

BM3EAC Corp.

Annual Report

**For the year ended 31 December 2023
with report of independent auditors**

BM3EAC Corp.
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31 December 2023

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DIRECTORS' REPORT

Introduction

BM3EAC Corp., formerly Brigade-M3 European Acquisition Corp. (the “**Company**”), is a shell company incorporated under the laws of the Cayman Islands as an exempted company with limited liability. The Company is listed on Euronext Amsterdam, the regulated market operated by Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) and is seeking to effect a merger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination with an operating company, 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.

The Annual Report covers the 1 January 2023 to 31 December 2023 (the “**Reporting Period**”).

The Company maintains its appointments of Brigade Capital UK LLP (“**Brigade UK**”), an affiliate of the Sponsor Entity, as its adviser and ABN AMRO Bank N.V. as its listing and paying agent in connection with its listing on Euronext Amsterdam.

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 held the proceeds of the IPO in an escrow account (the “**Escrow Account**”).

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

DIRECTORS' REPORT (CONTINUED)

Business and Financial Developments

The Company had until 14 June 2023 to complete a Business Combination (the “**Business Combination Deadline**”). The Company investigated various potential targets and held explorative talks with a selection of them, but despite extensive efforts the Company was unable to find a suitable business combination target prior to the Business Combination Deadline. Upon reaching the Business Combination Deadline, the board of directors of the Company (the “**Directors**” or the “**Board**”) initiated the redemption of all listed Units and Ordinary Shares in accordance with the terms and conditions in the Company's articles of association and as disclosed in the Company's Prospectus. On 20 June 2023, redemption proceeds were paid to holders of Units and Ordinary Shares using proceeds from the Escrow Account through payment by the Listing Agent, at a price per Unit or Ordinary Share of \$10.20 plus accrued interest of \$9,380,492 equating to \$0.38 per share, following which the Escrow Account was closed. The formal redemption of the Units and Ordinary Shares then took effect on 21 June 2023 and the redeemed Units and Ordinary Shares were transferred to the Company's treasury.

In addition, the public warrants and the sponsor warrants automatically expired without value on 15 June 2023 following the Business Combination Deadline, in line with the terms and conditions of the warrants and the disclosure in the Prospectus.

Post Redemption

Following the redemption of the Units and Ordinary Shares (and the expiration of the public warrants and the sponsor warrants), the only current outstanding securities of the Company are the sponsor shares, which are held by the Sponsor Entity and certain directors of the Company.

On 9 August 2023, the sponsor shareholders resolved to (i) change the name of the Company to “BM3EAC Corp.”; (ii) redesignate all issued Units held in treasury as Ordinary Shares; (iii) amend the authorised share capital from US\$53,000 to US\$28,000 to reflect the cancellation of the authorised but unissued Units; and (iv) amend and restate the Company's memorandum and articles of association in order to facilitate the re-purposing and continuation of the Company.

On 12 September 2023, the Board resolved to cancel 25,000,000 Ordinary Shares. Following the cancellation, the Company continued to hold the remaining 25,000,000 Ordinary Shares in treasury, available for re-allocating in the future.

The Sponsor Entity committed additional working capital of \$775,000 to cover the anticipated costs associated with the re-purposing and continuation of the Company.

DIRECTORS' REPORT (CONTINUED)

The timetable below shows the dates of the key events in the Reporting Period:

Event	Date
Business Combination Deadline	14 June 2023
Last trading day	14 June 2023
Expiration of sponsor warrants and public warrants	15 June 2023
Record date for the redemption of Units and Ordinary Shares	16 June 2023
Payment of redemption proceeds	20 June 2023
Redemption of Units and Ordinary Shares	21 June 2023
Change of name	9 August 2023
Redesignation of Units to Ordinary Shares	9 August 2023
Amendment and restatement of Memorandum and Articles of Association	9 August 2023
Cancellation of 25m Ordinary Shares	12 September 2023

Financial summary as at 31 December 2023:

- Bank account balance: \$35,590
- Shareholders' deficit: (\$143,242)

During the period 1 January 2023 to 20 June 2023, the Company earned interest income of \$6,309,709 on its Escrow Account. Furthermore, the Company generated income from realized gains on financial assets and liabilities at fair value through profit or loss. The expenses incurred by the Company in the Reporting Period include, amongst others, insurance costs, legal costs, corporate services, accounting and tax advisory costs, and other operating expenses. This has resulted in total comprehensive income of \$4,611,550 during the Reporting Period.

Strategy and Business Outlook

Following the redemption and re-purposing of the Company, the Directors intend for the Company to continue for a temporary period as an acquisition vehicle, listed on Euronext Amsterdam, and believe that the Company provides an efficient route (by way of merger, share exchange or similar) for an operating company to achieve a public market listing and thereby access to public market capital as well as additional private capital. The Directors continue to believe that the experience, capabilities, relationships and track record of the Directors, Brigade and M3 will be instrumental in identifying compelling target companies.

DIRECTORS' REPORT (CONTINUED)

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 registration 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:

Name	Position
Vijay Rajguru	Executive Director and Chairman of the Board
Rosalia 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 in the capital instruments of the Company of the Directors 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).

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).

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).

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).

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).

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

Following the redemption of all outstanding Units and Ordinary Shares, as well as the expiry of the warrants, the Directors recognise that the Company is solely owned by the Sponsor Entity and the Directors and that the risks associated with the Company and previously disclosed in the Prospectus should now be read in that context. In particular, the Directors recognise that all risks are currently borne solely by the Sponsor Entity and the Directors, who are fully cognizant of the 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), which discloses what the Directors believe are the most material risks concerning the Company’s business, 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	High

DIRECTORS' REPORT (CONTINUED)

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, although the re-purposing and continuation of the Company mitigates such risk	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, it could inhibit the Company's search for a target business and therefore the ability 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 macroeconomic events as well as other adverse conditions on the public financial markets	Medium
Operational	Harm to the reputation of the Company, the Sponsor Entity (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 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;
- 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;

DIRECTORS' REPORT (CONTINUED)

- there is a reasonable expectation that the Company will be able to continue its operations and meet its liabilities, therefore, it is appropriate to adopt the going concern basis in preparing the Financial Statements. This opinion is based on the fact that the Board remains focused on completing a Business Combination and the Sponsor Entity has committed additional working capital sufficient to cover the Company's operations for at least the next 12 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 Reporting Period, the Company has not identified any major failings in its internal risk management and control system.

2023 Audited Financial Statements ("Financial Statements")

The Directors have reviewed and discussed the December 2023 Financial Statements, as prepared by MaplesFS Limited.

The Directors believe the December 2023 Financial Statements of the Company meet all requirements for correctness and transparency.

On behalf of the Directors

Vijay Rajguru
Chairman

11 April 2024

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:

Name	Position
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.

REMUNERATION REPORT

The Directors do not receive any fixed or variable remuneration. As compensation for their services, the Sponsor 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:

Name	Position	Sponsor Shares
Vijay Rajguru	Executive Director and chairman 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report. The Annual Report comprises the Annual Directors' Report, the Non-Executive Directors' Report, the Remuneration Report, the Annual 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 Annual Financial Statements do not contain any errors of material importance.

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

- the Annual 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 Annual 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 Annual 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 Reporting Period 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

Vijay Rajguru
Chairman
11 April 2024



KPMG LLP
P.O. Box 493
SIX Cricket Square
Grand Cayman, KY1-1106
Cayman Islands
Tel +1 345 949 4800
Fax +1 345 949 7164
Web www.kpmg.com/ky

Independent Auditors' Report

To the Shareholders of BM3EAC Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BM3EAC Corp. (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 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.

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.



Report on the Audit of the Financial Statements (continued)

We have determined the matters described below to be the key audit matters to be communicated in our report:

Going concern

Refer to page 22 (accounting policy)

Description of key audit matter	How the matter was addressed in our audit
<p>Management have identified events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. Such matters include receipt of financial support from the Sponsor Entity to fund operations.</p> <p>Having considered all of the relevant information, management have concluded that there are no material uncertainties that require disclosure.</p> <p>There is a significant risk of error relating to going concern given the judgemental nature of the matters that require consideration by management and those charged with governance.</p>	<p>The procedures we undertook included:</p> <ul style="list-style-type: none"> • Evaluating whether the period of management's assessment was appropriate, and whether the assessment included all relevant information that has come to our attention during the audit; • Evaluating whether the assumptions are realistic and achievable and consistent with the external and/or internal environment; • Remaining alert to events or conditions that may cast doubt on the Company's ability to continue as a going concern, including those beyond management's assessment; and • Concluding on the appropriateness of management's use of the going concern basis of accounting, and the adequacy of financial statement disclosures. <p>Based on our assessment of information obtained from our procedures, we concluded that management's use of the going concern assumption appears appropriate in the preparation and presentation of the financial statements and that the events or conditions identified do not constitute a material uncertainty.</p>



Report on the Audit of the Financial Statements (continued)

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 Accounting Standards, 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.



Report on the Audit of the Financial Statements (continued)

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 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 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 (consolidated) 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 the Audit of the Financial Statements (continued)

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 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
- 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 LLP

KPMG LLP

Cayman Islands

April 11, 2024

BM3EAC Corp.
Statement of Financial Position
31 December 2023

	Note	2023 \$	2022 \$
Assets			
Cash	4	35,590	369,832
Escrow Account	6	-	258,070,782
Prepayments		180	571,562
Forward derivative agreement at fair value through profit or loss	3	-	151,500
Total assets		35,770	259,163,676
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	7	625	625
Retained deficit		(143,867)	(4,755,417)
Total shareholders' deficit		(143,242)	(4,754,792)
Liabilities			
Accrued expenses		179,012	182,000
Units		-	120,287,901
Redeemable Ordinary Shares		-	137,300,617
Public warrants liabilities at fair value through profit or loss	7.3	-	2,350,450
Sponsor warrant liabilities at fair value through profit or loss		-	3,797,500
Total liabilities		179,012	263,918,468
Total shareholders' equity and liabilities		35,770	259,163,676

The notes on pages 20 to 39 form an integral part of these financial statements.

BM3EAC Corp.
Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Income			
Interest income		6,315,158	3,074,866
Net change in unrealised (losses)/gains on financial assets and liabilities at fair value through profit or loss	7.3	(13,079,000)	7,932,075
Realised gains on financial assets and liabilities at fair value through profit or loss	7.3	21,100,000	
Other income		215	-
Reversal of contingent settlement provision		-	5,802,357
Reversal of share based payment reserve		-	2,215,745
Total income		14,336,373	19,025,043
Expenses			
Operational expenses	8	908,298	1,153,460
Interest expense calculated using the effective interest method		8,816,525	23,903,339
Total expenses		9,724,823	25,056,799
Net income/(loss) for the year		4,611,550	(6,031,756)
Total comprehensive income/(loss) for year		4,611,550	(6,031,756)
Basic earnings/(loss) per share	10	\$0.74	(\$0.97)
Diluted earnings/(loss) per share	10	\$0.74	(\$0.97)

The notes on pages 20 to 39 form an integral part of these financial statements.

BM3EAC Corp.
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2023

	Share capital	Share based payment reserve	Retained deficit	Total
	\$	\$	\$	\$
Opening balance – 1 January 2022	625	2,215,745	1,276,339	3,492,709
Comprehensive loss for the year	-	-	(6,031,756)	(6,031,756)
Total comprehensive loss for the year	-	-	(6,031,756)	(6,031,756)
Capital transactions				
Reversal of share based payment reserve	-	(2,215,745)	-	(2,215,745)
Closing balance – 31 December 2022	625	-	(4,755,417)	(4,754,792)
Comprehensive income for the year	-	-	4,611,550	4,611,550
Total comprehensive income for the year	-	-	4,611,550	4,611,550
Closing balance – 31 December 2023	625	-	(143,867)	(143,242)

BM3EAC Corp.
Statement of Cash Flows
For the year ended 31 December 2023

	2023	2022
	\$	\$
Cash flows from operating activities:		
Net income/(loss) for the year	4,611,550	(6,031,756)
Adjustments to reconcile net income/(loss) for the year to net cash generated from operating activities:		
Adjustment for:		
Net change in unrealised losses/(gains) on financial assets and liabilities at fair value through profit or loss	13,079,000	(7,932,075)
Realised gains on financial assets and liabilities at fair value through profit or loss	(21,100,000)	-
Reversal of share based payment reserve	-	(2,215,745)
Reversal of contingent settlement provision	-	(5,802,357)
Interest expense calculated using the effective interest method	8,816,525	23,903,339
Changes in:		
Prepayments	571,382	614,543
Accrued expenses	(2,990)	(11,476)
Net cash generated from operating activities	5,975,467	2,524,473
Cash flows from investing activities:		
Deposit of interest income on Escrow Account	(6,309,709)	(3,070,781)
Withdrawal from Escrow Account towards redemption of Units and Redeemable Ordinary Shares	264,380,492	-
Net cash generated from/(used in) investing activities	258,070,783	(3,070,781)
Cash flows from financing activities:		
Redemption of Units and Redeemable Ordinary Shares	(264,380,492)	-
Share capital receivable	-	625
Net cash generated from/(used in) financing activities	(264,380,492)	625
Net change in cash	(334,242)	(545,683)
Cash at beginning of the year	369,832	915,515
Cash at end of the year	35,590	369,832

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

1. General information

BM3EAC Corp., formerly 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. The Company was initially a special purpose acquisition company, 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.

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

The Company had until 14 June 2023 (“Settlement Date”) to complete a Business Combination, (the “Business Combination Deadline”). The Company investigated various potential targets and held explorative talks with a selection of them, and despite extensive efforts the Company was unable to find a suitable business combination target prior to the Business Combination Deadline.

Effective 14 June 2023, the Company initiated the redemption (the “Redemption”) of all Units and Ordinary Shares (together, the “Public Shares”), in accordance with the terms and conditions in the Company's articles of association and as disclosed in the Company's Prospectus. The redemption proceeds held in the Escrow Account were returned to the shareholders at a per-share price of \$10.20 plus accrued interest of \$9,380,492 equating to \$0.38 per share on 20 June 2023, following which the Escrow Account was closed. The formal redemption of the Units and Ordinary Shares then took effect on 21 June 2023 and the redeemed Units and Ordinary Shares were transferred to the Company's treasury. Additionally, the public warrants and the sponsor warrants (together, the “Warrants”) were automatically expired without value on 15 June 2023 following the Business Combination Deadline, in line with the terms and conditions of the Warrants and the disclosure in the Prospectus. Lastly, following the Business Combination Deadline, the Forward Purchase Agreement expired without having been exercised. Following the redemption of the Units and Ordinary Shares (and the expiration of the public warrants and the sponsor warrants), the only current outstanding securities of the Company are the sponsor shares, held by the Sponsor Entity and certain Directors of the Company. With the support of the Sponsor Entity, the Directors intend for the Company to continue as a repurposed acquisition vehicle, remaining listed on Euronext Amsterdam, in the belief that the Company provides an efficient route (by way of merger, share exchange or similar) for an operating company to achieve a public market listing and thereby access to public market capital as well as additional private capital.

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

1. General information (continued)

On 9 August 2023, the holders of the Sponsor Shares in the Company resolved to (i) change the name of the Company to “BM3EAC Corp.”; (ii) redesignate all issued Units held in treasury as Ordinary Shares; (iii) amend the authorised share capital from US\$53,000 to US\$28,000 to reflect the cancellation of the authorised but unissued Units; and (iv) amend and restate the Company’s memorandum and articles of association in order to facilitate the re-purposing and continuation of the Company.

On 12 September 2023, the Board resolved to cancel 25,000,000 Ordinary Shares. Following the cancellation, the Company continues to hold the remaining 25,000,000 Ordinary Shares in treasury, available for re-allocating in the future.

The Company has no employees as at 31 December 2023 and 31 December 2022.

2. Summary of material 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 2023 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 2023 to 31 December 2023. The Company’s statutory financial year end is 31 December.

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.

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 – Determination of functional currency

2. Summary of material accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. 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.

Following the Redemption, with the support of the Sponsor Entity, the Directors intend for the Company to continue as a repurposed acquisition vehicle for at least, but not limited to, 12 months from the end of the Reporting Period, remaining listed on Euronext Amsterdam, and in the belief that the Company provides an efficient route (by way of merger, share exchange or similar) for an operating company to achieve a public market listing and thereby access to public market capital as well as additional private capital. The Directors continue to believe that the experience, capabilities, relationships and track record of the Directors, Brigade and M3 will be instrumental in identifying compelling target companies. Furthermore, while current liabilities do exceed the Company's cash balance, the Company has entered into a Promissory Note with the Sponsor Entity to provide additional funding required to continue operations. Accordingly, management is committed to keeping the Company capitalized for at least, but not limited to, 12 months from the end of the Reporting Period on the basis there continues to be a business purpose for keeping the Company in operations.

There is a reasonable expectation that the Company will be able to continue its operations and meet its liabilities, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements. This opinion is based on the fact that the Board remains focused on completing a Business Combination and the Sponsor Entity has committed additional working capital sufficient to cover the Company's operations for at least, but not limited to, the next 12 months.

2.4 New accounting developments

There are no new accounting developments which are expected to have a significant impact on the Company's financial condition 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.

(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 material 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, 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, forward derivative agreement at fair value through profit or loss and Escrow Account.

2. Summary of material 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 liabilities at fair value through profit or loss and sponsor warrant liabilities at fair value through profit or loss.

(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 material 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 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.

2. Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

(v) Impairment (continued)

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 Company 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.

(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.

2. Summary of material accounting policies (continued)

2.6 Financial instruments (continued)

(vi) Derecognition (continued)

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 profit or loss.

2.7 Cash

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

2.8 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.

2.9 Redeemable Ordinary Shares

Redeemable Ordinary Shares, to the extent not in treasury, are redeemable at the shareholder's option and would be classified as financial liabilities. As at 31 December 2023, all Redeemable Ordinary Shares are in treasury.

Redeemable Ordinary Shares, to the extent not in treasury, 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.

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. Summary of material accounting policies (continued)

2.10 Sponsor Shares

Sponsor Shares are not redeemable 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.

2.11 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.

2.12 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).

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

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.

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.

The following table presents the changes in forward derivative agreement classified in Level 3 of the fair value hierarchy for the year ended 31 December 2023 and 31 December 2022:

	2023	2022
Investment at the beginning of the year	\$ 151,500	\$ 1,841,750
Net unrealized loss on forward derivatives	(151,500)	(1,690,250)
Investment at end of the year	\$ -	\$ 151,500

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

3. Fair value measurement (continued)

The following table presents the changes in warrants classified in Level 3 of the fair value hierarchy for the year ended 31 December 2023 and 31 December 2022:

	2023	2022
Investment at the beginning of the year	\$ -	\$ (17,794,825)
Net unrealized gain on warrant liabilities at fair value through profit or loss	-	9,622,325
Transfer from level 3 to level 2	-	8,172,500
Investment at end of the year	\$ -	\$ -

4. Cash

	2023	2022
	\$	\$
Current account	35,590	369,832
Total cash	35,590	369,832

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

5. Financial risk management

The Audit Committee monitors the effectiveness of the Company's internal control systems, internal audit system 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 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.

5. Financial risk management (continued)

5.1 Market risk management (continued)

Interest risk

As at 31 December 2023, the Company held cash in an interest-bearing account. As such, the Company was 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

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.

As at 31 December 2023, the cash available in the current account, amounting to \$35,590 (2022: \$369,832) will be used to settle the operational costs of the Company. Furthermore, while current liabilities do exceed the Company's cash balance, the Company has entered into a Promissory Note with the Sponsor Entity to provide additional funding for up to \$775,000 required to continue operations.

The table below summarises the maturity profile of the Company's financial assets and liabilities as at 31 December 2023.

	Less than 3 months	3 - 12 months	12 - 18 months	Total
	\$	\$	\$	\$
Assets				
Cash	35,590	-	-	35,590
	35,590	-	-	35,590
Liabilities				
Accrued expenses	-	179,012	-	179,012
	-	179,012	-	179,012
Net liquidity position	35,590	(179,012)	-	(143,422)

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

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 as at 31 December 2022.

	Less than 3 months \$	3 - 12 months \$	12 - 18 months \$	Total \$
Assets				
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
Liabilities				
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
Net liquidity position	369,832	(5,696,186)	-	(5,326,354)

As at 31 December 2023, the Company has a net liquidity deficit of \$143,422 (2022: net liquidity deficit of (\$5,326,354)). The main driver of such deficit is the ongoing expenses associated with operating the Company.

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

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 assets of the Company comprise of cash held in a trust account with Goldman Sachs as at 31 December 2023 (2022: 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 2023 and 31 December 2022:

	Balance as at 31			
Credit Ratings	December 2023 (\$)	Moody's	Standard & Poor's	Fitch
Goldman Sachs	35,590	A2	BBB+	A
	35,590			

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

Counterparty risk

As at 31 December 2023, the Company is not exposed to counterparty risks.

5.4 Capital risk management

The Sponsor Entity committed to provide working capital sufficient to cover the operations of the Company, as disclosed in note 2.3.

6. Escrow Account

During the year ended 31 December 2023, the Company earned interest income of \$6,309,709 (2022: 3,070,781) on its Escrow Account. On 20 June 2023, redemption proceeds were paid to holders of Units and Ordinary Shares from the Escrow Account through payment by the Listing Agent, at a price per Unit or Ordinary Share of \$10.20 plus accrued interest of \$9,380,492 equating to \$0.38 per share, following which the Escrow Account was closed.

7. Capital instruments

7.1 Authorised share capital

The authorised share capital of the Company at 31 December 2023 is \$28,000 divided into 250,000,000 Redeemable Ordinary Shares of a par value of \$0.0001 each, and 30,000,000 Sponsor Shares of a par value of \$0.0001 each.

The authorised share capital was reduced on 9 August 2023 from US\$53,000 to US\$28,000 to reflect the cancellation of the authorised but unissued Units of the Company. Accordingly, at 31 December 2023 the authorized share capital of the Company was \$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 Units of a par value of \$0.0001.

7.2 Sponsor shares

Following the redemption of the Units and Redeemable Ordinary Shares on 21 June 2023 (and the expiration of the public warrants and the sponsor warrants), the only outstanding securities of the Company are the 6,250,000 Sponsor Shares, held by the Sponsor Entity and certain Directors of the Company as at 31 December 2023.

The Sponsor Shares shall automatically convert on a one-for-one basis into Redeemable Ordinary Shares upon a business combination.

The Sponsor Shares will rank pari passu with each other (and the Redeemable Ordinary Shares, when outstanding), 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. The Sponsor Shares will not be admitted to listing or trading on any trading platform.

7.3 Public warrants and sponsor warrants

The public warrants and sponsor warrants automatically expired without value on 15 June 2023 following the Business Combination Deadline, in line with the terms and conditions of the Warrants and the disclosure in the Prospectus. As a result of the expiry of the Warrants during the year, the statement of comprehensive income includes net change in unrealised (losses)/gains on financial assets and liabilities at fair value through profit or loss of \$13,079,000 (loss) (2022: \$7,932,075 gain) and realised gains on financial assets and liabilities at fair value through profit or loss of \$21,100,000 (2022: nil).

BM3EAC Corp.
Notes to the Financial Statements
31 December 2023

7. Capital instruments (continued)

7.4 Units

i. Units and Redeemable Ordinary Shares

On 21 June 2023, the outstanding Units and Redeemable Ordinary Shares were redeemed and transferred to the Company's treasury, resulting in a total of 25,000,000 Units and 25,000,000 Redeemable Ordinary Shares being held in treasury. On 9 August 2023, the Units were redesignated to Redeemable Ordinary Shares. On 12 September 2023, the Board resolved to cancel 25,000,000 Redeemable Ordinary Shares. Following the cancellation, the Company continued to hold the remaining 25,000,000 Redeemable Ordinary Shares in treasury, available for re-allocating in the future. As at 31 December 2022, there was a total of 11,568,860 Units outstanding, which is net of the Redeemable Ordinary Shares and Public Warrants.

ii. Treasury

All Redeemable Ordinary Shares are held in Treasury. As these 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.

	2023	2022
Financial instruments held in treasury as at		
Redeemable Ordinary Shares	25,000,000	11,568,860
Public Warrants	-	5,784,430
Redeemable Ordinary Shares held in treasury as at		
Opening balance – 1 January	11,568,860	25,000,000
Movement	13,431,140	(13,431,140)
Closing balance – 31 December	25,000,000	11,568,860

8. Operating costs

Total operating costs for the year ended 31 December 2023 amounted to \$908,298 (2022: \$1,153,460), which includes insurance expense of \$587,540 (2022: \$610,000) and audit fees of \$75,000 (2022: \$203,000).

9. Dividends

No dividends were paid or declared by the Company during the year ended 31 December 2023 and 31 December 2022.

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10. Net earnings/(loss) per share

10.1. Basic net earnings/(loss) per share

	2023	2022
	\$	\$
Numerator		
Net earnings/(loss) for the year used in basic earnings/(loss) per share	4,611,550	(6,031,756)
Total net earnings/(loss) for the year used in basic earnings/(loss) per share	4,611,550	(6,031,756)
Denominator		
Weighted average number of Sponsor Shares used in basic earnings/(loss) per share	6,250,000	6,250,000
Total weighted average number of Sponsor Shares used in basic earnings/(loss) per share	6,250,000	6,250,000

10.2. 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 2023 (2022: None). As a result, diluted earnings/(loss) per share is deemed to be the same as basic earnings/(loss) per share as at 31 December 2023 and 31 December 2022.

11. 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.

Subsequent to the redemption of Units and Redeemable Ordinary Shares, the Sponsor Shares carry voting rights of 100% of total shares eligible to vote, of which the directors hold 1.7% (2022: 0.3%).

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11. Related party transactions (continued)

There were no other related party transactions for the year ended 31 December 2023 and 31 December 2022 as illustrated below:

31 December 2023	Number of Shares, beginning of year	Issued	Transfers	Forfeited/ Dispossessed	Number of Shares, end of year
<u>Sponsor shares</u>					
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
	6,250,000	-	-	-	6,250,000

31 December 2022	Number of Shares, beginning of year	Issued	Transfers	Forfeited/ Dispossessed	Number of Shares, end of year
<u>Sponsor shares</u>					
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
	6,250,000	-	-	-	6,250,000

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12. 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 2023 (2022: None).

The Company has concluded that there was no impact on the results of its operations relating to taxation for the year ended 31 December 2023 (2022: None).

13. 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 2023.

31 December 2023	Carrying Value	Fair Value	Fair value hierarchy level
Financial assets measured at amortised cost			
Cash	35,590	35,590	Level 1
	35,590	35,590	
Financial liabilities measured at amortised cost			
Accrued expenses	179,012	179,012	Level 2
	179,012	179,012	

As at 31 December 2023, the Company did not hold any financial assets and liabilities measured at fair value.

14. Subsequent events

The Company has evaluated the effect of all subsequent events occurring through 11 April 2024, the date the financial statements were available to be issued. On 21 January 2024, the Company entered into a promissory note with the Sponsor Entity to borrow an amount up to \$775,000. Interest shall accrue on the unpaid and non-compounded principal borrowed amount at the rate of the six month Term SOFR rate plus 350 basis points per annum. Such rate is determined as of the date of the promissory note and resets every 180 calendar days thereafter. Interest accruing on the principal amount shall be payable monthly, in arrears, on the last day of each calendar month, commencing after the Maturity Date (defined as follows). The entire principal balance owing hereunder, together with all accrued but unpaid interest thereon, shall be payable on the earliest of (i) the date of demand for repayment by the Sponsor Entity; and (ii) the date upon which the Company consummates its initial business combination (the earliest of such dates, the “Maturity Date”). As of 11 April 2024, the Company has borrowed \$450,000 under the promissory note.

On 21 February, the Company entered into a preliminary term sheet relating to a potential business combination. While the terms are generally indicative and non-binding on the parties, it does include certain binding terms including a 90-day mutual exclusivity period, during which period the parties will work towards executing definitive agreements in respect of the Potential Business Combination. The Potential Business Combination remains subject to certain pre-conditions including the completion of satisfactory due diligence by each party, respective board approvals, completion of definitive agreements and the successful completion of a convertible debt capital raise process.