

RM2 INTERNATIONAL, Inc.

**Unaudited Consolidated Financial Statements
For the year ended 31 December 2023**



Disclosure Statement Pursuant to the Pink Basic

Disclosure Guidelines

RM2 International, Inc.

100 E Pine St, Suite 110, Orlando, FL 32801

1-844-779-9858

www.rm2.com

info@rm2.com

SIC Code: 7359

Annual Report

For the Period Ending: December 31, 2023

(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

108,219,820 as of December 31, 2023.

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

The name of the issuer was changed to RM2 International, Inc. on March 28, 2022. It was formerly known as ARC Group Worldwide, Inc. The company's address is 100 E Pine St, Suite 110, Orlando, FL 32801.

¹ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

RM2 International, Inc. was redomiciled to the State of Delaware on April 12, 2023, and is currently active. It was organized as a corporation under the laws of the State of Utah on September 30, 1987.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

The address(es) of the issuer's principal executive office:

100 E Pine St, Suite 110, Orlando, FL 32801

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: No:

2) Security Information

Transfer Agent

Name: Equiniti Trust Company (EQ)
Phone: 800-937-5449
Email: help@equiniti.com
Address: 6201 15th Avenue, Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>RMTQ</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>E00213H105</u>
Par or stated value:	<u>\$0.0005</u>
Total shares authorized:	<u>225,000,000</u> as of date: <u>12/31/2023</u>
Total shares outstanding:	<u>108,219,820</u> as of date: <u>12/31/2023</u>
Total number of shareholders of record:	<u>194</u> as of date: <u>12/31/2023</u>

All additional class(es) of publicly quoted or traded securities (if any):

Trading symbol: _____
 Exact title and class of securities outstanding: _____
 CUSIP: _____
 Par or stated value: _____
 Total shares authorized: _____ as of date: _____
 Total shares outstanding: _____ as of date: _____
 Total number of shareholders of record: _____ as of date: _____

Trading symbol: _____
 Exact title and class of securities outstanding: _____
 CUSIP: _____
 Par or stated value: _____
 Total shares authorized: _____ as of date: _____
 Total shares outstanding: _____ as of date: _____
 Total number of shareholders of record: _____ as of date: _____

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the securities outstanding: Preferred Stock
 CUSIP (if applicable):: N/A
 Par or stated value: \$0.001
 Total shares authorized: 27,000,000 as of date: 12/31/2023
 Total shares outstanding (if applicable): 2,239,140 as of date: 12/31/2023
 Total number of shareholders of record (if applicable): 7 as of date: 12/31/2023

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

- 1. For common equity, describe any dividend, voting and preemption rights.**

Each share of Common Stock carries one vote; is entitled to dividends declared, if any; there are no preemptive rights.

- 2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

Each share of Preferred Stock carries one vote; is entitled to dividends declared in priority to the Common Stock, if any; there are no preemptive rights. The Series A Preferred Stock has a one times (1x) liquidation preference, junior to Company debt holders and in priority ahead of the Common Stock.

- 3. Describe any other material rights of common or preferred stockholders.**

None

- 4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None _____

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2021</u> Common: <u>24,954,778</u> <u>14,562,444</u> Preferred:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>1/6/2022</u>	<u>Issuance</u>	<u>187,148</u>	<u>Common</u>	<u>\$1.18</u>	<u>No</u>	<u>Quadrant Management, Inc. (1)</u>	<u>Stock Dividend</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>1,467,071</u>	<u>Common</u>	<u>\$1.11</u>	<u>No</u>	<u>AE Capital (1)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>2,797,728</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Kinneret Empowerment Spring Fund I, LP</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>2,989,126</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Blackwell Partners LLC Series A / Neal Triplett</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>3,725,422</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Polygon European Equity Opportunity Master Fund / Reade Griffin</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>6,922,214</u>	<u>Common</u>	<u>\$.87</u>	<u>No</u>	<u>PMB Invest Master I S.à.r.l / Carlo Schneider Costas Constantinides</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>36,837,081</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Richard Cashin</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accrued</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>3,902,461</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Polygon European Equity</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accrued</u>

						<u>Opportunity Master Fund / Reade Griffin</u>			
<u>2/1/2022</u>	<u>Issuance</u>	<u>2,441,682</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Blackwell Partners LLC – Series A/ Neal Triplett</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>9,513</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>R. Ian Molson</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>4,664,131</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>The Accommodation Trust / Keisha Burchall Fredrica Evans</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>8,200,188</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>QRM2 Holdings Ltd. (1)</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>1,629,411</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>PMB Invest Master I S.à.r.l / Carlo Schneider Costas Constantinides</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>2,085,959</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Nominee for RM2 minority shareholders</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Issuance</u>	<u>11,254,090</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Escrow</u>	<u>Exchange</u>	<u>Restricted</u>	<u>Accredited</u>
<u>2/1/2022</u>	<u>Exchange/Cancellation</u>	<u>(14,562,444)</u>	<u>Preferred A-2</u>	<u>1.00</u>	<u>No</u>	<u>Quadrant Management, Inc. (1)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Accredited</u>
<u>7/22/2022</u>	<u>Cancellation due to post-merger price adjustment</u>	<u>(11,594,619)</u>	<u>Common</u>	<u>N.A.</u>	<u>N.A.</u>	<u>All legacy RM2 International S.A. shareholders</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>2,309,219</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Richard Cashin</u>	<u>Debt conversion (2)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>579,834</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>AE Capital Limited (1)</u>	<u>Debt conversion (3)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>609,511</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Blackwell Partners LLC Series A/ Neal Triplett</u>	<u>Debt conversion (4)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>886,282</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Polygon European Equity Opportunity Master Fund/ Reade Griffin</u>	<u>Debt conversion (5)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>848,152</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>Kinneret Empowerment Spring GP I LP</u>	<u>Debt conversion (6)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>6/30/2023</u>	<u>Issuance</u>	<u>528,369</u>	<u>Common</u>	<u>\$.89</u>	<u>No</u>	<u>The Accommodation Trust / Keisha Burchall</u>	<u>Debt conversion (7)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>12/28/23</u>	<u>Issuance</u>	<u>920,815</u>	<u>Preferred</u>	<u>\$.89</u>	<u>No</u>	<u>Richard Cashin</u>	<u>Cash (9)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>12/28/23</u>	<u>Issuance</u>	<u>500,719</u>	<u>Preferred</u>	<u>\$.89</u>	<u>No</u>	<u>AE Capital Limited (1)</u>	<u>Cash (10)</u>	<u>Restricted</u>	<u>Accredited</u>
<u>12/28/23</u>	<u>Issuance</u>	<u>143,002</u>	<u>Preferred</u>	<u>\$.89</u>	<u>No</u>	<u>Blackwell Partners LLC Series A/ Neal Triplett</u>	<u>Cash (11)</u>	<u>Restricted</u>	<u>Accredited</u>

12/28/23	Issuance	199,354	Preferred	\$.89	No	Westbourne River Event Master Fund/ Reade Griffin	Cash (12)	Restricted	Accrued
12/28/23	Issuance	201,155	Preferred	\$.89	No	PMB Invest Master I S.à.r.l / Carlo Schneider Costas Constantinides	Cash (13)	Restricted	Accrued
12/28/23	Issuance	151,569	Preferred	\$.89	No	Kinneret Empowerment Spring GP I LP	Cash (14)	Restricted	Accrued
12/28/23	Issuance	122,526	Preferred	\$.89	No	The Accommodation Trust / Keisha Burchall	Cash (15)	Restricted	Accrued
Shares Outstanding on Date of This Report: Ending Balance: Date 12/31/2023 Common: 108,219,820 Preferred: 2,239,140									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2022, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2020 through September 30, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

Unless reported separately above, please note the following:

- The value of the shares issued (\$/share) at issuance was market value as of each respective issuance date.
- The shares were not issued at a discount to market price at the time of issuance.
- Shares purchased through the Legacy ARC Stock Purchase Plan were purchased at a discount of 15% to the lower of (a) fair market value on the Enrollment Date or (b) the fair market value on the Purchase Date subject to purchase limitations explained in the Plan.
- All shares were unrestricted as of December 31, 2023 (except control shares held by affiliates)
(1) Refer to Note 4 in Item 7 below.

Bridge Financing. The Company raised bridge financing through the issuance of convertible notes with associated five-year non-transferable warrants to purchase additional common shares at a strike price of \$0.8935 per share (the "Warrants") in the first semester of 2023 (the "Bridge Financing"). The Bridge Financing was fully extinguished through conversion to common shares, or in the case of Inherent Climate Transition Fund LLC, through repayment in cash on June 30, 2023, as further detailed in Notes (2) to (7) below.

- (2) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 2,238,388 common shares.
- (3) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 559,597 common shares.
- (4) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 592,870 common shares.
- (5) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 828,090 common shares.
- (6) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 828,090 common shares.
- (7) In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 514,828 common shares.

- (8) In addition, the Inherent Climate Transition Fund LLC holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 5,596,082 common shares. In addition, holds Warrants issued in connection with the Bridge Financing which are exercisable for the purchase of 828,090 common shares.
- (9) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 920,815 common shares.
- (10) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 500,719 common shares.
- (11) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 143,002 common shares.
- (12) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 199,354 common shares.
- (13) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 201,155 common shares.
- (14) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 151,569 common shares.
- (15) In addition, holds Warrants issued in connection with the issuance of Preferred Shares which are exercisable for the purchase of 122,526 common shares.

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. (Please ensure that these descriptions are updated on the Company’s Profile on www.otcmarket.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

RM2 leases robust composite pallets to replace wooden pallets that include “smart” Internet of Things (“IoT”) technologies to improve logistics. In every BLOCKPal pallet, embedded IoT sensors capture location, temperature, shock & tilt, and movement. Sensor data is transmitted via high-speed LTE-M

network to RM2's secure cloud database. Powerful analytics software gives context and meaning to the data for real-time, actionable supply chain insights, allowing customers to track their shipments, all the while reducing costs, ensuring hygiene and reducing their carbon footprint.

B. Please list any subsidiaries, parents, or affiliated companies.

The Company's subsidiaries are RM2 International S.A., RM2 Holding S.à.r.l., RM2 S.A., RM2 Holland B.V., RM2 USA, Inc., RM2 Limited, RM2 France SAS and Equipment Tracking Limited.

C. Describe the issuers' principal products or services.

RM2 leases BLOCKPal pallets with embedded IoT sensors to capture location, temperature, shock & tilt, and movement. Sensor data is transmitted via high-speed LTE-M network to RM2's secure cloud database. Powerful analytics software gives context and meaning to the data for real-time, actionable supply chain insights, allowing customers to track their shipments, all the while reducing costs, ensuring hygiene and reducing their carbon footprint.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The group owns no facilities. It is headquartered in Orlando, Florida and leases office space in Luxembourg and in Fribourg, Switzerland. It has a long-term lease for a warehouse facility in the West Midlands region in the UK (7500 sq ft) and enters into various leases for warehouse facilities in locations across the United States near its customers.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
R. Ian Molson	Chairman	5,208,927 122,526	Common Preferred	4.8% 5.5%	(1)
David Binks	Director	5,969	Common	<1%	
Richard Cashin	Director	39,146,300 920,815	Common Preferred	36.2% 41.1%	
Eli Davidai	Director	715,332	Common	<1%	(2)
Andrew Geisse	Director	5,970	Common	<1%	
Frances Hodler	Director	N.A.	N.A.	N.A.	
Kevin Mazula	Director and CEO	N.A.	N.A.	N.A.	(3)
Weston Quasha	Director	N.A.	N.A.	N.A.	(4)
Elizabeth Pauchet	General Counsel and Corporate Secretary	2,569	Common	<1%	
Ross Staffel	CFO	N.A.	N.A.	N.A.	
Wayne Cochran	COO	N.A.	N.A.	N.A.	
PMB Invest Master SARL	Owner of more than 5%	8,551,625 201,155	Common Preferred	7.9% 9.0%	
Everest Hill Group	Owner of more than 5%	21,286,898 500,719	Common Preferred	19.7% 22.4%	(4)
<u>Westbourne River Event Master Fund</u> (fka Polygon European Equity Opportunity Master Fund)	Owner of more than 5%	8,514,165 199,354	Common Preferred	7.9% 8.9%	
<u>Blackwell Partners LLC Series A</u>	Owner of more than 5%	6,040,319 143,002	Common Preferred	5.6% 6.4%	
<u>Kinneret Empowerment Spring GP LLP</u>	Owner of more than 5%	6,443,608 151,569	Common Preferred	6.0% 6.8%	

Unless otherwise indicated, all officers, directors and control persons have an address at c/o RM2 International, Inc., 100 E Pine St, Suite 110, Orlando, FL 32801. Everest Hill Group and AE Capital are located at Tropic Isle Building, P.O. Box 3331, Road Town, Tortola, British Virgin Islands VG 1110. PMB Invest Master SARL has an address at 8, rue Lou Hemmer, L-1748 Senningerberg, Grand Duchy of Luxembourg. Westbourne River Event Master Fund has an address at 4 Sloane Terrace, London, United Kingdom, SW1X 9DQ.

- (1) Held directly and via an affiliated family trust.
- (2) Includes 245,835 shares owned by Mr. Davidai; fully-vested non-qualified stock options for the purchase of 469,497 shares.
- (3) Owns shares in RM2 International S.A. which can be exchanged for shares in RM2 International, Inc. at the same exchange ratio used in the February 2022 transaction. Such shares represent less than 1% of the issued RM2 International, Inc. stock.
- (4) The table above sets forth the aggregate of all shares of the Company beneficially owned by Everest Hill Group. Everest Hill Group Inc. is a British Virgin Islands company owned by the Everest Trusts. Wayne G. Quasha, the settlor of the trusts, has a limited power to revoke the trusts and is considered to be to be the ultimate beneficial owner of all companies owned

directly or indirectly by the Trustee. Weston Quasha is a beneficiary of certain discretionary sub-trusts of the Everest Trusts. Q Management Services (PTC) ("Q Management"), serves as Trustee of the Everest Trust. Q Management, in its capacity as trustee of the Everest Trust, controls Herbard Limited ("Herbard"), Carret P.T., LP ("Carret P.T."), Evansville Limited ("Evansville"), AE Capital Limited ("AE") and QRM2 Holdings Ltd. ("QRM2"). Herbard, Carret P.T., Evansville, AE and QRM2, are the owners of record of the shares of the Company. All shares of Herbard, Carret P.T., Evansville, AE and QRM2 are beneficially owned by Everest Hill Group. Q Management, in its capacity as trustee of the Everest Trusts, controls all voting and disposition over the shares of Everest Hill Group. Vicali Services (BVI) Inc., a British Virgin Islands company ("Vicali"), is the sole director of Everest Hill Group and Q Management. Susan V. Demers, a United States citizen ("Demers"), and Andrea J. Douglas, a citizen of New Zealand ("Douglas") are the sole directors of Vicali. Carret P.T. is a Delaware limited partnership of which BMCC, LLC serves as the general partner and Everest Hill Group is the sole limited partner. Each of Q Management, Vicali, Demers and Douglas disclaim any beneficial ownership interest in shares of the Company owned directly or indirectly by Everest Hill Group.

7) Legal/ Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed:

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Travis Gering
Firm: Wuersch & Gering LLP
Address 1: 100 Wall Street, 10th Floor
Address 2: New York, NY 10005
Phone: 212-509-5050
Email: travis.gering@wg-law.com

Accountant or Auditor²

Name: Jerry Johnson
Firm: Frazier & Deeter
Address 1: 401 E Jackson St, Suite 2425
Address 2: Tampa, FL 33602
Phone: 404.253.7500
Email: jerry.johnson@frazierdeeter.com

Investor Relations

Name: RM2 International Investor Relations
Email: info@rm2.com

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn: https://www.linkedin.com/company/rm2-s-a-
Facebook: _____
Other: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

A. The following financial statements were prepared by (name of individual)³:

Name: Ross Staffel
Title: Chief Financial Officer
Relationship to Issuer: Employee

Describe the qualifications of the person or persons who prepared the financial statements: MBA, CPA, CTP, CGMA

³ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Kevin Mazula certify that:

1. I have reviewed this Disclosure Statement for; RM2 International Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 15, 2024

/s/ Kevin Mazula

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Ross Staffel certify that:

1. I have reviewed this Disclosure Statement for RM2 International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 15, 2024

/s/ Ross Staffel

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

RM2 INTERNATIONAL, Inc.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

RM2 International, Inc.

Unaudited Consolidated Financial Statements

For the years ended 31 December 2023 and 2022

RM2 INTERNATIONAL, Inc.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

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RM2 INTERNATIONAL, Inc.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Continuing operations			
Revenues	14	19,812,736	15,943,212
Cost of sales	15	(33,760,333)	(23,630,640)
Gross profit		(13,947,597)	(7,687,428)
Administrative expenses	16	(7,936,010)	(5,855,712)
Other operating expenses	17.2	(161)	(279,310)
Operating loss		(21,883,769)	(13,822,450)
Finance costs	17.4	(4,125,307)	(442,502)
Finance income	17.3	547,378	449,172
Loss before tax		(25,461,697)	(13,815,780)
Income taxes	18.1	(20,196)	(28,502)
Loss for the year		(25,481,893)	(13,844,282)
Other comprehensive income			
<i>Other comprehensive income to be reclassified in profit or loss in subsequent periods:</i>			
Exchange difference on translation of foreign operations		40,590	(70,056)
Other comprehensive income for the year, net of tax		40,590	(70,056)
Total comprehensive income for the year		(25,441,303)	(13,914,338)
Loss for the year attributable to:			
Equity holders of the parent		(25,481,893)	(13,844,282)
		(25,481,893)	(13,844,282)
Total comprehensive income for the year attributable to:			
Equity holders of the parent		(25,441,303)	(13,914,338)
		(25,441,303)	(13,914,338)
Loss per share			
	20.7		
Basic loss per share attributable to ordinary equity holders of the parent		(0.24)	(0.13)
Diluted loss per share attributable to ordinary share holders of the parent		(0.24)	(0.13)

RM2 INTERNATIONAL, Inc.

Consolidated balance sheet

For the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Assets			
Non-current assets			
Intangible assets	5	2,002	3,801
Property, plant & equipment - Other	3	6,086,658	6,994,779
Property, plant & equipment - Pallet pool	4	64,420,562	40,533,587
Other non financial assets		51,387	48,833
		70,560,609	47,581,000
Current assets			
Inventories	7	1,673	130,146
Trade and other receivables	8	7,540,452	3,134,854
Other current financial assets	6	1,743,439	207,110
Prepayments	6	2,790,866	8,264,010
Cash and cash equivalents	10	8,112,435	911,849
		20,188,865	12,647,969
Total assets		90,749,474	60,228,969
Equity and liabilities			
Equity			
Common shares	11.2/11.3	55,230	51,229
Share premium	11.4	357,127,214	350,271,086
Retained earnings		(345,023,455)	(319,541,562)
Share based payment reserve	20	24,603,422	23,611,396
Foreign currency translation reserve		(327,637)	(368,227)
Equity attributable to equity holders of the parent		36,434,774	54,023,922
Total equity		36,434,774	54,023,922
Non-current liabilities			
Interest bearing loans and borrowings	13	46,640,396	-
Current liabilities			
Trade and other payables	6/12	7,651,576	6,177,196
Deferred income		306	3'989
Current tax liabilities		22,422	23,862
Total liabilities		54,314,700	6,205,047
Total equity and liabilities		90,749,474	60,228,969

RM2 INTERNATIONAL, Inc.

Consolidated statement of changes in equity

For the year ended 31 December 2023

Notes	Share capital		Share premium		Retained earnings		Foreign currency translation reserve		Share based payment reserve		Total equity	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
As at 1 January 2022	14,828,205	309,304,018	(320,476,057)	(298,171)	23,498,463	26,856,458						
Loss for the year	-	-	(13,844,282)	-	-	(13,844,282)						(13,844,282)
Other comprehensive income	-	-	-	(70,056)	-	(70,056)						(70,056)
Total comprehensive income	-	-	(13,844,282)	(70,056)	-	(13,914,338)						
Shares issued in the period	1,802	14,491,783	-	-	-	-						14,493,585
Capital restructuring 1/300	(14,778,778)	-	14,778,778.10	-	-	-						-
Impact of reverse acquisition	-	30,006,415.36	-	-	-	-						30,006,415.36
Cost of share issue	-	(3,531,131)	-	-	-	(3,531,131)						(3,531,131)
Share based payments	20.1/20.3/20.5	-	-	-	112,933	-						112,933.00
Transaction with owners	(14,776,976)	40,967,067	14,778,778.10	-	112,933.00	41,081,802						
As at 31 December 2022	51,229	350,271,086	(319,541,562)	(368,227)	23,611,396	54,023,922						
As at 1 January 2023	51,229	350,271,086	(319,541,562)	(368,227)	23,611,396	54,023,922						
Loss for the year	-	-	(25,481,893)	-	-	(25,481,893)						(25,481,893)
Other comprehensive income	-	-	-	40,591	-	40,591						40,591
Total comprehensive income	-	-	(25,481,893)	40,591	-	(25,441,303)						
Shares issued in the period	4,000	7,143,769	-	-	-	-						7,147,770
Cost of share issue	-	(287,641)	-	-	-	(287,641)						(287,641)
Share based payments	20.1/20.3/20.5	-	-	-	992,026	-						992,025.95
Transaction with owners	4,000	6,856,128	-	-	992,025.95	7,852,155						
As at 31 December 2023	55,230	357,127,214	(345,023,455)	(327,637)	24,603,422	36,434,774						

RM2 INTERNATIONAL, Inc.

Consolidated statement of cash flow

For the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Cash flows from operating activities			
Loss before tax		(25,461,697)	(13,815,780)
Adjustment to reconcile profit before tax to net cash flows			
Amortisation and depreciation of non-current assets	3/4/5	10,252,198	8,258,051
Share based payment charges		992,026	112,933
Finance income		(145,128)	-
Finance expenses		2,283,816	-
Unrealised foreign exchange (gains)/loss		34,261	(71,048)
Net (gain)/ loss on disposal of PPE and intangible assets		1,144,166	2,480,615
Fair value (gain)/ losses on financial assets at FVPL		(2,555)	16,296
Variation in working capital			
(Increase)/decrease in inventory		128,473	463,004
Decrease/ (increase) in trade and other receivables		1,067,545	3,269,438
Increase/(decrease) in trade and other payables		1,470,698	(3,846,088)
Income/other tax paid		(21,636)	(35,652)
Net cash flows from operating activities		(8,257,833)	(3,168,232)
Cash flows from investing activities			
Decrease/ (increase) in other PPE		(794,203)	(197,255)
(Increase)/decrease in pallet pool		(33,578,585)	(26,582,276)
Loans granted to third parties		(1,536,328)	47
Finance income received		145,128	-
Net cash flows from investing activities		(35,763,989)	(26,779,484)
Cash flows from financing activities			
Issuance of capital	11	7,147,770	44,500,000
Transaction cost on capital operations		(287,641)	(3,531,131)
Capitalized costs		(4,048,499)	-
Interest paid		(2,283,817)	-
Loans and borrowings		50,688,895	(12,000,000)
Net cash flows from financing activities		51,216,708	28,968,869
Net change in cash and cash equivalents		7,194,887	(978,847)
(Decrease)/increase in cash and cash equivalents		7,194,887	(978,847)
Cash and cash equivalents at 1 January		911,849	1,911,554
Exchange adjustment of cash and cash equivalents		5,699	(20,859)
Cash and cash equivalents at 31 December	10	8,112,435	911,849

RM2 INTERNATIONAL, Inc.

Consolidated statement of income and balance sheet-stub period

	July 01 - December 31, 2023	July 01, 2022 - June 30, 2023
	USD	USD
Continuing operations		
Revenues	10,491,473	18,553,253
Cost of sales	(17,310,295)	(26,056,138)
Gross profit	(6,818,822)	(7,502,885)
Administrative expenses	(3,783,790)	(6,434,418)
Other operating expenses	-	(291,865)
Operating loss	(10,602,611)	(14,229,168)
Finance costs	(3,672,376)	(572,990)
Finance income	392,404	399,419
Loss before tax	(13,882,584)	(14,402,740)
Income taxes	(53,558)	42,964
Loss for the year	(13,936,142)	(14,359,776)
Other comprehensive income		
<i>Other comprehensive income to be reclassified in profit or loss in subsequent periods:</i>		
Exchange difference on translation of foreign operations	(672,685)	622,536
Other comprehensive income for the year, net of tax	(672,685)	622,536
Total comprehensive income for the year	(14,608,827)	(13,737,240)
Loss for the year attributable to:		
Equity holders of the parent	(13,936,142)	(14,359,776)
	(13,936,142)	(14,359,776)
Total comprehensive income for the year attributable to:		
Equity holders of the parent	(14,608,827)	(13,737,240)
	(14,608,827)	(13,737,240)
Loss per share		
Basic loss per share attributable to ordinary equity holders of the parent	(0.12)	(0.14)
Diluted loss per share attributable to ordinary share holders of the parent	(0.12)	(0.14)

RM2 INTERNATIONAL, Inc.

Consolidated statement of income and balance sheet-stub period

	July 01 - December 31, 2023	July 01, 2022 - June 30, 2023
	USD	USD
Assets		
Non-current assets		
Intangible assets	2,002	2
Property, plant & equipment - Other	6,086,658	5,965,607
Property, plant & equipment - Pallet pool	64,420,562	52,506,608
Other non financial assets	51,387	61,036
	70,560,609	58,533,252
Current assets		
Inventories	1,673	156,245
Trade and other receivables	7,540,452	2,991,383
Other current financial assets	1,743,439	7,221
Prepayments	2,790,866	6,401,652
Cash and cash equivalents	8,112,435	36,161,124
	20,188,865	45,717,625
Total assets	90,749,474	104,250,877
Equity and liabilities		
Equity		
Common shares	55,230	54,110
Share premium	357,127,214	350,917,989
Retained earnings	(345,023,455)	(331,050,335)
Share based payment reserve	24,603,422	23,651,377
Foreign currency translation reserve	(327,637)	345,048
Equity attributable to equity holders of the parent	36,434,774	43,918,188
Total equity	36,434,774	43,918,188
Non-current liabilities		
Interest bearing loans and borrowings	46,640,396	45,012,500
Current liabilities		
Trade and other payables	7,651,575	15,301,804
Deferred income	306	-
Current tax liabilities	22,423	18,385
Total liabilities	54,314,700	60,332,689
Total equity and liabilities	90,749,474	104,250,877

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

Overview and Nature of Business, February 2022 Transaction

On February 1, 2022, ARC Group Worldwide, Inc. and RM2 International S.A. entered into a business combination (the "Transaction"). Prior to the completion of the Transaction, all of the assets of the former ARC Group Worldwide, Inc. were transferred to a new structure, ARC Acquisition Corp. RM2 is deemed to be the accounting acquirer following the Transaction and operations presented herein prior to the completion of the Transaction are those of RM2 International S.A. ARC Group Worldwide, Inc. change its name to RM2 International, Inc. (referred to herein as "RM2", the "Company" or the "Group") on December 19, 2022.

Principal Activities

RM2, the sustainable smart pallet innovator, specializes in pallet development, supply and management and is seeking to establish a leading presence in global pallet supply and improve the supply chain of manufacturing and distribution businesses through the effective and efficient use, electronic tracking and management of smart composite pallets. The Company deploys the RM2 ELIoT pallets primarily in a per trip leasing model principally in North America to clients who value robust and sanitary pallets. Production is outsourced to a specialist contract manufacturer in Mexico.

Basis of preparation

The consolidated financial statements comprise the unaudited consolidated financial information of the Group as at 31 December 2023 and are prepared under the historic cost convention as disclosed in the accounting policies below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC") and as adopted by the European Union ("EU").

Basis of consolidation

The consolidated financial statements comprise the financial information of the Group and its wholly- owned subsidiaries. All material intercompany transactions are eliminated in consolidation.

COVID - 19

The Company continues to monitor the impact of the COVID-19 pandemic. To date, the Company has not identified a decrease in activity or revenues attributable to the pandemic. The COVID-19 pandemic remains ongoing, however, and the potential duration and magnitude of the pandemic's future impact on the Company's customers and on the Company's operations and supply chain remains unknown and depends on factors outside of the Company's control including the duration and intensity of the pandemic, the availability and efficacy of treatments and vaccines, and the impact of COVID-19 on financial markets, industry supply chains and consumer behavior. The potential impact of these factors on the Company's future liquidity, financial condition and results of operations cannot be estimated.

1. Summary of significant accounting policies

The principal accounting policies are summarized below:

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

1.1. Foreign currencies

The Group's consolidated financial statements are presented in United States Dollars ("USD"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rate prevailing during the financial year. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

1.2. Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment ("PPE") are tangible assets used by the Group for the production of pallets or supply of goods or services, or for administrative purposes and are expected to be used during more than one period. PPE is recognized when it is probable that future economic benefits associated with the asset will flow to the Group and if the cost can be measured reliably.

PPE is initially recognized at cost. Such cost includes the purchase price and all cost incurred in bringing the assets to the location and condition for its operation in the manner intended by management. The cost of the PPE also includes the borrowing costs for long-term construction projects if the recognition criteria are met.

The pallet pool is initially recognized at cost. Such costs include the purchase price and all costs incurred in bringing the assets to the location and condition for its operation in the manner intended by management.

When significant parts of property, plant and equipment will be required to be replaced, the Group will recognize such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection will be performed, its cost will be recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs will be recognized in profit or loss as incurred.

Finished goods (under inventory) represent pallets not yet sold or deployed via the pallet pool in property, plant and equipment.

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

Subsequent measurement

PPE is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the

assets as follows: Buildings	30 years
Plant and equipment	3 to 20 years
Pallet Pool – non-ELIoT	5 years
Pallet Pool – RM2 ELIoT	7 years
PPE under construction	not depreciated

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group has not applied revaluation on any of its PPE. An impairment is recognized in the pallet pool classified as fixed assets. The recoverable amount is based on the quantity of non-ELIoT pallets classified as fixed asset at year end considering the average quantity of lost and broken pallets to main clients extrapolated to the entire pool.

1.3. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Leases where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

The aggregate benefit of lease incentives is recognized as a reduction to the expense recognized over the lease term on a straight-line basis.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease’s commencement date at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term and short-term borrowings. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment

acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue arising on operating leases for pallets is accounted for as on a straight-line basis or a usage basis in accordance with the contract.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in other operating income.

1.4. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.5. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group has decided to measure investment properties using the cost model. Investment properties are measured similarly to property, plant and equipment as described in Note 4.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.6. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as finite, except goodwill.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible

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assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives (goodwill) are not amortized, but are tested for impairment annually at the cash-generating unit level (see Note 5 for details and assumptions). The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Amortization is calculated on the straight-line method to write off the cost of each asset to their residual values, over their estimated useful life. The annual amortization periods are as follows:

Software	3 years
Trade names	5 years
Customer Relationships	5 years
Licenses and ERP System	3 to 7 years
Goodwill	Not amortized

1.7. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. They are measured at the lower of carrying amount and fair value less costs of disposal if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

1.8. Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are considered as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

To date no amounts have been capitalized in respect of the development phase of internal projects.

1.9. Inventories

Raw materials are stated at the lower of cost or net realizable value, in application of IAS 2.

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Finished goods – Pallets dedicated to be deployed in the pallet pool are held as inventory prior to being deployed in the pallet pool. Per its nature, this position is in fact Property, Plant & Equipment and follows, as such the prescriptions of IAS 36, while no depreciation is recognized as long as the pallet is not deployed, this event being the moment where the asset is available for use. The asset is however subject to an eventual impairment testing.

Finished goods – Pallets dedicated to be sold are held as inventory prior to being sold to third parties. Per its nature, this position is Inventory and follows, as such is booked in application of IAS 2.

Inventories are accounted for as follows:

Raw materials	Purchase cost
Work in progress	Items are recognized at purchase price
Finished goods – Pallets dedicated to be deployed in the pallet pool	See detail above
Finished goods – Pallets dedicated to be sold	Items are recognized at purchase price.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When the net realizable value of stock is lower than its cost, provisions for impairment are created to reduce the value of the stock to its net realizable value.

The cost of inventories is recognized as an expense in the period in which the related revenue is recognized.

1.10. Impairment on non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use or fair value less cost to sell determined by using discounted cash flow method. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

The future discounted cash flow method used to determine the value in use or fair value less cost to sell is usually, but not always, based on cash flow projections over the next 3 to 7 years.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation reserve.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

1.11. Financial instruments

1.11.1. Financial assets

Initial recognition and measurement

The Group classifies its financial assets in the following categories into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

- (i) Fair value through profit or loss
The Group classifies the following financial assets at fair value through profit or loss (FVPL):
 - debt investments that do not qualify for measurement at either amortized cost or FVOCI;
 - equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

- (ii) Amortized cost
These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within cost of sales in the statement of

comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognized in the statement of comprehensive Income (operating profit).

The Group's financial assets measured at amortized cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

De-recognition

The Group derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include, but is not limited to, indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments.

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1.11.2. Financial liabilities (other financial liabilities)

Measurement

Other financial liabilities include the following items:

- Bank borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are subsequently modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.11.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.12. Cash and cash equivalents, restricted cash

Cash and cash equivalents, restricted cash are carried in the statement of financial position at fair value. For the purposes of the cash flow statement, cash and cash equivalents are comprised of cash on hand and deposits held on call with banks having an original maturity of 3 months or less. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities.

1.13. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. A provision is made for corporation tax for the reporting period using the tax rates that have been substantially

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enacted for each company at the reporting date in the country where each company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided for using the liability method on all temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements. The deferred tax is calculated on currently enacted tax rates that are expected to apply when the temporary differences reverse. Where an overall deferred taxation asset arises, it is only recognized in the financial statements where its recoverability is foreseen with reasonable certainty.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.14. Pensions and other post-employment benefits

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

1.15. Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets are not recognized in the consolidated financial statements. However, when the realization of income from the contingent asset is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or is a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the consolidation financial statements.

1.16. Equity, reserves and dividend payments

Issued share capital represents the nominal value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into US Dollars.
- The share premium account - comprises any premiums received on issue of share capital, both Ordinary and Preferred. Any transaction costs associated with the issuing of shares are deducted from share premium.
- The share-based payment reserve corresponds to the accumulated amount of instruments granted to employees regarding share based payments equity settled (see Note 20).
- Retained earnings - includes all current and prior period retained profits and losses.
- Treasury stock represents Own Shares.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

1.17. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the invoiced value for the sale of goods net of value added tax, rebates and discounts which represents the fair value of the consideration received or receivable. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

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Sales of goods

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods have been transferred to the buyer and the collectability of the related receivables is reasonably assured, regardless of when the payment was made.

Rendering of services

Revenue relating to logistical services is recognized as the services are performed.

Rental Income Pallets

Revenue arising on operating leases for pallets is accounted for as on a straight-line basis or a usage basis in accordance with the contract.

Operating leases for pallets are recognized within Revenues as these revenues are considered as related to the primary activity of the Group.

Interest income

Interest income is reported on an accruals basis using the effective interest method.

1.18. Share based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the instruments granted. At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

1.19. Changes in accounting policies and disclosures

Change in fiscal year end

On April 30, the Company's Board of Directors elected to change the Company's fiscal year end from June 30 to December 31, for the RM2 International, Inc. consolidated financial statements beginning with the year ending December 31, 2023. This change was made to align the parent company year end with the subsidiary companies. The Company has prepared a statement of income and balance sheet for the stub period of July 01-December 31, 2023 and is presented in the financial statement section of the report.

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). There are no differences in the policies applied by the Group and IFRS that have been endorsed by the EU.

These consolidated financial statements are prepared based on the same accounting principles (policies) as for the consolidated financial statements of the Group for the year ended 30 June 2023, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2023:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark (LIBOR) reform – Phase 2. The IASB has undertaken a two-phase project to consider what, if any, reliefs to give from the effects of LIBOR reform. The

Phase 1 amendments, issued in September 2019, provided temporary reliefs from applying specific hedge accounting requirements to relationships affected by uncertainties arising as a result of LIBOR reform ('the Phase 1 reliefs'). The Phase 2 amendments that were issued on 27 August 2020 address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

- Amendments to IFRS 3, "Business combinations", IAS 16, "Property, plant and equipment", and IAS 37 "Provisions, contingent liabilities and contingent assets". The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. IAS 16 requires that the cost of an asset includes any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. One of those costs is testing whether the asset is functioning properly. IAS 37 defines an onerous contract as one in which the unavoidable costs of meeting the entity's obligations exceed the economic benefits to be received under that contract. Unavoidable costs are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'.

The introduced amendments and new standards have been reviewed and they do not materially affect the Group's financial position, operating results or the scope of information presented in these consolidated financial statements.

At the date of authorization of these financial statements, several new, but not yet effective Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

2 Significant accounting judgments, estimates and assumptions

The preparation of financial statements conforming to adopt IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are recognized in the period in which they are made.

2.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial information:

Recognition of deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Group's latest approved forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset in the foreseeable future, especially when it can be

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utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

The Group has not recognized any deferred tax assets as there is no certainty of the timing of recovery.

Trade and Other Receivables

The Group regularly reviews and assesses the trade and other receivables for recoverability. The Group has made no provision against overdue trade receivables as management are confident that they will be recovered in full. The Group considers the followings events as indicators of an impairment:

- default of payments of the counterparty
- financial difficulties of the counterparty
- It becoming probable that the counterparty enters bankruptcy or other financial reorganization
- granting to the counterparty a concession that the Group would not otherwise consider

Restricted Shares

The Group has issued restricted shares under the “2013 Option and Incentive Plan”.

Management has considered that the restricted shares issued to date should be measured similarly to share options. In certain cases, the shares granted vest immediately and in others at the end of a three- year period. They are accompanied by a restricted share agreement. Management has considered that the restrictions on shares were representative of market related vesting conditions, as the holders of the restricted shares can only dispose of their shares if the quotation price reaches different thresholds, or in certain cases on a specified anniversary following the date of the grant as long as the holder continues to have a business relationship with the Group.

Management has considered that achievement of these market conditions would require time corresponding to the advantage provided to the holders of restricted shares. Management estimated at issuance date that Tranche 1 and 2 would be achieved within 5 years and Tranche 3 within 10 years, therefore, Management applied those durations as vesting periods for the instruments. For the restricted shares that vest on a specified anniversary that anniversary date has been used as the duration of the vesting period.

2.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The Management has disclosed reasonably possible assumptions and estimates, on the basis of its existing knowledge at year end. Outcomes within the next financial years that are different from these assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

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Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share (options), volatility and risk-free interest rate, dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

Employee Stock Option Plan ("ESOP")

The Group has granted awards pursuant to various Employee Stock Option and Incentive Plans ("ESOP") to its directors and some of its employees and consultants. The fair value of the plan at grant date is based upon actuarial assumptions estimated by the management and disclosed in Note 20.

Finished goods and work in progress

Finished goods and work in progress are recognized at an amount based on standard cost of production including all expenses directly attributable to the manufacturing process and portions of related production overheads, based on normal operating capacity.

The Company performs on a regular basis a review of its inventory and work in progress to assess the fair realization value and records any required impairment.

Pallet Pool

The non-ELIoT pallet pool is depreciated over 5 years. Management have assessed the durability of the pallets supported by external testing and consider that this is a fair reflection of their estimated useful life. The residual value is estimated to be nil.

The RM2 ELIoT pallet pool is depreciated over 7 years. Previously, the Company targeted high velocity (a KPI measuring the rotation rate of the pallet pool) deployment to be cost-competitive for customers. The introduction of RM2 ELIoT technology brings a competitive advantage to the Company through the replacement of the Lost Equipment Charge typically embedded in any pallet supply contract by a lower Recovery Fee. This leads to lower velocity deployments and therefore extended useful life of each pallet.

Management will review the useful life of the pallets at each reporting date.

Impairment of property, plant and equipment – Mexico

The Group is required to test, when an impairment test indicator is identified, whether tangible fixed assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

In assessing impairment, Management estimates the recoverable amount of cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about useful lifetime of RM2 ELIoT pallets, future operating results from pallets, capacity of production of the equipment and the determination of a suitable discount rate.

Impairment of Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The

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use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

In assessing impairment, Management estimates the recoverable amount of cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

3 Property, plant and equipment - Other

	<u>Plant & Equipment</u> <u>Others</u>	<u>Plant & Equipment</u> <u>Mexico</u>	<u>Construction in</u> <u>progress</u>	<u>Total</u>
	USD	USD	USD	USD
Cost				
As at 1 January 2022	3,627,150	25,013,365	159,614	28,800,130
Additions	1,686	-	195,570	197,255
Disposals	-	-3,014,676	-	(3,014,676)
Exchange differences	(69,234)	-	-	(69,234)
As at 31 December 2022	3,559,601	21,998,689	355,184	25,913,474
Additions	-	-	794,203	794,203
Transfer / sales - purchases	-	110,625	(110,625)	-
Disposals	(42,525)	-	-	(42,525)
Exchange differences	30,994	-	-	30,994
As at 31 December 2023	3,548,071	22,109,314	1,038,762	26,696,147
Amortization and impairment				
As at 1 January 2022	2,055,172	16,949,887	-	19,005,059
Amortization charge for the year	191,794	1,750,179	-	1,941,973
Disposals/Deconsolidation	-	(1,959,995)	-	(1,959,995)
Exchange differences	(68,343)	-	-	(68,343)
As at 31 December 2022	2,178,622	16,740,072	-	18,918,694
Amortization charge for the year	180,446	1,521,924	-	1,702,370
Disposals	(42,525)	-	-	(42,525)
Exchange	30,950	-	-	30,950
As at 31 December 2023	2,347,494	18,261,996	-	20,609,489
Net book value				
As at 31 December 2023	1,200,577	3,847,319	1,038,762	6,086,658
As at 31 December 2022	1,380,979	5,258,617	355,184	6,994,779

As of 31 December 2023, the Group has liens and encumbrances on its property, plant and equipment arising from the Credit Agreement (defined below in Note 13) (2022: Nil). In 2023, the Group has no capital commitments on the development and acquisition of property, plant and equipment (2022: Nil).

3.1 Plant & Equipment – Others

As at 31 December 2023, these assets represent mainly amortizable R&D costs (representing the know-how in relation with production lines) for USD 1.1m and USD 0.1m for the equipment located outside Mexico.

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3.2 Plant & Equipment –Mexico

As a result of a changed manufacturing strategy, the Group rationalized and outsourced a significant portion of its industrial assets to a third party contract manufacturer located in Mexico beginning in 2016. As of 31 December 2023, the manufacturing equipment located in Mexico is shown for a carrying amount of USD 3.8m (2022: USD 5.3m).

3.3 Construction in progress

As at 31 December 2023, the Group has several items booked as PPE corresponding to machines and some machine upgrade items that are not yet completed for the production of pallets, located in Mexico and washing machines, located in USA. These items are presented as construction in progress and are not amortized.

4 Property, plant and equipment - Pallet pool

	Pallet Pool USD	Pallet Inventory USD	Pallet USD
Cost			
As at 1 January 2022	33,491,937	577,536	34,069,474
Additions	22,795,700	3,786,576	26,582,276
Disposal	(3,372,296)	-	(3,372,296)
Exchange difference	(96,650)	-	(96,650)
As at 31 December 2022	52,818,692	4,364,112	57,182,804
Additions	19,131,995	14,446,590	33,578,585
Disposal	(3,402,728)	-	(3,402,728)
Exchange difference	26,253	-	26,253
As at 31 December 2023	68,574,212	18,810,701	87,384,914
Amortization and impairment			
As at 1 January 2022	12,497,581	-	12,497,581
Depreciation charge for the year	6,217,391	-	6,217,391
Disposal	(1,946,363)	-	(1,946,363)
Impairment charge for the year	(22,131)	-	(22,131)
Exchange difference	(97,261)	-	(97,261)
As at 31 December 2022	16,649,217	-	16,649,217
Depreciation charge for the year	8,548,029	-	8,548,029
Disposal	(2,258,563)	-	(2,258,563)
Impairment charge for the year	1	-	1
Exchange difference	25,668	-	25,668
As at 31 December 2023	22,964,352	-	22,964,352
Net book value			
As at 31 December 2023	45,609,860	18,810,701	64,420,562
As at 31 December 2022	36,169,475	4,364,112	40,533,587

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

5 Intangible assets

	Software	Trade names	Customer relationships	Acquired licences and similar intangible assets	Goodwill	Total
Cost						
<i>As at 1 January 2022</i>	2,330,997	135,120	405,360	1,225,503	933,538	5,030,518
Additions	-	-	-	-	-	-
Exchange differences	(243,934)	(14,140)	(42,420)	-	(97,693)	(398,187)
<i>As at 31 December 2022</i>	2,087,063.18	120,980	362,940	1,225,503	835,845	4,632,331
Additions	-	-	-	-	-	-
Exchange differences	109,201	6,330	18,990	-	43,734	178,254
<i>As at 31 December 2023</i>	2,196,264	127,310	381,930	1,225,503	879,579	4,810,586
Amortization and impairment						
<i>As at 1 January 2022</i>	2,330,997	135,120	405,360	1,123,016	933,539	4,928,031
Amortization charge for the year	-	-	-	98,686	-	98,686
Exchange differences	(243,933)	(14,140)	(42,420)	-	(97,693)	(398,186)
<i>As at 31 December 2022</i>	2,087,063.18	120,980	362,940	1,221,702	835,846	4,628,531
Amortization charge for the year	-	-	-	1,799	-	1,799.00
Exchange differences	109,201	6,330	18,990	-	43,734	178,254
<i>As at 31 December 2023</i>	2,196,264	127,310	381,930	1,223,501	879,580	4,808,585
<i>As at 31 December 2023</i>	-	-	-	2,002	-	2,002
<i>As at 31 December 2022</i>	-	-	-	3,801	-	3,801

The Group has pledged intangible assets as security under the Credit Agreement (Note 13).

The Group has no contractual commitment for the acquisition of intangible assets.

RM2 INTERNATIONAL, Inc.

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6 Financial assets and liabilities

	As at 31 December 2023 USD	As at 31 December 2022 USD
Trade and other receivables (Note 8)	7,540,452	3,134,855
Prepayment	2,790,866	8,264,010
Deposits	1,743,439	207,110
Other current financial assets	4,057	7,110
Other non-current financial assets	1,739,381	200,000
Restricted Cash, Cash and cash equivalents (Note 10)	8,112,435	911,849
<i>Total current financial assets</i>	<i>9,855,874</i>	<i>1,118,959</i>
Total cash, loans and receivables	20,187,192	12,517,824
Total financial assets	20,187,192	12,517,824
Total current	18,447,811	12,317,824
Total non-current	1,739,381	200,000
Financial liabilities		
Financial liabilities at amortised cost		
Interest-bearing loans and borrowings	46,640,396	-
Trade and other payables	7,651,576	6,177,196
Total financial liabilities at amortised cost	54,291,972	6,117,196
Total financial liabilities	54,291,972	6,117,196
Total current	7,651,576	6,117,196
Total non-current	46,640,396	-

6.1 Hedging activities and derivatives.

The Group has not entered into any hedging activity during periods covered by the consolidated financial statements.

6.2 Fair values

The Group estimates that the fair value of the financial assets and liabilities approximates their carrying amount as these are mainly composed of short-term receivables and payables and mainly composed of fixed interest long-term loans without advance fees.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

7 Inventories

	As at 31 December 2023 USD	As at 31 December 2022 USD
Work in progress	-	-
Finished goods – pallets without devices	1,673	130,149

7.1 Work in progress

Work in progress has been fully disposed in 2023 (06.2022: Nil)

7.2 Finished goods – pallets

Finished goods represent pallets produced without the tracker technology and not yet sold or deployed via the pallet pool in property, plant and equipment. The pallets with the tracker technology not yet deployed are reported in plant and equipment – Pallet pool.

The Group performed a review of pallet inventory that is designated to be retrofitted with the ELIoT technology. The remaining items not included in the retrofitting planning have been subject to an impairment testing.

As at 31 December 2023, based on this test, an impairment has been deducted from finished goods for an amount of USD 15,000 (2022: USD 45,000).

8 Trade and other receivables

	As at 31 December 2023 USD	As at 31 December 2022 USD
Trade receivables	5,331,740	2,344,133
Other tax receivables	404,731	736,070
Receivables from associates	1,694,207	-
Other receivables	109,774	54,651
Total trade and other receivables	7,540,452	3,134,854

9 Prepayments

	As at 31 December 2023 USD	As at 31 December 2022 USD
Trade payables	2,300,579	8,076,445
Advance expenses	490,287	187,565
Total prepayments	2,790,866	8,264,010

10 Cash and short-term deposits

	As at 31 December 2023 USD	As at 31 December 2022 USD
Cash at bank and in hand	8,105,672	905,423
Short-term deposits	6,763	6,426
Total cash and short-term deposits	8,112,435	911,849

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Cash at banks earns interest at floating rates based on daily bank deposit rates. During the year, short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earned interest at the respective short-term deposit rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	As at 31 December 2023 USD	As at 31 December 2022 USD
Cash at bank and in hand	8,105,672	905,423
Short-term deposits	6,763	6,426
Total cash and cash equivalents	8,112,435	911,849

11 Share capital and reserves

2022 & 2023

In 2022, in connection with the Transaction, the Company issued a net of 77,473,384 new common shares and cancelled 14,562,444 Preferred Series A-2 shares. In 2023, the Company issued a further 5,761,367 common shares on conversion of the Bridge Financing. As at 31 December 2023, the Company's issued share capital is composed of 108,234,751 common shares 14,931 treasury shares and 2,239,140 Series A preferred shares.

11.1 Authorised shares not yet issued

The tables below set forth the authorised share capital available for issue as Common Shares.

	Legacy RM2 Shares	Outstanding/Im plied ARC Shares	USD	Par value per share
Ordinary Shares				
At 1 January 2022	-	153,960,553.00	76,980.87	USD 0.0005
Issuance of ordinary shares on 1 February 2022	-	(16,434,490)	(8,217)	USD 0.0005
Legacy ARC shares, impact of reverse acquisition	-	(26,594,066)	(13,297)	USD 0.0005
At 31 December 2022	-	110,931,997	55,467	USD 0.0005
Cancellation due to post-merger price adjustment 22 July 2023	-	11,594,619	5,797	USD 0.0005
Issuance of ordinary shares on 30 June 2023	-	(5,761,367)	(2,881)	USD 0.0005
At 31 December 2023	-	116,765,250	58,383	USD 0.0005

11.2 Common shares issued

The tables below set forth the issued share capital of Common Shares.

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

	Legacy RM2 Shares	Outstanding/Im plied ARC Shares	USD	Par value per share
At 1 January 2022	1,482,820,545	71,024,516	35,512	USD 0.0005
Issuance of ordinary shares on 1 Februar 2022		16,434,490	8,217	USD 0.0005
Legacy ARC shares, impact of reverse acquisition		26,594,066	13,297	USD 0.0005
Legacy ARC shares, impact of reverse acquisition		(11,594,619)	(5,797)	USD 0.0005
At 31 December 2022	1,482,820,545	102,458,453	51,229	USD 0.0005
Issuance of ordinary shares on 30 June 2023		5,761,367	2,881	USD 0.0005
At 31 December 2023	1,482,820,545	108,219,820	54,110	USD 0.0005

11.3 Preferred shares issued

	Legacy RM2 Shares	Outstanding/Im plied ARC Shares	USD	Par value per share
At 31 December 2022	-	-	-	USD 0.0005
Issuance of preferred shares on 28 December 2023		2,239,140	1,120	USD 0.0005
At 31 December 2023	-	2,239,140	1,120	USD 0.0005

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11.4 Share premium

The table below sets forth the share premium.

	USD
At 1 January 2022	321,115,095
Issuance of ordinary shares on 1 February 2022	14,542,373
Share premium for ARC shares, impact of reverse acquisition	29,986,703
Recapitalization	2,931,026
Cost of issuance of ordinary shares on 1 February 2022	(3,525,332)
Cancellation due to post-merger price adjustment 22 July 2022	(14,778,778)
At 31 December 2022	350,271,086
Issuance of ordinary shares on 30 June 2023	5,144,889
Issuance of preferred shares on 28 December 2023	1,998,880
Cost of issuance of ordinary shares during the period	(287,641)
At 31 December 2023	357,127,214

11.5 Nature and purpose of reserves

Foreign currency translation reserve:

The currency translation reserve is used to record exchange differences arising from the translation of the subsidiaries' financial statements in foreign currencies to the Group reporting currency.

This reserve cannot be distributed to shareholders.

Share based payment reserve:

The share-based payment reserve corresponds to the accumulated amount of instruments granted to employees regarding share based payments equity settled.

11.6 Dividend distribution

As a result of the accumulated losses generated by the Group, no dividend has been declared or paid.

11.7 Treasury stock

As of 31 December 2023, the Group held 14,391 treasury stock shares for an amount of USD 7.20.

RM2 INTERNATIONAL, Inc.

Note to the financial statements

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12 Trade and other payables

	As at 31 December 2023 USD	As at 31 December 2022 USD
Trade payables	6,554,523	5,155,095
Employee compensation payables	28,019	22,709
Other tax payables	88,886	86,397
Other payables & provisions	980,148	912,995
Total trade and other payables	7,651,576	6,177,196

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 45 days terms.
- Other payables are non-interest bearing and have an average term of 45 days terms.

13 Loans and borrowings

	As at 31 December 2023 USD	As at 31 December 2022 USD
Loans and borrowings	50,000,000	-
Interest payable in kind	688,895	-
Capitalized debt issuance costs	(4,048,499)	-
Total loans and borrowings, net of unamortized debt issuance costs	46,640,396	-

On 30 June 2023, the Company entered into a six-year senior secured Credit Agreement as amended, restated, supplemented or otherwise modified and in effect from time to time (the "Credit Agreement") with the Orion Infrastructure Capital ("OIC") group for up to \$150 million in non-amortizing debt for the purpose of further expanding the group's pallet pooling and US operations. An initial \$45 million draw under the Credit Agreement was made on 30 June 2023. A second drawdown of \$5 million was made on December 27, 2023. Subsequent draws are subject to approval of the OIC Investment Committee. Drawn amounts accrue interest at the rate of 13% per year, so long as the leverage ratio is greater than 3 to 1, decreasing to 12% at a leverage ratio below 3 to 1 and greater than 2 to 1 and 11% at a leverage ratio below 2 to 1. Through the period ending June 30, 2024, the Company may elect to have 3% of the interest paid in kind rather than paid in cash. As of December 31, 2024, total interest payable in kind elected is \$688,895 and added to the outstanding principal per Section 2.07 of the Credit Agreement. Virtually all of the group's assets, including pallet pool, machinery & equipment, intellectual property and shares of significant subsidiaries are pledged as collateral in favor of the lender.

The Company incurred \$4,429,119 in debt issuance costs and fees associated with the \$50,000,000 term loan borrowing. In accordance with IFRS 9, these costs have been capitalized and the unamortized balance deducted from the carrying value of the loan. Debt issuance costs and fees are amortized over the term of the loan using the effective interest method. As of December 31, 2023, unamortized debt issuance costs are \$4,048,499.

14 Revenues and segment reporting

The Group has only one operating segment for the disclosure of revenue, the sale and the rent of pallets including related logistical services. There were no changes in the reportable segment during the year.

RM2 INTERNATIONAL, Inc.

Note to the financial statements

For the year ended 31 December 2023

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Note to the financial statements

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Turnover

	31 December 2023	31 December 2022
	USD	USD
Sold pallets	160,468	456,037
Leased pallets	19,304,311	15,211,180
Rendering of logistical services	347,957	275,995
	19,812,736	15,943,212

Geographical information

The breakdown of the revenue allocation by area is as follows:

	31 December 2023	31 December 2022
	USD	USD
North America	19,434,312	15,556,446
Europe	378,424	386,766
	19,812,736	15,943,212

The information for the geographical area of non-current assets are presented for the most significant areas where the Group has operations, being Luxembourg, rest of Europe and North America.

	As at 31 December 2023	As at 31 December 2022
	USD	USD
Luxembourg	1,159,960	1,275,957
Rest of Europe	1,090,153	407,367
North America (including Mexico)	68,310,496	45,897,676
	70,560,609	47,581,000

Non-current assets for this purpose consist of financial investments, property, plant and equipment and intangible assets.

15 Cost of sales

	31 December 2023	31 December 2022
	USD	USD
Cost of pallets sold – BLOCKPal	458,948	900,789
Amortization of pallet pool	8,548,022	6,288,634
Amortization of production tool	1,582,863	1,811,119
Cost of software, licenses and services	264,103	238,372
Outsourced factory absorption costs	9,185,419	3,154,924
Logistic costs	10,966,885	8,775,778
Other	2,754,093	2,461,024
	33,760,333	23,630,640

RM2 INTERNATIONAL, Inc.

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16 Administrative expenses

	31 December 2023	31 December 2022
	USD	USD
Payroll costs	3,135,300	2,565,398
Directors expenses	250,000	-
Travel and expenses	497,012	317,237
Consultant costs	207,832	150,768
Audit/Tax/Legal costs	698,234	548,038
Insurance	341,366	383,053
Eliot	1,023,857	932,234
Other	666,182	616,390
Share based payment	992,026	112,933
Depreciation	124,202	229,661
Total administrative expenses	7,936,010	5,855,712

	Other	Other
Rent	50,509	45,541
Utilities	1,009	855
Communication	13,014	17,813
Bad debts debtors	56,137	44,640
HR expenses	17,861	13,340
IT expenses	274,972	304,367
Other administrative expenses	191,763	77,149
Selling expenses/Others	60,917	112,685
Total other operating income	666,182	616,390

17 Other income and expenses

17.1 Other operating income

	31 December 2023	31 December 2022
	USD	USD
Other	-	-
Total other operating income	-	-

17.2 Other operating expenses

	31 December 2023	31 December 2022
	USD	USD
Net loss on disposal of PPE	-	279,310
Other	161	-
Total other operating expenses	161	279,310

17.3 Finance income

	31 December 2023	31 December 2022
	USD	USD
Net foreign exchange gain	402,250	447,629
Other	145,128	1,453
Total finance income	547,378	449,172

RM2 INTERNATIONAL, Inc.

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17.4 Finance costs

	31 December 2023 USD	31 December 2022 USD
Interest on loans and amortization of debt issuance cost	3,642,558	-
Net foreign exchange loss	482,278	441,006
Other	471	1,496
Total finance costs	4,125,307	442,502

17.5 Employee benefits expenses

	31 December 2023	31 December 2022
Included in cost of sales expenses:		
Wages and salaries	234,764	211,643
Social security costs	23,351	21,328
Pension costs	5,988	5,401
Included in administrative expenses:		
Wages and salaries	2,599,123	2,133,314
Social security costs	230,963	189,234
Pension costs	71,322	62,116
Total employee benefits expenses	3,165,511	2,623,036
Average number of full time employees	23	23

18 Income taxes

18.1 Income tax expenses

The major components of income tax expense for each year are:

	31 December 2023 USD	31 December 2022 USD
Current income tax charge/(income)	(20,196)	(28,502)
Total Income tax charge/(income)	(20,196)	(28,502)

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Deferred taxes

Deferred tax liabilities

During the year, the Group did not recognised a deferred tax charge on the accelerated capital depreciation of the separable net assets.

Deferred tax assets

The Group has not recognised any deferred tax assets as there is no certainty of the timing of recovery of those assets.

There are relievable tax losses within the Group for which no deferred tax asset has been recognised.

19 Pensions and other post-employment benefit plans

RM2 S.A., Swiss Branch, RM2 Limited and Equipment Tracking Limited operate defined contribution pension schemes. The assets of the schemes are held separately from those of the relevant entity in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. The related charge for the year 2023 amounts to USD 77,310 (2022: USD 67,517).

20 Share-based payments, warrants & EPS

The Group has a number of share schemes, both at the level of the US parent company, RM2 International, Inc., and legacy schemes at the level of the Luxembourg former parent company, RM2 International S.A. ("Legacy Parentco")

In each case, it grants restricted shares, shares grants at par value and share options at its discretion to employees, officers, directors, consultants and advisors.

Restricted shares and share options are granted with vesting periods of between the date of grant and ten years from the issuance or the date of grant and may carry performance conditions or time conditions for vesting. Should the restricted shares or options remain unexercised after a period of ten years from the date of grant, the options will expire and the restricted shares will be repurchased from the holder. Options are exercisable at a price equal to the quoted market price or the fair market value equal to the most recent transaction price for the shares on the date of grant.

fair market value equal to the most recent transaction price for the shares on the date of grant.

20.1 Legacy Employee Stock Option Plans ("ESOP")

Grants under the ESOP of the Legacy Parentco may be exercised and then exchanged for shares in the Company on the basis of the same exchange ratio used in the Transaction.

On 14 May 2020, the Legacy Parentco issued 42,000,000 option shares (adjusted to 140,000 following the 1:300 share consolidation implemented in August 2022 (the "Consolidation")). These shares have a 10-year period and vest in equal annual instalments over 3 years.

On 27 November 2020, the Company issued 49,000,000 option shares (163,333 post-consolidation). These shares have a 10-year period and vest in equal annual instalments over 3 years.

On 27 December 2021, the Company issued 49,950,000 option shares (166,500 post-consolidation). These shares have a 10-year period and vest in equal annual instalments over 3 years.

Financial effect of share-based payment transactions:

The expense recognised for employee services received during the year is shown in the following table:

	31 December 2023	31 December 2022
	USD	USD
Expense arising from equity-settled share-based payment transactions	229,641	10,991
Total expense arising from share-based payment transactions	229,641	10,991

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The Company does not have any liability arising from share-based payment transactions as at 31 December 2023 (2022: Nil).

Movements during the year:

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share granted and share options during the year period 2022-2023:

	Restricted shares issued	Number of share options
Outstanding at beginning of 2022	2,051,600	140,950,000
Adjustment due to 1:300, Consolidation	(2,044,761)	(140,480,167)
Granted during the year	-	-
Forfeited-repurchased during the year	-	-
Restriction removed during the year	-	-
Exercised during the year	-	-
Outstanding at end of 2022 and 2023	6,839	469,833
Tradable/Exercisable at end of the year	6,839	413,223

The weighted average remaining contractual life for the restricted shares issued outstanding as at 31 December 2023 is 3 years (2022: 3 years).

The weighted average fair value of shares granted during the year was USD 0.02 (2021: USD 0.02).

20.2 Fair value of share-based payments transactions

	2020 Option Shares
Weighted average exercise price	USD 0.016
Expected volatility	25%
Expected life of options	7 years
Risk-free interest rate	0.0 %
Expected dividend yields	Nil
Model used	Black-Scholes

	2021 Option Shares
Weighted average exercise price	USD 0.02
Expected volatility	25%
Expected life of options	7 years
Risk-free interest rate	0.0 %
Expected dividend yields	Nil
Model used	Black-Scholes

In determining the cost to be recognised during the period, management considered that all shares would be exercised by holders upon achievement of performance conditions.

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Note to the financial statements

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20.3 Parent Company Employee Stock Option Plans (“ESOP”)

On 12 December 2022, the Company issued 4,500,00 option shares. These shares have a 10-year period and vest in equal annual instalments over 3 years.

On 28 March 2023 the Company issued 700,000 option shares. These shares have a 10-year period and vest in equal annual instalments over 3 years.

On 21 December 2023, the Company issued 375,000 option shares. These shares vested immediately.

Financial effect of share-based payment transactions:

The expense recognised for employee services received during the year is shown in the following table:

	31 December 2023	31 December 2022
	USD	USD
Expense arising from equity-settled share-based payment transactions	101,942	101,942
Total expense arising from share-based payment transactions	101,942	101,942

The Company does not have any liability arising from share-based payment transactions as at 31 December 2023 (2022: Nil).

Movements during the year:

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share granted and share options during the year:

	Number of share options
Outstanding at beginning of year	4,500,000
Granted during the year	1,125,000
Forfeited-repurchased during the year	-
Restriction removed during the year	-
Exercised during the year	-
Outstanding at end of the year	5,625,000
Tradable/Exercisable at end of the year	1,875,000

The weighted average remaining contractual life for the options outstanding as at 31 December 2023 is 2 years (2021: 3 years).

The weighted average fair value of shares granted during the year was USD 0.93(2022: USD 0.8935).

20.4 Fair value of share based payments transactions

	2022 Option Shares
Weighted average exercise price	USD 0.8935
Expected volatility	44%
Expected life of options	7 years
Risk-free interest rate	4.1%
Expected dividend yields	Nil
Model used	Black-Scholes

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	2023 Option Shares
Weighted average exercise price	USD 0.935
Expected volatility	65%
Expected life of options	7 years
Risk-free interest rate	3.317%/4.237%
Expected dividend yields	Nil
Model used	Black-Scholes

In determining the cost to be recognised during the period, management considered that all shares would be exercised by holders upon achievement of performance conditions.

20.5 Warrants

The list below sets out the warrants issued by the Company which are currently outstanding and their issuance date:

6 July 2021, 6,450,000 warrants with a 10-year term with 50% not exercisable until the Company's share price reaches 110% of issue price and 50% when the share price reaches 300% of issue price.

2 May 2023, 11,191,936 warrants with a 5-year term.

30 June 2023, 3,447,257 warrants with a 10-year term.

27 December 2023, 2,239,140 warrants with 5-year term.

27 December 2023, 383,028 warrants with a 10-year term.

Financial effect of warrant transactions:

The expense recognised for employee services received during the year is shown in the following table:

	31 December 2023 USD	31 December 2022 USD
Expense arising from warrant transactions	660,443	-
Total expense arising from warrant transactions	660,443	-

The Company does not have any liability arising from share-based payment transactions as at 31 December 2023 (2022: Nil).

Movements during the year:

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, warrants during the year:

	Number warrants
Outstanding at beginning of year	-
Granted during the year	23,711,361
Forfeited-repurchased during the year	-
Restriction removed during the year	-
<u>Exercised during the year</u>	<u>-</u>
Outstanding at end of the year	23,711,361
Tradable/Exercisable at end of the year	=

The weighted average remaining contractual life for the warrants outstanding as at 31 December 2023 is 7.17 years (2022: 0 years).

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The weighted average fair value of warrants granted during the year was USD 0.77 (2022: USD 0.02).

20.6 Fair value of warrant transactions

	2023 Warrants
Weighted average exercise price	USD 0.77
Expected volatility	65%
Expected average life of warrants	7.17 years
Average Risk-free interest rate	4.2564%
Expected dividend yields	Nil
Model used	Black-Scholes

In determining the cost to be recognised during the period, management considered that all warrants would be exercised by holders upon achievement of performance conditions.

20.7 Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of common shares outstanding during the year.

The influence of the Options and Warrants on the calculation of the diluted earnings per share involved an anti-dilutive effect. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	31 December 2023 USD	31 December 2022 USD
Net loss attributable to common shareholders of the parent for basic earnings	(25,481,893)	(13,844,282)
Weighted average number of common shares for basic earnings per share	105,362,813	105,134,601
Weighted average number of common shares adjusted for the effect of dilution	105,362,813	105,134,601
Loss per share		
Basic	(0.24)	(0.13)
Diluted	(0.24)	(0.13)

Management considers that there is no dilutive effect from the options as they would be negative.

21 Commitments and contingencies

21.1 Operating lease rentals – Group as lessor

Property, plant and equipment – pallet pool

Future minimum rentals receivable under operating leases defined as monthly flat fee at 31 December are as follows:

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	31 December 2023 USD	31 December 2022 USD
Within one year	3,275,923	2,892,432
After one year but not more than five years	18,199,033	16,141,243
	21,474,956	19,033,675

Group's activity is completed by other trip-fee agreements which revenue is generated according to velocity metrics.

21.2 Operating lease commitments – Group as lessee

The Group has entered into commercial leases for office spaces in the Switzerland and in Mexico for the plant. These leases have an average life of 2 and 5 years with renewal options included in the contracts.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 December 2023 USD	31 December 2022 USD
Within one year	1,663,312	298,819
After one year but not more than five years	6,283,148	6,556,047
More than five years	-	1,364,493
	7,946,460	8,219,359

21.3 Related party disclosures

Group subsidiaries

The consolidated financial information includes the financial statements of the Company and its subsidiaries. The Group has the following subsidiaries included in these consolidated financial statements:

Subsidiary name	Country of incorporation	% of equity interest	
		2023	2022
RM2 International, Inc.	USA	98.3%	98.3%
RM2 International S.A.	Luxembourg	100%	100%
RM2 S.A., including Swiss branch	Luxembourg	100%	100%
RM2 Sàrl	Switzerland	100%	100%
RM2 Holland B.V.	Netherlands	100%	100%
RM2 USA, Inc.	USA	100%	100%
RM2 Limited	United Kingdom	100%	100%
RM2 France E.u.r.l.	France	100%	100%
Equipment Tracking Limited	United Kingdom	100%	100%
RM2 Holding S.à.r.l.	Luxembourg	100%	100%
RM2 México S. de R.L. de C.V.	Mexico	100%	100%

RM2 International, Inc. is part of the group since 1 February 2022. RM2 Sàrl, Switzerland, incorporated on 25 June 2018, is not yet active. RM2 Mexico incorporated on June 13, 2019, is not yet active.

22 Financial risk management objectives and policies

The Group's financial liabilities comprise only loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk, foreign currency risk and liquidity risk in relation to the financial instruments held. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

22.1 Market risks

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of market risk: interest rate risk, currency risk and other price risk, such as commodity price risk or equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The Group's management has determined that the Group was not subject to interest rate risk as all significant loans and receivables have been issued with fixed interest rate, or to commodity price risk as the production of pallets does not require raw material subject to market volatility.

The Group has only exposure to the foreign currency risk as a result of its operations in various countries and using different functional currencies.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

22.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries (translation risk).

The Group is aware of its non-US Dollar exposures but does not consider a hedging program to be needed currently. Raw materials and capital expenditure are primarily in US Dollars whilst the target revenue market is the USA. Any divergence from this would be considered by management with a view to putting cover in place.

The Group has significant operations in the following currency: United States Dollar (USD). The Group has other operations in the following currencies which are not significant for the Group: Euro (EUR) and Great British Pound (GBP).

22.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from balances with banks and financial institutions is not considered significant as the Group centrally manages the cash held in Luxembourg and in Switzerland and has made placements with lower-risk counterparties mainly located in an A rating bank. Funding by the Luxembourg Holding company to the subsidiaries is limited to their current operational requirements.

22.4 Financial instruments and cash deposits

Trade and other receivables

The Group regularly reviews and assess the trade receivables for the recoverability. The Group has made no provision against overdue trade receivables as management are confident that they will be recovered in full. The Group considers the followings events as indicators of an impairment:

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- default of payments of the counterparty
- financial difficulties of the counterparty
- it becoming probable that the counterparty enter bankruptcy or other financial reorganisation
- granting to the counterparty a concession that the Group will not otherwise consider

22.5 Ageing analysis of trade receivables

The Group regularly reviews and assess the trade receivables for the recoverability. The Group has made no provision against overdue trade receivables as management are confident that they will be recovered in full.

The Group trade receivables ageing list at 31 December 2022 has been mainly collected during the 1st quarter of 2023.

22.6 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of raising of capital via equity issues or bridging facilities. Longer term the Group will look to finance activities through bank and debt facilities.

Maturity Profile

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2023	Due on demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	USD	USD	USD	USD	USD	USD
Current liabilities	-	-	-	-	-	-
Trade and other payables	-	7,611,357	-	-	-	7,611,357
Trade payables	-	6,554,523	-	-	-	6,554,523
Employee compensation payables	-	28,019	-	-	-	28,019
Other tax payables	-	88,886	-	-	-	88,886
Other payables and accrued expenses	-	980,148	-	-	-	980,148
Total financial liabilities:	-	7,651,576	-	-	-	7,651,576

31 December 2022	Due on demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	USD	USD	USD	USD	USD	USD
Current liabilities	-	-	-	-	-	-
Trade and other payables	-	6,177,196	-	-	-	6,177,196
Trade payables	-	5,155,095	-	-	-	5,155,095
Employee compensation payables	-	27,709	-	-	-	27,709
Other tax payables	-	86,397	-	-	-	86,397
Other payables and accrued expenses	-	912,995	-	-	-	912,995
Total financial liabilities:	-	6,177,196	-	-	-	6,177,196

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22.7 Capital management

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders in the future, return capital to shareholders, issue new shares, or sell assets to reduce debt.

23 Subsequent events

Change in year-end. On April 30, 2024 the Company's Board of Directors elected to change the Company's year end from June 30 to December 31, beginning with the financial year ending December 31, 2023 in order to align the parent company year end with those of the subsidiary companies.

Resignation of non-executive director. Andrew Geisse, a non-executive director, stepped down from the Board of Directors of the Company in April 2024 to allow more time to focus on his other commitments.

Insourcing of pallet production. The production of the pallets was outsourced by the Company in 2016 to a subsidiary located in Juarez, Mexico of Jabil, Inc, a large US contract manufacturer ("Jabil"). To optimize pallet production, the Company decided in June 2023 to take over the production of pallets from Jabil. The Company and Jabil entered into a Transition Agreement on June 23, 2023 (the "Transition Agreement") to provide for the orderly transition of pallet production, including the termination of the bailment agreement under which the Group's production machinery and equipment had been used by Jabil, the transfer of local employees, the purchase by the Group of certain equipment used on site, and the lease of factory location. The Group has entered into an agreement with a local shelter service company to provide administrative services (such as import and export tasks), local reporting and filing duties, employee administration. The shelter service entity is also the lessee under the lease of the factory site on a pass-through cost basis. In the first week of March 2024, the handover of the Mexican pallet production site from Jabil to the Group was completed. The Jabil employees were transferred to the Group's local PEO. By virtue of a Forbearance Agreement between Jabil and the Group, an amount of \$3,226,285.04 owed by the Group to Jabil was scheduled for payment over the period March 2024 through July 30, 2024.

2Q 2024 financing. Further drawdowns under the Credit Agreement are subject to approval of OIC's Investment Committee. To meet operating expenses pending further drawdowns under the Credit Agreement, the Board of Directors authorized the issuance in a private offering to accredited investors of up to 11,200,000 Series A Preferred Stock ("Preferred Shares") at an issuance price of \$0.8932 per share, with associated warrants (the "2Q Warrants") exercisable for shares of common stock equal to two times the number of Preferred Shares issued. The 2Q Warrants have a five-year term and have an exercise price of \$0.8932 per share. Pursuant to this authorization, the Company has received commitments for \$4.119 million to date and it anticipates that the full \$10 million is necessary prior to further drawdowns being available under the Credit Agreement.

There can be no assurance that the Company will be able to raise sufficient additional capital on acceptable terms or at all. If such additional financing is not available on satisfactory terms, or is not available in sufficient amounts, the Company may be unable to maintain sufficient growth or may be required to delay, limit, or eliminate one or more of our business objectives, and our competitiveness, and business, financial condition and results of operations may be materially adversely affected.

The information contained herein includes forward-looking statements. These statements relate to future events or to future financial performance, and involve known and unknown risks, uncertainties, and other factors, that may cause actual results to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by these forward-looking statements. Undue reliance should not be placed on forward-looking statements since they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond the Company's control and which could, and likely will, materially affect actual results, levels of activity, performance, or achievements. Any forward-looking statement reflects the current views with respect to future events and is subject to these and other risks, uncertainties, and assumptions relating to operations, results of operations, growth strategy, and liquidity. No obligation exists to publicly update or revise these forward-looking statements for any reason, or

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to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.