SMG Hospitality SE
(Formerly SMG European Recovery SPAC SE)
Société européenne

ANNUAL ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2023

AND REPORT OF THE
REVISEUR D'ENTREPRISES AGREE

Registered office: 9, rue de Bitbourg
L - 1273 Luxembourg
R.C.S. Luxembourg: B255839

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SMG Hospitality SE
(Formerly SMG European Recovery SPAC SE)

Management Report
for the year ended 31 December 2023

The Board of Directors(the "**Board**") of SMG Hospitality SE (hereafter the "**Company**") submit its management report with the annual accounts of the Company for the year ended 31 December 2023.

1. Overview

The Company is a special purpose acquisition company (otherwise known as a blank cheque company) incorporated in Luxembourg on 11 June 2021 and registered with the Luxembourg Trade and Companies Register on 17 June 2021. The Company's corporate purpose is the acquisition of one operating business with a principal business operations in a member state of the European Economic Area or the United Kingdom or Switzerland that is based in the real estate-related hospitality sector with a focus on the sub-sector lodging and leisure through a merger, capital stock exchange, share purchase, asset acquisition, reorganization or similar transaction (the "**Business Combination**"). The Company intends to complete the Business Combination using cash from the proceeds of the private placement of the class A shares and class A warrants (see below).

2. Review and development of the Company's business and financial position

The Company completed its Private Placement (the "**Private Placement**") on 30 May 2022 through the issuance of 11.500.000 redeemable class A shares with a par value of EUR 0,0417 (the "**Public Shares**") and 5.750.000 class A warrants (the "**Public Warrants**"). The Public Shares are admitted to trading on the Frankfurt Stock Exchange under the symbol "RCVR" on 1 June 2022. Likewise, the Public Warrants are also admitted to trading on the Frankfurt Stock Exchange under the symbol "RCVRW". One Public Share and one-half (1/2) of a Public Warrant (each, a "**Unit**"), were sold at a price of EUR 10 per unit representing a total placement volume of EUR 115 million.

The sponsor and the co-sponsor of the Company, as well as certain members of the former supervisory board (the "**Supervisory Board Investors**") of the Company have subscribed to 2.875.000 class B shares amounting to EUR 120.000,00. On 25 May 2022, the sponsor, co-sponsors and Supervisory Board Investors also subscribed to an aggregate 6.199.999 class B warrants (the "**Sponsor Warrants**") at a total price of EUR 9.300.000,00. The class B shares and Sponsor Warrants are not publicly traded securities. The sponsor, co-sponsors and Supervisory Board Investors have agreed to a lock-up period running at least until the Business Combination, subject to customary exceptions described in the Company's prospectus (the "**Prospectus**"). The sponsor subsequently purchased all class B shares and Sponsor Warrants from the co-sponsor and certain members of the former supervisory board.

On 24 July 2023, the Company announced in a buyback offer to all holders of Public Shares the possibility to tender their Public Shares for a price of EUR 10.35 per Public Share so redeemed (the "Buyback Offer"). At the closing of the period of the Buyback Offer on 28 July 2023, holders owning a total of 8.498.329 Public Shares had accepted the Buyback Offer. The aggregate purchase price for the tendered Public Shares amounts to EUR 87.957.705,15. Following the settlement, 3.001.671 Public Shares remain outstanding and 8.498.329 Public Shares are held by the Company as own shares. During the year ended 31 December 2023, the Company recorded an impairment on these own shares in the amount of EUR 7.223.579,65.

On 15 February 2024, the Company signed a Business Combination Agreement with the Sircle Hospitality Group Ltd ("**Sircle**"), an expert real estate investment group specialized in hospitality across Europe.

Financial performance highlights
As a blank cheque company, the Company currently does not have an active business. The Company did not generate revenue during the year ended 31 December 2023 and is not expected to generate any operating revenues until after the completion of the Business Combination. The Company's activities for the year ended 31 December 2023 were those necessary to prepare for the Private Placement and the subsequent listing on the Frankfurt Stock Exchange, and, after the listing, to identify a target company for a Business Combination and the potential acquisition, described below. The Company incurred expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance).

The net loss of the Company for the year ended 31 December 2023 was EUR 11.283.561,73 (2022: net loss of EUR 6.617.580,55), and is mainly due to the impairment of the Company's own shares, external expenses, and finance costs.

Financial position highlights
The Company's main asset accounts refer to the investment in shares in affiliated undertakings for its holdings in three German subsidiaries as well as own shares held as a result of the buyback offer announced during the year and described above. The balance sheet also has a significant capital and reserves in relation to the issuance of its redeemable class A shares and class A and B warrants as described above.

3. Principal risk and uncertainties

The Company has analysed the risks and uncertainties to which its business is subject, and the Board of Directors of the Company has considered their potential impact, their likelihood, controls that the Company has in place and steps the Company can take to mitigate such risks. The Company's principal risks and uncertainties can be summarised as follows:

Risk	Likelihood	Mitigating factors
Benefits not achieved & the liquidation of the Company There is no assurance that the Company will identify suitable Business Combination opportunities by the Business Combination Deadline, which would ultimately lead to the liquidation of the Company.	Low	On 15 February 2024, the Company entered into a Business Combination Agreement with the Sircle and expects to successfully complete the Business Combination in the beginning of 2024. The shareholders are expected to approve the Business Combination on the annual/ extraordinary general meeting.
Going concern risk until completion of the business combination The Company has incurred fees and expenses associated with preparing and completing the Business Combination. The Company may need to arrange third-party financing and there can be no assurance that it will be able to obtain such financing, which could compel the Company to restructure or abandon the Business Combination.	Medium	The Company is undertaking continuous control and monitoring of expenses incurred in view of its available funding and has engaged reputable service providers to assist with this monitoring. The Board believes that the Company has sufficient funds to meet the fees and expenditures required for operating its business prior to the closing of the Business Combination.
Legal and regulatory The Company may be adversely affected by changes to the regulations, law, account and general tax environment in Luxembourg and Germany as well	Low	The Company is undertaking continuous control and monitoring measure of the ongoing legal and regulatory landscape. Moreover, the Board of Directors is supported by leading service providers on the

Risk	Likelihood	Mitigating factors
as the jurisdiction which the target business is subject to.		respective legal, accounting and tax domains.
Market conditions Adverse events and market conditions, such as the conflict between Russia and Ukraine and rising interest rates environment, might prevent the completion of the Business Combination.	Low	The Company believes that external market conditions have not negatively disrupted in a material manner its operations and objectives. But it will continue to monitor external market conditions and continue to assess on a timely basis their impact on its operations and objectives.

The other risks surrounding the Company are further disclosed in the Prospectus.

4. Risk management, internal control and corporate governance

The Company's approach to risk management, internal control and corporate governance is consistent with that applied to affiliates in the SMG Hospitality SE Group and are detailed in the Group Management Report sections 7 and 8. Non-financial information required by regulation is provided in section 3.

5. Financial risk management objectives and policies

As at 31 December 2023, the Company has zero cash at bank and in hand.

The Company had a net equity of EUR 105.321.834,96 as at 31 December 2023. The Sponsor commits to secure additional liquidity to the Company to pay costs and expenses prior to the completion of the Business Combination. The Board of Directors is in discussion with various parties and believes there will be funds available to the Company sufficient to pay costs and expenses incurred by the Company prior to the completion of the Business Combination.

The Company has conducted no operations and currently generated no revenue.

Beside the above, the Company identified the related financial risks and has considered their potential impact, their likelihood, and controls in place to mitigate such risks. The applicable risks to the Company are liquidity risks and credit risks.

6. Annual Accounts of SMG Hospitality SE

The Annual Accounts of SMG Hospitality SE are shown on page 11 to page 35. These were prepared in accordance with Luxembourg's legal and regulatory requirements and using the going concern basis of accounting described above.

The net loss of the Company for the year ended 31 December 2023 was EUR 11.283.561,73 (2022: net loss of EUR 6.617.580,55), and is mainly due to the impairment of the Company's own shares, external expenses, and finance costs. It is proposed that the loss for the year ended 31 December 2023 be allocated to profit and loss brought forward at 1 January 2024.

Distributable amounts

At 31 December 2023, the Company had no distributable amounts, as defined by Luxembourg law.

7. Related party transactions

Please see Notes 4, 8, 11, 13 and 14 to the annual accounts.

8. Research and development

The Company did not have any activities in the field of research and development during the financial year ended 31 December 2023 and 2022.

9. Transactions in own shares

On 31 July 2023, the Company redeemed 8.498.329 of its own class A shares at a redemption price of EUR 10,35 per share and currently holds them as treasury shares. A payment in the amount of EUR 87.957.705,15 was made from the escrow account to redeeming shareholders to redeem these class A shares. As at 31 December 2023, the fair value of the own shares was at price of EUR 9,50 per share, consequently the Company recorded an impairment in the amount of EUR 7.223.579,65.

10. Outlook

As at the date of these annual accounts, the Company experienced a liquidity shortage, among others from significant costs already incurred in connection with the Business Combination and its IPO which also caused the delay of the completion of the intended business combination signed on 15 February 2024. However, the Board of Directors is working to achieve a Business Combination in 2024.

As of 31 December 2023, the liquidity shortage towards third parties amounted to EUR 2.174.772,77.

11. Events after the reporting period

Please refer to Note 16 to the annual accounts.

Luxembourg, 30 August 2024

Dr. Stefan Petrikovics	Werner Weynand
Chief Executive Officer	Chief Administration Officer
Member of the Board of Directors	Member of the Board of Directors

SMG Hospitality SE
(Formerly SMG European Recovery SPAC SE)

Corporate Governance Statement by the Board of Directors
for the year ended 31 December 2023

The Board of Directors of the Company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the Company with reasonable accuracy at any time and ensuring that an appropriate system of internal controls is in place to ensure that the Company's business operations are carried out efficiently and transparently.

In accordance with Article 3 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, the Company declares that, to the best of our knowledge, the audited annual accounts for the year ended 31 December 2023, prepared in accordance with Luxembourg legal and regulatory requirements, give a true and fair view of the assets, liabilities, financial position as of that date and results for the year then ended.

In addition, management's report includes a fair review of the development and performance of the Company's operations during the year and of business risks, where appropriate, faced by the Company, as well as other information required by Article 68 of the law of 19 December 2002 on the commercial companies register and on the accounting records and financial statements od undertakings, as amended.

Luxembourg, 30 August 2024

Dr. Stefan Petrikovics	Werner Weynand
Chief Executive Officer	Chief Administration Officer
Member of the Board of Directors	Member of the Board of Directors

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To the Shareholders of
SMG Hospitality SE
Société européenne

R.C.S. Luxembourg B255839

9, rue de Bitbourg
L - 1273 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of **SMG Hospitality SE** (the "Company") which comprise the balance sheet as of 31 December 2023 and the profit and loss for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2023, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "Réviseur d'Entreprises Agréé" for the Audit of the Annual Accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

forv/s mazars

Material Uncertainty on Going Concern

We draw attention to Note 17 to the annual accounts where it is stated that the ability of the Company to continue as a going concern largely depends on SMG Hospitality SE's ability to meet its obligations and to close the transaction before the end of the year 2024.

As of 31 December 2023, the Company has a positive equity of EUR 105.3 million (2022: EUR 116.6 million) and presents a net loss of EUR 11,2 million for the year ended 31 December 2023 (2022: net loss of EUR 6,6 million) that is mainly due to the impairment of the Company's own shares and external expenses.

On February 15, 2024, SMG Hospitality SE successfully negotiated and signed a Business Combination Agreement (BCA) with Sircle Hospitality Group Ltd ("Sircle"). Despite a delay in meeting certain closing conditions by the agreed date of May 31, 2024, Sircle confirmed recently that they remained open to closing the transaction under the Business Combination Agreement (the "BCA"), subject to the Company and the Sponsor fulfilling all their obligations under the BCA, including meeting the Minimum Cash Condition (as defined in the BCA). Modifications to the initial terms of the BCA may also be required and are currently being discussed. The delay resulted in a liquidity shortage due to significant incurred costs and ongoing payment obligations as a publicly listed company.

These events and circumstances, along with the other matters depicted in the above-mentioned note to the annual accounts, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Company to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Based on the result of our audit procedures no Key Audit Matter was identified for the audit of the annual accounts as of 31 December 2023.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "Réviseur d'Entreprises Agréé" thereon.

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the Annual Accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the annual accounts, the Board of Directors 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 the Board of Directors 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.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 the Board of Directors.

- Conclude on the appropriateness of Board of Directors 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 report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the annual accounts 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 report of the "Réviseur d'Entreprises Agréé". 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as “Réviseur d’Entreprises Agréé” by the Shareholders upon resolutions on 21 July 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on page 5. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the annual accounts of the Company as of 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the annual accounts.

For the Company, it relates to annual accounts prepared in valid xHTML format.

In our opinion, the annual accounts of the Company as of 31 December 2023, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that no prohibited non-audit services referred to in the EU Regulation No 537/2014 were provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 30 August 2024

For Forvis Mazars, Cabinet de révision agréé
5, rue Guillaume J. Kroll
L-1882 Luxembourg

DocuSigned by:
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Fabien DELANTE
Réviseur d'Entreprises Agréé

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RCSL Nr. : B255839	Matricule : 2021 8400 176
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2023 **to** 02 31/12/2023 *(in* 03 EUR)

SMG Hospitality SE

9, rue de Bitbourg
L-1273 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	109 31.503.303,85	110 119.058.744,05
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	3	135	31.503.303,85	136	119.058.744,05
1. Shares in affiliated undertakings	1137		137	31.503.303,85	138	119.058.744,05
2. Loans to affiliated undertakings	1139		139		140	
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
D. Current assets	1151		151	81.311.163,28	152	435.649,08
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163	4	163	577.037,78	164	432.834,24
1. Trade debtors	1165		165	0,00	166	64.120,99
a) becoming due and payable within one year	1167		167	0,00	168	64.120,99
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	507.013,76	172	134.868,89
a) becoming due and payable within one year	1173		173	507.013,76	174	134.868,89
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	70.024,02	184	233.844,36
a) becoming due and payable within one year	1185		185	70.024,02	186	233.844,36
b) becoming due and payable after more than one year	1187		187		188	

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		Reference(s)		Current year		Previous year
III. Investments	1189	5	189	80.734.125,50	190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209	80.734.125,50	210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197		198	2.814,84
E. Prepayments	1199	6	199	112.013,11	200	111.550,68
TOTAL (ASSETS)			201	112.926.480,24	202	119.605.943,81

The notes in the annex form an integral part of the annual accounts

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CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	7	301	105.321.834,96	302	116.605.396,69
I. Subscribed capital	1303		303	600.000,00	304	600.000,00
II. Share premium account	1305		305	26.604.794,85	306	114.562.500,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	97.915.204,65	310	9.957.499,50
1. Legal reserve	1311		311		312	
2. Reserve for own shares	1313		313	80.734.125,50	314	
3. Reserves provided for by the articles of association	1315		315	600.000,00	316	600.000,00
4. Other reserves, including the fair value reserve	1429		429	16.581.079,15	430	9.357.499,50
a) other available reserves	1431		431	7.223.579,65	432	
b) other non available reserves	1433		433	9.357.499,50	434	9.357.499,50
V. Profit or loss brought forward	1319		319	-8.514.602,81	320	-1.897.022,26
VI. Profit or loss for the financial year	1321		321	-11.283.561,73	322	-6.617.580,55
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435	8	435	7.604.645,28	436	3.000.547,12
1. Debenture loans	1437		437		438	
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445		446	
i) becoming due and payable within one year	1447		447		448	
ii) becoming due and payable after more than one year	1449		449		450	
2. Amounts owed to credit institutions	1355		355	6.893,97	356	
a) becoming due and payable within one year	1357		357	6.893,97	358	
b) becoming due and payable after more than one year	1359		359		360	

The notes in the annex form an integral part of the annual accounts

	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	1.866.887,03	368	2.821.239,42
a) becoming due and payable within one year	1369	369	1.866.887,03	370	2.821.239,42
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379	5.429.873,01	380	34.933,12
a) becoming due and payable within one year	1381	381	3.679.873,01	382	34.933,12
b) becoming due and payable after more than one year	1383	383	1.750.000,00	384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	300.991,27	452	144.374,58
a) Tax authorities	1393	393	156.280,68	394	44.137,50
b) Social security authorities	1395	395		396	
c) Other creditors	1397	397	144.710,59	398	100.237,08
i) becoming due and payable within one year	1399	399	144.710,59	400	100.237,08
ii) becoming due and payable after more than one year	1401	401		402	
D. Deferred income	1403	403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	112.926.480,24	406	119.605.943,81

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eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2023 **to** 02 31/12/2023 *(in* 03 EUR *)*

SMG Hospitality SE

9, rue de Bitbourg
L-1273 Luxembourg

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701		702	
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713	115.160,26	714	
5. Raw materials and consumables and other external expenses	1671		671	-3.262.229,10	672	-5.337.615,66
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	9	603	-3.262.229,10	604	-5.337.615,66
6. Staff costs	1605		605		606	
a) Wages and salaries	1607		607		608	
b) Social security costs	1609		609		610	
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655		656	
c) Other staff costs	1613		613		614	
7. Value adjustments	1657	4	657	-35.867,31	658	-64.120,99
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	-35.867,31	662	-64.120,99
8. Other operating expenses	1621	10	621	-872.431,37	622	-774.647,36

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		Reference(s)		Current year		Previous year
9. Income from participating interests	1715		715		716	
a) derived from affiliated undertakings	1717		717		718	
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income not included under a)	1725		725		726	
11. Other interest receivable and similar income	1727		727		728	13.198,51
a) derived from affiliated undertakings	1729		729		730	12.033,47
b) other interest and similar income	1731		731		732	1.165,04
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	3,5	665	-7.228.071,35	666	6.559,96
14. Interest payable and similar expenses	1627	11	627	-122,86	628	-460.420,01
a) concerning affiliated undertakings	1629		629		630	-11.707,09
b) other interest and similar expenses	1631		631	-122,86	632	-448.712,92
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	-11.283.561,73	668	-6.617.045,55
17. Other taxes not shown under items 1 to 16	1637		637		638	-535,00
18. Profit or loss for the financial year	1669		669	-11.283.561,73	670	-6.617.580,55

1. GENERAL

SMG Hospitality SE (formerly known as SMG European Recovery SPAC SE and hereinafter the "Company") was incorporated on 11 June 2021 (date of incorporation per the deed of incorporation as agreed between shareholders in front of the notary) in Luxembourg as a European company (*Société Européenne* or "SE") based on the laws of the Grand Duchy of Luxembourg ("Luxembourg") for an unlimited period. The Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, in abbreviated "RCS") under the number B255839 since 17 June 2021. The Company is a listed entity with its class A shares traded in the regulated market of Frankfurt Stock Exchange under the symbol "RCVR" since 1 June 2022. Likewise, the Company's class A warrants are also traded on the open market of the Frankfurt Stock Exchange under the symbol "RCVRW". The Company also has 2.875.000 class B shares and 6.199.999 class B warrants issued and outstanding as at 31 December 2023 that are not listed on a stock exchange.

The registered office of the Company is located at 9, rue de Bitbourg, L-1273 Luxembourg.

The Company completed its Private Placement (the "**Private Placement**") on 30 May 2022 through the issuance of 11.500.000 redeemable class A shares with a par value of EUR 0,0417 (the "**Public Shares**") and 5.750.000 class A warrants (the "**Public Warrants**"). The Public Shares are admitted to trading on the Frankfurt Stock Exchange under the symbol "RCVR" on 1 June 2022. Likewise, the Public Warrants are also admitted to trading on the Frankfurt Stock Exchange under the symbol "RCVRW". One Public Share and one-half (1/2) of a Public Warrant (each, a "**Unit**"), were sold at a price of EUR 10 per unit representing a total placement volume of EUR 115 million.

The sponsor and the co-sponsor of the Company, as well as certain members of the former supervisory board (the "**Supervisory Board Investors**") of the Company have subscribed to 2.875.000 class B shares amounting to EUR 120.000,00. On 25 May 2022, the sponsor, co-sponsors and Supervisory Board Investors also subscribed to an aggregate 6.199.999 class B warrants (the "**Sponsor Warrants**") at a total price of EUR 9.300.000,00. The class B shares and Sponsor Warrants are not publicly traded securities. The sponsor, co-sponsors and Supervisory Board Investors have agreed to a lock-up period running at least until the Business Combination, subject to customary exceptions described in the Company's prospectus (the "**Prospectus**"). The sponsor subsequently purchased all class B shares and Sponsor Warrants from the co-sponsor and certain members of the former supervisory board.

The Company's governing bodies are the Board of Directors and the shareholders' meeting. The Company is managed by its Board of Directors which is vested with the broadest powers to act in the name of the Company and to take any action necessary or useful to fulfil the Company's corporate purpose, with the exception of the powers reserved to the general meeting of shareholders by any laws or regulations or by the Articles of Association. This one-tier governance structure was resolved by an extraordinary shareholders' meeting of the Company held on 28 June 2024. The Board of Directors is composed of Dr. Stefan Petrikovics, Werner Weynand and George Aase.

The Company has been established for the purpose of acquiring one operating business with principal business operations in a member state of the European Economic Area (the "EEA Member States"), the United Kingdom or Switzerland in the form of a merger, capital stock exchange, share purchase, asset acquisition, reorganization or similar transactions (the "Business Combination"). The Company will not conduct operations or generate operating revenue unless and until the Company consummates the Business Combination.

The Company intends to seek a suitable target for the Business Combination in the real estate-related hospitality sector with a focus on the sub-sector lodging and leisure. The Company has 15 months from the date of the admission to trading to consummate a Business Combination. This period may be extended up to two times in total (for a maximum of 21 months), provided that (i) the period shall extend automatically by three months if the Company signs a letter of intent with a potential seller of a target within the initial 15 months (the “Automatic Extension”) and (ii) may be extended, in each case by three months, by resolutions of the Company’s general shareholders’ meeting (those initial 15 months plus any Extension thereof is referred to as the “Business Combination Deadline”). If no Business Combination is completed before the Business Combination Deadline, the Public Shares will redeemed to the public shareholders and the Company will be liquidated. On 15 February 2024, the Company signed a Business Combination Agreement (“**BCA**”) with the Sircle Hospitality Group Ltd (“**Sircle**”), an expert real estate investment group specialized in hospitality across Europe.

Upon closing of the Business Combination, the above Company’s purpose shall cease to apply and the Company's purpose shall as from such time be the creation, holding, development and realisation of a portfolio, consisting of interests and rights of any kind and of any other form of investment in entities in the Grand Duchy of Luxembourg and in foreign entities, whether such entities exist or are to be created, especially by way of subscription, by purchase, sale, or exchange of securities or rights of any kind whatsoever, such as equity instruments, debt instruments as well as the administration and control of such portfolio.

The Company may further grant any form of security for the performance of any obligations of the Company or of any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of entities as the Company and lend funds or otherwise assist any entity in which it holds a direct or indirect interest or right of any kind or in which the Company has invested in any other manner or which forms part of the same group of companies as the Company.

The Company may borrow in any form and may issue any kind of notes, bonds and debentures and generally issue any debt, equity and/or hybrid securities in accordance with Luxembourg law.

The Company may carry out any commercial, industrial, financial, real estate or intellectual property activities which it may deem useful in accomplishment of these purposes.

Unlike other forms of companies, a Société Européenne only exists from the date of publication of its statutes with the RCS. Any act performed and any transaction carried out by the Company between the date of incorporation and the date of registration is considered to emanate from the Company and is therefore included in the annual accounts. The Company’s financial year runs from 1 January to 31 December.

The Company also prepares consolidated financial statements under International Financial Reporting Standards as adopted by the European Union. The consolidated financial statements are published in accordance with the European Single Electronic Format regulation on the Company’s website (http://www.smg-spac.com).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements under the historical cost convention and under the going concern assumption.

The accounting and valuation methods are determined and implemented by the Board of Directors, apart from the regulations of the law of 19 December 2002.

The preparation of these annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise significant judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present fairly the financial position and results.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. 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.

2.2. Significant accounting policies

The following are the significant accounting policies and valuation rules adopted by the Company in the preparation of these annual accounts.

2.2.1. Foreign currency translation

The Company maintains its books and records in Euro (“EUR”). The balance sheet and the profit and loss account are expressed in EUR.

Translation of foreign currency transactions

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions.

Translation of foreign currency balances as at the balance sheet date

- Financial assets denominated in currencies other than EUR are translated at the historical exchange rates;
- Other assets denominated in currencies other than EUR are translated at the lower between the exchange rate prevailing at the balance sheet date and historical exchange rate;
- Creditors denominated in currencies other than EUR are translated at the higher between the exchange rate prevailing at the balance sheet date and historical exchange rate; and
- Cash at bank and in hand denominated in currencies other than EUR are translated at the exchange rates prevailing at the balance sheet date.

As a result, realized exchange gains and losses and unrealized exchange losses are recorded in the profit and loss account. Unrealized exchange gains are not recognized unless they arise from cash at bank and in hand.

2.2.2. Formation expenses

Formation expenses include costs and expenses incurred in connection with the incorporation of the Company and subsequent capital increases. Formation expenses are charged to the profit and loss account of the year in which they were incurred.

2.2.3. Financial assets

Shares in affiliated undertakings are valued at acquisition cost including the expenses incidental thereto.

In case of durable decline in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial assets so that these are valued at the lower figure to be attributed at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made ceased to apply.

2.2.4. Cash at bank and in hand

Cash at bank and in hand comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.2.5. Debtors

Debtors are recorded at their nominal value. These are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.6. Investments

Investments consist of own shares purchased by the Company. Own shares are presented as assets and are initially measured at acquisition cost. Cost is determined using the weighted average method. Own shares are subsequently remeasured at the lower of cost or market value. They are subject to value adjustments where their recovery is compromised. These value adjustments are reversed when the reasons for which the value adjustments were made have ceased to apply.

In accordance with Luxembourg law, a non-distributable reserve for own shares is created under capital and reserves section and an amount from the share premium is allocated to the reserve for own shares to equal to the value of the own shares.

2.2.7. Prepayment

Prepayments include expenditure items incurred during the financial year but relating to a subsequent financial year.

2.2.8. Provisions

Provisions are intended to cover losses or debts which originate in the financial year under review or in the previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date they will arise.

(Expressed in EUR)

Provisions for taxation

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption “Creditors becoming due and payable within one year”. The advance payments are shown in the assets of the balance sheet under the “Debtors becoming due and payable within one year” item.

2.2.9. Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable of a financial liability is higher than the amount of cash received upfront, the related repayment premium is shown in the balance sheet as an asset and is amortized over the period of the related debt on a straight-line method.

2.2.10. Expenses

Expenses are accounted for on an accrual basis.

2.2.11. Income tax

The Company is subject to income taxes in Luxembourg.

2.2.12. Warrants

The Company has issued class A warrants and class B warrants, which under Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements are recorded as equity. When such warrants are expected to be equity settled, the Company does not book any provision to cover any surplus of the fair value of those warrants compared to the amounts booked in Other non-available reserves, as the Company will not suffer any loss in relation to those warrants in the future.

3. FINANCIAL ASSETS

Movements in financial assets during the year are as follows:

	Shares in affiliated undertakings EUR 2023	**Shares in affiliated undertakings EUR 2022**
Gross book value – opening balance	**119.059.243,05**	**30.500,00**
Additions for the year	-	119.435.500,00
Repayments for the year	-87.550.948,50	-406.756,95
Gross book value – closing balance	**31.508.294,55**	**119.059.243,05**
Accumulated value adjustment – opening balance	**-499,00**	**-7.058,96**
Allocation of value adjustments for the year	-4.491,70	-499,00
Reversals of value adjustments for the year	-	7.058,96
Accumulated value adjustment – closing balance	**-4.990,70**	**-499,00**
Net book value – opening balance	**119.058.744,05**	**23.441,04**
Net book value – closing balance	**31.503.303,85**	**119.058.744,05**

(Expressed in EUR)

On 30 May 2022, the Company contributed proceeds from the class A shares subscription, Additional Sponsor Subscription and Overfunding Sponsor Subscription (Note 7) totaling to EUR 119.435.000,00 into SMG SPAC Advisors GmbH & Co. KG. These funds are held in an escrow account by SMG SPAC Advisors GmbH & Co. KG. During the year 2022, EUR 406.756,95 was repaid to the Company relating to the Additional Sponsor Subscription. The Additional Sponsor Subscription refers to the funds used to cover the negative interest on the escrow account, and any amounts in excess are returned to the Company.

On 18 August 2022, the Company incorporated SMG SPAC Issuance GmbH & Co. KG for an amount of EUR 500,00.

On 31 July 2023, a return of capital in the amount of EUR 87.957.705,15 was made from SMG SPAC Advisors GmbH & Co. KG's escrow account to the Company in connection with the Company's announced buyback offer to the holders of class shares (Note 5).

As at 31 December 2023, the Board of Directors recorded an impairment on the Company's investments in SMG SPAC Advisors Verwaltungs GmbH in the amount of EUR 4.491,70 (2022: nil), and SMG SPAC Issuance GmbH & Co. KG in the amount of EUR 499,00 (2022: EUR 499,00).

Shares in affiliated undertakings as at 31 December 2023 consist of the following:

Name of undertakings	Registered office	Ownership %/ Contribution	Cost of acquisition EUR	Last balance sheet date	Net equity as at 31/12/2023* EUR	Profit / (Loss) as at 31/12/2023* EUR
SMG SPAC Advisors Verwaltungs GmbH	Gneisenaustr. 112, 10961 Berlin, Germany	100%	28.500,00	31/12/2023	32.974,00	2.224,00
SMG SPAC Advisors GmbH & Co. KG	Gneisenaustr. 112, 10961 Berlin, Germany	100%	31.479.294,55	31/12/2023	1.965.018,00	1.697.093,00
SMG SPAC Issuance GmbH & Co. KG	Gneisenaustr. 112, 10961 Berlin, Germany	100%	500,00	31/12/2023	-15.604,00	-11.956,00

*Unaudited

4. DEBTORS

Debtors are composed of the following which are due and payable within one year:

	31/12/2023 EUR	31/12/2022 EUR
Amounts due from affiliated undertakings	507.013,76	134.868,89
Trade and other debtors	170.012,32	362.086,34
Value adjustment – Trade and other debtors	-99.988,30	-64.120,99
Total	**577.037,78**	**432.834,24**

Amounts due from affiliated undertakings

Amounts due from affiliated undertakings as at 31 December 2023 refer to payments of invoices the Company made on their behalf in total amount of EUR 428.682,20 (2022: EUR 56.537,33) and EUR 78.331,56 (2022: EUR 78.331,56) receivable from the sponsor arising from the subscription of class B warrants (Note 7). The Board of Directors has assessed the amounts owed by affiliated undertakings are fully recoverable.

Other debtors

Other debtors as at 31 December 2023, comprise of receivables for an amount of EUR 105.891,33 (2022: EUR 1.883,02) related to advances made to Directors and EUR 64.120,99 (2022: EUR 64.120,99) overpayment made to supplier. As at 31 December 2023, the Company recorded value adjustment on other debtors of EUR 99.988,30 (2022: EUR 64.120,99), of which EUR 35.867,31 is in relation to advances made to Directors and EUR 64.120,99 in relation to overpayment made to supplier.

5. INVESTMENTS

Investments in the amount of EUR 80.734.125,50 pertain entirely to own shares held.

On 24 July 2023, the Company announced a buyback offer to all holders of class A shares offering the possibility to tender their Public Shares for a price of EUR 10,35 per share. At the closing of the period of the Buyback Offer on 28 July 2023, shareholders of the Company owning a total of 8.498.329 class A shares had accepted the Buyback Offer. The aggregate purchase price for the tendered Public Shares amounted to EUR 87.957.705,15. As at 31 December 2023, 3.001.671 of class A shares remain outstanding and 8.498.329 public shares are held by the Company as own shares.

As at 31 December 2023, the fair value of the own shares was at price of EUR 9,50 per share, consequently the Company recorded an impairment in the amount of EUR 7.223.579,65.

6. PREPAYMENTS

Prepayments in the amount of EUR 112.013,11 pertain to prepaid insurance premium (2022: EUR 111.550,68).

(Expressed in EUR)

7. CAPITAL AND RESERVES

Movements during the year are as follows:

	Subscribed capital EUR	Shares premium account EUR	Reserves provided for by the articles of association EUR	Reserve for own shares EUR	Other reserves available for distribution EUR	Other non-available reserves EUR	Profit or loss brought forward EUR	Profit or loss for the year EUR	Total EUR
Opening balance at 1 January 2023	**600.000,00**	**114.562.500,00**	**600.000,00**	**-**	**-**	**9.357.499,50**	**-1.897.022,26**	**-6.617.580,55**	**116.605.396,69**
Redemption of 8,498,329 class A shares	-	-87.957.705,15	-	87.957.705,15	-	-	-	-	-
Revaluation of own shares	-	-	-	-7.223.579,65	7.223.579,65	-	-	-	-
Allocation of prior year's results to profit or loss brought forward	-	-	-	-	-	-	-6.617.580,55	6.617.580,55	-
Results for the financial year	-	-	-	-	-	-	-	-11.283.561,73	**-11.283.561,73**
Closing balance at 31 December 2023	**600.000,00**	**26.604.794,85**	**600.000,00**	**80.734.125,50**	**7.223.579,65**	**9.357.499,50**	**-8.514.602,81**	**-11.283.561,73**	**105.321.834,96**

Share capital – Class B shares

As at 31 December 2021, the subscribed share capital amounts to EUR 120.000 consisting of 12.000.000 class B shares without nominal value.

On 23 May 2022, following the extraordinary general meeting of shareholders the Company created two share classes within the class B shares and converted the existing 12.000.000 class B shares into 1.437.500 class B1 shares without nominal value ("Class B1 Shares") and 1.437.500 class B2 shares without nominal value ("Class B2 Shares").

Pursuant to the BCA and as part of the preparation for the Closing, the Sponsor agrees to proceed with the Class B2 shares redemption for no consideration by redeeming 408.333 Class B2 shares and up to an additional 550.000 Class B2 shares calculated pursuant to section 2.1.1 of the BCA.

Upon and following the completion of the Business Combination, the Class B1 shares and remaining Class B2 shares existing at that point in time shall convert into class A shares in accordance with the conversion schedule (the "Promote Schedule" in the "Glossary" of the Prospectus).

The class B shares will only have nominal economic rights (i.e., reimbursement of their par value, at best, in case of liquidation). The class B shares were not part of the private placement and are not listed on a stock exchange.

Share capital – Class A shares

On 30 May 2022, the Company issued 11.500.000 Units (each a "Unit"), each Unit consisting of one redeemable class A shares with a par value of approximately EUR 0,042 and one half of a class A warrant for an aggregate price of EUR 10,00 per Unit, the nominal subscription price per Class A warrant being EUR 0,01. The total proceeds amounted to EUR 114.942.500,00 of which EUR 480.000,00 were allocated to class A shares and EUR 114.462.500,00 to the share premium account.

On 24 July 2023, the Company announced a buyback offer to all holders of class A shares offering the possibility to tender their Public Shares for a price of EUR 10,35 per share. At the closing of the period of the Buyback Offer on 28 July 2023, shareholders of the Company owning a total of 8.498.329 class A shares had accepted the Buyback Offer. The aggregate purchase price for the tendered Public Shares amounted to EUR 87.957.705,15. As at 31 December 2023, 3.001.671 of class A shares remain outstanding and 8.498.329 public shares are held by the Company as own shares. As at 31 December 2023, the Company recognized an impairment of its own shares in the amount of EUR 7.223.579,65.

Class A Shareholders may request redemption of all or a portion of their Class A shares in connection with the Business Combination, subject to the conditions and procedures set forth in the Articles of Association of the Company. Each Class A share that is redeemed shall be redeemed in cash for a price equal to the aggregate amount on deposit in the escrow account related to the proceeds from the private placement of the Class A shares and class A warrants, divided by the number of the then outstanding Class A Shares, subject to (i) the availability of sufficient amounts on the escrow account and (ii) sufficient distributable profits and reserves of the Company.

In the event that no Business Combination would be completed before the Business Combination Deadline, the Class A shares would also be redeemed to the shareholders before the Company went into liquidation.

Share premium

On 25 May 2022, the sponsor made an additional equity contribution in cash without issuance of new shares in the amount of EUR 700.000,00.

On 27 May 2022, the Management resolved to allocate EUR 600.000,00 from the share premium, in accordance with the articles of association, to the warrant reserve.

On 30 May 2022, EUR 114.462.500,00 have been allocated to the share premium account as described in “*Share capital – Class A shares*”.

On 1 August 2023, following the redemption of own shares, the Company allocated portion of the share premium in the amount of EUR 87.957.705,15 to the reserve for own shares.

As at 31 December 2023, the share premium account amounts to EUR 26.604.794,85 (2022: EUR 114.562.500,00).

Authorised capital

The authorized capital, excluding the issued share capital, of the Company is set at EUR 6.520.002,24 consisting of 156.208.387 shares without nominal value.

Legal reserves

In accordance with Luxembourg law, the Company is required to allocate a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders.

Reserves provided for by the articles of association - Warrant reserve

Pursuant to Article 31 of the amended Articles of Association, the Board of Directors shall create a specific reserve in respect of the exercise of any class A warrants or class B warrants issued by the Company (the "Warrant Reserve") and allocate and transfer sums contributed to the share premium and/or any other distributable reserve of the Company to such Warrant Reserve. The Board of Directors may, at any time, fully or partially convert amounts contributed to such Warrant Reserve to pay for the subscription price of any class A Shares to be issued further to an exercise of class A warrants or class B warrants issued by the Company. Only in case of failure by the Company to secure a Business Combination before the expiry of the Business Combination Deadline, the Warrant Reserve may be used for redemption of class A shares, in case where other available reserves are not sufficient. The Warrant Reserve is not distributable or convertible prior to the exercise, redemption or expiration of all outstanding class A warrants and class B warrants and may only be used to pay for the class A shares issued pursuant to the exercise of such class A warrants and class B warrants; thereupon, the Warrant Reserve will become a distributable reserve.

As at 31 December 2023, EUR 600.000,00 (2022: EUR 600.000,00) has been allocated to warrant reserve from Share premium.

Other non-available reserves

Other non-available reserves refer to the class A and B warrants.

- Class A warrants:

On 30 May 2022, the Company issued 5.750.000 class A warrants (the "Class A warrants") together with the 11.500.000 Class A shares, the nominal subscription price per Class A warrant being EUR 0,01. Hence, the total proceeds in relation to the issue of the warrants amount to EUR 57.500,00. Class A warrants has International Securities Identification Number ("ISIN") LU2380751656. Each Class A warrant entitles its holder to subscribe for one Class A share, with a stated exercise price of EUR 11,50, subject to customary anti-dilution adjustments. Holders of Class A warrants can exercise the warrants on a cashless basis unless the Company elects to require exercise against payment in cash of the exercise price.

As at 31 December 2023, the carrying value of the other non-available reserves related to class A warrants is EUR 57.500,00 (2022: EUR 57.500,00). The class A warrants are traded on the open market of the Frankfurt Stock Exchange under the symbol "RCVRW".

As at 31 December 2023, the unrecognised fair value of Class A warrants was estimated to be 4.835.175,00 (EUR 0.84 per warrant) (2022: EUR 5.290.000,00 and EUR 0,92 per warrant) using a combination of Monte Carlo and Binomial Tree valuation model.

The significant inputs to the valuation model include the contractual terms of the warrants (i.e. exercise price, maturity), risk-free rates of German government bonds, volatility of the Company's potential target peers and volatility of the warrants by reference to traded warrants issued by similar listed special purpose acquisition companies.

Class A warrants may only be exercised for a whole number of class A shares. Class A warrants will become exercisable 30 days after the completion of a Business Combination. Class A warrants will expire five years from the date of the consummation of the Business Combination, or earlier upon redemption or liquidation. The Company may redeem Class A warrants upon at least 30 days' notice at a redemption price of EUR 0,01 per Class A warrant if (i) the closing price of its Class A shares for any 20 out of the 30 consecutive trading days following the consummation of the Business combination equals or exceeds EUR 18,00 or (ii) the closing price of its Class A shares for any 20 out of the 30 consecutive trading days following the consummation of the Business Combination equals or exceeds EUR 10,00 but is below EUR 18,00, adjusted for adjustments as described in the section of redemption of warrants in the prospectus. Holders of Class A warrants may exercise them after the redemption notice is given.

Pursuant to the BCA and as part of the preparation for the Closing, the Company and the sponsor agree to buyback (by way of public tender offer), all or substantially all outstanding class A warrants (except, in the case that the Cornerstone Investor makes the Subsidiary Investment, for 1.500.000 class A warrants held by the Cornerstone Investor) and subsequently cancel such class A warrants.

- Class B warrants:

On 25 May 2022, the sponsor, co-sponsor and the Company entered into a Sponsor Warrant Purchase Agreement. The sponsor and the co-sponsor agreed, to initially subscribe to class B warrants (the "Class B warrants") as follows:

- 3.243.333 Class B warrants at a price of EUR 1,50 per warrant or EUR 4.865.000,00 in total for the sponsor capital at-risk (the "Sponsor Capital At-Risk");
- 656.666 Class B warrants at a price of EUR 1,50 per warrant or EUR 985.000,00 in total for the additional sponsor subscription (the "Additional Sponsor Subscription") and;

- 2.300.000 Class B warrants at a price of EUR 1,50 per warrant or EUR 3.450.000,00 in total for the overfunding sponsor subscription (the "Overfunding Sponsor Subscription").

On the same date, the sponsor transferred 1.302.000 class B warrants to the Supervisory Board Investors. In 2023, the Sponsor reacquired a total of 1.302.000 class B warrants from the Supervisory Board Investors.

The Sponsor Capital At-Risk is used to finance the Company's working capital requirements (including due diligence costs in connection with the Business Combination) and private placement and listing expenses, except for the deferred listing commission which will be paid from the escrow account. The Additional Sponsor Subscription is used to cover the negative interest on the escrow account. The Overfunding Sponsor Subscription will be used to provide additional funds to cover the liquidation of the Company after the expiry of the Business Combination Deadline or in case of redemptions of Class A shares in the context of a Business Combination, for a redemption per Class A share of up to (i) EUR 10,30 in case no extension has occurred, (ii) EUR 10,40 in case one extension has occurred and (iii) EUR 10,50 in case two extensions have occurred.

For any excess portion of the Additional Sponsor Subscription or Overfunding Sponsor Subscription remaining after the consummation of the Business Combination and the redemption of Class A shares, the sponsor may elect to either (i) request repayment of the remaining cash portion of the Additional Sponsor Subscription or the Overfunding Sponsor Subscription by redeeming the corresponding number of Class B warrants subscribed for under the Additional Sponsor Subscription or the Overfunding Sponsor Subscription or (ii) not to request repayment and to keep the Class B warrants subscribed for under the Additional Sponsor Subscription or the Overfunding Sponsor Subscription.

Furthermore, with respect to the Additional Sponsor Subscription, if the negative interest payable under the escrow account has been reduced due to a change in the interest rate on deposits set by European Central Bank, the sponsor may request from the escrow agent that a portion of the proceeds from the Additional Sponsor Subscription reflecting the amount by which the negative interest has been overfunded in respect of such period shall either be (i) repaid to the sponsor against redemption of the corresponding number of class B warrants subscribed for under the Additional Sponsor Subscription or (ii) paid to the Company for working capital purposes.

Each Class B warrant entitles its holder to subscribe for one Class A share, with a stated exercise price of EUR 11,50.

As at 31 December 2023, the carrying value of the other non-available reserves related to Class B warrants is EUR 9.299.999,50 (2022: EUR 9.299.999,50).

As at 31 December 2023, the unrecognised fair value of Class B warrants is determined to be EUR 1,14 per warrant using a combination of Monte Carlo and Binomial Tree valuation model (level 3). The breakdown is as follows:

- Class B warrants issued as Sponsor Capital At-Risk is valued at EUR 3.693.183,50;
- Class B warrants issued as Additional Sponsor Subscription is valued at EUR 747.746,00; and
- Class B warrants issued as Overfunding Sponsor Subscription is valued at EUR 2.619.010,00.

The significant inputs to the valuation model include the contractual terms of the warrants (i.e. exercise price, maturity), risk-free rates of German government bonds, volatility of the Company's potential target peers and volatility of the warrants by reference to traded warrants issued by similar listed special purpose acquisition companies.

(Expressed in EUR)

Class B warrants are identical to the Class A warrants underlying the Units sold in the private placement, except that the Class B warrants are not redeemable and may always be exercised on a cashless basis while held by the sponsor or their Permitted Transferees (defined in the prospectus). Class B warrants are not part of the private placement and are not listed on a stock exchange.

Pursuant to the BCA and as part of the preparation for the Closing, the sponsor agrees to proceed with the redemption and cancellation of all class B warrants pursuant to the Sponsor Warrant Cancellation Agreement provided in section 2.2 of the BCA.

8. CREDITORS

Creditors are composed of the following:

	Due within one year EUR	Due after more than one year EUR	Total 31 December 2023 EUR	Total 31 December 2022 EUR
Trade creditors	1.357.667,23	-	1.357.667,23	2.594.577,42
Accrued expenses	509.219,80	-	509.219,80	226.662,00
Amounts owed to affiliated undertakings	3.679.873,01	1.750.000,00	5.429.873,01	34.933,12
Other creditors	300.991,27	-	300.991,27	144.374,58
Bank overdraft	6.894,47	-	6.894,47	-
Total	**5.854.645,78**	**1.750.000,00**	**7.604.645,78**	**3.000.547,12**

Trade creditors and accruals

Trade creditors and accruals are related to outstanding amounts due as at balance sheet date on legal and other professional fees received by the Company.

The Company has EUR 1.291.882,14 of unpaid overdue payables as at 31 December 2023, which break down as follows:

- Overdue since more than 6 months amounts to EUR 379.871,25;
- Overdue since more than 3 months (and less than 6 months) amounts to EUR 685.734,61;
- Overdue since more than 1 month (and less than 3 months) amounts to EUR 226.276,28.

As of the date of approval of the financial statements these balances remain unpaid. The Company is contemplating a cash injection in the near term, from its shareholder or from external investors, to settle these unpaid overdue payables.

Amounts owed to affiliated undertakings

As at 31 December 2023, amounts owed to affiliated undertakings due within one year amount to EUR 3.679.873,01 (2022: EUR 34.933,12) pertain to short-term advances and payments made by related entities on behalf of the Company. On 28 May 2024, the Company repaid portion of amounts owed to affiliated undertakings for an amount of EUR 1.034.000,00 (see Note 16).

(Expressed in EUR)

As at 31 December 2023, amounts owed to affiliated undertakings due after more than one year in the amount of EUR 1.750.000,00 (2022: nil) pertain to a long-term interest-free loan from the sponsor. This loan matures in June 2025. On 3 April 2024, the Sponsor waived the loan (see Note 16).

Other creditors

As at 31 December 2023, other creditors relate to directors' fees payable for an amount of EUR 129.028,50 (2022: EUR 84.890,08), withholding tax payable for an amount of EUR 152.000,68 (2022: EUR 44.137,50), and other miscellaneous payables for an amount of EUR 19.962,09 (2022: EUR 15.347,50).

9. OTHER EXTERNAL EXPENSES

Other external expenses are composed of:

	2023 EUR	2022 EUR
Other professional fees	-1.174.195,40	-770.967,23
Legal fees	-771.729,36	-1.407.300,42
Audit fees	-403.111,80	-155.345,00
Accounting and corporate fees	-280.901,88	-235.083,21
Insurance expense	-280.337,57	-169.249,32
Consultancy fees	-201.898,18	-498.119,00
Travel and entertainment expenses	-84.848,17	-99.406,88
Rental expense	-32.914,45	-21.067,68
Bank fees	-18.428,62	-19.011,73
Other expenses	-13.863,67	-9.125,04
Listing fee (Note 15)	0,00	-1.004.050,00
Other capital raising fees	0,00	-937.527,00
Notary fees	0,00	-11.363,15
Total	**-3.262.229,10**	**-5.337.615,66**

The audit fees break down as follows:

	2023 EUR	2022 EUR
Statutory audit of the annual accounts	128.319,75	173.260,00
Audit-related fees	274.792,05	(17.915,00)*
Total	**403.111,80**	**155.345,00**

**Negative cost of EUR 17,915 is due to the reversal of an over-accrual made in the previous financial period.*

(Expressed in EUR)

10. OTHER OPERATING EXPENSES

Other operating expenses are composed of:

	2023 EUR	2022 EUR
Directors fees	-839.720,74	-717.672,36
CSSF fees	-32.282,63	-56.975,00
Other expenses	-428,00	-
Total	**-872.431,37**	**-774.647,36**

11. INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed of:

	2023 EUR	2022 EUR
Interest payable to affiliated undertakings	-	-11.707,09
Banking interest on current accounts	-	-11.208,32
Other financial charges	-122,86	-437.504,60
Total	**-122,86**	**-460.420,01**

Other financial charges

Other financial charges in 2022 comprise of an arrangement fee of EUR 437.500,00 incurred on the loan facility provided by ELF Fund. The remaining balance pertains to foreign currency exchange losses.

12. STAFF

The Company did not employ any staff during the year ended 31 December 2023 (2022: nil).

13. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THE MANAGEMENT

The Company did not grant any emoluments to and has no commitments in respect of retirement pensions towards members of its Board of Directors during the year ended 31 December 2023, except for those disclosed in Note 10.

14. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT

The Company did not grant any advances or loans to members of its Board of Directors during the year ended 31 December 2023, except for those disclosed in Note 4.

15. OFF-BALANCE SHEET COMMITMENTS

The following agreements were entered by the Company in the context of the private placement:

a. On 24 May 2022, the Company entered into a fee letter with ELF European Lending Fund I SCSp SICAV-RAIF ("ELF Fund") for facilitating the loan facility. Under this agreement, the Company paid a fee of 1,75% of the amount invested by SMG SPAC Investment S.à r.l.., a class A shareholder, (the "Sponsor Investment"), on the date of the completion of the private placement. This fee was paid from the Sponsor Capital At-Risk. On the date of the consummation of the Business Combination, the Company will pay ELF Fund a fee of 3,5% on the Sponsor Investment.

b. On 25 May 2022, the Company entered into an underwriting agreement with Barclays Bank Ireland PLC ("Barclays") as the Sole Global Coordinator and Joint Bookrunner, and ABN AMRO Bank N.V. ("ABN AMRO") as Joint Bookrunner. Under this agreement, the Company paid a Listing Fee of 1,75% of the gross proceeds from the Private Placement raised from investors initially contacted by Barclays and ABN AMRO on the date of the completion of the Private Placement and a Deferred Listing Commission of 3,5% on the gross proceeds from the private placement raised from investors initially contacted by Barclays and ABN AMRO on the completion of the Business Combination.

c. On 25 May 2022, the Company entered into a fee letter with Alpine Consulting B.V.. Under this agreement, the Company paid a fee of 1,75% of the gross proceeds from the private placement raised from investors initially contacted by Alpine Consulting on the date of the completion of the private placement. This fee was paid from the Sponsor Capital At-Risk. On the date of the consummation of the Business Combination, the Company will pay a fee of 3,5% on the gross proceeds from the private placement raised from investors initially contacted by Alpine Consulting.

The Company has no other commitments and contingencies as at 31 December 2023 (2022: nil).

16. SUBSEQUENT EVENTS

The following are the significant events after balance sheet date:

- On 2 January 2024, the Sponsor acquired 431.250 class B1 shares and 431.250 class B2 shares from the co-sponsor for a total consideration of EUR 246.000.
- On 2 January 2024, the Sponsor acquired 1.836.000 class B warrants from the co-sponsor for a total consideration of EUR 1.854.000.
- On 15 February 2024, the Company signed a Business Combination Agreement ("BCA") with the Sircle Hospitality Group Ltd ("Sircle"), an expert real estate investment group specialized in hospitality across Europe. Pursuant to the BCA and as part of the preparation for the Closing, the Sponsor agrees to proceed with:
  - the Class B2 shares redemption for no consideration by redeeming 408.333 Class B2 shares and up to an additional 550.000 Class B2 shares calculated pursuant to section 2.1.1 of the BCA;
  - conversion of the remaining class B1 and class B2 shares in the Company into class A shares on a 1 for 1 basis; and

  - issuance by the Company of an estimated additional 14.454.731 class A shares to the investors of Sircle in exchange of their shares in Sircle.
  - buyback (by way of public tender offer), all or substantially all outstanding class A warrants (except, in the case that the Cornerstone Investor makes the Subsidiary Investment, for 1,500,000 class A warrants held by the Cornerstone Investor) and subsequently cancel such class A warrants.
- On 3 April 2024, the Sponsor waived the EUR 1.750.000 loan granted to the Company.
- On 3 April 2024, the Company entered into a cost recharge agreement with the Sponsor detailing that per annum certain costs can be recharged to the Sponsor in an amount of up to €2,000,000.
- In April 2024, an additional 2.949.140 class A shares were redeemed for a total consideration of EUR 30.523.599.
- On 28 May 2024, the Company received an amount of EUR 1.034.000 from SMG Technology Holding S.à r.l. (the “Loan”) and subsequently used the cash proceeds to settle the amount owed to SMG Technology Acceleration SE.
- On 28 June 2024, the general meeting of shareholders resolved to change the governance structure of the Company from a two-tier management structure to a one-tier management structure and to approve the amendment and full restatement of the articles of association of the Company in accordance. As a result of this change to the governance structure, George Aase, Anand Tejani, and Benoît De Belder resigned from the Supervisory Board of the Company, and Stefan Petrikovics, Liam Doyle, René Geppert, and Werner Weynand resigned from the Management Board of the Company. Subsequently, Stefan Petrikovics, Werner Weynand, and George Aase were appointed as members of the Board of Directors of the Company.
- On 12 July 2024, SMG Technology Holding S.à r.l. and the Sponsor entered into an agreement pursuant to which the Loan was assigned by SMG Technology Holding S.à r.l. to the Sponsor.

As at the date of these annual accounts, the Company experienced a liquidity shortage, among others from significant costs already incurred in connection with the Business Combination and its IPO which also caused the delay of the completion of the intended business combination signed on 15 February 2024. However, the Board of Directors is working to achieve a Business Combination in 2024.

No other events occurred after the reporting date which would impact the financial situation of the Company as of 31 December 2023 or its performance for the year then ended, or would require to be disclosed in the financial statements.

17. GOING CONCERN

On 15 February 2024, the Company signed a Business Combination Agreement (“BCA”) with the Sircle Hospitality Group Ltd (“Sircle”).

Due to a delay in meeting certain closing conditions of the BCA, a consummation of the Business Combination by 31 May 2024, as agreed in the BCA, has not been possible. However, Sircle has so far not expressed or indicated that it wishes to or will exercise its termination right under the BCA. Sircle confirmed in writing on 26 August 2024 that they remained “open to closing the transaction under the Business Combination Agreement (the “BCA”), subject to SMG and the Sponsor fulfilling all their obligations under the BCA, including meeting the Minimum Cash Condition (as defined in the BCA)”. Sircle had previously indicated that it may seek certain modifications of the terms of the Business Combination in order to still complete the transactions. No modifications have yet been communicated and conversations on this are still ongoing.

Due to the delay in completion, the Company experienced a liquidity shortage, among others from significant costs already incurred in connection with the Business Combination, and its ongoing payment obligations in order to operate as a publicly listed company until such time that the Company and Sircle become a combined entity via the consummation of the Business Combination.

Management is of the opinion that the going concern assumption is appropriate due to the signed BCA still being intact and enforceable and both parties still being committed to consummate the Business Combination, albeit under modified conditions than currently agreed. Discussions are ongoing with the shareholder as well to improve the liquidity situation of the Company. The shareholder is exploring different refinancing possibilities to raise cash to bring the necessary funding to the Company.

Although the going concern assumption is deemed appropriate, it is clear from the above that material uncertainties exist to date regarding the Company's ability to meet all closing conditions of the BCA and hence secure the completion of the Business Combination, essential to guarantee the continuity of the Company.