

CAIRO MEZZ PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

CAIRO MEZZ PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

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CAIRO MEZZ PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Eleni Papandreou
Christina Ioannidou
Katerina Hatzichristofi

Company Secretary:

Omniserve Ltd
17-19, Themistokli Dervi
The City House, 1066
Nicosia, Cyprus

Independent Auditors:

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

Registered office:

33, Vasilissis Freiderikis
Palais D'Ivoire House, 2nd floor
1066, Nicosia
Cyprus

Bankers:

Eurobank Cyprus Limited
Arch. Makariou III, 41
1065, Nicosia
Cyprus

CAIRO MEZZ PLC

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2023.

Incorporation

The Company Cairo Mezz Plc was incorporated in Cyprus on 15 January 2020 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

On 15 September 2020, the Company was renamed from Mairanus Limited to Cairo Mezz Plc and transformed to a public limited liability company under the provisions of the Cyprus Companies Law.

On 29 September 2020, the shares of the Company were listed in the Alternative Market EN.A Plus of the Athens Stock Exchange.

Principal activities and nature of operations of the Company

The principal activity of the Company is the holding and management of a) 75% of the mezzanine notes consisting exclusively of Class B2 Notes, and b) 44,9% of the junior notes consisting exclusively of Class C2 Notes ('bonds' or 'notes').

The Company holds bonds which have been contributed to the Company by Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holdings") in June 2020 at the value of Eur56.017.137.

In particular, in the context of the transfer due to securitization of the relevant receivables, in June 2019 Eurobank Ergasias S.A transferred a mixed portfolio of non-performing loans to the special purpose entities Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC incorporated in Ireland ('issuers'). In exchange for the transfer due to the sale of the receivables from the portfolio, each issuer issued notes to Eurobank Ergasias S.A.. Specifically Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC issued fixed rate and mortgage backed floating rate notes. The loans issued are senior (Class A), mezzanine (Class B) and junior notes (Class C).

Subsequently, on 20 March 2020, Eurobank Ergasias S.A. (the demerged entity) was demerged and its banking activity sector was hived down to a new company-credit institution. Following the demerger, 75% of the mezzanine notes and 44,9% of the junior notes (notes) were retained by the demerged entity, which ceased to be a credit institution and was renamed to Eurobank Holdings. Eurobank Holdings contributed the notes to the Company, in exchange for newly issued share capital. Specifically, on 24 June 2020, 309.076.827 shares were issued by the Company at a total value of Eur57.490.010, in exchange for (i) the contribution of the aforementioned notes at a fair value of Eur56.017.137 and (ii) cash of Eur1.472.873.

Finally, in September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings, through a share capital decrease.

CAIRO MEZZ PLC

MANAGEMENT REPORT

Review of current position, and performance of the Company's business

As described above, the Company holds mezzanine notes and junior notes.

The mezzanine notes bear interest rate at Euribor 3m+5% and the junior notes bear interest rate at Euribor 3m+8%.

On the issuance of the notes, a Priority of Payments Schedule ("Waterfall") was established, which are settled on a quarterly basis. Based on this schedule, the repayments regarding the mezzanine and junior notes are the last ones in the order of priority. The Waterfall is as follows:

- Servicing fees, issuers' expenses and other securitization expenses - priority 1
- Commissions for Hercules Asset Protection Scheme ("HAPS") - priority 2
- Issuers' Profit (fixed specified amount of c. €3 000 per annum for all issuers in total) - priority 3
- Interest payments of senior notes (including deferred interest) - priority 4
- Reserves for senior notes' interest and other expenses and fees - priority 5
- Principal repayments of senior notes - priority 6
- Interest payments of mezzanine notes - priority 7
- Principal repayments of mezzanine notes - priority 8
- Interest payments of junior notes - priority 9
- Principal repayments of junior notes - priority 10

Until today, the Company has not received any interest in relation to the notes it holds.

Consequently, the full redemption of the outstanding principal and/or interest balance of the senior notes and the required funds for the reserves is of higher priority to the payment of interest and / or principal to the holders of the mezzanine notes. Likewise, the full redemption of the outstanding principal and/or interest balance of the mezzanine notes, is of higher priority to the payment of the interest and / or principal to the holders of senior and mezzanine notes.

Therefore, as expected, the Company did not receive any interest income for the years 2020 to 2023. The Company recognised a gain of Eur123.028.000 (2022: loss Eur1.009.000) on the fair value adjustment on bonds based on valuation performed by independent valuers, mainly due to the fact that the actual receipts were significantly higher than the expected receipts for Cairo 3 bonds (note 9.7).

Future developments of the Company

The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future

Existence of branches

The Company does not maintain any branches.

Use of financial instruments by the Company

The Company is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

The Company's financial risk management objectives and policies are described in note 9 of the financial statements.

CAIRO MEZZ PLC

MANAGEMENT REPORT

Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss consist of bonds (notes) which are traded in a stock exchange but the market is inactive. The fair value of the bonds as at 31 December 2023 is based on valuation from independent valuers.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The acquisition of floating rates investments expose the Company to cash flow interest risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments at fair value through profit or loss.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company's exposure to liquidity risk is not considered significant at this stage as the available cash at bank are sufficient to cover the Company's liabilities for the next years.

Results

The Company's results for the year are set out on page 11.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Research and development activities

The Company did not carry out any research and development activities during the year.

Share capital

There were no changes in the share capital of the Company during the year under review.

Treasury shares

The Company has not made any share buybacks either itself directly or through a person acting in his own name on the Company's behalf.

Board of Directors

The members of the Company's Board of Directors during the year and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 1 to the financial statements.

Events after the reporting period

There were no any significant events after the end of the reporting period.

Related party transactions

Disclosed in note 19 of the financial statements.

CAIRO MEZZ PLC

MANAGEMENT REPORT

Independent Auditors

The Independent Auditors, KPMG Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Eleni Papandreou
Director

Nicosia, 29 April 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAIRO MEZZ PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cairo Mezz Plc (the "Company"), which are presented on pages 11 to 39 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

CAIRO MEZZ PLC

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 our 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.

Carrying amount of investments at fair value through profit or loss

Refer to note 9 and 15 of the Financial Statements

Key audit matter

How the matter was addressed in our audit

The main asset of the Company is the Our audit procedures in relation to the estimation of the fair value investments in Fair Value through profit or included the following among others: loss, for which their value as of 31 December 2023 amounted to €178.977.000 representing 99,7% of Company's total assets. Evaluating the independence and competence of the independent bond valuer. With the assistance of our internal valuation specialist, we assessed the appropriateness of the methodology and assumptions used by the bond valuer, and whether this is in line with common valuation practices and the requirements of the International Financial Reporting Standard 13 "Fair value Measurement" ("IFRS 13"). Also, we reviewed the application of the waterfall workings as per the liability side model (Level 3). The determination of the fair value is prepared by the independent valuer. Additionally, in order to assess the mathematical accuracy of the business model, we re-performed the mathematical calculations of: -the cashflows derived from the business model. Given the significance of the size of the said -the waterfall workings. assets and the subjectivity entailed in the -the discount rate used. valuation process for the determination of the •Tested on sample basis, the relevance and reliability of the underlying data used in the models, by matching data to the data provided by the service provider of the bonds. •Evaluating the completeness, accuracy and relevance of the disclosures required by IFRS 13.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

CAIRO MEZZ PLC

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

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 that fact.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease its operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

CAIRO MEZZ PLC

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with 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 the Board of Directors, 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 auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (continued)

CAIRO MEZZ PLC

Report on Other Legal Requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Haris A. Kakoullis.

Haris A. Kakoullis, CPA

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

Nicosia, 29 April 2024

CAIRO MEZZ PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2023

	Note	2023 €	2022 €
Profit/(loss) from financial assets at fair value through profit or loss	10	<u>123.028.000</u>	<u>(1.009.000)</u>
Total revenue/(expenses)		123.028.000	(1.009.000)
Operating expenses	11	<u>(289.989)</u>	<u>(309.734)</u>
Profit/(loss) before tax		122.738.011	(1.318.734)
Tax	12	<u>-</u>	<u>-</u>
Net profit/(loss) for the year		122.738.011	(1.318.734)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(expenses) for the year		<u>122.738.011</u>	<u>(1.318.734)</u>
Basic and fully diluted profit/(loss) per share (cent)	13	<u>39,71</u>	<u>(0,43)</u>

The notes on pages 15 to 39 form an integral part of these financial statements.

CAIRO MEZZ PLC

STATEMENT OF FINANCIAL POSITION 31 December 2023

	Note	2023 €	2022 €
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	15	<u>178.977.000</u>	55.949.000
Total non-current assets		<u>178.977.000</u>	55.949.000
Current assets			
Trade and other receivables	14	17.480	17.730
Cash at bank	16	<u>484.983</u>	810.598
Total current assets		<u>502.463</u>	828.328
Total assets		<u>179.479.463</u>	<u>56.777.328</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	30.909.683	30.909.683
Share premium	17	26.582.327	26.582.327
Retained earnings /(accumulated losses)		<u>121.783.204</u>	(954.807)
Total equity		<u>179.275.214</u>	<u>56.537.203</u>
Current liabilities			
Trade and other payables	18	<u>204.249</u>	240.125
Total current liabilities		<u>204.249</u>	240.125
Total equity and liabilities		<u>179.479.463</u>	<u>56.777.328</u>

On 29 April 2024 the Board of Directors of Cairo Mezz Plc approved and authorised these financial statements for issue.

.....
Eleni Papandreou
Director

.....
Christina Ioannidou
Director

.....
Katerina Hatzichristofi
Director

The notes on pages 15 to 39 form an integral part of these financial statements.

CAIRO MEZZ PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital €	Share premium €	Retained earnings/ (accumulated losses) €	Total €
Balance at 1 January 2022	30.909.683	26.582.327	363.927	57.855.937
Comprehensive expense				
Net loss for the year	-	-	(1.318.734)	(1.318.734)
Balance at 31 December 2022/ 1 January 2023	30.909.683	26.582.327	(954.807)	56.537.203
Comprehensive income				
Net profit for the year	-	-	122.738.011	122.738.011
Balance at 31 December 2023	30.909.683	26.582.327	121.783.204	179.275.214

Share premium is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 15 to 39 form an integral part of these financial statements.

CAIRO MEZZ PLC

CASH FLOW STATEMENT

For the year ended 31 December 2023

	Note	2023 €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		122.738.011	(1.318.734)
Changes in:			
Fair value (gains)/losses on financial assets at fair value through profit or loss		(123.028.000)	1.009.000
Decrease/(increase) in trade and other receivables		250	(60)
Decrease in trade and other payables	18	(35.876)	(14.709)
Cash used in operations		(325.615)	(324.503)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net decrease in cash and cash equivalents		(325.615)	(324.503)
Cash and cash equivalents at beginning of the year		810.598	1.135.101
Cash and cash equivalents at end of the year	16	484.983	810.598

The notes on pages 15 to 39 form an integral part of these financial statements.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. Incorporation and principal activities

Country of incorporation

The Company Cairo Mezz Plc (the "Company") was incorporated (and is a resident) in Cyprus on 15 January 2020 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 15 September 2020, it was transformed into a public limited liability company and on 29 September 2020 the shares of the Company were listed in the Alternative Market EN.A Plus of the Athens Stock Exchange.

Its registered office and business address is at 33, Vasilissis Freiderikis, Palais D'Ivoire House, 2nd floor, 1066, Nicosia, Cyprus.

Principal activities

The principal activity of the Company is the holding and management of a) 75% of the mezzanine notes consisting exclusively of Class B2 Notes, and b) 44,9% of the junior notes consisting exclusively of Class C2 Notes ('bonds' or 'notes').

The Company holds bonds which have been contributed to the Company by Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holdings") in June 2020 at the value of Eur56.017.137.

In particular, in the context of the transfer due to securitization of the relevant receivables, in June 2019 Eurobank Ergasias S.A transferred a mixed portfolio of non-performing loans to the special purpose entities Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC incorporated in Ireland ('issuers'). In exchange for the transfer due to the sale of the receivables from the portfolio, each issuer issued notes to Eurobank Ergasias S.A.. Specifically Cairo No.1 Finance DAC, Cairo No.2 Finance DAC and Cairo No.3 Finance DAC issued fixed rate and mortgage backed floating rate notes. The loans issued are senior (Class A), mezzanine (Class B) and junior notes (Class C).

Subsequently, on 20 March 2020, Eurobank Ergasias S.A. (the demerged entity) was demerged and its banking activity sector was hived down to a new company-credit institution. Following the demerger, 75% of the mezzanine notes and 44,9% of the junior notes (notes) were retained by the demerged entity, which ceased to be a credit institution and was renamed to Eurobank Holdings. Eurobank Holdings contributed the notes to the Company in exchange for newly issued share capital. Specifically, on 24 June 2020, 309.076.827 shares were issued by the Company at a total value of Eur57.490.010, in exchange for (i) the contribution of the aforementioned notes at a fair value of Eur56.017.137 and (ii) cash of Eur1.472.873.

Finally, in September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings through a share capital decrease.

Operating Environment of the Company

At the time of the approval of the present financial statements, the military conflicts in Ukraine and the Middle East remain open, negatively impacting the regional and global stability and security and the global and European economy including the disruption in global trade caused by the recent attacks on trading vessels in the Red Sea.

However, according to the annual report from the Governor of Bank of Greece, the Greek economy in 2023 kept growing at a satisfactory, yet decelerating rate, which was still considerably higher than the eurozone average. Real GDP rose by 2%, especially driven by private consumption, imports and investments. Nevertheless, during the second half of the year, the expectations of the consumers were impacted by the natural disasters, the rise in international uncertainty, as well as the persistent food inflation. Despite the negative international sentiment, the Greek economy is on a positive trajectory, and it is expected to grow at a higher rate than the eurozone, while inflation is expected to further decline. The most important development in 2023, with a positive impact on the prospects of the Greek economy was the re-instatement of the investment grade, which was the result of the steadily improving fiscal performance and the establishment of trust by international investors. At the same time, despite the interest rate rises, the risks pertaining to the viability of the Greek public debt remain confined in the long run.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Harmonised Index of Consumer Prices (HICP), decreased to 4.2% in 2023 (from 9.3% in 2022), below the EU average.

The labor market in 2023 continued its dynamic trajectory, albeit at a slower pace. Total employment rose by 1.3% in 2023 (vs 5.4% increase in 2022).

The Greek real estate market continued to attract investors interest in 2023 as well. The residential sector, particularly the properties with investment characteristics, attracted the higher interest, while also in the commercial real estate sector, prices kept rising in the first half of 2023.

All of the above are indirectly reflected in recognition and measurement of assets and liabilities in the financial statements for the year ended 31 December 2023. More specifically, impact of the geopolitical situation in Eastern Europe and Greek economy's prospects have been taken into account in the expected future cash flows for the assessment of fair value of investments at fair value through profit or loss, carried out by independent valuers. The Management of the Company evaluated the necessity of any impairment provision of the financial assets value (measured at fair value) by taking into account the current and the estimated financial conditions at the end of the financial year. However, the exact economic impact of the current crisis on global economy and overall business activity cannot be estimated reasonably due to the high level of uncertainty globally. Management's current expectations and estimates may differ from actual results.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention, except from the financial assets which are measured at fair value through profit or loss.

3. Critical accounting estimates and judgments

In preparing these financial statements in accordance with IFRSs as adopted by the EU management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised prospectively - that is, in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

The significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical judgements in applying the Company's accounting policies

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which are based on significant non-observable parameters (Note 9.7).

4. Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

5.Changes in material accounting policies

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 7 'Significant accounting policies'.

6. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

7. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Investments

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Significant accounting policies (continued)

Investments (continued)

Financial assets - Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets,
- how the performance of the portfolio is evaluated and reported to the Company's management,
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed,
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected, and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows,
- terms that may adjust the contractual coupon rate, including variable rate features,
- prepayment and extension features, and
- terms that limit the Company claim to cash flows from specified assets (e.g. non recourse features).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Significant accounting policies (continued)

Investments (continued)

Financial assets - Classification (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

For financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Significant accounting policies (continued)

Investments (continued)

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

7. Significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

8. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants (effective for annual periods beginning on or after 1 January 2024).
- IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

(ii) Issued by the IASB but not yet adopted by the European Union

Amendments

- *Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (effective for annual periods beginning on or after 1 January 2024).*
- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

9. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.1 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2023

	Fair value through profit or loss €	Financial assets at amortised cost €	Total €
Assets as per statement of financial position:			
<u>Financial assets at fair value through profit or loss</u>			
Mezzanine notes (Class B2)			
-Cairo 1	16.688.000	-	16.688.000
-Cairo 2	10.237.000	-	10.237.000
-Cairo 3	152.052.000	-	152.052.000
Cash at bank	-	484.983	484.983
Trade and other receivables	-	17.480	17.480
Total	178.977.000	502.463	179.479.463
		Other financial liabilities €	Total €
Liabilities as per statement of financial position:			
Trade payables		204.249	204.249
Total		204.249	204.249

31 December 2022

	Fair value through profit or loss €	Financial assets at amortised cost €	Total €
Assets as per statement of financial position:			
<u>Financial assets at fair value through profit or loss</u>			
Mezzanine notes (Class B2)			
-Cairo 1	5.042.000	-	5.042.000
-Cairo 2	8.025.000	-	8.025.000
-Cairo 3	42.882.000	-	42.882.000
Cash at bank	-	810.598	810.598
Trade and other receivables	-	17.730	17.730
Total	55.949.000	828.328	56.777.328
		Other financial liabilities €	Total €
Liabilities as per statement of financial position:			
Trade payables		240.125	240.125
Total		240.125	240.125

9.2 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss consist of bonds (notes) which are traded in a stock exchange but the market is inactive. The fair value of the bonds as at 31 December 2023 is based on valuation from independent valuers (See note 9.7).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.3 Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The acquisition of floating rates investments expose the Company to cash flow interest risk.

The financial assets held by the Company consist of mezzanine notes and junior notes.

The mezzanine notes bear interest at Euribor 3m+5% and the junior notes bear interest at Euribor 3m+8%.

The Company did not receive any interest in relation to the notes it holds until today.

As a result an increase/decrease of the interest rates by 100 units at 31 December 2023 would not had a direct impact in the equity and results of the Company, except for the impact on fair value as presented in the sensitivity analysis in Note 9.7.

9.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments at fair value through profit or loss.

(i) Risk management

Credit risk is managed on an individual basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with rated parties with a minimum rating of ['C'].

(ii) Impairment

The Company has the following types of investments that are subject to the expected credit loss model:

- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the investments.
- For all other investments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Investments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- external credit rating (as far as available)

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.4 Credit risk (continued)

(ii) Impairment (continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Low credit risk

The Company considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per the credit rating of Moody's.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt investments have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

Cash and cash equivalents

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

Company internal credit rating	External credit rating (*)	2023	2022
		€	€
Performing	Ba1	-	810.598
Performing	Baa2	484.983	-
Total		484.983	810.598

* Source: Moody's.

The above external credit rating is the rating of the holding company of the bank, as the external credit rating of the bank was not available.

The Company does not hold any collateral as security for any cash at bank balances.

There were no cash at bank balances written off during the year that are subject to enforcement activity.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.4 Credit risk (continued)

(iii) Financial assets at fair value through profit or loss

The maximum exposure at the end of the reporting period is the carrying amount of these investments.

9.5 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company's exposure to liquidity risk is not considered significant at this stage as the available cash at bank are sufficient to cover the Company's liabilities for the next years.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

31 December 2023	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	204.249	204.249	204.249	-	-	-
	204.249	204.249	204.249	-	-	-
31 December 2022	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
	€	€	€	€	€	€
Trade and other payables	240.125	240.125	240.125	-	-	-
	240.125	240.125	240.125	-	-	-

9.6 Capital risk management

Capital includes equity shares and share premium. The Company did not have any borrowings at 31 December 2023 and 31 December 2022.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Carrying amounts		Fair values	
	2023	2022	2023	2022
	€	€	€	€
Financial assets measured at fair value				
Mezzanine notes (Class B2)				
-Cairo 1	16.688.000	5.042.000	16.688.000	5.042.000
-Cairo 2	10.237.000	8.025.000	10.237.000	8.025.000
-Cairo 3	152.052.000	42.882.000	42.882.000	42.882.000
Junior notes (Class C2)	-	-	-	-
	<u>178.977.000</u>	<u>55.949.000</u>	<u>178.977.000</u>	<u>55.949.000</u>
Financial assets not measured at fair value				
Cash and cash equivalents	484.983	810.598	484.983	810.598
	<u>484.983</u>	<u>810.598</u>	<u>484.983</u>	<u>810.598</u>
Financial liabilities not measured at fair value				
Trade and other payables	204.249	240.125	204.249	240.125
	<u>204.249</u>	<u>240.125</u>	<u>204.249</u>	<u>240.125</u>

The fair value of financial instruments not traded in an active market is based on various valuation techniques. The Company uses the Discounted Expected Cash Flow Method or/and the Method of Comparable Transactions and makes assumptions based on market conditions at the date of the valuation.

The significant increase in the fair value measurement is mainly attributed to the following reasons:

- an overperformance in 2023 leading to a significant payment of Senior Note (mainly for Cairo3).
- a decrease in the discount rate from 18,4% in 2022 to 17.1% in 2023.
- an increase of the unsecured rate assumption used in the model from 2% in 2022 to 4% in 2023 leading to an increase in the projected cashflows.
- an increase in the adjusted underlying collateral value of real estate collaterals due to the increases in real estate market in Greece.
- the passage of time by one year and the adjustment of the timing assumptions used.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in the measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used:

<u>31 December 2023</u> <u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Mezzanine notes (Class B2) - Cairo1/Cairo2/Cairo3	Discounted Expected Cash Flow Method (DCF)	- Discounted rate 17,1% - Main parameters of the revised business plan: (i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively: -average term (new): 20/20/8 years, -average term (existing): 11/6/6 years, -average bond interest rate: 3%/3%/3,5%, - targeted average loan to value ratio: 100%/87%/120% -Unsecured (Term/Recoveries %): 5 years, 4%/5 years, 4%/5 years, 4% (ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively: -average liquidation period: 12-38 months/12-38 months/24-42 months, -average liquidation rate: 25%/25%/25% (iii) Probability weight (Liquidation parameters/restructuring parameters): 54:46/50:50/57:43	The estimated fair value would increase/(decrease) if: - the discount rate was lower/(higher) - the average term was lower/(higher) - the average bond interest rate was higher/(lower) - the targeted average loan to value ratio was higher/(lower) -the unsecured (Term/Recoveries %) was higher/(lower) - the average liquidation period was lower/(higher) - the average liquidation rate was lower/(higher) - the probability weight of restructuring strategy was higher/(lower)

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

Junior notes (Class C2) - Cairo1/Cairo2/Cairo 3	Discounted Expected Cash Flow Method (DCF)	- Discounted rate 17,1% - Main parameters of the revised business plan: (i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively: - average term (new): 20/20/8 years - average term (existing): 11/6/6 years - average bond interest rate: 3%/3%/3,5% - targeted average loan to value ratio: 100%/87%/120% - Unsecured (Term/Recoveries %): 5 years, 4%/5 years, 4%/5 years, 4% (ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively: - average liquidation period: 12-38 months/12-38 months/24-42 months - average liquidation rate: 25%/25%/25% (iii) Probability weight (Liquidation parameters/restructuring parameters): - 54:46/50:50/57:43	The estimated fair value would increase/(decrease) if: - the discounted rate was lower/(higher) - the average term was lower/(higher) - the average bond interest rate was higher/(lower) - the targeted average loan to value ratio was higher/(lower) - the unsecured (Term/Recoveries %) was higher/(lower) - the average liquidation period was lower/(higher) - the average liquidation rate was lower/(higher) - the probability weight of restructuring strategy was higher/(lower)
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CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

<u>31 December 2022</u> <u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Mezzanine notes (Class B2) - Cairo1/Cairo2/Cairo3	Discounted Expected Cash Flow Method (DCF)	<p>- Discounted rate 18,4%</p> <p>- Main parameters of the revised business plan:</p> <p>(i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively:</p> <p>-average term (new): 20/20/8 years,</p> <p>-average term (existing): 12/7/7 years,</p> <p>-average bond interest rate: 3%/3%/3,5%,</p> <p>- targeted average loan to value ratio: 100%/87%/120%</p> <p>(ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively:</p> <p>-average liquidation period: 20-48 months/20-48 months/33-51 months,</p> <p>-average liquidation rate: 25%/25%/25%</p> <p>(iii) Probability weight (Liquidation parameters/restructuring parameters): 53:47/51:49/56:44</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>- the discount rate was lower/(higher)</p> <p>- the average term was lower/(higher)</p> <p>- the average bond interest rate was higher/(lower)</p> <p>- the targeted average loan to value ratio was higher/(lower)</p> <p>- the average liquidation period was lower/(higher)</p> <p>- the average liquidation rate was lower/(higher)</p> <p>- the probability weight of restructuring strategy was higher/(lower)</p>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

Junior notes (Class C2) - Cairo1/Cairo2/Cairo 3	Discounted Expected Cash Flow Method (DCF)	- Discounted rate 18,4% - Main parameters of the revised business plan: (i) Restructuring parameters for Cairo1/Cairo2/Cairo3 respectively: - average term (new): 20/20/8 years - average term (existing): 12/7/7 years - average bond interest rate: 3%/3%/3,5% - targeted average loan to value ratio: 100%/87%/120% (ii) Liquidation parameters for Cairo1/Cairo2/Cairo3 respectively: - average liquidation period: 20-48 months/20-48 months/33-51 months - average liquidation rate: 25%/25%/25% (iii) Probability weight (Liquidation parameters/restructuring parameters): - 53:47/51:49/56:44	The estimated fair value would increase/(decrease) if: - the discount rate was lower/(higher) - the average term was lower/(higher) - the average bond interest rate was higher/(lower) - the targeted average loan to value ratio was higher/(lower) - the average liquidation period was lower/(higher) - the average liquidation rate was lower/(higher) - the probability weight of restructuring strategy was higher/(lower)
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CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

Sensitivity analysis

A possible change at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

31 December 2023	Statement of profit or loss and total equity	
	Increase €	Decrease €
<u>Mezzanine notes (Class B2)</u>		
Discount rate (-/+1%)		
-Cairo 1	1.753.000	1.557.000
-Cairo 2	1.370.000	1.194.000
-Cairo 3	7.845.000	7.372.000
<u>Restructuring parameters</u>		
Average term (-/+12 months)		
-Cairo 1	2.989.000	2.592.000
-Cairo 2	3.457.000	2.930.000
-Cairo 3	17.933.000	16.667.000
Average bond interest rate (+/-1%)		
-Cairo 1	4.656.000	4.170.000
-Cairo 2	4.022.000	3.389.000
-Cairo 3	6.415.000	6.294.000
Targeted average loan to value ratio (+/-10%)		
-Cairo 1	12.226.000	10.651.000
-Cairo 2	11.840.000	7.487.000
-Cairo 3	9.221.000	9.514.000
Unsecured recoveries (+/-2%)		
-Cairo 1	1.471.000	1.419.000
-Cairo 2	6.128.000	4.399.000
-Cairo 3	22.688.000	22.402.000
<u>Liquidation parameters</u>		
Average liquidation period (-/+ 12 months)		
-Cairo 1	4.152.000	5.679.000
-Cairo 2	3.918.000	4.789.000
-Cairo 3	11.220.000	14.808.000
Average liquidation rate (-/+10%)		
-Cairo 1	9.572.000	7.535.000
-Cairo 2	10.661.000	6.391.000
-Cairo 3	7.292.000	7.309.000
<u>Probability weight</u>		
Weight-of liquidation strategy: restructuring strategy (+/-10%)		
-Cairo 1	608.000	146.000
-Cairo 2	2.264.000	819.000
-Cairo 3	3.389.000	5.135.000

There is no effect on the fair value from any possible changes in the above parameters for junior notes (Class C2).

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

	Statement of profit or loss and total equity	
	Increase	Decrease
31 December 2022		
<u>Mezzanine notes (Class B2)</u>		
Discount rate (-/+1%)		
-Cairo 1	687.000	597.000
-Cairo 2	1.107.000	960.000
-Cairo 3	3.158.000	2.913.000
<u>Restructuring parameters</u>		
Average term (-/+12 months)		
-Cairo 1	1.726.000	1.303.000
-Cairo 2	3.278.000	2.326.000
-Cairo 3	8.294.000	7.457.000
Average bond interest rate (+/-1%)		
-Cairo 1	3.180.000	2.365.000
-Cairo 2	3.677.000	3.035.000
-Cairo 3	4.986.000	4.592.000
Targeted average loan to value ratio (+/-10%)		
-Cairo 1	1.566.000	1.436.000
-Cairo 2	3.432.000	3.018.000
-Cairo 3	5.998.000	5.999.000
<u>Liquidation parameters</u>		
Average liquidation period (-/+ 12 months)		
-Cairo 1	3.837.000	2.690.000
-Cairo 2	5.578.000	4.130.000
-Cairo 3	8.787.000	7.783.000
Average liquidation rate (-/+10%)		
-Cairo 1	7.530.000	4.202.000
-Cairo 2	9.396.000	6.478.000
-Cairo 3	5.068.000	9.222.000
<u>Probability weight</u>		
Weight-of liquidation strategy: restructuring strategy (+/-10%)		
-Cairo 1	1.226.000	1.206.000
-Cairo 2	1.925.000	602.000
-Cairo 3	2.334.000	4.645.000

There is no effect on the fair value from any possible changes in the above parameters for junior notes (Class C2).

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

9. Financial risk management (continued)

9.7 Fair value estimation (continued)

Fair value measurements recognised in statement of financial position (continued)

31 December 2023	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
<u>Financial assets at fair value through profit or loss</u>				
Mezzanine notes (Class B2)				
-Cairo 1	-	-	16.688.000	16.688.000
-Cairo 2	-	-	10.237.000	10.237.000
-Cairo 3	-	-	152.052.000	152.052.000
Junior notes (Class C2)	-	-	-	-
Total	-	-	178.977.000	178.977.000

31 December 2022	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
<u>Financial assets at fair value through profit or loss</u>				
Mezzanine notes (Class B2)				
-Cairo 1	-	-	5.042.000	5.042.000
-Cairo 2	-	-	8.025.000	8.025.000
-Cairo 3	-	-	42.882.000	42.882.000
Junior notes (Class C2)	-	-	-	-
Total	-	-	55.949.000	55.949.000

	Mezzanine notes (Class B2)	Junior notes (Class C2)	Total
	€	€	€
Reconciliation of level 3 fair values			
Balance 1 January 2022	56.958.000	-	56.958.000
Change in fair value through profit or loss	(1.009.000)	-	(1.009.000)
Balance 31 December 2022 / 1 January 2023	55.949.000	-	55.949.000
Change in fair value through profit or loss	123.028.000	-	123.028.000
Balance 31 December 2023	178.977.000	-	178.977.000

The changes in the fair value through profit or loss is shown in profit/(loss) from financial assets at fair value through profit or loss'.

10. Gain/(loss) from financial assets at fair value through profit or loss

	2023 €	2022 €
Fair value gains/(losses) on financial assets at fair value through profit or loss (Note 15)	123.028.000	(1.009.000)
	123.028.000	(1.009.000)

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

11. Expenses by nature

	2023	2022
	€	€
Directors' remuneration (Note 19.1)	28.560	28.560
Auditor's remuneration for statutory audit	47.600	47.600
Auditor's remuneration for statutory audit - prior years	-	238
Insurance	16.700	16.700
Accounting fees	32.190	32.070
Advisory fees	125.463	136.516
Administration expenses	12.534	11.967
Stock exchange fees	11.908	17.915
Legal fees	2.380	2.380
Other expenses	12.654	15.788
Total expenses	289.989	309.734

The Company does not have any employees.

12. Tax

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2023	2022
	€	€
Profit/(loss) before tax	122.738.011	(1.318.734)
Tax calculated at the applicable tax rates	15.342.251	(164.842)
Tax effect of expenses not deductible for tax purposes	1.532	128.408
Tax effect of allowances and income not subject to tax	(15.378.499)	-
Tax effect of tax loss for the year	34.716	36.434
Tax charge	-	-

The corporation tax rate in Cyprus is 12,5%.

Under certain conditions, interest income may be subject to defence contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

No deferred tax asset was recognised on the tax losses.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	Gross amount 2023	Tax effect 2023	Gross amount 2022	Tax effect 2022
	€	€	€	€
Tax losses	1.107.187	138.398	829.456	103.682
	1.107.187	138.398	829.456	103.682

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. Tax (continued)

Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

	2023 €	Expiration year	2022 €	Expiration year
Expire	194.729	2025	194.729	2025
Expire	343.258	2026	343.258	2026
Expire	291.469	2027	291.469	2027
Expire	<u>277.731</u>	2028	-	2028
	<u>1.107.187</u>		<u>829.456</u>	

13. Profit/(loss) per share

	2023	2022
Profit/(loss) attributable to shareholders (€)	<u>122.738.011</u>	(1.318.734)
Weighted average number of ordinary shares in issue during the year	<u>309.096.827</u>	309.096.827
Basic and fully diluted profit/(loss) per share (cent)	<u>39,71</u>	<u>(0,43)</u>

14. Trade and other receivables

	2023 €	2022 €
Deposits and prepayments	<u>17.480</u>	17.730
	<u>17.480</u>	<u>17.730</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

15. Financial assets at fair value through profit or loss

	2023 €	2022 €
Balance at 1 January	55.949.000	56.958.000
Change in fair value of investments at fair value through profit or loss	<u>123.028.000</u>	(1.009.000)
Balance at 31 December	<u>178.977.000</u>	<u>55.949.000</u>

The financial assets at fair value through profit or loss are analysed as follows:

	2023 €	2022 €
Mezzanine notes (Class B2)	178.977.000	55.949.000
Junior notes (Class C2)	-	-
	<u>178.977.000</u>	<u>55.949.000</u>

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. Financial assets at fair value through profit or loss (continued)

The terms of the bonds are presented below:

	Currency	Interest rate	Maturity date	31 December 2023		31 Δεκεμβριου 2022	
				Nominal value €'000	Carrying amount €	Nominal value €'000	Carrying amount €
Mezzanine notes (Class B2) - Cairo1	Euro	Euribor 3m + 5%	31.12.2054	235.813	16.688.000	235.813	5.042.000
Mezzanine notes (Class B2) - Cairo2	Euro	Euribor 3m + 5%	31.12.2062	449.939	10.237.000	449.939	8.025.000
Mezzanine notes (Class B2) - Cairo3	Euro	Euribor 3m + 5%	31.12.2035	412.425	152.052.000	412.425	42.882.000
Junior notes (Class C2) - Cairo1	Euro	Euribor 3m + 8%	31.12.2054	377.962	-	377.962	-
Junior notes (Class C2) - Cairo2	Euro	Euribor 3m + 8%	31.12.2062	622.305	-	622.305	-
Junior notes (Class C2) - Cairo3	Euro	Euribor 3m + 8%	31.12.2035	630.845	-	630.845	-
				2.729.289	178.977.000	2.729.289	55.949.000

The financial assets of the Company consist of bonds which were issued by the special purpose companies Cairo No.1 Finance DAC ("Cairo1"), Cairo No. 2 Finance DAC ("Cairo2"), and Cairo No.3 Finance DAC ("Cairo3") based in Ireland.

On initial recognition, bonds were classified as financial assets at fair value through profit or loss since the contractual cash flows will not only be repayment of capital and interest.

The bonds are backed by mortgage and non-mortgage receivables. The bonds are under the subordination levels of mezzanine (Class B2) and junior (Class C2).

On the issuance of the notes, a Priority of Payments Schedule ("Waterfall") was established, which they are repaid on a quarterly basis. Based on this schedule, the repayments regarding the mezzanine and junior notes are the last in the order of priority. The Priority of Payments Schedule ("Waterfall") is as follows:

- Servicing fees, issuers' expenses and other securitization expenses - priority 1
- Commissions for Hercules Asset Protection Scheme ("HAPS") - priority 2
- Issuers' Profit (fixed specified amount of c. €3 000 per annum for all issuers in total) - priority 3
- Interest payments of senior notes (including deferred interest) - priority 4
- Reserves for senior notes' interest and other expenses and fees - priority 5
- Principal repayments of senior notes - priority 6
- Interest payments of mezzanine notes - priority 7
- Principal repayments of mezzanine notes - priority 8
- Interest payments of junior notes - priority 9
- Principal repayments of junior notes - priority 10

The Company's investments in debt instruments are considered to be medium and high risk investments. As described above, on the issuance of the notes a Priority Payment Schedule ("Waterfall") was established, which they are repaid on a quarterly basis. Based on this schedule, repayments regarding the mezzanine and junior notes are the last ones in the priority.

The bonds are traded on the Vienna Stock Exchange, but the market is not active. Fair value is therefore determined by valuation techniques by independent valuers. In 2023, the management decided to proceed with fair value adjustment on the investments in debt instruments based on the valuation, the total fair value of the bonds had a central value of €178.977.000 (2022: €55.949.000 and therefore a profit of €123.028.000 (2022: loss of €1.009.000) was recognized in the Statement of Profit and Loss and Other Comprehensive Income.

Investments at fair value through profit or loss are classified as non current assets because they are not expected to be realised within twelve months from the reporting date.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

15. Financial assets at fair value through profit or loss (continued)

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in profit from financial assets at fair value through profit or loss.

The exposure of the Company to market risk in relation to financial assets is reported in note 9 of the financial statements.

16. Cash at bank

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2023 €	2022 €
Cash at bank	<u>484.983</u>	<u>810.598</u>
Cash at bank, as presented in the statement of Financial Position and the Cash Flow Statement	<u>484.983</u>	<u>810.598</u>

Cash and cash equivalents by currency:

	2023 €	2022 €
Euro	<u>484.983</u>	<u>810.598</u>
	<u>484.983</u>	<u>810.598</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 9 of the financial statements.

17. Share capital and share premium

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
Authorised				
Ordinary shares of €0,10 each	<u>309.096.827</u>	<u>30.909.683</u>	<u>309.096.827</u>	<u>30.909.683</u>
Issued and fully paid				
	Number of shares	Share capital €	Share premium €	Total €
Balance at 1 January 2022	<u>309.096.827</u>	<u>30.909.683</u>	<u>26.582.327</u>	<u>57.492.010</u>
Balance at 31 December 2022	<u>309.096.827</u>	<u>30.909.683</u>	<u>26.582.327</u>	<u>57.492.010</u>
Balance at 1 January 2023	<u>309.096.827</u>	<u>30.909.683</u>	<u>26.582.327</u>	<u>57.492.010</u>
Balance at 31 December 2023	<u>309.096.827</u>	<u>30.909.683</u>	<u>26.582.327</u>	<u>57.492.010</u>

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

17. Share capital and share premium (continued)

Authorised capital

Under its Memorandum the Company fixed its share capital at 2.000 ordinary shares of nominal value of Eur1 each.

Based on shareholders' decision on 24 June 2020, the share capital was converted into 20.000 ordinary shares of nominal value of Eur0,10 each and then increased to 309.096.827 ordinary shares of nominal value Eur0,10 each.

Issued capital

Upon incorporation the Company issued to the subscribers of its Memorandum of Association 2.000 ordinary shares of Eur1 each at nominal value.

Based on shareholders' decision on 24 June 2020, the share capital was converted into 20.000 ordinary shares of nominal value of Eur0,10 each. On the same date 309.076.827 shares of nominal value Eur0,10 each were issued to Eurobank Holdings for Eur0,186, i.e. total value Eur57.490.010 (share premium value Eur26.582.327) in exchange for (i) the contribution of notes/bonds at a fair value of Eur56.017.137 based on the valuation of independent valuers and (ii) cash Eur1.472.873.

In September 2020, the shares held by Eurobank Holdings in the Company were distributed to the shareholders of Eurobank Holdings through a share capital decrease.

The acquisition of financial assets financed through the issuance of these shares (Note 15).

All shares are listed and traded in the Alternative Market EN.A PLUS of the Athens Stock Exchange, have the same and equal rights and no restriction on their transfer. All shares are entitled to one vote per share at general meetings of the Company.

18. Trade and other payables

	2023	2022
	€	€
VAT	1.234	568
Accruals	192.511	203.216
Other creditors	10.504	36.341
	<u>204.249</u>	<u>240.125</u>

The Company trade and other payables are denominated in the following currencies:

	2023	2022
	€	€
Euro	204.249	240.125
	<u>204.249</u>	<u>240.125</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

CAIRO MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' remuneration

The remuneration of Directors was as follows:

	2023	2022
	€	€
Directors' remuneration	<u>28.560</u>	<u>28.560</u>
	<u>28.560</u>	<u>28.560</u>

Independent auditor's report on pages 6 to 10