (“Euronext Amsterdam”) as of 8 December 2021, having raised US\$ 250,000,000 in its IPO of 25,000,000 Units at US\$ 10 per Unit (the “Offering”). An over-allotment option existed but was not exercised. These proceeds were placed in an Escrow Account as outlined in the Prospectus. Each unit is exchangeable for one (1) Redeemable Ordinary Share and one-half (1/2) of a Public Warrant.

The Company has no employees at 31 December 2022 and 31 December 2021.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of the Company for the year ended 31 December 2022 have been prepared in accordance, and comply with, International Financial Reporting Standards (“IFRS”) and are stated in United States dollars (“USD” or “\$”), the Company’s functional currency, unless otherwise disclosed.

The reporting period of these financial statements is from 1 January 2022 to 31 December 2022. The Company’s statutory financial year end is 31 December. Its first statutory financial period was from 21 April 2021 (date of incorporation) to 31 December 2021.

**2.2 Use of estimates and judgements**

In preparing these financial statements, management has made judgements, 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 increases and decreases in net assets resulting from operations during the reporting period. Actual results could differ from these estimates.

## **2. Summary of significant accounting policies (continued)**

### **2.2 Use of estimates and judgements (continued)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### **Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2.3 – Going concern
- Note 2.5 – Functional and presentation currency

#### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – Fair value measurement
- Note 13 – Contingent settlement provision
- Note 17 – Share based payment – probability of Business Combination and identification of grant date

### **2.3 Going concern**

The financial statements have been prepared on a going concern basis. Following the Offering and prior to the completion of any Business Combination, the Company will not engage in any operations, other than in connection with the selection, structuring and completion of a Business Combination.

The Company has 18 months from 14 December 2021 (“Settlement Date”) to complete a Business Combination, (the “Business Combination Deadline”). The costs related to the Company are expected to be covered by the proceeds of the issuance of the Sponsor Warrants as part of the Offering process, as disclosed in Note 9.

The Sponsor Entity or its affiliates may fund any excess costs through the issuance of debt instruments to the Company, such as promissory notes, and up to \$1,500,000 of such debt instruments which is unused may be converted into additional Sponsor Warrants at a price of \$1.00 per Sponsor Warrant at the option of the Sponsor Entity.

If the Company has not completed a Business Combination by such time, it will: (i) cease all operations except for the purpose of winding up; (ii) as promptly as reasonably possible redeem the Units and Ordinary Shares; and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the directors, liquidate and dissolve, subject in each case to the Company’s obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law.

The events and conditions that management considers relevant to the Company’s ability to continue as a going concern include the limited time frame remaining to the Business Combination Deadline and market conditions inclusive of competition and potential geopolitical events.

## **2. Summary of significant accounting policies (continued)**

### **2.3 Going concern (continued)**

Management remains focused on completing a Business Combination by the Business Combination Deadline. However, given the time remaining to this deadline and the potential impact of current global events on the financial markets and investor confidence (should the Company require to raise funds ahead of such completion), the prospect of the mandatory liquidation and subsequent dissolution requirement described above indicates that there is material uncertainty regarding the Company's ability to continue as a going concern - that is, whether it will be able to achieve its objectives within 12 months from the date of these financial statements. It is important to note that nothing in this analysis implies that the Company would be unable to realise its assets and discharge its liabilities in the normal course of business, or fulfil the above mentioned Redemptions of Redeemable Ordinary Shares should the Company not complete a Business Combination by the Business Combination Deadline.

While not compromising its focus on the business fundamentals for any given opportunity, the Company is adapting its activities appropriately to factor in, to the extent possible, the current circumstances, notably the challenging market environment. Given that management remains focused on completing the Business Combination, the accompanying financial statements have been prepared on a going concern basis and do not include any adjustments that might arise as a result of uncertainties about the Company's ability to continue as a going concern. As the Business Combination Deadline approaches, the Company believes there is an increasing probability that the Company will not achieve a Business Combination prior to the Business Combination Deadline. The Company is therefore exploring the options available, including the possibility of obtaining an extension of the duration of the Company from shareholders or obtaining alternative financing following the redemption of the Units and Ordinary Shares in accordance with the Prospectus.

### **2.4 New accounting developments**

There are no new accounting developments which are expected to have a significant impact on the Company's financial position or results of operations.

### **2.5 Functional and presentation currency**

#### **(i) Functional currency**

Functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's transactions are denominated in USD. The majority of expenses are denominated and paid in USD. While shares were originally issued in EUR, on 2 December 2021 they were redenominated to USD, as disclosed in Note 9. Accordingly, management has determined that the functional currency of the Company is USD.

#### **(ii) Transactions and balances**

Transactions in foreign currencies are translated into USD at the exchange rate at the dates of the transactions. Foreign currency assets and liabilities are translated into USD using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation, if any, are included in the statement of comprehensive income.



## 2. Summary of significant accounting policies (continued)

### 2.6 Financial instruments

#### (i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Any gains and losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss (“FVTPL”) are recorded in the statement of comprehensive income.

Financial assets and financial liabilities are measured initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### (ii) Classification and subsequent measurement

##### **Financial assets**

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on the specified dates to cash flows that are solely payments of principal and interest.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, amortization expense, foreign exchange gains and losses and impairment are recognised in the statement of comprehensive income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Financial assets classified at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest income and foreign exchange gains and losses, are recognised in the statement of comprehensive income.

Financial assets include cash, Escrow Account, share capital receivable, forward derivative agreement.

**2. Summary of significant accounting policies (continued)**

**2.6 Financial instruments (continued)**

**(ii) Classification and subsequent measurement (continued)**

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in the statement of comprehensive income.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

Financial liabilities include accrued expenses, units, Redeemable Ordinary Shares, public warrants and sponsor warrants.

**(iii) Amortised cost**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

**(iv) Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

**2. Summary of significant accounting policies (continued)**

**2.6 Financial instruments (continued)**

**(iv) Fair value measurement (continued)**

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

**(v) Impairment**

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of ‘investment grade’. The Company considers this to be BBB or higher per Standard and Poor’s.

## 2. Summary of significant accounting policies (continued)

### 2.6 Financial instruments (continued)

#### (v) Impairment (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

#### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## **2. Summary of significant accounting policies (continued)**

### **2.6 Financial instruments (continued)**

#### **(vi) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of comprehensive income. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is the statement of comprehensive income.

### **2.7 Forward derivative agreements**

The forward derivative agreements are instruments that give the Company the right, but not the obligation to issue ("put") Ordinary Shares at a specified price (the "exercise price") on or before a predetermined date when such right is exercised by cash settlement.

The value of the forward derivative agreement has two components: time value and intrinsic value. A forward derivative agreement has a limited life and expires on a certain date. As the expiration date of a forward derivative agreement approaches, the time value of a forward derivative agreement will decline. In addition, if the share underlying the forward derivative agreement increases in price, the intrinsic value of an in the money forward derivative agreement will decline. Further, if the price of the share underlying the forward derivative agreement exceeds the exercise price of the forward derivative agreement, the forward derivative agreement will expire worthless.

### **2.8 Cash**

Cash represents cash deposits held at financial institutions. Cash is held at major financial institutions.

### **2.9 Share capital receivable**

Share capital receivable relates to an amount due from the shareholder for the equity contribution. As collection is expected in one year or less, they are classified as current assets.

**2. Summary of significant accounting policies (continued)**

**2.9 Share capital receivable (continued)**

Share capital receivable is recognised initially at fair value. The best evidence of the fair value of share capital receivable is at transaction price, the amount of consideration that is unconditional, unless it contains significant financing components when it is recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method, less any loss allowance.

**2.10 Prepayments**

These represent assets for amounts paid prior to the end of the financial period, for which services are yet to be provided to the Company. Prepayments are presented as current assets unless the service is not due to be provided within 12 months after the reporting period.

**2.11 Accrued expenses**

These amounts represent liabilities for services provided to the Company prior to the end of the financial year, which are unpaid. Accrued expenses are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Accrued expenses are recognised initially at fair value. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. Subsequent measurement is at amortised cost using the effective interest method.

**2.12 Escrow account**

The escrow account is subject to legal or contractual restrictions as stipulated by third parties, as well as restrictions regarding the use or withdrawal of such escrow proceeds. The Sponsor Entity and Directors have entered into an agreement with the Company to waive their right to receive liquidating proceeds should a successful Business Combination not be completed by the Business Combination Deadline.

**2.13 Units**

Units comprise of Redeemable Ordinary Shares and Public Warrants. Each unit is exchangeable for one (1) Redeemable Ordinary Share and one-half ( $\frac{1}{2}$ ) of a Public Warrant.

**2.14 Redeemable Ordinary Shares**

Redeemable Ordinary Shares are redeemable at the shareholder's option and are classified as financial liabilities.

Redeemable Ordinary Shares are recognised initially at fair value. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. Subsequent measurement is at amortised cost using the effective interest method.

## 2. Summary of significant accounting policies (continued)

### 2.14 Redeemable Ordinary Shares (continued)

The 'effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the amortised cost of the financial liability.

In calculating amortisation expense, the effective interest rate is applied to the amortised cost of the liability.

Any amortisation expense on financial liabilities measured at amortised cost is presented in the statement of comprehensive income as interest expense calculated using the effective interest method.

### 2.15 Public Warrants

The Public Warrants are classified as derivative liabilities measured at FVTPL at each reporting period, in accordance with IFRS 9 – *Financial Instruments* ("IFRS 9") and IAS 32 – *Financial Instruments: Presentation* ("IAS 32").

Public Warrants are recognised initially at fair value. The fair value of Public Warrants at initial recognition was determined by a valuation specialist.

Subsequent measurement is at FVTPL with changes in the fair value recorded in the statement of comprehensive income.

### 2.16 Sponsor Shares

Sponsor Shares are not redeemable, do not receive any proceeds on liquidation and are classified as equity in the statement of financial position.

Sponsor Shares are recognised initially at cost. The best evidence of the cost of an equity instrument at initial recognition is normally the transaction price.

### 2.17 Sponsor Warrants

The Sponsor Warrants are classified as derivative liabilities measured at FVTPL at each reporting period, in accordance with IFRS 9 – *Financial Instruments* ("IFRS 9") and IAS 32 – *Financial Instruments: Presentation* ("IAS 32").

**2. Summary of significant accounting policies (continued)**

**2.17 Sponsor Warrants (continued)**

Sponsor Warrants are recognised initially at fair value. The fair value of Sponsor Warrants at initial recognition was determined by a valuation specialist.

Subsequent measurement is at FVTPL with changes in the fair value recorded in the statement of comprehensive income.

**2.18 Share based payment reserve**

The Sponsor Entity provides services in the form of expertise to assist the Company to identify a suitable candidate for a Business Combination. In accordance with IFRS 2 – *Share-based Payments* (“IFRS 2”), the Company will recognise a share based payment expense as it is being provided with services in the form of expertise from the Sponsor Entity.

The grant-date fair value of equity-settled share based payment arrangements is recognised as an expense in the statement of comprehensive income with a corresponding increase in a separate reserve within equity over time. Service and non-market performance conditions attached to the Sponsor Shares are not taken into account in estimating fair value. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In the event that specified vesting conditions are not met as at reporting period, a reversal of the separate reserve within equity will be recognised.

Share based payment expense related to the Sponsor Shares is recognised only when the performance condition (being the completion of a Business Combination) is probable of occurrence under IFRS 2. Sponsor Shares are automatically convertible into Redeemable Ordinary Shares concurrently with or immediately following the completion of the Business Combination on a one-for-one basis, subject to adjustment as described in the articles of association. Share based payment expense would be recognised in an amount equal to the number of Sponsor Shares that ultimately convert multiplied by the grant date fair value per share (unless subsequently modified), less the amount initially received for the issue of the Sponsor Shares.

**2.19 Taxation**

The Company is exempt from all forms of taxation in the Cayman Islands. However, in some jurisdictions, dividend income, interest income and capital gains may be subject to withholding tax imposed in the country of origin. The Company presents withholding tax separately from the dividend income, interest income and investment income in the statement of comprehensive income.

In accordance with IAS 12 - *Income taxes* (“IAS 12”), the Company is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Company’s capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment companies. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Company.



## 2. Summary of significant accounting policies (continued)

### 2.19 Taxation (continued)

Therefore, when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

The Company considers interest and penalties on related tax liabilities to be an inseparable element of the tax liability and accounts for interest and penalties as if they are within the scope of IAS 12. These amounts would be included within the tax line in the statement of comprehensive income, and the liability would be included within the income tax liability on the statement of financial position.

### 2.20 Related parties

A party is considered to be related to the Company if:

- (i) the party is a person or a close member of that person's family and that person
  - has control or joint control over the Company;
  - has significant influence over the Company; or
  - is a member of the key management personnel of the Company or of a parent of the Company; or
- (ii) the party is an entity where any of the following conditions applies:
  - the entity and the Company are members of the same group;
  - one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - the entity and the Company are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - the entity is controlled or jointly controlled by a person identified in (i); and
  - a person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 2.21 Offering costs

Offering costs consist of costs that are directly related to the Offering and share issuance.

These costs have been charged to the applicable financial instrument using a reasonable allocation methodology, whether to shareholders' equity or financial liability, upon issuance of the associated financial instruments. If the associated financial instrument is a financial liability carried at amortised cost, the offering costs will be capitalised. If the financial liability is subsequently carried at FVTPL, offering costs are expensed.

All offering costs were allocated to the applicable financial instruments for the period ended 31 December 2021.

### **3. Fair value measurement**

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation specialist who reports directly to the Board. The Board has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. The determination of what constitutes "observable" requires significant judgement by management. Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or price quotations from a broker that provides an unadjusted price from an active market for identical instruments. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

### **3. Fair value measurement (continued)**

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

#### **Valuation techniques**

If there is no quoted price in an active market, then the Company uses valuation models such as the Black Scholes Option Pricing Model and the Monte Carlo Simulation Model to value Sponsor Warrants and Public Warrants. These models maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These valuation techniques incorporate all of the factors that market participants would take into account in pricing a transaction. They will also consider or take into account the contract terms (including the strike price and contract maturity) and multiple inputs (including the price of the Company's Ordinary Shares, volatility, risk-free rate and the term to the Company's Business Combination). Valuation techniques include the use of methods to determine key inputs such as volatility. Volatility is assessed by comparison with similar instruments for which observable market prices exist.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used.

The fair value of the financial instruments are determined by the Board upon consultation with a valuation specialist with reference to significant unobservable inputs. Fair values reflect the credit risk of the Company and the instruments themselves.

The valuation specialist has used a net present valuation calculation in determining the fair value of the forward derivative agreement, incorporating the present value of funding cost, expected term and the risk-free rate, to value this financial instrument.

As at December 31, 2022, the input for the Public Warrant price is directly derived from the observed trading prices of the Public Warrant on Bloomberg LP. The Public Warrants and the Sponsor Warrants have nearly identical redemption terms, with the primary difference being highly unlikely to be triggered. As a result, the difference between the Public Warrants and the Sponsor Warrants was deemed to be de minimis and hence, the values were set equal to each other.

In order to value the Public Warrants as at December 31, 2021, the valuation specialist used a Monte Carlo Simulation Model because this could explicitly model the possibility of redemption at the option of the Company, which could happen at any point within the Public Warrant's exercise period.

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**3. Fair value measurement (continued)**

**Fair value hierarchy – Financial instruments measured at FVTPL**

The following table summarises the valuation of the Company's financial instruments within the fair value hierarchy levels at 31 December 2022:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at FVTPL</b>				
Forward derivative agreement at FVTPL	-	-	151,500	151,500
	-	-	<b>151,500</b>	<b>151,500</b>
<b>Financial liabilities at FVTPL</b>				
Public Warrant liabilities at FVTPL	-	2,350,450	-	2,350,450
Public Warrant liabilities, included in Units at FVTPL	-	2,024,551	-	2,024,551
Sponsor Warrant liabilities at FVTPL	-	3,797,500	-	3,797,500
	-	<b>8,172,501</b>	-	<b>8,172,501</b>

The following table summarises the valuation of the Company's financial instruments within the fair value hierarchy levels at 31 December 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets at FVTPL</b>				
Forward derivative agreement	-	-	1,841,750	1,841,750
	-	-	<b>1,841,750</b>	<b>1,841,750</b>
<b>Financial liabilities at FVTPL</b>				
Public Warrant liabilities, included in Units	-	-	9,500,000	9,500,000
Sponsor Warrant liabilities	-	-	8,294,825	8,294,825
	-	-	<b>17,794,825</b>	<b>17,794,825</b>

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**3. Fair value measurement (continued)**

**Changes in level 3 measurements**

The following table presents the changes in the Company's financial instruments classified in Level 3 of the fair value hierarchy for the year ended 31 December 2022:

	2022	2022
	\$	\$
	Forward derivative agreement	Warrants
<b>Beginning of year</b>	<b>1,841,750</b>	<b>(17,794,825)</b>
Net unrealised gain/(loss) on financial assets and liabilities at FVTPL	(1,690,250)	9,622,325
Transfer from level 3 to 2	-	8,172,500
<b>End of year</b>	<b>151,500</b>	<b>-</b>

The following table presents the changes in the Company's financial instruments classified in Level 3 of the fair value hierarchy for the period ended 31 December 2021:

	2021	2021
	\$	\$
	Forward derivative agreement	Warrants
<b>Beginning of period</b>	-	-
Proceeds from Sponsor Warrants	-	(10,850,000)
Proceeds from Public Warrants, included in Units	-	(10,250,000)
Net unrealised gain on financial assets and liabilities at FVTPL	1,841,750	3,305,175
<b>End of period</b>	<b>1,841,750</b>	<b>(17,794,825)</b>

There were no transfers between levels for the period ended 31 December 2021.

## Brigade-M3 European Acquisition Corp.

Notes to the Financial Statements (continued)

31 December 2022

### 3. Fair value measurement (continued)

As of 31 December 2022, the forward derivative agreement has not been included in a significant unobservable inputs table as it was valued based on unobservable inputs that were not deemed to be significant.

The following table summarises the valuation techniques and significant unobservable inputs used for the Company's financial instruments classified in Level 3 as of 31 December 2021.

	Fair value	Valuation technique	Unobservable inputs	Range of inputs (weighted average)
	\$			
<b>2021</b>				
		Monte Carlo Simulation Model & Black Scholes Option Pricing Model		
Warrant liabilities	17,794,825		Expected volatility	10% - 15%

The forward derivative agreement has not been included in the above table because it was valued based on either observable market inputs or unobservable inputs that were not deemed to be significant.

	2021	2021
	\$	\$
	Favorable	Unfavorable
Public Warrant liabilities at FVTPL	1,875,000	(1,875,000)
Sponsor Warrant liabilities at FVTPL	1,662,220	(1,650,285)

As of 31 December 2021 the favorable and unfavorable effects of using reasonably possible alternative assumptions for the valuation of warrant liabilities had been calculated by recalibrating the model values using unobservable inputs. The most significant unobservable input, as of 31 December 2021, was expected volatility which used implied volatilities from selected comparable publicly traded warrants. The model was recalibrated using a volatility range based on the resulting distribution of implied volatilities. The actual assumption used in the valuation was 12.5% for the Public Warrants and 12% for the Sponsor Warrants.

### 4. Cash

	2022	2021
	\$	\$
Current account	369,832	915,515
<b>Total cash</b>	<b>369,832</b>	<b>915,515</b>

The amounts available to the Company in the current account are used to fund the operational costs related to the Offering, working capital and search for a company or business for a Business Combination.

## Brigade-M3 European Acquisition Corp.

Notes to the Financial Statements (continued)

31 December 2022

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### 5. Financial risk management

The Audit Committee monitors the effectiveness of the Company's internal control systems and risk management system with respect to financial reporting. Financial risks principally include market risk, liquidity risk and credit risk. There has been no change during the year/period to the manner in which these risks are managed and measured.

#### 5.1. Market risk management

Market risk is the risk that the value of financial assets will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market. Market risk includes interest, currency and other market price risk.

#### Interest rate risk

As at 31 December 2022 and 31 December 2021, the majority of the Company's restricted cash held in the Escrow Account is held in an interest-bearing account denominated in USD. As such, the Company is primarily exposed to the financial risks associated with the effects of fluctuations in the prevailing levels of interest rates on its financial position and cash flows.

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at 31 December 2022 would have increased/ (decreased) equity and profit or loss by the amounts shown below.

	Profit or loss	
	100 bp increase	100 bp decrease
	\$	\$
<b>31 December 2022</b>		
Escrow Account	(30,708)	30,708
<b>Cash flow sensitivity</b>	<b>(30,708)</b>	<b>30,708</b>

A cash flow sensitivity analysis for the variable rate of cash held in the Escrow Account for the period ending 31 December 2021 was not disclosed because it was not deemed significant.

#### Currency risk

As at 31 December 2022 and 2021, the Company did not hold any financial assets or financial liabilities denominated in currencies other than its functional currency. Consequently, the Company is not directly exposed to risks associated with fluctuating exchange rates. As the Company has minimal exposure to currency risk, management considers that no foreign exchange rate sensitivity analysis is required.

**5. Financial risk management (continued)**

**5.1. Market risk management (continued)**

**Other market price risk**

As at 31 December 2022 and 2021, the Company holds financial assets and financial liabilities that are valued by the valuation specialists, including the forward derivative agreement, Sponsor Warrants, Public Warrants and Public Warrants included as a component part of the Units. These financial assets and financial liabilities are measured at fair value by a valuation specialist using the observed public warrant price as the major input in the valuation model. The balance of the Public and Sponsor Warrants as of 31 December 2022 was \$8,172,501. If the fair value per unit of both instruments was 50 bp higher / (lower), it would result in an increase / (decrease) of \$ 40,863 / (\$40,863) to the balance. This reasonable 50 bp assumption shows the effect of the unit fair value on the equity and profit and loss of the Company.

**5.2. Liquidity risk management**

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company's liquidity needs have been satisfied prior to the completion of the Offering through receipt of \$10,850,000 from the issuance of Sponsor Warrants, of which \$3,350,000 has been allocated to the payment of Company expenses. As at 31 December 2022, the cash available in the current account, amounting to \$369,832 (2021:\$915,515) will be used to settle the operational costs of the Company.

Units are convertible into Redeemable Ordinary Shares and Public Warrants. The Company is then obligated to offer holders of its Redeemable Ordinary Shares with validly exercised redemption rights the right to redeem their Redeemable Ordinary Shares for cash at the time of the Business Combination or to redeem 100% of the Redeemable Ordinary Shares if the Company does not complete a Business Combination by the Business Combination Deadline. The Company will provide its ordinary shareholders with the opportunity to redeem all or a portion of their Redeemable Ordinary Shares upon the completion of the Business Combination, irrespective of whether and how they vote at the general meeting convened to approve the Business Combination.

If the Company fails to complete its Business Combination prior to the Business Combination Deadline, it will redeem the Redeemable Ordinary Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in escrow, including interest earned on the funds held in escrow divided by the number of then outstanding Redeemable Ordinary Shares.

The Company does not currently believe that it will need to raise additional funds in order to meet the expenditure required for operating its business until the completion of the Business Combination. However, it may need to raise additional funds, if such funds were to be required to complete the Business Combination. The Sponsor Entity has the option to fund any excess costs through the issuance of debt instruments to the Company, such as promissory notes. Up to \$1,500,000 of such debt instruments may be converted into additional Sponsor Warrants at a price of \$1.00 per Sponsor Warrant at the option of the Sponsor Entity. Other than as contemplated above, the Company does not intend to raise additional financing or debt prior to the completion of the Business Combination.



**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**5. Financial risk management (continued)**

**5.2. Liquidity risk management (continued)**

The table below summarises the maturity profile of the Company's financial assets and liabilities at 31 December 2022.

	Less than 3 months \$	3 - 12 months \$	12 - 18 months \$	Total \$
<b>Assets</b>				
Cash	369,832	-	-	369,832
Escrow account	-	258,070,782	-	258,070,782
Forward derivative agreement at FVTPL	-	151,500	-	151,500
	369,832	258,222,282	-	258,592,114
<b>Liabilities</b>				
Redeemable Ordinary Shares	-	137,300,617	-	137,300,617
Units	-	120,287,901	-	120,287,901
Public Warrant liabilities at FVTPL	-	2,350,450	-	2,350,450
Sponsor Warrant liabilities at FVTPL	-	3,797,500	-	3,797,500
Accrued expenses	-	182,000	-	182,000
	-	263,918,468	-	263,918,468
<b>Net liquidity position</b>	369,832	(5,696,186)	-	(5,326,354)

As at 31 December 2022, the Company has a net liquidity deficit of (\$5,326,354). The main driver of such deficit is the one off charge relating to a change in estimated cash flow due to the interest payable on the escrow account included in Units and Redeemable Ordinary Shares (\$7,715,906). As at Business Combination date, the interest within the escrow account will be realised and used to settle such liability. The accounting standards require the accrual of interest on a different basis than that applied to the escrow account.

## Brigade-M3 European Acquisition Corp.

Notes to the Financial Statements (continued)

31 December 2022

### 5. Financial risk management (continued)

#### 5.3. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The majority of the assets of the Company comprise cash and the Escrow Account that are held in separate trust accounts with HSBC and Goldman Sachs respectively. The probability of default of these custodians is deemed low based on the following credit ratings as at 31 December 2022 and 31 December 2021:

Credit Ratings	Balance as at 31 December 2022 (\$)	Moody's	Standard & Poor's	Fitch
Goldman Sachs	369,832	A2	BBB+	A
HSBC	258,070,782	A3	A-	A+
	<b>258,440,614</b>			

  

Credit Ratings	Balance as at 31 December 2021 (\$)	Moody's	Standard & Poor's	Fitch
Goldman Sachs	915,515	A3	BBB+	A
HSBC	255,000,001	A2	A-	A+
	<b>255,915,516</b>			

#### Counterparty risk

The Company is exposed to counterparty risk from the potential failure of Brigade-M3 European FPA L.P, a related party, to settle the exercised forward derivative agreement. The maximum risk of loss from counterparty risk to the Company is the fair value of the derivative contract. The Company considers the effects of counterparty risk when determining the fair value of its forward agreement derivative. Forward derivative agreements are recognised initially at fair value. Subsequent to initial recognition they are measured at FVTPL.

#### 5.4. Capital risk management

The Sponsor Entity or its affiliates may fund any excess costs through the issuance of debt instruments to the Company, as disclosed in note 2.3.

#### 5.5. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements.

## Brigade-M3 European Acquisition Corp.

Notes to the Financial Statements (continued)

31 December 2022

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### 5. Financial risk management (continued)

#### 5.5. Operational risk (continued)

The Company's objective is to manage operational risk so as to balance the limiting of financial losses and complete the Initial Business Combination.

### 6. Acquisition

The Company made no acquisitions during the year ended 31 December 2022 and the period ended 31 December 2021.

### 7. Share capital receivable

Share capital receivable relates to a receivable from the Sponsor Entity for its equity contribution. At 31 December 2022, the subscription receivable carrying amount is \$ Nil (2021: \$625).

### 8. Escrow account

The escrow account comprises 100% of the proceeds from the Offering and, in the event that the Business Combination is successful, will be used to satisfy the cash requirements of the Business Combination, including funding the purchase price, paying related expenses and retaining specified amounts to be used by the post-Business Combination company for working capital or other purposes.

As per the Company's Prospectus, the Company has legal ownership of the cash amounts contributed by ordinary and sponsor shareholders, and the Board has the authority and power to spend such amounts. In an effort to ensure that the amounts committed by ordinary shareholders are used for no other purposes as described above, the Company has entered into an escrow agreement with HSBC Bank Plc to create a variable interest Escrow Account.

The gross proceeds from the Offering are deposited in the Escrow Account and the amounts held in the Escrow Account are held in cash. The total balance in the Escrow Accounts at 31 December 2022 was \$258,070,782 (2021: \$255,000,001), of which \$250,000,000 is held for the Business Combination and \$5,000,001 relates to an escrow overfunding, expected to be \$0.20 per Ordinary Share and \$3,070,781 (2021: \$Nil) which relates to interest earned on the account. The overfunding was deposited by the Sponsor and is payable to the Ordinary Shares in the context of a Business Combination or a liquidation of the Company after the expiration of the Business Combination Date.

The table below summarises the movement in the escrow account for year ended 31 December 2022.

	2022
	\$
<b>Beginning of year</b>	<b>255,000,001</b>
Interest income	3,070,781
<b>End of year</b>	<b>258,070,782</b>

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**9. Capital instruments (continued)**

**9.1 Authorised share capital**

The authorised share capital of the Company at 31 December 2022 and 31 December 2021 is \$53,000 divided into 250,000,000 Redeemable Ordinary Shares of a par value of \$0.0001 each, 30,000,000 Sponsor Shares of a par value of \$0.0001 each and 250,000,000 unit shares of a par value of \$0.0001. The Sponsor Shares were originally issued in EUR but they were redenominated into USD by way of an ordinary resolution on 2 December 2021.

**9.2 Sponsor Shares**

On 21 April 2021, the single sponsor share issued on incorporation was surrendered for no consideration and cancelled. On 13 May 2021, the Company issued 7,187,500 Sponsor Shares of €0.0001 (“Euro Sponsor Shares”) to the Sponsor Entity at their par value. While Euro Sponsor Shares were originally issued in EUR, on 2 December 2021 they were redenominated to USD. On 22 December 2021, 937,500 of the total Sponsor Shares acquired by the Sponsor Entity were forfeited for no consideration. The total remaining 6,250,000 Sponsor Shares, held by the Sponsor Entity and the Directors, constitute the Company's sole Shareholders' equity as at 31 December 2022.

The Sponsor Shares shall automatically convert into Ordinary Shares, subject to the satisfaction of certain performance-related conditions.

The Sponsor Shares will rank *pari passu* with each other and holders of the Sponsor Shares will be entitled to dividends and other distributions declared and paid on them. Each Sponsor Share carries the distribution and liquidation rights as included in the articles of association and the right to attend and to cast one vote at a general meeting of the Company (including at the Business Combination general meeting), however, the Sponsor Entity and the Directors have entered into a letter agreement with the Company pursuant to which they have waived their rights to liquidating distributions from the Escrow Account with respect to Sponsor Shares if the Company does not complete a Business Combination by the Business Combination Deadline. The Sponsor Shares will not be admitted to listing or trading on any trading platform.

The Sponsor Entity and the Directors are unable to transfer any Sponsor Shares until the earlier of a) one year after the Business Combination completion date and b) subsequent to the Business Combination, x) if the last reported sale price of the Ordinary Shares exceeds \$12.00 per Ordinary Share for any 20 trading days within any 30 trading day period commencing at least 150 calendar days after the Business Combination completion date or y) the date following the consummation of the Business Combination on which the Company completes a strategic transaction.

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**9. Capital instruments (continued)**

**9.3 Sponsor Warrants**

On 6 December 2021, the Sponsor Entity entered into an agreement to purchase 10,850,000 Sponsor Warrants at a price of \$1.00 per Sponsor Warrant, the proceeds of which will be used as follows: (i) \$2,500,000 for the public offering commission cover; (ii) \$3,350,000 for offering and running costs; and (iii) \$5,000,000 for the escrow overfunding.

Each of the Sponsor Warrants are exercisable 30 days after completion of the Business Combination. Each Sponsor Warrant entitles the warrant holder to exercise a warrant into an Ordinary Share at a strike price of \$11.50. If the Company does not complete a Business Combination by the Business Combination Deadline, the Sponsor Warrants will expire worthless.

The Sponsor Warrants are identical to the warrants underlying the Units being sold in the Offering, except that (i) the Ordinary Shares issuable upon the exercise of the Sponsor Warrants will not be transferable, assignable, convertible or saleable until 30 days after the completion of a Business Combination, subject to limited exceptions; (ii) the Sponsor Warrants may be exercised by the Sponsor Entity on either a cash or cashless basis; (iii) a portion of the Sponsor Warrants may be redeemed upon completion of a Business Combination as described in and subject to the order of payments being followed as set out in the Prospectus; and (iv) the Sponsor Warrants will not be admitted to listing or trading on any trading platform.

**9.4 Units**

Units comprise of Redeemable Ordinary Shares and Public Warrants. Each Unit is exchangeable for one (1) Redeemable Ordinary Share and one-half ( $\frac{1}{2}$ ) of a Public Warrant.

On 6 December 2021, the Sponsor Entity purchased 28,750,000 Redeemable Ordinary Shares, 14,375,000 Public Warrants and 3,750,000 of the Units for the over-allotment option (collectively the “Subscription”) at their respective par values. The Subscription of the Redeemable Ordinary Shares and Units was then redeemed by the Company for the same par values. The subscription of the Public Warrants was, on the Settlement Date, redeemed by the Company for the same par values. After completion of these transactions, the Company held 28,750,000 Redeemable Ordinary Shares and 14,375,000 Public Warrants in treasury to effect the redemption of Units and 3,750,000 Units were held in treasury to effect the over-allotment option. Ultimately the over-allotment option was not exercised and hence, these shares remain in treasury.

	<b>2022</b>
<b>Units</b>	
In issue at 1 January	25,000,000
Converted to component parts of Redeemable Ordinary Shares and Public Warrants	(13,431,140)
In issue at 31 December	11,568,860

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**9. Capital instruments (continued)**

**9.4 Units (continued)**

	<b>2021</b>
<b>Units</b>	
In issue at 21 April	-
Issued for cash on 8 December	25,000,000
In issue at 31 December	25,000,000

The Units rank *pari passu* with each other and unit holders are entitled to dividends and other distributions declared and paid on them. Each Unit carries the distribution rights as included in the articles of association and the right to attend and to cast one vote at a general meeting of the Company (including at the Business Combination general meeting). However, Units will not be redeemed in connection with the Business Combination general meeting under the redemption arrangements. The unit holders have the option to convert Units into Redeemable Ordinary Shares and Public Warrants from the 37<sup>th</sup> calendar day after the Offering. Therefore, unit holders must first exchange their Units for Redeemable Ordinary Shares in order to redeem such Ordinary Shares in connection with the Business Combination general meeting under the redemption arrangements.

	<b>2022</b>	<b>2021</b>
<b>Units</b>	<b>\$</b>	<b>\$</b>
<b>Carrying amount of Units at beginning of year/period</b>	241,160,628	-
Proceeds from issuance of Units	-	250,000,000
Amortised cost of Units converted to component parts of Redeemable Ordinary Shares and Public Warrants	(129,562,486)	-
Offering costs	-	(3,285,420)
Contingent settlement provision	-	(5,459,180)
Interest expense calculated using the effective interest method	11,061,375	655,228
Net unrealised gain on Public Warrant liabilities, included in Units	(2,371,616)	(750,000)
Carrying amount at 31 December	120,287,901	241,160,628
<b>Carrying amount of component parts of Units at 31 December:</b>		
Redeemable Ordinary Shares	118,263,350	231,660,628
Public Warrants at FVTPL	2,024,551	9,500,000

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**9. Capital instruments (continued)**

**9.4 Units (continued)**

**i. Redeemable Ordinary Shares attributable to Units**

The Redeemable Ordinary Shares will rank *pari passu* with each other and holders of the Redeemable Ordinary Shares will be entitled to dividends and other distributions declared and paid on them. Each Redeemable Ordinary Share carries the distribution and liquidation rights as included in the articles of association and the right to attend and to cast one vote at a general meeting of the Company (including at the Business Combination general meeting).

The Company will provide ordinary shareholders with the opportunity to redeem all or a portion of their Ordinary Shares upon the consummation of the Business Combination at a per-share price, payable in cash, equal to the aggregate amount then on deposit in escrow calculated as of two trading days prior to the consummation of the Business Combination, divided by the number of then issued and outstanding Ordinary Shares (not held in treasury). Prior to the part conversions of Units into Redeemable Ordinary Shares which took place during the year ended 31 December, 2022, there were no Redeemable Ordinary Shares in issue. As such, the below table contains no comparative figures for the year ended 31 December, 2021.

As at 31 December 2022, the Company has issued 13,431,140 (2021: Nil) Redeemable Ordinary Shares, with the remainder held in treasury.

	<b>2022</b>
<b>Redeemable Ordinary Shares attributable to Units</b>	<b>\$</b>
Carrying amount at beginning of year	-
Amortised cost of Redeemable Ordinary Shares, included in Units	107,201,975
Amortisation of Redeemable Ordinary Shares, included in Units	11,061,375
<b>Carrying amount at end of year</b>	<b>118,263,350</b>

**Brigade-M3 European Acquisition Corp.**  
Notes to the Financial Statements (continued)  
31 December 2022

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**9. Capital instruments (continued)**

**9.4 Units (continued)**

**ii. Public Warrants attributable to Units**

Each whole Public Warrant entitles the warrant holder to purchase one Ordinary Share at a price of \$11.50 per Ordinary Share at any time commencing on 30 days following the Business Combination completion date. The Public Warrants will expire on the date that is five years following the date on which they first became exercisable, or earlier upon redemption of the Public Warrants or liquidation of the Company. A Public Warrant holder may exercise only whole Public Warrants at a given time. No fractional Public Warrants will be issued or delivered upon exchange of the Units and only whole Public Warrants will trade on Euronext Amsterdam. Accordingly, unless an investor purchases at least two Units, it will not be able to receive or trade a whole Public Warrant. The Public Warrant holders in such capacity do not have the rights of shareholders or any voting rights until they exercise their Public Warrants and receive Ordinary Shares. After the issuance of Ordinary Shares upon exercise of the Public Warrants, such Ordinary Shares will entitle the holder to the same rights as any other ordinary shareholder.

Once the Public Warrants become exercisable (and prior to their expiration), the Company has the ability to redeem the outstanding Public Warrants in accordance with the terms and conditions as set out in the Prospectus.

Prior to the part conversions of Units into Public Warrants attributable to Units which took place during the year ended 31 December, 2022, there were no Public Warrants attributable to Units in issue. As such, the below table contains no comparative figures for the year ended 31 December, 2021.

As at 31 December 2022, the Company has issued 6,715,570 (2021: Nil) Public Warrants, with the remainder held in treasury.

	<b>2022</b>
<b>Public warrants attributable to Units</b>	<b>\$</b>
Carrying amount at beginning of year	-
Cost of Units converted	4,743,233
Net unrealised gain on public warrant liabilities at FVTPL	(2,718,682)
<b>Carrying amount at end of year</b>	<b>2,024,551</b>



**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**9. Capital instruments (continued)**

**9.4 Units (continued)**

**iii. Treasury**

After the Offering on 10 December 2021, 28,750,000 Redeemable Ordinary Shares, 14,375,000 Public Warrants and 3,750,000 Units were held in treasury. On 22 December 2021, 3,750,000 of the total Redeemable Ordinary Shares, 1,875,000 of the total Public Warrants and 3,750,000 of the total Units, acquired by the Sponsor Entity and held in treasury were surrendered for no consideration and cancelled.

Subsequent to the Offering, the Redeemable Ordinary Shares and Public Warrants held in treasury were admitted to listing and trading on Euronext Amsterdam, and are held for the purpose of facilitating the exchange of Units into Redeemable Ordinary Shares and Public Warrants. As long as any Public Warrants are held in treasury, they will not be converted. As long as Redeemable Ordinary Shares are held in treasury, they do not yield dividends, do not entitle the holder to voting rights, and do not count towards the calculation of dividends or voting percentages.

	<b>2022</b>	
<b>Financial instruments held in treasury as at</b>		
Redeemable Ordinary Shares		11,568,860
Public Warrants		5,784,430
	<b>2021</b>	<b>2021</b>
	<b>6 December</b>	<b>22 December</b>
<b>Financial instruments held in treasury as at</b>		
Redeemable Ordinary Shares	28,750,000	25,000,000
Public Warrants	14,375,000	12,500,000
Units	3,750,000	-

**Brigade-M3 European Acquisition Corp.**  
Notes to the Financial Statements (continued)  
31 December 2022

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**9. Capital instruments (continued)**

**9.5 Redeemable Ordinary Shares**

For the year ended 31 December, 2022, 13,431,140 Units were converted into Redeemable Ordinary Shares.

The Redeemable Ordinary Shares rank *pari passu* with each other and holders of the Redeemable Ordinary Shares are entitled to dividends and other distributions declared and paid on them. Each Redeemable Ordinary Share carries the distribution and liquidation rights as included in the articles of association and the right to attend and to cast one vote at a general meeting of the Company (including at the Business Combination general meeting).

The Company will provide ordinary shareholders with the opportunity to redeem all or a portion of their Redeemable Ordinary Shares upon the consummation of the Business Combination at a per-share price, payable in cash, equal to the aggregate amount then on deposit in escrow account calculated as of two trading days prior to the consummation of the Business Combination, divided by the number of then issued and outstanding Redeemable Ordinary Shares (not held in treasury). There are two types of Redeemable Ordinary Shares; those that are attributable to the Units and separate Redeemable Ordinary Shares that have been issued upon conversion of the Units during the period. There is no difference on the rights of these Redeemable Ordinary Shares although the Redeemable Ordinary Shares attributable to the Units are required to be issued as shares before the Business Combination.

As at 31 December 2022, the Company has issued 13,431,140 (2021: Nil) Redeemable Ordinary Shares all of which were issued upon conversion of the Units.

	<b>2022</b>
<b>Redeemable Ordinary Shares</b>	<b>\$</b>
Carrying amount at beginning of year	-
Proceeds from issuance of Units that are attributable to Redeemable Ordinary Shares	128,804,633
Transfer of amortisation and offering costs from initial recognition to Redeemable Ordinary Shares	(4,345,980)
Amortisation of Redeemable Ordinary Shares using the effective interest rate method	12,841,964
<b>Carrying amount at end of year</b>	<b>137,300,617</b>

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**9. Capital instruments (continued)**

**9.6 Public Warrants**

Each whole Public Warrant entitles the warrant holder to purchase one Redeemable Ordinary Share at a price of \$11.50 per Redeemable Ordinary Share at any time commencing on 30 days following the Business Combination completion date. The Public Warrants will expire on the date that is five years following the date on which they first became exercisable, or earlier upon redemption of the Public Warrants or liquidation of the Company. A Public Warrant holder may exercise only whole Public Warrants at a given time. No fractional Public Warrants will be issued or delivered upon exchange of the Units and only whole Public Warrants will trade on Euronext Amsterdam Stock Exchange. Accordingly, unless an investor purchases at least three Units, it will not be able to receive or trade a whole Public Warrant. The holders in such capacity do not have the rights of shareholders or any voting rights until they exercise their Public Warrants and receive Redeemable Ordinary Shares. After the issuance of Redeemable Ordinary Shares upon exercise of the Public Warrants, such Redeemable Ordinary Shares will entitle the holder to the same rights as any other ordinary shareholder. There are two types of Public Warrants; those that are attributable to the Units and separate Public Warrants that have been issued upon conversion of the Units during the period. There is no difference on the rights of these Public Warrants although the Public Warrants attributable to the Units are required to be issued as warrants before the Business Combination.

As at 31 December 2022, the Company has issued 6,715,570 (2021: Nil) Public Warrants all of which were issued upon conversion of the Units.

	<b>2022</b>
<b>Public warrants</b>	<b>\$</b>
Carrying amount at beginning of year	-
Proceeds from issuance of Units that are attributable to Public Warrants	5,506,768
Net unrealised gain on public warrant liabilities at FVTPL	(3,156,318)
<b>Carrying amount at end of year</b>	<b>2,350,450</b>

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**10. Operating costs**

As at 31 December 2022, total operating costs for the year ended 31 December 2022 \$1,153,460 (2021: \$889,832), underwriting discount expense \$ Nil (2021: \$335,895) and listing fees \$ Nil (2021: \$141,784), insurance expense of \$610,000 (2021: \$38,438) and audit fees of \$203,000 (2021: \$85,000).

**11. Dividends**

No dividends were paid or declared by the Company during the year ended 31 December 2022 and the period ended 31 December 2021.

**12. Net (loss)/earnings per share**

**12.1. Basic net (loss)/earnings per share**

	2022	2021
	\$	\$
<b>Numerator</b>		
Net (loss)/earnings for the year/period used in basic (loss)/earnings per share	(6,031,756)	1,276,339
Total net (loss)/earnings for the year/period used in basic (loss)/earnings per share	(6,031,756)	1,276,339
<b>Denominator</b>		
Weighted average number of Sponsor Shares used in basic (loss)/earnings per share	6,250,000	6,530,637
Total weighted average number of Sponsor Shares used in basic (loss)/earnings per share	6,250,000	6,530,637

The weighted average number of shares does not consider Redeemable Ordinary Shares because these instruments are not accounted for as equity, but rather as a financial liability.

**12.2. Diluted net earnings per share**

The Company has reviewed the dilution factors and concluded that there are no instruments that have dilutive potential as at 31 December 2022 and 31 December 2021. The effects of Redeemable Ordinary Shares, Sponsor Warrants and Public Warrants have not been factored into the weighted average number of shares. The conversion of these instruments into Ordinary Shares is anti-dilutive because the loss would be spread over more shares resulting in a lower loss per share. Potential Ordinary Shares are treated as dilutive when, and only when, their conversion to Ordinary Shares would decrease earnings per share or increase loss per share. As a result, diluted loss per share is deemed to be the same as basic loss per share as at 31 December 2022 and 31 December 2021.

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

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**13. Contingent settlement provision**

The underwriter has agreed to defer part of its underwriting commission, amounting to \$11,250,000 or 4.5% of the aggregate gross proceeds of the Offering. This deferred underwriter commission will become payable to the underwriter from the amounts held in the escrow account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

As of 31 December 2022, management determined that it was considered more likely than not that a Business Combination would not occur (i.e. that there is a less than 50% probability that a Business Combination would occur). Accordingly, estimated future cash payments relating to the underwriting commission as at 31 December 2022 have been estimated at \$ Nil (2021: \$5,802,357). Significant judgment has been applied in the determination of the probability of Business Combination.

**14. Related party transactions**

All legal entities that can be controlled, jointly controlled or significantly influenced by the Company are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

Share based payments between the Company and the Sponsor Entity have been disclosed in note 17.

The Sponsor Shares carry voting rights of 20% of total shares eligible to vote, of which the directors hold 0.3%. Each Unit and Ordinary Share (other than shares in treasury) are eligible to vote. Sponsor Shares have the same voting rights as Ordinary Shares do. Warrants do not carry any voting rights prior to exercise.

The Company entered into a forward derivative agreement with Brigade-M3 European FPA L.P. (the "Purchaser") on 6 December 2021. The terms of the agreement state that the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase from the Company, at the Company's discretion, up to 2,500,000 Ordinary Shares at an exercise price of \$10 per Ordinary Share. The agreement may be terminated any time prior to the forward agreement derivative's closing, either by mutual consent of the Company and the Purchaser or it will automatically terminate if the Business Combination is not consummated within 18 months. Total fair value of the forward agreement derivative as at 31 December 2022 was \$151,500 (2021: \$1,841,750).

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**14. Related party transactions (continued)**

On 8 December 2021, the Company entered into an agreement with a related party, Brigade Capital UK LLP, as Financial Advisor, pursuant to which the related party will assist the Company in identifying suitable target companies. As consideration for services provided the Company will pay advisor fees of \$2,500,000, contingent on a successful Business Combination. As at 31 December 2022, a successful Business Combination is more likely than not to occur and hence, a contingent expense has not been recognized for such advisory fees.

There were no other related party transactions for the year ending 31 December 2022 and there are transactions disclosed as follows for the period ending 31 December 2021.

<b>31 December 2022</b>	<b>Number of Shares, beginning of year</b>	<b>Issued</b>	<b>Transfers</b>	<b>Forfeited/ Dispossessed</b>	<b>Number of Shares, end of year</b>
<b><u>Sponsor Shares</u></b>					
Brigade SPAC Sponsor II LLC	6,145,000	-	-	-	6,145,000
Vijay Rajguru (Executive director and chairman)	25,000	-	-	-	25,000
Rosalia Portela (Executive director)	20,000	-	-	-	20,000
Carlos Sagasta (Non-executive director)	20,000	-	-	-	20,000
Stephan Walz (Non-executive director)	20,000	-	-	-	20,000
Brenda Rennick (Non- executive director)	20,000	-	-	-	20,000
	<b>6,250,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,250,000</b>

## Brigade-M3 European Acquisition Corp.

Notes to the Financial Statements (continued)

31 December 2022

### 14. Related party transactions (continued)

31 December 2022	Number of Warrants, beginning of year	Issued	Forfeited/ Dispossessed	Number of Warrants, end of year
<b><u>Sponsor Warrants</u></b>				
Brigade SPAC Sponsor II LLC	10,850,000	-	-	10,850,000

  

31 December 2021	Number of Shares, beginning of period	Issued	Transfers	Forfeited/ Dispossessed	Number of Shares, end of period
<b><u>Sponsor Shares</u></b>					
Brigade SPAC Sponsor II LLC	-	7,187,500	(105,000)	(937,500)	6,145,000
Vijay Rajguru (Executive director and chairperson)	-	-	25,000		25,000
Rosalia Portela (Executive director)	-	-	20,000		20,000
Carlos Sagasta (Non-executive director)	-	-	20,000		20,000
Stephan Walz (Non-executive director)	-	-	20,000		20,000
Brenda Rennick (Non- executive director)	-	-	20,000		20,000
	-	7,187,500	-	(937,500)	6,250,000

  

31 December 2021	Number of Warrants, beginning of period	Issued	Forfeited/ Dispossessed	Number of Warrants, end of period
<b><u>Sponsor Warrants</u></b>				
Brigade SPAC Sponsor II LLC	-	10,850,000	-	10,850,000

**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**15. Income tax**

The Company is domiciled in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Company. As a result, no provision for Cayman Islands' taxes has been made in the financial statements.

Overseas withholding taxes may be charged on certain investment income and capital gains of the Company. No withholding taxes have been incurred or paid during the year ended 31 December 2022 and the period ended 31 December 2021.

The Company has concluded that there was no impact on the results of its operations relating to taxation for the year ended 31 December 2022 and the period ended 31 December 2021.

**16. Accounting classification and fair value**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy as at 31 December 2022.

<b>31 December 2022</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Fair value hierarchy level</b>
<b>Financial assets measured at fair value</b>			
Forward purchase agreement	151,500	151,500	Level 3
	151,500	151,500	
<b>Financial assets measured at amortised cost</b>			
Cash	369,832	369,832	Level 1
Escrow account	258,070,782	258,070,782	Level 1
	258,440,614	258,440,614	
<b>Financial liabilities measured at fair value</b>			
Public Warrant liabilities	2,350,450	2,350,450	Level 2
Public Warrant liabilities, included in Units	2,024,551	2,024,551	Level 2
Sponsor Warrant liabilities	3,797,500	3,797,500	Level 2
	8,172,501	8,172,501	
<b>Financial liabilities measured at amortised cost</b>			
Redeemable Ordinary Shares	137,300,617	131,625,172	Level 2
Redeemable Ordinary Shares, included in Units	118,263,350	113,374,828	Level 2
Accrued expenses	182,000	182,000	Level 2
	255,745,967	245,182,000	



**Brigade-M3 European Acquisition Corp.**  
**Notes to the Financial Statements (continued)**  
**31 December 2022**

**16. Accounting classification and fair value (continued)**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy as at 31 December 2021.

<b>31 December 2021</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Fair value hierarchy level</b>
<b>Financial assets measured at fair value</b>			
Forward derivative agreement	1,841,750	1,841,750	Level 3
	1,841,750	1,841,750	
<b>Financial assets measured at amortised cost</b>			
Cash	915,515	915,515	Level 1
Escrow Account	255,000,001	255,000,001	Level 1
Share capital receivable	625	625	Level 2
	255,916,141	255,916,141	
<b>Financial liabilities measured at fair value</b>			
Public Warrant liabilities, included in Units	9,500,000	9,500,000	Level 3
Sponsor Warrant liabilities	8,294,825	8,294,825	Level 3
	17,794,825	17,794,825	
<b>Financial liabilities measured at amortised cost</b>			
Redeemable Ordinary Shares, included in Units	231,660,628	245,000,000	Level 3
Contingent settlement provision	5,802,357	5,692,575	Level 3
Accrued expenses	193,477	193,477	Level 2
	237,656,462	250,886,052	

#### **17. Share based payment reserve**

The Sponsor Entity has provided services in the form of expertise and guidance to assist the Company in achieving the Business Combination, in exchange for Sponsor Shares.

The Sponsor Entity acquired 7,187,500 Sponsor Shares at par value of \$0.0001 which will convert to Ordinary Shares on a basis of 20% of the total Ordinary Shares. 937,500 of the total Sponsor Shares acquired by the Sponsor Entity were forfeited for no consideration on 22 December 2021 following the decision not to exercise the over-allotment. In order for the Sponsor Shares to convert to Ordinary Shares, a Business Combination would have to occur and market conditions, such as certain target share prices in the promote schedule as per the Prospectus need to be achieved.

As the Company will trade its own Ordinary Shares as consideration for services received, the share based payment is treated as equity-settled. The vesting period is the 18 months over which the Company has to complete a Business Combination. The grant date is considered to be the date of Offering. The value of services received is determined by a valuation specialist with reference to the fair value of the Sponsor Shares issued.

The valuation specialist has used a Monte Carlo simulation to estimate the fair value of the Sponsor Shares. Non-market performance conditions have not been taken into account when estimating the fair value such as the probability of Business Combination. The key inputs used in the measurement of the fair value at grant date of the Sponsor Shares were the initial stock price, volatility, expected term and the restriction period after the initial Business Combination. Volatility discount for a lack of marketability is a time-weighted average of volatility before initial Business Combination, which is concluded from comparable SPACs which have not yet announced a deal, and volatility after Business Combination, which is concluded from a comparable company set.

As of grant date, the fair value of each sponsor share was \$8.44. The difference between the total consideration received by the Company for the Sponsor Shares and their fair value at the grant date was \$52,744,375. If the business combination was deemed more likely than not to occur, this amount was to be pro-rated over the period to the Business Combination Deadline and recognised in equity as a share based payment reserve. In 2021, the Business Combination was deemed more likely than not to occur and so an expense of \$2,215,745 was recorded and reflected in the statement of comprehensive income as a share based payment expense for period ended 31 December 2021.

As at 31 December 2022 the share based payment reserve is \$Nil (2021: \$2,215,745). The reversal of the share base payment reserve is due to the Business Combination is not deemed more likely than not to occur.

#### **18. Subsequent events**

The Company has evaluated the effect of all subsequent events occurring through 28 April 2023, the date the financial statements were available to be issued, and has determined that there were no subsequent events requiring adjustment to or disclosure in the financial statements.