No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state laws or an exemption from such registration is available. See "*Plan of Distribution*" below.

PROSPECTUS

INITIAL PUBLIC OFFERING March 4, 2024

REKTRON GROUP INC.

Type of Securities	Number of Securities	Price per Security
Units	7,500,000	USD$2.00
2,595,917 Common Shares issuable on deemed exercise of 2,595,917 Special Warrants	2,595,917	USD$1.58

This prospectus (the "**Prospectus**") qualifies for the distribution on a commercially reasonable efforts basis (the "**Offering**") with the securities regulatory authorities in the provinces of British Columbia, Alberta, and Ontario (collectively, the "**Selling Provinces**"), through Research Capital Corporation (the "**Agent**"), of 7,500,000 units (the "**Units**") of Rektron Group Inc. (the "**Issuer**") at a price of USD$2.00 per Unit (the "**Offering Price**") for aggregate gross proceeds of USD$15,000,000. Each Unit consists of one common share of the Issuer (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant shall entitle the holder thereof to purchase one Common Share (a "**Warrant Share**") at an exercise price equal to USD$3.00 per Warrant Share, for a period of thirty-six (36) months following the closing of the Offering. The Warrants will be governed by a warrant indenture to be entered into on or prior to the closing date between the Issuer and Odyssey Trust Company (the "**Warrant Agent**"), as warrant agent. The Common Shares and Warrant Shares comprising the Units will separate immediately upon closing of the Offering. This Prospectus also qualifies the distribution of Compensation Options (as defined herein). See "*Description of Securities Distributed*" below. The Offering Price was determined by negotiation between the Issuer and the Agent.

This Prospectus also seeks to qualify the distribution of 2,595,917 Common Shares, issuable for no additional consideration upon the exercise or deemed exercise of 2,595,917 special warrants (the "**Special Warrants**") of the Issuer for a value of USD$4,101,548.86 in exchange for services. The Special Warrants were issued by the Issuer on January 29, 2024, at an issue price of USD$1.58 per Special Warrant (the "**Special Warrants Issue Price**") to MidAtlantic Capital Associates Ltd., a consultant to the Issuer on a private placement basis pursuant to prospectus exemptions under applicable securities legislation (the "**Special Warrants Private Placement**").

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Issuer from the distribution of the Common Shares upon the exercise or deemed exercise of the Special Warrants. The Agent has not and will not receive any compensation pursuant to the Special Warrants Private Placement.

Each Special Warrant entitles the holder to acquire, for no additional consideration, one Common Share on the date the Issuer receives a receipt by the regulatory authorities for the filing of this Prospectus. See "*Description of Securities Distributed*" and "*Plan of Distribution*".

Securities being offered pursuant to the Offering

	Price to the Public	**Agent's Commission (1)**	**Net Proceeds to the Issuer(2)(3)**
Per Unit	USD$2.00	USD$0.18	USD$1.82
Total	USD$15,000,000	USD$1,350,000	USD$13,650,000

Notes:

(1) Pursuant to the terms and conditions of an agency agreement (the "**Agency Agreement**") to be entered into between the Issuer and the Agent, the Issuer has agreed to pay to the Agent a cash commission (the "**Agent's Commission**") equal to 9% of the gross proceeds of the Offering, including in respect of any additional Units (the "**Additional Units**") that may be issued upon the exercise of the Over-Allotment Option (as defined herein). The Agent will also be paid a corporate

finance fee of USD$75,000.00 plus GST (the "**Corporate Finance Fee**"). The Agent will be issued that number of non-transferable compensation options (the "**Compensation Options**") equal to 9% of the number of Units sold under the Offering, including the amount subscribed for pursuant to the exercise of the Over-Allotment Option, where any such exercise occurs. Each Compensation Option will be exercisable at an exercise price of USD$2.00 per Compensation Option to purchase one Unit for a period of twenty-four (24) months following the Closing Date. The Units are exercisable under the same terms as the Offering. The distribution of the Compensation Options shall be qualified by the Prospectus. The Agent will also be reimbursed by the Issuer for the costs and expenses of the Agent (the "**Agent's Expenses**") relating to the Offering, the legal expense portion of which is estimated to be USD$75,000 plus applicable taxes. See "*Plan of Distribution*".

(2) After deducting the Agent's Commission, but before deduction of the expenses of the Offering which, together with the Agent's Commission, will be paid from the proceeds of the Offering.

(3) The Issuer has granted to the Agent an option (the "**Over-Allotment Option**"), exercisable, subject to regulatory requirements, in whole or in part by the Agent at any time up to 30 days following the Closing Date (as defined herein) to sell up to an additional 15% of the number of Units sold pursuant to the Offering at the Offering Price. If the Offering is fully subscribed and the Over-Allotment Option is exercised in full, the total price to the public will be USD$17,250,000, the total Agent's Compensation will be USD$1,552,500, and the total net proceeds to the Issuer will be USD$15,697,500 (in each case before deduction of the expenses of the Offering (see note 2 above)). This Prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Additional Units. Unless the context otherwise requires, references herein to the Offering and the Units shall include the Additional Units. A purchaser who acquires securities forming part of the Agent's over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the number of securities that may be issued by the Issuer pursuant to the Over-Allotment Option:

Agent's Position	**Maximum Size or Number of Securities Available**	**Exercise Period**	**Exercise Price**
Over-Allotment Option	Option to acquire up to 1,125,000 Additional Units	Any time up to 30 days following the Closing Date	USD$2.00 per Additional Unit
Compensation Options[1]	776,250 Units[1]	Exercisable for a period of 24 months following the Closing Date	USD$2.00 per Compensation Option

Notes:

(1) Assuming the Over-Allotment Option is exercised in full. This Prospectus qualifies the distribution of the Over-Allotment Option and the Compensation Options in full. The Units are exercisable under the same terms as the Offering. See "*Plan of Distribution*".

There is no market through which the securities of the Issuer may be sold and holders of the Issuer's securities may not be able to resell any such securities. This may affect the pricing of the Issuer's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of Issuer regulation. See "*Risk Factors*" and "*Caution Regarding Forward-Looking Statements*".

While there is currently no market through which the Common Shares or Warrants may be sold, the Issuer has received conditional approval to list the Common Shares, including the Warrant Shares and the Common Shares issuable upon the exercise of the Over-Allotment Option, the Warrants including the Warrants issuable upon the exercise of the Over-Allotment Option, and the securities to be issued upon the exercise of the Compensation Options on the Canadian Securities Exchange (the "**Exchange**" or the "**CSE**"). Listing will be subject to the Issuer fulfilling all of the requirements of the CSE. There is no guarantee that the Issuer's application for listing of the Common Shares, including the Warrant Shares and the Common Shares issuable upon the exercise of the Over-Allotment Option, the Warrants including the Warrants issuable upon the exercise of the Over-Allotment Option will be approved and purchasers may not be able to resell securities purchased under the Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "*Risk Factors*". The CSE has not approved the listing of the Common Shares nor of the Warrants. Neither the listing nor the intended timing of the listing can be guaranteed. The listing of the Common Shares and the Warrants will be subject to the Issuer fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As of the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

An investment in the securities of the Issuer is subject to a number of risks. Prospective purchasers should carefully consider the risk factors described under heading *"Risk Factors"* before purchasing any securities of the Issuer.

The Agent, as exclusive agent of the Issuer for the purposes of the Offering, conditionally offers the Units for sale on a commercially reasonable efforts basis and subject to prior sale, if, as and when issued by the Issuer, in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain Canadian legal matters by Lebeuf Legal Inc. on behalf of the Issuer and by Vantage Law Corporation on behalf of the Agent.

The Issuer is not a related or connected issuer (as such terms are defined in National Instrument 33- 105 –Underwriting Conflicts) to the Agent.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on a date as may be agreed upon by the Issuer and the Agent, but in no event later than 90 days after the receipt is obtained from the British Columbia Securities Commission (the "**Principal Regulator**"), as principal regulator, for the final long form prospectus filed in connection with this Offering, or if a receipt has been issued for an amendment to the final long form prospectus, within 90 days of issuance of such receipt and in any event no later than 180 days from the date of receipt of the final long form prospectus. At the closing, it is expected that the Common Shares, Warrants and the Warrant Shares comprising the Units to be distributed under this Prospectus will be available for delivery in electronic book-entry form through the non-certificated inventory system of CDS Clearing and Depository Services Inc. ("**CDS**") or, its nominee. Purchasers of Units will receive only a customer confirmation from the Agent as to the number of Units subscribed for. Certificates representing the Common Shares and Warrants in registered and definitive form will be issued in certain limited circumstances. See "*Plan of Distribution*".

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

Unless otherwise noted, all currency amounts in this Prospectus are stated in American dollars. Exchange rates used in this Prospectus are as follows: 1 USD = 1.357 CAD.

Ricardo Phielix, Moises Michan Portillo and Trevor Turner reside outside of Canada and the Issuer's auditor Goldwyns, Chartered Accountants & Business Advisors is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. They have appointed Mr. Michel Lebeuf, 1435, rue Saint-Alexandre, #300, Montreal, Quebec, H3A 2G4 as agent for service of process in Canada.

Purchasers are advised that it may not be possible for prospective purchasers to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Enforcement of Judgements Against Foreign Persons*".

Due to the nature of the Issuer's business, an investment in any securities of the Issuer is speculative and involves a high degree of risk that should be considered by prospective purchasers. In reviewing this Prospectus, prospective purchasers should carefully consider the matters described under the heading "*Risk Factors*" of this Prospectus.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Issuer's securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Issuer's securities.

Prospective purchasers should rely only on the information contained in or incorporated by reference into this

Prospectus. The Issuer has not, and the Agent has not, authorized anyone to provide prospective purchasers with different information. Information contained on or available through the Issuer's website shall not be deemed to be a part of this Prospectus or incorporated by reference herein and should not be relied upon by prospective purchasers for the purpose of determining whether to invest in the Units. Neither the Issuer nor the Agent are making an offer of these securities in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the face page of this Prospectus. The Issuer's business, operating results, financial condition and prospects may have changed since that date; however, if, after a receipt for this Prospectus is issued but before the completion of the distribution under the Prospectus, a material change (as such term is defined under applicable Canadian securities laws) occurs in the business, operations or capital of the Issuer, the Issuer must file an amendment to the Prospectus as soon as practicable but in any event within ten days after the day the material change occurs.

The Issuer's head office and registered office are located at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia V5P 3V6, Canada.

AGENT:

RESEARCH CAPITAL CORPORATION

1075 West Georgia Street, Suite 1920,

Vancouver BC,

V6E 3C9

Telephone: 604.662.1800

Facsimile: 778.373.4101

Toll Free: 888.884.9588

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively "**forward-looking statements**"). The Issuer is hereby providing cautionary statements identifying important factors that could cause the actual results of the Issuer to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer that could influence actual results include, but are not limited to:

- Approval of the Exchange to list the Common Shares and the Warrants;
- Volatility of commodity prices;
- Government or regulatory policy;
- Climate change and emissions;
- Competition;
- Access to capital and liquidity;
- Credit risk;
- Margin risk;
- Holdings company risk;
- Sale of substantial amounts of Units may have an adverse effect on the market price of such securities;
- Investors may lose their entire investment;
- Volatile market price for the Issuer's Common Shares;
- Evolving business strategy;
- Discretion in the available funds;
- Future acquisitions or dispositions;
- Dilution from equity financing could negatively impact holders of Common Shares;
- Management of debt dependent on cash flow;
- Management and directors;
- The possibility of conflict of interest arising for certain of the director and officers;
- The possibility of litigation;
- Conflicts of interest;
- No issuance of dividends; and
- Epidemics and pandemics.

Such forward-looking information is necessarily based upon a number of factors and assumptions that, while considered reasonable by the Issuer as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although the Issuer believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Issuer cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the

Issuer's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk *Factors*".

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements, which could have a material adverse effect on the business, financial condition and results of operations of the Issuer.

Information contained in forward-looking statements in this Prospectus is provided as of the date of this Prospectus, and the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements or the information contained in those statements.

Any graphs, tables or other information demonstrating the historical performance or current or historical attributes of the Issuer or any other entity contained in this Prospectus are intended only to illustrate historical performance or current or historical attributes of the Issuer or such entities and are not necessarily indicative of future performance of the Issuer or such entities.

This Prospectus includes summary descriptions of certain material agreements of the Issuer. See section entitled "*Material Contracts"* in this Prospectus. The summary descriptions disclose provisions that the Issuer considers to be material, but are not complete and are qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and will be available under the Issuer's profile on SEDAR+ at www.sedarplus.ca. Prospective Purchasers are encouraged to read the full text of such material agreements.

Conventions

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to "$" or "USD$" are to American dollars, references to "C$" are to Canadian dollars and references to "£$" are to pounds sterling. All financial information with respect to the Issuer have been presented in American dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

NOTE TO INVESTORS

An investor should rely only on the information contained in this Prospectus. The Issuer has not, and the Agent has not, authorized anyone to provide investors with additional, different or inconsistent information. If anyone provides investors with additional, different or inconsistent information, including information or statements in media articles about the Issuer, investors should not rely on it.

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus or any sale of the Units. The Issuer and the Group's business, financial condition, operating results and prospects may have changed since the date of this Prospectus.

The Issuer and the Agent are not offering to sell the Units in any jurisdiction where the offer or sale of such securities is not permitted. For investors outside the provinces of British Columbia, Alberta and Ontario, neither the Issuer nor the

Agent has done anything that would permit the Offering or possession or distribution of this Prospectus in any jurisdiction other than in the Selling Provinces. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this Prospectus.

MARKETING MATERIALS

The template version of a corporate presentation dated March 4, 2024 (the "**Corporate Presentation**") has been filed with the securities commission in the Selling Provinces and is specifically incorporated by reference into this Prospectus. The Corporate Presentation is not part of this Prospectus to the extent that the contents of the Corporate Presentation have been modified or superseded by a statement contained in this Prospectus.

Any template version of any marketing materials filed on SEDAR+ (www.sedarplus.ca) after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Corporate Presentation or any other template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus.

GLOSSARY

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other; or
(b) each of them is controlled by the same Person;

A company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company;

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or
(b) an Affiliate of that Person, or
(c) an Affiliate of any Company controlled by that Person;

"**Agency Agreement**" means the agency agreement to be entered into between the Issuer and the Agent;

"**Agent**" means Research Capital Corporation;

"**Agent's Commission**" means the commission payable to the Agent in respect of the completion of the Offering pursuant to the Agency Agreement, as more fully described under "*Plan of Distribution*";

"**Agent's Expenses**" means the 'Agent's expenses in connection with the Offering which, pursuant to the Agency Agreement, the Issuer has agreed to repay to the Agent, including legal fees and disbursements as well as the 'Agent's reasonable out-of-pocket expenses;

A Non-Voting Ordinary Shares" means A Non-Voting Ordinary Shares of US$1 each in the share capital of Rektron AQ UK, converted into US$1 Ordinary Shares on June 16, 2022;

"**Applicable Securities Laws**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

"**Associate**" means when used to indicate a relationship with a person or company, means:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
(b) any partner of the person or company;
(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a

person or company serves as trustee or in a similar capacity;

(d) in the case of a person, a relative of that person, including:

1. that person’s spouse or child; or

2. any relative of the person or of his spouse who has the same residence as that person; but

where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

“**Audit Committee**” means the Audit Committee of the Issuer;

“**B Non-Voting Ordinary Shares**” means B Non-Voting Ordinary Shares in the share capital of Rektron AQ UK, converted into US$1 Ordinary Shares on June 16, 2022;

“**Board of Directors**” or “**Board**” means the Issuer's board of directors;

“**Bylaws**” means the bylaws of the Issuer;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**COO**” means Chief Operating Officer

“**CIO**” means Chief Investment Officer;

“**Common Shares**” means the unlimited number common shares of the Issuer without par value;

“**Compensation Committee**” means the Compensation Committee created by the Board of the Issuer;

“**Companies Act**” means the Companies Act 2006 (c 46) enacted by Parliament of the United Kingdom;

“**Closing**” means the satisfaction of all conditions, and the completion of all steps and documents as required or contracted in order to effect the completion of the Offering;

“**Closing Date**” means the date on which the Closing occurs, as mutually determined by the Issuer and the Agent;

“**Compensation Options**” means the compensation options to be issued by the Issuer to the Agent on completion of the Offering wherein the Agent will have the right to purchase 9% of the number of Units sold pursuant to the Offering exercisable at the Offering Price to acquire one Common Share, expiring 24 months from the Closing Date;

“**Corporate Finance Fee**” means the $75,000 (plus GST) payable by the Issuer to the Agent, pursuant to the Agency Agreement.

“**CSE**” or “**Exchange**” means the Canadian Securities Exchange;

“**DL Hudson**” means DL Hudson Limited, Rektron AQ UK’s wholly owned subsidiary incorporated on April 29, 2016 under the Companies Act;

“**DLH Germany**” means DL Hudson Germany GmbH, DL Hudson’s subsidiary incorporated on April 15, 2020, pursuant to laws of the Federal Republic of Germany;

“**DLH Dunes**” means D L HUDSON DUNES GENERAL TRADING L.L.C, DL Hudson’s subsidiary incorporated on March 25, 2014, pursuant to United Arab Emirates laws;

“**DLH-RB**” means DLH Istros Limited, a subsidiary of DLH Germany incorporated on July 12, 2019, under the Companies Act;

“**Engagement Letter**” means the engagement letter between the Issuer and the Agent dated January 1, 2023, in respect of the Offering, which is superseded in its entirety by the Agency Agreement;

“**Escrow Agent**” means Odyssey Trust Company;

“**Escrow Agreement**” means the escrow agreement dated March 4, 2024, 2024 among the Issuer, the Escrow Agent pursuant to which the Escrowed Securities will be held in escrow;

“**Escrowed Securities**” has the meaning ascribed thereto under the heading “*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer”;*

“**Final Prospectus**” means the final prospectus of the Issuer, prepared in accordance with NI 41-101;

“**Final Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Prospectus in British Columbia, Alberta and Ontario;

“**Group**” means the Issuer and all of its subsidiaries.

“**GST**” means the Canadian Goods and Services Tax;

“**Initial Public Offering**” or “**IPO**” means a transaction that involves an issuer issuing securities from its treasury pursuant to its first prospectus that has received a Final Receipt from the applicable regulatory authorities;

“**Issuer” or “Rektron”** means Rektron Group Inc., a company incorporated under the Business Corporations Act (*British Columbia*));

“**Listing Date**” means the date the Common Shares are listed for trading on the Exchange;

“**LME**” means the London Metal Exchange, a commodities exchange that deals in metals futures and options;

“**London HQ**” means the headquarters of the Issuer, located at 120 New Cavendish Street, London, England W1W 6XX;

“**NI 33-105**” means National Instrument 33-105 –Underwriting Conflicts;

“**NI 41-101**” means National Instrument 41-101 – General Prospectus Requirements of the Canadian Securities Administrators;

“**NI 52-110**” means National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators;

“**Offering**” means the offering of Units in accordance with the terms of this Prospectus;

“**Offering Price**” means the $2.00 per Unit price at which the Units are being offered for sale under this Prospectus;

“**Person**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Preference Shares**” means the preference shares, a class of shares of issued share capital of Rektron AQ UK converted into US$1 Ordinary Shares on July 22, 2020;

"**Principal Regulator**" means the British Columbia Securities Commission;

"**Prospectus**" means this final prospectus of the Issuer, prepared in accordance with NI 41-101;

"**Rektron AQ UK**" means Rektron AQ Limited, a company incorporated under the Companies Act 2006 (UK);

"**Rektron AQ UK Warrants**" means the warrants issued by Rektron AQ UK on June 16, 2022, to subscribe for 748 US$1 Ordinary Shares

"**SEDAR+**" means the Canadian Securities Administrators' national system that all market participants will use for filings, disclosure, payments and information searching in Canada's capital markets, accessible through the internet at www.sedarplus.ca;

"**Selling Provinces**" means British Columbia, Alberta and Ontario in which the Units will be offered for sale;

"**Share Exchange Agreement**" means the share exchange agreement entered into between the Issuer and Callan Partners Limited and Nile Flow Limited on May 5, 2023;

"**Shareholders**" means the holders of Common Shares;

"**Special Warrants**" means non-transferable special warrants of the Issuer, each of which is convertible into a Common Share on the date the Issuer receives a receipt by the regulatory authorities for the filing of the Prospectus, subject to the terms and conditions set forth in the certificates representing such Special Warrant;

"**Special Warrants Issue Price**" means the price of USD$1.58 per Special Warrant;

"**Special Warrants Private Placement**" means the private placement where 2,595,917 Special Warrants were issued in favour of MidAtlantic Capital Associates Ltd. at an issue price of USD$1.58 per Special Warrant of the Issuer for a value of USD$4,101,548.86 in exchange for services;

"**Stock Option Plan**" means the stock option plan approved by the Board of Directors of the Issuer on May 4, 2023, providing for the granting of incentive stock options to the Issuer's directors, officers, employees and consultants;

"**Stock Options**" means the stock options issued pursuant to the Stock Option Plan;

"**Transfer Agent**" means the transfer agent and registrar of the Issuer, being Odyssey Trust Company;

"**UK£1 Ordinary Shares**" means the former ordinary shares in Rektron AQ UK of £1 each converted into ordinary shares of US$1.2008 and immediately subdivided into Common Shares on January 4, 2023;

"**US$1 Ordinary Shares**" means the former ordinary shares in Rektron AQ UK of US$1 each subdivided into US$0.002 Ordinary on January 20, 2023;

"US$0.002 Ordinary Shares" means ordinary shares in Rektron AQ UK of US$0.002;

"**Units**" means units of the Issuer, with each Unit comprised of one Common Share and one Warrant, of which the Warrants comprise a part;

"**Warrant**" means the Common Share purchase warrants of the Issuer;

"**Warrant Indenture**" means the warrant indenture to be entered into by the Issuer, as issuer, with Odyssey Trust

Company as trustee, pursuant to which the terms, including issuance, exercise and expiry, of the Warrants are set out; and

"**Warrant Share**" means following adjustment, each of the Common Shares issuable on the exercise of the Warrants.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. This summary does not contain all of the information you should consider before purchasing the Units. You should read the entirety of this Prospectus carefully, especially the "Risk Factors" section of this Prospectus and the financial statements and the notes thereto appearing elsewhere in this Prospectus, before making an investment decision.

The Issuer

The Issuer was incorporated under the name "Rektron Group Inc." under the laws of the province of British Columbia pursuant to the *Business Corporations Act* (British Columbia) on March 22, 2023.

The issuer's head office is located at and has its registered office at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia V5P 3V6, Canada.

The Issuer is a parent company of its wholly owned subsidiary Rektron AQ UK, which in turns owns 100% of DL Hudson. The Issuer's assets are solely the interest in Rektron AQ UK, and the only business of the Issuer is the business of its subsidiaries. DL Hudson is a commodity trading firm that operates from its headquarters in London (United Kingdom) that has entrenched relationships with both suppliers and clients who have a requirement for ferrous and nonferrous metals, crude oil and refined oil products. DL Hudson has metal and oil traders and supporting operators based out of its London HQ and Switzerland. DL Hudson has metal traders on the ground in Thailand, Singapore, and China, and a back office in Germany to provide coverage to the Issuer's primary markets. See "*Intercorporate relationships*" for more information on the Issuer's subsidiary and its subsidiaries.

The Issuer's Business

The Issuer's subsidiary, Rektron AQ UK, primarily invests in operating enterprises in the commodities sector. The Group's trading expertise includes primarily energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron AQ UK works to optimize its balance sheet to support the trading activities of its subsidiaries (in oils, metals and other commodities), aiming to enhance its ability to transect competitively and efficiently. See "*Description of the Business*" below.

Management, Directors and Officers

Ricardo Phielix – Director and Chief Executive Officer
Manny Bettencourt – Director and Chief Financial Officer and Corporate Secretary
Moises Michan Portillo– Director
Michael Stier – Independent Director
Trevor Turner – Independent Director
See "*Directors and Officers*" below.

The Offering

Offering:	7,500,000 Units. Each Unit consists of one Common Share and one Warrant. Each Warrant is exercisable into one Common Share for $3.00 for a period of thirty-six (36) months from the Closing Date.
Offering Price:	USD$2.00 per Unit.
Offering Size:	USD$15,000,000 subject to the exercise of the Over-Allotment Option, before Agent's Commission, fees and Expenses of the Offering. See "*Plan of Distribution*".
Agent's Commission:	Pursuant to the terms and conditions of the Agency Agreement to be entered into between the Issuer and the Agent, the Issuer has agreed to pay to the Agent the Agent's Commission equal to 9% of the gross proceeds of the Offering, including in respect of the Additional Units issued upon exercise of the Over-Allotment Option. The Agent will also be paid the Corporate Finance Fee of USD$75,000.00 plus GST. The Agent will be issued that number of Compensation Options equal to 9% of the number of Units sold under the Offering, including the amount subscribed for pursuant to the exercise of the Over-Allotment Option, where any such exercise occurs. Each Compensation Option will be exercisable at an exercise price of USD$2.00 per Compensation Option to purchase one Unit for a period of twenty-four (24) months following the Closing Date. The Units are exercisable under the same terms as the Offering. The distribution of the Compensation Options shall be qualified by the Prospectus. The Agent will also be reimbursed by the Issuer for the Agent's Expenses, the legal expenses portion of which is anticipated to be USD$75,000 plus applicable taxes.

Use of Proceeds

The Issuer intends to fund its trading activities, to increase the metals and energy books. The funds will also be used to expand the teams, systems and organization in order to facilitate this growth. See "*Use of Proceeds*" below.

It is estimated that the net proceeds to be received by the Issuer from the Offering, after deduction of the remaining Offering expenses, the Agent's Commission and the Agent's Expenses, will be approximately $13,487,250, assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the estimated net proceeds will be approximately $15,534,750. The net proceeds of the Offering are currently intended to be used by the Issuer as follows:

Principal Purpose	Allocated Amount $	Allocated Amount if the Over-Allotment Option is exercised in full
Scale up of metals trading activities	$4,487,250	$5,534,750
Scale up of energy trading activities	$8,000,000	$9,000,000
General Administration and Sales	$ 1,000,000	$ 1,000,000
TOTAL:	**$13,487,250(1)**	**$15,534,750(1)**

Notes:

(1) See "*Use of Proceeds*" below. The Issuer intends to spend the net proceeds as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary.

As at February 29, 2024, the Issuer had an estimated working capital of $81,017,000 of which it is estimated that 15% to 25% is at any time used as cash collateral and the remaining part (75% - 85%) is used to finance accounts receivable transactions from customers.

The General Administration and Sales is broken down as follows for the purposes set out in the table below during the 12-month period following the date of this Prospectus:

Item	Allocated Amount $
Listing Expenses(1)	$300,000
Executive Compensation(2)	$532,000
Insurance	$55,000
Software(2)	$108,000
Other	$5,000
Total :	$1,000,000

Notes:

(1) Comprised of legal fees ($90,000), audit fees ($120,000), listing fees ($45,000), and filing fees ($45,000).

(2) Comprised of the executive compensation. See subsection "Proposed Compensation" in section "Statement of Executive Compensation" below.

(3) Comprised of software (subscriptions) to be identified and potentially to be developed in order to enhance the efficiency and effectiveness of the Group's departments. It may include (among other) improvements to the accounting, reporting and financial planning software, as well as human resources, support for the legal department and commodity and trade management software.

The Issuer intends to utilise part of its available funds as set out in this Prospectus. However, there may be situations where, due to changes in the Issuer's circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Issuer to achieve its overall business objectives.

Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the audited financial statements of Rektron AQ UK and its subsidiaries and notes thereto appearing elsewhere in this Prospectus. The selected financial information is derived from the audited financial statements of Rektron AQ UK for the fiscal years ended July 31, 2023, July 31, 2022, and July 31, 2021 and Rektron Group Inc.'s unaudited interim financial statements for the three months ended October 31, 2023. The Issuer and Rektron AQ UK have established July 31 as its financial year end.

In USD 1,000	**Three months Period ended October 31, 2023 (Unaudited)**	**Year ended July 31, 2023 (Audited)**	**Year ended July 31, 2022 (Audited)**	**Year ended July 31, 2021 (Audited)**
Total revenues	629,183	2,027,529	1,593,955	901,168
Costs of Sales	621,696	2,003,932	1,575,716	891,184
Gross Profit	7,487	23,597	18,239	9,984
Total Operating Expenses	2,797	10,741	8,214	3,736
Total Financing Income, expenses and other	(1,074)	609	16,026	(883)
Income Taxes(1)	0	201	232	102
Net income	3,616	13,264	25,819	5,263

Current Assets	255,450	211,714	199,368	91,269
Total Assets	292,475	249,169	238,868	132,316
Current Liabilities	179,312	139,196	144,441	63,242
Total Liabilities	180,949	141,129	144,441	63,290
Shareholders' Equity	105,160	101,630	87,758	62,137
Total Group Equity	111,526	108,040	94,427	69,027

Notes:

(1) The income taxation is calculated for the Group's global operations and in accordance with each relevant jurisdiction on an annual basis.

The following selected financial information is subject to the detailed information contained in the audited financial statements of the Issuer notes thereto appearing elsewhere in this Prospectus. The selected financial information is derived from the audited financial statements of the Issuer for the period from incorporation to July 31, 2023.

In CDN	**From incorporation to July 31, 2023** **(Audited)**
Total revenues	-
Costs of Sales	-
Gross Profit	-
Total Operating Expenses	8,738
Total Financing Income, expenses and other	-
Income Taxes	-
Net income (loss)	(8,738)

Current Assets	80
Total Assets	80
Current Liabilities	(8,816)
Total Liabilities	8,816
Shareholders' Equity	(8,736)

Risk Factors

An investment in the securities of the Issuer is speculative and involves a high degree of risk due to the nature of the business of the Issuer. The risks, uncertainties, and other factors, many of which are beyond the control of the Issuer. The Issuer cannot give assurances that it will successfully address any or all of these risks. Readers should carefully consider the information set out under "*Risk Factors*" and the other information in this Prospectus.

Currency

Unless otherwise indicated, all currency amounts herein are stated in American Dollars.

CORPORATE STRUCTURE

Name and Incorporation

The Issuer was incorporated pursuant to the *Business Corporations Act* (British Columbia) on March 22, 2023, under the name "Rektron Group Inc."

The Issuer's head office and registered and records office are located at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia V5P 3V6, Canada.

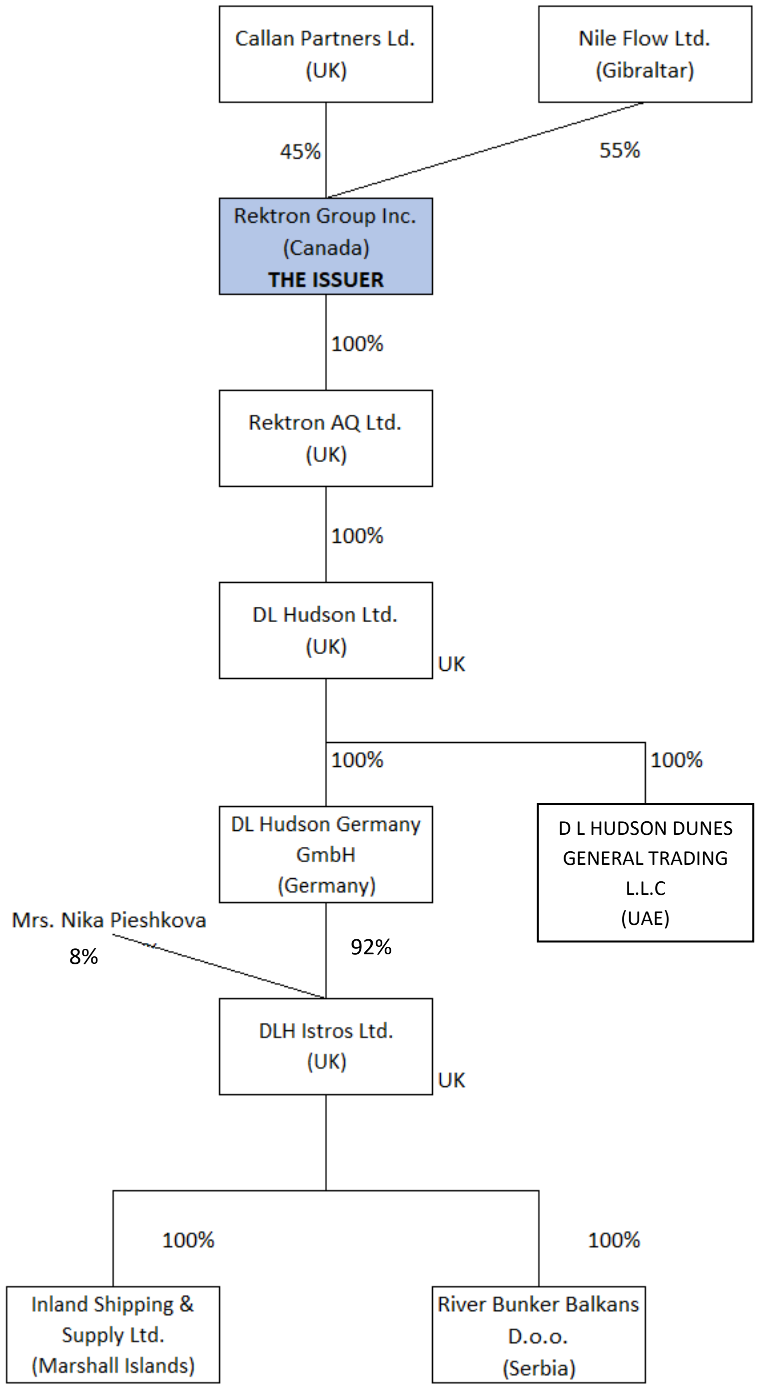
The Issuer is the overall parent company of the Group, which consists of companies listed under "*Intercorporate Relationships*". The Issuer's assets currently consist solely of interests in its wholly owned subsidiary, Rektron AQ UK, and the only business of the Issuer is the business of its subsidiaries.

Intercorporate Relationships

The founders of the Issuer are Callan Partners Limited and Nile Flow Limited. Callan Partners Limited holds 45% of the issued and outstanding Common Shares of the Issuer and Nile Flow Limited holds 55% of the issued and outstanding Common Shares of the Issuer. Callan Partners Limited is a corporation and Nile Flow Limited is a Gibraltar Limited Company, which is directly owned by a discretionary trust which has multiple beneficiaries of the family of Mr. Swapnil Mokashi and the holding depends on the date of beneficial interest being materialised.

The original founders of Rektron AQ UK are Kerdos Holdings Limited and Callan Partners Limited. Kerdos Holdings Limited is wholly owned by Mr. Swapnil Mokashi. Callan Partners Limited is wholly owned by Mr. Sanjeev Shah Tolia.

The corporate structure is as follows:



- Rektron AQ UK, incorporated in the United Kingdom, is the Issuer's wholly owned subsidiary, a holding company which primarily invests in operating enterprises in the commodities sector.

- DL Hudson Ltd., incorporated in the United Kingdom, is a global commodity trading firm that has entrenched relationships with both suppliers and clients that have a requirement for the ferrous and nonferrous metals, crude oil and refined oil products. DL Hudson has traders based out of its London HQ and operators on the ground in the company's primary markets.

- DLH Germany GmbH is a wholly owned subsidiary of DL Hudson, incorporated pursuant to the corporate laws of Germany. DLH Germany's primary objective is distribution of fuel products, lubricants, and metals in the German region.

- D L HUDSON DUNES GENERAL TRADING L.L.C is a subsidiary of DL Hudson, incorporated pursuant to the corporate laws of the UAE and has a Dubai-based setup, sourcing raw materials and securing offtakes in the Middle East. They also assist the trading activities of the wider Group. DLH Dunes profits would be declared as dividends only as agreed by the board and only for those holding ordinary shares - i.e. DL Hudson, its parent company. As per the acquisition of DLH Dunes, the seller of DLH Dunes was issued a preference share in DL Hudson. This preference share is held by Mr. Anand Kumar Bedi. The terms of this preference share are that DL Hudson will pay a preferential cash non-cumulative dividend of 2% of available profits for a relevant financial year. The right is solely within the rights of DL Hudson. The preference share expires on December 31, 2032. To date no profits or dividends have been declared for either the ordinary or preference shares.

- DLH Istros Ltd. (DLH-RB), incorporated in the United Kingdom, is the Group's physical asset-holding company, registered in the United Kingdom as a limited company. It owns fuel storage facilities along the Danube River in Europe through Inland Shipping & Supply Ltd. and River Bunker Balkans D.o.o., companies registered as limited liability companies in the Marshall Islands and Serbia, respectively. Inland Shipping & Supply Ltd. was incorporated on August 23, 2012 and River Bunker Balkans D.o.o. was incorporated on November 1, 2012. Profits would be declared as dividends only as agree by the board and only for those holding ordinary shares - i.e. DL Hudson, its parent company. As per the acquisition of Inland Shipping and RB Balkans, the seller was issued ordinary shares initially and then as per the transfer to DLH Germany, Ms. Nika Pieshkova was issued with 10 preference shares in DLH Istros Limited. This preference shares are held by Ms. Pieshkova. On January 31, 2022, the 10 preference shares were transferred to DLH Germany. As a result, Ms. Pieshkova holds 13 ordinary shares and DLH Germany holds 150 ordinary shares and 10 preference shares. The terms of this preference share are that DL Hudson will pay a preferential cash non-cumulative dividend of 2% of available profits for a relevant financial year. The right is solely within the rights of DL Hudson. The preference share expires on December 31, 2030. To date no profits or dividends have been declared for either the ordinary or preference shares.

DESCRIPTION OF THE BUSINESS

Business of the Issuer

General

The Issuer is the holding and parent company of Rektron AQ UK, which is the holding and parent company of DL Hudson. DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group's global commodity trading operations. The Issuer is headquartered in Vancouver, BC, while Rektron AQ UK is headquartered in London, UK. The Issuer's business strategy entails growth over the bottom-line through proficient trading practices, and adding value to clients whilst maintaining relations with both suppliers and clients. The Issuer focuses on maintaining an experienced team of management and traders, extensive geographical and product diversification, trading and logistical expertise, and financial and risk management. The team at the Group is composed of energy and metals traders, City of London and Wall Street bankers. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, Energy Transition Commodities ("**ETC**"), recycled metals and crude and Euro VI-compliant refined oil products. The Issuer transacts across all compliant markets following the international trade regulations and guidelines.

Services

The Group views itself as a service provider to companies that are involved in the production and trading in metal and energy commodities. In the metals trading space, the Group is primarily involved in non-ferrous metals and in particular, aluminium, copper, lead, nickel and zinc, but also transacts in galvanised steel and iron ore. In terms of energy commodities, the Group trades crude oil and petroleum products that include gasoline, diesel fuel, heating oil and lubricants.

The Group operates in global markets. Purchases are made from one particular geographical area, and the Group arranges the transport and logistics and sells the product to a buyer in another geographical region. All transactions adhere to the risk management policies outlined by the Group. Typically, the product is transported between different countries and often across continents.

The services that the Group provides to its client companies consist of the following:

Working capital

As at October 31, 2023, the Issuer has an amount of USD$378 million of uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis but are not obliged to do so. This type of financing is perceived as "self-liquidating." These facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport, and credit insurances only to the extent that it is related to the transaction itself. The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing. As at October 31, 2023, an amount of USD$38,971,000 is utilized and reflected in the balance sheet under "Current Liabilities" on the Issuer's financial statements for the three months ended October 31, 2023.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to DL Hudson. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to DL Hudson's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of DL Hudson's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to DL Hudson's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Bill of Lading Financing**: This is usually a working capital solution for metals trading. DL Hudson generally pays the supplier for the product at the loading port, and, against payment, the supplier provides DL Hudson the cargo documents including the bill of lading document, which is a document that describes what is being shipped, how much of it there is and where it is going. DL Hudson then transports the product to the destination port which could take 15 to 60 days depending on the location. In the case of bill of lading financing, the financing institution provides funds against the bill of lading document saving DL Hudson for waiting for the voyage to be complete to receive the payment from the buyer.

- **Receivables Financing**: This is generally used for the metals business. DL Hudson provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. DL Hudson, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point DL Hudson is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

However, these working capital facilities are used to purchase metals and energy commodities from suppliers and provide flexibility to the buyer. DL Hudson's ability to attract these financing lines is a value addition. With these facility lines, DL Hudson hopes to continue scaling its business as the terms offered to buyers through the facility lines provides them additional cashflow. All purchases are based on Incoterms 2020 (as published by the international chamber of commerce and available on http://Iccwbo.org). By purchasing at the port of discharge, the supplier does not need to finance the transport, customs, taxes, delivery and manage the logistics for the goods to be delivered to the end user. This is an advantage for the supplier as it indirectly provides them with working capital. This additional working capital enables the supplier to increase its activities.

When selling to the customer, the Group is able to deliver the materials at various points in the supply chain including delivery at the production or storage location of the customer (based on Incoterms 2020). In addition, the Group can provide payment terms of up to 90 days. This gives the customer time to process the materials and even provide payment terms to their customer. That financial capacity gives the Group's customer the ability to increase its business activity.

Logistics solutions

The Group provides logistics solutions, by arranging the transport of the materials by sea and/or by land (DL Hudson has not yet transported materials by air) as well as storage and dispatch from storage facilities. These solutions are provided through third-party service providers such as forwarders, shipping and storage companies. Although the physical operation is outsourced, it does require time, coordination and meticulous management to monitor these operations. The operations team is instrumental in ensuring that the processes and paperwork are in order, as minor errors could have a cost. This activity is not only performed, but also financed by the Group. The Group collaborates with parties such as Access World, PGS and Steinweg for storage and the large shipping liners such as MSC, Maersk, etc. for transport.

Risk management

Risk management means the mitigation of price risks and currency risks. With regards to price risk, commodities are subject to frequent price fluctuations as they are exchange traded (such as the London Metal Exchange for Metals or Intercontinental Exchange for Energy) or their reliance on daily pricing mechanisms that are published in daily updates such as Platts. The Group has margin lines with brokers that execute futures and derivatives on behalf of DL Hudson to mitigate price risk. To be able to perform this activity, the Group tries to employ a specialized, qualified and dedicated trading team. Furthermore, not all companies qualify to have these lines or are not granted sufficient margin lines to transact in larger physical trades.

With regards to currency risk, the commodity prices are denominated in US Dollars. Suppliers that have operating costs in a different currency have an exposure to the fluctuation of the exchange rate between this local currency and the US Dollar. The same can apply to the buyer who may require the products to be sold to them in their local currency. The Group uses its brokerage lines to hedge these risks by trading currency, futures or derivatives.

Global network

Not all suppliers have access to customers in other countries or regions. The Group employs traders, which have relations with suppliers and customers across the globe. The trading business relies heavily on personal relationships that are developed over the years. The Group employs nine traders that are based in London UK, Geneva Switzerland, Dubai United Arab Emirates, Singapore, Thailand and China. These traders have international contacts and travel frequently to ensure that these relationships are maintained. These parties are in regular contact with our traders to understand the supply and demand along with the trends in the market they operate in. This regular contact with the suppliers and buyers provides the traders insight into the needs of the buyers and suppliers, which often evolve into opportunities to trade with them. The Group also has contacts with independent agents that offer deals to the traders. These agents are usually compensated on a commission basis for deals that are successfully completed and payment fully collected.

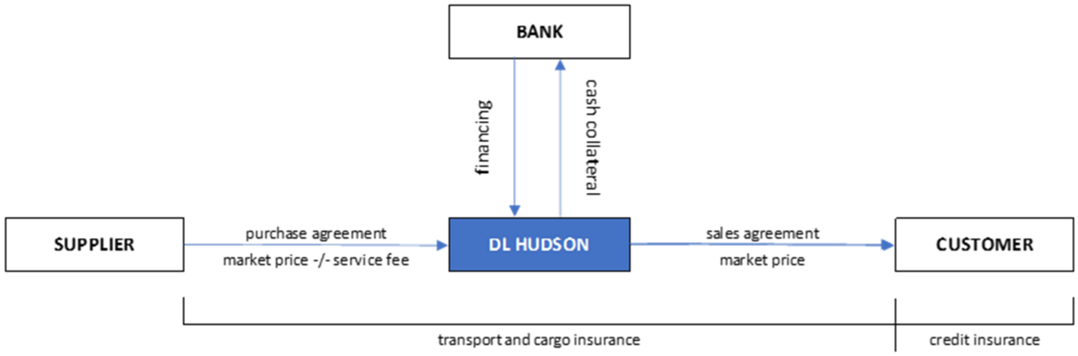
Some customers impose a registration, which means that the supplier is acceptable to selling to and/or buying from them, and large suppliers have a similar process to ensure that the buyers are competent and able to buy from them. These registrations are based on their internal criteria but with large companies, this process is onerous and time-consuming. A common criterion required by some customers is the ability of the Group to perform shipments and their financial strength. As mentioned, registration processes, particularly with major companies are lengthy and many companies do not qualify. This is perceived as an entry barrier in the market. The Group has registrations with various companies such as Petroineos Trading Limited, Aramco, British Petroleum, Trafigura, Baowu Steel Group Corp., Ouyeel, Jiangxi Copper Corporation etc., and Bharat Petroleum Corporation Limited. For crude oil related registrations, the criteria are even more burdensome, and select few companies qualify to trade with the majors. The Group's oil traders duties include exploring opportunities and starting the process of registration with a company when there is mutual interest.

Transport operations in some circumstances require local presence to ensure that shipments are performed in an efficient and timely manner. In addition, having local presence could support the trading activity and ensure the quality of materials is acceptable. For instance, in transactions that involve scrap metals, it is important to have local presence to inspect the material before it is purchased. Furthermore, the loading operations and custom clearance of materials requires a local presence too. This local presence usually is established by collaborating with agents with whom the Group has developed a relationship over the years or by employees of the Group. The agents are compensated on a case-by-case basis, and we have a network of agents in the following locations:

1. Manzanillo, Mexico	2. Baltimore, USA	3. Barranquilla, Colombia	4. Santiago, Chile
5. Santos, Brazil	6. Rotterdam, the Netherlands	7. Felixstowe, the United Kingdom	8. Istanbul, Turkey
9. Dubai, United Arab Emirates	10. Durban, South Africa	11. Mundra, India	12. Mumbai, India
13. Port Klang, Malaysia	14. Muara, Brunei	15. Kaohsiung, Taiwan	16. Singapore
17. Incheon, Korea	18. Busan, Korea	19. Tianjin, China	20. Qingdao, China
21. Shanghai, China	22. Ningbo, China	23. Hong Kong, China	24. Barcelona, Spain
25. Vienna, Austria	26. Genoa, Italy	27. Houston, USA	28. Hamburg, Germany
29. Tblisi, Georgia		30. Venice, Italy	

Business model

The following diagram outlines the business model demonstrating the operational steps and profit generation.



The process starts with our trader matching supply and demand for a specific product of a particular grade and quantity with a counterparty. In other words, when demand is established, the trader simultaneously locks in the supply side. As part of DL Hudson's risk policy, the traders are required to ensure both sides of the transaction are firm and secured.

The prices of commodities are denominated by market prices on exchanges such as the London Metal Exchange, Intercontinental Exchange or daily publication such as Platts. That means that the commodities can always be traded based on the quoted prices on these exchanges or publications. The prices quoted by suppliers are based on the printed prices on the exchanges or publications. These prices are usually on a per metric ton or per barrel basis. The supplier will quote DL Hudson the printed exchange price plus or minus a premium or discount along with the Incoterms. DL Hudson then adds its margin (service fee) based on the price and Incoterms offered to the buyer. For example, if DL Hudson conducts the transport and logistics, it takes the quoted price plus or minus the premium or discount, adds the transport cost calculated on a per metric or per barrel, hedging and finance cost and sells to the customer at a price accounting for the aforementioned costs.

The transport, logistics and storage (if applicable) are provided by the Group's network of third party providers.

Before DL Hudson commits to a trade, the Group requires its traders to prepare a detailed proposal that outlines the supplier, the buyer, underlying product and its specification, quantity, purchase price, purchase Incoterms, buyer incoterms, shipping and logistics costs (if required), hedge costs (if required), delivery dates, purchase date, breakdown of the pricing formula, finance cost, etc. Each proposal is supported by a pre-calculation that shows the expected margin to be made on the deal. This proposal is presented to the CEO, CIO and CFO of DL Hudson. Upon approval the trade is executed.

The trader then confirms the trade with the counterparties, and the trade details are sent to the operations team of the Group.

The operations team then liaises with the counterparties' back office to draft the sales contract and purchase contracts. These contracts are then reviewed by our in-house legal team and are sent to the management team for signoffs. Then, the margin (or service fee) is locked in. All contracts are prepared on the basis of Incoterms 2020 so that the transfer of risk in relation to the underlying material is clearly defined.

Upon signing of the contracts, the supplier sends an invoice. This invoice is presented to the bank (or similar finance institution) with whom DL Hudson has working capital facilities. These working capital facilities are based on frame-work contracts that are in place with the finance providers and these outline the type of transaction that can be placed along with the security(ies) required by the bank. The bank finances 100% of the purchase value, either by cash or by means of a Letter of Credit and takes the underlying material as a security. The bank also often requires a cash collateral of 10% to 20% by DL Hudson.

The Group has transport and cargo insurances in place and in accordance with the above-mentioned framework agreements where the bank or financial institution is assigned as loss payee on the policy.

Once the material is delivered to the customer, DL Hudson sends an invoice. At this stage, the covenants of the Letter of Credit applies and can be drawn down upon or in case of credit offered to the customer, it becomes a receivable. In case of an outstanding receivable, the bank and/or financing institution requires a credit insurance to be in place that covers the exposure. These banks and/or financing institutions are assigned to the policy as loss payee.

For that purpose, the CFO of DL Hudson in collaboration with the CEO and the traders of DL Hudson are in touch with credit insurance companies on a quarterly basis to ensure that adequate insurance policies and limits against customers are in place. Before a trade proposal is approved, the credit limit from the credit insurer is checked by DL Hudson's back office.

The back office comprises of seven people who prepare the purchase and sales contracts, handle the purchase and sales invoices, negotiate the Letters of Credit, deal with the banks/financing institutions, take care of logistics, shipping in collaboration with agents or employees on the ground and are in charge of payment collections.

Role of subsidiaries

DL Hudson is the principal contracting party for purchases and sales except for the scrap metals and ores concentrates from the Middle East that DLH Dunes handles. DL Hudson employs twelve people located in London that are comprised of three directors, three traders, two accountants and four back-office employees. The operations and execution, risk, credit and finance are centralised at the London headquarters. The rest of the staff, of which there are there are four: one person is located in Shanghai, another at Ningbo Port, China and two people are stationed in Bangkok, Thailand.

DLH Dunes' primary area of trading is in scrap metals and ores concentrates from the Middle East. It has three employees that are involved in the operations that include logistics, inspections and shipping. The duties of its other five employees are to source raw materials (scrap, ores and concentrates). The acquisition of DLH Dunes was as a cashless transaction. DLH Dunes had been successfully trading in the past but had limited cashflow and was not able to continue to trade. Without new credit lines, it would have not been able to continue. As such, DL Hudson acquired DLH Dunes, took on the existing relationships and trades and introduced new credit lines from DL Hudson's existing banking relationships. The seller of DLH Dune was issued a preference share in DL Hudson. This preference share is held by Mr. Anand Kumar Bedi. This acquisition was at a commercial arm's length and not a related party transaction as defined under international accounting standards.

DL Hudson Germany GmbH is mainly in place to access financing from German banks and German financial institutions. Currently, no facility is in place yet, but discussions are ongoing to obtain these lines of credit. There is one back-office employee who is working on establishing these facilities.

The categories that account for 15% or more of total revenue as of October 31, 2023 are Aluminum (33.62%), Minerals (23.33%) and Zinc (19.37%). See Section "*Products and Services*" below for the product portfolio of the Group.

Regulatory Framework

A physical commodity trading business in the United Kingdom is not subject to any specific regulation as a standalone business activity. However, various aspects of commodity trading may be regulated depending on the nature of the commodities involved and the geographies traded to and from. An example of a commodity trading that is subject to regulation is the trade of Uranium, as well as certain grains or meats. An example of trade regulations relating to geographies is the sanctioning of Russian and Iranian commodities. The Issuer does not trade in any commodities that require regulation or are subject to sanctions.

However, commodity trading businesses are required to comply with anti-money laundering regulations of the Financial Conduct Authority in the United Kingdom to prevent money laundering and terrorist financing. The Issuer's trading arm and subsidiary, DL Hudson, has a anti-money laundering policy to aid in its efforts to comply with these regulations.

The Issuer and its subsidiaries are also subject to certain general data protection regulations. Since the Issuer's subsidiary, DL Hudson, has operations in the UK and Germany, the Group has a general data protection regulations policy which encapsulates the European Union General Data Protection Regulation and the UK General Data Protection Regulation.

The Issuer and its subsidiaries do not operate in the trade of any controlled substances or substances that are considered as hazardous materials by the Health and Safety Executive in the United Kingdom. Thus the Issuer and its subsidiaries are not required to have any licensing or permits to that effect. Also, competition and antitrust regulations of the Competition and Markets Authority in the United Kingdom may apply if the Issuer were to have a significant market share or engaged in anti-competitive behaviour. However, the Issuer does not have a significant market share or a monopolistic share in any sector.

Business Objectives

The Group currently operates in two areas: metals and energy products. In addition to these desks, the Group plans to add a desk that trades agricultural commodities. For each field, the Group has defined objectives:

Scaling Up of Metals Trading Activity

1) Expansion of the existing book:

The current business involves the trading of non-ferrous metals such as aluminium, copper, lead and zinc. The Group currently has a pipeline of potential trades in Europe and Asia. The traders of the Group have already identified available supply as well as customers that are willing to purchase these materials. The IPO will lead to additional cash that will be made available as cash collateral for the working capital facilities that are required to execute this additional business. At the moment, sufficient working capital facilities and insurance coverage is in place to expand the business, cash collateral is the element that the IPO would bring to enable this growth.

The pipeline consists of industries in Europe that use the mentioned non-ferrous metals in their principal business activities to whom the Company would sell. The supply would come from identified producers in Asia, the Middle East,South America, and Europe that produce the mentioned metals.

2) Development of the trading of sustainable metals and building an asset base:

The Group is currently engaged in the development of its Environmental, Social and Governance ("**ESG**") Strategy and has a pipeline of metal recycling assets. These assets are short of working capital and are willing to collaborate with us on both the side of supply as well as the sales. Therefore, DL Hudson intends to buy the scrap from the original suppliers and transport them to the recycling facilities where the recycling facility essentially becomes the customer. And once the scrap is processed (for which the recycling facility charges a fixed fee per ton of processing), DL Hudson intends to purchase the recycled metals. In this manner, DL Hudson would become the buyer and the recycling facility the seller. DL Hudson would then sell the processed material to its customer base. The traders have identified these recycling facilities that have the supply and capability to process the materials that DL Hudson anticipates trading. On the sales side, the traders are in continuous discussion with customers and the demand is much higher than the material that we can offer. Therefore, at this point, the Issuer expects this to be a highly scalable business. Furthermore, recycled material trades at a decent discount to the LME registered metal, making it more attractive for buyers.

Some of these recycling facilities have indicated that they want to sell a controlling part of the business to us. In the event that the terms are amenable, the Group is interested in progressing on these acquisitions. The Group anticipates that these acquisitions will increase the Group's core trading activity, and that the addition of non-current assets will strengthen the balance sheet of the Group, which the Group hopes will improve its position when transacting with banks and financing institutions. This, in turn, can lead to an increase in working capital facilities made available. Note that investments are only made in line with the investment policies described in this Prospectus. As of the date of this Prospectus, there are no agreements entered into nor is there any definitive project/opportunity at this moment.

3) Diversification into steel:

At present, the traders have identified various opportunities to expand into steel trading as well as iron ore and similar raw materials. Currently, the know-how within the back office and trading desk is limited. The Group plans to hire experienced steel traders and back-office staff to expand into this area. With the additional working capital, the Group will actively pursue this expansion.

The Offering is anticipating a lead to an increase in available cash. Some of this cash will be used as collateral for banks, which is anticipated to lead to the ability to utilize the existing lines to a larger extent. New banks and financial institutions will most likely offer facilities to the Group helping grow the business further. The back office and the traders currently have sufficient capacity to execute these additional deals. If required, additional staff will be hired in London. The back-office operations can be further streamlined by the use of technology. Higher activity would justify such investments.

There is currently no preference for one of the three described areas of growth. The Group will actively consider the most profitable and strategic mix of opportunities after the IPO. By raising the available cash, sufficient cash collateral can be provided to the trade finance bank. In terms of acquiring assets, a part of the proceeds may be used to finance the acquisition(s) in accordance with the investment policies described in this Prospectus. As of the date of this Prospectus, there are no agreements entered into nor is there any definitive project/opportunity at this moment.

Scaling up of Energy Trading Activity

(i) Expansion of the crude oil book:

The Group has registrations with various companies to supply crude oil on a global scale. The size, scale and capabilities of these supplies enable us to increase the revenue of our energy book. As previously discussed in this section, transactions can be sold either on the basis of letters of credit or on the basis of credit insured receivables. For the crude oil business, the purchases as well as the sales are usually covered by letters of credit. The Group, however, is developing solutions with its credit insurance companies to be able to sell on the basis of receivables. This is another advantage that is generally not provided to buyers. Our buyers have indicated interest as credit terms would lead to additional demand and gives us a strategic advantage. Similar to the expansion of the metals book, the IPO will lead to additional cash that will be made available as cash collateral for the working capital facilities that are required to execute this additional business. At the moment, sufficient working capital facilities and insurance coverage is in place to expand the business, cash collateral is the element that the IPO would bring to enable this growth. The pipeline mainly consists of Middle East and South American producers and customers in Asia.

(ii) Balkans, Mediterranean and Central Asia:

The Balkans region is becoming a strategic area where our group is developing a solid network mainly for oil products such as fuel and liquefied petroleum gas ("**LPG**"). This network also covers the Mediterranean area as well as Central Asia. The Issuer intends to develop this network by adding traders with experienced product know-how, as well as developing relationships on both the sourcing and sales side. The main objective is to develop continuous trading activities in oil products such as fuel and LPG to meet the rising demand in the Balkans.

(iii) ESG initiatives and development of an asset base:

For the development of its ESG strategy, the Group plans to diversify into biofuels and renewable energy. Currently, there are no ongoing discussions, but the Group is keen on seeking viable opportunities. From our presence in the market, we have identified that there is a need for biofuels which, if an opportunity arises would be a primary focus followed by renewable energy. As the Group scales, it will look to engage an external consultant(s) in renewable energy to advise on strategy, opportunity and analysis. The Group plans to be active in these areas within the next 36 months.

Development of an Agricultural Trading desk

In order to diversify the trading activities, the Group has broad plans to develop an Agricultural Trading desk. The Group is looking for products that yield a higher return than the trading activities in grains and maize (corn). The Group has been presented a few projects in various jurisdictions through various business relations of the Group. The profitability and feasibility are being assessed at a high level at present. After the Offering, the Group plans to assess two opportunities actively and assess the viability of these opportunities. Subsequently, the Group will recruit experts with adequate operational knowledge to manage and oversee these operations from London.

Financial Liquidity

The Issuer's financial summary in terms of working capital and liquidity is as follows:

- Working Capital position – USD$76.1M as of October 31, 2023 (current assets -/- current liabilities)

Products and Services

The product portfolio that the Group trades in tabulated below:

Products	Three months Period ended October 31, 2023 (Unaudited)		Year ended July 31, 2023 (Audited)	
	Net Revenue in $ 1,000	**In % of total Net revenue**	**Net Revenue in $ 1,000**	**In % of total Net revenue**
Aluminum	211,557	33.62%	665,232	32.81%
Copper	67,572	10.74%	532,256	26.25%
Lead	79,895	12.70%	100,075	4.94%
Minerals	146,802	23.33%	477,124	23.53%
Zinc	121,890	19.37%	149,692	7.38%
Other Metals	1,235	0.20%	11,489	0.57%
Oil and other products	233	0.037%	91,661	4.52%
Total	**629,183**	**100%**	**2,027,529**	**100%**

The net revenue shows the accumulated amount of products invoiced to customers exclusive of VAT and/or Sales Tax. This amount reconciles with the Net Revenue line in the Consolidated Statement of Income as presented in the audited financial statements of Rektron AQ UK for the year ended July 31, 2023 as well as in the unaudited interim financial statements of the Issuer for the three months period ended October 31, 2023.

All the Group’s products are transported by sea and land. The commodities are sourced from countries across the world and sold to customers who are also globally located. It is important to note that the Group does not mine nor produce these commodities, but sources them in the form that they will be sold in.

The Group’s terms and conditions with various buyers and suppliers vary but all its transactions are back-to-back i.e., it would only purchase from a supplier against a confirmed and secure order, and, typically, the terms with its buyer are matched with those of its supplier as self-liquidating trades and reducing Rektron AQ UK’s risk exposure. To alleviate price volatility in commodities, the Group, along with its internal expertise, has hedging lines and implements hedging modalities to mitigate these risks. Additionally, this team is actively involved in strategies to source commodities from exchanges within pre-defined pricing limits that are considered low risk, in an attempt to enhance the trading returns and to address potential extreme market conditions or force majeure events as set out in the “*Risk Factors*” section of this Prospectus. To emphasise, always, the Group’s trading strategies and exposure are actively monitored, and proactive measures are in place to ensure that the positions are well within our internal risk matrices. Notwithstanding this, if market forces and events make it impossible to maintain a position, the traders and team would close a position(s).

Rektron AQ UK operates in a competitive market (examples of some global commodity trading firms are Trafigura, Glencore, and Bunge), and changes in global macro-economic conditions, including trade tariffs, volatility in global markets, supply chain constraints, and increased price competition can influence commodity prices. Crude oil prices and metals can remain under pressure for a prolonged period. This could subsequently result in market access constraints, regional and international supply shortages, reduced utilization and demand imbalances. These transactions are complex and the Group has traders in place that are industry experts. As described, any trade proposal is reviewed by the board of directors of DL Hudson.

Rektron AQ UK's transaction timelines are relatively short from anywhere between one week to a maximum of 180 days, but 90 days is the most common tenor. All of the Group's contracts are trade-related and on occasions it enters a long-term contract with a maximum tenor of 12 months. Rektron AQ UK's client book is diversified and within different geographies, varied corporate characteristics and products to reduce its dependency on any singular exposure. In certain circumstances, excess cash levels might exist due to the timing between transactions. In those cases, the Group utilizes the liquidity in treasury activities so that a return may be generated so as to compensate for the cost of capital. As with all trades, there could be a level of risk involved. However, the Group strives to maintain low-risk levels while ensuring cash buffers are available. At all times, the position(s) are sized in a manner to adhere to the guidelines set by the Issuer.

Specialized Skills and Knowledge

The Issuer and Rektron AQ UK believe that its success is dependent on the performance of its management, employees and partners. The Board and management of Rektron AQ UK all have significant experience in the commodities trading sector. Rektron AQ UK believes it has adequate personnel with the specialized skills required to successfully carry out its operations.

In order to provide more detail on the experience within the Group:

The members of the board of directors of DL Hudson that oversees the trading activities across the Group have extensive experience in financing and risk management. Their backgrounds are from some of the world's most reputable companies, including Citibank, Goldman Sachs, Morgan Stanley, Merrill Lynch and BNP Paribas. The directors have worked in London and New York and come with a wealth of experience.

The physical commodity traders are well-experienced in their area of expertise as well. All the traders of the Group have entrenched relations with the suppliers and buyers, relations with all third-party providers and have an intrinsic knowledge of the commodity(ies) they trade. Most traders, particularly on the sales side, focus on a particular geography. Currently our metals trading team's area of expertise is Europe, China and South-East Asia. Our Energy traders sell the oil product flows mainly to the Mediterranean, while crude oil supplies are sold to India and Western Europe at present. The Group recently hired an oil trading team that has traded in the Balkans region for the past 18 years. One of the Group's long-term goal is to establish itself as a reputed supplier in the Balkans market.

Cycles

The products and services that comprise Rektron AQ UK's business are not considered to be cyclical or seasonal.

Human Resources

Rektron AQ UK and its subsidiaries employ 46 full time office staff, 108 part-time or temporary staff, and 6 external consultants.

Their office locations are in:

- Rektron Group Inc. in Vancouver, British Columbia;
- Rektron AQ UK in London, UK;
- DL Hudson in London, UK;
- DL Hudson Germany in Karlsruhe, Germany;
- DLH Istros in Vienna, Austria;
- DL Hudson Representative Office in Sofia, Bulgaria;
- DL Hudson Representative Office in Bangkok, Thailand;
- DL Hudson Office in Singapore; and
- D L HUDSON DUNES GENERAL TRADING L.L.C in UAE.

Rektron AQ UK ensures the full safety and wellbeing of its staff. In case of any unforeseen circumstances, calamities, war, pandemic etc., it has contingencies in place to relocate staff members to a safer jurisdiction.

Material Restructuring Transactions

In April 2019, the Rektron AQ UK bought two metals companies, namely PP Metal Recycling Limited ("**PPMR**") and Metallurgy International Limited ("**MIL**") in consideration of the issue of an aggregate of 20 Preference Shares. Following the acquisition, the issued share capital of Rektron AQ UK was 300 US$1 Ordinary Shares of which 255 ordinary shares were held by Kerdos Holdings Limited ("**Kerdos**") and 45 ordinary shares were held by Callan Partners Limited ("**Callan**") and 20 Preference Shares held by the vendor of PPMR and MIL, Mr. Prateek Pali.

Subsequently, it was agreed with the vendor of PPMR and MIL to reverse the transactions and in July 2020 of PPMR and MIL were transferred back to the vendor, the Preference Shares were transferred to Kerdos and Callan as per their respective shareholding proportions without any trailing liabilities, termination obligations, or other consequences.

On July 31, 2020, the ultimate beneficial owner of Kerdos having decided to take a less active management role and concentrate of other business areas and to recognise the greater responsibility of Callan, there was an initial restructuring of Rektron AQ UK's equity. Under this restructuring of the Preference Shares were, first, converted into US$1 Ordinary Shares and, second, 224 US$1 Ordinary Shares and 60 B Non-Voting Ordinary Shares were issued to Callan so that the equity of Rektron AQ UK was held 55% by Callan and 45% by Kerdos. In addition, Rektron AQ UK granted to Kerdos warrants to subscribe for 979 A Non-Voting Ordinary Shares (the "**2020 Warrants**").

On June 16, 2021, the equity of Rektron AQ UK was further restructured so that Callan acquired from Kerdos its 272 US$1 Ordinary Shares, and the B Non-Voting Ordinary Shares held by Callan were converted into US$1 Ordinary Shares so that Callan was the holder of the whole of the share capital of Rektron AQ UK which was denominated as US$1 Ordinary Shares. At the same time, the 2020 Warrants were surrendered, and Kerdos was issued with warrants (the "**Rektron AQ UK Warrants**") of Rektron AQ UK, having the right to subscribe at par for 748 US$1 Ordinary Shares representing 55% of the ordinary share capital as diluted by the issue of such US$1 Ordinary Share, expiring in October 2072.

On October 12, 2022, the Rektron AQ UK Warrants were transferred by Kerdos to Nile Flow Limited ("**Nile Flow**"). The transfer price was a par value of $1 per share for total proceeds of $748. This transaction is a related party transaction pursuant to international accounting standards as the holding changed from a sole ownership of Mr. Swapnil Mokashi at Kerdos to a family holding at Nile Flow Limited for the beneficiaries of the Mokashi family. Although Swapnil Mokashi himself is not a beneficiary, it is still considered a related party transaction as direct family members are the beneficiary of the trust.

It was originally contemplated that the Offering would be by way of the offer of securities in Rektron AQ UK which required that it be registered as a public limited company. Accordingly, on January 4, 2023, to satisfy the capital requirements of the Companies Act to enable Rektron AQ UK to be re-registered as a public limited company, Rektron AQ UK capitalised £55,080 of its reserves which sum was applied to the allotment and issue as a bonus issue to Callan of 55,080 UK£1 Ordinary Shares. On January 20, 2023, Rektron AQ UK was re-registered as a public limited company and the UK£1 Ordinary Shares were re-dominated as US$1.2008 ordinary shares and then, together with the issued US$1 Ordinary Shares subdivided into US$0.002 Ordinary Share resulting in Callan holding 33,376,077 US$0.002 Ordinary Shares.

The terms of Rektron AQ UK Warrants provided for the adjustment of the number of shares and the exercise price for each warrant upon an "Adjustment Event" which included any sub-division, capitalisation or bonus issue. In order to adjust the right of the Rektron AQ UK Warrants to reflect the bonus issue to Callan of the 55,080 UK£1 Ordinary Shares, a resolution was passed to capitalise up to £67,320 of Rektron AQ UK's reserves to be applied to the allotment and issue of ordinary shares to the holders of the Rektron AQ UK Warrants. As adjusted to take account of the re-denomination and sub-division, the Rektron AQ UK Warrants, accordingly, represented the rights to acquire 40,792,983 US$0.002 Ordinary Shares.

It was then determined that the Offering would be made by the Issuer and, accordingly, there was no need for Rektron AQ UK to remain as a public limited company. Accordingly, on March 28, 2023, Rektron AQ UK was re-registered as a private limited company.

Nile Flow exercised the Rektron AQ UK Warrants in full on May 4, 2023. Following the exercise of the Rektron AQ UK Warrants and the bonus issue to the holders of the Rektron AQ UK Warrants a total of 74,169,060 Ordinary Shares in Rektron AQ UK are issued and outstanding, as follows: 33,376,077 US$0.002 Ordinary Shares (45%) were held by Callan and 40,792,983 US$0.002 Ordinary Shares (55%) were held by Nile Flow.

Share Exchange Agreement

The Issuer was incorporated on March 22, 2023. Subsequently, the Issuer entered into a Share Exchange Agreement with Callan and Nile Flow on May 5, 2023, whereby Callan and Nile Flow agreed to transfer an aggregate of their 74,168,960 US$0.002 Ordinary Shares to the Issuer and the Issuer issued in consideration 33,376,032 Common Shares to Callan and 40,792,928 Common Shares to Nile Flow for a deemed price of USD$0.01 per Common Share. The consideration was rounded to the nearest cent from the existing par value of the US$0.002 Ordinary Shares as part of the corporate reorganization. In addition, the Issuer had 100 incorporation Common Shares which were held as 55 by Nile Flow and 45 by Callan. These Common Shares were added to the shares of the Share Exchange Agreement. Thereby, following the share exchange and adding the founders' Common Shares, the full outstanding and issued share capital of the Issuer is 33,376,077 held by Callan and 40,792,983 held by Nile Flow as of May 5, 2023. All in all, the beneficial ownership transferred to the Issuer on May 5, 2023. Subsequently, the Issuer applied to the UK Authority, HM Revenue Customs (the "**HMRC**"), for relief from stamp duty in order to be exempt from paying any transaction fee on the Share Exchange Agreement structure. On October 16, 2023, the HMRC granted a relief from stamp duty, which means that legal ownership transferred to the Issue and the transaction closed on that date.

Investment Process and Policies

Each subsidiary has its own investment committee that determines the risk factors of transactions proposed to them. These sub-committees would subsequently propose transactions to the CIO. Finally, the CIO would seek approval from the Group-Level Investment Committee. The processes are adhered to for both physical commodity trading and paper trading. Major considerations are evaluated by the Group Investment Committee, including the following:

- Market risks arising from changes in the premium / discount and prices of Rektron AQ UK's commodity holdings ("physical" and "paper") which may have an adverse effect on Rektron AQ UK's financial condition;
- Market liquidity risk which determines the challenges to exit the market at fair price.

An overall trading policy, including a list of appropriate trading limits, should be clearly established at the outset to govern the trading activities of the Group. All approved trading limits must be adhered to. When a breach of trading limit occurs, designated directors and traders are required to take active and prompt corrective measures to bring its exposure down below the approved limits, unless ad-hoc approval is put forth and approved by the Investment Committee.

The Group undertakes the following evaluation of credit risk of the counterparty(ies):

- Liquidity risk management to ensure there are no cashflow mismatches, ample liquidity funding, margin calls, etc.;
- Operational, jurisdictional and logistics risk;
- Risk to on the ground staff;
- Environmental considerations; and
- Legal and reputational risk.

The members of the Investment Committees of the Group

DL Hudson Limited	Sanjeev Shah Tolia, CEO Ricardo Phielix, CEO of Rektron Group and CFO of DL Hudson Markos Petrocheilos, CIO

D L HUDSON DUNES GENERAL TRADING L.L.C	Sanjeev Shah Tolia, CEO Ross Friedman, Senior Metals Trader Jennifer Wang, Head of Metals, China Markos Petrocheilos, CIO
DLH Istros	Moises Michan Portillo, COO Saeid Mohseni, Head of Energy Markos Petrocheilos, CIO
DL HUDSON Germany GmbH	Ricardo Phielix, CEO of Rektron Group and CFO of DL Hudson Markos Petrocheilos, CIO Moises Michan Portillo, COO

Social and Environmental Policies

Rektron AQ UK is focused on sustainability to contribute in the efforts to reduce the emission of greenhouse gases. ETCs, including copper and nickel, are fundamental commodities required for global economies to transition towards more renewable energy sources. This basket of commodities is anticipated to be under sustained and consistent demand over the coming decade as economies struggle to ensure stable supply-chains and supply volumes to meet its energy-transition requirements, as stipulated in the Paris Agreement[1]. These commodities can only be sourced from specific geographic locations due to mineral deposits, and so ensuring strong relationships, established mining and trading partners, and long-term supply arrangements to industry, which also must be diversified for redundancy, is a minimum requirement.

Bankruptcy and Similar Procedures

There are no bankruptcies, receiverships or similar proceedings against the Issuer and Rektron AQ UK nor is the Issuer or Rektron AQ UK aware of any such pending or threatened proceedings. There has not been any voluntary bankruptcy, receivership or similar proceeding by the Issuer and Rektron AQ UK since its incorporation.

History

On June 15, 2018, the UK£1 Ordinary Shares of Rektron AQ UK were redenominated from £1 to $1.34. The reason for the redenomination was because Rektron had just been incorporated and the initial partners had agreed an equity share and all other companies were denominated in US dollars. Immediately following the redenomination, the 100 ordinary shares of $1.34 each were, first, consolidated into one ordinary share with a nominal value of $134 which was then subdivided into 134 US$1 Ordinary Shares.

On April 26, 2019, Rektron AQ UK's share capital increased to 300 US$1 Ordinary Shares and 20 Preference Shares. Kerdos held 255 US$1 Ordinary Shares, Callan held 45 US$1 Ordinary Shares and Mr. Pali held 20 Preference Shares. Mr. Pali was the owner of MIL and PPMR, which had been acquired by Rektron AQ UK, pursuant to which Rektron AQ UK issued 20 Preference Shares to Mr. Pali as part of the consideration. The transaction was unwound, because Mr. Pali had decided to reverse retirement decisions and the Preference Shares were sold back by Mr. Pali on January

[1] The Paris Agreement is a **legally binding international treaty on climate change**. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.

7, 2020 (see below). Both transactions were at arm's length.

On August 13, 2019, DLH-RB has entered into an arm's length agreement (and not a related party transaction as defined under international accounting standards) with respect to the acquisition of two companies:

- First, the share sale and purchase agreement with Mr. Yuriy Peshkov (the "**Seller**") whereas the Seller has agreed to sell and DLH-RB has agreed to buy the issued share capital of Inland Shipping and Supply Ltd. ("**Inland**") of 50,000 ordinary shares free from all encumbrances and together with all rights, title and interest, which includes fuel storage facilities along the Danube River therein for consideration shares of six (6) ordinary shares in the capital of DLH-RB. Inland is a company registered on the Marshall Islands and incorporated in accordance with the laws of the Marshall Islands.
- Second, the share sale and purchase agreement with the Seller where the Seller has agreed to sell and DLH-RB has agreed to buy the issued share capital of River Bunker Balkans D.O.O. ("**RBB**") of 50,000 ordinary shares free from all encumbrances and together with all rights, title and interest, which includes fuel storage facilities along the Danube River therein for consideration shares of seven (7) ordinary shares in the capital of DLH-RB. RBB is registered in Serbia and incorporated in accordance with Serbian law.

On February 25, 2020, DL Hudson has entered into a trading facility letter to Sucden Financial Limited ("**Sucden**") according to the terms set out therein. There were a variety of different facilities within the overall set up and on an ongoing basis. The facility was guaranteed by Rektron AQ UK. These facilities included:

- futures and options trading with call facility of $50,000,000 and having an initial limit of $6,000,000 with initial margin of $3,000,000 and variation margin of $1,000,000;
- LME warrant financing facility with a financing amount of $20,000,000 on a rolling basis to a maximum of three month;
- Standalone OTC FX facility with a net exposure limit of $2,000,000 and a spot tenor;
- Non deliverable forward facility with a net exposure limit of $12,000,000 and a spot an/or forward six months from contract date tenor;

On April 7, 2020, Rektron AQ UK has entered a deed of guarantee (the "**Deed of Guarantee**") as guarantor in connection with obligations arising under transactions between Sucden as beneficiary and DL Hudson as obligor, under the terms of business provided by Sucden. Sucden provides DL Hudson a trading facility, as well as the following:

- Futures & Options Facility (Trading Limit: $6 million);
- LME Warrant Financing (Financing Amount: $40 million); and
- FX Spot Credit Line (Net Exposure: $2 million).

On January 7, 2020, Mr. Pali has transferred his 20 Preference Shares in the following manner: 17 Preference Shares to Kerdos and 3 Preference Shares to Callan.

On July 31, 2020, Rektron AQ UK converted and redesignated the Preference Shares as US$1 Ordinary Shares. Also, Rektron AQ UK issued 224 US$1 Ordinary Shares and 60 B Non-Voting Ordinary Shares to Callan and issued the 2020 Warrants to subscribe to Kerdos to subscribe for 979 A Non-Voting Ordinary Shares.

On January 15, 2021, Rektron AQ UK acted as guarantor in a facility agreement (the "**Facility Agreement**") between DL Hudson acting as borrower and Artis Loanco 1 PLC ("**Artis**") acted as lender initially up to a maximum of $10,000,000 but with an ability to increase in tranches of USD10,000,000 to a maximum of USD40,000,000 (i.e. tranche A, tranche B, tranche C and tranche D). Each tranche was on a time released basis so tranche B would be drawn after three months from the date of the Agreement, tranche C after six month and tranche D after 9 months. Each trade finance had to be pre-approved, and insurance covered from buyer/seller and product. The facility was governed under usual and standard loan facility terms was part of an overall lending programme as managed by Artis so all terms to all borrowers were identical. On the same date, the parties entered into an English Law security assignment (the "**Security Assignment Deed**") pursuant to which, among other things, the DL Hudson granted certain security in favour of Artis. The entire facility was guaranteed by Rektron AQ UK.

On March 2, 2021, the Facility Agreement and the Security Assignment Deed were amended by the parties in a supplemental document, the deed of amendment (the "**Deed of Amendment**"), regarding the accepted bill of exchange and the form of notice of assignment set out therein.

On June 16, 2022, Kerdos transferred to Callan the 272 US$1 Ordinary Shares held by it, the 60 B Non-Voting Ordinary Shares and Callan subscribed for 8 US$1 Ordinary Shares so that Rektron AQ UK's issued share capital comprised of 612 US$1 Ordinary Shares all of which were held by Callan. On the same day Kerdos surrendered the 2020 Warrants and were issued with the Rektron AQ UK Warrants being warrants to subscribe for 748 US$1 Ordinary Shares.

On July 21, 2022, Rektron AQ UK has executed an engagement letter with MidAtlantic Capital Associates Ltd. ("**MidAtlantic**") (the "**MACA Engagement Letter**") to provide services as a consultant with connection to the IPO and subsequent listing on a stock exchange in Canada and to facilitate the introduction of agents for the IPO. On May 26, 2023, this agreement has been amended (the "**MACA Amending Agreement**"). On January 29, 2024 the MACA Amending Agreement was further amended into a second amending agreement (the "**MACA Second Amending Agreement**"). As consideration, MidAtlantic has received 2,595,917 Special Warrants as part of the Special Warrants Private Placement. For the 12 months following the listing on the CSE, the Issuer will give a valid mandate to MidAtlantic to search for an investor relations firm who shall promote the affairs of the Issuer for recognition on social media and with various and recognized broker dealers. The following table provides a breakdown of securities issued and issuable to MidAtlantic:

Securities Issued or to be Issued	**Number of securities issued**	**Value ($)**	**Nature of the Consideration**
Special Warrants	2,595,917	4,101,548.86	Services

Notes:

(2) The Special Warrants will be deemed to be exercised on the date the Issuer receives the receipt issued by the securities regulators for this Prospectus, at which time each Special Warrant shall be automatically exercised into

> one Common Share. This Prospectus also seeks to qualify the distribution of 2,595,917 Common Shares, issuable for no additional consideration upon the exercise or deemed exercise of 2,595,917 special warrants (the "**Special Warrants**") of the Issuer for a value of USD$4,101,548.86 in exchange for services. See "Plan of Distribution" below.

On October 12, 2022 Kerdos transferred all its rights in the Rektron AQ UK Warrants to Nile Flow.

On May 5, 2023, the Issuer has entered into the Share Exchange Agreement with Callan and Nile Flow, whereby Callan and Nile Flow agreed to exchange their US$0.002 Ordinary Shares to the Issuer and the Issuer has issued in consideration 33,376,077 Common shares to Callan and 40,792,983 Common shares to Nile Flow for a deemed price of $0.01 per Common Share. As such, the beneficial ownership transferred to the Issuer on May 5, 2023.

On August 1, 2023, the Issuer applied for relief from stamp duty with the HMRC in order in order to be exempt from paying any transaction fee on the Share Exchange Agreement structure.

On October 16, 2023, the HMRC has granted relief from stamp duty, which means that legal ownership transferred to the Issuer and the transaction closed on that date.

Rektron AQ UK has consolidated various business lines in their main trading company, DL Hudson, which enabled Rektron AQ UK to scale its business and negotiate better pricing, better payment terms from Rektron AQ UK's suppliers PPMR and MIL which were previously separate entities held under Rektron AQ Limited. In July 2020, the management decided to transfer the more attractive parts of PPMR and MIL to DL Hudson, which comprised trading business with a focus in Asia focus, because DL Hudson was mainly focused on Europe at the time. The Issuer believes that this consolidation enabled Rektron AQ UK to better manage its exposures, risk and controls.

Over the past two years, Rektron AQ UK has hired a team based out of Singapore and China to scale its recycling book of business. Furthermore, over the past year two highly experienced traders in base metals have been recruited to source metal globally to cater to off takers in Europe. Over the past few months, an expert in steel scrap has been hired by Rektron AQ UK. Rektron AQ UK is expanding its trading team to cover more extensive geography along with setting up a highly experienced hedging team to better optimise their pricing. The related employment and consulting agreements are based on prevailing terms in the market. The tenors of each consulting contract are either an initial of two or three years and can roll over as determined. Salaries and bonuses are individually agreed per consultant but are all within usual terms agreed for trading personnel. All contracts have a notice period of one month.

USE OF PROCEEDS

Proceeds

The Issuer intends to fund DL Hudson's trading activities, in particular to maintain and increase nickel and cobalt inventories. The funds will also be used to expand the team of traders with the purpose of becoming a larger player in the ETC space. Lastly, the funds will also be used to finance any increases in Rektron AQ UK's operational costs. The Issuer's assets currently consist solely of interests in its wholly-owned subsidiary, Rektron AQ UK, and the only business of the Issuer is the business of its subsidiaries. As such, the proceeds will be utilized by Rektron AQ UK and its subsidiaries directly.

The proceeds from the Offering will be primarily utilized for DL Hudson's trading activities. In particular to maintain and increase nickel and cobalt inventories. The utilization of these funds is specifically based on current demand, future, purchase orders and demand forecasts. Furthermore, this would enable the business to further entrench its relationship with multinational clients without increasing financial leverage. The funds will also be used to expand the team of traders with the purpose of becoming a larger player in the ETC space. Lastly, the funds will also be used to finance any increases in Rektron AQ UK's operational costs. See "*Stated Business Objectives and Attaining Objectives*" below.

It is estimated that the net proceeds to be received by the Issuer from the Offering, after deduction of the remaining Offering and Agent's Commission and Agent's Expenses, will be approximately $13,487,250. If the Over-Allotment Option is exercised in full, the estimated net proceeds will be approximately $15,534,750.

Principal Purposes

Principal Purpose		
	Allocated Amount $	**Allocated Amount if the Over-Allotment Option is exercised in full**
Scale up of metals trading activities	$4,487,250	$5,534,750
Scale up of energy trading activities	$8,000,000	$9,000,000
Personnel, software and alternative commodities	$1,000,000	$1,000,000
TOTAL:	**13,487,250(1)**	**15,534,750(1)**

Notes:

(1) Please see the section titled "Stated Business Objectives and Attaining Objectives" for detailed descriptions of each of the above use of proceeds line items.

As at February 29, 2024, the Issuer had an estimated positive working capital of $81,017,000 of which it is estimated that 15% to 25% is at any time used as cash collateral and the remaining part (75% - 85%) is used to finance accounts receivable transactions from customers.

The General Administration and Sales is broken down as follows for the purposes set out in the table below during the 12-month period following the date of this Prospectus:

Administrative Expenses	**Allocated Amount**

	USD$
Listing Expenses[1]	$300,000
Executive Compensation[2]	$532,000
Insurance	$55,000
Software[3]	$108,000
Other	$5,000
Total :	$1,000,000

Notes:

(1) Comprised of legal fees ($90,000), audit fees ($120,000), listing fees ($45,000), and filing fees ($45,000).

(2) Comprised of the executive compensation. See subsection "Proposed Compensation" in section "Statement of Executive Compensation" below.

(3) Comprised of software (subscriptions) to be identified and potentially to be developed in order to enhance the efficiency and effectiveness of our departments. It may include (among other) improvements to the accounting, reporting and financial planning software, as well as human resources, support for the legal department and commodity and trade management software.

The Issuer intends to spend the net proceeds of the Offering as set out in this Prospectus. However, there may be situations where, due to changes in the Issuer and its subsidiaries' circumstances, business outlook, and/or for other reasons, that a reallocation of funds is necessary in order for the Issuer to achieve its overall business objectives.

The Issuer will not be using the totality of its available funds and therefore, the remaining funds will be deemed as unallocated funds in the working capital of the Issuer.

Stated Business Objectives and Attaining Objectives

This section must be read in conjunction with subsection "*Business Objectives*" in section "*Business of the Issuer*". The Issuer intends to use its funds available to it as follows for the next twelve months:

Business Objective	Attaining Objectives	Timing	Estimated Expenditure[(1)(2)]	Estimated Expenditure in case of the exercise of the Over-Allotment Option[(2)]
Scale up of metals trading	Rektron AQ UK is aiming to increase its metals trading activity. The use of proceeds will be mainly used for the related working capital and sourcing requirements. See section "*Scaling up of Metals Trading Activity*" that can be summarized as follows: (i) Expand the existing book: The Issuer's team of traders constantly present new	Within 90 days from the Listing Date	$4,487,250	$5,534,750

	transactions. This also applies to the increase of existing transactions. This expansion can be attained within 90 days from the Listing Date. It is expected that an amount of $1,000,000 ($2,000,000 in the case of the exercise of the Over-Allotment Option) will be used as cash collateral to support the funding and the completion of these additional transactions. (ii) Develop the trading of sustainable metals and build an asset base: The same applies as mentioned in point (i) as the current team of traders already work with counterparties with whom additional transactions can be executed in the supply of scrap metal, which is then processed and ultimately the recycled metals are sold to an end user. With regards to building an asset base in relation to sustainable metals, recycling businesses are often presented to the Issuer. The pipeline of projects is presently undergoing enhanced internal diligence, but the Board will not engage into any advanced discussion until the listing is completed. Once the listing is completed, the Board will consider two recycling opportunities. Any acquisition the Board approves will subsequently entail external due diligence. External parties will conduct legal, commercial, financial and technical diligence. The costs of external due diligence are expected to be in the range of US$100,000 to US$150,000. As the assets are relatively small and since substantial examination will be carried out by the Issuer's analysts and senior management, negotiating and consummating these acquisitions could take place within 90 days after the Listing Date. It is expected that an amount of $2,487,500 ($2,534,750 in the case of the exercise of the Over-Allotment Option) will be used as follows: - A maximum of $150,000 will cover the due diligence costs; and			

	- The remaining amount of $2,337,500 ($2,384,750 in the case of the exercise of the Over-Allotment Option) will be used as cash collateral to fund the trading of sustainable metals. Any reduction in the due diligence costs will be allotted to the cash collateral. (iii) Diversify into steel trading: The Issuer seeks to diversify into steel trading and the Business Development team has opportunities to negotiate with one of the largest steel companies in Asia along with other mid-sized facilities in the region. The management is presently interviewing steel traders to not only cater to the aforementioned transactions but to bring along their book of business. The cost of employing such a candidate is budgeted at around US$60,000 per annum. It is expected that an amount of $1,000,000 (in the case of the exercise of the Over-Allotment Option) will be used as follows: - An amount of $60,000 will cover the salary of the retained candidate for a year; and - The remaining amount of $940,000 will be used as cash collateral to fund the new transactions of steel trading.			
Scale up of energy trading	Rektron AQ UK is aiming to increase its energy trading activity. The use of proceeds will be mainly used for the related working capital and sourcing requirements as described under Business Objectives in this document. See section "*Scaling up of Energy Trading Activity*" that can be summarized as follows: (i) Expansion of the crude oil book: The Issuer's team of traders presently sell to refineries in Europe and endeavours of expanding the energy book by selling to state-owned refineries in India. Furthermore, the trading team is negotiating	Within 120 days from the Listing Date	$8,000,000	$9,000,000

	terms with a refinery in China, registered to buy crude from Mexico to be potentially sold to an Aramco owned refinery in the United States, and in final stages of negotiations to supply to a refinery in Eastern Europe. This can be attained within 120 days after the Listing Date. It is expected that an amount of $4,000,000 ($5,000,000 in the case of the exercise of the Over-Allotment Option) will be used as cash collateral to support the funding and the completion of these additional transactions. (ii) Balkans, Mediterranean and Central Asia: The Energy team, along with members of the representative office will expand gasoil and diesel supplies in the Balkan region. Post-IPO, the Issuer will review further whether it will form a joint venture company with a Bulgarian oil company to lease a 30,000 metric ton storage facility in Varna, Bulgaria. A Joint Venture partner is required by local jurisdiction to lease storage facilities in the country. The leasing of this facility would firmly establish the Issuer's presence in the Balkans. The gasoil and diesel will be purchased from Central Asia and ferried to the storage facility via the Black Sea. Smaller parcels of gasoil will be sold to the Mediterranean. Detailed internal review, completion of the due diligence and setup of the joint venture can be realized within 120 days after the Listing Date and would require some due diligence and legal costs that are estimated to be between US$100,000 and US$150,000 for each project. It is expected that an amount of $2,000,000 ($2,000,000 in the case of the exercise of the Over-Allotment Option) will be used as follows: - A maximum of $150,000 will cover the due			

	diligence and legal costs; and - The remaining amount of $1,850,000 ($1,850,000 in the case of the exercise of the Over-Allotment Option) will be used as cash collateral to fund the trading of sustainable metals. Any reduction in the due diligence and legal costs will be allotted to the cash collateral. (iii) ESG Initiatives – Expansion into trading Biofuels, LNG and pipeline gas The Issuer has identified an opportunity to acquire a part of a well-established LNG and Pipeline Gas Company in Europe. Only preliminary discussions took place with no further steps at the moment. After the conclusion of the IPO, the Issuer will consider pursuing this opportunity. This is line with the Issuer’s ESG initiatives, is opportune due to the sanctions on Russia and would result in attractive gross margins. For this opportunity, some legal fees may incur of a maximum of US$100,000. This opportunity could be attained within 120 days after the Listing Date. It is expected that an amount of $2,000,000 ($2,000,000 in the case of the exercise of the Over-Allotment Option) will be used as follows: - A maximum of $100,000 will cover the due diligence and legal costs; and - The remaining amount of $1,900,000 ($1,900,000 in the case of the exercise of the Over-Allotment Option) will be used as cash collateral to fund the trading of biofuels, LNG and pipeline gas. Any reduction in the due diligence and legal costs will be allotted to the cash collateral.			
Personnel, software	To grow the trading book, the back-office that manages (among other things) the logistics, risk	Twelve (12)	$1,000,000	$1,000,000

and alternative commodities	mitigation, contracting, invoicing, payments and collection will be expanded whilst the trading books are growing. Therefore, part of the use of proceeds will be used to cover the expenses to improve the IT structure to support the growth in the Issuer's trading activities. It also includes the executive compensation as presented in this document under "Statement of executive compensation" in the paragraph "Proposed compensation" of this document.	months from the Listing Date		

Notes:

(1) Reference is made to the section "Business Model" and the section "Working Capital". The Issuer has USD$378,000,000 of uncommitted working capital facilities available. Given the different nature of those lines available and the different nature of trades within both the metals and energy spectrum, there is not a direct link between (i) the available (uncommitted) working capital and the proceeds of the IPO on the one hand, and (ii) the estimated expenditure to accomplish the Business Objectives on the other hand. The amounts as stated in the above table will be used to fund trades directly (without using the uncommitted working capital facilities), and the use of proceeds may be used as cash collateral in order to finance the transactions, as described in the "Business Model and "Working Capital" sections, as the use of proceeds can be used as cash collateral in order to finance the transactions.

(2) The allocation of funds as indicated in this column will allow the Issuer to increase the trade opportunities due to an additional cash collateral available to complete such trades. In principle, trades present themselves on a continuous basis and could be executed within days or weeks. Larger trades could take up to 90 days to structure for metals trading and up to 120 days for energy trading. There are no specific costs involved to expand the overall metals and energy book, other than having the necessary cash collateral to fund the additional trades. For example, no additional staff are required to be engaged, as the Issuer's traders and back-office personnel are available and are ready to absorb additional trades. Nonetheless, in a typical transaction where trade finance is provided by a financial institution, the funding is used for the entire supply chain from the purchase of material, transport, warehousing, and distribution to the final customer. To finance 100% of the supply chain, the financial institution would generally require 10% cash collateral, and they take as additional collateral the underlying commodity, whether it is a metal or an energy resource. Therefore, there is no balance sheet risk to the Issuer. In an event of a default, the Issuer simply loses the 10% cash collateral. In short, the more proceeds the Issuer has, the more trading and diversification opportunities arise as the Issuer would have the necessary 10% cash collateral for a financial institution to finance the complete transaction. This paragraph must be read in conjunction with the sections "*Scaling up of Metals Trading Activity*" and "*Scaling up of Energy Trading Activities*" above.

DIVIDEND POLICY

The Issuer has not declared dividends on any of its shares in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board deems relevant.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT DISCUSSION AND ANALYSIS

Financial Information

The Issuer's assets currently consist solely of interests in its wholly-owned subsidiary, Rektron AQ UK, and the only business of the Issuer is the business of its subsidiaries.

Rektron AQ UK was incorporated in the UK under the Companies Act 2006 (UK) on March 21, 2018. The following table summarizes selected information from Rektron AQ UK's and its subsidiaries audited financial statements for the three last financial years ended July 31, 2023, July 31, 2022, July 31, 2021 and Rektron Group Inc.'s unaudited interim financial statements for the three months ended October 31, 2023. There is no beneficial ownership change from Rektron AQ UK to the Issuer. Therefore, the Issuer is relying on the financial statements from Rektron AQ UK. For reporting purposes Rektron AQ UK's financial statements are prepared in American dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis. See "*Caution Regarding Forward-Looking Statements*".

In USD 1,000	**Three months Period ended October 31, 2023 (Unaudited)**	**Year ended July 31, 2023 (Audited)**	**Year ended July 31, 2022 (Audited)**	**Year ended July 31, 2021 (Audited)**
Total revenues	629,183	2,027,529	1,593,955	901,168
Costs of Sales	621,696	2,003,932	1,575,716	891,184
Gross Profit	7,487	23,597	18,239	9,984
Total Operating Expenses	2,797	10,741	8,214	3,736
Total Financing Income, expenses and other	(1,074)	609	16,026	(883)
Income Taxes(1)	0	201	232	102
Net income	3,616	13,264	25,819	5,263
Current Assets	255,450	211,714	199,368	91,269
Total Assets	292,475	249,169	238,868	132,316

Current Liabilities	179,312	139,196	144,441	63,242
Total Liabilities	180,949	141,129	144,441	63,290
Shareholders' Equity	105,160	101,630	87,758	62,137
Total Group Equity	111,526	108,040	94,427	69,027

Notes:

(1) The income taxation is calculated for the Group's global operations and in accordance with each relevant jurisdiction on an annual basis.

The following selected financial information is subject to the detailed information contained in the audited financial statements of the Issuer notes thereto appearing elsewhere in this Prospectus. The selected financial information is derived from the audited financial statements of the Issuer for the period from incorporation to July 31, 2023.

In CDN	**From incorporation to July 31, 2023** **(Audited)**
Total revenues	-
Costs of Sales	-
Gross Profit	-
Total Operating Expenses	8,738
Total Financing Income, expenses and other	-
Income Taxes	-
Net income (loss)	(8,738)
Current Assets	80
Total Assets	80
Current Liabilities	8,816
Total Liabilities	8,816

Shareholders' Equity	(8,736)

Management's Discussion and Analysis

Attached to this Prospectus as Schedule "D" are the management's discussion and analysis for the year ended July 31, 2023, and July 31, 2022 and for the three months period ended October 31, 2023, and attached as Schedule "E" the management's discussion and analysis of the Issuer for the year ended July 31, 2023 (the "**MD&A**"). Certain information included in the Issuer's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Note Regarding Forward-Looking Statements*" for further detail.

DESCRIPTION OF THE SECURITIES DISTRIBUTED

Authorized and Issued and to be Issued Share Capital

The authorized share capital of the Issuer consists of an unlimited number of Common Shares without par value. As of the date of this Prospectus, 74,169,060 Common Shares were issued and outstanding as fully paid and non-assessable shares. There are also 2,595,917 Special Warrants issued and outstanding as of the date of this Prospectus.

Immediately upon receiving the receipt by the securities regulators for the filing of the Prospectus, the 2,595,917 Special Warrants will be converted to Common Shares. Immediately upon closing of the IPO, an aggregate 84,264,977 Common Shares (85,389,977 Common Shares if the Over-Allotment Option is exercised in full) and 7,500,000 Warrants (8,625,000 Warrants if the Over-Allotment Option is exercised in full) will be issued and outstanding assuming no Compensation Options are exercised.

Units

Each Unit consists of one Common Share and one Warrant. Each Warrant is exercisable into one Common Share for $3.00 for a period of thirty-six (36) months from the Closing Date. The Units will separate into Common Shares and Warrants immediately upon issue. This Prospectus qualifies the distribution of the Units.

Common Shares

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the Board may by resolution determine. Holders of the Common Shares have the right, as respect to capital, to participate in distributions (including winding-ups) are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Issuer, the remaining property and assets of the Issuer. The Common Shares are not redeemable.

Warrants

Each Unit in the Offering includes a Warrant. Each whole Warrant will entitle the holder to purchase one Warrant Share at a price of $3.00 per Warrant Share for a period of thirty-six (36) months from the Closing Date. The Issuer has entered into a Warrant Indenture with Odyssey Trust Company, as trustee. The Warrant Indenture provides that the trustee holds all rights, interests and benefits contained in the Warrant Indenture for and on behalf of those persons who become Warrant holders pursuant to the Offering. The Warrants are non-transferable except in accordance with the terms of the Warrant Indenture. A Warrant may be exercised upon surrender of Warrant certificates issued pursuant to the Warrant Indenture on or before the expiry date of the Warrant at the office of the Warrant trustee, with the exercise form found on the back of the Warrant certificate, completed and executed as indicated, accompanied by payment of the exercise price in form acceptable to the trustee as stated in the Warrant certificate for the number of Warrant Shares with respect to which the Warrant is being exercised. If the Warrants are not exercised within thirty-six (36) months from the Closing Date, they will expire and cannot be exercised thereafter. The Warrant Indenture provides, among other things, for appropriate adjustment in the class, number and price of the shares to be issued on exercise of the Warrants upon certain events, including any stock split, subdivision, consolidation or reclassification of our common stock or the payment of stock dividends.

This Prospectus qualifies the distribution of the Warrants.

Compensation Options

The Issuer will issue to the Agent non-transferable Compensation Options equal to 9% of the number of Units sold under the Offering, including the amount subscribed for pursuant to the exercise of the Over-Allotment Option, where any such exercise occurs. Each Compensation Option will be exercisable at an exercise price of $2.00 per Compensation Option to purchase one Unit for a period of twenty-four (24) months following the Closing Date. The Units are exercisable under the same terms as the Offering. The distribution of the Compensation Options shall be qualified by the Prospectus.

Special Warrants

The Issuer closed the Special Warrants Private Placement on January 29, 2024, and issued an aggregate 2,595,917 non-transferable Special Warrants to MidAtlantic for a value of USD$4,101,548.86 in exchange for services. The Issuer will issue the non-transferable Special Warrants in consideration of services rendered and to be rendered by MidAtlantic. Each non-transferable Special Warrant entitled its holder to acquire, without further payment, one Common Share of the Issuer on the date the Issuer receives the receipt by the securities regulators for the filing of the Prospectus.

The Issuer has granted to MidAtlantic of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a non-transferable Special Warrant who acquires another security of the Issuer on exercise of the special warrant as provided for in the Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation,

(a) MidAtlantic is entitled to rescission of both MidAtlantic's exercise of its non-transferable Special Warrants and the private placement transaction under which the Special Warrants was initially acquired,

(b) MidAtlantic is entitled in connection with the rescission to a full refund of all consideration paid to the Agent or Issuer, as the case may be, on the acquisition of the non-transferable Special Warrants, and

(c) if MidAtlantic is a permitted assignee of the interest of the original special warrant subscriber, MidAtlantic is entitled to exercise the rights of rescission and refund as if MidAtlantic was the original subscriber.

This Prospectus qualifies for the distribution of the non-transferable Special Warrants.

Stock Options

As of the date of this Prospectus, no stock options are issued and outstanding.

CONSOLIDATED CAPITALIZATION

The following table summarizes changes in the Issuer's capitalization as at the date of this Prospectus, and following completion of the Offering:

	As at the date hereof	**As of October 31, 2023**	**After giving effect to the Offering**	**After giving effect to the Offering and the Over-Allotment Option**
Common Shares	74,169,060[1]	74,169,060[1]	84,264,977	85,389,977
Warrants	Nil	Nil	7,500,000	8,625,000
Compensation Warrants[2]	Nil	Nil	675,000	776,250
Special Warrants[3]	2,595,917	Nil	Nil	Nil
Stock Options	Nil	Nil	Nil	Nil
Long Term Liabilities	Nil	Nil	Nil	Nil
Fully Diluted Common Shares	76,764,977	74,169,060	93,114,977[4]	95,567,477[5]

Notes:

(1) Includes the Common Shares issued as a result of the Share Exchange Agreement on May 5, 2023.

(2) The Issuer will issue to the Agent non-transferable Compensation Options equal to 9% of the number of Units sold under the Offering, including the amount subscribed for pursuant to the exercise of the Over-Allotment Option, where any such exercise occurs. Each Compensation Option will be exercisable at an exercise price of $2.00 per Compensation Option

to purchase one Unit for a period of twenty-four (24) months following the Closing Date. The distribution of the Compensation Options shall be qualified by the Prospectus.

(3) The Special Warrants will be exercised on the date the receipt for the Prospectus is issued by the securities regulators. The Special Warrants shall be qualified by the Prospectus.

(4) This amount assumes the full exercise of the Compensation Options into 1,350,000 Common Shares.

(5) This amount assumes the full exercise of the Compensation Options into 1,552,500 Common Shares.

OPTIONS TO PURCHASE SECURITIES

The Stock Option Plan was approved by the Issuer's directors on May 4, 2023. The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating directors, officers, employees and consultants of the Issuer and of its affiliates (together "eligible persons") and to closely align the personal interests of such eligible persons with the interests of the Issuer and its shareholders.

The Stock Option Plan is to be administered by the Board, or by a committee appointed by the Board, who will have full and final authority with respect to the granting of all options thereunder.

The aggregate number of Common Shares which may be reserved for issuance pursuant to the exercise of options granted under the Stock Option Plan shall not exceed 10% of the Issuer's issued and outstanding Common Shares at the time of the grant. Any Common Shares reserved for issuance pursuant to the exercise of options granted by the Issuer prior to the Stock Option Plan coming into effect and which are outstanding on the date on which the Stock Option Plan comes into effect shall be included in determining the number of Common Shares reserved for issuance as if such options were granted under the Stock Option Plan.

In addition, the number of Common Shares which may be reserved for issuance within a one-year period: (i) to any one individual may not exceed 5% of the Common Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Issuer, and (ii) to any one consultant may not exceed 2% in the aggregate of the total number of Common Shares issued and outstanding on the grant date on a non-diluted basis. The Issuer shall not grant options to any person conducting Investor Relations Activities, promotional or market-making services.

Any options granted pursuant to the Stock Option Plan will terminate on (i) the earliest of the expiration date (ii) the end of the period of time permitted for exercise of the Option (not to be in excess of six months), to be determined by the Board at the time of the grant after the Optionee ceased to be eligible for options for any reasons other than death (ii) 90 days after the date of termination of the Optionee as an employee, consultant or independent contractor of the Issuer and (iii) the first anniversary of the date of death of the Optionee.

The exercise prices of the options will be determined by the Board, but after the Common Shares are listed on the Exchange will not be less than the closing market price of the Common Shares on the Exchange less allowable discounts at the time of grant.

As of the date of the Prospectus, no stock option has been granted to the eligible persons. Also, no Stock Options were issued to current or past executives and directors of the Issuer and its subsidiaries, nor for current and past employees and consultants of the Issuer and/or its subsidiaries.

There are no options, warrants or other securities issued or contemplated in any Group other than the Issuer.

PRIOR SALES

During the 12-month period preceding the date of this Prospectus, the only issuances of Common Shares or securities convertible or exchangeable into Common Shares were the issuance of the following:

- On April 6, 2023, the Issuer issued 45 Common Shares to Callan and 55 Common Shares to Nile Flow for gross proceeds of $2 in cash in connection with the incorporation of the Issuer; and
- On May 5, 2023, the Issuer issued 74,169,060 Common Shares in connection with the share exchange of all of Callan and Nile Flow's shares in Rektron AQ UK for the Issuer's Common shares. The Issuer issued 33,376,077 Common Shares to Callan and 40,792,983 Common Shares to Nile Flow at a deemed price of USD$0.01 per Common Share. See "*Share Exchange Agreement*".
- On January 29, 2024, the Issuer issued 2,595,917 non-transferable Special Warrants at the Special Warrants Issue Price for a value of USD$4,101,548.86 in exchange for services as a consultant for the Issuer as outlined in the MACA Engagement Letter and the MACA Amending Agreement.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESALE RESTRICTIONS

Escrowed Securities

Under the applicable policies and notices of the Canadian Securities Administrators, securities held by Principals (as defined below) are required to be held in escrow in accordance with the escrow regime applicable to initial public distributions. Equity securities, including Common Shares, owned or controlled by the Principals of the Issuer are subject to the escrow requirements set out in National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**").

Principals include all persons or companies that fall into one of the following categories:

(a) directors and senior officers of the Issuer, as listed in this Prospectus;

(b) promoters of the Issuer during the two years preceding this Offering;

(c) those who own and/or control more than 10% of the ' voting securities immediately after completion of this Offering if they also have appointed or have the right to appoint a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer;

(d) those who own and/or control more than 20% of the ' voting securities immediately after completion of this Offering; and

(e) associates and affiliates of any of the above.

A Principal's spouse and their relatives that live at the same address as the Principal are also considered Principals for the purposes of escrow.

The Principals of the Issuer are Callan and Nile Flow as significant shareholders.

The Issuer is an “emerging issuer” as defined in the applicable policies and notices of the Canadian Securities Administrators and if the Issuer achieves “established issuer” status during the term of the Escrow Agreement (as defined below), it will “graduate” resulting in a catch-up release and an accelerated release of any securities remaining in escrow under the 18-month schedule applicable to established issuers as if the Issuer had originally been classified as an established issuer.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

(a) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Issuer or of a material operating subsidiary, with approval of the Board of Directors;

(b) transfers to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Issuer’s outstanding securities;

(c) transfers to a person or company that after the proposed transfer will (i) hold more than 10% of the voting rights attached to the Issuer’s outstanding securities; and (ii) has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries;

(d) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor’s spouse or children or parents;

(e) transfers upon bankruptcy to the trustee in bankruptcy;

(f) pledges to a financial institution as collateral for a loan, provided that upon a realization the securities remain subject to escrow; or

(g) tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

As the Issuer anticipates being an “emerging issuer” as defined in NP 46-201, the following automatic timed releases will apply to the Common Shares held by its principals who are subject to escrow:

On the Listing Date	1/10 of the escrow securities
6 months after the Listing Date	1/6 of the remaining escrow securities

12 months after the Listing Date	1/5 of the remaining escrow securities
18 months after the Listing Date	¼ of the remaining escrow securities
24 months after the Listing Date	1/3 of the remaining escrow securities
30 months after the Listing Date	½ of the remaining escrow securities
36 months after the Listing Date	the remaining escrow securities

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

The following table sets forth details of the Escrowed Securities that are subject to the Escrow Agreement as of the date of this Prospectus:

Name	**No. of Escrowed Common Shares**	**Percentage of Class as at the date of the Prospectus**	**Percentage of Class based on issued and outstanding Common Shares(1)**
Callan Partners Limited	33,376,077	45%	43.48%
Nile Flow Ltd.	40,792,983	55%	53.56%
TOTAL:	**74,169,060**	**100%**	**96.62%**

Notes:

(1) Based on 76,764,977 Common Shares issued and outstanding following the exercise of all the Special Warrants and prior to the Closing of the Offering.

Section 3.5 of NP 46-201 provides that all shares of a company owned or controlled by a Principal (as defined in NP 46-201) will be escrowed at the time of the company's initial listing, unless the shares held by the Principal or issuable to the Principal upon conversion of convertible securities held by the Principal collectively represent less than 1% of the total issued and outstanding shares of the company after giving effect to the initial public offering.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Issuer, as of the date of this Prospectus, following the conversion of the outstanding Special Warrants, no person beneficially owns or exercises control or direction over Common

Shares carrying more than 10% of the votes attached to the Issuer's Common Shares except for the following:

Name and Municipality of residence or Province of Incorporation	Ultimate Beneficial Holders	Number of shares	Percentage of Common Shares Held	After giving effect to the Offering	After giving effect to the Offering and the Over-Allotment Option
Nile Flow Limited.[1] (Gibraltar)	The direct family of Mr. Swapnil Mokashi (via a trust)	40,792,983	55%	48.41% (43.81% on a fully-diluted basis)	47.77% (42.69% on a fully-diluted basis)
Callan Partners Limited[2] (London, UK)	Mr. Sanjeev Shah Tolia	33,376,077	45%	39.61% (35.84% on a fully-diluted basis)	39.01% (34.92% on a fully-diluted basis)

Notes:

(1) Nile Flow is not related to the Issuer and the directors of the Issuer. Nile Flow Limited is a Gibraltar Limited Company, which is directly owned by a discretionary trust which has multiple beneficiaries of the family of Mr. Swapnil Mokashi and the holding depends on the date of beneficial interest being materialised. No voting trustees hold any securities in Nile Flow, only the beneficiaries do. The voting trustees are Tanya Hurtado, Melissa Victory-Penalver, and Adrian Mansfield and their addresses are 5-9 Main Street, GX11 1AA, Gibraltar. The terms of the trust are standard provisions.

(2) Sanjeev Shah Tolia is the principal shareholder of Callan and is a director and officer in the subsidiaries mentioned under "Investment Process and Policies".

DIRECTORS AND EXECUTIVE OFFICERS

The following table provides the names, provinces of residence, positions, principal occupations and the number of voting securities of the Issuer that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Province of Residence and Position with the Issuer	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly (at the date of this Prospectus)
Ricardo Phielix Amsterdam, Netherlands and London, UK	Director and Chief Executive Officer since March 22, 2023	2010 – 2017: CFO at Metalcorp Group 2018-Present: RPX Online B.V., consulting firm, The Netherlands 2022 – Present: Managing Director for DL HUDSON Germany GmbH 2023 – Present: CEO for Rektron Group Inc.	Nil
Manny Bettencourt Toronto, Ontario, Canada	Director and Chief Financial Officer since March 22, 2023	May 2002 – Present: Managing Director of First Principles Group Inc. January 2018 – Present: CEO of Blue Phoenix Energy Corp. 2023 – Present: CFO for Rektron Group Inc.	-Nil
Moises Michan Portillo London, UK	Director since March 22, 2023	2018 -Present: Director at REKTRON GROUP INC., Rektron AQ UK, DL HUDSON Limited and its subsidiaries 2022: COO for Rektron AQ UK and its subsidiaries 2017 – Present; Tanridge Capital Limited	Nil
Michael Stier(1) Delta, British Columbia, Canada	Independent Director since March 22, 2023	2015 – 2018: Senior Equity Trader at Ledgir House Ltd. 2018 – Present: Ambe Holdings Ltd. (financial) advisor and board member to multiple (listed) companies	Nil

Name and Province of Residence and Position with the Issuer	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and % of Common Shares Beneficially Owned Directly or Indirectly (at the date of this Prospectus)
Trevor Turner[(1)(2)] Epsom, UK	Independent Director since March 22, 2023	2016 – 2018: Director at J. Safra Sarasin 2018 – Present: Founder & Director of Turner Wealth & Consultancy Ltd.	Nil

Notes:

(1) Member of the Audit Committee.

(2) Chair of the Audit Committee

The term of office of the directors expires annually at the time of the Issuer's annual general meeting. The term of office of the officers expires at the discretion of the Issuer's directors.

The Issuer has two committee, the Audit Committee, comprised of Mr. Michael Stier, Mr. Trevor Turner and Mr. Moises Michan Portillo and the Compensation Committee comprised of Mr. Michael Stier, Mr. Moises Michan Portillo and Mr. Trevor Turner.

The following is a brief description of the background of the key management and directors of the Issuer.

Ricardo Phielix, Director and Chief Executive Officer, Age: 41

Mr. Phielix obtained a master's degree in business economics as well as an Executive master's degree in Accounting, Auditing and Control at the Erasmus University Rotterdam. He is included in the Dutch register of Certified Public Accountants and started out his career at Deloitte in Rotterdam, mainly focusing on the audit of large and multi-national companies in a variety of industries including chemical and real estate companies. After rising to the position of supervisor at Deloitte, Mr. Phielix joined Metalcorp Group as financial controller in 2010 but was quickly promoted to the global CFO in 2012, a position that he held for over seven years. Subsequently, he started his own consulting business with a focus on commodity related companies. Mr. Phielix joined DL Hudson as a consultant in the first quarter of 2022 as a consultant and director of the German entity.

Mr. Phielix is not a party to any employment, non-competition or confidentiality agreement with the Issuer. Mr. Phielix will devote approximately 90% of his time to the Issuer.

Manny Bettencourt, Chief Financial Officer and Corporate Secretary, Age:52

Mr. Bettencourt began his career more than twenty-five years ago with KPMG Peat Marwick in Toronto after graduating from the University of Toronto with a B.Comm degree in Finance and Economics. He obtained his CA, CPA designation and ran audits for many multinationals and startups while at KPMG. Mr. Bettencourt served as an executive (CFO) with AT&T Solutions Canada before joining the management team at Baker Street Technologies Inc. a logistics and supply chain management company, and subsequently served as Vice President of Sales and Business Development at the Kiosk Factory and CFO of Navaho Networks. Mr. Bettencourt serves a Managing Partner of First Principles Group an advisor firm with expertise in: Mergers & Acquisitions, Restructurings, Strategy, and Capital markets planning. He served as COO/CTO of First Global Data Corp. a mobile payments pioneer and remittance company, as well as having served as the Vice Chairman of the Board (2003-2014). He was a co-founder of Demand Power Corp. and served as its CEO in its first year. He currently serves as Chairman and CEO of Blue Phoenix Energy Corp. a renewable energy company.

Mr. Bettencourt serves on the board of several private corporations and has served on the board of several non-profit organizations over the years College of Electors of the University of Toronto, the Alumni Association of the University of Toronto, the Nucleus Independent Living, and the Dixie Bloor Neighborhood Centre. He is an active volunteer in his community and has served on public boards and audit committees in the past.

Mr. Bettencourt is not a party to any employment, non-competition or confidentiality agreement with the Issuer. Mr. Bettencourt will devote approximately 50% of his time to the Issuer.

Moises Michan Portillo, Director, Age: 45

Mr. Michan Portillo has an expansive resume from trading Fixed Income, Foreign Currency and Commodities at some of the most respected Wall Street financial institutions (including Citi Bank and Goldman Sachs). Mr. Michan Portillo embarked on his career at JP Morgan's Corporate High Yield desk in New York on the High Yield Bond issuances and leveraged loan syndication desk, engaging with some of the largest corporates in the United States. Mr. Michan Portillo was subsequently recruited by Goldman Sachs' Foreign Currency (FX) platform in Princeton, New Jersey. At Goldman Sachs, Mr. Michan Portillo was involved in trading FX, FX Options and Commodities. He then moved to Citi's FX desk initially covering the Latin American banks based out of New York. Ultimately, Mr. Michan Portillo was responsible for both Latin America and Citi's European Banks coverage based out of London. Mr. Michan Portillo graduated from New York University, and fluent in Spanish, French and manages well communicating Italian too.

Mr. Michan Portillo is not a party to any employment, non-competition or confidentiality agreement with the Issuer. Mr. Michan Portillo will devote 70% of his time to the Issuer.

Trevor Turner, Independent Director, Age 47

Mr. Turner is an experienced banker with 20 years experience in international banking. His ability to understand complex financial solutions that benefit corporations is instrumental. Mr. Turner has worked with some of the most established financial institutions, in particular as a director of J. Safra Sarasin and relationship executive at HSBC covering Latin America and the Iberian Peninsula. Mr. Turner holds an honours degree in law from the University of West England, Bristol – UK and is fluent in Spanish, German and Portuguese.

Mr. Turner is not a party to any employment, non-competition or confidentiality agreement with the Issuer. Mr. Turner will devote 20% of his time to the Issuer.

Michael Stier, Independent Director, Age: 36

Educated in business management & finance at the Kwantlen Polytechnic University (obtaining a Bachelor's degree in Business Administration and General Management), Mr. Stier has spent the past 15 years focused on and building expertise in the capital markets. Experienced in corporate structure, finance, business development, IPO's, M&A, and wealth management, Mr. Stier served as a CIBC IIROC licensed Senior Financial Advisor, senior analyst for a private equity company and more recently holds executive and directorship roles with private companies and publicly listed issuers. He has consulted in industries including mining, oil & gas, fintech, VR, eSports, health, life sciences, consumer packaged goods and biotech and currently sits as CEO of Quebec Pegmatite Holdings Corp. (formerly First Responder Technologies Inc.). Mr. Stier is a former CEO & Director of New Leaf Ventures Inc. (CSE: NLV) and is a Co-Founder and former CEO & Director of Optimi Health Corp. (CSE: OPTI).

Mr. Stier is not a party to any employment, non-competition or confidentiality agreement with the Issuer. Mr. Stier will devote approximately 10% of his time to the Issuer.

Corporate Cease Trade Orders or Bankruptcies

To the Issuer's knowledge:

(a) no existing or proposed director, chief executive officer, chief financial officer or promoter of the Issuer is as of the date hereof, or within the ten years prior to the date hereof has been, a director or executive officer of any other company that, while that person was acting in the capacity of director or executive officer of that company, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days; and

(b) no existing or proposed director, chief executive officer, chief financial officer or promoter of the Issuer is as of the date hereof, or within the ten years prior to the date hereof ceased to be a director or executive officer of any other company that, was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the director, executive officer or promoter ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer.

Penalties or Sanctions

To the Issuer's knowledge, no director or executive officer of the Issuer, or any shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the Issuer's knowledge, no existing or proposed director, executive officer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the issuer is as of the date hereof, or within the ten years prior to the date hereof, been declared bankrupt or made a voluntary assignment into bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Conflicts of Interest

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the Issuer's knowledge and other than disclosed herein, there are no known existing or potential conflicts of interest among the Issuer, its promoters, directors and officers or other members of management of the Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies.

STATEMENT OF EXECUTIVE COMPENSATION

As an "IPO venture issuer" in accordance with Form 51-102F6V – Statement of Executive Compensation – Venture Issuers ("**Form 51-102F6V**"), the following disclosure contains a summary of compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for the most recently completed financial year.

In this section, "NEO" means (a) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer, (b) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer, (c) in respect of the Issuer and its subsidiaries, the most highly compensated executive officer other than the chief executive officer and the chief financial officer at the end of the most recently completed financial year whose total compensation was more than CDN$150,000, as determined in accordance with Form 51-102F6V, and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Issuer, and was not acting in a similar capacity, at the end of that financial year. For the purposes of this Prospectus, as of the date of this Prospectus, the Issuer had two (2) NEOs, namely: Mr. Ricardo Phielix, the Chief Executive Officer and Mr. Manny Bettencourt, the Chief Financial Officer and Corporate Secretary.

Compensation Discussion and Analysis

In assessing the compensation of its NEO, the Issuer does not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board.

As of the date of this Prospectus, the Board has not established any benchmark or performance goals to be achieved or met by NEO's, however, such NEO's are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Issuer. The satisfactory discharge of such duties is subject to ongoing monitoring by the Issuer's directors.

The Issuer's Named Executive Officer compensation was determined and administered by the Board of Directors. The Board was solely responsible for assessing the compensation to be paid to the Issuer's NEO and for evaluating their performance. However, on August 18, 2023, the Issuer created its Compensation Committee to discuss such matters and to implement a company policy to that effect.

It is expected that once the Issuer becomes a reporting issuer, base salary will be the principal component of NEO compensation. The base salary for each NEO will be based on the position held, the related responsibilities and functions performed by the executive and salary ranges for similar positions in comparable companies. Individual and corporate performance will also be taken into account in determining base salary levels. The newly Compensation Committee will also expand on such matters.

Another component of NEO compensation is the grant of stock options pursuant to the Issuer's Stock Option Plan. The objective of this compensation component is to attract, retain and motivate certain persons of training, experience and leadership as key service providers to the Issuer, including its directors, NEO and employees and to advance the interest of the Issuer by providing such persons with additional compensation and the opportunity to participate in the success of the Issuer.

In addition to, or in lieu of, the compensation components described above, payments may be made from time to time to individuals, including NEO or directors of the Issuer, or companies they control for the provision of management or consulting services. Such services are paid for by the Issuer at competitive industry rates for work of a similar nature by reputable arm's length services providers.

Summary Compensation Table

The following table sets forth the value of the compensation, excluding compensation securities, of the Issuer's directors and NEO, for the last two completed financial years:

Name and principal position	Year	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation[3]
					Annual incentive plans	Long-term incentive plans			
Ricardo Phielix[1] *Chief Executive Officer*	2023	$153,000	N/A	N/A	N/A	N/A	N/A	N/A	$153,000
	2022	EUR 15,000	N/A	N/A	N/A	N/A	N/A	N/A	EUR 15,000
Manny Bettencourt[2] *Chief Financial Officer and Corporate Secretary*	2023	$60,000	N/A	N/A	N/A	N/A	N/A	N/A	$60,000
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Includes compensation as the managing director of DLH Germany, one of the Issuer' subsidiaries.

(2) Manny Bettencourt was not involved in Rektron AQ UK nor any of its subsidiaries. His only role is as CFO and Corporate Secretary of the Issuer.

(3) The amounts mentioned in this table do not reconcile to the executive compensation that is reflected in the financial statements at Schedule "B", because those financial statements are those of Rektron AQ UK, the Issuer's subsidiary and business, which has a different board of directors. The Board of the Issuer is also comprised of consultants and staff who are compensated by other companies in the Rektron group of companies but have a dual role and who work closely with the directors of Rektron AQ UK.

Director Compensation Table

The table below sets out the compensation of directors that are not also NEOs of the Issuer, for the last two completed financial years:

Name	Year	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total[(4)]
Michael Stier *Director*[(1)]	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Moises Michan Portillo *Director*[(2)]	2023	$110,000	N/A	N/A	N/A	N/A	N/A	$110,000
	2022	$120,000	N/A	N/A	N/A	$18,275	N/A	$138,275
Trevor Turner *Director*[(3)]	2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Michael Stier was never involved in Rektron AQ UK or any of its subsidiaries.

(2) Moises Michan Portillo is paid through Plutus Partners Limited.

(3) Trevor Turner was never involved in Rektron AQ UK or any of its subsidiaries.

(4) The amounts mentioned in this table do not reconcile to the executive compensation that is reflected in the financial statements at Schedule “B”, because those financial statements are those of Rektron AQ UK, the Issuer’s subsidiary and business, which has a different board of directors. The Board of the Issuer is also comprised of consultants and staff who are compensated by other companies in the Rektron group of companies but have a dual role and who work closely with the directors of Rektron AQ UK.

Employment Consulting and management agreements

As at the most recently completed financial year, the Issuer's subsidiary DL Hudson Germany GmbH has executed a consulting agreement with a company controlled by Mr. Ricardo Phielix, CEO of the Issuer to complete management services for a base remuneration of EUR 5,000 per month, subject to overtime up to a maximum of EUR 20,000 per month. This agreement contains standard termination provisions.

As of the most recently completed financial year, the Issuer's subsidiary Rektron AQ Limited has executed a consulting agreement with a company controlled by Mr. Manny Bettencourt, CFO of the Issuer, to complete management services for a remuneration of USD 10,000 per month. This agreement contains standard termination provisions.

As at the most recently completed financial year, the Issuer's subsidiaries Rektron AQ UK and DL Hudson Limited have continuing management agreements with Plutus Partners Limited, a company controlled by Mr. Sanjeev Shah Tolia and Mr. Swapnil Mokashi, that include the management services of Mr. Moises Michan Portillo in his capacity as a director of the Issuer and director and officer of the various entities within the Group, such as Rektron AQ UK, DL Hudson, DLH Dunes and DLH Istros for a total remuneration of $110,000 per year. Furthermore, services are provided that include traders, operations, accounting, legal and IT, rent and facilities and travel expenses. This agreement contains standard termination provisions and the terms and conditions are in line with market conditions.

Stock Options and Other Compensation Securities

Stock Options are granted to provide an incentive to the directors, officers, employees and consultants of the Issuer to achieve the longer-term objectives of the Issuer; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Issuer; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Issuer. See "Options to Purchase Securities" above for a description of the material terms of the Issuer's Stock Option Plan.

There were no Stock Options or other compensation securities granted or issued from inception as at the date of the Prospectus.

Proposed Compensation

During the next 12 months, the Issuer proposes to pay the following compensation to its Named Executive Officers and directors:

Name and Principal Position	Salary	All Other Compensation	Total Compensation
Ricardo Phielix, CEO and Director	USD$264,000	Performance related	USD$264,000 + Performance

Name and Principal Position	Salary	All Other Compensation	Total Compensation
Manny Bettencourt, CFO, Corporate Secretary and Director	USD$120,000	Performance related	USD$120,000 + Performance
Moises Michan Portillo, Director	USD$120,000	Performance related	USD$120,000 + Performance
Michael Stier, Director	USD$14,000	-	USD$14,000
Trevor Turner, Director	USD$14,000	-	USD$14,000

The Issuer does not intend to make material changes to the compensation disclosed.

It is anticipated that the existing consulting agreements in relation to the respective services of Mr. Phielix, Mr. Bettencourt and Mr. Michan Portillo will be amended to reflect the above compensations upon completion of the IPO. No consulting agreements are in place yet for Mr. Stier and Mr. Turner. The Issuer anticipates entering into consulting agreements with Mr. Stier and Mr. Turner upon completion of the IPO.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness for travel and other expense advances, no existing or proposed director, executive officer or senior officer of the Issuer or any associate of any of them, was indebted to the Issuer or is currently indebted to the Issuer at the date of this Prospectus.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), NI 41-101 and Form 52-110F1 require the Issuer to disclose certain information relating to the Issuer's Audit Committee and its relationship with the Issuer's independent auditors.

Audit Committee Charter

The text of the Audit Committee's charter is attached hereto as Schedule "A".

Composition of Audit Committee

The members of the Audit Committee are set out below:

Michael Stier	Independent[(1)]	Financially literate[(2)]
Trevor Turner	Independent[(1)]	Financially literate[(2)]
Moises Michan Portillo	Not Independent[(3)]	Financially literate[(2)]

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Issuer, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements.

(3) Moises Michan Portillo is not an independent member as he is the Chief Operating Officer and director of various subsidiaries of the Issuer. Michael Stier and Trevor Turner are independent directors.

Relevant Education and Experience

Each member of the Issuer's present Audit Committee has adequate education and experience that is relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by the Issuer to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Issuer's financial statements or experience actively supervising individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Michael Stier: Mr. Stier is well educated in business management & finance as he graduated from the Kwantlen Polytechnic University with a Bachelor’s degree in Business Administration and General Management. Mr. Stier has spent the past 15 years focused on and building expertise in the capital markets. Experienced in corporate structure, finance, business development, IPO’s, M&A, and wealth management, Mr. Stier served as a CIBC IIROC licensed Senior Financial Advisor, senior analyst for a private equity company and more recently holds executive and directorship roles with private companies and publicly listed issuers.

Trevor Turner: Mr. Turner is an experienced banker with 20 years experience in international banking and has worked with some of the most established financial institutions, in particular as a director of J. Safra Sarasin and relationship executive at HSBC covering Latin America and the Iberian Peninsula.

Moises Michan Portillo: Mr. Michan Portillo has an expansive resume from trading Fixed Income, Foreign Currency and Commodities at some of the most respected Wall Street financial institutions (including Citi Bank and Goldman Sachs).

Audit Committee Oversight

The Audit Committee was established on May 2, 2023 and will, among other things, make recommendations to the Board of Directors to nominate or compensate an external auditor. As of the date of this Prospectus, the Audit Committee has not made any such recommendations for the Board to consider.

Reliance on Certain Exemptions

At no time since the commencement of the Issuer's most recently completed financial period has the Issuer relied on the exemptions in Sections 2.4, 3.2, 3.4, 3.5, 3.6 or Part 8 of NI 52-110, or an exemption from subsections 3.3(2) of NI 52-110. The Issuer is relying on the exemption in Section 6.1 of NI 52-110 regarding the composition of the audit committee and reporting obligations.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Issuer's external auditors and approve in advance the provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services engaged by the Issuer. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration and, if thought fit, approval in writing.

External Auditor Service Fees

The following table sets out the aggregate fees billed by Rektron AQ UK's external auditor Goldwyns Chartered Accountants & Business Advisors in the last three financial years:

	Fiscal Year Ending		
	July 31, 2023	**July 31, 2022**	**July 31, 2021**
Audit Fees	USD$70,000	USD$55,357	USD$103,060
Audit Related Fees	Nil	Nil	Nil
Tax Fees	USD$5,000	USD$5,000	USD$5,000

All Other Fees	Nil	Nil	Nil
TOTAL:	USD$75,000	USD$60,357	USD$108,060

The following table sets out the aggregate fees billed by the Issuer's external auditor Fareed Sheik & Co Chartered Professional Accountants in the last financial year:

	From incorporation to July 31, 2023
Audit Fees	CDN$7,910
Audit Related Fees	Nil
Tax Fees	Nil
All Other Fees	Nil
TOTAL:	CDN$7,910

Corporate Governance

General

The Board of Directors believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* ("**NP 58-201**") provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Issuer. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") prescribes certain disclosure by the Issuer of its corporate governance practices. This disclosure is presented below.

Board of Directors

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors within the meaning of NI 52-110. An "independent" director is a director who has no direct or indirect material relationship with the Issuer. A material relationship is a relationship that could, in the view of the board of directors, reasonably interfere with the exercise of a director's independent judgment. In addition, the independent judgment of the Board of Directors in carrying out its responsibilities is the responsibility of all directors.

The Board is currently comprised of Mr. Ricardo Phielix, Mr. Manny Bettencourt, Mr. Moises Michan Portillo, Mr. Trevor Turner, and Mr. Michael Stier, of whom Mr. Turner and Mr. Stier are independent for the purposes of NI 52-

110. Because the Board is not comprised of a majority of independent directors, in order to facilitate its exercise of independent supervision over the Issuer's management, the Board carefully examines the issues before it, consults with outside counsel and other advisors as necessary and encourages the independent directors to regularly and independently confer amongst themselves.

Directorships

The following director of the Issuer is currently director and officer of another reporting issuer:

Name	**Reporting Issuer (Exchange/Market: Trading Symbol)**
Michael Stier	Quebec Pegmatite Holdings Corp. (formerly First Responder Technologies Inc. (‘WPN’): CSE

Board Mandate

The Board of Directors has not adopted a written mandate or code delineating the Board's roles and responsibilities, since it believes it is adequately governed by the requirements of applicable corporate and securities common and statute law which provide that the Board has responsibility for the stewardship of the Issuer. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Issuer's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Issuer's internal control and management information systems.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Issuer's business, assets and industry and on the responsibilities of directors. Meetings of the Board are sometimes held at the Issuer's offices and, from time to time, are combined with presentations by the Issuer's management to give the directors additional insight into the Issuer's business. In addition, management of the Issuer makes itself available for discussion with all members of the Board.

Ethical Business Conduct

The Board of Directors has not adopted a formal code of business conduct and ethics. The Board has found that the fiduciary duties placed on individual directors by the Issuer's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Issuer.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole, however, if there is a change in the number of directors required by the Issuer, this policy will be reviewed.

Compensation

The Board is responsible for determining compensation for the directors of the Issuer to ensure it reflects the responsibilities and risks of being a director of a public company. On August 18, 2023, the Issuer has created a Compensation Committee. See "Other Board Committees" below for more information.

Other Board Committees

Other than the Audit Committee, the Company's board has a Compensation Committee. The Compensation Committee is comprised of Mr. Moises Michan Portillo, Mr. Trevor Turner and Mr. Michael Stier. Mr. Trevor Turner is the Chair of the Compensation Committee. The Compensation Committee is responsible in discharging the Board's responsibilities relating to compensation of the Issuer's employees, consultants, directors and officers including reviewing and evaluating and, if necessary, revising the compensation plans, policies and programs of the Issuer. The Compensation Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and ensure that compensated persons' interests are aligned with the interests of the Issuer's shareholders. The majority of the Compensation Committee are independent directors, with the exception of Mr. Moises Michan Portillo. However, in order to ensure an objective process, the Compensation Committee shall retain or receive advice from the Issuer's legal counsel, other independent counsel, compensation and benefits consultants and other experts or advisors that the Compensation Committee believes to be appropriate (the "**Compensation Advisors**"). The Compensation Committee shall not be bound by the advice or recommendations of the Compensation Advisors retained by it and shall exercise its own judgment in fulfilling its responsibilities.

Assessments

Due to the minimal size of the Board of Directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

PLAN OF DISTRIBUTION

Agency Agreement and Agent's Compensation

The Offering will be made in accordance with the Agency Agreement and the rules and policies of the Exchange. This Offering consists of 7,500,000 Units for gross proceeds of $ 15,000,000. The Issuer has granted to the Agent the Over-

Allotment Option, exercisable, subject to regulatory requirements, in whole or in part by the Agent at any time up to 30 days following the Closing Date to sell up to an additional 15% worth of Units sold pursuant to the Offering at the Offering Price. If the Offering is fully subscribed and the Over-Allotment Option is exercised in full, the total price to the public will be $17,250,000, the total Agent's Compensation will be $1,552,500, and the total net proceeds to the Issuer will be $15,697,500 (in each case before deduction of the expenses of the Offering). This Prospectus qualifies the distribution of the Units, the Warrants, and the Compensation Options. The Additional Units issuable upon exercise of the Over-Allotment Option are hereby qualified as well for distribution under this Prospectus.

If the Offering is not completed within 90 days of the issuance of a receipt for a the Prospectus of the Issuer, and unless an amendment is filed and receipted, in which case the Offering shall be extended for a further 90 days from receipt of the amendment to the Prospectus but in any event not more than 180 days from the receipt for the Prospectus, the Offering will cease and all subscription monies will be returned to Subscribers without interest or deduction, unless the Subscribers have otherwise instructed the Agent.

Pursuant to the Agency Agreement, the Issuer has engaged the Agent to act as its sole and exclusive agent to conduct the Offering in the Selling Provinces, on a commercially reasonable efforts basis. The Agent may, in its sole discretion, offer selling group participation in the normal course of the brokerage business to other licensed dealers who be offered part of the compensation received by the Agent. The Agent will receive, on the Closing Date:

- The Corporate Finance Fee of $75,000 plus GST;
- The Agent's Commission of 9% of the gross proceeds of the Offering, payable in cash;
- The Compensation Options in a number equal to 9% of the of the Units sold under the Offering, where each Compensation Option provides the right to acquire one Unit, exercisable at a price of $2.00 per Compensation Option for a period of twenty-four (24) months from the Closing Date and the Units are exercisable under the same terms as the Offering; and
- The Agent's Expenses, the legal expenses portion of which is approximately $75,000.

The Issuer has also granted the Agent a right of first refusal to provide any future brokered financing that the Issuer proposes to conduct for a period ending 12 months years from the Closing of the Offering.

The obligations of the Agent under the Agency Agreement may be terminated at the Agent's discretion upon the occurrence of certain stated events. The Agent is not obligated to purchase any of the Units under the Offering.

The Units will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of any U.S. Person. The Agent has agreed that, except as permitted under the Agency Agreement, it will not offer, sell, transfer, deliver or otherwise dispose of, directly or indirectly, the Units at any time within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from registration under the U.S. Securities Act.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance within an exemption from registration under the U.S. Securities Act.

Commercially Reasonable Efforts Offering

The Agent has agreed to assist with the Offering on a commercially reasonable efforts basis.

Subscriptions will be received for the Units subject to rejection or acceptance by the Issuer in whole or in part and the right is reserved to close the subscription books at any time. Upon rejection of a subscription or in the event that the Offering does not complete within the term of the Agency Agreement or the time required by the rules of the securities commissions, the subscription price and the subscription will be returned to the Subscriber forthwith without interest or deduction. Certificates representing the Common Shares acquired hereunder will be delivered on the Closing Date unless the Agent elects for delivery in book entry form through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee in which case the Common Shares will be deposited electronically with CDS through its non-certificated inventory ("**NCI**") system. If delivered in book entry form, purchasers of Common Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Common Shares were purchased.

The Offering Price and the terms of the Offering have been determined by negotiation between the Issuer and the Agent in accordance with the policies of the Exchange.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering other than the payments to be made to the Agent in accordance with the terms of the Agency Agreement as set out above.

Closing of the Offering is subject to conditions which are set out in the Agency Agreement. The directors, officers and other insiders of the Issuer may purchase Units under the Offering.

The price of the Units offered under this Prospectus was determined by negotiation between the Issuer and the Agent and bears no relationship to earnings, book value or other valuation criteria.

Special Warrants

This prospectus is being filed to qualify the distribution of 2,595,917 Common Shares issuable upon the exercise or deemed exercise of 2,595,917 Special Warrants.

On January 29, 2024, the Issuer completed the Special Warrants Private Placement pursuant to prospectus exemptions under applicable securities legislation, comprised of an aggregate 2,595,917 Special Warrants or a value of USD$4,101,548.86 in exchange for services at the Special Warrants Issue Price. The Special Warrants Issue Price is based on the Offering Price using the Black-Scholes valuation model to determine the value of the Common Shares issuable at the purchase of the Units.

The terms of the Special Warrants provide that the Special Warrants will be deemed to be exercised on the date the Issuer receives the receipt issued by the securities regulators for the Prospectus, at which time each Special Warrant shall be automatically exercised into one Common Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without any further action on the part of the holder. No fractional Shares will be issued upon the exercise or of the Special Warrants. The holding of Special Warrants does not make the holder thereof a shareholder of the Company or entitle the holder to any right or interest granted to shareholders.

The Special Warrants may not be exercised by or on behalf of a U.S. Person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available. Accordingly, the Common Shares will bear appropriate legends evidencing the restrictions on the offering, sale and transfer of such securities.

Listing of Common Shares and Warrants on the Exchange

The Issuer has received conditional approval to list the Common Shares, including the Warrant Shares and the Common Shares issuable upon the exercise of the Over-Allotment Option, the Warrants including the Warrants issuable upon the exercise of the Over-Allotment Option, and the securities to be issued upon the exercise of the Compensation Options on the CSE. Listing will be subject to the Issuer fulfilling all of the requirements of the CSE.

As of the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

The Issuer and its Group are in the business of trading of commodities, which is a highly speculative endeavor. An investment in the Common Shares involves a high degree of risk and should be considered speculative. An investment in the Common Shares should only be undertaken by those persons who can afford the total loss of their investment. You should carefully consider the risks and uncertainties described below, as well as other information contained in this Prospectus, including the financial statements and accompanying notes, appearing elsewhere in this Prospectus, before buying the Common Shares. The risks and uncertainties below are not the only ones the Issuer and its Group face. Additional risks and uncertainties not presently known to the Issuer and the Group or that the Issuer and the Group believe to be immaterial may also adversely affect the Issuer and the Group's business. If any of the following risks occur, the Issuer and the Group's business, financial condition and results of operations could be seriously harmed, and you could lose all or part of your investment.

Risks Related to the Commodities Trading Sector

Volatility of Commodity Prices

Changes in global macro-economic conditions, including trade tariffs, volatility in global markets, supply chain constraints, and increased price competition can influence commodity prices. Crude oil prices and metals can remain under pressure for a prolonged period. This could subsequently result in market access constraints, regional and international supply shortages, reduced utilization and demand imbalances. The uncertainty and increased risk caused by volatile commodity markets is mitigated using financial derivatives to hedge the positions the Issuer takes.

Fluctuations in currency exchanges rates

The Issuer and Group find their suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Issuer and the Group's financial results. Note that the business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

Government or Regulatory Policy

The industry is also subject to regulation and intervention by governments including changes in government policy, regulation, involvement of other laws, and environmental protection, potentially materially impacting the Issuer and the Group's ability to transact. Management follows these developments in order to ensure that the Issuer and the Group can flex its strategy as needed.

Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer and the Group are also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer and the Group have committed to enhancing their business in ETC such as nickel, cobalt and copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

Competition

The global oil and metals industry is highly competitive in many aspects, including the exploration for and the development of new sources of supply, the acquisition of crude oil and natural gas interests, and the mining of sustainable commodities. The increasing volatility of the political and social landscape add complexity. There is a risk that increased competition could cause costs to increase, put further strain on existing infrastructure and cause margins to be volatile, and impact demand for the Issuer's products, which could have a material adverse effect on the Issuer and the Group's business, financial condition and results of operations.

Access to Capital and Liquidity

With the volatility in commodity prices, access to sufficient capital and liquidity is critical in enabling the Issuer and the Group to operate. The Issuer and the Group's growth plans are also highly dependent upon having access to adequate capital and liquidity. Investors and stakeholders increasingly compare companies based on climate-related performance. Failure to achieve the Issuer and the Group's greenhouse gas emissions intensity reduction targets and goals, or a perception among financial institutions and investors that such targets and goals are insufficient, could adversely affect the Issuer and the Group's reputation and ability to attract capital. It is important that the Issuer and the Group has access to different lines of financing and use of available headroom with their financiers helps to mitigate the liquidity risk.

Credit Risk

The Issuer and the Group are exposed to the credit risk of their customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer and the Group security to satisfy credit concerns. However, the Issuer and the Group cannot predict to what extent their business would be impacted by deteriorating conditions in the economy, including possible declines in their customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect their earnings and cash flows. The Issuer and the Group currently have credit insurance to cover credit receivables which is used to mitigate this risk.

Margin Risk

Difficulty arises if the Issuer and the Group make losses on the utilisation of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so they can meet repayment obligations.

Infrastructure, Transport and Counterparties

The Issuer and the Group physically move commodities around the globe. Although the logistics and counterparties are carefully assessed before accepting and entering a transaction, the risk exist that despite careful planning and communication infrastructure is (temporarily) not available and transport does not function as expected. The same applies to the counterparties that are used in these processes.

Financial Institutes

The business of the Issuer and the Group is mainly financed through trade finance and similar working capital solutions. In the case that these sources of financing are (temporarily) unavailable, this could negatively impact the Issuer and the Group's business. Similarly, their business is insured with reputable insurance companies. In some circumstances, however, the Issuer and the Group might not be adequately insured and/or the insurance company might not perform as agreed or intended.

Errors in IT

The Issuer and the Group are using information and communication technology to run their business. Although their infrastructure is carefully designed and a team is involved to monitor and maintain it, unforeseen changes or events could adversely affect their business.

Tax Law Environment

The Issuer and the Group operate in multiple countries around the globe. Adjustments in tax regimes could adversely affect our business.

Legal

In trading, the Issuer and the Group enter into a multitude of contracts with suppliers, customers and service providers. Although the Issuer and the Group intend to carry out any contractual commitment and are selective in choosing its counterparts, the risk remains that a situation arises that will lead to legal arbitration and subsequent adverse effects.

Risk Related to the Issuer, its Business and Securities

The Issuer is a Holding Company

The Issuer is a holding company and essentially all of its assets are the capital stock of its subsidiaries in each of the markets the Issuer operates in. As a result, investors in the Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Issuer conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Issuer. The ability of these entities to pay dividends and other distributions will depend on its operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing its debt. In the event of a bankruptcy, liquidation or reorganization of any of the Issuer’s material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of its claims from the assets of those subsidiaries before the Issuer.

Sales of Substantial Amounts of Common Shares May Have an Adverse Effect on the Market Price of Such Securities

Sales of substantial amounts of Common Shares of the Issuer, or the availability of such securities for sale, could adversely affect the prevailing market prices for such class of the Common Shares. A decline in the market prices of the Common Shares could impair the Issuer’s ability to raise additional capital through the sale of securities should it desire to do so.

Investors May Lose Their Entire Investment

An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Issuer.

Volatile Market Price for the Issuer’s Common Shares

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Issuer in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility.

The wide fluctuations are in response of numerous factors, many of which will be beyond the Issuer’s control, including, but not limited to the following:

- actual or anticipated fluctuations in the Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the commodities trading industry;
- addition or departure of the Issuer's executive officers and other key personnel;
- sales or perceived sales of additional Common Shares, or other classes of shares of the Issuer;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the commodities trading sector generally and the Issuer's business and operations both domestically and abroad;
- regulatory changes affecting businesses generally within jurisdictions in which the Issuer operates or does business both domestically and abroad;
- announcements of developments and other material events by the Issuer's or its competitors;
- fluctuations to the costs of vital production materials and services;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Issuer or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Issuer's industry or target markets.

Evolving Business Strategy

While the Issuer and the Group have existing operations and are generating revenues, they plan to expand their operations and staff to meet the requirements of their business initiatives. The commercial response to the product offerings is still uncertain, and although the Issuer and the Group believe that their strategy incorporates advantages compared to other commodities trading business models, if consumers do not respond favorably to the Issuer and the Group's products or if it takes longer to develop their products or establish their customer base or it proves to be more costly than currently anticipated to develop their businesses, revenues may be adversely affected.

Discretion in the Available Funds

Management has discretion concerning the use of the Issuer's available funds, as well as the timing of its expenditure. See "*Use of Proceeds*". As a result, investors will be relying on the judgment of management for the application of the Issuer's available funds. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the results of the Issuer's operations may suffer. Management currently intends to allocate the available funds as described under "*Use of Proceeds*". However, management may elect to allocate the proceeds differently from that described under "*Use of Proceeds*" if it believes it would be in the Issuer and the Group's best interest to do so. Shareholders may not agree with the manner in which Management chooses to allocate and spend the Issuer's available funds and proceeds.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Issuer and the Group's ongoing business; (ii) distraction of management; (iii) the Issuer and the Group may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Issuer and the Group's operations; (vi) loss or reduction of control over certain of the Issuer and the Group's assets; and (vii) litigation or other disputes concerning either the Issuer and the Group's obligations to counterparties under relevant transaction documents or liabilities of an acquisition target or its previous owners (whether disclosed or undisclosed at the time of the relevant transaction).

Additionally, the Issuer may issue additional Common Shares or other securities of the Issuer in connection with such transactions, which would dilute a shareholder's holdings in the Issuer.

The presence of one or more material liabilities of an acquired company that are unknown to the Issuer and the Group at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Issuer and the Group. While the Issuer and the Group attempt to obtain appropriate indemnification provisions in connection with their acquisitions and dispositions, the Issuer and the Group may still be exposed to significant financial or reputational risk as a result of entering into such transactions.

Dilution from Equity Financing could Negatively Impact Holders of Common Shares

The Issuer may from time to time raise funds through the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. The Issuer cannot predict the size or price of future issuances of Common Shares or the size or terms of future issuances of debt instruments or other securities convertible into Common Shares, or the effect, if any, that future issuances and sales of the Issuer's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, or securities convertible into Common Shares, investors will suffer dilution to their voting power and the Issuer may experience dilution in its earnings per share.

Management of Debt Dependent on Cash Flow

An economic downturn may negatively impact the Issuer and the Group's cash flows. Credit and capital markets can be volatile, which could make it more difficult for the Issuer and the Group to obtain additional debt or equity financings in the future. Such constraints could increase the Issuer and the Group's costs of borrowing and could restrict their access to other potential sources of future liquidity.

The Issuer and the Group's failure to have sufficient liquidity to make interest and other payments required by its debt could result in a default of such debt and acceleration of the Issuer and the Group's borrowings, which would have a material adverse effect on the Issuer and the Group's business and financial condition. To the extent the Issuer and the Group incur indebtedness, principal and interest payments on such indebtedness will have to be made when due, regardless of whether sufficient cash flow or income is available. If payments on any debts and obligations are not made when due, it may result in substantial adverse consequences to the Issuer and the Group, including adverse income tax consequences.

Management and Directors

The success of the Issuer is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on the Issuer's business and prospects. There is no assurance the Issuer can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Issuer and its prospects.

The Issuer has made certain forward-looking statements in this Prospectus regarding the future plans and intentions of the Issuer. Investors are cautioned that while the Issuer presently believes such statements to be accurate, the current Board of Directors and management of the Issuer do not have the power to irrevocably bind future Boards of Directors, management or shareholders of the Issuer and, accordingly, cannot guarantee that such plans and intentions will be fulfilled by the Issuer, if any.

Litigation

The Issuer may from time to time be involved in various claims, legal proceedings and disputes arising from disputes in the ordinary course of business. If such disputes arise and the Issuer is unable to resolve these disputes favourably, it may have a material and adverse effect on the Issuer's profitability or results of operations and financial condition.

Conflicts of Interest

Certain of the directors of the Issuer serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the board of directors of the Issuer, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. It may occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. The directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. In determining whether or not the Issuer will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Issuer may be exposed and its financial position at that time.

Dividends

The Issuer does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Epidemics and Pandemics

The Issuer faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Issuer's business could be adversely impacted by the effects of the novel strain of coronavirus ("**COVID-19**") pandemic or other epidemics and/or pandemics. In December 2019, COVID-19 emerged in China and the virus has now spread to several other countries and regions, including Canada and the Europe, and infections have been reported globally. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The extent to which COVID-19 impacts the Issuer's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic (including recommendations from public health officials). In particular, the continued spread of COVID-19 globally could materially and adversely impact the Issuer's business including without limitation, store or facility closures or reduced operational hours or service methods, employee health, workforce productivity, reduced access to supply, increased insurance premiums, limitations on travel, the availability of experts and personnel and other factors that will depend on future developments beyond the Issuer's control, which may have a material and adverse effect on its business, financial condition and results of operations. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased costs as a result of these health risks. In addition, the COVID-19 pandemic represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Issuer.

PROMOTERS

Nile Flow is considered a promoter of the Issuer within the meaning of the *Securities Act* (British Columbia) as it has taken part in the substantial reorganization of the Issuer and holds over 10% of the issued and outstanding Common Shares of the Issuer. As at the date of this Prospectus, Nile Flow holds 40,792,983 (55%) of the issued and outstanding Common Shares of the Issuer.

Callan is also considered to be a promoter of the Issuer within the meaning of the *Securities Act* (British Columbia) as it has taken part in the substantial reorganization of the Issuer and holds over 10% of the issued and outstanding Common Shares of the Issuer. As at the date of this Prospectus, Callan holds 33,376,077 (45%) of the issued and outstanding Common Shares of the Issuer.

LEGAL PROCEEDINGS

Neither the Issuer nor Rektron AQ UK has or has been the subject of any legal proceedings, penalties or sanctions imposed by a court or regulatory authority, or settlement agreements before a court or regulatory, and no such legal proceedings, penalties or sanctions are known by the Issuer or Rektron AQ UK to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors, senior officers and principal shareholders of the Issuer, a person or company that beneficially owns or controls or directs, directly or indirectly more than 10% of the Common Shares of the Issuer, or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which the Issuer or its subsidiaries have participated within the three year period prior to the date of this Prospectus, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Issuer. See "*Statement* *of Executive Compensation*” and “*Description of the Business*”.

RELATIONSHIP BETWEEN ISSUER AND AGENT

The Issuer is not a "related issuer" or connected issuer to the Agent as such terms are utilized in National Instrument 33-105 – Underwriting Conflicts.

AUDITORS

The auditor of the Issuer in the UK is Goldwyns, Chartered Accountants & Business Advisors, of 109 Baker Street, London, UK, W1U 6RP (“**Goldwyns**”) and Fareed Sheik & Co Chartered Professional Accountants, of Suite 100, 3034 Palstan Road, Mississauga, Ontario L4Y 2Z6 (“**Fareed Sheik & Co**”).

Goldwyns audited the financial statements of Rektron AQ UK for the year ended July 31, 2023 and issued an auditor's report dated February 7, 2024. As at February 7, 2024, Goldwyns was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board.

Fareed Sheik & Co audited the financial statements of the Issuer for the year ended July 31, 2023 and issued an auditor's report dated December 4, 2023. As at December 4, 2023, Fareed Sheik & Co was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Issuer is Odyssey Trust Company, of 350 – 409 Granville Street Vancouver BC V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Issuer to the date hereof which are currently in effect and considered to be material:

1. Share sale and purchase agreement dated August 13, 2019, made between DLH-RB, subsidiary of the Issuer and Mr. Yuriy Peshkov Inc. with respect to assets of Inland;
2. Share sale and purchase agreement dated August 13, 2019, made between DLH-RB, subsidiary of the Issuer and Mr. Yuriy Peshkov Inc. with respect to assets of RBB;
3. MACA Engagement Letter dated July 21, 2022 between Rektron AQ UK and MidAtlantic;
4. Stock Option Plan approved by the Board of Directors on May 4, 2023 referred to under “Options to Purchase Securities”
5. Share Exchange Agreement dated May 5, 2023 between the Issuer and Callan and Nile Flow;

6. MACA Amending Agreement dated May 26, 2023 between Rektron AQ UK, MidAtlantic and the Issuer;
7. MACA Second Amending Agreement dated January 29, 2024, between Rektron AQ UK, MidAtlantic and the Issuer;
8. Agency Agreement dated March 4, 2024 between the Issuer and the Agent; and
9. Escrow Agreement dated March 4, 2024 between the Issuer, Odyssey Trust Company and Principals of the Issuer made as of referred to under "Escrowed Securities".

Each of the above agreements are available on the Issuer's SEDAR+ profile at www.sedarplus.ca.

EXPERTS

Except as disclosed below, no person or company whose profession or business gives authority to a report, valuation, statement or opinion and who is named as having prepared or certified a part of this Prospectus or as having prepared or certified a report or valuation described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Issuer or any associate or affiliate of the Issuer.

The auditor of the Issuer is Goldwyns, Chartered Accountants & Business Advisors, in London, UK. Goldwyns has confirmed that it is independent of the Issuer within the meaning of the relevant rules and related interpretations prescribed by the auditing standards set by the International Auditing And Assurance Standards Board any applicable legislation or regulation. Also, the other auditor of the Issuer, Fareed Sheik & Co Chartered Professional Accountants has confirmed that it is independent of the Issuer within the meaning of the relevant rules and related interpretations prescribed by the Rules of Professional Conduct adopted by the Chartered Professional Accountants of Ontario.

Certain legal matters related to this Prospectus will be passed upon on behalf of the Issuer by Lebeuf Legal Inc. and on behalf of the Agent by Vantage Law Corporation. As of the date of this Prospectus, the respective "designated professionals" (as such term is defined in Form 51-102F2 – Annual Information Form) of Lebeuf Legal Inc. and Vantage Law Corporation, do not beneficially own, directly or indirectly, any outstanding securities of the Issuer or any associate or affiliate of the Issuer.

ELIGIBILITY FOR INVESTMENT

In the opinion of the Issuer's counsel, Lebeuf Legal Inc., based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**"), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided the Common Shares are listed on a "designated stock exchange" (as such term is defined in the Tax Act and which currently includes the Exchange) or the Issuer is otherwise a "public corporation" (as such term is defined in the Tax Act) at the particular time, the Common Shares and the Warrants, if issued on the date hereof will at that time be a "qualified investment" under the Tax Act for a trust governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund (a "**RRIF**"), a deferred profit sharing plan, a registered disability savings plan (a "**RDSP**"), a registered education savings plan (a "**RESP**"), a deferred profit sharing plan ("**DPSP**") and a tax-free savings account (a "**TFSA**").

The Common Shares are not currently listed on a "designated stock exchange" and the Issuer is not otherwise a "public corporation" (as such term is defined in the Tax Act). The Issuer has received conditional approval to list the Common Shares on the CSE. Listing will be subject to the Issuer fulfilling all of the requirements of the Exchange. The Issuer will rely upon the Exchange to list the Common Shares on the Listing Date and otherwise proceed in the manner described above to render the Common Shares issued on the Closing Date to be listed on a designated stock exchange within the meaning of the Tax Act at the time of issuance. If the Exchange does not proceed as anticipated, the Common Shares and the Warrants will not be a "qualified investment" as per the Tax Act at the time of Listing Date. It is counsel's understanding that the Listing of the Common Shares on the Exchange is a condition of Closing.

Notwithstanding that the Common Shares and Warrants may be a qualified investment for a DPSP, TFSA, RRSP, RRIF, RDSP or RESP, the holder of the TFSA or the RDSP, the subscriber of the RESP or annuitant of the RRSP or RRIF (as the case may be) will be subject to a penalty tax as set out in the Tax Act if the Common Shares and Warrants are a "prohibited investment" for the purposes of the Tax Act. The Common Shares and Warrants will be a "prohibited investment" if the holder of the TFSA or the RDSP, the subscriber of the RESP or annuitant of the RRSP or RRIF (as the case may be): (i) does not deal at arm's length with the Issuer for purposes of the Tax Act; or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Issuer. In addition, the Common Shares and the Warrants will not be a "prohibited investment", if the Common Shares and Warrants are "excluded property", as defined in the Tax Act, for a TFSA, DPSP, RRSP, RRIF, RDSP or RESP. Prospective holders that intend to hold Common Shares and Warrants in a TFSA, DPSP, RRSP, RRIF, RDSP or RESP are urged to consult their own tax advisers.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Ricardo Phielix, Moises Michan Portillo and Trevor Turner reside outside of Canada and the Issuer's auditor Goldwyns, Chartered Accountants & Business Advisors is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction. They have appointed Mr. Michel Lebeuf, 1435, rue Saint-Alexandre, #300, Montreal, Quebec, H3A 2G4 as agent for service of process in Canada.

Purchasers are advised that it may not be possible for prospective purchasers to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Special Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the Special Warrants are offered to the public under the Prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

OTHER MATERIAL FACTS

As at the most recently completed financial year, the Issuer's subsidiaries Rektron AQ UK and DL Hudson Limited have continuing management agreements with Plutus Partners Limited, a company controlled by Mr. Sanjeev Shah Tolia and Mr. Swapnil Mokashi, the principals of the significant shareholders and promoters Callan and Nile Flow respectively. The management agreements include the management services of Mr. Sanjeev Shah Tolia in his capacity as a director and officer of the various entities within the Group, such as Rektron AQ UK, DL Hudson, DLH Dunes and DLH Istros for a total remuneration of $72,000 per year. Mr. Swapnil Mokashi is also receiving a remuneration of $72,000 per year. Furthermore, services are provided that include traders, operations, accounting, legal and IT, rent and facilities and travel expenses. These agreements contain standard termination provisions and the terms and conditions are in line with market conditions.

FINANCIAL STATEMENTS

Attached as Schedule "B" and forming part of this Prospectus are the audited annual financial statements of Rektron AQ UK for the years ended July 31, 2023, July 31, 2022, July 31, 2021 and Rektron Group Inc.'s unaudited interim financial statements for the three months period ended October 31, 2023. Attached as Schedule "C" and forming part of this Prospectus are the audited financial statements for the Issuer from incorporation to July 31, 2023.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

1. Mandate

The Audit Committee will be responsible for managing, on behalf of shareholders of the Company, the relationship between the Company and the external auditors. In particular, the Audit Committee will have responsibility for the matters set out in this Charter, which include:

a. overseeing the work of external auditors engaged for the purpose of preparing or issuing an auditing report or related work;

b. recommending to the board of directors the nomination and compensation of the external auditors;

c. reviewing significant accounting and reporting issues;

d. reviewing the Company's financial statements, MD&A and earnings press releases before the Company publicly discloses this information;

e. focusing on judgmental areas such as those involving valuations of assets and liabilities;

f. considering management's handling of proposed audit adjustments identified by external auditors;

g. being satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements of the Company;

h. establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

i. evaluating whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities.

2. Membership of the Audit Committee

<u>Composition</u>

The audit committee will be comprised of at least such number of directors as required to satisfy the audit committee composition requirements of National Instrument 52-110, as amended from time to time. Each member will be a director of the Company.

<u>Independence</u>

The Audit Committee will be comprised of a number of independent directors required to enable the Company to satisfy:

a. the independent director requirements for audit committee composition required by National Instrument 52-110, as amended from time to time; and

b. the independent director requirements of the stock exchange on which the Company's shares are traded from time to time.

Chair

The Audit Committee shall select from its membership a chair.

Expertise of Audit Committee Members

Each member of the Audit Committee must be financially literate. Financially literate means the ability to read and understand a set of financial statements that represent a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Financial Expert

The Company will strive to include a financial expert on the Audit Committee. An Audit Committee financial expert means a person having: (i) an understanding of financial statements and accounting principles; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a similar breadth and level of complexity as the Company's statements; (iv) an understanding of internal controls; and (v) an understanding of an Audit Committee's functions.

3. Meetings of the Audit Committee

The Audit Committee must meet in accordance with a schedule established each year by the board of directors, and at other times as the Audit Committee may determine. A quorum for transaction of business in any meeting of the Audit Committee is a majority of members. At least twice a year, the Audit Committee must meet with the Company's chief financial officer and external auditors separately.

4. Responsibilities of the Audit Committee

The Audit Committee will be responsible for managing, on behalf of the shareholders of the Company, the relationship between the Company and the external auditors. In particular, the Audit Committee has the following responsibilities:

<u>External Auditors</u>

a. the Audit Committee must recommend to the board of directors:

    i. the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit or review services for the Company; and
    ii. the compensation of the external auditors;

b. the Audit Committee must be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditors regarding financial reporting;

c. with respect to non-audit services:

    i. the Audit Committee must pre-approve all non-audit services provided to the Company or its subsidiaries by its external auditors or the external auditors of the Company's subsidiaries, except for tax planning and transaction support services in an amount not to exceed C$15,000 for each service in a fiscal year; and

    iii. the Audit Committee must pre-approve all non-audit services provided to the Company or its subsidiaries by its external auditors or the external auditors of the Company's subsidiaries, except de minimis non-audit services as defined in applicable law.

d. the Audit Committee must also:

    i. review the auditors' proposed audit scope and approach;
    ii. review the performance of the auditors; and
    iii. review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors;

Accounting Issues

e. the Audit Committee must:

   i. review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and,
   ii. ask management and the external auditors about significant risks and exposures and plans to minimize such risks.

Financial Statements, MD&A and Press Releases

f. the Audit Committee must:

   i. review the Company's financial statements, MD&A and earnings press releases before the Company publicly discloses this information;

   ii. in reviewing the annual financial statements, determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles;

   iii. pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

   iv. focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses, warranty, professional liability, litigation reserves and other commitments and contingencies;

   v. consider management's handling of proposed audit adjustments identified by the external auditors;

   vi. ensure that the external auditors communicate certain required matters to the committee;

   vii. be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the disclosure referred to in paragraph (f)(i) (above), and must periodically assess the adequacy of those procedures;

   viii. be briefed on how management develops and summarizes quarterly financial information, the extent to which the external auditors review quarterly financial information and whether that review is performed on a pre- or post-issuance basis;

ix. meet with management, either telephonically or in person to review the interim financial statements;

x. to gain insight into the fairness of the interim statements and disclosures, the Audit Committee must obtain explanations from management on whether:

(a) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(b) changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Company's operations and financing practices;

(c) generally accepted accounting principles have been consistently applied;

(d) there are any actual or proposed changes in accounting or financial reporting practices;

(e) there are any significant or unusual events or transactions;

(f) the Company's financial and operating controls are functioning effectively;

(g) the Company has complied with the terms of loan agreements or security indentures; and

(h) the interim financial statements contain adequate and appropriate disclosures;

<u>Compliance with Laws and Regulations</u>

(i) the Audit Committee must:

1. periodically obtain updates from management regarding compliance;

2. be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;

3. review the findings of any examinations by regulatory agencies such as the Ontario Securities Commission; and

4. review, with the Company's counsel, any legal matters that could have a significant impact on the

Company's financial statements;

Employee Complaints

(j) the Audit Committee must establish procedures for:

1. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

2. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other Responsibilities

(k) the Audit Committee must:

1. review and approve the Company's hiring policies of employees and former employees of the present and former external auditors of the Company;

2. evaluate whether management is setting the appropriate tone by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

3. focus on the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;

4. gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

5. periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Corporate Governance and Nominating Committee and the board for approval;

6. review, and if deemed appropriate, approve expense reimbursement requests that are submitted by the chief executive officer or the chief financial officer to the Company for payment;

7. assist the board to identify the principal risks of the Company's business and, with management, establish systems and procedures to ensure that these risks are monitored; and

8. carry out other duties or responsibilities expressly delegated to the Audit Committee by the board.

5. Authority of the Audit Committee

The Audit Committee shall have the authority to:

a. engage independent counsel and other advisors as it determines necessary to carry out its duties;

b. set and pay the compensation for any advisors employed by the Audit Committee; and

c. communicate directly with the internal and external auditors.

SCHEDULE “B”

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2023, JULY 31, 2022, JULY 31, 2021 AND UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED OCTOBER 31, 2023

IFRS Consolidated Report over the Financial Year 2023

1 August 2022 – 31 July 2023

Rektron AQ Limited
Company registration number: 11268548
London, United Kingdom

Index

COMPANY INFORMATION

DIRECTORS:	M.M. PORTILLO S.S. TOLIA
REGISTERED OFFICE:	120 NEW CAVENDISH STREET LONDON W1W 6XX
REGISTERED NUMBER:	11268548 (England and Wales)
SENIOR STATUTORY AUDITOR:	MARTIN MYERS FCA
AUDITORS:	GOLDWYNS CHARTERED ACCOUNTANTS STATUTORY AUDITORS 109 BAKER STREET LONDON W1U 6RP
BANKERS:	HSBC BANK PLC LEVEL 6, 71 QUEEN VICTORIA STREET LONDON EC2V 4AY

STRATEGIC REPORT – MANAGEMENT DISCUSSION & ANALYSIS

Introduction

The directors present their Strategic Report and the Consolidated financial statements of Rektron AQ Ltd. for the year ended 31 July 2023.

Principal activities

Rektron AQ Ltd. (“Rektron” or “the Company”) is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer’s group’s trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

Review of the business
The results of the company are shown in the annexed financial statements to the satisfaction of the Board of Directors and a narrative is included in section B. of the Directors Report.

Principal risks and uncertainties
The main risks identified to the global trading of physical commodities include price volatility, credit risk, financing, cashflows and liquidity risks as well as macro-economic factors that include country, political, community risks, fiscal intervention, climate change and other risks that could impact the operation.

Management continually monitor these key risks and take measures to mitigate these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

For a breakdown of the risks and measures taken by management reference is made to section D. of the Directors report as well as note 12 to the Consolidated Financial Statements.

Future developments
Despite the unpredictable global environment, the Company expects to realize further growth in 2024. The contribution to the growth of revenue and result in the Metals division will come from possible acquisitions as well as an increase in the trading activities.

The oil business is expected to scale up significantly in the coming year with supplies to new clients including refineries and major oil companies. The company is actively structuring supply chains for biofuels to be distributed in Europe from various producers across the globe.

The Company will continue to further develop lateral integration synergies between different divisions as well as vertical integration through creating value through its supply chain and harnessing its global network. There is a cogent focus to systematically expand the Group’s recycling business. Our management team is actively seeking new opportunities in the ETC and Recycling space, allocating manpower to ascertain the feasibility of these projects, and ensuring swift execution.

Key performance indicators
The main indicators are Revenue and Gross margin as well as solvency:

USD 1,000	2023	2022
Revenue	2,027,529	1,593,955
Gross profit	23,597	18,239
Solvency rate	43%	40%

Development and financial performance during the year

Following the growth over the past years, the Company and its Board is elated to report another year with significant growth in revenue and profitability. Inflation and increasing costs in energy prices, volatility in the financial markets along with the geopolitical tensions in Ukraine had an impact in our industry. Due to the business model that focuses on adding value to the supply chain of commodities, both in metals and energy products, the Company was able to benefit from the robust platform that it has built and further enable it to grow in a steady manner. Revenue increased from USD 1.6 billion in 2022 to over USD 2.0 billion in 2023, keeping steady margins of around 1.2% (2022: 1.1%). The solvency rate (total group equity divided by balance sheet total) improved to 43% (2022: 40%).

For further information, reference is made to Section B. of the Directors Report as well as note 2 to the Consolidated Financial Statements concerning segment information.

Financial position at 31 July 2023

The Consolidated Statement of Financial Position shows that the Group Equity increased by USD 13.5 million from prior year end to USD 107.9 million at July 31, 2023.

Employee engagement statement

The Group is committed to being a responsible business and Rektron, therefore, is committed to diversity and open engagement. It is people-orientated and cares about the individual success and well-being of each of its employees, candidates and customers. By working in smaller teams in which key management members participate, misconduct and unethical procedures can be detected quickly and will be addressed promptly by management if such a matter occurs.

Our behavior is aligned with the expectations of our people. People are at the heart of our services. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well -being of our employees is one of our primary considerations in the way we do business.

Business relationships with customers suppliers and other

Rektron values the network that it has and builds extensively to retain and expand the existing and new relationships with suppliers, customers, financial partners and other stakeholders.

Community and environment

The company is committed to social responsibility and environmental sustainability, that is why the described strategy focusses on the developments of ETC ("Energy Transition Commodities") and recycling. The Group's approach is to use its position of strength to create positive change for the people and communities with which it interacts.

Shareholders relationship

The Board seeks to ensure that communications are clear and its actions are in accordance with the Group's strategic aims to promote the long term success the Group. The Board is continually seeking ways in which to engage with shareholders and investors.

ON BEHALF OF THE BOARD

London, 7 February 2024

(S) S.S. Tolia

S.S. Tolia
Director

(S) M.M. Portillo

M.M. Portillo
Director

Director's Report

A. General overview and strategy

Rektron AQ Ltd. (“Rektron” or the “Company”) is the holding company and parent company of DL Hudson. DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group’s global trading operations. The holding company structure serves in managing the primary shareholder interests in the most efficient manner and ensuring efficient execution at the operational level. Rektron is a global commodities trading Group headquartered in London, UK. The Issuer’s business strategy entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Issuer transacts across all compliant markets. Furthermore, Rektron management is cogently involved in its green transition initiatives.

The Company has presence in 10 countries and is organized in 2 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (aluminium and zinc) & ETCs (Copper, Nickel, Cobalt & Lithium), Recycled metals (Recycled Copper, Aluminium & Nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC, it has expanded its portfolio into bulk products (concentrates, manganese, etc.). Trades are executed through the headquarters in London or through the local teams.

2. OIL DIVISION

The company operates in niche markets for EURO VI compliant fuel oil. This division is preparing itself for further expansion in the field of crude oil trading.

B. Business performance

Business performance
Following the growth over the past years, the Company and its Board are elated to report another year with significant growth in revenue and profitability.
Due to the business model that focuses on adding value to the supply chain of commodities, both in metals and energy products, the Company was able to benefit from the robust platform that it has built and further enable it to grow in steady manner. Revenue increased from USD 1.6 billion in 2022 to over USD 2.0 billion in 2023, keeping steady margins of around 1.2% (2022: 1.1%). The solvency rate (total group equity divided by balance sheet total) improved to 43% (2022: 40%).

The table below provides a segmented overview of the revenue and gross profit ("GM") of the Company:

	Revenue		Gross Profit	
USD 1,000	2023	2022	2023	2022
Region				
Europe	451,594	383,946	2,645	2,045
Middle East	3,483	76,500	32	612
Asia-Pacific	1,571,457	1,093,307	20,892	14,455
Other	995	40,202	28	1,127
Total	**2,027,529**	**1,593,955**	**23,597**	**18,239**

The Company was able to benefit from the continued demand in Aluminum. The characteristics of this metal are favorable to a variety of industries due to its strength, conductivity and heat resistance. The increase is USD 512.7 million with a slight increase in gross profit.

Another trend that worked in the Companies favor, is the fact that low margins at Chinese Steelmakers have boosted demand for lower-grade iron ore products. Our subsidiary DL Hudson Dunes specializes in ores and was able to secure the sourcing of this material at competitive pricing, leading to an increase in revenue of USD 320.9 million. The margins of these lower grade products are slightly lower compared to the higher grade ores.

These positive effects are compensated for by a decrease of USD 443.8 million in the revenue related to Nickel. This market segment has been impacted by volume surpluses in the last 2 years and are expected to continue into the next year. The advantage of the Company's business model is that it can swiftly adapt to changing market conditions. Hence, the switch to Aluminum and Ores.

Although the consensus is that demand for Zinc is lower, the Company increased its revenue by USD 109.9 million, albeit at lower gross margins. This effect is offset by Copper, where the company moved a similar volume as last year, but the drop in copper prices decreased the revenue by USD 120.0 million. Margins remained stable.

In general, the increase in revenue is due to the higher volumes of traded Aluminum and Iron Ore. Zinc aided in offsetting the negative price effects in Copper.

The company's revenues increased in Asia which are mainly related to Aluminum and Iron Ore which in turn was offset by the decrease in Nickel. In summary, the gross profit remained stable at 1.3%. European demand was stable, where the increase in Aluminum compensated for decreases in Nickel and Copper. Gross Profit increased slightly from 0.5% to 0.6%. In the Middle East, the company primarily traded Nickel in the previous year. The volume reflected in this year's figures include Aluminum.

C. Outlook

1. General

The Company's parent company, Rektron Group Inc. is preparing for an Initial Public Offering on the Canadian Stock Exchange. The impact of this event will significantly benefit the group. Apart from the liquidity that this share issue will bring to the group, it will improve the Group's stature from the transparency requirements to reporting obligations. So far, the Board has received positive feedback on the public offering from financial institutions that are currently financing trades or have indicated to be willing to do so in the future.

Both liquidity and increased financing capacity will enable the Company to scale its business further. This growth will come from the expansion of its current energy and metals book, further development of sustainable sources of commodities that include LNG, LPG, Biofuels and recycled metals. Another area for further diversification is Steel and Soft Commodities.

The Company is also open to investing in assets to continue to further developing a lateral integration strategy with synergies between different divisions, as well as vertical integration that create value through the supply chain by harnessing its global network. There is a cogent focus to systematically expand the Group's recycling business.

DL Hudson's mid- and long-term trajectory is positive, and it expects to grow its revenue as well increase its operating margins and EBIDTA. These expectations are based on present demand as well as entering into long term offtake agreements with both current and new clients. Our view is that the global economy will continue to recover in the next years. As our volumes increase, the Group seeks better pricing and terms from its suppliers that ultimately benefit the bottom-line.

The Company remains optimistic in their outlook and intends to expand further in their core markets.

The group has historically maintained a disciplined capital strategy that balances growth, financial leverage, access to liquidity, and returns to shareholders. Its approach has provided them with a strong capital structure and liquidity position that the Group believes will enable them to weather even unexpected downturns.

2. Financing

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained. In order to further grow the trading activities, additional (trade) finance capacity is being developed with the group's current and new banking relationships.

3. Employees

As has been the case over the last few years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will only be employed, when the growth in our activities requires.

D. Risks and Uncertainties

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

E. Additional Statutory Disclosures

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2022 to the date of this report.

- Mr. M. PORTILLO
- Mr. S.S. TOLIA

FINANCIAL INSTRUMENTS

The various risks, including liquidity risk, foreign currency risk and credit risk, is described in section D. of this directors report.

The financial risk management objectives and policies, along with a description of the use of financial instruments are set out in note 12 to the financial statements.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is categorized as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The company's energy and carbon information is therefore not disclosed in this report.

Greenhouse Gas Emissions

The Group has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) and Limited Liability Partnership (Energy and Carbon report) Regulations 2018 on energy use and greenhouse gas (GHG) emissions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors report (that includes the group strategy and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state that the financial statements comply with IFRS;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's· auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD

London, 7 February 2024

(S) S.S. Tolia	*(S) M.M. Portillo*
S.S. Tolia	M.M. Portillo
Director	Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rektron AQ Ltd.

Opinion

We have audited the IFRS Consolidated Report over the Financial Year 2023 of Rektron AQ Ltd. (hereinafter: the "financial statements"), which comprise:

- the statement of financial position as at July 31, 2023 and 2022;
- the statement of comprehensive income for the years then ended;
- statement of changes in equity for the years then ended;
- statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at July 31, 2023 and 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, and we have fulfilled our ISA 700 (REVISED), FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS, ISA 710, COMPARATIVES INFORMATION – CORRESPONDING FIGURES AND COMPARATIVE INFORMATION, and other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of the auditor’s responsibilities for the audit of the financial is located at Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor’s report.

(S) Goldwyns

MARTIN MYERS FCA (Senior Statutory Auditor)
FOR AND ON BEHALF OF GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON
W1U 6RP

Date: 7 February 2024

CONSOLIDATED FINANCIAL STATEMENTS

A. Consolidated statement of income

USD 1,000	Note	2023	2022
Continuing Operations			
Revenue	2	**2,027,529**	**1,593,955**
Cost of sales		-2,003,932	-1,575,716
Gross profit	**2**	**23,597**	**18,239**
Operating expenses			
Selling expenses	3	-2,052	-871
Administrative expenses	3	-8,689	-7,343
		-10,741	**-8,214**
Operating profit		**12,856**	**10,025**
Non-operating expenses			
Financial income and expense	4	609	16,026
Net finance cost		**609**	**16,026**
Profit before tax		**13,465**	**26,051**
Income tax expense	5	-201	-232
Profit from continuing operations		**13,264**	**25,819**
Profit		**13,264**	**25,819**
Profit attributable to:			
Equity holders of Rektron AQ Limited		13,523	26,040
Non-controlling interests		-259	-221
		13,264	**25,819**

B. Consolidated statement of comprehensive income

USD 1,000	2023	2022
Profit	**13,264**	**25,819**
Other comprehensive income		
Translation differences foreign associated companies	349	-485
Attribution to hedge reserves	-	66
Total comprehensive income	**13,613**	**25,400**
Total comprehensive income atrributable to:		
Equity holders of Rektron AQ Limited	13,872	25,621
Non-controlling interests	-259	-221
Total result	**13,613**	**25,400**

C. Consolidated statement of financial position

USD 1,000	Note	31/07/2023	31/07/2022
Assets			
Non-current assets			
Property plant and equipment	6	37,455	39,500
Total non-current assets		**37,455**	**39,500**
Current assets			
Inventories	7	-	122
Receivables, prepayments and accrued income	8	201,931	187,399
Cash and cash equivalents	9	9,783	11,847
Total current assets		**211,714**	**199,368**
Total assets		**249,169**	**238,868**
Equity and liabilities			
Equity			
Share capital		148	1
Reserves and retained earnings		101,482	87,757
Equity attributable to the owners of the company	10	101,630	87,758
Non-controlling interest	10	6,410	6,669
Total equity		**108,040**	**94,427**
Non-current liabilities			
Loans and borrowings	11	1,933	-
Total non-current liabilities		**1,933**	**-**
Current liabilities and accruals	11	139,196	144,441
Total current liabilities		**139,196**	**144,441**
Total equity and liabilities		**249,169**	**238,868**

London, 7 February 2024

The Consolidated financial statements were approved and authorized for issue by the board of directors and were signed on its behalf by:

(S) S.S. Tolia
____
S.S. Tolia
Director

(S) M.M. Portillo
____
M.M. Portillo
Director

D. Consolidated statement of cash flows

USD 1,000	2023	2022
Operating profit	**12,856**	**10,025**
Adjustments for:		
- Depreciation (and other changes in value)	2,046	1,754
Working capital changes		
- Movements trade receivables	-22,164	-44,824
- Movements inventories	122	12,553
- Movements on current assets	7,632	-5,968
- Movements trade payables	-2,538	6,116
- Movements other payables and liabilities	-3,358	-3,432
- Movements trade finance	650	34,076
	-19,656	**-1,479**
Interest paid after corporate income tax		
Corporate income tax expense on operating activities	-201	-232
	-201	**-232**
Cash flow from operating activities	**-4,955**	**10,068**
Investments in property plant and equipment	-	-207
Cash flow from investment activities	**-**	**1,411**
Receipt of long-term liabilities	1,933	-47
Repayment of short term liabilities	-	-949
Other finance income	5,951	55
Other finance expense	-1,312	-1,896
Interest paid	-3,918	-2,134
Cash flow from financing activities	**2,654**	**-4,971**
Exchange rate and translation differences on movements in	237	-418
Movements in cash	-2,064	6,090
Opening balance	11,847	5,757
Closing balance	9,783	11,847
Movement in cash	-2,064	6,090

E. Consolidated statement of changes in equity

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	**Legal entity share in**	Non-controlling interest	**Group Equity**
2022										
Opening Balance 01/08/2021	**1**	**20,719**	**93**	**-**	**26,619**	**10,110**	**4,595**	**62,137**	**6,890**	**69,027**
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	26,040	26,040	-221	25,819
Attribution to hedge reserve	-	-	52	-	14	-	-	66	-	66
Foreign currency translation differences	-	-	-	-485	-	-	-	-485	-	-485
Total comprehensive income and expense for the period	-	-	52	-485	14		26,040	**25,621**	-221	**25,400**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	4,595	-4,595	-	-	-
Total other movements in equity	-	-	-	-	-	4,595	-4,595	**-**	-	**-**
Closing balance 30/04/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**14,705**	**26,040**	**87,758**	**6,669**	**94,427**
2023										
Opening Balance 01/08/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**14,705**	**26,040**	**87,758**	**6,669**	**94,427**
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	13,523	13,523	-259	13,264
Foreign currency translation differences	-	-	-	349	-	-	-	349	-	349
Total comprehensive income and expense for the period	-	-	-	349	-	-	13,523	**13,872**	-259	**13,613**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	26,040	-26,040	-	-	-
Issue of new shares	147	-	-	-	-147		-	-		-
Total other movements in equity	147	-	-	-	-147	26,040	-26,040	**-**	-	**-**
Closing balance 31/07/2023	**148**	**20,719**	**145**	**-136**	**26,486**	**40,745**	**13,523**	**101,630**	**6,410**	**108,040**

F. Notes to the Consolidated Financial Statements

Note 1 – Accounting Policies

1.1 Corporate information

Rektron AQ Limited (“Rektron” or “the Company”) is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer’s group’s trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The Company has its legal seat at 120 New Cavendish Street, London, United Kingdom, W1W6XX and is registered with the Companies House under number 11268548.

The Company was incorporated as a limited liability company under the Companies Act 2006 of the United Kingdom for the purpose of establishing an industrial holding company.

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and its interpretations adopted by the International Accounting Standards Board (IASB). The objective of this report is to provide an overview of the activities of the Company and its subsidiaries under IFRS standards and for company-only financial statements, reference is made to the statutory accounts.

This is report does not replace the Consolidated Annual Report 2023 that serves as the statutory (consolidated) accounts dated 30 November 2023, that are prepared in accordance with the International Financial Reporting Standards as adopted by the United Kingdom, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in the United Kingdom.

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The functional currency of the group is U.S. Dollar.

1.4 New and revised IFRSs

A number of amendments is effective for annual periods that begin on or after 1 January 2021 and have been adapted in preparing these consolidated financial statements. None of these amendments had a significant effect on the financial statements.

The following new and revised IFRSs that are relevant for the Company have been issued but are not yet effective:

New or amended standards and interpretations that became effective on 1 January 2022 The amended standards and interpretations that came into effect in 2022 are listed below.
• Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective for the financial year beginning 1 January 2022)
• Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (effective for the financial year beginning 1 January 2022)
• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (effective for the financial year beginning 1 January 2022)
• Improvements to IFRS Standards 2018-2020 (including amendments to IFRS 9 Financial Instruments: fees for derecognition of financial liabilities, effective for the financial year beginning 1 January 2022) New and amended standards and interpretations accepted by the European Union that will be effective for financial years starting on or after 1 January 2023 are not yet being applied by the Group The following new and/or amended IFRS standards have been adopted, but are not yet effective, and therefore have not yet been applied by the Group:
• Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies (effective for the financial year beginning 1 January 2023)
• Amendments to IAS 8: Definition of accounting estimates (effective for the financial year beginning 1 January 2023)
• Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction (effective for the financial year beginning 1 January 2023)

The Directors have evaluated the impact that these new standards and interpretations and consider them as not material on the financial statements of the Company in the current version of IFRS.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into US Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.9 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.11 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

- Plant and Equipment: 4% - 33%
- Other operating assets: 2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.12 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. The Group classifies its financial instruments as either financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

- Amortized cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.
- FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.
- FVTPL : Assets that do not meet the criteria for amortized cost or FVTOCI.

Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement. Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. Dividends on FVTPL equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.
Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivates are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortized cost adjusted for any loss allowance.

Financial liabilities (except derivates and liabilities with provisional price features) are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost. Derivates and financial liabilities including provisional price features are carried at FVTPL.

1.16 Financial Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company applies the simplified approach to measure the loss allowance for trade receivables classified as amortized cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortized cost the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.17 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.18 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.19 DERIVATIVES AND HEDGING ACTIVITIES

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.
A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.20 CRITICAL ACCOUNTING POLICIES, KEY JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical for understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

NOTE 2 – SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in three segments, Energy, Metals and Soft commodities and other. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross margin. Overhead expenses, assets and liabilities are not allocated to the various segments.

	Revenue		Gross Profit	
USD 1,000	31/07/2023	31/07/2022	31/07/2023	31/07/2022
Region				
Metals	1,935,868	1,577,424	21,036	16,646
Oil and other	91,661	16,531	2,561	1,593
Total	**2,027,529**	**1,593,955**	**23,597**	**18,239**

2.2 GEOGRAPHICAL INFORMATION

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

	Revenue		Gross Profit	
USD 1,000	2023	2022	2023	2022
Region				
Europe	451,594	383,946	2,645	2,045
Middle East	3,483	76,500	32	612
Asia-Pacific	1,571,457	1,093,307	20,892	14,455
Other	995	40,202	28	1,127
Total	**2,027,529**	**1,593,955**	**23,597**	**18,239**

The allocation of Revenue is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

NOTE 3 – EXPENSES

USD 1,000	2023	2022
Selling expenses		
Personnel	2,034	864
Sales and marketing expenses	18	7
Total selling expenses	**2,052**	**871**
Administrative expenses		
Personnel	2,434	1,952
Professional services fees	2,305	2,090
Facilities and offices	1,069	938
Other operating expenses	835	609
Depreciation and amortization	2,046	1,754
Total administrative expenses	**8,689**	**7,343**
Operating expenses	**10,740**	**8,214**

Depreciation and amortization relates to the depreciation of PPE and reference is made to note 6.

Employee benefit expenses and similar

The overview below covers both management and employees. The breakdown of the Director's remuneration is covered in Note 13.

USD 1,000	2023	2022
Wages	2,699	2,044
Social security costs	106	16
Other pension costs	105	26
Professional fees	1,558	730
Total	**4,468**	**2,816**
Reconciliation:		
Selling expenses - personnel	2,034	864
Administrative expenses - personnel	2,434	1,952
Total	**4,468**	**2,816**

The professional fees mentioned is related to people that work for the company on a contract basis.

The number of persons working for the Group is as follows:

Number of persons	2023	2022
Management	4	4
Sales	11	11
Administration	12	10
Total	**27**	**25**

For the auditors remuneration, reference is made to Note 14.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	2023	2022
Financial income and expense		
Interest expenses and similar charges	-3,918	-2,133
Other financing income	5,951	-897
Results from bargain purchase	-	20,000
Other financing expenses	-1,312	-999
Total financial income and expense	**721**	**15,971**
Income from foreign exchange		
Total result from foreign exchange	**-112**	**55**
Total financial income and expense	**609**	**16,026**

Other financing income is related to the risk management activities in relation to the physical trading activities as well as the treasury activities of any excess cash that is available within the group. An amount of approximately USD 3.4 million is related to the physical trading activity and an amount of USD 1.1 million is unrealized fair value adjustment of the financial instruments on the balance sheet. These amounts correspond with the USD 897 thousand of the prior year. In principle, these amounts should be allocated to the Cost of Sales, however, IFRS does not allow this without meeting strict requirements. The remaining USD 1.4 million is financial income in relation to the available cash balance of the group that is actively managed.

The Results from bargain purchase (income) of USD 20 million in 2022 contain the effects of the acquisition of DL Hudson Dunes General Trading LLC and reference is made to note 18.

NOTE 5 – TAXATION

Income taxes consist of the following:

USD 1,000	2023	2022
Current income tax expense	-201	-232
Deferred income tax	-	-
Total income tax expense	**-201**	**-232**

USD 1,000		2023		2022
	%	USD	%	USD
Factors affecting tax expense				
Taxable result		13,465		26,051
Tax burden based on UK nominal rate	25.0%	3,366	19.0%	4,950
Exempted Income	-1.9%	-256	-14.6%	-3,800
Tax rate differences.	-21.6%	-2,909	-3.5%	-918
Taxation on result on ordinary activities	**1.5%**	**201**	**0.9%**	**232**

The effective Group tax rate differs from the statutory UK income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

From April 1, 2023, the UK corporate tax rate increased to 25%.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6 – PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

USD 1,000	Plant and machinery	Other operating assets	**Total**
Gross carrying amount			
1 August 2021	42,761	-	42,761
Additions and other movements	-103	310	207
31 July 2022	**42,658**	**310**	**42,968**
Accumulated depreciation and impairments			
1 August 2021	1,714	-	1,714
Depreciation	1,744	10	1,754
31 July 2022	**3,458**	**10**	**3,468**
Net book value at 31 July 2022	**39,200**	**300**	**39,500**

USD 1,000	Plant and machinery	Other operating assets	**Total**
Gross carrying amount			
1 August 2022	42,658	310	42,968
Additions and other movements	-	1	1
31 July 2023	**42,658**	**311**	**42,969**
Accumulated depreciation and impairments			
1 August 2022	3,458	10	3,468
Depreciation	1,745	301	2,046
31 July 2023	**5,203**	**311**	**5,514**
Net book value at 31 July 2023	**37,455**	**-**	**37,455**

Plant and Machinery

Plant and Machinery consist of 7 bunkers on the Danube River to supply fuel to all the major cruise and cargo shipping companies in the region. Through these strategic locations, the company can perform physical bunkering along the whole Danube River.
The Danube River is the second largest in Europe and flows through ten modern-day European nations: Romania, Hungary, Serbia, Austria, Germany, Bulgaria, Slovakia, Croatia, Ukraine, and Moldova. This river is part of the Trans-European Transport Network ("TEN-T") and it is a life line for many emerging economies in the region as well as strategic given its position between Europe and Asia.

Impairments

Management has considered all the factors and concluded on the basis of the internal documents and management reports available (including a recently updated valuation) that no impairment is required.

NOTE 7 – INVENTORIES

USD 1,000	31/07/2023	31/07/2022
Trading		
Finished products	-	122
Total inventories	**-**	**122**

The Trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership. At July 31, 2023, the Company had no inventories.

No impairment has been recorded for the inventories during the year.

NOTE 8 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

USD 1,000	31/07/2023	31/07/2022
Trade receivables	194,606	172,442
Other receivables	5,564	7,356
Financial instruments	1,551	3,251
Taxation	25	142
Prepayments and accrued income	185	4,208
Total receivables, prepayments and accrued income	**201,931**	**187,399**

None of the Trade receivables are overdue and the credit risk of these trade receivables is insured at renowned insurance firms.

USD 1,000	31/07/2023	31/07/2022
Not yet due	194,606	172,442
0 - 30 days overdue	-	-
30 - 60 days overdue	-	-
60 - 90 days overdue	-	-
>90 days overdue	-	-
Total	**194,606**	**172,442**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprises of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

NOTE 9 – CASH AND CASH EQUIVALENTS

The total cash position amounts to USD 10.0 million of which an amount of USD 84.8 thousand is restricted. This restricted cash is deposited at renowned trade finance and instruments institutions and serve as cash collateral for the corresponding transactions at 31 July 2023. This collateral has a self-liquidating character, which means that the cash becomes unrestricted upon completion of the trade finance transaction.

NOTE 10 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

ISUED SHARE CAPITAL

The issued share capital of the Company consists of the following:

	31.7.2023			31.7.2022		
Class	number	par value in USD	total amount in USD	number	par value in USD	total amount
Ordinary shares	74,168,960	0.002	148,337.92	612.00	1.00	612.00
Total	**74,168,960**		**148,338**	**612**		**612**

On the 5 January 2023, 55.080 new shares of GBP 1.00 were issued against Other Reserves, that were later converted in to USD at a rate of 1.2008.

Subsequently, the shares were split and revalued to USD 0.002 each, leading to a total number of shares outstanding of 33,070,032.

On 4 May 2023 40.792.928 shares were issued against Other Reserves at an amount of USD 0.002 each, leading to a total number of outstanding shares of 74,168,960 of USD 0.002 each (total USD 148 thousand).

HEDGE RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

TRANSLATION RESERVE

The translation reserve comprise of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

OTHER RESERVE

The other reserve comprises of accumulated other comprehensive income of the (past) financial years.

NOTE 11 – LIABILITIES

USD 1,000	31/07/2023	31/07/2022
Long-term liabilities		
Subordinated related party loan	1,933	-
	1,933	**-**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	36,591	35,941
Trade payables	101,605	104,143
Related parties payable	-	602
Taxes and social security charges payable	306	357
Financial instruments	352	3,104
Other current liabilities	39	49
Accrued liabilities and deferred income	303	245
Total Current Liabilities	**139,196**	**144,441**
Total Liabilities	**141,129**	**144,441**

CURRENT LIABILITIES AND ACCRUALS

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the Company executes. The pricing of the facilities is within market standards. In general these working capital finance facilities take as a security the underlying materials and/or corresponding receivable including the cargo and credit insurances.

Financial instruments are comprised of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

UNCOMMITTED WORKING CAPITAL FINANCE LINES

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of the framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	180	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	48	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**378**	

The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to the Company. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to the Company's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of the Company's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to the Company's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Receivables Financing**: This is generally used for the metals business. the Company provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. The Company, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point the Company is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

At balance sheet date, an amount of USD 36,591 thousand is utilized and reflected in the balance sheet under current liabilities (Bank loans and similar >1year).

NOTE 12 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2022 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	3,251	184,148	187,399	3,251	-	-	3,251
Cash and cash equivalents	9	11,847	-	11,847	11,847	-	-	11,847
Total financial assets		**15,098**	**184,148**	**199,246**	**15,098**	**-**	**-**	**15,098**
Borrowings	11	-	-	-	-	-	-	-
Current liabilities and accruals	11	3,104	141,337	144,441	3,104	-	-	3,104
Total financial liabilities		**3,104**	**141,337**	**144,441**	**3,104**	**-**	**-**	**3,104**
31 July 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	9	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings	11	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	11	352	138,844	139,196	352	-	-	352
Total financial liabilities		**352**	**140,777**	**141,129**	**352**	**-**	**-**	**352**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The trading activities mainly enter into USD transactions on both the purchase and selling side. In some circumstances, the Company sells to customers in local currency (mainly EUR and GBP). In such case, the risk is mitigated as much as possible through adequate hedging instruments.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 July 2022, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase

and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options.

USD 1,000	31/Jul/23	31/Jul/22
Commmodity related contracts		
Futures	1,443	7,036
Options	108	-
Total Current assets FVTPL	**1,551**	**7,036**
Commmodity related contracts		
Futures	325	6,990
Options	27	-
Total Current liabilities FVTPL	**352**	**6,990**

The total expense in the consolidated statement of income amounts to EUR 1.098 thousand. All derivatives mature in 2024.

NOTE 13 – REMUNERATION OF KEY MANAGEMENT

The remuneration of key management of the legal entity is as follows:

USD 1,000	31/07/2023	31/07/2022
short-term employee benefits	550	144
post-employment benefits	-	-
other long-term benefits	-	-
Total	**550**	**144**

NOTE 14 – AUDITORS' REMUNERATION

The fees payable to the auditors in and their associates for the audit of the company's financial statements amounts to USD 75 thousand of which USD 5 thousand is related to tax services (2022: USD 33 thousand including taxation services).

NOTE 15 – TRANSACTIONS WITH RELATED PARTIES

In 2023, the Company conducted various transactions with related parties.

USD 1,000	Note	31/Jul/23	31/Jul/22
Related parties <1yr	10	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	11	1,933	-
Related parties <1yr	11	-	602
Total Liabilities		**1,933**	**602**

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

In light of the IPO, the shareholders of the Company decided to simplify the group structure and take out the dormant companies DLH Petroli UK Ltd. and its subsidiary DLH Petroli Italia Srl. The shareholders acquired DLH Petroli UK Ltd. from DL Hudson Ltd. for USD 1.00, which corresponds to the book value as well as the market value of these dormant companies. There are no liabilities or debts associated with these dormant companies.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000		31/07/2023
Plutus Partners Ltd.		2,236
Traders	609	
Operations	393	
Accounting, Legal and IT	229	
Rent and facilities	143	
Shareholders	861	
CEO - Rektron Group Inc.		153
CFO - Rektron Group Inc.		60
Total		**2,449**

Plutus Partners Ltd. (hereinafter "Plutus) is the management company of the shareholders that charges the above mentioned services to the Company. As noted from above, Plutus provides services in the field of management consulting by providing traders, operational staff, accounting/legal/IT staff as well as the management services by the shareholders (Mr. Tolia and Mr. Mokashi) including the related travel expenses of these people, and the rent of the office. The services provided by the COO in his capacity as director of the company is included in the line item "Operations" and amounts to USD 110 thousand. Future compensation after the IPO is subject to review and approval by the newly established Remuneration Committee of Rektron Group Inc.

This business relationship between Plutus and the Company was established since the acquisition of DL Hudson and the incorporation of the Company. It provides substance to Plutus and simplifies the accounting and HR related matters for the Company. The measurement of costs is based on a cost plus basis with a maximum mark-up of 5 to 10%. This contract has an indefinite term, but has the usual termination clauses. Due to the Initial Public Offering, the services of Plutus will be will be reduced to the compensation of the shareholders for their respective roles in the Company only and will be subject to the review and approval by the newly established Remuneration Committee of Rektron Group Inc.

The CEO's remuneration based on the existing pre-IPO contract provides for a minimum base compensation in hours. As a result of the IPO and year-end process, additional hours were required and as such additional billings have gone through.

The CFO of Rektron Group Inc. was hired in the third quarter.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. As at July 31, 2023 the Group is not aware of any claims that have been assessed to be probable.

NOTE 17 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2023	2022	Registered address
Consolidated (direct)				
DL Hudson Ltd.	United Kingdom	100.0%	100.0%	120 New Cavendish Street, London
Consolidated (indirect)				
DL Hudson Dunes LLC	United Emirates	100.0%	100.0%	33/1, 50b Street, Al Souq Al Kabeer, Dubai
DL Hudson Germany GmbH	Germany	100.0%	100.0%	Ludwig-Erhard-Allee 10, Karlsruhe
DLH Istros Ltd.	United Kingdom	86.7%	86.7%	120 New Cavendish Street, London
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%	Ajeltake road, Ajeltake Island, Majuro
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%	Vatroslav Lisinski 19, Belgrade-Palilula
Non-consolidated (Associates)				
DLH Petroli UK Ltd.	United Kingdom	0.0%	75.0%	120 New Cavendish Street, London
DLH Petroli Italia Srl.	Italy	0.0%	100.0%	Piazza Vittorio Emanuele II 20, Manduria

DL Hudson Ltd. Issued a preference share in the course of 2022 in relation to the acquisition of DL Hudson Dunes LLC. This share is less than 0,1%, but gives the holder a right of an additional 2% profit allocation of DL Hudson Dunes LLC.

DL Hudson Dunes LLC was acquired as of 1 August 2021.

In light of the IPO, the shareholders of the Company decided to simplify the group structure and take out the dormant companies DLH Petroli UK Ltd. and its subsidiary DLH Petroli Italia Srl. The shareholders acquired DLH Petroli UK Ltd. from DL Hudson Ltd. for USD 1.00, which corresponds to the book value as well as the market value of these dormant companies. Note that these Non-consolidating entities were not controlled by the Group in accordance with IFRS 3 despite having a majority shareholding.

The minority shareholder of DLH Istros Ltd. has preference shares that entitle the holder to an additional 2% profit allocation of DLH Istros Ltd.

NOTE 18 – BUSINESS COMBINATIONS

In the financial year 2023, no business combinations took place.

The following is related to the financial year 2022.

USD 1,000	DLH Dunes LLC
Non-current assets	
Property plant and equipment	202
Intangible fixed assets	-
Financial fixed assets	-
Total non-current assets	**202**
Current assets	
Inventories	9,400
Receivables, prepayments and accrued income	31,333
Cash and cash equivalents	1,250
Total current assets	**41,983**
Non Controlling interest	**-**
Long-term liabilities	-
Deferred tax liabilities	-
Current liabilities and accruals	22,185
Total liabilities	**22,185**
Total fair value of net asset acquired	20,000

With retro-active effect DL Hudson Ltd. finalized the acquisition on 16 July 2022 in which it acquired 100% of the shares of DL Hudson Dunes General Trading LLC ("DLH Dunes" former name Super Look General Trading LLC), obtaining control as of 1 August 2021. The business of this company consists of the trading of bulk metals, concentrates and ores. For the group, this is an expansion in the product portfolio. The acquisition was settled as follows: in exchange for contributing 100% of the shares of DLH Dunes into DL Hudson Ltd., the former shareholders received a preferent share in DL Hudson Ltd. (1 preferent share of USD 1.00 nominal, that equals 0.02% of the total shares and par value). The Fair Value of DL Hudson Ltd. at the moment of the transaction is estimated at USD 160 million based on a third party report for internal purposes (using the discounted cash flow method , meaning that the fair value of the preferent share amounts to USD 32 thousand. The difference between the fair value of the net assets acquired and the shares provided to the previous shareholder (the consideration paid) amounts to USD 20 million. This negative good will is accounted for through the profit and loss statement and is reflected in financial income and expense. Reference is made to note 4. The acquisition costs are negligible and there was no cash flow as a result of this transaction. Over this financial year, DLH Dunes contributed USD 374 million in revenues and USD 6m profit. The reason for this bargain purchase is that the Seller lacked the working capital and means to run the operation. Through the working capital instruments that the group has made available, it is able to generate profits and realize the business plan. Furthermore, the business is relatively complex and through the structure of this transaction, the Seller still benefits from the contributions of our group.

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 16.

2. SUBSEQUENT EVENTS

There are no reportable subsequent events.

Business combinations

On March 22, 2023 the shareholders of Rektron AQ Ltd. incorporated Rektron Group Inc. as a vehicle to list on the Canadian Securities Exchange. For that purpose, the shareholders exchanged the shares of Rektron AQ Ltd. for new shares issued by Rektron Group Inc. as part of a Share Exchange Agreement signed on May 5, 2023. The acquisition of Rektron AQ Ltd. by Rektron Group Inc. is deemed to be a reverse acquisition under the provisions of IFRS 3 "Business Combinations". Note that the close of the share exchange took place after balance sheet date (October 16, 2023). On this date, clearance in relation to stamp duty was received from His Majesty's Revenue Service (tax authorities in the United Kingdom, hereinafter "HMRC"). This clearance is required to transfer the legal title of the shares of Rektron AQ Ltd. to Rektron Group Inc. In case that HMRC decided to charge stamp duty, there would have been a very high probability that the shareholders of the Group would have reversed the transaction and choose another structure for the initial public offering. Considering all the relevant IFRS principles and guidelines, management concluded that the accounting date for Rektron Group Inc. to consolidate Rektron AQ Ltd. is October 16, 2023. In case that someone would come to the conclusion that the first consolidation of Rektron Group Inc. should be May 5, 2023 and Rektron Group Inc. should prepare consolidated financial statements as of July 31, 2023, the consolidated accounts would not materially differ from these financial statements as Rektron Group Inc. is a newly established company without any activity and only a cash balance of less than USD 10 thousand at July 31, 2023

Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Securities Exchange through Rektron Group Inc. The Company has filed its preliminary long form prospectus with the British Columbia Securities Commission ("BCSC") and has received preliminary receipt from the BCSC.

The Company's initial long form prospectus lapsed and as a result the Company filed a new preliminary long form prospectus on December 5, 2023 and received a preliminary receipt from the BCSC on December 6, 2023.

In addition the Company applied for the listing of Rektron Group Inc. with the Canadian Securities Exchange (the "CSE").

3. APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2022

The Company-only annual report of 2022 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2022 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2023

The Board of Directors proposes to transfer the result over the financial year 2023 to the other reserves. The financial statements do not yet reflect this proposal.

IFRS Consolidated Report over the Financial Year 2022

1 August 2021 – 31 July 2022

Rektron AQ Limited
Company registration number: 11268548
London, United Kingdom

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COMPANY INFORMATION

DIRECTORS:	M.M. PORTILLO S.S. TOLIA
REGISTERED OFFICE:	120 NEW CAVENDISH STREET LONDON W1W 6XX
REGISTERED NUMBER:	11268548 (England and Wales)
SENIOR STATUTORY AUDITOR:	MARTIN MYERS FCA
AUDITORS:	GOLDWYNS CHARTERED ACCOUNTANTS STATUTORY AUDITORS 109 BAKER STREET LONDON W1U 6RP
BANKERS:	HSBC BANK PLC LEVEL 6, 71 QUEEN VICTORIA STREET LONDON EC2V 4AY

STRATEGIC REPORT – MANAGEMENT DISCUSSION & ANALYSIS

Introduction

The directors present their Strategic Report/Management Discussion & Analysis and the Consolidated financial statements of Rektron AQ Ltd. for the year ended 31 July 2022.

Principal activities

Rektron AQ Ltd. ("Rektron" or "the Company") is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer's group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

Review of the business
The results of the company are shown in the annexed financial statements to the satisfaction of the Board of Directors and a narrative is included in section B. of the Directors Report.

Principal risks and uncertainties
The main risks identified to the global trading of physical commodities include price volatility, credit risk, financing, cashflows and liquidity risks as well as macro-economic factors that include country, political, community risks, fiscal intervention, climate change and other risks that could impact the operation.

Management continually monitor these key risks and take measures to mitigate these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

For a breakdown of the risks and measures taken by management reference is made to section D. of the Directors report as well as note 12 to the Consolidated Financial Statements.

Future developments
Despite the unpredictable global environment, the Company expects to realize further growth in 2023. The contribution to the growth of revenue and result in the Metals division will come from acquisitions as well as an increase in the trading activities. Further growth is expected from the expansion of the soft commodity business and resources development initiatives in agriculture. The Company will continue to further develop lateral integration synergies between different divisions as well as vertical integration through creating value through its supply chain and harnessing its global network. There is a cogent focus to systematically expand the Group's recycling business. Our management team is actively seeking new opportunities in the ETC and Recycling space, allocating manpower to ascertain the feasibility of these projects, and ensuring swift execution.

Key performance indicators
The main indicators are Revenue and Gross margin as well as solvency:

USD 1,000	2022	2021
Revenue	2,027,529	901,168
Gross profit	23,597	9,984
Solvency rate	40%	52%

Development and financial performance during the year

Despite the challenges that COVID-19 brought in terms of supply-chain issues and difficult general working conditions, the Company has been able to continue to grow its business in a safe and steady manner. Revenue increased from USD 0.9 billion in 2021 to almost USD 1.6 billion in 2022 keeping steady margins of around 1.1%. The solvency rate (total group equity divided by balance sheet total) remains quite stable at 40% (2021: 52%).

For further information, reference is made to Section B. of the Directors Report as well as note 2 to the Consolidated Financial Statements concerning segment information.

Financial position at 31 July 2022

The Consolidated Statement of Financial Position shows that the Group Equity increased by over USD 25 million from prior year end to USD 94.4 million.

SECTION 172(1) STATEMENT

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarized as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term,
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between shareholders of the company

As part of their induction, a Director is briefed on their duties so that they can fulfil their duties. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct.

Employee engagement statement

The Group is committed to being a responsible business and Rektron, therefore, is committed to diversity and open engagement. It is people-orientated and cares about the individual success and well-being of each of its employees, candidates and customers. By working in smaller teams in which key management members participate, misconduct and unethical procedures can be detected quickly and will be sorted promptly by management if such a matter occurs.

Our behavior is aligned with the expectations of our people. People are at the heart of our services. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well -being of our employees is one of our primary considerations in the way we do business.

Business relationships with customers suppliers and other

Rektron values the network that it has and builds extensively to retain and expand the existing and new relationships with suppliers, customers, financial partners and other stakeholders.

Community and environment

The company is committed to social responsibility and environmental sustainability, that is why the described strategy focusses on the developments of ETC and recycling. The Group’s approach is to use its position of strength to create positive change for the people and communities with which it interacts.

Shareholders relationship

The Board seeks to ensure that communications are clear and its actions are in accordance with the Group's strategic aims to promote the long term success the Group. The Board is continually seeking ways in which to engage with shareholders and investors.

ON BEHALF OF THE BOARD

London, 19 September 2023

(S) S.S. Tolia

S.S. Tolia
Director

(S) M.M. Portillo

M.M. Portillo
Director

DIRECTOR'S REPORT

A. GENERAL OVERVIEW AND STRATEGY

B. BUSINESS PERFORMANCE

C. OUTLOOK

D. RISKS AND UNCERTAINTIES

E. ADDITIONAL STATUTORY DISCLOSURES

A. General overview and strategy

Rektron AQ Ltd. (“Rektron” or the “Company”) is the holding company and parent company of DL Hudson. DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group’s global trading operations. The holding company structure serves in managing the primary shareholder interests in the most efficient manner and ensuring efficient execution at the operational level. Rektron is a global commodities trading Group headquartered in London, UK. The Issuer’s business strategy entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Issuer transacts across all compliant markets. Furthermore, Rektron management is cogently involved in its green transition initiatives.

The Company has presence in 10 countries and is organized in 3 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (aluminium and zinc) & ETCs (Copper, Nickel, Cobalt & Lithium), Recycled metals (Recycled Copper, Aluminium & Nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC, it has expanded its portfolio into bulk products (concentrates, manganese, etc.). Trades are executed through the headquarters in London or through the local teams.

The company is particularly strong in Asia and Europe. The markets are developing very well for the Company in GCC in particular, as well as the Americas and Africa.

2. OIL DIVISION

The company is particularly operating in niche markets for EURO VI compliant fuel oil. This division is preparing itself for further expansion in the field of crude oil trading. A significant transaction is successfully completed in the autumn of 2022 (after balance sheet date).

3. SOFT COMMODITIES AND OTHER

The Soft Commodities business is being developed and the trades currently consist of mainly beans, soy beans and sugar.

B. Business performance

Business performance
Despite the challenges that COVID-19 brought in terms of supply-chain issues and difficult general working conditions, the Company has been able to continue to grow its business in a safe and steady manner. Revenue increased from USD 0.9 billion in 2021 to almost USD 1.6 billion in 2022 keeping steady margins of around 1.1%. The solvency rate (total group equity divided by balance sheet total) remains quite stable at 40% (2021: 52%)

The table below provides a segmented overview of the revenue and gross profit ("GM") of the Company:

	Revenue		Gross Profit	
USD 1,000	2022	2021	2022	2021
Region				
Europe	383,946	199,492	2,045	688
Middle East	76,500	16,718	612	134
Asia-Pacific	1,093,307	681,663	14,455	5,867
Americas and other	40,202	3,295	1,127	3,295
Total	**1,593,955**	**901,168**	**18,239**	**9,984**

The revenue of the existing aluminium, copper and nickel book increased by USD 360 million. In addition to that, a lead book (USD 117 million) and bulk book (USD 158 million) is developed. The GM has remained stable at 0.8%.

The Company continued its crude oil business and this will further develop in 2023. A significant deal is closed after balance sheet date with a revenue of around USD 75 million.

Also, the Company was able to develop a soft commodities book that primarily consist of beans, soy beans and sugar.

C. Outlook

1. General

Despite the unpredictable global environment, the Company expects to realize further growth in 2023. The contribution to the growth of revenue and result in the Metals division will come from acquisitions as well as an increase in the trading activities. Further growth is expected from the expansion of the soft commodity business and resources development initiatives in agriculture. The Company will continue to further develop lateral integration synergies between different divisions as well as vertical integration through creating value through its supply chain and harnessing its global network. There is a cogent focus to systematically expand the Group's recycling business. The Group is presently formalizing a Joint Venture in Thailand with one of the more established recycling operations. Presently, the company is placing ample resources towards procuring raw material, aligning with processing plants, recruitment and this inherently aids the circular economy. Our management team is actively seeking new opportunities in the ETC and Recycling space, allocating manpower to ascertain the feasibility of these projects, and ensuring swift execution.

Rektron's mid- and long-term trajectory is positive, and it not only expect a growth in revenue but an expansion in its operating margins and EBIDTA. The Issuer's expectation is based on the present demand, engaging in longer term offtake agreements with both current and new clients coupled with their view that the global economy will recover in 2023. As its volumes increase, the group seeks better pricing and terms from its suppliers that ultimately benefit the bottom-line.

Predicting a global recession is both a forlorn and impossible endeavor though inflationary pressures are prevalent. The Federal Reserve is leading a broad charge to tighten monetary policy and it is the Issuer's expectation that more tightening will be required to tame inflation. Europe is short of natural gas because of falling supplies from Russia. Chinese growth has sharply slowed as a result of the lockdowns that stem from its zero COVID-19 policy, and worrier are mounting over its fragile property markets.

Inflation has caused consumer confidence to plunge, but the Company's research suggests that personal finance data looks rather cheerier. America's disappointing GDP figures do not tally with other measures of output or employers' growing payrolls. Manufacturing surveys register their weakest results since the early days of the pandemic, but the Issuer believes consumers are still rebalancing their spending after the worst phase of the pandemic – in essence, there may be less spending on home gyms, but airport queues are frustratingly long. Even China's slowdown could help Europe narrowly, by reducing global demand for liquefied natural gas.

The silver lining is that both higher interest rates and the energy shock will bring gains that should strengthen the world economy in the long run. Some recessions feed on themselves as indebted households cut its spending or defaults cascade through a fragile financial system. With a few exceptions, such as Canada's frothy housing market, today's big economies suffer from few such vulnerabilities. In fact, households and companies look strong.

The main impetus for inflation is soaring global food and energy prices and disrupted supply chains, which are raising the price of imported goods. Some shortages are already easing. Wheat prices are down by nearly 40% from their recent peak in May 2022. Oil prices have also been falling lately. Supply chains are recovering. Unfortunately, Europe's gas shortage is getting worse.

However, governments are doing their best to shield consumers from the worst of consequences. The Company remains optimistic in their outlook and, in fact, intend to expand further in their well-established markets.

The group has historically maintained a disciplined capital strategy that balances growth, financial leverage, access to liquidity, and returns to shareholders. Its approach has provided them with a strong capital structure and liquidity position that Rektron believes will enable them to weather even unexpected downturns.

2. Financing

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained. In order to further grow the trading activities, additional (trade) finance capacity is being developed with the group's current and new banking relationships.

3. Employees

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will only be employed, when the growth in our activities requires so.

D. Risks and Uncertainties

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

E. Additional Statutory Disclosures

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2020 to the date of this report.

- Mr. M. PORTILLO
- Mr. S.S. TOLIA

FINANCIAL INSTRUMENTS

The various risks, including liquidity risk, foreign currency risk and credit risk, is described in section D. of this directors report.

The financial risk management objectives and policies, along with a description of the use of financial instruments are set out in note 12 to the financial statements.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is categorized as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The company's energy and carbon information is therefore not disclosed in this report.

Greenhouse Gas Emissions

The Group has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) and Limited Liability Partnership (Energy and Carbon report) Regulations 2018 on energy use and greenhouse gas (GHG) emissions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors report (that includes the group strategy and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brexit and COVID-19 coronavirus

Over the course of 1 August 2021 till 31 July 2022, Brexit has had little impact on the business.

COVID-19 impacted global supply chains, but in the course of this financial year, we have been at the tail end of the pandemic and the situation is more or less restored.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's· auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD

London, 19 September 2023

(S) S.S. Tolia	*(S) M.M. Portillo*
S.S. Tolia Director	M.M. Portillo Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rektron AQ Ltd.

Opinion

We have audited the IFRS Consolidated Report over the Financial Year 2022 of Rektron AQ Ltd. (hereinafter: the "financial statements"), which comprise:

- the statement of financial position as at July 31, 2022 and 2021;
- the statement of comprehensive income for the years then ended;
- statement of changes in equity for the years then ended;
- statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at July 31, 2022 and 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, and we have fulfilled our ISA 700 (REVISED), FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of the auditor’s responsibilities for the audit of the financial is located at Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor’s report.

(S) Goldwyns

MARTIN MYERS FCA (Senior Statutory Auditor)
FOR AND ON BEHALF OF GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON
W1U 6RP

Date: 19 September 2023

Consolidated financial statements

A. Consolidated statement of income

B. Consolidated statement of comprehensive income

C. Consolidated statement of financial position

D. Consolidated statement of cash flows

E. Consolidated statement of changes in equity

F. Notes to the financial statements

A. Consolidated statement of income

USD 1,000	Note	2022	2021
Continuing Operations			
Revenue	2	**1,593,955**	**901,168**
Cost of sales	2	-1,575,716	-891,184
Gross profit	**2**	**18,239**	**9,984**
Operating expenses			
Selling expenses	3	-871	-596
Administrative expenses	3	-7,343	-3,140
		-8,214	**-3,736**
Operating profit		**10,025**	**6,248**
Non-operating expenses			
Financial income and expense	4	16,026	-883
Net finance cost		**16,026**	**-883**
Profit before tax		**26,051**	**5,365**
Income tax expense	5	-232	-102
Profit from continuing operations		**25,819**	**5,263**
Profit		**25,819**	**5,263**
Profit attributable to:			
Equity holders of Rektron AQ Limited		26,040	4,595
Non-controlling interests		-221	668
		25,819	**5,263**

B. Consolidated statement of comprehensive income

USD 1,000	2022	2021
Profit	**25,819**	**5,263**
Other comprehensive income		
Translation differences foreign associated companies	-485	-
Attribution to hedge reserves	66	-
Total comprehensive income	**25,400**	**5,263**
Total comprehensive income atrributable to:		
Equity holders of Rektron AQ Limited	25,621	4,595
Non-controlling interests	-221	669
Total result	**25,400**	**5,263**

C. Consolidated statement of financial position

USD 1,000	Note	31/07/2022	31/07/2021
Assets			
Non-current assets			
Property plant and equipment	6	39,500	41,047
Total non-current assets		**39,500**	**41,047**
Current assets			
Inventories	7	122	12,675
Receivables, prepayments and accrued income	8	187,399	72,837
Cash and cash equivalents	9	11,847	5,757
Total current assets		**199,368**	**91,269**
Total assets		**238,868**	**132,316**
Equity and liabilities			
Equity			
Share capital		1	1
Reserves and retained earnings		87,757	62,136
Equity attributable to the owners of the company	10	87,758	62,137
Non-controlling interest	10	6,669	6,890
Total equity		**94,427**	**69,027**
Non-current liabilities			
Loans and borrowings	11	-	47
Total non-current liabilities		**-**	**47**
Current liabilities and accruals	11	144,441	63,242
Total current liabilities		**144,441**	**63,242**
Total equity and liabilities		**238,868**	**132,316**

London, 19 September 2023

The Consolidated financial statements were approved and authorized for issue by the board of directors and were signed on its behalf by:

(S) S.S. Tolia

S.S. Tolia
Director

(S) M.M. Portillo

M.M. Portillo
Director

D. Consolidated statement of cash flows

USD 1,000	2022	2021
Operating profit	**10,025**	**6,248**
Adjustments for:		
- Depreciation (and other changes in value)	1,754	1,706
Working capital changes		
- Movements trade receivables	-44,824	10,600
- Movements inventories	12,553	-12,436
- Movements on current assets	-5,968	-6,591
- Movements trade payables	6,116	-1,386
- Movements other payables and liabilities	-3,432	6,639
- Movements trade finance	34,076	1,865
	-1,479	**-1,309**
Interest paid after corporate income tax		
Corporate income tax expense on operating activities	-232	-102
	-232	**-102**
Cash flow from operating activities	**10,068**	**6,543**
Investments in property plant and equipment	-207	-
Cash flow from investment activities	**1,411**	**-**
Receipt of long-term liabilities	-48	-14
Repayment of short term liabilities	-949	-320
Other finance income	55	-87
Other finance expense	-1,896	-559
Interest received	1	-
Interest paid	-2,134	-237
Cash flow from financing activities	**-4,971**	**-1,217**
Exchange rate and translation differences on movements in	-418	88
Movements in cash	6,090	5,414
Opening balance	5,757	343
Closing balance	11,847	5,757
Movement in cash	6,090	5,414

Opening balance	5,757	343
Closing balance	11,847	5,757
Movement in cash	6,090	5,414

E. Consolidated statement of changes in equity

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	**Legal entity share in**	Non-controlling interest	**Group Equity**
2021										
Opening Balance 01/08/2020	1	20,719	5	-	26,619	7,466	2,644	57,454	6,222	63,676
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	4,595	4,595	668	5,263
Total comprehensive income and expense for the period	-	-	-	-	-		4,595	**4,595**	668	**5,263**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	2,644	-2,644	-	-	-
Other movements in equity	-	-	88	-	-	-	-	88	-	88
Total other movements in equity	-	-	88	-	-	2,644	-2,644	**88**	-	**88**
Closing balance 31/7/2021	**1**	**20,719**	**93**	**-**	**26,619**	**10,110**	**4,595**	**62,137**	**6,890**	**69,027**
2022										
Opening Balance 01/08/2021	**1**	**20,719**	**93**	**-**	**26,619**	**10,110**	**4,595**	**62,137**	**6,890**	**69,027**
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	26,040	26,040	-221	25,819
Attribution to hedge reserve	-	-	52	-	14	-	-	66	-	66
Foreign currency translation differences	-	-	-	-485	-	-	-	-485	-	-485
Total comprehensive income and expense for the period	-	-	52	-485	14	-	26,040	**25,621**	-221	**25,400**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	4,595	-4,595	-	-	-
Total other movements in equity	-	-	-	-	-	4,595	-4,595	**-**	-	**-**
Closing balance 31/7/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**14,705**	**26,040**	**87,758**	**6,669**	**94,427**

F. Notes to the Consolidated Financial Statements

NOTE 1 – ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Rektron AQ Limited ("Rektron" or "the Company") is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer's group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The Company has its legal seat at 120 New Cavendish Street, London, United Kingdom, W1W6XX and is registered with the Companies House under number 11268548.

The Company was incorporated as a limited liability company under the Companies Act 2006 of the United Kingdom for the purpose of establishing an industrial holding company.

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and its interpretations adopted by the International Accounting Standards Board (IAS). The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements. The comparing figures of the financial year 2021 are derived from the IFRS Consolidated Report over the Financial Year 2021 and is in accordance with IFRS and the accounting principles contained in this document. The objective of this report is to provide an overview of the activities of the Company and its subsidiaries under IFRS standards and for company-only financial statements, reference is made to the statutory accounts.

This is report does not replace the Consolidated Annual Report 2022 that serves as the statutory (consolidated) accounts dated 29 November 2022, that are prepared in accordance with the International Financial Reporting Standards as adopted by the United Kingdom, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in the United Kingdom.

1.3 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The functional currency of the group is U.S. Dollar.

1.4 New and revised IFRSs

A number of amendments is effective for annual periods that begin on or after 1 January 2021 and have been adapted in preparing these consolidated financial statements. None of these amendments had a significant effect on the financial statements.

The following new and revised IFRSs that are relevant for the Company have been issued but are not yet effective:

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41: Annual Improvements to IFRS Standards 2018–2020 (1 January 2022)
- IFRS 17 Insurance Contracts (1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1 Janauary 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 January 2023)

The Directors have evaluated the impact that these new standards and interpretations and consider them as not material on the financial statements of the Company in the current version of IFRS.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into US Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.9 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.11 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

- Plant and Equipment: 4% - 33%
- Other operating assets: 2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.12 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. The Group classifies its financial instruments as either financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

- Amortized cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.
- FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.
- FVTPL : Assets that do not meet the criteria for amortized cost or FVTOCI.

Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement. Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. Dividends on FVTPL equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.
Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivates are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortized cost adjusted for any loss allowance.

Financial liabilities (except derivates and liabilities with provisional price features) are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost. Derivates and financial liabilities including provisional price features are carried at FVTPL.

1.16 Financial Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company applies the simplified approach to measure the loss allowance for trade receivables classified as amortized cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortized cost the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.17 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.18 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.19 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.
A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.20 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical for understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Impairments
Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments
Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions
The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the

obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

NOTE 2 – SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in three segments, Energy, Metals and Soft commodities and other. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross margin. Overhead expenses, assets and liabilities are not allocated to the various segments.

USD 1,000	Revenue 2022	Revenue 2021	Gross Profit 2022	Gross Profit 2021
Metals	1,577,424	898,083	16,646	6,899
Oil and other	16,531	3,085	1,593	3,085
Total	**1,593,955**	**901,168**	**18,239**	**9,984**

2.2 GEOGRAPHICAL INFORMATION

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

USD 1,000	Revenue 2022	Revenue 2021	Gross Profit 2022	Gross Profit 2021
Region				
Europe	383,946	199,492	2,045	688
Middle East	76,500	16,718	612	134
Asia-Pacific	1,093,307	681,663	14,455	5,867
Americas and other	40,202	3,295	1,127	3,295
Total	**1,593,955**	**901,168**	**18,239**	**9,984**

The allocation of Revenue is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

NOTE 3 – EXPENSES

USD 1,000	2022	2021
Selling expenses		
Personnel	864	558
Sales and marketing expenses	7	38
Total selling expenses	**871**	**596**
Administrative expenses		
Personnel	1,952	297
Professional services fees	2,090	1,000
Facilities and offices	938	137
Other operating expenses	609	-
Depreciation and amortization	1,754	1,706
Total administrative expenses	**7,343**	**3,140**
Operating expenses	**8,214**	**3,736**

Depreciation and amortization relates to the depreciation of PPE and reference is made to note 6.

Employee benefit expenses and similar

The overview below covers both management and employees. The breakdown of the Director's remuneration is covered in Note 13.

USD 1,000	2022	2021
Wages	2,044	307
Social security costs	16	11
Other pension costs	26	1
Professional fees	730	536
Total	**2,816**	**855**
Reconciliation:		
Selling expenses - personnel	864	558
Administrative expenses - personnel	1,952	297
Total	**2,816**	**855**

The professional fees mentioned is related to people that work for the company on a contract basis.

The number of persons working for the Group is as follows:

Number of persons	2022	2021
Management	4	4
Sales	11	-
Administration	10	1
Total	**25**	**5**

For the auditors remuneration, reference is made to Note 14.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	2022	2021
Financial income and expense		
Other interest income and similar income	1	-
Interest expenses and similar charges	-2,134	-237
Other financing income	20,000	-
Other financing expenses	-1,896	-559
Total financial income and expense	**15,971**	**-796**
Income from foreign exchange		
Forex gains	1,537	-
Forex losses	-1,482	-87
Total income from foreign exchange	**55**	**-87**
Total financial income and expense	**16,026**	**-883**

The Other financing income of USD 20 million contain the effects of the acquisition of DL Hudson Dunes General Trading LLC and reference is made to note 18.

NOTE 5 – TAXATION

Income taxes consist of the following:

USD 1,000	2022	2021
Current income tax expense	-232	-102
Deferred income tax	-	-
Total income tax expense	**-232**	**-102**

USD 1,000	%	2022 USD	%	2021 USD
Factors affecting tax expense				
Taxable result		26,051		5,365
Tax burden based on UK nominal rate	19.0%	4,950	19.0%	1,019
Exempted Income	19.0%	-3,800	0.0%	-
Tax rate differences.	-3.5%	-918	-17.1%	-917
Taxation on result on ordinary activities	**0.9%**	**232**	**1.9%**	**102**

The effective Group tax rate differs from the statutory UK income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses including the effects of the acquisition of DL Hudson Dunes General Trading LLC.

As of 1 April 2023, the UK corporate income tax rate will increase to 25%.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6 – PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

USD 1,000	Plant and machinery	Other operating assets	**Total**
Gross carrying amount			
1 August 2020	42,761	-	42,761
Additions	-	-	-
31 July 2021	**42,761**	**-**	**42,761**
Accumulated depreciation and impairments			
1 August 2020	8	-	8
Depreciation	1,706	-	1,706
31 July 2021	**1,714**	**-**	**1,714**
Net book value at 31 July 2021	**41,047**	**-**	**41,047**

USD 1,000	Plant and machinery	Other operating assets	**Total**
Gross carrying amount			
1 August 2021	42,761	-	42,761
Additions and other movements	-103	310	207
31 July 2022	**42,658**	**310**	**42,968**
Accumulated depreciation and impairments			
1 August 2021	1,714	-	1,714
Depreciation	1,744	10	1,754
31 July 2022	**3,458**	**10**	**3,468**
Net book value at 31 July 2022	**39,200**	**300**	**39,500**

Plant and Machinery

Plant and Machinery consist of 7 bunkers on the Danube River to supply fuel to all the major cruise and cargo shipping companies in the region. Through these strategic locations, the company can perform physical bunkering along the whole Danube River.
The Danube River is the second largest in Europe and flows through ten modern-day European nations: Romania, Hungary, Serbia, Austria, Germany, Bulgaria, Slovakia, Croatia, Ukraine, and Moldova. This river is part of the Trans-European Transport Network ("TEN-T") and it is a life line for many emerging economies in the region as well as strategic given its position between Europe and Asia.

Other operating assets

This class mainly consists of offices and office equipment of the company acquired in 2022, DL Hudson Dunes LLC.

Impairments

Management has considered all the factors and concluded on the basis of the internal documents and management reports available that no impairment is required. The intention is to obtain an update of the valuation of the river bunker assets in the course of 2023.

NOTE 7 – INVENTORIES

USD 1,000	31/07/2022	31/07/2021
Trading		
Finished products	122	12,675
Total inventories	**122**	**12,675**

The Trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership.

No impairment has been recorded for the inventories during the year.

NOTE 8 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

USD 1,000	31/07/2022	31/07/2021
Trade receivables	172,442	63,848
Other receivables	7,356	1,651
Financial instruments	3,251	7,036
Taxation	142	75
Prepayments and accrued income	4,208	227
Total receivables, prepayments and accrued income	**187,399**	**72,837**

None of the Trade receivables are overdue and the credit risk of these trade receivables is insured at renowned insurance firms.

USD 1,000	31/07/2022
Not yet due	172,442
0 - 30 days overdue	-
30 - 60 days overdue	-
60 - 90 days overdue	-
>90 days overdue	-
Total	**172,442**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprises of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

NOTE 9 – CASH AND CASH EQUIVALENTS

The total cash position amounts to USD 11,847 thousand of which an amount of USD 291 thousand is restricted. This restricted cash is deposited at renowned trade finance and instruments institutions and serve as cash collateral for the corresponding transactions at 31 July 2022. This collateral has a self-liquidating character, which means that the cash becomes unrestricted upon completion of the trade finance transaction.

NOTE 10 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

ISUED SHARE CAPITAL

The issued share capital of the Company consists of the following:

	31.7.2022			31.7.2021		
Class	number	par value in USD	total amount in USD	number	par value in USD	total amount
Ordinary shares	612.00	1.00	612.00	544.00	1.00	544.00
B-non voting shares	-	1.00	-	60.00	1.00	60.00
Total	**612**		**612**	**604**		**604**

In the financial year 2022, the company converted B-non voting shares (preference shares) into ordinary shares. Additionally, the company issued 8 ordinary shares at par.

HEDGE RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

TRANSLATION RESERVE

The translation reserve comprise of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

OTHER RESERVE

The other reserve comprises of accumulated other comprehensive income of the (past) financial years.

NOTE 11 – LIABILITIES

USD 1,000	31/07/2022	31/07/2021
Long-term liabilities		
Bank loans (> 1 year)	-	47
	-	**47**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	35,941	1,865
Trade payables	104,143	52,639
Associated companies	-	1,551
Related parties payable	602	-
Taxes and social security charges payable	357	122
Financial instruments	3,104	6,990
Other current liabilities	49	11
Accrued liabilities and deferred income	245	64
	144,441	**63,242**

CURRENT LIABILITIES AND ACCRUALS

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the Company executes. The pricing of the facilities is within market standards. . In general these working capital finance facilities take as a security the underlying materials and/or corresponding receivable including the cargo and credit insurances.

Financial instruments comprises of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

UNCOMMITTED WORKING CAPITAL FINANCE LINES

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	80	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	40	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**270**	

The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to the Company. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to the Company’s supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank’s unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of the Company’s buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to the Company’s supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Receivables Financing**: This is generally used for the metals business. the Company provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange (“**LME**”) are traded as warrants. The Company, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point the Company is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

At balance sheet date, an amount of USD 35,941 thousand is utilized and reflected in the balance sheet under current liabilities (Bank loans and similar >1year).

NOTE 12 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2021 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	7,036	65,801	72,837	7,036	-	-	7,036
Cash and cash equivalents	9	5,757	-	5,757	5,757	-	-	5,757
Total financial assets		**12,793**	**65,801**	**78,594**	**12,793**	**-**	**-**	**12,793**
Borrowings	11	-	47	47	-	-	-	-
Current liabilities and accruals	11	6,990	56,252	63,242	6,990	-	-	6,990
Total financial liabilities		**6,990**	**56,299**	**63,289**	**6,990**	**-**	**-**	**6,990**
31 July 2022 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	3,251	184,148	187,399	3,251	-	-	3,251
Cash and cash equivalents	9	11,847	-	11,847	11,847	-	-	11,847
Total financial assets		**15,098**	**184,148**	**199,246**	**15,098**	**-**	**-**	**15,098**
Current liabilities and accruals	11	3,104	141,337	144,441	3,104	-	-	3,104
Total financial liabilities		**3,104**	**141,337**	**144,441**	**3,104**	**-**	**-**	**3,104**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. MARKET RISK

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The trading activities mainly enter into USD transactions on both the purchase and selling side. In some circumstances, the Company sells to customers in local currency (mainly EUR and GBP). In such case, the risk is mitigated as much as possible through adequate hedging instruments.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 July 2022, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.

It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options.

USD 1,000	31/Jul/22	31/Jul/21
Commmodity related contracts		
Futures	3,251	7,036
Options	-	-
Total Current assets FVTPL	**3,251**	**7,036**
Commmodity related contracts		
Futures	3,104	6,990
Options	-	-
Total Current liabilities FVTPL	**3,104**	**6,990**

The total expense in the consolidated statement of income amounts to EUR 177 thousand. All derivatives mature within the first three months after balance sheet date.

NOTE 13 – REMUNERATION OF KEY MANAGEMENT

The remuneration of key management of the legal entity is as follows:

USD 1,000	31/07/2022	31/07/2021
short-term employee benefits	144	144
post-employment benefits	-	-
other long-term benefits	-	-
Total	**144**	**144**

NOTE 14 – AUDITORS' REMUNERATION

The fees payable to the auditors in and their associates for the audit of the company's financial statements amounts to USD 33 thousand (2021: USD 108 thousand).

The above includes GPB 3,000 for taxation services.

NOTE 15 – TRANSACTIONS WITH RELATED PARTIES

In 2022, the Company conducted various transactions with related parties.

USD 1,000	Note	31/Jul/22	31/Jul/21
Related parties <1yr	10	-	-
Total Receivables		**-**	**-**
Associated companies		-	1,551
Related parties <1yr	14	602	-
Total Liabilities		**602**	**1,551**

The receivable from related parties is from Plutus Partners and will be repaid in the next 12 months. All loans are provided at arm's length. No securities or guarantees were provided in light of this liability.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000	**Total**
Plutus Partners Ltd.	1,721
Operations	120
Accounting, Legal and IT	144
Rent and facilities	120
Shareholders	1,337
Total	**1,721**

Plutus Partners Ltd. (hereinafter "Plutus) is the management company of the shareholders that charges the above mentioned services to the Company. As noted from above, Plutus provides services in the field of management consulting by providing traders, operational staff, accounting/legal/IT staff as well as the management services by the shareholders (Mr. Tolia and Mr. Mokashi) including the related travel expenses of this people and the rent of the office. The services provided by Mr. Michan Portillo in capacity as director of the company is included in the line item "Operations" as well as "Accounting, Legal and IT" and amounts to USD 138,275 that comprise of a base fee of USD 120 thousand and the remainder is incentive-based compensation as pre-defined and approved by the directors of the Company. Future compensation after the IPO is subject to review and approval by the newly established Remuneration Committee of Rektron Group Inc.

This business relationship between Plutus and the Company was established since the acquisition of DL Hudson and the incorporation of the Company. It provides substance to Plutus and simplifies the accounting and HR related matters for the Company. The measurement of costs is based on a cost plus basis with a maximum mark-up of 5 to 10%. This contract has an indefinite term, but has the usual termination clauses. Due to the Initial Public Offering, the services of Plutus will be will be reduced to the compensation of the shareholders for their respective roles in the Company only and will be subject to the review and approval by the newly established Remuneration Committee of Rektron Group Inc.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 17 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2022	Ownership interest 2021	Registered address
Consolidated (direct)				
DL Hudson Limited	United Kingdom	100.0%	100.0%	120 New Cavendish Street, London
Consolidated (indirect)				
DL Hudson Dunes LLC	United Emirates	100.0%	0.0%	33/1, 50b Street, Al Souq Al Kabeer, Dubai
DL Hudson Germany GmbH	Germany	100.0%	100.0%	Ludwig-Erhard-Allee 10, Karlsruhe
DLH Istros Limited	United Kingdom	86.7%	86.7%	120 New Cavendish Street, London
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%	Ajeltake road, Ajeltake Island, Majuro
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%	Vatroslav Lisinski 19, Belgrade-Palilula
Non-consolidated (Associates)				
DLH Petroli (GB) Limited	United Kingdom	75.0%	75.0%	120 New Cavendish Street, London
DLH Petroli Italia Srl.	Italy	100.0%	100.0%	Piazza Vittorio Emanuele II 20, Manduria

DL Hudson Ltd. Issued a preference share in the course of 2022 in relation to the acquisition of DL Hudson Dunes LLC. This share is less than 0,1%, but gives the holder a right of an additional 2% profit allocation.

DL Hudson Dunes LLC was acquired as of 1 August 2021.

Non-consolidating entities are not controlled by the Group in accordance with IFRS 3 despite having a majority shareholding.

The minority shareholder of DLH Istros Ltd. has preference shares that entitle the holder to an additional 2% profit allocation.

NOTE 18 – BUSINESS COMBINATIONS

USD 1,000	DLH Dunes LLC
Non-current assets	
Property plant and equipment	202
Intangible fixed assets	-
Financial fixed assets	-
Total non-current assets	**202**
Current assets	
Inventories	9,400
Receivables, prepayments and accrued income	31,333
Cash and cash equivalents	1,250
Total current assets	**41,983**
Non Controlling interest	**-**
Long-term liabilities	-
Deferred tax liabilities	-
Current liabilities and accruals	22,185
Total liabilities	**22,185**
Total fair value of net asset acquired	20,000

With retro-active effect DL Hudson Ltd. finalized the acquisition on 16 July 2022 in which it acquired 100% of the shares of DL Hudson Dunes General Trading LLC (“DLH Dunes” former name Super Look General Trading LLC), obtaining control as of 1 August 2021. The business of this company consists of the trading of bulk metals, concentrates and ores. For the group, this is an expansion in the product portfolio. The acquisition was settled as follows: in exchange for contributing 100% of the shares of DLH Dunes into DL Hudson Ltd., the former shareholders received a preferent share in DL Hudson Ltd. The difference between the fair value of the net assets acquired and the shares provided to the previous shareholder (the consideration paid) amounts to USD 20 million. This negative good will is accounted for through the profit and loss statement and is reflected in financial income and expense. Reference is made to note 4. The acquisition costs are neglectable and there was no cash flow as a result of this transaction. Over this financial year, DLH Dunes contributed USD 374 million in revenues and USD 6m profit. The reason for this bargain purchase is that the Seller lacked the working capital and means to run the operation. Through the working capital instruments that the group has made available, it is able to generate profits and realize the business plan. Furthermore, the business is relatively complex and through the structure of this transaction, the Seller still benefits from the contributions of our group.

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 16.

2. SUBSEQUENT EVENTS

There are no reportable subsequent events.

3. APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2021

The Company-only annual report of 2021 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2021 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2022

The Board of Directors proposes to transfer the result over the financial year 2022 to the other reserves. The financial statements do not yet reflect this proposal.

IFRS Consolidated Report over the Financial Year 2021

1 August 2020 – 31 July 2021

Rektron AQ Limited
Company registration number: 11268548
London, United Kingdom

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COMPANY INFORMATION

DIRECTORS:	M.M. PORTILLO S.S. TOLIA
REGISTERED OFFICE:	120 NEW CAVENDISH STREET LONDON W1W 6XX
REGISTERED NUMBER:	11268548 (England and Wales)
SENIOR STATUTORY AUDITOR:	MARTIN MYERS FCA
AUDITORS:	GOLDWYNS CHARTERED ACCOUNTANTS STATUTORY AUDITORS 109 BAKER STREET LONDON W1U 6RP
BANKERS:	HSBC BANK PLC LEVEL 6, 71 QUEEN VICTORIA STREET LONDON EC2V 4AY

Strategic Report – Management Discussion & Analysis

Introduction

The directors present their Strategic Report – Management Discussion & Analysis and the Consolidated financial statements of Rektron AQ Ltd. for the year ended 31 July 2021.

Principal activities

Rektron AQ Ltd. ("Rektron" or "the Company") is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer's group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

Review of the business
The results of the company are shown in the annexed financial statements to the satisfaction of the Board of Directors and a narrative is included in section B. of the Directors Report.

Principal risks and uncertainties
The main risks identified to the global trading of physical commodities include price volatility, credit risk, financing, cashflows and liquidity risks as well as macro-economic factors that include country, political, community risks, fiscal intervention, climate change and other risks that could impact the operation.

Management continually monitor these key risks and take measures to mitigate these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

For a breakdown of the risks and measures taken by management reference is made to section D. of the Directors report as well as note 12 to the Consolidated Financial Statements.

Future developments
Despite the unpredictable global environment, the Company expects to realize further growth in 2022. The contribution to the growth of revenue and result in the Metals division will come from an increase in the trading activities. The Company will continue to further develop lateral integration synergies between different divisions as well as vertical integration through creating value through its supply chain and harnessing its global network.

Key performance indicators
The main indicators are Revenue and Gross margin as well as solvency:

USD 1,000	2021	2020
Revenue	901,168	754,736
Gross profit	9,984	11,369
Solvency rate	52%	56%

Development and financial performance during the year

Despite the challenges that COVID-19 brought in terms of supply-chain issues and difficult general working conditions, the Company has been able to continue to grow its business in a safe and steady manner. Revenue increased from USD 754.7 million in 2020 to USD 901.2 million in 2021 keeping steady margins of around 1.1%. The solvency rate (total group equity divided by balance sheet total) remains quite stable at 52% (2020: 56%).

For further information, reference is made to Section B. of the Directors Report as well as note 2 to the Consolidated Financial Statements concerning segment information.

Financial position at 31 July 2021

The Consolidated Statement of Financial Position shows that the Group Equity increased by over USD 5.3 million from prior year end to USD 69.0 million.

SECTION 172(1) STATEMENT

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarized as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term,
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between shareholders of the company

As part of their induction, a Director is briefed on their duties so that they can fulfil their duties. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct.

Employee engagement statement
The Group is committed to being a responsible business and Rektron, therefore, is committed to diversity and open engagement. It is people-orientated and cares about the individual success and well-being of each of its employees, candidates and customers. By working in smaller teams in which key management members participate, misconduct and unethical procedures can be detected quickly and will be sorted promptly by management if such a matter occurs.

Our behavior is aligned with the expectations of our people. People are at the heart of our services. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well -being of our employees is one of our primary considerations in the way we do business.

Business relationships with customers suppliers and other
Rektron values the network that it has and builds extensively to retain and expand the existing and new relationships with suppliers, customers, financial partners and other stakeholders.

Community and environment
The company is committed to social responsibility and environmental sustainability, that is why the described strategy focusses on the developments of ETC and recycling. The Group’s approach is to use its position of strength to create positive change for the people and communities with which it interacts.

Shareholders relationship

The Board seeks to ensure that communications are clear and its actions are in accordance with the Group's strategic aims to promote the long term success the Group. The Board is continually seeking ways in which to engage with shareholders and investors.

ON BEHALF OF THE BOARD

London, 20 October 2023

(S) S.S. Tolia	*(S) M.M. Portillo*
S.S. Tolia Director	M.M. Portillo Director

Director's Report

A. General overview and strategy

B. Business performance

C. Outlook

D. Risks and uncertainties

E. Additional Statutory Disclosures

A. General overview and strategy

Rektron AQ Ltd. (“Rektron” or the “Company”) is the holding company and parent company of DL Hudson. DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group’s global trading operations. The holding company structure serves in managing the primary shareholder interests in the most efficient manner and ensuring efficient execution at the operational level. Rektron is a global commodities trading Group headquartered in London, UK. The Issuer’s business strategy entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Issuer transacts across all compliant markets. Furthermore, Rektron management is cogently involved in its green transition initiatives.

The Company has presence in 10 countries and is organized in 3 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (aluminium and zinc) & ETCs (Copper, Nickel, Cobalt & Lithium), Recycled metals (Recycled Copper, Aluminium & Nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC, it has expanded its portfolio into bulk products (concentrates, manganese, etc.). Trades are executed through the headquarters in London or through the local teams.

The company is particularly strong in Asia and Europe. The markets are developing very well for the Company in GCC in particular, as well as the Americas and Africa.

2. OIL DIVISION

The company is particularly operating in niche markets for EURO VI compliant fuel oil. This division is preparing itself for further expansion in the field of crude oil trading.

3. SOFT COMMODITIES AND OTHER

The Soft Commodities business is being developed and the trades currently consist of mainly beans, soy beans and sugar.

B. Business performance

Business performance

Despite the challenges that COVID-19 brought in terms of supply-chain issues and difficult general working conditions, the Company has been able to continue to grow its business in a safe and steady manner. Revenue increased from USD 754.7 million in 2020 to USD 901.2 million in 2021. The gross profit margins decreased from around 1.5% to 1.1% due to the difference in product mix. The solvency rate (total group equity divided by balance sheet total) remains relatively stable at 52% (2020: 53%)

The table below provides a segmented overview of the revenue and gross profit ("GM") of the Company:

	Revenue	
USD 1,000	2021	2020
Region		
Europe	199,492	122,203
Middle East	16,718	198,451
Asia-Pacific	681,663	426,275
Americas and other	3,295	7,807
Total	**901,168**	**754,736**

The revenue of the existing business in the Asia-Pacific region increased by USD 255 million as well as Europe (USD 77 million) compensating the decrease in the Middle East.

The Company will focus not only on the further expansion of its metals business, but also its crude oil and oil products business.

C. Outlook

1. General

Despite the unpredictable global environment, the Company expects to realize further growth in 2023. The contribution to the growth of revenue and result in the Metals division will come from acquisitions as well as an increase in the trading activities. Further growth is expected from the expansion of the soft commodity business and resources development initiatives in agriculture. The Company will continue to further develop lateral integration synergies between different divisions as well as vertical integration through creating value through its supply chain and harnessing its global network. There is a cogent focus to systematically expand the Group's recycling business. The Group is presently formalizing a Joint Venture in Thailand with one of the more established recycling operations. Presently, the company is placing ample resources towards procuring raw material, aligning with processing plants, recruitment and this inherently aids the circular economy. Our management team is actively seeking new opportunities in the ETC and Recycling space, allocating manpower to ascertain the feasibility of these projects, and ensuring swift execution.

Rektron's mid- and long-term trajectory is positive, and it not only expect a growth in revenue but an expansion in its operating margins and EBIDTA. The Issuer's expectation is based on the present demand, engaging in longer term offtake agreements with both current and new clients coupled with their view that the global economy will recover in 2023. As its volumes increase, the group seeks better pricing and terms from its suppliers that ultimately benefit the bottom-line.

Predicting a global recession is both a forlorn and impossible endeavor though inflationary pressures are prevalent. The Federal Reserve is leading a broad charge to tighten monetary policy and it is the Issuer's expectation that more tightening will be required to tame inflation. Europe is short of natural gas because of falling supplies from Russia. Chinese growth has sharply slowed as a result of the lockdowns that stem from its zero COVID-19 policy, and worrier are mounting over its fragile property markets.

Inflation has caused consumer confidence to plunge, but the Company's research suggests that personal finance data looks rather cheerier. America's disappointing GDP figures do not tally with other measures of output or employers' growing payrolls. Manufacturing surveys register their weakest results since the early days of the pandemic, but the Issuer believes consumers are still rebalancing their spending after the worst phase of the pandemic – in essence, there may be less spending on home gyms, but airport queues are frustratingly long. Even China's slowdown could help Europe narrowly, by reducing global demand for liquefied natural gas.

The silver lining is that both higher interest rates and the energy shock will bring gains that should strengthen the world economy in the long run. Some recessions feed on themselves as indebted households cut its spending or defaults cascade through a fragile financial system. With a few exceptions, such as Canada's frothy housing market, today's big economies suffer from few such vulnerabilities. In fact, households and companies look strong.

The main impetus for inflation is soaring global food and energy prices and disrupted supply chains, which are raising the price of imported goods. Some shortages are already easing. Wheat prices are down by nearly 40% from their recent peak in May 2022. Oil prices have also been falling lately. Supply chains are recovering. Unfortunately, Europe's gas shortage is getting worse.

However, governments are doing their best to shield consumers from the worst of consequences. The Company remains optimistic in their outlook and, in fact, intend to expand further in their well-established markets.

The group has historically maintained a disciplined capital strategy that balances growth, financial leverage, access to liquidity, and returns to shareholders. Its approach has provided them with a strong capital structure and liquidity position that Rektron believes will enable them to weather even unexpected downturns.

2. Financing

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained. In order to further grow the trading activities, additional (trade) finance capacity is being developed with the group's current and new banking relationships.

3. Employees

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will only be employed, when the growth in our activities requires so.

D. Risks and Uncertainties

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

E. Additional Statutory Disclosures

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2020 to the date of this report.

- Mr. M. PORTILLO
- Mr. S.S. TOLIA

FINANCIAL INSTRUMENTS

The various risks, including liquidity risk, foreign currency risk and credit risk, is described in section D. of this directors report.

The financial risk management objectives and policies, along with a description of the use of financial instruments are set out in note 12 to the financial statements.

STREAMLINED ENERGY AND CARBON REPORTING

The Group is categorized as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The company's energy and carbon information is therefore not disclosed in this report.

Greenhouse Gas Emissions

The Group has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) and Limited Liability Partnership (Energy and Carbon report) Regulations 2018 on energy use and greenhouse gas (GHG) emissions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors report (that includes the group strategy and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state that the financial statements comply with IFRS;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brexit and COVID-19 coronavirus

Over the course of 1 August 2020 till 31 July 2021, Brexit has had little impact on the business.

COVID-19 impacted global supply chains, but in the course of this financial year, we have been at the tail end of the pandemic and the situation is more or less restored.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's· auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD

London, 20 October 2023

(S) S.S Tolia	*(S) M.M. Portillo*
S.S. Tolia Director	M.M. Portillo Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rektron AQ Ltd.

Opinion

We have audited the IFRS Consolidated Report over the Financial Year 2021 of Rektron AQ Ltd. (hereinafter: the "financial statements"), which comprise:

- the statement of financial position as at July 31, 2021 and 2020;
- the statement of comprehensive income for the years then ended;
- statement of changes in equity for the years then ended;
- statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at July 31, 2021 and 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, and we have fulfilled our ISA 700 (REVISED), FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS, ISA 710, COMPARATIVES INFORMATION – CORRESPONDING FIGURES AND COMPARATIVE INFORMATION, and other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of the auditor’s responsibilities for the audit of the financial is located at Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor’s report.

(S) Goldwyns

MARTIN MYERS FCA (Senior Statutory Auditor)
FOR AND ON BEHALF OF GOLDWYNS
CHARTERED ACCOUNTANTS
STATUTORY AUDITORS
109 BAKER STREET
LONDON
W1U 6RP

Date: 20 October 2023

Consolidated financial statements

A. Consolidated statement of income

B. Consolidated statement of comprehensive income

C. Consolidated statement of financial position

D. Consolidated statement of cash flows

E. Consolidated statement of changes in equity

F. Notes to the financial statements

A. Consolidated statement of income

USD 1,000	Note	2021	2020
Continuing Operations			
Revenue	2	**901,168**	**754,736**
Cost of sales		-891,184	-743,367
Gross profit		**9,984**	**11,369**
Operating expenses			
Selling expenses	3	-596	-1,342
Administrative expenses	3	-3,140	-4,029
		-3,736	**-5,371**
Operating profit		**6,248**	**5,998**
Non-operating expenses			
Financial income and expense	4	-883	-3,293
Net finance cost		**-883**	**-3,293**
Profit before tax		**5,365**	**2,705**
Income tax expense	5	-102	-60
Profit from continuing operations		**5,263**	**2,645**
Profit		**5,263**	**2,645**
Profit attributable to:			
Equity holders of Rektron AQ Limited		4,595	2,644
Non-controlling interests		668	1
		5,263	**2,645**

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B. Consolidated statement of comprehensive income

USD 1,000	2021	2020
Profit	**5,263**	**2,645**
Other comprehensive income		
Translation differences foreign associated companies	-	-
Attribution to hedge reserves	-	-
Total comprehensive income	**5,263**	**2,645**
Total comprehensive income atrributable to:		
Equity holders of Rektron AQ Limited	4,595	2,644
Non-controlling interests	668	1
Total result	**5,263**	**2,645**

C. Consolidated statement of financial position

USD 1,000	Note	31/07/2021	31/07/2020
Assets			
Non-current assets			
Property plant and equipment	6	41,047	42,753
Total non-current assets		**41,047**	**42,753**
Current assets			
Inventories	7	12,675	239
Receivables, prepayments and accrued income	8	72,837	76,846
Cash and cash equivalents	9	5,757	343
Total current assets		**91,269**	**77,428**
Total assets		**132,316**	**120,181**
Equity and liabilities			
Equity			
Share capital		1	1
Reserves and retained earnings		62,136	57,453
Equity attributable to the owners of the company	10	62,137	57,454
Non-controlling interest	10	6,890	6,222
Total equity		**69,027**	**63,676**
Non-current liabilities			
Loans and borrowings	11	47	61
Total non-current liabilities		**47**	**61**
Current liabilities and accruals	11	63,242	56,444
Total current liabilities		**63,242**	**56,444**
Total equity and liabilities		**132,316**	**120,181**

London, 20 October 2023

The Consolidated financial statements were approved and authorized for issue by the board of directors and were signed on its behalf by:

(S) S.S. Tolia

S.S. Tolia
Director

(S) M.M. Portillo

M.M. Portillo
Director

D. Consolidated statement of cash flows

USD 1,000	2021	2020
Operating profit	**6,248**	**5,998**
Adjustments for:		
- Depreciation (and other changes in value)	1,706	187
	1,706	**187**
Working capital changes		
- Movements trade receivables	10,600	-24,327
- Movements inventories	-12,436	-239
- Movements on loans receivable	-6,591	-579
- Movements trade payables	-1,386	19,292
- Movements other payables and liabilities	6,639	328
- Movements trade finance	1,865	-
	-1,309	**-5,525**
Interest paid after corporate income tax		
Corporate income tax expense on operating activities	-102	-60
	-102	**-60**
Cash flow from operating activities	**6,543**	**600**
Cash flow from investment activities	**-**	**-**
Receipt of long-term liabilities	-14	-
Repayment of short term liabilities	-320	917
Other finance income	-87	-
Other finance expense	-559	-2,669
Interest paid	-237	-624
Cash flow from financing activities	**-1,217**	**-2,376**
Net cash flow		
Exchange rate and translation differences on movements in	88	334
Movements in cash	5,414	-1,442
Opening balance	343	1,785
Closing balance	5,757	343
Movement in cash	5,414	-1,442

E. Consolidated statement of changes in equity

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	**Legal entity share in**	Non-controlling interest	**Group Equity**
2020										
Opening Balance 01/08/2019	1	80,717	-	-	-	-	7,466	88,184	31	88,215
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	2,644	2,644	1	2,645
Total comprehensive income and expense for the period	-	-	-	-	-		2,644	**2,644**	1	**2,645**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	7,466	-7,466	-	-	-
Disposal of PPMR and MIL	-	-60,000	-	-	-	-	-	-60,000	-	-60,000
Acquisition of Riverbunker	-	-	-	-	26,619	-	-	26,619	6,190	32,809
Other movements in equity	-	2	5	-		-	-	7	-	7
Total other movements in equity	-	-59,998	5	-	26,619	7,466	-7,466	**-33,374**	6,190	**-27,184**
Closing balance 31/7/2020	**1**	**20,719**	**5**	**-**	**26,619**	**7,466**	**2,644**	**57,454**	**6,222**	**63,676**
2021										
Opening Balance 01/08/2020	1	20,719	5	-	26,619	7,466	2,644	57,454	6,222	63,676
Total comprehensive income and expense for the period										
Profit/(loss) for the period	-	-	-	-	-	-	4,595	4,595	668	5,263
Total comprehensive income and expense for the period	-	-	-	-	-		4,595	**4,595**	668	**5,263**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	2,644	-2,644	-	-	-
Other movements in equity	-	-	88	-	-	-	-	88	-	88
Total other movements in equity	-	-	88	-	-	2,644	-2,644	**88**	-	**88**
Closing balance 31/7/2021	**1**	**20,719**	**93**	**-**	**26,619**	**10,110**	**4,595**	**62,137**	**6,890**	**69,027**

F. Notes to the Consolidated Financial Statements

NOTE 1 – ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Rektron AQ Limited ("Rektron" or "the Company") is a United Kingdom based holding company that primarily invests in operating enterprises in the commodities sector. The Issuer's group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The Company has its legal seat at 120 New Cavendish Street, London, United Kingdom, W1W6XX and is registered with the Companies House under number 11268548.

The Company was incorporated as a limited liability company under the Companies Act 2006 of the United Kingdom for the purpose of establishing an industrial holding company.

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, and its interpretations adopted by the International Accounting Standards Board (IASB). The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

This is report does not replace the Consolidated Annual Report 2021 that serves as the statutory (consolidated) accounts dated 10 August 2022, that are prepared in accordance with the International Financial Reporting Standards as adopted by the United Kingdom, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in the United Kingdom. The objective of this report is to provide an overview of the activities of the Company and its subsidiaries under IFRS standards and for company-only financial statements, reference is made to the statutory accounts.

With regards to the comparing figures of 2020, the statutory accounts of 2020 are used as a basis and are updated for the accounting error that was detected in the Consolidated Annual Report 2022. As a result, the Trade Receivables are USD 9,635 thousand lower compared to the statutory report. The comparing figures are in compliance with IFRS and the accounting principles contained in this document.

1.3 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The functional currency of the group is U.S. Dollar.

1.4 New and revised IFRSs

A number of amendments is effective for annual periods that begin on or after 1 January 2020 and have been adapted in preparing these consolidated financial statements. None of these amendments had a significant effect on the financial statements.

The following new and revised IFRSs that are relevant for the Company have been issued but are not yet effective:

- Amendments to IFRS 16 Property, Plant and Equipment: Covid-19-Related Rent Concessions beyond 30 June 2021 (1 April 2021)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (1 January 2022)
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IFRS 41: Annual Improvements to IFRS Standards 2018–2020 (1 January 2022)
- IFRS 17 Insurance Contracts (1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1 Janauary 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 January 2023)

The Directors have evaluated the impact that these new standards and interpretations and consider them as not material on the financial statements of the Company in the current version of IFRS.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.8 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into US Dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.9 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.11 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

- Plant and Equipment: 4% - 33%
- Other operating assets: 2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.12 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.14 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. The Group classifies its financial instruments as either financial assets at amortized cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The classification depends on the Group´s business model for managing the financial assets and contractual terms of the cash flows.

- Amortized cost : Assets that are held for collection of contractual cash flows represent solely payments of principal and interest. Interest income from those financial is included in finance income.
- FVTOCI : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the cash flows of the assets represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Unrealized gains or losses are recorded as a fair value adjustment in the consolidated statement of comprehensive income and transferred to the consolidated income statement when this financial asset is sold. Exchange gains and losses and impairments related to these financial assets are immediately recognized in the consolidated income statement.
- FVTPL : Assets that do not meet the criteria for amortized cost or FVTOCI.

Changes in fair value of financial instruments at FVPL are immediately recognized in the consolidated income statement. Listed redeemable notes held by the Group that are traded in an active market are classified as FVTPL and are stated at fair value at the end of each reporting period. Changes in the carrying amount of FVTPL monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on FVTPL equity investments are recognized in profit or loss. Other changes in the carrying amount of FVTPL financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. Dividends on FVTPL equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

The fair value of FVTPL monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income. FVTPL equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.
Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable costs. Other investments, provisionally priced trade receivables and derivates are carried at fair value. Trade receivables (without provisional price features), loans and other receivables are carried at amortized cost adjusted for any loss allowance.

Financial liabilities (except derivates and liabilities with provisional price features) are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost. Derivates and financial liabilities including provisional price features are carried at FVTPL.

1.16 Financial Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For FVTPL equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Company applies the simplified approach to measure the loss allowance for trade receivables classified as amortized cost using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information. For all other financial assets at amortized cost the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTPL equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of FVTPL debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.17 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

1.18 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.19 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.20 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical for understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Valuation of derivative instruments

Derivative instruments are carried at fair value and the company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 7.

Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiably inputs (Level2); or using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3).

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

Fair Value measurements

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of air value of assets and liabilities is also require in accounting for other transaction most notably, business combinations and disclosures related to fair values of marketing inventories, financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

NOTE 2 – SEGMENT INFORMATION

2.1 GENERAL

The Company is organized in three segments, Energy, Metals and Soft commodities and other. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross margin. Overhead expenses, assets and liabilities are not allocated to the various segments.

	Revenue		GM	
USD 1,000	2021	2020	2021	2020
Metals	898,083	754,736	6,899	9,984
Oil and other	3,085	-	3,085	-
Total	**901,168**	**754,736**	**9,984**	**9,984**

2.2 GEOGRAPHICAL INFORMATION

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

	Revenue	
USD 1,000	2021	2020
Region		
Europe	199,492	122,203
Middle East	16,718	198,451
Asia-Pacific	681,663	426,275
Americas and other	3,295	7,807
Total	**901,168**	**754,736**

The allocation of Revenue is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

Note 3 – Expenses

USD 1,000	2021	2020
Selling expenses		
Personnel	558	1,063
Sales and marketing expenses	38	279
Total selling expenses	**596**	**1,342**
Administrative expenses		
Personnel	297	1,623
Professional services fees	1,000	1,760
Facilities and offices	137	275
Other operating expenses	-	184
Depreciation and amortization	1,706	187
Total administrative expenses	**3,140**	**4,029**
Operating expenses	**3,736**	**5,371**

Depreciation and amortization relates to the depreciation of PPE and reference is made to note 6.

Employee benefit expenses and similar

The overview below covers both management and employees. The breakdown of the Director's remuneration is covered in Note 13.

USD 1,000	2021	2020
Wages	307	1,743
Social security costs	11	-
Other pension costs	1	-
Professional fees	536	943
Total	**855**	**2,686**
Reconciliation:		
Selling expenses - personnel	558	1,063
Administrative expenses - personnel	297	1,623
Total	**855**	**2,686**

The professional fees mentioned is related to people that work for the company on a contract basis.

The number of persons working for the Group is as follows:

Number of persons	2021	2020
Management	4	4
Administration	1	12
Total	**5**	**16**

For the auditors remuneration, reference is made to Note 14.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	2021	2020
Financial income and expense		
Interest expenses and similar charges	-237	-624
Other financing expenses	-559	-2,669
Total financial income and expense	**-796**	**-3,293**
Income from foreign exchange		
Forex gains	-	-
Forex losses	-87	-
Total income from foreign exchange	**-87**	**-**
Total financial income and expense	**-883**	**-3,293**

NOTE 5 – TAXATION

Income taxes consist of the following:

USD 1,000	2021	2020
Current income tax expense	-102	-60
Deferred income tax	-	-
Total income tax expense	**-102**	**-60**

USD 1,000	%	2021 USD	%	2020 USD
Factors affecting tax expense				
Taxable result		5,365		2,705
Tax burden based on UK nominal rate	19.0%	1,019	19.0%	514
Tax rate differences.	-17.1%	-917	-16.8%	-454
Taxation on result on ordinary activities	**1.9%**	**102**	**2.2%**	**60**

The effective Group tax rate differs from the statutory UK income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

As of 1 April 2023, the UK corporate income tax rate will increase to 25%.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

Note 6 – Property Plant and Equipment

The movements in Property plant and equipment are as follows:

USD 1,000	Plant and machinery
Gross carrying amount	
1 August 2019	2,058
Acquisition	42,761
Disposals	-2,058
31 July 2020	**42,761**
Accumulated depreciation and impairments	
1 August 2019	208
Disposals	-387
Depreciation	187
31 July 2020	**8**
Net book value at 31 July 2020	**42,753**
Gross carrying amount	
1 August 2020	42,761
Additions	-
31 July 2021	**42,761**
Accumulated depreciation and impairments	
1 August 2020	8
Depreciation	1,706
31 July 2021	**1,714**
Net book value at 31 July 2021	**41,047**

Plant and Machinery

The Plant and Machinery consist of 7 bunkers on the Danube River to supply fuel to all the major cruise and cargo shipping companies in the region. Through these strategic locations, the company can perform physical bunkering along the whole Danube River.

The Danube River is the second largest in Europe and flows through ten modern-day European nations: Romania, Hungary, Serbia, Austria, Germany, Bulgaria, Slovakia, Croatia, Ukraine, and Moldova. This river is part of the Trans-European Transport Network ("TEN-T") and it is a life line for many emerging economies in the region as well as strategic given its position between Europe and Asia.

Impairments

Management has considered all the factors and concluded on the basis of the internal documents and management reports available that no impairment is required. The intention is to obtain an update of the valuation of the river bunker assets in the course of 2023.

NOTE 7 – INVENTORIES

USD 1,000	31/07/2021	31/07/2020
Trading		
Finished products	12,675	239
Total inventories	**12,675**	**239**

The Trading inventories are commodities that are already sold by, but still held by the Trading companies as the Company still retains the principal risks and rewards of ownership.

No impairment has been recorded for the inventories during the year.

NOTE 8 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

USD 1,000	31/07/2021	31/07/2020
Trade receivables	63,848	74,448
Other receivables	1,651	1,340
Financial instruments	7,036	953
Taxation	75	96
Prepayments and accrued income	227	9
Total receivables, prepayments and accrued income	**72,837**	**76,846**

None of the Trade receivables are overdue and the credit risk of these trade receivables is insured at renowned insurance firms.

USD 1,000	31/07/2021
Not yet due	63,848
0 - 30 days overdue	-
30 - 60 days overdue	-
60 - 90 days overdue	-
>90 days overdue	-
Total	**63,848**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprises of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

NOTE 9 – CASH AND CASH EQUIVALENTS

The total cash position amounts to USD 5,757 thousand which is unrestricted.

NOTE 10 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Consolidated statement of changes in equity.

ISSUED SHARE CAPITAL

The issued share capital of the Company consists of the following:

	31.7.2021			31.7.2020		
Class	number	par value in USD	total amount	number	par value in USD	total amount
Ordinary shares	544.00	1.00	544.00	300.00	1.00	300.00
Preference shares	-	-	-	20.00	1.00	20.00
B-non voting shares	60.00	1.00	60.00	-	-	-
Total	**604**		**604**	**320**		**320**

In the financial year 2021, the company converted preference shares into ordinary shares and B-non-voting shares at par.

HEDGE RESERVE

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

TRANSLATION RESERVE

The translation reserve comprise of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intercompany loans of permanent nature.

OTHER RESERVE

The other reserve comprises of accumulated other comprehensive income of the (past) financial years.

NOTE 11 – LIABILITIES

USD 1,000	31/07/2021	31/07/2020
Long-term liabilities		
Bank loans (> 1 year)	47	61
	47	**61**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	1,865	-
Trade payables	52,639	54,025
Associated companies	1,551	1,871
Other payables	-	5
Taxes and social security charges payable	122	99
Financial instruments	6,990	227
Other current liabilities	11	178
Accrued liabilities and deferred income	64	39
	63,242	**56,444**

CURRENT LIABILITIES AND ACCRUALS

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the Company executes. The pricing of the facilities is within market standards. In general these working capital finance facilities take as a security the underlying materials and/or corresponding receivable including the cargo and credit insurances.

Financial instruments comprises of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

UNCOMMITTED WORKING CAPITAL FINANCE LINES

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	40	Libor + 2 to 4%
Transactional Lines	-	-
Receivables financing	40	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**130**	

The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to the Company. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to the Company's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of the Company's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to the Company's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Receivables Financing**: This is generally used for the metals business. the Company provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. The Company, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point the Company is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

At balance sheet date, an amount of USD 1,865 thousand is utilized and reflected in the balance sheet under current liabilities (Bank loans and similar >1year).

NOTE 12 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2020 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	953	75,893	76,846	953	-	-	953
Cash and cash equivalents	9	343	-	343	343	-	-	343
Total financial assets		**1,296**	**75,893**	**77,189**	**1,296**	**-**	**-**	**1,296**
Borrowings	11	-	61	61	-	-	-	-
Current liabilities and accruals	11	227	56,217	56,444	227	-	-	227
Total financial liabilities		**227**	**56,278**	**56,505**	**227**	**-**	**-**	**227**
31 July 2021 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	7,036	65,801	72,837	7,036	-	-	7,036
Cash and cash equivalents	9	5,757	-	5,757	5,757	-	-	5,757
Total financial assets		**12,793**	**65,801**	**78,594**	**12,793**	**-**	**-**	**12,793**
Borrowings	11	-	47	47	-	-	-	-
Current liabilities and accruals	11	6,990	56,252	63,242	6,990	-	-	6,990
Total financial liabilities		**6,990**	**56,299**	**63,289**	**6,990**	**-**	**-**	**6,990**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The trading activities mainly enter into USD transactions on both the purchase and selling side. In some circumstances, the Company sells to customers in local currency (mainly EUR and GBP). In such case, the risk is mitigated as much as possible through adequate hedging instruments.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 July 2022, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options.

USD 1,000	31/Jul/21	31/Jul/20
Commmodity related contracts		
Futures	7,036	953
Options	-	-
Total Current assets FVTPL	**7,036**	**953**
Commmodity related contracts		
Futures	6,990	227
Options	-	-
Total Current liabilities FVTPL	**6,990**	**227**

All derivatives mature within the first three months after balance sheet date.

NOTE 13 – REMUNERATION OF KEY MANAGEMENT

The remuneration of key management of the legal entity is as follows:

USD 1,000	31/07/2021	31/07/2020
short-term employee benefits	144	60
post-employment benefits	-	-
other long-term benefits	-	-
Total	**144**	**60**

NOTE 14 – AUDITORS' REMUNERATION

The fees payable to the auditors in and their associates for the audit of the company's financial statements amounts to USD 108 thousand.

NOTE 15 – TRANSACTIONS WITH RELATED PARTIES

In 2021, the Company conducted various transactions with related parties.

USD 1,000	Note	31/Jul/21	31/Jul/20
Related parties <1yr	10	-	-
Total Receivables		**-**	**-**
Associated companies		1,551	1,871
Related parties <1yr	14	-	-
Total Liabilities		**1,551**	**1,871**

The loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length conditions. No securities or guarantees were provided in light of this liability.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000	Total
Plutus Partners Ltd.	453
Traders	18
Operations	101
Accounting, Legal and IT	119
Rent and facilities	105
Travelling	20
Shareholders	91
Total	**453**

Plutus Partners Ltd. (hereinafter "Plutus) is the management company of the shareholders that charges the above mentioned services to the Company. As noted from above, Plutus provides services in the field of management consulting by providing traders, operational staff, accounting/legal/IT staff as well as the management services by the shareholders (Mr. Tolia and Mr. Mokashi) including the related travel expenses of this people and the rent of the office. The services provided by Mr. Michan Portillo in capacity as director of the company is included in the line item "Operations" and amounts to USD 91,500 that comprise of a base fee of USD 60 thousand and the remainder is incentive-based compensation as pre-defined and approved by the directors of the Company. Future compensation after the IPO is subject to review and approval by the newly established Remuneration Committee of Rektron Group Inc.

This business relationship between Plutus and the Company was established since the acquisition of DL Hudson and the incorporation of the Company. It provides substance to Plutus and simplifies the accounting and HR related matters for the Company. The measurement of costs is based on a cost plus basis with a maximum mark-up of 5 to 10%. This contract has an indefinite term, but has the usual termination clauses. Due to the Initial Public Offering, the services of Plutus will be will be reduced to the compensation of the shareholders for their respective roles in the Company only and will be subject to the review and approval by the newly established Remuneration Committee of Rektron Group Inc.

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 17 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 2021	2020	Registered address
Consolidated (direct)				
DL Hudson Limited	United Kingdom	100.0%	100.0%	120 New Cavendish Street, London
Consolidated (indirect)				
DL Hudson Germany GmbH	Germany	100.0%	100.0%	Ludwig-Erhard-Allee 10, Karlsruhe
DLH Istros Limited	United Kingdom	86.7%	86.7%	120 New Cavendish Street, London
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%	Ajeltake road, Ajeltake Island, Majuro
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%	Vatroslav Lisinski 19, Belgrade-Palilula
Non-consolidated (Associates)				
DLH Petroli (GB) Limited	United Kingdom	75.0%	75.0%	120 New Cavendish Street, London
DLH Petroli Italia Srl.	Italy	100.0%	100.0%	Piazza Vittorio Emanuele II 20, Manduria

Non-consolidating entities are not controlled by the Group in accordance with IFRS 3 despite having a majority shareholding.

The minority shareholder of DLH Istros Ltd. has preference shares that entitle the holder to an additional 2% profit allocation.

OTHER INFORMATION

1. INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 16.

2. SUBSEQUENT EVENTS

There are no reportable subsequent events.

3. APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2020

The Company-only annual report of 2020 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2021 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2021

The Board of Directors proposes to transfer the result over the financial year 2021 to the other reserves. The financial statements do not yet reflect this proposal.

Interim Condensed Consolidated Financial Statements
For the three months ended October 31, 2023

August 1, 2023 – October 31, 2023

Prepared by
Rektron Group Inc.
Suite 406, 5307 Victoria Drive
Vancouver, BC
V5P 3V6

February 7, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of Rektron Group Inc. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards have been set out in the note 1 of these interim condensed consolidated financial statements. Any applicable changes in accounting policies have also been disclosed in these financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

A. Interim Condensed Consolidated statement of income

(unaudited)

USD 1,000	Note	3 month period ended 31/10/2023	31/10/2022
Continuing Operations			
Revenue	2	**629,183**	**427,674**
Cost of sales	2	-621,696	-423,072
Gross profit	**2**	**7,487**	**4,602**
Operating expenses			
Selling and administrative expenses	3	**-2,797**	**-1,811**
Operating profit		**4,690**	**2,791**
Non-operating expenses			
Financial income and expense	4	-1,074	-1,126
Net finance cost		**-1,074**	**-1,126**
Profit before tax		**3,616**	**1,665**
Income tax expense	5	-	-
Profit from continuing operations		**3,616**	**1,665**
Profit		**3,616**	**1,665**
Profit attributable to:			
Equity holders of Rektron AQ Limited		3,660	1,716
Non-controlling interests		-44	-51
		3,616	**1,665**

B. Interim Condensed Consolidated statement of Comprehensive Income

(unaudited)

USD 1,000	3 month period ended 31/10/2023	3 month period ended 31/10/2022
Profit	**3,616**	**1,665**
Other comprehensive income		
Translation differences foreign associated companies	-130	-
Total comprehensive income	**3,486**	**1,665**
Total comprehensive income atrributable to:		
Equity holders of Rektron AQ Limited	3,530	1,716
Non-controlling interests	-44	-51
Total result	**3,486**	**1,665**

C. Interim Condensed Consolidated Statement of Financial Position

(unaudited)

USD 1,000	Note	31/10/2023	31/07/2023
Assets			
Non-current assets			
Property plant and equipment	6	37,025	37,455
Total non-current assets		**37,025**	**37,455**
Current assets			
Receivables, prepayments and accrued income	7	246,076	201,931
Cash and cash equivalents	8	9,374	9,783
Total current assets		**255,450**	**211,714**
Total assets		**292,475**	**249,169**
Equity and liabilities			
Equity			
Share capital		742	148
Reserves and retained earnings		104,418	101,482
Equity attributable to the owners of the company	9	105,160	101,630
Non-controlling interest	9	6,366	6,410
Total equity		**111,526**	**108,040**
Non-current liabilities			
Loans and borrowings	10	1,637	1,933
Total non-current liabilities		**1,637**	**1,933**
Current liabilities and accruals	10	179,312	139,196
Total current liabilities		**179,312**	**139,196**
Total equity and liabilities		**292,475**	**249,169**

Approved on behalf of the Board of Directors:

(S) Ricardo Phielix

Ricardo Phielix, CEO and Director

(S) Manny Bettencourt

Manny Bettencourt, CFO and Director

D. Interim Condensed Consolidated Statement of Cash Flows

(unaudited)

USD 1,000	3 month period ended 31/10/2023	31/10/2022
Operating profit	**4,690**	**2,791**
Adjustments for:		
- Depreciation (and other changes in value)	436	438
	436	**438**
Working capital changes		
- Movements trade receivables	-44,610	-101,374
- Movements inventories	-	122
- Movements on loans receivable	465	884
- Movements trade payables	37,511	99,474
- Movements other payables and liabilities	225	-279
- Movements trade finance	2,380	-1,666
	-4,029	**-2,839**
Cash flow from operating activities	**1,097**	**390**
Investments in other fixed assets	-6	-
Cash flow from investment activities	**-6**	**-**
Repayment of short term liabilities	-296	-
Other finance income	645	-
Other finance expense	-380	-245
Interest paid	-1,339	-881
Cash flow from financing activities	**-1,370**	**-1,126**
Net cash flow		
Exchange rate and translation differences on movements in	-130	-
Movements in cash	-409	-736
Opening balance	9,783	11,847
Closing balance	9,374	11,111
Movement in cash	-409	-736

E. Interim Condensed Consolidated Statement of Changes in Equity

(before appropriation of result)

USD 1,000	Issued share capital	Share premium	Hedging reserve	Translation reserve	Other reserves	Retained Earnings	Result for the year	**Legal entity share in**	Non-controlling interest	**Group Equity**
2023										
Opening Balance 01/08/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**34,705**	**6,040**	**87,758**	**6,669**	**94,427**
Total comprehensive income and expense for the 3 month period ended 31/10/2022										
Profit/(loss) for the period	-	-	-	-	-	-	1,716	1,716	-51	1,665
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	-
Total comprehensive income and expense for the period ended 30/04/2022	-	-	-	-	-	-	1,716	**1,716**	-51	**1,665**
Other movements in equity in 3 month period ended 31/10/2022										
Allocation of prior year result	-	-	-	-	-	6,040	-6,040	-	-	-
Total other movements in equity	-	-	-	-	-	6,040	-6,040	**-**	-	**-**
Closing balance 31/10/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**40,745**	**1,716**	**89,474**	**6,618**	**96,092**
Opening Balance 01/11/2022	**1**	**20,719**	**145**	**-485**	**26,633**	**40,745**	**1,716**	**89,474**	**6,618**	**96,092**
Total comprehensive income and expense for the 9 month period ended 31/7/2023										
Profit/(loss) for the period	-	-	-	-	-	-	11,807	11,807	-208	11,599
Foreign currency translation differences	-	-	-	349	-	-	-	349	-	349
Total comprehensive income and expense for the period	-	-	-	349	-	-	11,807	**12,156**	-208	**11,948**
Other movements in equity for the 9 month period ended 31/7/2023										
Share issue	147	-	-	-	-147	-	-	-	-	-
Total other movements in equity	147	-	-	-	-147	-	-	**-**	-	**-**
Closing balance 31/7/2023	**148**	**20,719**	**145**	**-136**	**26,486**	**40,745**	**13,523**	**101,630**	**6,410**	**108,040**
2024										
Opening Balance 01/08/2023	**148**	**20,719**	**145**	**-136**	**26,486**	**40,745**	**13,523**	**101,630**	**6,410**	**108,040**
Total comprehensive income and expense										
Profit/(loss) for the period	-	-	-	-	-	-	3,660	3,660	-44	3,616
Foreign currency translation differences	-	-	-130	-	-	-	-	-130	-	-130
Total comprehensive income and expense for the period	-	-	-130	-	-	-	3,660	**3,530**	-44	**3,486**
Other movements in equity										
Allocation of prior year result	-	-	-	-	-	13,523	-13,523	-	-	-
Share issue (share exchange)	594				-594			-		-
Total other movements in equity	594	-	-	-	-594	13,523	-13,523	**-**	-	**-**
Closing balance 31/10/2023	**742**	**20,719**	**15**	**-136**	**25,892**	**54,268**	**3,660**	**105,160**	**6,366**	**111,526**

F. Notes to the Interim Condensed Consolidated Financial Statements

NOTE 1 – ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Rektron Group Inc. ("Rektron" or "the Company") is a company incorporated in Canada under the legislation of the province of British Columbia. The registered office of the Company is located at Suite 406, 5307 Victoria Drive, Vancouver, British Columbia.

The Company is a holding company that primarily invests in operating enterprises in the commodities sector. The group's trading expertise includes principal energy and metals products. In particular, the primary products traded are ferrous and nonferrous metals, crude oil and refined oil products. Rektron optimizes its balance sheet to support the trading activities of its subsidiaries (in oils and metals), further enhancing its ability to transect competitively and efficiently.

The financial year end of the Company is July 31st.

These Interim Condensed Consolidated Financial Statements comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 STATEMENT OF COMPLIANCE

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board (IASB), The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

1.3 BASIS OF PREPARATION

METHODOLOGY

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). These interim condensed consolidated financial statements should be read in conjunction with the Financial Statements and the notes thereto included in the audited 2023 Annual Report of Rektron AQ Ltd.

These Interim Condensed Consolidated Financial Statements for the three months ended October, 31 2023 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted.

GOING CONCERN

The interim financial report for the three-months ended October 31, 2023 has been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report. Further information is included in the Directors report.

FUNCTIONAL CURRENCY

All amounts are expressed in thousands of US Dollars, unless otherwise stated, consistent with the predominant functional currency of the company's operations.

SEASONALITY AND CYCLICALITY

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

CHANGES IN ESTIMATES

There are no changes in estimates reported in prior (interim) periods of the current financial year or prior financial years that have a material effect in the current interim period.

Note 2 – Segment information

2.1 General

The Company is organized in three segments, Energy, Metals and Soft commodities and other. This structure is used by management to assess the performance of the Company. Note that this assessment is based on revenue and gross margin. Overhead expenses, assets and liabilities are not allocated to the various segments.

	3 month period ended			
	Revenue		Gross Profit	
USD 1,000	31/10/2023	31/10/2022	31/10/2023	31/10/2022
Region				
Metals	628,950	352,379	7,254	3,948
Oil and other	233	75,295	233	654
			-	
Total	**629,183**	**427,674**	**7,487**	**4,602**

2.2 Geographical information

The group operates globally and operations are managed by the following geographical analysis. Note that the assets (apart from minor office furniture and equipment) are all located in Europe:

	3 month period ended			
	Revenue		Gross Profit	
USD 1,000	31/10/2022	31/10/2021	31/10/2022	31/10/2021
Region				
Europe	5,197	197,070	310	1,200
Middle East	-	2,482	-	7
Asia-Pacific	623,986	228,122	7,177	3,395
Total	**629,183**	**427,674**	**7,487**	**4,602**

The allocation of Revenue is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1.

NOTE 3 – EXPENSES

USD 1,000	3 month period ended 31/10/2023	31/10/2022
Administrative expenses		
Personnel	959	652
Sales and marketing expenses	9	-
Professional services fees	730	154
Facilities and offices	424	474
Other operating expenses	239	93
Depreciation and amortization	436	438
Operating expenses	**2,797**	**1,811**

Personnel and Professional service fees increased due to the larger number of staff and service providers as well as performance related payments. Other operating expenses is larger due to travel that increased due to higher activity and additional people developing business.

Depreciation and amortization relate to the depreciation of PPE and reference is made to note 6.

NOTE 4 – FINANCIAL INCOME AND EXPENSE

USD 1,000	3 month period ended 31/10/2023	31/10/2022
Financial income and expense		
Interest expenses and similar charges	-1,339	-881
Other financing income	645	-
Other financing costs	-372	-244
Foreign currency translation effects	-8	-1
Total financial income and expense	**-1,074**	**-1,126**

Interest expenses and other financing costs increased due to the increase in sales.

Other financing income is related to the risk management activities in relation to the physical trading activities as well as the treasury activities of any excess cash that is available within the group.

NOTE 5 – TAXATION

The taxation will be calculated for the Group's global operations and in accordance with each relevant jurisdiction on an annual basis. The best estimate is that the taxation is in line with prior year.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6 – PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

USD 1,000	Total
Gross carrying amount	
1 August 2022	42,968
Additions and other movements	1
31 July 2023	**42,969**
Accumulated depreciation and impairments	
1 August 2022	3,468
Depreciation	2,046
31 July 2023	**5,514**
Net book value at 31 July 2023	**37,455**

USD 1,000	Total
Gross carrying amount	
1 August 2023	42,969
Additions and other movements	6
31 October 2023	**42,975**
Accumulated depreciation and impairments	
1 August 2023	5,514
Depreciation	436
31 October 2023	**5,950**
Net book value at 31 October 2023	**37,025**

There are no significant changes in PPE compared to the last financial statements and only depreciation is accounted for. Management has considered all the factors and concluded on the basis of the internal documents and management reports available that no impairment is required.

NOTE 7 – RECEIVABLES PREPAYMENTS AND ACCRUED INCOME

USD 1,000	31/10/2023	31/07/2023
Trade receivables	239,216	194,606
Other receivables	5,444	5,564
Financial instruments	601	1,551
Taxation	2	25
Prepayments and accrued income	813	185
Total receivables, prepayments and accrued income	**246,076**	**201,931**

None of the Trade receivables are overdue and the credit risk of these trade receivables is covered by credit insurance.

USD 1,000	31/10/2023	31/07/2023
Not yet due	239,216	194,606
0 - 30 days overdue	-	-
30 - 60 days overdue	-	-
60 - 90 days overdue	-	-
>90 days overdue	-	-
Total	**239,216**	**194,606**

Other receivables and Prepayments and accrued income include receivables and prepayments in relation to down payments made in order to secure material for trading purposes.

Financial instruments comprise of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 11 for further information.

NOTE 8 – CASH AND CASH EQUIVALENTS

The total (unrestricted) cash position at October 31, 2023 amounts to USD 9,374 thousand.

NOTE 9 – SHARE CAPITAL AND RESERVES

The movement in Equity is provided in E. Interim Condensed Consolidated statement of changes in equity.

The Company was incorporated on 22 March 2023 with the objective to restructure the group in preparation for an Initial Public Offering of the Group on the Canadian Securities Exchange. At the incorporation, 100 shares of USD 0.02 were issued.

On 15 October 2023, the Company received clearance from the Tax Authorities of the United Kingdom and completed the reverse acquisition of Rektron Group AQ Limited. Before this date, on 5 May 2023, already 74,168,960 shares of USD 0.01 were issued in exchange for the shares of Rektron AQ Limited and were held in escrow pending close of the transaction.

Following note 14 Business Combinations, the history of Rektron AQ Limited is reflected in the Equity movement as provided in E. Interim Condensed Consolidated Statement of Changes in Equity. The above mentioned amendments are reflected in the three months period that ended 31 October 2023 in the line item "Share Issue (share exchange)".

	31.10.2023			**31.7.2023**		
Class	number	issue price in USD	total amount in USD	number	issue price in USD	total amount
Ordinary shares	74,169,060	0.01	741,692	74,168,960	0.002	148,337.92
Total	**74,169,060**		**741,692**	**74,168,960**		**148,338**

The table below shows the share capital continuity of Rektron Group Inc.:

	31.10.2023		
Class	number	issue price in USD	total amount in USD
Incorporation	100	0.02	2
Share Exchange Agreement	74,168,960	0.01	741,690
Total	**74,169,060**	**0.01**	**741,692**

NOTE 10 – LIABILITIES

USD 1,000	31/10/2023	31/07/2023
Long-term liabilities		
Subordinated related party loan	1,637	1,933
	1,637	**1,933**
Current liabilities and accruals		
Bank loans and similar (< 1 year)	38,971	36,591
Trade payables	139,116	101,605
Taxes and social security charges payable	262	306
Financial instruments	849	352
Other current liabilities	39	39
Accrued liabilities and deferred income	75	303
Total Current Liabilities	**179,312**	**139,196**
Total Liabilities	**180,949**	**141,129**

LONG-TERM LIABILITIES

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

CURRENT LIABILITIES AND ACCRUALS

Bank loans and similar (<1 year) consists of lines provided by specialized institutions to facilitate the trades that the Company executes. The pricing of the facilities is within market standards. A breakdown is presented below.

Financial instruments comprise of the derivatives that the Company acquired in order to mitigate the key trading risks (price and currency risk). Reference is made to note 12 for further information.

UNCOMMITTED WORKING CAPITAL FINANCE LINES

At October 31, 2023, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as "self-liquidating": these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	180	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	48	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**378**	

The facilities provided by these institutions are letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to the Company. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to the Company's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of the Company's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to the Company's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Receivables Financing**: This is generally used for the metals business. the Company provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. The Company, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point the Company is in control of the physical product while the title of the product is still held by the financier as security. The metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorise the release of the product to them.

At balance sheet date, an amount of USD 38,971 thousand is utilized and reflected in the balance sheet under current liabilities (Bank loans and similar >1year).

NOTE 11 – FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Available-for-sale, and Loans and Receivables. Held-to-maturity instruments are not applicable.

		Carrying amount			**Fair Value**			
31 July 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	7	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	8	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings	10	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	10	352	138,844	139,196	352	-	-	352
Total financial liabilities		**352**	**140,777**	**141,129**	**352**	**-**	**-**	**352**
31 October 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	7	601	245,475	246,076	601	-	-	601
Cash and cash equivalents	8	9,374	-	9,374	9,374	-	-	9,374
Total financial assets		**9,975**	**245,475**	**255,450**	**9,975**	**-**	**-**	**9,975**
Borrowings	10	-	1,637	1,637	-	-	-	-
Current liabilities and accruals	10	849	178,463	179,312	849	-	-	849
Total financial liabilities		**849**	**180,100**	**180,949**	**849**	**-**	**-**	**849**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The currency risk is limited as most of the contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged. In some circumstances, activities can be exposed to EUR and GPB in which case adequate hedging is applied.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At October 31, 2023, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted.

Note that the Company only purchases futures and options.

USD 1,000	31/Oct/23	31/Jul/23
Commmodity related contracts		
Futures	601	1,443
Options	-	108
Total Current assets FVTPL	**601**	**1,551**
Commmodity related contracts		
Futures	840	325
Options	9	27
Total Current liabilities FVTPL	**849**	**352**

In the profit and loss account an expense of USD 240 thousand is reflected in other financing income (netted of with a realized gain of USD 889 thousand) in relation to the FVTPL instruments. All instruments mature within 12 months.

NOTE 12 – TRANSACTIONS WITH RELATED PARTIES

In the reporting period, the Company conducted various transactions with related parties.

USD 1,000	Note	31/Oct/23	31/Jul/23
Related parties <1yr	7	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	10	1,637	1,933
Total Liabilities		**1,637**	**1,933**

The Subordinated related parties' loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length condition and is subordinated to other debt.

The following amounts are accounted for in the profit and loss accounts:

USD 1,000		Three-month period ended 31 October 2023		Three-month period ended 31 October 2022
Plutus Partners Ltd.		527		402
Traders	37		72	
Operations	139		87	
Accounting, Legal and IT	146		57	
Rent and facilities	30		35	
Travelling	72		31	
COO	-		-	
Shareholders	103		120	
CEO		60		15
CFO		30		-
Total		**617**		**417**

Plutus Partners Ltd. (hereinafter "Plutus) is the management company of the shareholders. Initially, all contracts with personnel and facilities were entered into with Plutus. In preparation for the IPO, all contracts are gradually being transitioned to the Group, so that in the future only the compensation for the work performed by the shareholders for their respective roles in the Company.

The three-month period ended October 31, 2023 is relatively higher compared to the increase in staff (operations and accounting, legal and IT) as well as travel expenses.

The CEO's remuneration based on the existing pre-IPO contract provides for a minimum base compensation in hours. As a result of the IPO and year-end process, additional hours were required and as such additional billings have gone through.

NOTE 13 – CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. As at October 31, 2023 the Group is not aware of any claims that have been assessed to be probable.

NOTE 14 – BUSINESS COMBINATIONS

On October 16, 2023, the Company completed the Reverse Takeover with Rektron AQ. In connection with the Reverse Takeover, the Company issued 74,168,960 shares in exchange for all the share outstanding in Rektron AQ.

Immediately following the completion of the Reverse Takeover, on a non-diluted basis, the former holders of Rektron AQ. shares held 100% of the voting rights of the Company.

At the time of the Reverse Takeover, the Company did not meet the definition of a business as defined under IFRS 3 "Business Combinations". Hence, the qualifying transaction was accounted for as an asset acquisition in accordance with IFRS 2, "Share-Based Payment". Rektron Group Inc. was identified as the accounting acquirer that issued shares to acquire all of the net assets of the Company, the accounting acquiree, and its legal status. These consolidated financial statements are considered to be a continuation of the financial statements of Rektron AQ., the accounting acquirer, present the value of its assets and liabilities at historical cost, up to the date of the qualifying transaction.

The fair value of the consideration issued to acquire the net assets of the Company is as follows:

	$USD
Consideration transferred as at October 16, 2023:	
100 shares at fair value of $1.58 per share	158
Total Consideration	158
Net assets of Rektron Group Inc. as at October 16, 2023:	
Cash and cash equivalents	2
GST/HST receivable	592
Accounts payable & Accrued liabilities	10,238
Total Net Assets	9,648
Listing expenses	9,490

The fair value of the Company's 100 shares was determined to be approximately USD$1.52 per share pursuant to the financing to be completed as part of the IPO closing shortly after the Reverse Takeover transaction.

October 16, 2023 is considered the completion date of the Share Exchange Agreement that was signed on May 5, 2023 as on this date, clearance in relation to stamp duty was received from His Majesty's Revenue Service (tax authorities in the United Kingdom, hereinafter "HMRC"). This clearance is required to transfer the legal title of the shares of Rektron AQ Ltd. to Rektron Group Inc. In case that HMRC decided to charge stamp duty, there would have been a very high probability that the shareholders of the Group would have reversed the transaction and choose another structure for the initial public offering. Considering all the relevant IFRS principles and guidelines, management concluded that the accounting date for Rektron Group Inc. to consolidate Rektron AQ Ltd. is October 16, 2023. In case that someone would come to the conclusion that the first consolidation of Rektron Group Inc. should be May 5, 2023 and Rektron Group Inc. should prepare consolidated financial statements as of July 31, 2023, the consolidated accounts would not materially differ from these financial statements as Rektron Group Inc. is a newly established company without any activity and only a cash balance of less than USD 10 thousand at October 31, 2023

NOTE 15 – LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest 31/Oct/23	Ownership interest 31/Jul/23
Consolidated (direct)			
Rektron AQ Ltd.	United Kingdom	100.0%	0.0%
Consolidated (indirect)			
DL Hudson Ltd.	United Kingdom	100.0%	100.0%
DL Hudson Dunes LLC	United Emirates	100.0%	100.0%
DL Hudson Germany GmbH	Germany	100.0%	100.0%
DLH Istros Ltd.	United Kingdom	86.7%	86.7%
Inland Shipping and Service Ltd.	Marshall Islands	100.0%	100.0%
River Bunker Balkans D.O.O.	Serbia	100.0%	100.0%
Non-consolidated (Associates)			
DLH Petroli UK Ltd.	United Kingdom	0.0%	0.0%
DLH Petroli Italia Srl.	Italy	0.0%	0.0%

The minority shareholders of DLH Istros Ltd. As well as DL Hudson Dunes LLC have preference shares that entitle each holder to an additional 2% profit allocation.

As described in Note 14 Business Combinations, the Company acquired Rektron AQ Ltd. through a reverse acquisition in the financial year 2024.

OTHER INFORMATION

Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Securities Exchange through Rektron Group Inc. The Company has filed its preliminary long form prospectus with the British Columbia Securities Commission ("BCSC") and has received preliminary receipt from the BCSC.

The Company's initial long form prospectus lapsed and as a result the Company filed a new preliminary long form prospectus on December 5, 2023 and received a preliminary receipt from the BCSC on December 6, 2023.

In addition the Company applied for the listing of Rektron Group Inc. with the Canadian Securities Exchange (the "CSE").

SCHEDULE "C"

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE ISSUER FROM INCORPORATION TO JULY 31, 2023

REKTRON GROUP INC.

Financial Statements
For the Year ended July 31, 2023

REKTRON GROUP INC.
July 31, 2023
Contents

Fareed Sheik & Co
Chartered Professional Accountants
AUDIT • TAX • ACCOUNTING

Suite 100-3034 Palstan Road
Mississauga, ON, L4Y 2Z6
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Independent Auditor's Report

To the Shareholders of

REKTRON GROUP INC.

Opinion

We have audited the Financial Statements of REKTRON GROUP INC. (the "Company"), which comprise the statement of financial position as at July 31, 2023, and the statements of income and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at July 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the Financial Statements, which indicates that the Company has no source of operating revenues, and its ability to operate as a going concern in the near-term will depend on its ability to successfully raise additional financing and to commence profitable operations in the future. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

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

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

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

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Auditor's Responsibilities for the Audits of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Fareed sheik & Co

Fareed Sheik & Co., CPA, LPA
Chartered Professional Accountants
Licensed Public Accountant

Mississauga
December 04, 2023

REKTRON GROUP INC.
Statement of Financial Position
As at July 31, 2023

	Notes		2023
ASSETS			
Current Assets			
Cash and Cash Equivalents		$	2
Taxes Receivable		$	78
Total Assets		**$**	**80**
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	5	$	7,178
Due to related parties	4	$	1,638
Total Liabilities		$	8,816
Shareholders' Equity			
Share capital	6	$	2
Retained Earnings (deficit)			(8,738)
Total Equity		**$**	**(8,736)**
Total Liabilities and Shareholders' Equity		**$**	**80**

Approved on Behalf of the Board:

DocuSigned by:
Michael Stier

DocuSigned by:
Trevor Turner

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

REKTRON GROUP INC.
Statement of Operations and Comprehensive Income
For the Year Ended July 31, 2023

	Notes		2023
Revenue		$	-
Operating Expenses			
Legal & Professional Fees		$	7,178
Transfer Agent Fees		$	1,560
Total Operating Expenses		**$**	**8,738**
Other Comprehensive Income			-
Net income and comprehensive income for the period		$	**(8,738)**
Earnings per share – Basic & Diluted			**(87)**
Weighted average number of shares outstanding - basic and diluted			**100**

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

REKTRON GROUP INC.

Statement of Changes In Shareholders' Equity
For the Year Ended July 31, 2023

	Notes	Number of Common Shares	Share Capital	Retained Earnings	Total Shareholders' Equity
Balance, March 22, 2023 (inception)		-	$ -	$ -	$ -
Issuance of common shares	6	100	2	-	2
Net income for the period		-	-	(8,738)	(8,738)
Balance, July 31, 2023		**100**	**$ 2**	**$ (8,738)**	**$ (8,736)**

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

REKTRON GROUP INC.
Statement of Cash Flows
For the Year Ended July 31, 2023

	Note		2023
Cash flows from operating activities			
Net income for the period		$	(8,738)
Increase/decrease in Accounts payable and accrued liabilities		$	7,178
Increase/decrease in Taxes Receivable		$	(78)
Increase/decrease in Due to related parties		$	1,638
Cash provided by operating activities		$	-
Cash flows from financing activities			
Proceeds from issuance of common shares		$	2
Cash provided by financing activities		$	2
Net increase in cash		$	2
Cash and Cash Equivalents, beginning of period		$	-
Cash and Cash Equivalents, end of period		$	2

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

REKTRON GROUP INC.

Notes to the Financial Statements
For the Year Ended July 31, 2023

1. NATURE OF THE BUSINESS

REKTRON GROUP INC. (the "Corporation") is a holding company incorporated in British Columbia on March 22, 2023. The Corporation's registered head office address is Suite 406, 5307 Victoria Drive, Vancouver, BC V5P 3V6, Canada.

As at July 31, 2023, the Corporation has not commenced commercial operations and has no assets other than a minimum amount of cash. Since the date of incorporation, the Corporation has been engaged in putting in place a management team, a board of directors, and retaining legal counsel.

2. BASIS OF PRESENTATION

Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These Financial Statements were authorized for issue by the Board of Directors on December 04, 2023.

Basis of Measurement

These Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

Functional and Presentation Currency

The Financial Statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

Use of estimates and judgments

The preparation of Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is valuation of financial instruments.

Going Concern

These Financial Statements have been prepared by management on the basis that the Corporation will continue as a going concern. The proposed business of the Corporation and the completion of a Business Opportunity involves a high degree of risk and there is no assurance that the Corporation will be able to identify an appropriate Business Opportunity for acquisition or investment, and even if so identified and warranted, there is no assurance that the Business Opportunity will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Corporation's ability to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(i) Financial assets at amortized cost

Instruments can only be classified as financial assets at amortized cost if they are held with the objective to collect contractual cash flows and if the cash flows are solely payments of principal and interest on the principal amount. Financial assets at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation does not presently hold any financial assets at amortized cost.

(ii) Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through comprehensive income are initially measured at fair value and changes therein are recognized in comprehensive income.

The Corporation does not presently hold any financial assets at fair value through comprehensive income.

(iii) Financial assets at fair value through profit or loss

All financial assets except for those placed into one of the above categories are recorded at fair value through profit or loss. Additionally, assets that meet the requirements for financial assets at amortized costs can optionally be designated as financial assets at fair value through profit or loss. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are initially measured at fair value and changes therein are recognized in profit or loss.

Financial assets at fair value through profit or loss are comprised of cash.

Share Capital and Equity

Common shares are classified as equity. Incremental costs directly attributable to the preferred shares are recognized as a deduction from equity, net of any tax effects.

Investment in Subsidiaries

In the company's separate Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

Business Combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortized as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise because of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognized in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognized at their fair values at acquisition date.
Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values unless another measurement basis is required by IFRS's.

New Standards and Interpretations

a. Standards and interpretations effective and adopted in the current period:

In the current period, the company has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Standard / Interpretation	Effective date: Years beginning on or after	Impact:
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	The impact of the amendments is not material.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	The impact of the amendments is not material.
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	The impact of the amendments is not material.

b. Standards and interpretations not yet effective:

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact:
Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024	The impact of the amendments is not material.
Lack of Exchangeability – Amendments to IAS 21	1 January 2025	The impact of the amendments is not material.

4. Related Party Transactions:

Transactions with related parties are in the ordinary course of business and are measured at exchange amount.

	2023
Due to related parties	
Due to UK Subsidiary - DL Hudson	$ 1,638

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes:

	2023
Accrued Liabilities	$ 7,178

6. SHARE CAPITAL

The Corporation was formed on March 22, 2023 and currently has 100 Class A common shares issued at $0.02 per share.

	Issued	2023
Authorized:		
The authorized share capital at July 31, 2023, is comprised of unlimited number of common shares without par value.		
Issued & Outstanding:		
Common Shares:		
Class A Common shares	100	$ 2

7. COMPREHENSIVE INCOME

The general and administrative expenses consist of legal and professional fees and transfer agent fees for the year ended July 31, 2023. No revenue was incurred during the period ended July 31, 2023.

8. FINANCIAL RISK MANAGEMENT

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. As at July 31, 2023, the Corporation's maximum exposure to credit risk is $2 and is comprised of cash. The Corporation has its cash deposited with a highly rated financial institution. Management has judged credit risk to be low.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Corporation's financial instruments bear interest. Therefore, management believes that the Corporation is not exposed to any significant interest rate risk.

9. SUBSEQUENT EVENT

a. Business combinations occurring after the end of the period

Acquisition of Rektron AQ Ltd

On April 6, 2023, the shareholders of Rektron AQ Ltd., a UK based corporation subscribed for 100 common shares in Rektron Group Inc. in the same ratio as owned by them in Rektron AQ Ltd.

On May 5, 2023, the shareholders of Rektron AQ Ltd. exchanged all their shares in Rektron AQ Ltd. for an equal number of shares (74,168,960) in Rektron Group Inc. at US$0.002, which is the par value of the Rektron AQ Ltd. shares. These shares were placed in Escrow awaiting UK IRS approval. All necessary approvals to complete the close were obtained on October 16, 2023 and Rektron AQ Ltd. became a wholly owned subsidiary of Rektron Group Inc.

As a result of the acquisition, the company is expecting to list on the Canadian Securities Exchange.

Fair value of assets acquired and liabilities assumed

Goodwill is measured as the excess of the fair value of the deemed consideration transferred over the fair value of the acquiree's identifiable assets acquired and liabilities assumed.

As Rektron Group Inc. is recently acquired and not listed on any exchange as at the acquisition date, there is no difference between the consideration effectively paid by Rektron Group Inc. and the fair value of the net assets assumed. Consequently, no goodwill arises on this reverse acquisition.

Consolidation

The effects of consolidation of the group at year will be as follows:

The assets and liabilities of Rektron AQ Ltd will be recognized at their pre-combination carrying amounts and the assets and liabilities of Rektron Group Inc. will be recognized in accordance with IFRS 3.

On consolidation, the type and number of shares will reflect those of Rektron Group Inc. The equity structure of Rektron AQ Ltd. will be restated using the exchange ratio established in the acquisition agreement to reflect the number of shares the legal parent issued in the reverse acquisition. The fair value of Rektron AQ Ltd is determined based on the most reliable measure available.

b. Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Stock Exchange through Rektron Group Inc. The Company filed the Preliminary long form prospectus at the British Columbia Securities Commission ("BCSC") on June 1, 2023, and the receipt from the BCSC was received on June 5, 2023. On June 29, 2023, the Company filed an initial application for the listing of Rektron Group Inc. at the Canadian Stock Exchange (the "CSE") which is under review.

SCHEDULE "D"

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEARS ENDED JULY 31, 2023, JULY 31, 2022 AND INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE MONTHS ENDED OCTOBER 31, 2023

Management's Discussion and Analysis
For the year ended July 31, 2023

August 1, 2022 – July, 2023

Prepared by
Rektron AQ Ltd.
120 New Cavendish Street
London W1W 6XX
United Kingdom

February 7, 2024

A. Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Rektron Group AQ Ltd. ("Rektron", the "Company", or the "Group") constitutes the management's review of factors that affected the Company's financial performance for the year ended on July 31, 2023 in comparison with data from the same period last year. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and should be read in conjunction with the IFRS Consolidated Annual Report of Rektron AQ Limited for the year ended on July 31, 2023 that are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board ("IFRS") including comparative figures. Results are reported in US dollars.

B. Forward-Looking Statements

This report contains statements that are to be considered forward-looking statements. Such statements relate to future events or future economic performance of the Company and involve risks, uncertainties and other known and unknown factors that may appreciably affect the results, performance or achievements against this or implications Rektron statements. Actual events or results could differ. Forward-looking statements include words or phrases such as "anticipates", "believes", "plans" or other words or phrases suggesting future outcomes of the infringement. Rektron disclaims any intention and undertakes no obligation to update such statements unless otherwise required by law.

C. Description of Business

Rektron is the holding company and parent company of DL Hudson Ltd. ("DL Hudson"). DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group's global trading operations. The holding company structure serves in managing the primary shareholder interests and ensuring efficient execution at the operational level. The business strategy of DL Hudson, headquartered in London, entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers as well as experienced experts in various fields of finance and operations. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Company transacts across all compliant markets.

The Company has presence in 10 countries and is organized in 2 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (Aluminum, Copper, Lead, Nickel and Zinc), Recycled metals (Recycled Copper, Aluminum, Lead and Nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC in the previous year, it has expanded its portfolio into bulk products (Concentrates, Manganese, etc.). Trades are executed through the headquarters in London or by the team members on the ground. The company has a strong on the ground presence in Asia and Europe.

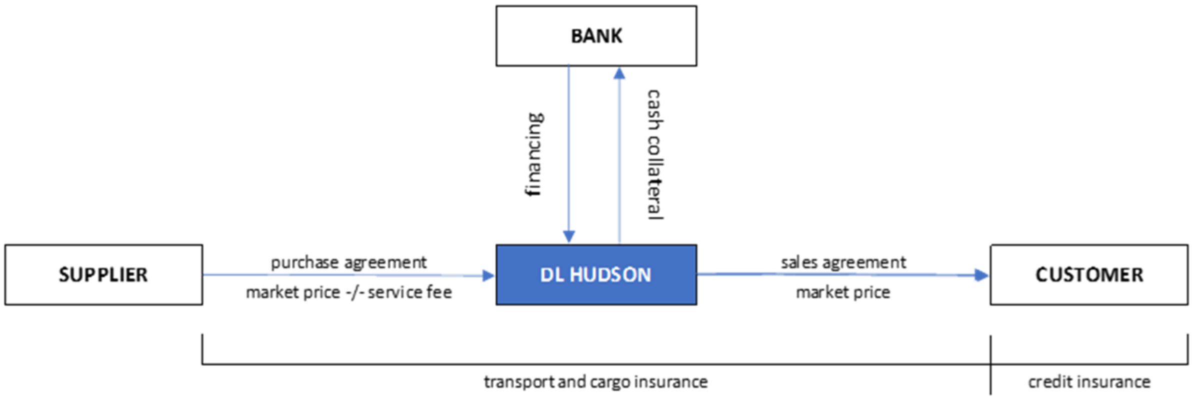
2. OIL DIVISION

The company operates in niche markets for EURO VI compliant fuel oil. This division is expanding its crude oil business globally.

D. Business Model

1. General model

The following diagram outlines the business model demonstrating the operational steps and profit generation.



The process starts with our trader matching supply and demand for a specific product of a particular grade and quantity with a counterparty. In other words, when demand is established, the trader simultaneously locks in the supply side. As part of DL Hudson's risk policy, the traders are required to ensure both sides of the transaction are firm and secured.

The prices of commodities are denominated by market prices on exchanges such as the London Metal Exchange, Intercontinental Exchange or daily publication such as Platts. That means that the commodities can always be traded based on the quoted prices on these exchanges or publications. The prices quoted by suppliers are based on the printed prices on the exchanges or publications. These prices are usually on a per metric ton or per barrel basis. The supplier will quote DL Hudson the printed exchange price plus or minus a premium or discount along with the Incoterms. DL Hudson then adds its margin (service fee) based on the price and Incoterms offered to the buyer. For example, if DL Hudson conducts the transport and logistics, it takes the quoted price plus or minus the premium or discount, adds the transport cost calculated on a per metric or per barrel, hedging and finance cost and sells to the customer at a price accounting for the aforementioned costs.

The transport, logistics and storage (if applicable) are provided by the Group's network of third party providers.

Before DL Hudson commits to a trade, the Group requires its traders to prepare a detailed proposal that outlines the supplier, the buyer, underlying product and its specification, quantity, purchase price, purchase Incoterms, buyer incoterms, shipping and logistics costs (if required), hedge costs (if required), delivery dates, purchase date, breakdown of the pricing formula, finance cost, etc. Each proposal is supported by a pre-calculation that shows the expected margin to be made on the deal. This proposal is presented to the CEO, CIO and CFO of DL Hudson. Upon approval the trade is executed.

The trader then confirms the trade with the counterparties, and the trade details are sent to the operations team of the Group.

The operations team then liaises with the counterparties' back office to draft the sales contract and purchase contracts. These contracts are then reviewed by our in-house legal team and are sent to the management team for signoffs. Then, the margin (or service fee) is locked in. All contracts are prepared on the basis of Incoterms 2020 so that the transfer of risk in relation to the underlying material is clearly defined.

Upon signing of the contracts, the supplier sends an invoice. This invoice is presented to the bank (or similar finance institution) with whom DL Hudson has working capital facilities. These working capital facilities are based on frame-work contracts that are in place with the finance providers and these outline the type of transaction that can be placed along with the security(ies) required by the bank. The bank finances 100% of the purchase value, either by cash or by means of a Letter of Credit and takes the underlying material as a security. The bank also often requires a cash collateral of 10% to 20% by DL Hudson. Reference is made to section D.3. of this document to a further elaboration.

The Group has transport and cargo insurances in place and in accordance with the above-mentioned framework agreements where the bank or financial institution is assigned as loss payee on the policy.

Once the material is delivered to the customer, DL Hudson sends an invoice. At this stage, the covenants of the Letter of Credit applies and can be drawn down upon or in case of credit offered to the customer, it becomes a receivable. In case of an outstanding receivable, the bank and/or financing institution requires a credit insurance to be in place that covers the exposure. These banks and/or financing institutions are assigned to the policy as loss payee.

For that purpose, the CFO of DL Hudson in collaboration with the CEO and the traders of DL Hudson are in touch with credit insurance companies on a quarterly basis to ensure that adequate insurance policies and limits against customers are in place. Before a trade proposal is approved, the credit limit from the credit insurer is checked by DL Hudson's back office.

The operations team prepares the purchase and sales contracts, handle the purchase and sales invoices, negotiate the Letters of Credit, deal with the banks/financing institutions, take care of logistics, shipping in collaboration with agents or employees on the ground and are in charge of payment collections.

2. Services

DL Hudson is able to charge the above mentioned service fee as it provides services to its partners in the following fields:

Working capital

Through the instruments that are elaborated in section D.3. of this document, the Company is able to provide working capital to the supply chain of commodities. Suppliers could receive payment at an earlier stage in the supply chain and Customers could be provided extended payment terms on the sales invoices of DL Hudson. These solutions are subject to sufficient coverage from credit insurances and approval from our financing providers (i.e. banks, factoring companies, funds).

For example:

By purchasing at the port of discharge, the supplier does not need to finance the transport, customs, taxes, delivery and manage the logistics for the goods to be delivered to the end user. This is an advantage for the supplier as it indirectly provides them with working capital. This additional working capital enables the supplier to increase its activities.

When selling to the customer, the Group is able to deliver the materials at various points in the supply chain including delivery at the production or storage location of the customer (based on Incoterms 2020). In addition, the Group can provide payment terms of up to 90 days. This gives the customer time to process the materials and even provide payment terms to their customer. That financial capacity gives the Group's customer the ability to increase its business activity.

Logistics solutions
The Group provides logistics solutions, by arranging the transport of the materials by sea and/or by land (DL Hudson has not yet transported materials by air) as well as storage and dispatch from storage facilities. These solutions are provided through third-party service providers such as forwarders, shipping and storage companies. Although the physical operation is outsourced, it does require time, coordination and meticulous management to monitor these operations. The operations team is instrumental in ensuring that the processes and paperwork are in order, as minor errors could have a cost. This activity is not only performed, but also financed by the Group. The Group collaborates with renowned parties that are well regarded in the industry.

Risk management

Risk management means the mitigation of price risks and currency risks. With regards to price risk, commodities are subject to frequent price fluctuations as they are exchange traded (such as the London Metal Exchange for Metals or Intercontinental Exchange for Energy) or their reliance on daily pricing mechanisms that are published in daily updates such as Platts. The Group has margin lines with brokers that execute futures and derivatives on behalf of DL Hudson to mitigate price risk. To be able to perform this activity, the Group tries to employ a specialized, qualified and dedicated trading team. Furthermore, not all companies qualify to have these lines or are not granted sufficient margin lines to transact in larger physical trades.

With regards to currency risk, the commodity prices are denominated in US Dollars. Suppliers that have operating costs in a different currency have an exposure to the fluctuation of the exchange rate between this local currency and the US Dollar. The same can apply to the buyer who may require the products to be sold to them in their local currency. The Group uses its brokerage lines to hedge these risks by trading currency, futures or derivatives.

Global network

Not all suppliers have access to customers in other countries or regions. The Group employs traders, which have relations with suppliers and customers across the globe. The trading business relies heavily on personal relationships that are developed over the years. The Group employs nine traders that are based in London UK, Geneva Switzerland, Dubai United Arab Emirates, Singapore, Thailand and China. These traders have international contacts and travel frequently to ensure that these relationships are maintained. These parties are in regular contact with our traders to understand the supply and demand along with the trends in the market they operate in. This regular contact with the suppliers and buyers provides the traders insight into the needs of the buyers and suppliers, which often evolve into opportunities to trade with them. The Group also has contacts with independent agents that offer deals to the traders. These agents are usually compensated on a commission basis for deals that are successfully completed and payment fully collected.

Some customers impose a registration, which means that the supplier is acceptable to selling to and/or buying from them, and large suppliers have a similar process to ensure that the buyers are competent and able to buy from them. These registrations are based on their internal criteria but with large companies, this process is onerous and time-consuming. A common criterion required by some customers is the ability of the Group to perform shipments and their financial strength. As mentioned, registration processes, particularly with major companies are lengthy and many companies do not qualify. This is perceived as an entry barrier in the market. The Group has registrations with various companies that are well regarded in both the energy commodities as the metals hemisphere.

3. Working Capital

The Company utilizes a variety of facilities that are made available by various banks and similar institutions. These facilities include letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to DL Hudson. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to DL Hudson's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of DL Hudson's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to DL Hudson's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Bill of Lading Financing**: This is usually a working capital solution for metals trading. DL Hudson generally pays the supplier for the product at the loading port, and, against payment, the supplier provides DL Hudson the cargo documents including the bill of lading document, which is a document that describes what is being shipped, how much of it there is and where it is going. DL Hudson then transports the product to the destination port which could take 15 to 60 days depending on the location. In the case of bill of lading financing, the financing institution provides funds against the bill of lading document saving DL Hudson for waiting for the voyage to be complete to receive the payment from the buyer.
- **Receivables Financing**: This is generally used for the metals business. DL Hudson provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. DL Hudson, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point DL Hudson is in control of the physical product while the title of the product is still held by the financier as security. The --metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorize the release of the product to them.

Often, the banks or financial institutions that provide these facilities require 10-20% cash collateral. In general the facilities are structured through frame work agreements in which specific transactions are pre-approved, but require a validation on a case-by-case basis in order to ensure that the latest information on the industry and the particular parties involved in the presented transaction will not lead to any complications in the transaction. The Group also has a network of relationships that include financing institutions that do not provide framework agreements, but could finance deal on a case-by-case basis.

E. Highlights

Following the growth over the past years, the Company and its Board is elated to report another year with significant growth in revenue and profitability. Inflation and increasing costs in energy prices, volatility in the financial markets along with the geopolitical tensions in Ukraine had an impact in our industry. Due to the business model that focuses on adding value to the supply chain of commodities, both in metals and energy products, the Company was able to benefit from the robust platform that it has built and further enable it to grow in a steady manner. Revenue increased from USD 1.6 billion in 2022 to over USD 2.0 billion in 2023, keeping steady margins of around 1.2% (2022: 1.1%). The increases are mainly attributed to the fact that the Company benefitted from higher demand for Aluminium and low-grade iron ore. Despite the lower global demand for zinc, the Company increased its volumes offsetting lower Copper prices and decreases in Nickel.

Profit before tax of the financial year 2022 contains a one-off USD 20 million gain resulting from the acquisition of DL Hudson Dunes. Adjusting for this one time item, the comparing figure of 2022 is USD 6.1 million. Profit for the financial year 2023 has increased to USD 13.3 million. Part of this increase is realized by increased gross profit and operating profit as well as the hedging profits on the physical activities that are reflected in financial income.

The solvency rate (total group equity divided by balance sheet total) improved to 43% from the prior year’s 40%.

Earned profits and the available cash balance are utilized in the operation, leading to an increase in working capital from USD 54.9 to USD 72.5 million and resulting in a decrease in cash position from USD 11.8 to USD 9.8 million.

No exceptional events occurred during the reporting period.

As the Group is preparing an initial public offering on a recognized Securities Exchange in Canada in the first quarter of the calendar year 2024. For this purpose, the Shareholders incorporated Rektron Group Inc. (“RGI”) on March 22, 2023, a British Columbia company. On 5 May 2023, the shareholders re-organized their holdings and completed a Share Exchange Agreement whereby all the shares of Rektron AQ Ltd. were exchanged for shares in RGI. The transaction closed on October 15, 2023. Rektron had over USD 20 million in paid up capital and over USD 90 million in shareholder equity. The capital to be raised as part of the IPO will be in the form of a new share issuance from treasury and will be utilized for the operational growth of the business.

F. Selected Quarterly Information

Comparison results of Operations for the year

USD 1,000	the year ended 31/07/2023	31/07/2022	31/07/2021
Revenue	2,027,529	1,593,955	901,168
Gross profit	23,597	18,239	9,984
Operating profit	12,856	10,025	6,248
Profit before tax	13,465	26,051	5,365
Net profit	13,264	25,819	5,263
Profit from continuing operations attributable to the owners of the parent*	13,523	26,040	4,595
- on a per share basis in USD	0.18	42,548.98	7,608
- on a dilluted per share basis in USD	0.18	19,147.04	3,423.43

- Revenue increased from USD 1.6 billion in 2022 to over USD 2.0 billion in 2023, keeping steady margins of around 1.2% (2022: 1.1%).The Company was able to benefit from the continued demand in Aluminum. The characteristics of this metal are favorable to a variety of industries due to its strength, conductivity and heat resistance. The increase is USD 512.7 million with a slight increase in gross profit. Another trend that worked in the Companies favor, is the fact that low margins at Chinese Steelmakers have boosted demand for lower-grade iron ore products. Our subsidiary DL Hudson Dunes that specializes in ores was able to secure the sourcing of this material at competitive pricing, leading to an increase in revenue of USD 320.9 million. The margins of these lower grade products are slightly tighter compared to the higher grade ores. These positive effects are compensated for by a decrease of USD 443.8 million in the revenue related to Nickel. This market segment has been impacted by volume surpluses in the last 2 years and are expected to continue into the next year. The advantage of the Company's business model is that it can swiftly adapt to changing market conditions. Hence, the switch to Aluminum and Ores. Although the consensus is that demand for Zinc remains low, the Company increased its revenue by USD 109.9 million, albeit at lower gross margins. This effect is offset by Copper, where the company moved a similar volume as last year, but the drop in copper prices decreased the revenue to USD 120.0 million. Margins remained stable.

- Operating costs have increased by USD 2.5m. The increase in costs is due to the expansion of our team that works on a contract basis and due to the increase in performance related compensations. Both effects are reflected in the line professional service fees (increase of 1.9 million). In the three month period ended July 31, 2022 there is a reclassification between Personnel and Professional service fees. The net effect for the quarter concerning the line items Personnel and Professional Service Fees is an increase of 1.4 million due to the expansion of the team and performance related compensations.

  In addition, Facilities and Offices increased due to the additional office space rented. Other Operating expenses mainly increased due to travel expenses in order for the team to develop new business and maintain existing relationships. The same effect can be noted in the comparison of the 3 month period.

USD 1,000	year ended 31/07/2023	year ended 31/07/2022	3 month period ended 31/07/2023	3 month period ended 31/07/2022
Administrative expenses				
Personnel	2,834	2,816	827	1,477
Sales and marketing expenses	18	7	3	2
Professional services fees	3,939	2,090	1,075	-915
Facilities and offices	1,069	938	273	266
Other operating expenses	835	609	223	104
Depreciation and amortization	2,046	1,754	732	437
Operating expenses	**10,740**	**8,214**	**3,132**	**1,371**

- Profit before tax of 2022 contains a one-time USD 20 million gain as a result from the acquisition of DL Hudson Dunes. Adjusted for this one-time gain, the comparing figure of 2022 is USD 6,1 million. Compared to the financial year 2023, profit has increased to USD 13.5 million. Part of this increase is explained by the increased gross profit as well as the hedging profits on the physical activities that are reflected in financial income.

- Earnings per share must be viewed in light of the share split completed in the financial year 2023. The table below shows the changes of the current financial year and prior periods:

	31.7.2023			31.7.2022			31.7.2021		
Class	number	par value in USD	total amount in USD	number	par value in USD	total amount	number	par value in USD	total amount
Ordinary shares	74,168,960	0.002	148,337.92	612	1.00	612	544	1.00	544
B-non voting shares	-		-	-	1.00	-	60.00	1.00	60.00
Total	**74,168,960**		**148,338**	**612**		**612**	**604**		**604**

The warrants that were outstanding in the financial years 2022 and 2021 were exercised in the financial year 2023. For this effect and in preparation for the IPO on the Canadian Securities Exchange, the following transactions took place during the financial year:

- On the 5 January 2023, 55.080 new shares of GBP 1.00 were issued against Other Reserves, that were later converted in to USD at a rate of 1.2008.
- Subsequently, the shares were revalued to USD 0.002 each, leading to a total number of shares outstanding of 33,070,032.
- On 4 May 2023, 40.792.928 shares were issued (in relation to the exercise of the warrants) against Other Reserves at an amount of USD 0.002 each, leading to a total number of outstanding shares of 74,168,960 of USD 0.002 each (total USD 148 thousand).

- Earnings per share on a diluted share basis changed as well: in the prior financial years, warrants on 55% of the total shareholding were issued. These were exercised in the financial year 2023 and no other rights currently exist, meaning that the Earnings per share and Earnings per share on a diluted basis is the same.

Comparison of results of Operations for the three-months period

USD 1,000	the year ended 31 July 2023				the year ended 31 July 2022				the year ended 31 July 2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	427,674	470,747	590,301	538,807	338,366	294,967	233,338	727,284	58,927	82,924	246,132	513,185
Gross profit	4,602	6,721	7,471	4,803	8,884	2,961	2,924	3,470	1,063	772	5,567	2,582
Operating profit	2,791	3,878	4,516	1,671	7,229	690	442	1,664	290	71	4,684	1,203
Profit before tax	1,665	2,384	3,562	5,854	23,845	135	420	1,651	33	147	3,602	1,583
Profit from continuing operations attributable to the owners of the parent*	1,716	2,418	4,134	5,255	23,393	130	407	2,110	28	128	3,134	1,289
- on a per share basis in USD	2,803.92	43.42	74.23	0.07	38,223.86	212.42	665.03	3,447.67	46.36	211.92	5,188.74	2,134.11
- on a dilluted per share basis in USD	1,261.76	19.54	33.40	0.07	17,200.74	95.59	299.26	1,551.45	20.86	95.36	2,334.93	960.35

*profit from continuing operations attributable to the owners of the parent is equal to profit attributable to the owners of the parent.

Comparison of Q4 2023 to Q3 2023

- Comparing Q4 of this year to Q3, revenue decreased by USD 51.5 million. The relative Gross profit decreased from 1.3% to 0.9%. The decrease is mainly due to price effects whereas the margin effect is mainly offset by the hedge income as reflected in the financial income and expense. Note that Profit Before Tax increases by USD 2.3 million compared to Operating Profit which is related to the physical trading activity. Taking that effect into consideration, the gross profit is in fact slightly higher at 1.3%.

- Profit before Tax increased by USD 2.3 million, which is primarily caused by the additional financial income realized as described in the previous point.

Comparison of Q4 2023 to Q4 2022

- Comparing the three months ended July 31, 2023 to the same period of 2022, Revenue is significantly lower due to the fact that in Q4 2022, the Company had the opportunity to enter in some high volume transactions with a short lead time and limited involvement of logistics. As a result of that and the quality of the counterparties, the deals are relatively low risk, which translates into lower margins. Therefore, a higher gross profit is reflected in Q4 2023 (the hedge result in the financial income should be taken into consideration on top of that).

- The operating profit seems to be in line, but if the hedge result of Q4 2023 is taken into consideration, the operating profit is USD 2.3 million higher which is mainly attributed to increased gross profit on transactions.

- Profit before Tax increased due to the higher gross profit as well as the returns related to the management of available cash.

__Statement of Financial Position__

USD 1,000	31/07/2023	31/07/2022	31/07/2021
Working capital	72,518	54,927	28,027
Total assets	249,169	238,868	132,316
Total liabilities	141,129	144,441	63,289
of which long-term	1,933	-	47
Group equity	108,040	94,427	69,027
Solvency rate	43%	40%	52%

- The net working capital increased from USD 54.9 million to USD 72.5 million as the profit that was generated over the financial years before is retained and used in the operations, leading to the increases in revenues and profitability.
- The increase in assets is attributed to the retained earnings and cash levels.
- Apart from the regular tax positions and accruals, the liability position primarily comprises of short-term liabilities only that are directly related to the trading activities. These short-term liabilities are self-liquidating.
- In preparation of the IPO, the payable to a related party is re-classified as a subordinated long term loan.
- Due to the retained profits, the group equity increased from USD 94.4 million to USD 108.0 million. This increase in equity led to a higher solvency rate.

__Liquidity__

USD 1,000	31/07/2023	31/07/2022	31/07/2021
Cash flow from:			
Operating activities	-4,955	10,068	6,543
Investment activities	-	1,411	-
Financing activities	2,891	-5,388	-1,217
Cash and cash equivalents closing position	**9,783**	**11,847**	**5,757**

- Cash flow from operating activities is negative due to the hedge result that is linked to operation that is reflected in financing activities. Furthermore, the Company invested more cash in the growing trading activities, leading to a lower cash balance at July 31, 2023.
- In the financial year 2022, investments were made in the subsidiary in the United Arab Emirates. No such investments took place in the current reporting period and no investments are planned.
- The financing activities mainly related to the interest and similar financial expenses paid, which are in line with the increased trading activities.

The cash position amounts to USD 9.8 million and the Net Working Capital position amounts to USD 72.5 million. The group only utilizes self-liquidating working capital facilities and borrows no funds. That means that the Net Working Capital is capital available for the Group to finance its deals with in accordance with the Business Model and through the structures described in section D.

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

The Group expanded its facilities: an additional line was obtained of USD 100 million for Letters of Credit and an additional Receivable financing line was acquired for USD 7.5 million under similar market terms as existing lines and facilities.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Prior year	Annualized interest rate
Letters of Credit	180	80	Libor + 2 to 4%
Transactional Lines	100	100	Libor + 2 to 4%
Receivables financing	48	40	Libor +4%
Warrant purchasing	50	50	Libor+2%
Total uncommitted working capital lines	**378**	**270**	

Following the business model described in section D., the purchase and sale of commodities is performed simultaneously. That means that the Company does not speculate. The financial institutions involved in financing these transactions follow the supply chain of each particular trade. That means that the period that is required to store pre-sold material is included in the financing set-up. As a condition from our financiers, the financing of the credit terms provided to the customers is subject to sufficient credit insurance cover.

With the uncommitted working capital lines and the Net Working Capital available, the Company has sufficient capacity to maintain and grow its existing business. In order to grow further growth, the Company is continuously in discussions with banks and financial institutions to expand the working capital lines.

In terms of trends or fluctuations in the business, the Company has shown consistent growth year over year. There is no seasonal impact apparent from quarter to quarter. Our business evolves around spot opportunities and is subject to variations in underlying commodities and the size of transactions. As the working capital lines are utilized on a trade by trade basis, the funding basis automatically adapts to fluctuations in the business. Increases in commodity prices lead to a higher utilization of these facilities, but generally the financing institutions adapt.

The Group is not hindered by legal or practical restrictions to transfer cash to and from subsidiaries within the group.

G. Financial and Capital Management

The Company is financed by its shareholders and the financing structure is optimized through self-liquidating working capital lines that enable the company to grow its operations. As of July 31, 2023 the Company had 74,168,960 Shares outstanding and total Shareholder’s equity of USD 101.5 million.

The Company is preparing for an Initial Public Offering on the Canadian Securities Exchange that is planned for the first quarter of the calendar year 2024. A successful placement will not only lead to additional cash availability to the company (the IPO will be done by means of a share issuance), but it will strengthen the Company’s profile that will enable further growth.

With regards to working capital lines and solutions, the Company is continuously exploring and discussing with potential partners in order to expand and improve the current portfolio to enable further growth of the Company.

H. Risk Disclosures

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company’s financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that “locks” the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

I. Financial Instruments

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss (“FVTPL”), Loans and Receivables, and Available-for-Sale. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2022 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	3,251	184,148	187,399	3,251	-	-	3,251
Cash and cash equivalents	9	11,847	-	11,847	11,847	-	-	11,847
Total financial assets		**15,098**	**184,148**	**199,246**	**15,098**	**-**	**-**	**15,098**
Borrowings (> 1 year)	11	-	-	-	-	-	-	-
Current liabilities and accruals	11	3,104	141,337	144,441	3,104	-	-	3,104
Total financial liabilities		**3,104**	**141,337**	**144,441**	**3,104**	**-**	**-**	**3,104**

31 July 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	9	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings (> 1 year)	11	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	11	352	138,844	139,196	352	-	-	352
Total financial liabilities		**352**	**140,777**	**141,129**	**352**	**-**	**-**	**352**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. MARKET RISK

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.

The Trading activities are mainly exposed to the USD/EUR/GBP exchange rate, as the trades are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At 31 July 2023, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted. Note that the Company only purchases futures and options.

USD 1,000	31/Jul/23	31/Jul/22
Commmodity related contracts		
Futures	1,443	3,251
Options	108	-
Total Current assets FVTPL	**1,551**	**3,251**
Commmodity related contracts		
Futures	325	3,104
Options	27	-
Total Current liabilities FVTPL	**352**	**3,104**

J. Significant Accounting Estimates, Judgements and Assumptions

FUNCTIONAL CURRENCY

All amounts are expressed in thousands of US Dollars, unless otherwise stated, consistent with the predominant functional currency of the company's operations.

SEASONALITY AND CYCLICALITY

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

CHANGES IN ESTIMATES

There are no changes in estimates reported in prior (interim) periods of the current financial year or prior financial years that have a material effect in the current interim period.

K. New Accounting Standards Adopted

No new accounting standards are adopted in the reporting period. No updates are prescribed, and the operations of the Company have not developed in any manner that new accounting standards are to be adopted.

L. Off-Balance Sheet Arrangements

As of July 31, 2023 the Company has no Off-Balance sheet settlements.

M. Share information

As of July 31, 2023, Rektron AQ Ltd. has issued 74,168,960 shares with a nominal value of USD 0.002 each (July 31, 2022: 612 shares of USD 1.00 each).

The following changes took place during the year:

- On the 5 January 2023, 55.080 new shares of GBP 1.00 were issued against Other Reserves, that were later converted in to USD at a rate of 1.2008.
- Subsequently, the shares were split and revalued to USD 0.002 each, leading to a total number of shares outstanding of 33,070,032.
- On 4 May 2023 40.792.928 shares were issued (in relation to the exercise of the warrants) against Other Reserves at an amount of USD 0.002 each, leading to a total number of outstanding shares of 74,168,960 of USD 0.002 each (total USD 148 thousand).
- As of July 31, 2023 the Shareholder's equity amounts to USD 101.5 million.

N. Transactions with related parties

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management for services as employees. The fees charged by them or by a company controlled by them, for the year ended on July 31, 2023, are as follows:

USD 1,000		31/07/2023		31/07/2022
Plutus Partners Ltd.		2,236		1,721
Traders	609		-	
Operations	393		120	
Accounting, Legal and IT	229		144	
Rent and facilities	143		120	
Shareholders	861		1,337	
CEO - Rektron Group Inc.		153		15
CFO - Rektron Group Inc.		60		-
Total		**2,449**		**1,736**

Plutus Partners Ltd. (hereinafter “Plutus”) is the management company of the shareholders that charges the above mentioned services to the Company. As noted from above, Plutus provides services in the field of management consulting by providing traders, operational staff, accounting/legal/IT staff as well as the management services by the shareholders (Mr. Tolia and Mr. Mokashi) including the related travel expenses of this people and the rent of the office. The services provided by Mr. Michan Portillo in capacity as director of the company is included in the line item “Operations” as well as “Accounting, Legal and IT” and amounts to USD 110,000 (July 31, 2022: USD 138,275).

Over all the lines, there are increases in costs mainly due to the increase of number of people. Not only traders, but also operations and accounting, legal and IT.

This business relationship between Plutus and the Company was established since the acquisition of DL Hudson and the incorporation of the Company. It provides substance to Plutus and simplifies the accounting and HR related matters for the Company. The measurement of costs is based on a cost plus basis with a maximum mark-up of 5 to 10%. This contract has an indefinite term, but has the usual termination clauses. Due to the Initial Public Offering, the services of Plutus will be will be reduced to the compensation of the shareholders for their respective roles in the Company only and will be subject to the review and approval by the newly established Remuneration Committee of Rektron Group Inc.

In Q3 2022, the Group initially hired Mr. Phielix as its CFO for DL Hudson and has since promoted him into the role of CEO of Rektron Group Inc. His compensation for services provided amounts to USD 153,000 (July 31, 2022: EUR 15,000) and this is reflected in the professional fees in Administrative expenses. In February 2023, the Group hired Mr. Bettencourt as its CFO for Rektron Group Inc. and his compensation amounts to USD 60,000 and is reflected in the same line item.

Outstanding receivables and liabilities

USD 1,000	Note	31/Jul/23	31/Jul/22
Related parties <1yr	10	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	11	1,933	-
Related parties <1yr	11	-	602
Total Liabilities		**1,933**	**602**

The loan is a payable to Plutus Partners, the management company of the shareholders and increased from USD 602 thousand in 2022 to USD 1,933 thousand. The loan is provided at arm’s length conditions. No securities or guarantees were provided in light of this liability. In order to prepare for the IPO, this loan was re-classified as subordinated long term debt upon agreement with Plutus Partners.

O. Other Information

Subsequent events

Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Securities Exchange through Rektron Group Inc. The Company has filed its preliminary long form prospectus with the British Columbia Securities Commission ("BCSC") and has received preliminary receipt from the BCSC.

The Company's initial long form prospectus lapsed and as a result the Company filed a new preliminary long form prospectus on December 5, 2023 and received a preliminary receipt from the BCSC on December 6, 2023.

In addition, the Company applied for the listing of Rektron Group Inc. with the Canadian Securities Exchange (the "CSE").

Management's Discussion and Analysis
For the year ended July 31, 2022

August 1, 2021 – July, 2022

Prepared by
Rektron AQ Ltd.
120 New Cavendish Street
London W1W 6XX
United Kingdom

September 23, 2023

A. Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Rektron Group AQ Ltd. ("Rektron", the "Company", or the "Group") constitutes the management's review of factors that affected the Company's financial performance for the year ended on July 31, 2022 in comparison with data from the same period last year. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and should be read in conjunction with the IFRS Consolidated Annual Report of Rektron AQ Limited for the year ended on July 31, 2022 that are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board ("IFRS") including comparative figures. Results are reported in US dollars.

B. Forward-Looking Statements

This report contains statements that are to be considered forward-looking statements. Such statements relate to future events or future economic performance of the Company and involve risks, uncertainties and other known and unknown factors that may appreciably affect the results, performance or achievements against this or implications Rektron statements. Actual events or results could differ. Forward-looking statements include words or phrases such as "anticipates", "believes", "plans" or other words or phrases suggesting future outcomes of the infringement. Rektron disclaims any intention and undertakes no obligation to update such statements unless otherwise required by law.

C. Description of Business

Rektron is the holding company and parent company of DL Hudson Ltd. ("DL Hudson"). DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group's global trading operations. The holding company structure serves in managing the primary shareholder interests and ensuring efficient execution at the operational level. The business strategy of DL Hudson, headquartered in London, entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers as well as experienced experts in various fields of finance and operations. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Company transacts across all compliant markets.

The Company has presence in 10 countries and is organized in 3 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (Aluminum, Copper, Lead, Nickel and Zinc), Recycled metals (Recycled Copper, Aluminum, Lead and Nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC as of August 1, 2021, it has expanded its portfolio into bulk products (Concentrates, Manganese, etc.). Trades are executed through the headquarters in London or by the team members on the ground. The company has a strong on the ground presence in Asia and Europe.

2. OIL DIVISION

The company operates in niche markets for EURO VI compliant fuel oil. This division is expanding its crude oil business globally.

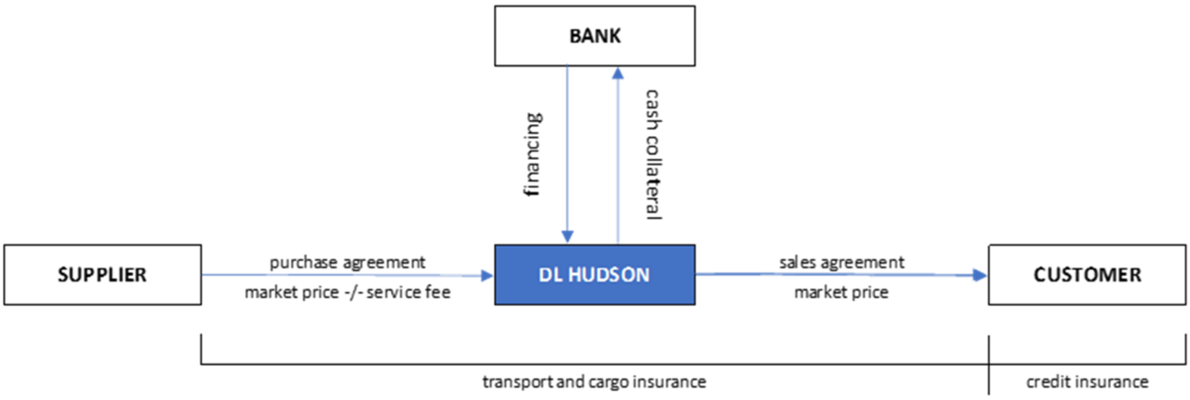
3. SOFT COMMODITIES AND OTHER

The Soft Commodities business is being developed and the current transactions in beans, soy beans and sugar.

D. Business Model

1. General model

The following diagram outlines the business model demonstrating the operational steps and profit generation.



The process starts with our trader matching supply and demand for a specific product of a particular grade and quantity with a counterparty. In other words, when demand is established, the trader simultaneously locks in the supply side. As part of DL Hudson's risk policy, the traders are required to ensure both sides of the transaction are firm and secured.

The prices of commodities are denominated by market prices on exchanges such as the London Metal Exchange, Intercontinental Exchange or daily publication such as Platts. That means that the commodities can always be traded based on the quoted prices on these exchanges or publications. The prices quoted by suppliers are based on the printed prices on the exchanges or publications. These prices are usually on a per metric ton or per barrel basis. The supplier will quote DL Hudson the printed exchange price plus or minus a premium or discount along with the Incoterms. DL Hudson then adds its margin (service fee) based on the price and Incoterms offered to the buyer. For example, if DL Hudson conducts the transport and logistics, it takes the quoted price plus or minus the premium or discount, adds the transport cost calculated on a per metric or per barrel, hedging and finance cost and sells to the customer at a price accounting for the aforementioned costs.

The transport, logistics and storage (if applicable) are provided by the Group's network of third party providers.

Before DL Hudson commits to a trade, the Group requires its traders to prepare a detailed proposal that outlines the supplier, the buyer, underlying product and its specification, quantity, purchase price, purchase Incoterms, buyer incoterms, shipping and logistics costs (if required), hedge costs (if required), delivery dates, purchase date, breakdown of the pricing formula, finance cost, etc. Each proposal is supported by a pre-calculation that shows the expected margin to be made on the deal. This proposal is presented to the CEO, CIO and CFO of DL Hudson. Upon approval the trade is executed.

The trader then confirms the trade with the counterparties, and the trade details are sent to the operations team of the Group.

The operations team then liaises with the counterparties' back office to draft the sales contract and purchase contracts. These contracts are then reviewed by our in-house legal team and are sent to the management team for signoffs. Then, the margin (or service fee) is locked in. All contracts are prepared on the basis of Incoterms 2020 so that the transfer of risk in relation to the underlying material is clearly defined.

Upon signing of the contracts, the supplier sends an invoice. This invoice is presented to the bank (or similar finance institution) with whom DL Hudson has working capital facilities. These working capital facilities are based on frame-work contracts that are in place with the finance providers and these outline the type of transaction that can be placed along with the security(ies) required by the bank. The bank finances 100% of the purchase value, either by cash or by means of a Letter of Credit and takes the underlying material as a security. The bank also often requires a cash collateral of 10% to 20% by DL Hudson. Reference is made to section D.3. of this document to a further elaboration.

The Group has transport and cargo insurances in place and in accordance with the above-mentioned framework agreements where the bank or financial institution is assigned as loss payee on the policy.

Once the material is delivered to the customer, DL Hudson sends an invoice. At this stage, the covenants of the Letter of Credit applies and can be drawn down upon or in case of credit offered to the customer, it becomes a receivable. In case of an outstanding receivable, the bank and/or financing institution requires a credit insurance to be in place that covers the exposure. These banks and/or financing institutions are assigned to the policy as loss payee.

For that purpose, the CFO of DL Hudson in collaboration with the CEO and the traders of DL Hudson are in touch with credit insurance companies on a quarterly basis to ensure that adequate insurance policies and limits against customers are in place. Before a trade proposal is approved, the credit limit from the credit insurer is checked by DL Hudson's back office.

The operations team prepares the purchase and sales contracts, handle the purchase and sales invoices, negotiate the Letters of Credit, deal with the banks/financing institutions, take care of logistics, shipping in collaboration with agents or employees on the ground and are in charge of payment collections.

2. Services

DL Hudson is able to charge the above mentioned service fee as it provides services to its partners in the following fields:

Working capital

Through the instruments that are elaborated in section D.3. of this document, the Company is able to provide working capital to the supply chain of commodities. Suppliers could receive payment at an earlier stage in the supply chain and Customers could be provided extended payment terms on the sales invoices of DL Hudson. These solutions are subject to sufficient coverage from credit insurances and approval from our financing providers (i.e. banks, factoring companies, funds).

For example:

By purchasing at the port of discharge, the supplier does not need to finance the transport, customs, taxes, delivery and manage the logistics for the goods to be delivered to the end user. This is an advantage for the supplier as it indirectly provides them with working capital. This additional working capital enables the supplier to increase its activities.

When selling to the customer, the Group is able to deliver the materials at various points in the supply chain including delivery at the production or storage location of the customer (based on Incoterms 2020). In addition, the Group can provide payment terms of up to 90 days. This gives the customer time to process the materials and even provide payment terms to their customer. That financial capacity gives the Group's customer the ability to increase its business activity.

Logistics solutions

The Group provides logistics solutions, by arranging the transport of the materials by sea and/or by land (DL Hudson has not yet transported materials by air) as well as storage and dispatch from storage facilities. These solutions are provided through third-party service providers such as forwarders, shipping and storage companies. Although the physical operation is outsourced, it does require time, coordination and meticulous management to monitor these operations. The operations team is instrumental in ensuring that the processes and paperwork are in order, as minor errors could have a cost. This activity is not only performed, but also financed by the Group. The Group collaborates with renowned parties that are well regarded in the industry.

Risk management

Risk management means the mitigation of price risks and currency risks. With regards to price risk, commodities are subject to frequent price fluctuations as they are exchange traded (such as the London Metal Exchange for Metals or Intercontinental Exchange for Energy) or their reliance on daily pricing mechanisms that are published in daily updates such as Platts. The Group has margin lines with brokers that execute futures and derivatives on behalf of DL Hudson to mitigate price risk. To be able to perform this activity, the Group tries to employ a specialized, qualified and dedicated trading team. Furthermore, not all companies qualify to have these lines or are not granted sufficient margin lines to transact in larger physical trades.

With regards to currency risk, the commodity prices are denominated in US Dollars. Suppliers that have operating costs in a different currency have an exposure to the fluctuation of the exchange rate between this local currency and the US Dollar. The same can apply to the buyer who may require the products to be sold to them in their local currency. The Group uses its brokerage lines to hedge these risks by trading currency, futures or derivatives.

Global network

Not all suppliers have access to customers in other countries or regions. The Group employs traders, which have relations with suppliers and customers across the globe. The trading business relies heavily on personal relationships that are developed over the years. The Group employs nine traders that are based in London UK, Geneva Switzerland, Dubai United Arab Emirates, Singapore, Thailand and China. These traders have international contacts and travel frequently to ensure that these relationships are maintained. These parties are in regular contact with our traders to understand the supply and demand along with the trends in the market they operate in. This regular contact with the suppliers and buyers provides the traders insight into the needs of the buyers and suppliers, which often evolve into opportunities to trade with them. The Group also has contacts with independent agents that offer deals to the traders. These agents are usually compensated on a commission basis for deals that are successfully completed and payment fully collected.

Some customers impose a registration, which means that the supplier is acceptable to selling to and/or buying from them, and large suppliers have a similar process to ensure that the buyers are competent and able to buy from them. These registrations are based on their internal criteria but with large companies, this process is onerous and time-consuming. A common criterion required by some customers is the ability of the Group to perform shipments and their financial strength. As mentioned, registration processes, particularly with major companies are lengthy and many companies do not qualify. This is perceived as an entry barrier in the market. The Group has registrations with various companies that are well regarded in both the energy commodities as the metals hemisphere.

3. Working Capital

The Company utilizes a variety of facilities that are made available by various banks and similar institutions. These facilities include letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to DL Hudson. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to DL Hudson's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.

- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of DL Hudson's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to DL Hudson's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Bill of Lading Financing**: This is usually a working capital solution for metals trading. DL Hudson generally pays the supplier for the product at the loading port, and, against payment, the supplier provides DL Hudson the cargo documents including the bill of lading document, which is a document that describes what is being shipped, how much of it there is and where it is going. DL Hudson then transports the product to the destination port which could take 15 to 60 days depending on the location. In the case of bill of lading financing, the financing institution provides funds against the bill of lading document saving DL Hudson for waiting for the voyage to be complete to receive the payment from the buyer.
- **Receivables Financing**: This is generally used for the metals business. DL Hudson provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. DL Hudson, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point DL Hudson is in control of the physical product while the title of the product is still held by the financier as security. The --metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorize the release of the product to them.

Often, the banks or financial institutions that provide these facilities require 10-20% cash collateral. In general the facilities are structured through frame work agreements in which specific transactions are pre-approved, but require a validation on a case-by-case basis in order to ensure that the latest information on the industry and the particular parties involved in the presented transaction will not lead to any complications in the transaction. The Group also has a network of relationships that include financing institutions that do not provide framework agreements, but could finance deal on a case-by-case basis.

E. Highlights

Despite the challenges that COVID-19 brought in terms of supply-chain issues and difficult general working conditions, the Company has been able to continue to grow its business in a safe and steady manner. Revenue increased from USD 0.9 billion in 2021 to almost USD 1.6 billion in 2022 keeping steady margins of around 1.1%. The growth is mainly attributed to the increase in the existing Aluminum, Copper and Nickel book (increase of USD 360 million). In addition to that, a Lead book (USD 117 million) and Bulk book (USD 158 million) is scaling up. The Company continued its crude oil business and this will further expand in 2023. A significant deal was closed after the balance sheet date with a revenue of around USD 75 million. Also, the Company was able to develop a soft commodities book trading in beans, soy beans and sugar.

Profit before tax of 2022 contains a one-off USD 20 million income as a result form the acquisition of DL Hudson Dunes. When corrected for this effect, the profit before tax increased by slightly over USD 686 thousand.

The solvency rate (total group equity divided by balance sheet total) remains quite stable at 40% (2021: 52%) and group equity increased from USD 69.0 million to USD 94.4 million.

Earned profits are utilized in the operation, leading to an increase in working capital from USD 28.1 to USD 54.9 million and an increase in cash position from USD 5.8 million to USD 11.8 million.

No exceptional events occurred during the reporting period.

As the Group is preparing an initial public offering on a recognized Securities Exchange in Canada in the second half of the calendar year 2023. For this purpose, the Shareholders incorporated Rektron Group Inc. ("RGI") on March 22, 2023, a British Columbia company. On 5 May 2023, the shareholders re-organized their holdings and completed a Share Exchange Agreement whereby all the shares of Rektron AQ Ltd. were exchanged for shares in RGI. Prior to the transaction Rektron had over USD 20 million in paid up capital and over USD 90 million in shareholder equity. The capital raised as part of the IPO will be in the form of a new share issuance and will be utilized for the operational growth of the business.

F. Selected Quarterly Information

Comparison results of Operations for the year

USD 1,000	the year ended 31/07/2022	31/07/2021	31/07/2020
Revenue	1,593,955	901,168	754,736
Gross profit	18,239	9,984	11,369
Operating profit	10,025	6,248	5,998
Profit before tax	26,051	5,365	2,705
Net profit	25,819	5,263	2,645
Profit from continuing operations attributable to the owners of the parent*	26,040	4,595	2,644
- on a per share basis in USD	42,548.98	7,608	8,263
- on a dilluted per share basis in USD	19,147.04	3,423.43	3,718.13

*profit from continuing operations attributable to the owners of the parent is equal to profit attributable to the owners of the parent.

- Revenue increased from USD 0.9 billion in 2021 to almost USD 1.6 billion in 2022 keeping steady margins of around 1.1%. The growth is largely attributed to the increase in the existing Aluminium, Copper and Nickel book (increase of USD 360 million). In addition to that, a Lead book (USD 117 million) and Bulk book (USD 158 million) is expanding.

- Operating costs have increased by almost USD 4.5m due to the expansion of our teams in order to support this growth and enhance further growth. This is reflected in the line items personnel (increase of USD 2.0 million) and professional service fees (increase of 1.1 million). In the three month period ended July 31, 2022 there is a reclassification between Personnel and Professional service fees. The net effect for the quarter is USD 563 thousand increase.

  As a result of the acquisition of DLH Dunes and the expansion of the teams, office space has increased. Furthermore, the facilities were initially recharged through the management company that are included in the professional service fees. Other operating expenses increased as well as this includes travel expenses that were also originally recharged through the management company.

  Depreciation is in line. In 2022, depreciation and amortization is accounted for on a monthly basis. In 2021, this was an accounting entry that was part of the closing of the year, hence the difference between the 3 month periods.

USD 1,000	the year ended 31/07/2022	31/07/2021	3 month period ended 31/07/2022	31/07/2021
Administrative expenses				
Personnel	2,816	855	1,477	813
Sales and marketing expenses	7	38	2	-1
Professional services fees	2,090	1,000	-914	107
Facilities and offices	938	137	267	37
Other operating expenses	609	-	101	-5
Depreciation and amortization	1,754	1,706	438	1,706
Operating expenses	**8,214**	**3,736**	**1,371**	**2,657**

- Profit before tax of 2022 contains a one-off USD 20 million income as a result form the acquisition of DL Hudson Dunes. When corrected for this effect, the profit before tax increased by slightly over USD 686 thousand.

Comparison of results of Operations for the three-months period

USD 1,000	the year ended 31 July 2022				the year ended 31 July 2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	338,366	294,967	233,338	727,284	58,927	82,924	246,132	513,185
Gross profit	8,884	2,961	2,924	3,470	1,063	772	5,567	2,582
Operating profit	7,229	690	442	1,664	290	71	4,684	1,203
Profit before tax	23,845	135	420	1,651	33	147	3,602	1,583
.								
Profit from continuing operations attributable to the owners of the parent*	23,393	130	407	2,110	28	128	3,134	1,289
- on a per share basis in USD	38,223.86	212.42	665.03	3,447.67	46.36	211.92	5,188.74	2,134.11
- on a dilluted per share basis in USD	17,200.74	95.59	299.26	1,551.45	20.86	95.36	2,334.93	960.35

*profit from continuing operations attributable to the owners of the parent is equal to profit attributable to the owners of the parent.

Comparison of Q4 2022 to Q3 2022

- Comparing Q4 of this year to Q3, revenue increased by USD 494 million, whereas gross profit increased by USD 546 thousand. The Company had the opportunity to enter into some high volume transactions with a short lead time and limited involvement of logistics. Because of that and the quality of the counterparties, the deals are relatively low risk. This translates in relatively lower margins, but an attractive nominal return.

- The Operating Profit increased by USD 1.2 million. USD 546 thousand can be explained by the increase in gross profit and partially to lower commission amounts to the traders due to a lower gross profit in percentage.

- Profit before Tax increased by USD 1.2 million and in percentage of revenue it remained stable at 0.2%.

Comparison of Q4 2022 to Q4 2021

- Comparing the three months ended July 31, 2022 to the same period of 2021, Revenue increased by over USD 214.1 million. The main increase can be attributed to higher traded volumes. Gross Profit was in line at 0.5%. As a consequence, of the increase in Revenue, the Gross Profit decreased slightly by USD 888 thousand.

- The nominal operating profit as of Q4 2022 was higher than the comparing period in 2021. From a relative perspective, the operating profit expressed as a percentage from revenue, remains stable at 0.2%. The absolute increase in operating expenses is due to an increase in staff, facilities and the acquisition of DLH Dunes. Those increases were made to increase the performance of the Company further.

- Profit before Tax slightly increased by USD 68 thousand, whereas operating profit decreased by USD 888 thousand. The underlying reason is that the transactions in Q4 2022 had higher financing costs than average along with some financing costs related to Q3 2022 were accounted for in Q4 2022.

Trends and differences between quarters in general

The revenue in 2021 is steadily ramping up due to scrap deals that gradually replaced the deals that was previously entered into with the partner in the Far East. In addition to that, the company has identified various high volume, low margin non-ferrous trades that it ramped up during the second half year of FY2021.

These same high volume, low margin non-ferrous trades were performed in Q1 and to a larger extend Q4 of 2022. Q2 and Q3 are more or less in line with Q3 of 2021. The Gross Margins vary due to variance in product mix and sizes of transactions. All-in-all, the growth from year to year is consistent.

Statement of Financial Position

USD 1,000	31/07/2022	31/07/2021	31/07/2020
Working capital	54,927	28,027	20,984
Total assets	238,868	132,316	120,181
Total liabilities	144,441	63,289	56,505
of which long-term	-	47	61
Group equity	94,427	69,027	63,676
Solvency rate	40%	52%	53%

- The net working capital increased from USD 28.0 million to USD 54.9 million as the profit that was generated over the financial years before is retained and used in the operations, leading to the increases in revenues a/nd profitability.
- The increase in assets is attributed to the retained earnings and cash levels.
- Apart from the regular tax positions and accruals, the liability position primarily comprise of short-term liabilities only that are directly related to the trading activities. These short-term liabilities are self-liquidating.
- Due to the retained profits, the group equity increased from USD 69.0 million to USD 94.4 million. Due to the increase in revenue in Q4 2022 compared to the previous year and quarters, a larger proportion of self-liquidating debt (financing trades) is entered into, leading to a lower solvency rate.

Liquidity

USD 1,000	31/07/2022	31/07/2021
Cash flow from:		
Operating activities	10,068	6,543
Investment activities	1,411	-
Financing activities	-5,388	-1,217
Cash and cash equivalents closing position	**11,847**	**5,757**

- The shareholders of the Company decided to retain the profit of the financial year 2021 in the Company. This cash is utilized in the operations and generates increased levels of revenue and profit.
- As a consequence, the cash position as at July 31, 2023 increased by USD 6.0 million.
- In the financial year 2022, investments were made in the subsidiary in the United Arab Emirates. No such investments took place in the current reporting period and no investments are planned.
- The financing activities mainly related to the interest and similar financial expenses paid, which are in line with the increased trading activities.

The cash position amounts to USD 11.8 million and the Net Working Capital position amounts to USD 54.9 million. The group only utilizes self-liquidating working capital facilities and borrows no funds. That means that the Net Working Capital is capital available for the Group to finance its deals with in accordance with the Business Model and through the structures described in section D.

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer.

Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	80	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	40	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**270**	

Following the business model described in section D., the purchase and sale of commodities is performed simultaneously. That means that the Company does not speculate. The financial institutions involved in financing these transactions follow the supply chain of each particular trade. That means that the period that is required to store pre-sold material is included in the financing set-up. As a condition from our financiers, the financing of the credit terms provided to the customers is subject to sufficient credit insurance cover.

With the uncommitted working capital lines and the Net Working Capital available, the Company has sufficient capacity to maintain and grow its existing business. In order to grow further growth, the Company is continuously in discussions with banks and financial institutions to expand the working capital lines.

In terms of trends or fluctuations in the business, the Company has shown consistent growth year over year. There is no seasonal impact apparent from quarter to quarter. Our business evolves around spot opportunities and is subject to variations in underlying commodities and the size of transactions. As the working capital lines are utilized on a trade by trade basis, the funding basis automatically adapts to fluctuations in the business. Increases in commodity prices lead to a higher utilization of these facilities, but generally the financing institutions adapt

The Group is not hindered by legal or practical restrictions to transfer cash from Subsidiaries to another Group Company.

G. Financial and Capital Management

The Company is financed by its shareholders and the financing structure is optimized through self-liquidating working capital lines that enable the company to grow its operations. As of July 31, 2022 the Company had 612 Shares with a par value of USD 1.00 each. The shareholders attributed a Paid-up Capital of USD 20.7 million and has established Retained Earnings of USD 67.1 million.

The Company is preparing for an Initial Public Offering on the Canadian Securities Exchange that is planned in the second half of the calendar year 2023. A successful placement will not only lead to additional cash availability to the company (the IPO will be done by means of a share issuance), but it will strengthen the Company's profile that will enable further growth.

With regards to working capital lines and solutions, the Company is continuously exploring and discussing with potential partners in order to expand and improve the current portfolio to enable further growth of the Company.

H. Risk Disclosures

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

I. Financial Instruments

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Available-for-sale, and Loans and Receivables. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2021 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	7,036	65,801	72,837	7,036	-	-	7,036
Cash and cash equivalents	9	5,757	-	5,757	5,757	-	-	5,757
Total financial assets		**12,793**	**65,801**	**78,594**	**12,793**	**-**	**-**	**12,793**
Borrowings	11	-	47	47	-	-	-	-
Current liabilities and accruals	11	6,990	56,252	63,242	6,990	-	-	6,990
Total financial liabilities		**6,990**	**56,299**	**63,289**	**6,990**	**-**	**-**	**6,990**
31 July 2022 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	8	3,251	184,148	187,399	3,251	-	-	3,251
Cash and cash equivalents	9	11,847	-	11,847	11,847	-	-	11,847
Total financial assets		**15,098**	**184,148**	**199,246**	**15,098**	**-**	**-**	**15,098**
Current liabilities and accruals	11	3,104	141,337	144,441	3,104	-	-	3,104
Total financial liabilities		**3,104**	**141,337**	**144,441**	**3,104**	**-**	**-**	**3,104**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued/ at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. MARKET RISK

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The currency risk is limited as most of the contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged. In some circumstances, activities can be exposed to EUR and GPB in which case adequate hedging is applied.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At July 31, 2022, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.

It is the Group's policy that transactions and activities in trade related financial instruments are netted.

In certain circumstances, excess cash levels might exist due to the timing between transactions. In those cases, the Group utilizes the liquidity in treasury activities so that a return may be generated so as to compensate for the cost of capital. As with all trades, there could be a level of risk involved. However, the Group strives to maintain low-risk levels while ensuring cash buffers are available. At all times, the position(s) are sized in a manner to adhere to the guidelines set by the Issuer. These instruments are designated as Available-for-Sale-instruments.

Note that the Company only purchases futures and options.

USD 1,000	31/Jul/22	31/Jul/21
Commmodity related contracts		
Futures	3,251	7,036
Options	-	-
Total Current assets FVTPL	**3,251**	**7,036**
Commmodity related contracts		
Futures	3,104	6,990
Options	-	-
Total Current liabilities FVTPL	**3,104**	**6,990**

In the profit and loss account an income of USD 177 thousand is reflected in other financing costs.

J. Significant Accounting Estimates, Judgements and Assumptions

FUNCTIONAL CURRENCY

All amounts are expressed in thousands of US Dollars, unless otherwise stated, consistent with the predominant functional currency of the company's operations.

SEASONALITY AND CYCLICALITY

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

CHANGES IN ESTIMATES

There are no changes in estimates reported in prior (interim) periods of the current financial year or prior financial years that have a material effect in the current interim period.

K. New Accounting Standards Adopted

No new accounting standards are adopted in the reporting period. No updates are prescribed, and the operations of the Company have not developed in any manner that new accounting standards are to be adopted.

L. Off-Balance Sheet Arrangements

As of July 31, 2022 the Company has no Off-Balance sheet settlements.

M. Share information

As of July 31, 2022, Rektron AQ Ltd. has issued 612 shares with a nominal value of USD 1.00 each.

N. Transactions with related parties

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management for services as employees. The fees charged by them or by a company controlled by them, for the year ended on July 31, 2022, are as follows:

USD 1,000	Total
Plutus Partners Ltd.	1,721
Operations	120
Accounting, Legal and IT	144
Rent and facilities	120
Shareholders	1,337
Total	**1,721**

Plutus Partners Ltd. (hereinafter “Plutus”) is the management company of the shareholders that charges the above mentioned services to the Company. As noted from above, Plutus provides services in the field of management consulting by providing traders, operational staff, accounting/legal/IT staff as well as the management services by the shareholders (Mr. Tolia and Mr. Mokashi) including the related travel expenses of this people and the rent of the office. The services provided by Mr. Michan Portillo in capacity as director of the company is included in the line item “Operations” as well as “Accounting, Legal and IT” and amounts to USD 138,275 that comprise of a base fee of USD 120 thousand and the remainder is incentive-based compensation as pre-defined and approved by the directors of the Company. Future compensation after the IPO is subject to review and approval by the newly established Remuneration Committee of Rektron Group Inc.

This business relationship between Plutus and the Company was established since the acquisition of DL Hudson and the incorporation of the Company. It provides substance to Plutus and simplifies the accounting and HR related matters for the Company. The measurement of costs is based on a cost plus basis with a maximum mark-up of 5 to 10%. This contract has an indefinite term, but has the usual termination clauses. Due to the Initial Public Offering, the services of Plutus will be will be reduced to the compensation of the shareholders for their respective roles in the Company only and will be subject to the review and approval by the newly established Remuneration Committee of Rektron Group Inc.

In Q3, the Group hired Mr. Phielix as its CFO. His compensation for services provided amounts to EUR 15,000 and this is reflected in the professional fees in Administrative expenses.

Outstanding receivables and liabilities

USD 1,000	Note	31/Jul/22	31/Jul/21
Related parties <1yr	10	-	-
Total Receivables		**-**	**-**
Associated companies		-	1,551
Related parties <1yr	14	602	-
Total Liabilities		**602**	**1,551**

The loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm's length conditions. No securities or guarantees were provided in light of this liability.

O. Other Information

Subsequent events

Business combinations

On March 22, 2023 the shareholders of Rektron AQ Ltd. incorporated Rektron Group Inc. as a vehicle to list on the Canadian Securities Exchange. For that purpose, the shareholders exchanged the shares of Rektron AQ Ltd. for new shares issued by Rektron Group Inc. as part of a Share Exchange Agreement. The acquisition of Rektron AQ Ltd. by Rektron Group Inc. is deemed to be a reverse acquisition under the provisions of IFRS 3 "Business Combinations". Note that the share exchange took place after balance sheet date (May 5, 2023).

That means that for Rektron AQ Ltd., there are no significant changes to the accounts after balance sheet date.

For Rektron Group Inc., the following applies in relation to the accounting for a reverse acquisition (rather than an acquisition): the combined financial statements are deemed to be a continuation of the books of the legal acquiree (Rektron AQ Ltd.) rather than a continuation of those of the legal acquirer (Rektron Group Inc.). The assets and liabilities of Rektron AQ LTd. are recognised and measured in the Group financial statements at the pre-combination carrying amounts, without restatement to fair value and no goodwill arises in relation to them. Conversely, the assets of Rektron Group Inc. are consolidated at their fair values.

The overall effect is that the consolidated financial statements are prepared from a Rektron AQ Ltd. perspective rather than Rektron Group Inc., and in summary this means:

- the comparative consolidated financial information is that of Rektron AQ Ltd. rather than that of Rektron Group Inc.;
- the result for the year and consolidated cumulative profit and loss reserves are those of the Rektron AQ Ltd. plus the post-acquisition results of Rektron Group Inc.;
- the share capital, share premium account and the share option reserve are that of Rektron Group Inc.; and
- the cost of the combination has been determined from the perspective of Rektron AQ Ltd.

As Rektron Group Inc. is recently acquired and not listed on any exchange (yet), there is no difference between the consideration effectively paid by Rektron AQ Ltd. and the fair value of the net assets of Rektron Group Inc. As a consequence, no goodwill arises on this reverse acquisition.

The cost of incorporating Rektron Group Inc. and executing the share exchange amounts to less than USD 20 thousand.

Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Securities Exchange through Rektron Group Inc. Therefore, the Company filed its preliminary long form prospectus with the British Columbia Securities Commission ("BCSC") on June 1, 2023 and the preliminary receipt from the BCSC was received on June 5, 2023.

On June 29, 2023 the Company filed for the listing of Rektron Group Inc. at the Canadian Securities Exchange (the "CSE").

Management's Discussion and Analysis
For the three months ended October 31, 2023

August 1, 2022 – October 31, 2023

Prepared by
Rektron Group Inc.
Suite 406, 5307 Victoria Drive
Vancouver, British Columbia V5P 3V6
Canada

February 7, 2024

A. Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Rektron Group Group Inc. ("Rektron", the "Company", or the "Group") constitutes the management's review of factors that affected the Company's financial performance for the three-month period ended on October 31, 2023 in comparison with data from the same period last year. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations, and should be read in conjunction with the condensed interim unaudited financial statements for the three-month period ended on October 31, 2023 and with the IFRS Consolidated Annual Report of Rektron AQ Limited for the year ended on July 31, 2023. The Company's condensed interim unaudited financial statements for the three-month period ended on October 31, 2023 are prepared in accordance with International Financial Reporting Standards as published by the International Accounting Standards Board ("IFRS") including comparative figures. Results are reported in US dollars.

B. Forward-Looking Statements

This report contains statements that are to be considered forward-looking statements. Such statements relate to future events or future economic performance of the Company and involve risks, uncertainties and other known and unknown factors that may appreciably affect the results, performance or achievements against this or implications Rektron statements. Actual events or results could differ. Forward-looking statements include words or phrases such as "anticipates", "believes", "plans" or other words or phrases suggesting future outcomes of the infringement. Rektron disclaims any intention and undertakes no obligation to update such statements unless otherwise required by law.

C. Description of Business

Rektron is the holding company and parent company of DL Hudson Ltd. ("DL Hudson"). DL Hudson is the trading arm of a group of companies, of which there are several subsidiaries that support the Group's global trading operations. The holding company structure serves in managing the primary shareholder interests and ensuring efficient execution at the operational level. The business strategy of DL Hudson, headquartered in London, entails creating sustainable growth over the bottom-line through sustainable trading practices, adding value to clients whilst maintaining longstanding relations with both suppliers and clients. The core strength of the business lies in the adroitness and experience of the team, extensive geographical and product diversification, trading and logistical expertise, supported by robust financial and risk management. The team at Rektron and its subsidiaries are a syncretic group of energy and metals traders, City of London and Wall Street bankers as well as experienced experts in various fields of finance and operations. The trading expertise includes principal energy and metals products, particularly ferrous and nonferrous metals, ETCs, Recycled metals and crude and Euro VI compliant refined oil products. The Company transacts across all compliant markets.

The Company has presence in 10 countries and is organized in 2 business divisions:

1. METALS DIVISION

The metals division trades non-ferrous products (aluminium, copper, lead, nickel and zinc), Recycled metals (recycled copper, aluminium, lead and nickel) in particular as well as Primary and Recycled ferrous products. With the acquisition of DL Hudson Dunes LLC as of August 1, 2021, it has expanded its portfolio into bulk products (concentrates, manganese, etc.). Trades are executed through the headquarters in London or through the local teams. The company is particularly strong in Asia and Europe.

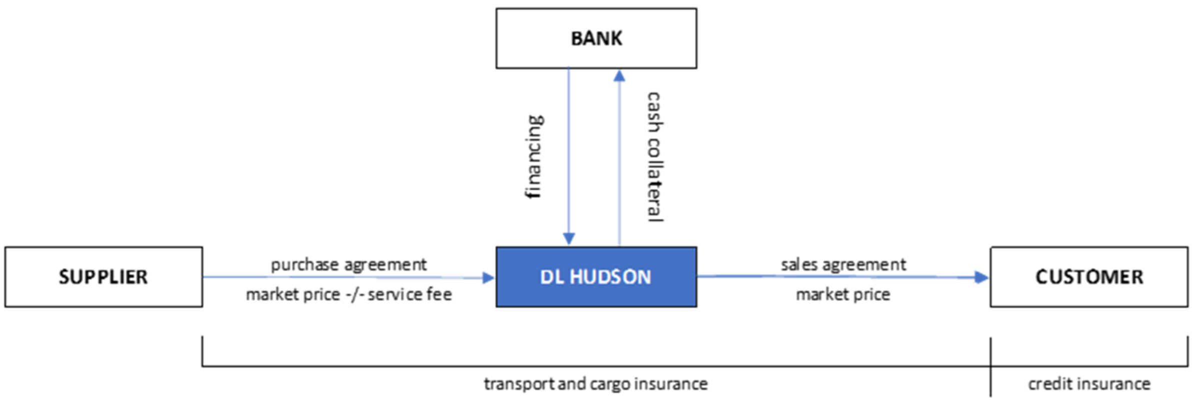
2. OIL DIVISION

The company is particularly operating in niche markets for EURO VI compliant fuel oil. This division is preparing itself for further expansion in the field of crude oil trading. A significant transaction is successfully completed in the autumn of 2022.

D. Business Model

1. General model

The following diagram outlines the business model demonstrating the operational steps and profit generation.



The process starts with our trader matching supply and demand for a specific product of a particular grade and quantity with a counterparty. In other words, when demand is established, the trader simultaneously locks in the supply side. As part of DL Hudson's risk policy, the traders are required to ensure both sides of the transaction are firm and secured.

The prices of commodities are denominated by market prices on exchanges such as the London Metal Exchange, Intercontinental Exchange or daily publication such as Platts. That means that the commodities can always be traded based on the quoted prices on these exchanges or publications. The prices quoted by suppliers are based on the printed prices on the exchanges or publications. These prices are usually on a per metric ton or per barrel basis. The supplier will quote DL Hudson the printed exchange price plus or minus a premium or discount along with the Incoterms. DL Hudson then adds its margin (service fee) based on the price and Incoterms offered to the buyer. For example, if DL Hudson conducts the transport and logistics, it takes the quoted price plus or minus the premium or discount, adds the transport cost calculated on a per metric or per barrel, hedging and finance cost and sells to the customer at a price accounting for the aforementioned costs.

The transport, logistics and storage (if applicable) are provided by the Group's network of third party providers.

Before DL Hudson commits to a trade, the Group requires its traders to prepare a detailed proposal that outlines the supplier, the buyer, underlying product and its specification, quantity, purchase price, purchase Incoterms, buyer incoterms, shipping and logistics costs (if required), hedge costs (if required), delivery dates, purchase date, breakdown of the pricing formula, finance cost, etc. Each proposal is supported by a pre-calculation that shows the expected margin to be made on the deal. This proposal is presented to the CEO, CIO and CFO of DL Hudson. Upon approval the trade is executed.

The trader then confirms the trade with the counterparties, and the trade details are sent to the operations team of the Group.

The operations team then liaises with the counterparties' back office to draft the sales contract and purchase contracts. These contracts are then reviewed by our in-house legal team and are sent to the management team for signoffs. Then, the margin (or service fee) is locked in. All contracts are prepared on the basis of Incoterms 2020 so that the transfer of risk in relation to the underlying material is clearly defined.

Upon signing of the contracts, the supplier sends an invoice. This invoice is presented to the bank (or similar finance institution) with whom DL Hudson has working capital facilities. These working capital facilities are based on frame-work contracts that are in place with the finance providers and these outline the type of transaction that can be placed along with the security(ies) required by the bank. The bank finances 100% of the purchase value, either by cash or by means of a Letter of Credit and takes the underlying material as a security. The bank also often requires a cash collateral of 10% to 20% by DL Hudson. Reference is made to section D.3. of this document to a further elaboration.

The Group has transport and cargo insurances in place and in accordance with the above-mentioned framework agreements where the bank or financial institution is assigned as loss payee on the policy.

Once the material is delivered to the customer, DL Hudson sends an invoice. At this stage, the covenants of the Letter of Credit applies and can be drawn down upon or in case of credit offered to the customer, it becomes a receivable. In case of an outstanding receivable, the bank and/or financing institution requires a credit insurance to be in place that covers the exposure. These banks and/or financing institutions are assigned to the policy as loss payee.

For that purpose, the CFO of DL Hudson in collaboration with the CEO and the traders of DL Hudson are in touch with credit insurance companies on a quarterly basis to ensure that adequate insurance policies and limits against customers are in place. Before a trade proposal is approved, the credit limit from the credit insurer is checked by DL Hudson's back office.

The operations team prepares the purchase and sales contracts, handle the purchase and sales invoices, negotiate the Letters of Credit, deal with the banks/financing institutions, take care of logistics, shipping in collaboration with agents or employees on the ground and are in charge of payment collections.

2. Services

DL Hudson is able to charge the above mentioned service fee as it provides services to its partners in the following fields:

Working capital

Through the instruments that are elaborated in section D.3. of this document, the Company is able to provide working capital to the supply chain of commodities. Suppliers could receive payment at an earlier stage in the supply chain and Customers could be provided extended payment terms on the sales invoices of DL Hudson. These solutions are subject to sufficient coverage from credit insurances and approval from our financing providers (i.e. banks, factoring companies, funds).

For example:

By purchasing at the port of discharge, the supplier does not need to finance the transport, customs, taxes, delivery and manage the logistics for the goods to be delivered to the end user. This is an advantage for the supplier as it indirectly provides them with working capital. This additional working capital enables the supplier to increase its activities.

When selling to the customer, the Group is able to deliver the materials at various points in the supply chain including delivery at the production or storage location of the customer (based on Incoterms 2020). In addition, the Group can provide payment terms of up to 90 days. This gives the customer time to process the materials and even provide payment terms to their customer. That financial capacity gives the Group's customer the ability to increase its business activity.

Logistics solutions

The Group provides logistics solutions, by arranging the transport of the materials by sea and/or by land (DL Hudson has not yet transported materials by air) as well as storage and dispatch from storage facilities. These solutions are provided through third-party service providers such as forwarders, shipping and storage companies. Although the physical operation is outsourced, it does require time, coordination and meticulous management to monitor these operations. The operations team is instrumental in ensuring that the processes and paperwork are in order, as minor errors could have a cost. This activity is not only performed, but also financed by the Group. The Group collaborates with renowned parties that are well regarded in the industry.

Risk management

Risk management means the mitigation of price risks and currency risks. With regards to price risk, commodities are subject to frequent price fluctuations as they are exchange traded (such as the London Metal Exchange for Metals or Intercontinental Exchange for Energy) or their reliance on daily pricing mechanisms that are published in daily updates such as Platts. The Group has margin lines with brokers that execute futures and derivatives on behalf of DL Hudson to mitigate price risk. To be able to perform this activity, the Group tries to employ a specialized, qualified and dedicated trading team. Furthermore, not all companies qualify to have these lines or are not granted sufficient margin lines to transact in larger physical trades.

With regards to currency risk, the commodity prices are denominated in US Dollars. Suppliers that have operating costs in a different currency have an exposure to the fluctuation of the exchange rate between this local currency and the US Dollar. The same can apply to the buyer who may require the products to be sold to them in their local currency. The Group uses its brokerage lines to hedge these risks by trading currency, futures or derivatives.

Global network

Not all suppliers have access to customers in other countries or regions. The Group employs traders, which have relations with suppliers and customers across the globe. The trading business relies heavily on personal relationships that are developed over the years. The Group employs nine traders that are based in London UK, Geneva Switzerland, Dubai United Arab Emirates, Singapore, Thailand and China. These traders have international contacts and travel frequently to ensure that these relationships are maintained. These parties are in regular contact with our traders to understand the supply and demand along with the trends in the market they operate in. This regular contact with the suppliers and buyers provides the traders insight into the needs of the buyers and suppliers, which often evolve into opportunities to trade with them. The Group also has contacts with independent agents that offer deals to the traders. These agents are usually compensated on a commission basis for deals that are successfully completed and payment fully collected.

Some customers impose a registration, which means that the supplier is acceptable to selling to and/or buying from them, and large suppliers have a similar process to ensure that the buyers are competent and able to buy from them. These registrations are based on their internal criteria but with large companies, this process is onerous and time-consuming. A common criterion required by some customers is the ability of the Group to perform shipments and their financial strength. As mentioned, registration processes, particularly with major companies are lengthy and many companies do not qualify. This is perceived as an entry barrier in the market. The Group has registrations with various companies that are well regarded in both the energy commodities as the metals hemisphere.

3. Working Capital

The Company utilizes a variety of facilities that are made available by various banks and similar institutions. These facilities include letter of credit lines, transactional lines, bill of lading financing, receivables financing and warrants purchase financing.

- **Letter of Credit Lines**: Letter of credit lines are usually utilised for the energy trading business where a buyer would be required to issue a documentary letter of credit to DL Hudson. The financing institution would, in turn, use this letter of credit from the client to issue a letter of credit to DL Hudson's supplier. This is generally termed as a back-to-back letter of credit transaction. Furthermore, there are two types of letters of credit : stand-by letters of credit and documentary letters of credit. Stand-by letters of credit are a bank's unconditional commitment to pay, while documentary letters of credit are conditional on the approval of cargo documents, inspection reports, etc. In our energy business, we only operate with documentary letter of credit, as that ensures that all documents are in order and inspected which massively reduces the risk of releasing payment for products that may not meet the specifications required.
- **Transactional Lines**: In transactional lines, the financier assumes the direct risk of DL Hudson's buyer. In particular, when the buyer is a large, reputed company, or state-owned or has a good credit rating, the financier would issue a letter of credit to DL Hudson's supplier without any security from the buyer. The contract between the reputed buyer and DL Hudson is sufficient for the financing party.
- **Bill of Lading Financing**: This is usually a working capital solution for metals trading. DL Hudson generally pays the supplier for the product at the loading port, and, against payment, the supplier provides DL Hudson the cargo documents including the bill of lading document, which is a document that describes what is being shipped, how much of it there is and where it is going. DL Hudson then transports the product to the destination port which could take 15 to 60 days depending on the location. In the case of bill of lading financing, the financing institution provides funds against the bill of lading document saving DL Hudson for waiting for the voyage to be complete to receive the payment from the buyer.
- **Receivables Financing**: This is generally used for the metals business. DL Hudson provides credit to a maximum of 90 days. The credit is contingent on getting insurance coverage on the buyer, and if insurance limits are provided, DL Hudson would sell to clients on credit. A receivables financier would provide cash against these credit insured receivables.
- **Warrant Purchase Financing**: Metals traded on the London Metals Exchange ("**LME**") are traded as warrants. DL Hudson, through its brokers, buys warrants at certain geographical locations. These warrants are then converted to warehouse receipts at which point DL Hudson is in control of the physical product while the title of the product is still held by the financier as security. The --metals are then shipped to the end buyer. A warrant financier would finance the purchase of the warrant to the point where they are converted to warehouse receipts, the transport and until it arrives at the destination warehouse. The buyer would then pay for the goods for the financier to authorize the release of the product to them.

Often, the banks or financial institutions that provide these facilities require 10-20% cash collateral. In general the facilities are structured through frame work agreements in which specific transactions are pre-approved, but require a validation on a case-by-case basis in order to ensure that the latest information on the industry and the particular parties involved in the presented transaction will not lead to any complications in the transaction. The Group also has a network of relationships that include financing institutions that do not provide framework agreements, but could finance deal on a case-by-case basis.

E. Highlights

The Group has shown strong growth in the first three months of its financial year 2024 as revenues increased by 24.5% compared to Q1 2023, leading to an increase in Gross Profit of USD 5.1 million. This growth is mainly attributed in a higher volume of traded commodities and mainly metals. The Gross Profit increased to 1.2% compared to 1.1% in both 2022 and 2021. This improvement is mainly the effect of a different product mix. Profit before tax of 2022 contains a one-off USD 20 million income as a result form the acquisition of DL Hudson Dunes. When corrected for this effect, the profit before tax increased by slightly over USD 2 million.

Compared to July 31, 2023, the group equity increased from USD 94.4 million to USD 104.5 million, and the solvency rate decreased from 43% to 38%. This is the result of the increase in self-liquidating debt that is related to the increased trading activity.

Earned profits are utilized in the operation, leading to an increase in working capital from USD 72.5 million to USD 76.1 million and a stable cash position of USD 9.4 million.

No exceptional events occurred during the reporting period.

As the Group is preparing an initial public offering on a recognized Securities Exchange in Canada in the second half of the calendar year 2023. For this purpose, the Shareholders incorporated Rektron Group Inc. (“RGI”) on March 22, 2023, as a British Columbia company. On 5 May 2023, the shareholders re-organized their holdings and completed a Share Exchange Agreement whereby all the shares of Rektron AQ Ltd. were exchanged for shares in RGI. Prior to the transaction Rektron had over USD 20 million in paid up capital and over USD 90 million in shareholder equity. The capital raised as part of the IPO will be in the form of a new share issuance and will be used for the operational growth of the business.

F. Selected Quarterly Information

Comparison results of Operations for the three-month period

USD 1,000	the year ended 31 July 2024				the year ended 31 July 2023				the year ended 31 July 2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	629,183				427,674	470,747	590,301	538,807	338,366	294,967	233,338	727,284
Gross profit	7,487				4,602	6,721	7,471	4,803	8,884	2,961	2,924	3,470
Operating profit	4,690				2,791	3,878	4,516	1,671	7,229	690	442	1,664
Profit before tax	3,616				1,665	2,384	3,562	5,854	23,845	135	420	1,651
Profit from continuing operations attributable to the owners of the parent*	3,660				1,716	2,418	4,134	5,255	23,393	130	407	2,110
- on a per share basis in USD	0.05				2,803.92	43.42	74.23	0.07	38,223.86	212.42	665.03	3,447.67
- on a dilluted per share basis in USD	0.05				1,261.76	19.54	33.40	0.07	17,200.74	95.59	299.26	1,551.45

*profit from continuing operations attributable to the owners of the parent is equal to profit attributable to the owners of the parent.

The variance in earnings per share for the period ending Oct 31, 2023 vs prior quarters is a direct result of the issuance of 74,169,060 shares as a result of the Share Exchange Agreement vs the number of shares outstanding prior to the reverse takeover transaction.
The following details show the changes in total shares resulting in the variances in eps.

The warrants that were outstanding in the financial years 2022 and 2021 were exercised in the financial year 2023. For this effect and in preparation for the IPO on the Canadian Securities Exchange, the following transactions took place during the financial year:

- On the 5 January 2023, 55.080 new shares of GBP 1.00 were issued against Other Reserves, that were later converted in to USD at a rate of 1.2008.
- Subsequently, the shares were revalued to USD 0.002 each, leading to a total number of shares outstanding of 33,070,032.
- On 4 May 2023 40.792.928 shares were issued (in relation to the exercise of the warrants) against Other Reserves at an amount of USD 0.002 each, leading to a total number of outstanding shares of 74,168,960 of USD 0.002 each (total USD 148 thousand).

- Following the strong growth of the financial year 2023, the Company further increased its revenues by USD 201.5 million compared to Q1 2023, which is an increase of 47.1%, leading to an increase in Gross Profit of USD 2.8 million. This growth is mainly attributed in a higher volume of traded commodities and mainly metals. The Gross Profit increased to 1.2% compared to 1.1% in 2023. This is caused by difference in product mix: higher volume that leads to an increase in nominal Gross Profit against a lower percentage.

- Operating costs have increased by USD 0.9 m mainly due to performance related compensation and the expansion of our teams in order to support this growth and sustain further growth as well. Due to the higher activity, also travel expenses increased. Nonetheless, Operating Profit increased by USD 1.9 million. The breakdown is as follows:

USD 1,000	3 month period ended	
	31/10/2023	31/10/2022
Administrative expenses		
Personnel	959	652
Sales and marketing expenses	9	-
Professional services fees	730	154
Facilities and offices	424	474
Other operating expenses	239	93
Depreciation and amortization	436	438
Operating expenses	**2,797**	**1,811**

- The Profit before tax increased by USD 1.9 million. Note that 31/10/2021 contains a one-time gain of USD 20 million.

Statement of Financial Position

USD 1,000	31/10/2023	31/07/2023	31/07/2022
Working capital	76,138	72,518	54,927
Total assets	292,475	249,169	238,868
Total liabilities	180,949	141,129	144,441
of which long-term	1,637	1,933	-
Group equity	111,526	108,040	94,427
Solvency rate	38%	43%	40%

- The net working capital increased from USD 72.5 million to 76.1 million as the profit that was generated over the financial year 2023 is retained and used in the operations, leading to the increases in revenues and profitability.
- The increase in assets is attributed to the retained earnings and higher receivables due to higher turnover.
- Apart from the regular tax positions and accruals, the liability position comprises of short-term liabilities only that are directly related to the trading activities. These short-term liabilities are self-liquidating and have increased as well in line with the increase in Total assets.
- Group equity increased due to the retained profits. As the self-liquidating debt increased, the solvency rate decreased to 38%.

Liquidity

USD 1,000	31/10/2023	31/07/2023	31/07/2022
Cash flow from:			
Operating activities	1,097	-4,955	10,068
Investment activities	-6	-	1,411
Financing activities	-1,370	2,892	-5,388
Cash and cash equivalents closing position	**9,374**	**9,783**	**11,847**

- The cash position as at October 31, 2023 is stable compared to July 31, 2023.
- Cash flow from operating activities is lower than the cash outflow from financing activities as the company has utilized its cash (including retained profits from prior periods) in the increased trading activities.
- Financing activities show a relatively high out flow of cash due to paid interest whilst not all the related receivables are not converted yet into cash inflow. Note that there are no overdue receivables.

The cash position amounts to USD 9.4 million and the Net Working Capital position amounts to USD 76.1 million. The group only utilizes self-liquidating working capital facilities and borrows no funds. That means that the Net Working Capital is capital available for the Group to finance its deals with in accordance with the Business Model and through the structures described in section D.

At balance sheet date, the Company has the following uncommitted working capital finance lines in place. These lines comprise of framework agreements with reputable banks and similar institutions that can accept transactions on a deal-by-deal basis, but are not obliged to do so. This type of financing is perceived as “self-liquidating”: these facilities finance the purchase of commodities at a point in the supply chain of commodities and these are repaid through the payment from the customer. Securities taken by the financing institutions comprise of the underlying material, transport and credit insurances only to the extent that it is related to the transaction itself.

The available lines did not changed compared to July 31, 2023.

Type of Working capital financing	Uncommitted lines in USD 1 Million	Annualized interest rate
Letters of Credit	180	Libor + 2 to 4%
Transactional Lines	100	Libor + 2 to 4%
Receivables financing	48	Libor +4%
Warrant purchasing	50	Libor+2%
Total uncommitted working capital lines	**378**	

Following the business model described in section D., the purchase and sale of commodities is performed simultaneously. That means that the Company does not speculate. The financial institutions involved in financing these transactions follow the supply chain of each particular trade. That means that the period that is required to store pre-sold material is included in the financing set-up. As a condition from our financiers, the financing of the credit terms provided to the customers is subject to sufficient credit insurance cover.

With the uncommitted working capital lines and the Net Working Capital available, the Company has sufficient capacity to maintain and grow its existing business. In order to grow further growth, the Company is continuously in discussions with banks and financial institutions to expand the working capital lines.

In terms of trends or fluctuations in the business, the Company has shown consistent growth year over year. There is no seasonal impact apparent from quarter to quarter. Our business evolves around spot opportunities and is subject to variations in underlying commodities and the size of transactions. As the working capital lines are utilized on a trade by trade basis, the funding basis automatically adapts to fluctuations in the business. Increases in commodity prices lead to a higher utilization of these facilities, but generally the financing institutions adapt

The Group is not hindered by legal or practical restrictions to transfer cash from Subsidiaries to another Group Company.

G. Financial and Capital Management

The Company is mainly financed by its shareholders and the financing structure is optimized through self-liquidating working capital lines that enable the company to grow its operations. As of July 31, 2023 the Company had 74,169,060 Shares outstanding. The shareholders attributed a Paid-up Capital of USD 20.7 million and has established Retained Earnings of USD 83.7 million.

The Company is preparing for an Initial Public Offering on the Canadian Securities Exchange that is planned in the first quarter of the calendar year 2024. A successful placement will not only lead to additional cash availability to the company (the IPO will be done by means of a share issuance), but it will strengthen the Company's profile that will enable further growth.

With regards to working capital lines and solutions, the Company is continuously exploring and discussing with potential partners in order to expand and improve the current portfolio to enable further growth of the Company.

H. Risk Disclosures

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

1. Fluctuation in currency Exchange rates

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in Euro and Sterling against the Dollar, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the purchasing, selling as well as the financing side. If currency is not naturally hedged through back-to-back deals, the exposure is hedged through adequate instruments.

2. Financing, cash flows and Liquidity

The trading activities are dependent on trade financing lines and working capital facilities availability. We have significant uncommitted facilities with several parties. These financing lines are uncommitted by nature and, therefore, no guarantee can be given that trades presented to these banks will be funded. However, all presented deals thus far are financed by the banks and other third parties. Furthermore, difficulty could arise if the Company makes losses on the utilization of options to manage the risks in the portfolio, which results in reduced levels of liquidity. The daily management of cash flows and liquidity is essential to the operation of the business so it can meet repayment obligations. Hence, using different financing lines (and potentially tri-partite agreements between the company, derivatives broker and the financial institution) and daily monitoring of the positions, the group is able to mitigate the risk.

3. Price volatility

The market prices for the various commodities are volatile and cannot be influenced neither controlled. Inventories are therefore subject to valuation changes, which may have a material impact on the Company´s financial results. However, the Company enters into back-to-back deals in which serves as a natural hedge that "locks" the market price, so that the Company is not exposed to price fluctuations. In cases where the Company is not covered by this natural hedge, the price risk is mitigated by applying adequate financial instruments.

4. Country risks, political, community and fiscal intervention

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, mining leases and permits. Similarly, communities in certain regions may oppose mining activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

5. Credit Risk

The Issuer is exposed to the credit risk of its customers in the ordinary course of the business. Generally, the customers are otherwise considered creditworthy or provide the Issuer security to satisfy credit concerns. However, the Issuer cannot predict to what extent its business would be impacted by deteriorating conditions in the economy, including possible declines in its customers' creditworthiness. It is possible that customer payment defaults, if significant, could adversely affect its earnings and cash flows. The Issuer currently has multiple credit insurances with renowned and minimum A-rated insurance companies to cover credit receivables which is used to mitigate this risk. The Issuer constantly monitors the utilization of these limits and headroom to enable them to trade with its customers

6. Climate Change and Emissions

Climate change may cause more frequent and severe weather events, diminished biodiversity, and changing weather factors such as fluctuating temperatures, precipitation, wind, and water levels. Physical risks from climate change may also result in operational or supply chain delays, depending on the nature of the event. The Issuer is also subject to reputational risks associated with climate change, including its stakeholders' initiatives to transition to a lower-carbon economy. These factors, as well as others resulting from climate change, could adversely impact the business, financial condition or results of operations. Existing and future laws and regulations in support of a transition to low-carbon energy and climate change action may impose significant constraints on fossil fuel development. Among other sustainability goals, the Issuer has committed to enhancing its business in ETC such as Nickel, Cobalt, Copper along with lower sulphur fuels, biofuels etc. The Group is also working on reducing its Scope 1 and Scope 2 emissions.

7. Other Risks

Other risks facing the Company include performance risk on supply agreements; quality of commodities traded, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

I. Financial Instruments

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss ("FVTPL"), Available-for-sale, and Loans and Receivables. Held-to-maturity instruments are not applicable.

		Carrying amount			Fair Value			
31 July 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	7	1,551	200,380	201,931	1,551	-	-	1,551
Cash and cash equivalents	8	9,783	-	9,783	9,783	-	-	9,783
Total financial assets		**11,334**	**200,380**	**211,714**	**11,334**	**-**	**-**	**11,334**
Borrowings	10	-	1,933	1,933	-	-	-	-
Current liabilities and accruals	10	352	138,844	139,196	352	-	-	352
Total financial liabilities		**352**	**140,777**	**141,129**	**352**	**-**	**-**	**352**

31 October 2023 USD 1,000	note	FVTPL	Loans and receivables	Total	Level 1	Level 2	Level 3	Total
Receivables, prepayments and accrued income	7	601	245,475	246,076	601	-	-	601
Cash and cash equivalents	8	9,374	-	9,374	9,374	-	-	9,374
Total financial assets		**9,975**	**245,475**	**255,450**	**9,975**	**-**	**-**	**9,975**
Borrowings	10	-	1,637	1,637	-	-	-	-
Current liabilities and accruals	10	849	178,463	179,312	849	-	-	849
Total financial liabilities		**849**	**180,100**	**180,949**	**849**	**-**	**-**	**849**

FAIR VALUE MEASUREMENTS

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- Level 2 – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- Level 3 – Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

In the table above (in which the financial instruments are presented) cash and the financial instruments that are included in the receivables and liabilities are valued at fair value. All of these positions qualify as Level 1.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

A. Credit risk
B. Liquidity risk
C. Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital.

A. Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and loans related to resources development:

The Receivables, prepayments and accrued income mainly consists of Trade Receivables which is secured by adequate credit insurance. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the group's payment and delivery terms and conditions are offered. This is done in close cooperation with the Trade Finance institutions and Credit insurance companies. Nevertheless, in principle insurance coverage is obtained for all Trade Receivables.

B. Liquidity risk

Liquidity risk is the risk that the group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group has extensive facilities that are provided by brokers in order to provide sufficient flexibility to the hedging activities in relation to the trades.

C. Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The currency risk is limited as most of the contract deals are denominated in USD for both purchases and sales. Purchases are financed by means of trade finance in USD as well. As the purchase, sale and financing are all in USD, and as trading occurs in principle on a back-to-back basis, the deals are naturally hedged. In some circumstances, activities can be exposed to EUR and GPB in which case adequate hedging is applied.

Interest rates

To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate.

Market price risk

The Company mainly enters into back-to-back deals, which means that the market price risk is naturally hedged. In case that that a trade is subject to price risk, this is hedged through adequate instruments. When instruments are required, the Company prepares a sensitivity analysis with regards to the impact of the changes in commodity price and (if applicable) the changes in foreign currency risks. Based on this analysis an adequate non speculative hedging strategy is applied.

At October 31, 2023, the Company has a number of hedging instruments, which are presented under Current receivables as well as current liabilities. These instruments are designated as FVTPL and include trade related financial and physical forward purchase and sale commitments. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows.
It is the Group's policy that transactions and activities in trade related financial instruments are netted.

Note that the Company only purchases futures and options.

USD 1,000	31/Oct/23	31/Jul/23
Commmodity related contracts		
Futures	601	1,443
Options	-	108
Total Current assets FVTPL	**601**	**1,551**
Commmodity related contracts		
Futures	840	325
Options	9	27
Total Current liabilities FVTPL	**849**	**352**

J. Significant Accounting Estimates, Judgements and Assumptions

FUNCTIONAL CURRENCY

All amounts are expressed in thousands of US Dollars, unless otherwise stated, consistent with the predominant functional currency of the company's operations.

SEASONALITY AND CYCLICALITY

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

CHANGES IN ESTIMATES

There are no changes in estimates reported in prior (interim) periods of the current financial year or prior financial years that have a material effect in the current interim period.

K. New Accounting Standards Adopted

No new accounting standards are adopted in the reporting period. No updates are prescribed, and the operations of the Company have not developed in any manner that new accounting standards are to be adopted.

L. Off-Balance Sheet Arrangements

As of October 31, 2023, the Company has no Off-Balance sheet settlements.

M. Share information

As of October 31, 2023, Rektron Group Inc. has issued 74,169,060 shares.

N. Transactions with related parties

The related parties of the Company include key executives and companies controlled by them, as explained below.

Unless otherwise specified, none of the transactions include special characteristics or conditions and no guarantees were given or received.

Transactions with key management

Key management includes directors (members of the management committee or not) and senior executives. There is no compensation paid or payable to key management for services as employees. The fees charged by them or by a company controlled by them, for the nine-month period ended on October 31, 2023, are as follows:

USD 1,000		Three-month period ended 31 October 2023		Three-month period ended 31 October 2022
Plutus Partners Ltd.		527		402
Traders	37		72	
Operations	139		87	
Accounting, Legal and IT	146		57	
Rent and facilities	30		35	
Travelling	72		31	
COO	-		-	
Shareholders	103		120	
CEO		60		15
CFO		30		-
Total		**617**		**417**

Plutus Partners Ltd. (hereinafter “Plutus) is the management company of the shareholders. Initially, all contracts with personnel and facilities were entered into with Plutus. In preparation for the IPO, all contracts are gradually being transitioned to the Group, so that in the future only the compensation for the work performed by the shareholders for their respective roles in the Company.

The three-month period ended October 31, 2023 is relatively higher compared to the increase in staff (operations and accounting, legal and IT) as well as travel expenses.

The CEO’s remuneration based on the existing pre-IPO contract provides for a minimum base compensation in hours. As a result of the IPO and year-end process, additional hours were required and as such additional billings have gone through.

The CFO was hired in the third quarter.

Mr. Tolia and Mr. Mokashi are recharged through Plutus (line item “shareholders”) and the COO, Mr. Michan Portillo, is also recharged through Plutus and is included in the line item “Operations”.

Outstanding receivables and liabilities

USD 1,000	Note	31/Oct/23	31/Jul/23
Related parties <1yr	7	-	-
Total Receivables		**-**	**-**
Subordinated related parties >1yr	10	1,637	1,933
Total Liabilities		**1,637**	**1,933**

The Subordinated related parties’ loan is a payable to Plutus Partners, the management company of the shareholders. The loan is provided at arm’s length condition and is subordinated to other debt.

O. Other Information

Subsequent events

Initial Public Offering

The Company is preparing for an initial public offering (“IPO”) on the Canadian Securities Exchange through Rektron Group Inc. The Company has filed its preliminary long form prospectus with the British Columbia Securities Commission (“BCSC”) and has received preliminary receipt from the BCSC.

The Company’s initial long form prospectus lapsed and as a result the Company filed a new preliminary long form prospectus on December 5, 2023 and received a preliminary receipt from the BCSC on December 6, 2023.

In addition, the Company applied for the listing of Rektron Group Inc. with the Canadian Securities Exchange (the “CSE”).

SCHEDULE "E"

MANAGEMENT'S DISCUSSION & ANALYSIS OF THE ISSUER FOR THE YEAR ENDED JULY 31, 2023

REKTRON GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the period from the Date of Incorporation (March 22, 2023) to July 31, 2023

Expressed in US dollars

INTRODUCTION

This Management's Discussion and Analysis ("**MD&A**") of REKTRON GROUP INC. (the "**Company**"), prepared as of December 4, 2023, should be read in conjunction with the financial statements and the notes thereto for the period from the Date of Incorporation to July 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts are expressed in US dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

DESCRIPTION OF BUSINESS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 22, 2023, and maintains its registered head office at Suite 406, 5307 Victoria Drive, Vancouver, British Columba, Canada.

SELECTED ANNUAL INFORMATION

There is no comparable reporting period as the Company was incorporated March 22, 2023.

Results are from the Date of Incorporation (March 22, 2023) to July 31, 2023	July 31, 2023 $
Total assets	$80
Total non-current financial liabilities	NIL
Working capital	($8,736)
Expenses	$8,738
Loss and comprehensive loss	$8,738
Net loss per share(1)	$87.38

(1) The basic and fully diluted calculations result in the same value due to no outstanding options

The Company has no revenue, paid no dividends, and had no long-term liabilities during the period from incorporation on March 22, 2023 to July 31, 2023.

DISCUSSION OF OPERATIONS

For the period ended July 31, 2023 the Company recorded a net loss of $8,738. There is no comparable reporting period as the Company only commenced on March 22, 2023. The net loss for the year ended July 31, 2023 is attributable to costs relating to professional fees and registration and filing fees.

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following is a summary of the Company's financial results:

	Quarter ended July 31, 2023
Revenue	$ -
Loss and comprehensive loss	$8,738
Loss per common share	$87.38

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2023, the Company had cash of $2. The Company had current liabilities of $8,816 and negative working capital of $8,736.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its business.

TRANSACTIONS WITH RELATED PARTIES

Except for the advances of funds related parties as described in Note 4 of the audited financial statements no remuneration was paid to key management personnel nor related parties during the period ended July 31, 2023 by the Company.

During the year, the Company did not reimbursed directors and officers for business expenses incurred on behalf of the Company since none were incurred.

CAPITAL MANAGEMENT

The capital of the Company consists of issued capital. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, and development of its business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, seek debt financing, or acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

RISKS AND UNCERTAINIES

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. As at July 31, 2023, the Company's maximum exposure to credit risk is $2 and is comprised of cash. The Company has its cash deposited with a highly rated financial institution. Management has judged credit risk to be low.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. None of the Company's financial instruments bear interest. Therefore, management believes that the Company is not exposed to any significant interest rate risk.

FINANCIAL INSTRUMENTS

Risk Disclosures and Fair Values

As at July 31, 2023, the carrying and fair value amounts of the Company's financial instruments are approximately the same because of the short-term nature of these instruments.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted market prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At July 31, 2023, the Company had no financial instruments to classify in the fair value hierarchy.

It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Reference should be made to the Company's significant accounting policies contained in Note 1 of the Company's audited financial statements for year ended July 31, 2023. These accounting policies can have a significant impact on the Company's financial performance and financial position of the Company.

FUTURE CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 1 – Presentation of Financial Statements ("**IAS 1**") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

As at July 31, 2023, the Company had 100 common shares issued and outstanding.

Stock Options

As at July 31, 2023, the Company had nil stock options outstanding.

SUBSEQUENT EVENTS

<u>Business combinations occurring after the end of the period Acquisition of Rektron AQ Ltd</u>

On April 6, 2023, the shareholders of Rektron AQ Ltd., a UK based corporation subscribed for 100 common shares in Rektron Group Inc. in the same ratio as owned by them in Rektron AQ Ltd.

On May 5, 2023, the shareholders of Rektron AQ Ltd. exchanged all their shares in Rektron AQ Ltd. for an equal number of shares (74,168,960) in Rektron Group Inc. at US$0.002, which is the par value of the Rektron AQ Ltd. shares. All necessary approvals to complete the share exchange were obtained on October 16, 2023 and Rektron AQ Ltd. became a wholly owned subsidiary of Rektron Group Inc.

As a result of the acquisition, the Company is expecting to list on the Canadian Securities Exchange.

Fair value of assets acquired and liabilities assumed

Goodwill is measured as the excess of the fair value of the deemed consideration transferred over the fair value of the acquiree's identifiable assets acquired and liabilities assumed.

As Rektron Group Inc. is recently acquired and not listed on any exchange as at the acquisition date, there is no difference between the consideration effectively paid by Rektron Group Inc. and the fair value of the net assets assumed. Consequently, no goodwill arises on this reverse acquisition.

Consolidation

The effects of consolidation of the group at year will be as follows:

The assets and liabilities of Rektron AQ Ltd will be recognized at their pre-combination carrying amounts and the assets and liabilities of Rektron Group Inc. will be recognized in accordance with IFRS 3.

On consolidation, the type and number of shares will reflect those of Rektron Group Inc. The equity structure of Rektron AQ Ltd. will be restated using the exchange ratio established in the acquisition agreement to reflect the number of shares the legal parent issued in the reverse acquisition. The fair value of Rektron AQ Ltd is determined based on the most reliable measure available.

Initial Public Offering

The Company is preparing for an initial public offering ("IPO") on the Canadian Securities Exchange through Rektron Group Inc. The Company filed the preliminary long form prospectus with the British Columbia Securities Commission ("BCSC") on June 1, 2023, and the receipt from the BCSC was received on June 5, 2023. On June 29, 2023, the Company filed an initial application for the listing of Rektron Group Inc. at the Canadian Securities Exchange (the "CSE") which is under review.

ADDITIONAL INFORMATION

Additional information about the Company can also be found on SEDAR+ under the Company's profile.

CERTIFICATE OF REKTRON GROUP INC.

Dated: March 4, 2024

This Prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

(S) "Ricardo Phielix"	*(S) "Manny Bettencourt"*
RICARDO PHIELIX	MANNY BETTENCOURT
Chief Executive Officer	Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF REKTRON GROUP INC.

(S) "Trevor Turner"	*(S) "Michael Stier"*
TREVOR TURNER	MICHAEL STIER
Director	Director

CERTIFICATE OF THE PROMOTERS

Dated**:** March 4, 2024

This Prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the provinces of British Columbia, Alberta and Ontario.

(S) "Tanya Hurtado"	*(S) "Sanjeev Shah Tolia"*
Tanya Hurtado, representative of NILE FLOW LIMITED	Sanjeev Shah Tolia, representative of CALLAN PARTNERS LIMITED
Promoter	Promoter

CERTIFICATE OF THE AGENT

Dated: March 4, 2024

To the best of our knowledge, information and belief, the Prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

RESEARCH CAPITAL CORPORATION

(S) "Jovan Stupar"

JOVAN STUPAR
Managing Director