SMG European Recovery SPAC SE

Société européenne

ANNUAL ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2022

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 European Recovery SPAC SE

Management Report
for the year ended 31 December 2022

The Management Board (the "**Board**") of SMG European Recovery SPAC SE (hereafter the "**Company**") submit its management report with the annual accounts of the Company for the year ended 31 December 2022.

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 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**").

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 2022 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 2022 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 2022 was EUR 6.617.580,55 (2021: EUR 1.897.022,26 net loss), due to the operating 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. 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 Management Board 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.	Medium to High	The Company believes that the long-standing presence, reputation, visibility, operational experience and extensive network of relationships of the Managing Directors and Supervisory Directors, provides the Company with an advantage in accessing Business Combination opportunities and allow therefore unique access to off-market transactions (i.e. transactions that involve a target business that is not widely known in the market to be available for acquisition) prior to the Business Combination Deadline. The Company is in dialogue with numerous candidates and anticipates concluding a letter of intent in advance of the Business Combination Deadline.
Going concern risk in case of no 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.	Low to 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. As at the date of this report 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. The Company has access to third-party financing via a shareholder loan facility.
Accruing third-party financing The Company may need to arrange third-party financing and there can be no assurance that it will be able to obtain such financing, which could compel the Company to restructure or abandon a particular proposed Business Combination.	Medium	The Managing Directors and Supervisory Directors believe that the long-standing experience, reputation and extensive network as entrepreneurs and professional investors has proven the ability to acquire significant funding volumes. Additionally, management is in close consultation with investment banks on the feasibility of an equity raise prior to proposing the Business Combination opportunity to its shareholders.

Risk	Likelihood	Mitigating factors
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 as the jurisdiction which the target business is subject to.	Low	The Company is undertaking continuous control and monitoring measure of the ongoing legal and regulatory landscape. Moreover, the management and the supervisory board is supported by leading service providers on the respective legal, accounting and tax domains.
Market conditions Adverse events and market conditions, such as the COVID-19 pandemic and the conflict between Russia and Ukraine, might prevent the completion of the Business Combination.	Low	The Company believes that the real estate-related hospitality sector in the European Economic Area (the "EEA Member States"), the United Kingdom or Switzerland has not been materially negatively disrupted by the COVID-19 pandemic. But will incorporate external market condition (including the conflict between Russia and Ukraine) in the selection process of a potential target business.

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 European Recovery SPAC 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 2022, the Company had EUR 2.881,75 in cash at bank and in hand.

The Company had a net equity of EUR 116.605.396,69 as at 31 December 2022. The Management Board believes that the funds available to the Company are 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 European Recovery SPAC SE

The Annual Accounts of SMG European Recovery SPAC SE are shown on page 11 to page 32. These were prepared in accordance with Luxembourg's legal and regulatory requirements and using the going concern basis of accounting described above.

The loss for the year ended 31 December 2022 was EUR 6.617.580,55 and is mainly due to the operating expenses. It is proposed that the loss for the year ended 31 December 2022 be allocated to profit and loss brought forward at 1 January 2023.

Distributable amounts
At 31 December 2022, the Company had no distributable amounts, as defined by Luxembourg law.

7. Related party transactions

Please see Notes 4, 7, 12 and 13 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 2022 and 2021.

9. Transactions in own shares

The Company has not acquired or held any of its own shares during the period ended as at 31 December 2022 and 2021.

10. Outlook

The Management Board is confident that a suitable target for the Business Combination will be found before the Business Combination Deadline, i.e. within the 15-month period from the date of the admission to trading of the Public shares and Public warrants.

Luxembourg, 26 April 2023

	George Aase
Dr. Stefan Petrikovics	George Aase
Chief Executive Officer	Chief Financial Officer
Member of the Management Board	Member of the Management Board

SMG European Recovery SPAC SE

Corporate Governance Statement by the Management Board
for the year ended 31 December 2022

The Management Board 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 2022, 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, 26 April 2023

George Aase	
Dr. Stefan Petrikovics	George Aase
Chief Executive Officer	Chief Financial Officer
Member of the Management Board	Member of the Management Board

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To the Shareholders of
SMG European Recovery SPAC 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 Financial Statements

Opinion

We have audited the financial statements of **SMG European Recovery SPAC SE** (the "Company"), which comprise the balance sheet as of 31 December 2022 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 financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of the result of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation No 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 No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further describedin the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » 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 financial statements, 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.

Key Audit Matters

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

Based on the result of our audit procedures no Key Audit Matter was identified for the audit of the financial statements as of 31 December 2022.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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

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

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

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

The Managment Board is also responsible for presenting the financial statements 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 financial statements, the Management Board 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 Managment Board 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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Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Financial Statements

The objectives of our audit 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 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 accordance with the EU Regulation No 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 financial statements.

As part of an audit in accordance with the EU Regulation No 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 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 the Management Board.

- Conclude on the appropriateness of Management Board' 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 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 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 financial statements, including the disclosures, and whether the financial statements 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.

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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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 General Meeting of Shareholders on 7 July 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

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

The Corporate Governance Statement is included in the management report. 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 financial statements of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2022 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 the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 28 April 2023

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

DocuSigned by:
Fabien Delante
4574F35253B847A...

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 01/01/2022 **to** 02 31/12/2022 *(in* 03 EUR)

SMG European Recovery SPAC 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	119.058.744,05	110	23.441,04
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	119.058.744,05	136	23.441,04
1. Shares in affiliated undertakings	1137		137	119.058.744,05	138	23.441,04
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	435.649,08	152	212.957,19
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	432.834,24	164	157.062,78
1. Trade debtors	1165		165	64.120,99	166	
a) becoming due and payable within one year	1167		167	64.120,99	168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	134.868,89	172	
a) becoming due and payable within one year	1173		173	134.868,89	174	
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	233.844,36	184	157.062,78
a) becoming due and payable within one year	1185		185	233.844,36	186	157.062,78
b) becoming due and payable after more than one year	1187		187		188	

RCSL Nr. : B255839	Matricule : 2021 8400 176

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	2.814,84	198	55.894,41
E. Prepayments	1199	5	199	111.550,68	200	
TOTAL (ASSETS)			201	119.605.943,81	202	236.398,23

CAPITAL, RESERVES AND LIABILITIES

	Code	Reference(s)	Code	Current year	Code	Previous year
A. Capital and reserves	1301	6	301	116.605.396,69	302	-1.777.022,26
I. Subscribed capital	1303		303	600.000,00	304	120.000,00
II. Share premium account	1305		305	114.562.500,00	306	
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	9.957.499,50	310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315	600.000,00	316	
4. Other reserves, including the fair value reserve	1429		429	9.357.499,50	430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433	9.357.499,50	434	
V. Profit or loss brought forward	1319		319	-1.897.022,26	320	
VI. Profit or loss for the financial year	1321		321	-6.617.580,55	322	-1.897.022,26
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	7	435	3.000.547,12	436	2.013.420,49
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		356	11,50
a) becoming due and payable within one year	1357		357		358	11,50
b) becoming due and payable after more than one year	1359		359		360	

	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	2.821.239,42	368	937.583,06
a) becoming due and payable within one year	1369	369	2.821.239,42	370	937.583,06
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	34.933,12	380	980.826,38
a) becoming due and payable within one year	1381	381	34.933,12	382	980.826,38
b) becoming due and payable after more than one year	1383	383		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	144.374,58	452	94.999,55
a) Tax authorities	1393	393	44.137,50	394	
b) Social security authorities	1395	395		396	
c) Other creditors	1397	397	100.237,08	398	94.999,55
i) becoming due and payable within one year	1399	399	100.237,08	400	94.999,55
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	119.605.943,81	406	236.398,23

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

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2022 **to** 02 31/12/2022 *(in* 03 EUR *)*

SMG European Recovery SPAC 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		714	
5. Raw materials and consumables and other external expenses	1671		671	-5.337.615,66	672	-1.859.508,11
a) Raw materials and consumables	1601		601		602	
b) Other external expenses	1603	8	603	-5.337.615,66	604	-1.859.508,11
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	-64.120,99	658	
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	-64.120,99	662	
8. Other operating expenses	1621	9	621	-774.647,36	622	-30.075,00

RCSL Nr. : B255839	Matricule : 2021 8400 176

		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	13.198,51	728	
a) derived from affiliated undertakings	1729	7	729	12.033,47	730	
b) other interest and similar income	1731		731	1.165,04	732	
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	665	6.559,96	666	-7.058,96
14. Interest payable and similar expenses	1627	10	627	-460.420,01	628	-380,19
a) concerning affiliated undertakings	1629		629	-11.707,09	630	-326,38
b) other interest and similar expenses	1631		631	-448.712,92	632	-53,81
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	-6.617.045,55	668	-1.897.022,26
17. Other taxes not shown under items 1 to 16	1637		637	-535,00	638	
18. Profit or loss for the financial year	1669		669	-6.617.580,55	670	-1.897.022,26

1. GENERAL

SMG European Recovery SPAC SE (the "Company" or "Parent") 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 2022 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 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 Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting, The Company is managed by its Management Board under the supervision and control of the Supervisory Board. This two-tier governance structure was resolved by an extraordinary shareholders' meeting of the Company held on 13 September 2021. The Management Board is composed of Dr. Stefan Petrikovics (Chief Executive Officer), George Aase (Chief Financial Officer), Liam Doyle (Chief Operating Officer), Werner Weynand (Chief Administration Officer) and René Geppert ("Management Board"). The Supervisory Board members appointed consists of Anand Tejani, Paul Johnson and Benoît de Belder (the "Supervisory Board").

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.

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. Accordingly, the comparative period on these annual accounts was prepared in accordance with Luxembourg legal and regulatory requirements from 17 June 2021 (date of registration of the Company with the RCS) to 31 December 2021. 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 (https://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.

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;
- Debts 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 Management Board, 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. Prepayment

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

2.2.7. 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.

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.

2.2.8. 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.

2.2.9. Expenses

Expenses are accounted for on an accrual basis.

2.2.10. Income tax

The Company is subject to income taxes in Luxembourg.

2.2.11. 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.

(Expressed in EUR)

3. FINANCIAL ASSETS

Movements in financial assets during the year are as follows:

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

On 30 May 2022, the Company contributed proceeds from the class A shares subscription, Additional Sponsor Subscription and Overfunding Sponsor Subscription (Note 6) totaling to EUR 119.435.000,00 into SMG SPAC Advisors GmbH & Co. KG. These monies are held in an escrow account by SMG SPAC Advisors GmbH & Co. KG. During the year, EUR 406.756,95 was repaid to the Company relating to the Additional Sponsor Subscription. The Additional Sponsor Subscription refers to the monies 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.

For the year ended 31 December 2022, the Management Board have recognized an impairment on the Company's investment in shares in affiliated undertakings amounting to EUR 499,00, and an income of EUR 7.058,06 from the reversal of value adjustments made in prior periods.

Shares in affiliated undertakings as at 31 December 2022 consist of the following:

Name of undertakings	Registered office	Ownership %/ Contribution	Cost of acquisition EUR	Last balance sheet date	Net equity as at 31/12/2022 EUR*	Profit / (Loss) as at 31/12/2022 EUR*
SMG SPAC Advisors Verwaltungs GmbH	Gneisenaustr. 112, 10961 Berlin, Germany	100%	28.500,00	31/12/2022	28.836,16	5.395,16
SMG SPAC Advisors GmbH & Co. KG	Gneisenaustr. 112, 10961 Berlin, Germany	100%	119.030.243,05	31/12/2022	119.221.326,09	196.291,44
SMG SPAC Issuance GmbH & Co. KG	Gneisenaustr. 112, 10961 Berlin, Germany	100%	500,00	31/12/2022	-2.410,85	-2.910,85

*Unaudited

(Expressed in EUR)

4. DEBTORS

Debtors balances due within one year are composed of the following:

	Total 31/12/2022 EUR	Total 31/12/2021 EUR
Amounts due from affiliated undertakings	134.868,89	-
Other debtors	297.965,35	157.062,78
Total	**432.834,24**	**157.062,78**

Amounts due from affiliated undertakings

Amounts due from affiliated undertakings as at 31 December 2022 refer to payments of invoices the Company made on their behalf. This also includes EUR 78.331,56 receivable from the sponsor arising from the subscription of class B warrants (Note 6).

Other debtors

On 5 July 2021, the Company provided an interest-free loan to the Chief Executive Officer for an amount of EUR 119.500,00. The balance of the loan amounted to EUR 100.500,00 as at 31 December 2021 and was fully repaid during the financial year.

Other debtors as at 31 December 2022 relate to payments of invoices on behalf of other related entities for an amount of EUR 296.082,33, overpayments to a supplier for an amount of EUR 64.120,99, a negative value adjustments on other receivables for an amount of EUR -64.120,99, and a receivable from a Director for an amount of EUR 1.883,02.

A negative value adjustments amounting to EUR -64.120,99 was recognized during the year due to doubts on the recoverability of an overpayment made to a supplier.

Receivable from a Director for an amount of EUR 1.883,02 relate to an overpayment made to a Director, to be recovered.

5. PREPAYMENTS

Prepayments in the amount of EUR 111.550,68 pertain to prepaid insurance premium to be deferred over the following accounting period (2021: nil).

(Expressed in EUR)

6. CAPITAL AND RESERVES

Movements during the year are as follows:

	Subscribed capital	Shares premium account	Reserves provided for by the articles of association	Other non-available reserves	Profit or loss brought forward	Profit or loss for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Opening balance	**120.000,00**	**-**	**-**	**-**	**-**	**-1.897.022,26**	**-1.777.022,26**
Conversion of 12.000.000 class B shares to 1.437.500 class B1 shares and 1.437.500 class B2 shares	-	-	-	-	-	-	**-**
Issuance of 11.500.000 class A shares and 5.750.000 class A warrants	480.000,00	114.462.500,00	-	57.500,00	-	-	**115.000.000,00**
Issuance of 6.199.999 class B warrants	-	-	-	9.299.999,50	-	-	**9.299.999,50**
Equity contribution in cash without issuance of shares	-	700.000,00	-	-	-	-	**700.000,00**
Allocation of prior year's results to profit or loss brought forward	-	-	-	-	-1.897.022,26	1.897.022,26	**-**
Allocation to warrant reserve	-	-600.000,00	600.000,00	-	-	-	**-**
Results for the financial year	-	-	-	-	-	-6.617.580,55	**-6.617.580,55**
Closing balance	**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**

Share capital – Class B shares

As at 31 December 2021, the subscribed share capital amounts to EUR 120.000,00 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 and 1.437.500 class B2 shares without nominal value.

Subject to the completion of the Business Combination, all class B shares are automatically converted into Class A shares at a ratio of one Class A share for one class B share following the day of expiration of the sponsor lock-up (the "Promote Conversion").

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.

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 Board 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*".

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 Management Board 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 Management Board 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 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 2022, the value of the other non-available reserves related to class A warrants is 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 2022, the fair value of Class A warrants was estimated to be EUR 5.290.000 (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.

- <u>Class B warrants:</u>

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.

The sponsor agreed to set off EUR 2.497.668,00 of the loan (Note 7) against the subscription price of the Class B warrants under the Sponsor Capital-At-Risk.

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.

(Expressed in EUR)

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

As at 31 December 2022, the fair value of Class B warrants is determined to be EUR 1,35 per warrant using a combination of Monte Carlo and Binomial Tree valuation model (level 3). The breakdown are as follows:

- Class B warrants issued as Sponsor Capital At-Risk is valued at EUR 4.378.500,00;
- Class B warrants issued as Additional Sponsor Subscription is valued at EUR 886.500,00; and
- Class B warrants issued as Overfunding Sponsor Subscription is valued at EUR 3.105.000,00.

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.

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.

7. CREDITORS

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

	Total 31/12/2022 EUR	**Total 31/12/2021 EUR**
Trade creditors and accruals	2.821.239,42	937.583,06
Amounts owed to affiliated undertakings	34.933,12	980.826,38
Other creditors	144.374,58	94.999,55
Bank overdraft	-	11,50
Total	**3.000.547,12**	**2.013.420,49**

Trade creditors and accruals

Current and previous year Trade creditors and accruals are related to outstanding amounts due on legal and other professional fees received by the Company during the financial year.

Amounts owed to affiliated undertakings

The Company as the borrower concluded a loan agreement with the sponsor with effect on 17 June 2021 ("Loan"). A loan amount of up to EUR 1.000.000,00 has been granted to the Company. Interest accrues at the rate of 2,00% per annum on the outstanding principal amount of the Loan from the date of the agreement, until the Loan is fully repaid. The Loan was expected to be repayable one year after the end of the availability period, as defined in the agreement, or any other date on which the parties may mutually agree on writing. An addendum to the original Loan contract has been signed on 18 February 2022 to increase its amount to EUR 1.500.000,00 and further amended on 3 May 2022 to increase the Loan to EUR 2.500.000,00.

(Expressed in EUR)

On 25 May 2022, the outstanding balance of the Loan amounted to EUR 2.497.668,00. Total interest expense and accrued during the year amounted to EUR 11.707,09 (Note 10). The outstanding balance was set off against the subscription price of the Class B warrants. Consequently, the loan agreement was terminated and any interest accrued on the loan amounting to EUR 12.033,47 was waived by the sponsor and is presented as part of Other interest receivable and similar income derived from affiliated undertakings (2021: EUR 980.826,00).

Amount owed to affiliated undertakings as at 31 December 2022 refer to the payments made by the related parties on behalf of the Company.

Other creditors

Other creditors as at 31 December 2022 relate to directors' fees payable for an amount of EUR 84.890,08, withholding tax payable for an amount EUR 44.137,50, and other miscellaneous payables for an amount of EUR 15.347,50.

8. OTHER EXTERNAL EXPENSES

Other external expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 17/06/2021 to 31/12/2021 EUR
Legal fees	-1.407.300,42	-828.440,66
Listing fee (Note 14)	-1.004.050,00	0,00
Other capital raising fees	-937.527,00	0,00
Other professional fees	-770.967.23	-15.493,14
Consultancy fees	-498.119,00	-642.661,35
Accounting and corporate fees	-235.083,21	-63.686,73
Insurance expense	-169.249,32	0,00
Audit fees	-155.345,00	-300.470,00
Travel and entertainment expenses	-99.406,88	-3.099,60
Rental expense	-21.067,68	0,00
Bank fees	-19.011,73	-5.435,50
Notary fees	-11.363,15	0,00
Other expenses	-9.125,04	-221,13
Total	**-5.337.615,66**	**-1.859.508,11**

(Expressed in EUR)

The total audit fees paid breaks down as follows:

	From 01/01/2022 to 31/12/2022 EUR	From 17/06/2021 to 31/12/2021 EUR
Statutory audit of the annual accounts	173.260	73.710
Audit-related fees	(17.915)*	226.760
Total	**155,345**	**300,470**

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

9. OTHER OPERATING EXPENSES

Other operating expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 17/06/2021 to 31/12/2021 EUR
Directors fees	-717.672,36	-7.575,00
CSSF fees	-56.975,00	-22.500,00
Total	**-774.647,36**	**-30.075,00**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses are composed of:

	From 01/01/2022 to 31/12/2022 EUR	From 17/06/2021 to 31/12/2021 EUR
Interest payable to affiliated undertakings	-11.707,09	-326,38
Banking interest on current accounts	-11.208,32	-53,81
Other financial charges	-437.504,60	-
Total	**-460.420,01**	**-380,19**

Other financial charges

Other financial charges comprise of an arrangement fee of EUR 437.500,00 incurred for the obtention of financing under the form of a loan facility provided by ELF Fund (Note 14). The remaining balance pertains to foreign currency exchange losses.

11. STAFF

The Company did not employ any staff during the year ended 31 December 2022 (2021: nil).

12. EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

The Company did not grant any emoluments to and has no commitments in respect of retirement pensions towards members of its Management Board and Supervisory Board during the year ended 31 December 2022, except for those disclosed in Note 9 (2021: nil).

13. ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

The Company did not grant any advances or loans to members of its Management Board and Supervisory Board during the year ended 31 December 2022, except as disclosed in Note 4 to the annual accounts (2021: EUR 100.500,00).

14. 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 2022 (2021: nil).

15. SUBSEQUENT EVENTS

There are no other significant subsequent events after balance sheet date, other than those disclosed herein.