

SMG EUROPEAN RECOVERY SPAC SE

société européenne

Registered office: 9, rue de Bitbourg, L-1273 Luxembourg

R.C.S. Luxembourg: B 255839

Remuneration Policy

**Edition
July 2023**

INTRODUCTION

SMG European Recovery SPAC SE, with its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de commerce et des sociétés Luxembourg*) under B 255839 (the “**Company**”), is a European Company (*Societas Europaea*).

As per the provisions of Luxembourg law and Article 17 and 18 of the Company’s articles of association, the Company is managed by the management board (the “**Management Board**” and each member, a “**Director**”) which is vested with the broadest powers to act in the name of the Company and to take any actions necessary or useful to fulfil the Company’s corporate purpose, with the exception of the powers reserved by law or the articles of association of the Company to the supervisory board of the Company (the “**Supervisory Board**”) or to the general shareholders’ meeting of the Company.

The shares of the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange (General Standard) since 1 June 2022.

A. GENERAL

1. SCOPE OF APPLICATION

The following remuneration policy has been drawn up for the purposes of Article 7bis of the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings, as amended (the “**Shareholders’ Rights Law**”) and for the purposes of complying with customary principles of good corporate governance with respect to remunerations paid to the members of the management of the company.

The remuneration policy shall apply to the remunerations paid to the Members of the Management Board (please see **Section B.**) as well as the members of the Supervisory Board (please see **Section C.**) and as from the date of the AGM (as defined below).

2. ADOPTION AND AMENDMENTS; ADVISORY VOTE BY THE GENERAL MEETING

As per the provisions of the Shareholders’ Rights Law, the remuneration policy will be presented by the Company for an advisory vote to its annual general meeting of shareholders to be held in Luxembourg on 21 July 2023 (the “**AGM**”).

The Management Board has the right to amend the remuneration policy as it may deem required or where the general meeting rejects the proposed remuneration policy. In case of an amendment, the revised remuneration policy shall describe and explain all significant

changes and, where applicable, how the votes and views of the general meeting of shareholders on the remuneration policy and, as the case may be, the remuneration reports since the most recent vote on the remuneration policy by the general meeting of shareholders have been taken into account. In case of an amendment of the remuneration policy for whatsoever reason, the Company shall submit a revised remuneration policy to an advisory vote at the following general meeting of shareholders.

In case of no amendment, the remuneration policy will be presented periodically to the annual general meeting of shareholders for an advisory vote in accordance with statutory requirements set out in the Shareholders' Rights Law or in the event of material changes.

3. MEASURES TO AVOID AND MANAGE CONFLICT OF INTERESTS

In the event that a Director or a member of the Supervisory Board of the Company has, directly or indirectly, a financial interest which is in conflict to the interest of the Company in connection with a transaction falling in the competence of the Management Board respectively the Supervisory Board, the Director or member of the Supervisory Board of the Company shall make known to the Management Board respectively the Supervisory Board such conflict of interest and shall cause a record of this statement. The Director or member of the Supervisory Board of the Company may not take part in the discussions relating to that transaction and may not vote on any resolutions relating to that transaction.

Any such conflict of interest must be reported to the next general meeting of shareholders prior to such meeting taking any resolution on any other item.

B. REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

1. CONTRIBUTION TO THE BUSINESS STRATEGY AND LONG-TERM INTERESTS AND SUSTAINABILITY OF THE COMPANY

The Remuneration Policy promotes the Company's business strategy and long-term interests and thus contributes to Company's long-term development.

The Company has been incorporated as a special purpose company ("**SPAC**") in view of the acquisition of one operating business with principal business operations 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 Management Board's main activity is evaluating and reviewing proposals for potential Business Combinations. Currently, the Company has no operational activities. The Company is therefore of the view that the fixed remuneration as set out in the following sections is appropriate as compensation and in line with market practice for a SPAC prior to its Business Combination.

2. OVERVIEW OF THE FIXED REMUNERATION COMPONENTS

Stefan Petrikovics, René Geppert and Liam Doyle receive fixed compensation for the performance of their mandate as members of the Management Board.

The independent Management Board member, Werner Weynand, in accordance with the terms of an independent director service agreement entered between the Company and Weynand & Partners S.à r.l., shall benefit from a fixed remuneration.

2.1 Fixed remuneration components

Stefan Petrikovics, founder and CEO of the Company, receives compensation for the performance of his mandate as member and of the Management Board in the amount of EUR 300,000 gross per annum, paid on a monthly, prorated basis.

René Geppert and Liam Doyle receive compensation for the performance of their mandate as members of the Management Board in the amount of EUR 120,000 gross per annum, paid on a monthly, prorated basis.

In consideration for the services provided under the above-mentioned independent director service agreement, the independent Management Board member is entitled to a remuneration of an annual amount of EUR 25,000 per annum (including, if applicable, possible withholding taxes and social security contributions to be borne by the Management Board member but excluding any VAT which shall be borne by the Company). The annual fixed remuneration is based on the value of the functions exercised as well as the Management Board member's skills, qualifications and experience. The annual fixed remuneration is determined according to market conditions.

2.2 Fringe benefits

The members of the Management Board (except the independent Management Board member) may be granted allowance towards a D&O insurance.

In addition, should notifications have to be made in favour of a Director or a personal closely associated (as defined in Art. 19 regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC) as a result of personal securities transactions, the costs incurred for this will be borne by the Company.

Any ordinary and reasonable expenses of the members of the Management Board incurred in connection with the management of the Company will be reimbursed by the Company.

The independent Management Board member shall obtain the reimbursement of his travel expenses incurred in rendering the services and performing his duties under the service agreement up to an amount of EUR 1,000.

3. REMUNERATION-RELATED LEGAL ACTS

Liam Doyle shall receive a one-time payment of EUR 250,000 gross from SMG Holding S.à r.l. upon completion of the Business Combination.

The members of the Management Board of the Company are generally appointed by the Supervisory Board of the Company for a term not exceeding five years. They are eligible for

re-appointment and may be removed at any time by a resolution adopted by the Supervisory Board with or without cause.

C. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

OVERVIEW OF THE FIXED REMUNERATION COMPONENTS

The remuneration of the members of the Supervisory Board of the Company only comprises a fixed component and the reimbursement of expenses as set out below.

Anand Tejani receives compensation for the performance of his mandate as member of the Supervisory Board in the amount of EUR 233,009 gross per annum, and George Aase receives compensation in the amount of EUR 120,000 gross per annum, paid on a monthly, prorated basis.

The independent Supervisory Board member, Benoît de Belder, in accordance with the terms of an independent director service agreement entered between the Company and SRL Dianthus, shall benefit from a fixed remuneration in the amount of EUR 25,000 per annum, paid on a monthly, prorated basis.

Any ordinary and reasonable expenses of the members of the Supervisory Board of the Company incurred in connection with the activity as member of the Supervisory Board of the Company will be reimbursed by the Company.

The members of the Supervisory Board of the Company are appointed by the general meeting of the Company for a term not exceeding four years. They are eligible for reappointment and may be removed at any time by the general meeting of shareholders with or without cause at a two-third majority vote of the shares present or represented. No termination indemnity is contractually due in case of termination of their mandate.

D. FINAL PROVISIONS

1. EXCEPTIONAL CIRCUMSTANCES

In exceptional circumstances, the Company can temporarily derogate from this remuneration policy regarding the remuneration of the members of the Management Board.

Exceptional circumstances are situations in which the derogation from this remuneration policy is necessary to serve the long-term interest and the sustainability of the Company or to assure its viability. A derogation from this remuneration policy in the aforementioned exceptional circumstances requires a resolution of the Management Board assessing the exceptional circumstances and the necessity of a derogation.

The Supervisory Board may temporarily deviate from the remuneration policy (procedure and regulations on remuneration structure) and its individual components, as well as with regard to the individual remuneration components of the remuneration policy or introduce new remuneration components if this is necessary for the long-term wellbeing of the Company.

1. REMUNERATION REPORT

The Company shall present to the annual general meeting of shareholders a remuneration report, providing a comprehensive overview of the remuneration, including all benefits in whatever form, awarded or due during the most recent financial year to the members of the Management Board and the members of the Supervisory Board of the Company.

The remuneration report shall contain the total remuneration split out by component, an explanation how the total remuneration complies with the adopted remuneration policy regarding the remuneration of the members of the Management Board and the members of the Supervisory Board of the Company.

If members of the Management Board or members of the Supervisory Board of the Company act beyond their activity as such for the Company and receive remuneration for this directly or indirectly from the Company, which may not exceed a remuneration customary in the market for the corresponding activity, this shall be indicated in the remuneration report.

2. PERIODIC REVIEW

This remuneration policy was drawn up and resolved upon by the Management Board. It will be reviewed on a regular basis, but at least every four years, and implemented by the Management Board.
