SMG Technology Acceleration SE

Société européenne

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 7 AUGUST 2023 (DATE OF REGISTRATION) TO 11 AUGUST 2023

Registered office: 9, rue de Bitbourg
L - 1273 Luxembourg
R.C.S. Luxembourg: B279346

SMG Technology Acceleration SE

Interim consolidated financial statements
for the period from 7 August to 11 August 2023

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To the shareholders of
SMG TECHNOLOGY ACCELERATION SE
Société européenne

R.C.S. Luxembourg : B279346

9, rue de Bitbourg
L – 1273 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the interim consolidated financial statements of **SMG TECHNOLOGY ACCELERATION SE** and its subsidiaries (the «Group»), which comprise the interim consolidated statement of financial position as at 11 August 2023, and the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the for the period from 07 August 2023 (date of registration) to 11 August 2023, and the notes to the interim consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at 11 August 2023, and of its interim consolidated financial performance and its interim consolidated cash flows for the period from 07 August 2023 to 11 August 2023 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with 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 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 Interim Consolidated Financial Statements » section of our report.
We are also independent of the Group 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 interim consolidated 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.

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Responsibilities of the Board of Directors and Those Charged with Governance for the Interim Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the Interim Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the interim consolidated 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 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 interim consolidated financial statements.

As part of an audit in accordance with the Law dated 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 interim consolidated 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 Group'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.

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- 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 Group'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 interim consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Luxembourg, 06 September 2023

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

DocuSigned by:

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Fabien DELANTE
Réviseur d'entreprises agréé

SMG Technology Acceleration SE

Interim consolidated statement of comprehensive income for the period from / August to 11 August 2023

	Note	Period from 7 August to 11 August 2023 EUR
Revenue		-
Other operating expenses	6	(206,076)
Operating profit /(loss)		**(206,076)**
Finance cost		-
Profit/(loss) before income tax		**(206,076)**
Income tax	7	-
Profit/(loss) for the period		**(206,076)**
Other comprehensive income		**-**
Total comprehensive income/(loss) for the period, net of tax		**(206,076)**
Earnings/(loss) per share attributable to equity holders of the parent:	8	
Net earnings per share		(0.017)
Diluted earnings per share		(0.017)

The accompanying notes form an integral part of these interim consolidated financial statements.

SMG Technology Acceleration SE

Interim consolidated statement of financial position as at 11 August 2023

	Note	11 August 2023 EUR
ASSETS		
Current assets		
Deferred costs	10	351,253
Other prepayments		11,849
Cash and cash equivalents	11	25,580
		388,682
Total assets		**388,682**
EQUITY AND LIABILITIES		
Equity	12	
Share capital		120,000
Accumulated deficit		(206,076)
Total equity		**(86,076)**
Non-current liabilities		
Sponsor loan	9	29,675
Current liabilities		
Payables to directors		5,260
Trade and other payables	13	439,823
		445,083
Total liabilities		**474,758**
Total equity and liabilities		**388,682**

The accompanying notes form an integral part of these interim consolidated financial statements.

SMG Technology Acceleration SE

Interim consolidated statement of changes in equity for the period from 7 August to 11 August 2023

	Share capital EUR	Accumulated deficit EUR	Total equity attributable to parent EUR	Non-controlling interest EUR	Total equity EUR
Issuance of incorporation capital	120,000	-	120,000	-	120,000
Profit/(loss) for the period	-	(206,076)	(206,076)	-	(206,076)
Balance, 11 August 2023	**120,000**	**(206,076)**	**(86,076)**	**-**	**(86,076)**

The accompanying notes form an integral part of these interim consolidated financial statements.

SMG Technology Acceleration SE

Interim consolidated statement of cash flows for the period from 7 August to 11 August 2023

	Note	Period from 7 August to 11 August 2023 EUR
Cash flows from operating activities		
Loss before income tax		(206,076)
Adjustments for non-cash items:		
Cost to acquire subsidiaries		4,075
Changes in working capital:		
Increase in deferred costs	10	(351,253)
Increase in trade and other receivables		(11,849)
Increase in payables to directors		5,260
Increase in trade and other payables	13	439,823
Net cash flows used in operating activities		**(120,020)**
Cash flows from investing activities		
Cash acquired from acquisition of subsidiaries	5	25,600
Net cash flows from investing activities		**25,600**
Cash flows from financing activities		
Proceeds from issuance of shares	12	120,000
Net cash flows from financing activities		**120,000**
Net increase in cash and cash equivalents		25,580
Cash and cash equivalents, beginning		-
Cash and cash equivalents at end of period		**25,580**

The accompanying notes form an integral part of these interim consolidated financial statements.

Notes to the interim consolidated financial statements for the period ended 11 August 2023

1. GENERAL INFORMATION

SMG Technology Acceleration SE (the "Company" or "Parent") was incorporated on 27 July 2023 (date of incorporation per the deed of incorporation 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"). The Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés,* in abbreviated "RCS) under the number B279346 since 7 August 2023.

The share capital of the Company on 7 August 2023 was set to EUR 120,000, represented by 12,000,000 class B shares without nominal value. The share capital has been fully paid up.

The founder and sponsor of the Company is SMG Technology Holding S.à r.l. (the "Sponsor"), a wholly-owned subsidiary of SMG Holding S.à r.l. (the "Ultimate shareholder"). As at 11 August 2023, SMG Technology Holding S.à r.l. owns 100% of the class B shares in the Company.

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

Unlike other forms of companies, a Société Européenne only exists from the date of publication of its statutes with the RCS. Accordingly, the interim consolidated financial statements of SMG Technology Acceleration SE and its subsidiaries (collectively the "Group") were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union for the period from 7 August 2023 (date of registration of the Company with the RCS) to 11 August 2023 and were authorized for issue in accordance with a resolution of the Board of Directors on XX August 2023. 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 interim consolidated financial statements.

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 that is based in the technology sector, which shall encompass primarily the following verticals: additive manufacturing/3D printing, software as a service (SaaS), and digital infrastructure/blockchain-based technologies, through a merger, capital stock exchange, share purchase, asset acquisition, reorganization, or similar transaction and forming a business combination with such operating business (the "Business Combination").

The Company will not conduct operations or generate operating revenue unless and until the Company consummates the Business Combination. The Company will have 12 months from the date of the admission to trading (the "Business Combination Deadline") to consummate a Business Combination. Otherwise, the Company will be liquidated and distribute substantially all of its assets to its shareholders (other than the Sponsor).

Pursuant to article 2 of the current articles of association, the Company's purpose is the creation, holding, development and realization of a portfolio, consisting of interest 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.

It is the intention of the Board of Directors that the Company will undergo an initial offering of its class A shares and class A warrants and be admitted to trading on the Frankfurt Stock Exchange (the “Private Placement”). The main characteristics of the intended listing is described in the prospectus to be approved by the Commission de Surveillance du Secteur Financier (the “CSSF”) in Luxembourg. Consequently, an application will be made to notify the German Federal Financial Supervisory Authority in accordance with the European passport mechanism set forth Article 25 para. 1 of the Prospectus Regulation.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The Company’s financial year starts on 1 January and ends on 31 December of each year, with the exception of the first financial year which starts on 7 August 2023 (date of registration with the RCS) and ends on 31 December 2023.

The interim consolidated financial statements of the Group as at 11 August 2023 were prepared for the purpose of the planned Private Placement.

The interim consolidated financial statements have been prepared on a going concern basis (See Note 3). If the Company fails to raise the funds from targeted investors and does not have the necessary funds to meet its financial obligations during the next 12 months, in particular because of commitments and debts arising during this period, the Ultimate shareholder committed to provide financial support to the Company, and the Ultimate shareholder has the financial capacity to cover the obligations of the Company. Accordingly, the Board of Directors concluded that the Company will continue as a going concern for, at least, the next 12 months.

The interim consolidated financial statements have been prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) and adopted by the European Union. They are also prepared in Euros (EUR) which is the Group’s presentation and functional currency and have been prepared under the historical cost convention.

2.2. Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together referred as the "Group") as at 11 August 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is the presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3. Summary of significant accounting policies

International accounting standards include IFRS, IAS (International Accounting Standards) and their interpretations (Standing Interpretations Committee) and IFRICs (International Financial Reporting Interpretations Committee).

The repository adopted by the European Commission is available on the following internet site: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs

a) New standards, amendments and interpretations that were issued but not yet applicable as at 11 August 2023 and that are most relevant to the Group

- **Amendments to IAS 1 - not yet endorsed by the EU:** Classification of Liabilities as Current or Non-current. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

- **Amendments to IAS 1 - not yet endorsed by the EU:** Non-current Liabilities with Covenants. In October 2022, the IASB issued Non-current Liabilities with Covenants, (Amendments to IAS 1), to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments - not yet endorsed by the EU:** In May 2023, the IASB published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for reporting periods beginning on or after 1 January 2024.

The initial application of these standards, interpretations and amendments to existing standards is planned for the period of time from when its application becomes compulsory. Currently, the Board of Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information of the Group.

b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the amount of aggregate consideration transferred is in excess of the fair value of the net assets acquired a goodwill is recognized. Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

c) Foreign currencies

These interim consolidated financial statements are presented in EUR, which is the parent's and subsidiaries functional currency and presentation currency.

Transactions denominated in currencies other than the EUR are recorded at the exchange rate at the transaction date.

d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Financial assets: The Group classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

Financial assets measured at amortised cost: This is the category most relevant to the Group. A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit and loss when the asset is derecognised, modified or impaired.

The Group includes in this category cash and cash equivalents.

Financial liabilities: The financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

The Group's financial liabilities include trade and other payables and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities measured at amortised cost: This is the category most relevant to the Group. After initial recognition, trade and other payables and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

Derecognition: A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Impairment of financial assets: The Group has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECL") under IFRS 9 to its financial assets. Therefore the Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

e) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position 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. The carrying amounts of these approximate their fair value.

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

f) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

h) Taxes

Income tax recognized in the consolidated statement of comprehensive income includes current and deferred taxes.

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the interim consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are tested for impairment on the basis of a tax planning derived from management business plans.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment in case of a new outbreak of a novel strain of the coronavirus ("COVID-19"), military conflict between Ukraine and Russia, or as a result of the current turmoil in the Banking horizon due to the recent collapse of several banks.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

As at 11 August 2023, the significant areas of estimates, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these interim consolidated financial statements are:

- Going concern: The Board of Directors' underlying assumption to prepare the interim consolidated financial statements is based on the anticipated successful completion of the Private Placement and the Business Combination. As required by art. 480-2 of the Luxembourg law of 10 August 1915 (as amended), the Board of Directors of the Group plans to present a business continuity plan to the shareholders. If the Company fails to raise the funds from targeted investors and does not have the necessary funds to meet its financial obligations during the next 12 months, in particular because of commitments and debts arising during this period, the Ultimate shareholder committed to provide financial support to the Company, and the Ultimate shareholder has the financial capacity to cover the obligations of the Company. In this regard, a cascading loan agreement dated 11 August 2023 was set up between the Ultimate shareholder and SMG Technology Holding S.à r.l. (the "Sponsor") and then between the Sponsor and the Company (Note 9). This consists of an interest-free loan of up to EUR 3,750,000 to finance third party costs and other working capital requirements of the Company until its intended Private Placement. Accordingly, the Board of Directors concluded that the Company will continue as a going concern for, at least, the next 12 months.
- Deferred costs: According to the Board of Directors' underlying assumption of a successful admission to the Frankfurt Stock Exchange, the related amounts incurred as transaction costs as at 11 August 2023 that qualify as incremental costs directly attributable to the Private Placement are deferred until the effects of the Private Placement is reflected in the accounts. These deferred costs will be deducted from the proceeds of the Private Placement. If the listing is not completed, deferred costs will have to be recognised as an expense (Note 10).
- Deferred tax asset: A deferred tax asset in respect of the tax losses incurred has not been recognised as the Board of Directors estimates uncertainty in terms of future taxable profit against which the Group can utilise the benefits therefrom (Note 7).

4. GROUP INFORMATION

Subsidiaries

The Group has been newly established on 11 August 2023. These consolidated accounts include all the activities of the Group as at 11 August 2023.

Entities included in the scope of consolidation are listed below:

Consolidated entities	Principal Activities	Country of incorporation	% of equity interest As at 11 August 2023
SMG Technology Acceleration SE	Special purpose acquisition company	Luxembourg	Parent company
Youco F22-H510 Vorrats-GmbH & Co. KG (to be renamed SMG Technology Advisors GmbH & Co. KG, hereby referred to as "SMG Advisors KG")	Support services to SMG Technology Acceleration SE	Germany	100%
Youco F23-H246 Vorrats-GmbH (to be renamed SMG Technology Advisors Verwaltungs-GmbH, hereby referred to as "SMG Advisors GmbH")	General partner of SMG Advisors KG	Germany	100%

The immediate holding company of the Company is SMG Technology Holding S.à r.l., which owns 100% of the class B shares as at 11 August 2023. The ultimate holding company of the Company is SMG Holding S.à r.l..

Segment information

The Group is currently organised as one reportable segment. The Group has been deemed to form one reportable segment as the Parent and its subsidiaries have been established together for the purpose of acquiring one operating business i.e. the Business Combination (Note 1).

5. ACQUISITION OF SUBSIDIARIES

The Company acquired SMG Advisors GmbH and SMG Advisors KG for a total amount of EUR 29,675 which included cash balances of EUR 25,600 (thereof EUR 25,000 from SMG Advisors GmbH and EUR 600 from SMG Advisors KG), and acquisition related costs of EUR 4,075.

The purchase price for the acquisition is funded by the Sponsor through the Sponsor loan (Note 9).

The acquired companies are companies with no business. Consequently, the acquisition has been accounted as acquisitions of assets that do not constitute a business combination.

6. OTHER OPERATING EXPENSES

The other operating expenses of EUR 206,076 consist of fees for accounting, legal and other services not related to the Private Placement. Directors' fees included in other operating expenses amount to EUR 18,411 as at 11 August 2023.

The Company did not have any employees during the period ended 11 August 2023.

7. INCOME TAXES

The reconciliation between actual and theoretical tax expense is as follows:

	11 August 2023 EUR
Loss for the period before tax	(206,076)
Theoretical tax charges, applying the tax rate of 22.80%	46,985
Tax effect of adjustments from local GAAP to IFRS[1]	80,086
Unrecognized deferred tax assets	(127,071)
Income tax	-

The tax rate used in reconciliation above is the Luxembourgish tax rate (22.80%) as the Company is domiciled in Luxembourg. Deferred tax assets have not been recognized in respect of the loss incurred during the period ended 11 August 2023 because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Unused tax losses of the Company can be used within a period of 17 years as per Luxembourg tax law.

[1] Income taxes payable to / recoverable from the tax authorities are determined based on the financial results of SMG Technology Acceleration SE and its subsidiaries as shown in their stand-alone financial statements prepared in local GAAP. Hence adjustments from local GAAP to IFRS may lead to higher / lower taxable result in the interim consolidated financial statements as compared to that determined based on the stand-alone financial statements.

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share (“EPS”) is calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Currently, no other diluting instruments have been issued. Therefore, basic EPS equals diluted EPS as at 11 August 2023.

9. FINANCIAL LIABILITIES

Financial liabilities: Sponsor loan

The Company as the borrower concluded an interest free loan agreement with the Sponsor as the lender with effect on 11 August 2023 (the “Sponsor loan”). It was agreed for the loan to be utilized for the purpose of financing third party costs and other working capital requirements until the intended Private Placement. A loan amount of up to EUR 3,750,000 has been granted to the Company. The loan is interest free and will mature on the following business day one year after the end of the earlier of (i) 30 months following the Private Placement or (ii) three months after completion of the Business Combination.

As at 11 August 2023, EUR 29,675 has been drawn by the Company from the Sponsor loan. The fair value of the Sponsor loan approximates their carrying value as at 11 August 2023.

10. DEFERRED COSTS

Deferred costs of EUR 351,253 as at 11 August 2023 are composed mainly of legal costs and audit fees incurred by the Company in relation to the public offering which, together with other Private Placement related costs as disclosed in Note 16, will be offset against the proceeds of the planned Private Placement.

11. CASH AND CASH EQUIVALENTS

The amount of cash and cash equivalents was EUR 25,580 as at 11 August 2023, net of bank overdraft of EUR 20. The fair value of cash and cash equivalents approximate its carrying value as at 11 August 2023.

12. ISSUED CAPITAL AND RESERVES

Share capital

The subscribed share capital amounts to EUR 120,000 consisting of 12,000,000 class B shares without nominal value. The Company may also issue class A Shares. As at 11 August 2023, SMG Technology Holding S.à r.l. holds 12,000,000 class B shares of the Company.

Upon and following the completion of the Business Combination, the class B shares existing at that point in time shall convert into class A shares in accordance with the conversion schedule (the "Promote Conversion" 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 shall not be part of the contemplated Private Placement and will not be listed on a stock exchange.

Authorised capital

The authorized capital, excluding the issued share capital, of the Company is set at EUR 1,000,000 consisting of 100,000,000 shares without nominal value as at 11 August 2023.

Legal reserves

The Company is required to allocate a minimum of 5% of its annual net profit to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

13. TRADE AND OTHER PAYABLES

Trade and other payables amount to EUR 439,823 as at 11 August 2023.

Trade payables are related to legal and other services received by the Group. The carrying amounts of these approximate their fair value as at 11 August 2023.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group consists of newly formed companies that have conducted no operations and currently generated no revenue. They do not have any foreign currency transactions. Hence, currently the Group does not face foreign currency risks nor any interest rate risks as the financial instruments of the Group bear a fixed interest rate.

Liquidity risks

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. If the Private Placement contemplated by the Group is completed, 100% of the gross proceeds of this Private Placement as well as any additional Sponsor subscription will be deposited in an escrow account. The amount held in the escrow account will only be released in connection with the completion of the Business Combination or the Group's liquidation. Following the completion of the Private Placement, the Board of Directors believes that the funds available to the Group outside of the secured deposit account, together with the available Sponsor loan will be sufficient to pay costs and expenses which are incurred by the Group prior to the completion of the Business Combination.

The table below summarizes the maturity profile of the Group's financial liabilities as at 11 August 2023 based on contractual undiscounted payments (excluding warrants as discussed above):

	Less than 3 months	2 to 5 years	Total
	EUR	EUR	EUR
Sponsor loan	-	29,675	29,675
Payables to directors	5,260	-	5,260
Trade and other payables	439,823	-	439,823
	445,083	**29,675**	**474,758**

The Group's short-term financial liabilities will be covered by the proceeds from the loan granted by the Sponsor (Note 9). The Ultimate shareholder also committed to provide financial support to the Company (Note 3), and the Ultimate shareholder has the financial capacity to cover the obligations of the Company.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to meet the capital management objective described above, the Group intends to raise funds through a private placement reserved to certain qualified investors inside and outside of Germany, and to have the public shares and public warrants to be issued in such private placement admitted to listing and trading on the regulated market segment of Frankfurt Stock Exchange in the near future. The above-mentioned financial instruments to be issued as part of this Private Placement will represent what the entity will manage as capital.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is currently exposed to credit risk from its financing activities, including deposits with banks and financial institutions. No specific counterparty risk is being assessed as cash and cash equivalents are mostly deposited with a P-1 (Moody's) or A-2 (S&P's) rated bank.

15. RELATED PARTIES DISCLOSURES

Parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other party in making financial or operational decisions.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables as at 11 August 2023. Please see Note 9 for the related party balances as at 11 August 2023.

Commitments with related parties

There are no commitments with related parties, except as disclosed in Note 9.

Transactions with key management personnel

As at 11 August 2023, the Company granted an advance payment for a total amount of EUR 11,849 related to director fees. The Company paid a special bonus of EUR 100,000 to a member of the Board of Directors which is included in other operating expenses (Note 6).

The Board of Directors, which consists of 3 members, received remuneration during the period ended on 11 August 2023, as disclosed in Note 6.

16. COMMITMENTS AND CONTINGENCIES

In the context of the planned Private Placement, the Company has entered into respective contracts with different providers, the total cost of which is estimated to EUR 1,7 million.

This amount includes EUR 729,397 related to board member remunerations that will be covered from gross proceeds from additional purchase price for Sponsor Shares.

On top of those EUR 1,7 million, the Company entered into an agreement with ABN AMRO Bank N.V., as the sole global coordinator and joint bookrunner in the context of the planned Private Placement.

Under this agreement, the Company will be liable to pay the below amounts which are contingent to certain events as follows:

- A listing fee of EUR 367,500 upon the settlement of the Private Placement
- A success fee of 2.5% of the gross proceeds from the Private Placement (which excludes Sponsor generated amounts) on the date of the consummation of the Business Combination
- A business combination completion fee of 0.5% of the gross proceeds from the Private Placement less any cancellations of subscriptions, split between the joint bookrunners.
- The success fee and business combination completion fee will be paid from the escrow account to be held by SMG Advisors KG.

The Company shall in respect of the Services provided in the capacity as Global Coordinator pay to ABN AMRO a structuring fee in the amount of EUR 132,500, which are not contingent to any future event.

The Group has no other commitments and contingencies as at 11 August 2023.

17. EVENTS AFTER THE REPORTING PERIOD

There are no other events or conditions after the reporting period requiring disclosure in or adjustment to the interim consolidated financial statements.