

# **PHOENIX VEGA MEZZ PLC**

## **FINANCIAL STATEMENTS**

31 December 2022

# PHOENIX VEGA MEZZ PLC

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## FINANCIAL STATEMENTS

31 December 2022

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# PHOENIX VEGA MEZZ PLC

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Nayia Morphi - executive member (Appointed on 01/07/2021)  
Maria Demetriou - non-executive member (Appointed on 01/07/2021)  
Zoe Christou Tziortzi - non-executive member (Appointed on 01/07/2021)

**Company Secretary:**

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

**Independent Auditors:**

Baker Tilly Klitou and Partners Ltd  
Certified Public Accountants and Registered Auditors  
Corner C Hatzopoulou & 30 Griva Digheni Avenue  
1066 Nicosia  
Cyprus

**Legal Advisers:**

Ioannides Demetriou LLC  
17-19 Themistokli Dervi street  
The City House,  
1066, Nicosia  
Cyprus

**Registered office:**

33 Vasilissis Freiderikis  
Palais D'Ivoire, Floor 2  
1066, Nicosia  
Cyprus

**Bankers:**

Astrobank Limited  
1, Spyrou Kyprianou Avenue  
1065, Nicosia  
Cyprus

Piraeus Bank (Greece) S.A.  
4 Papada,  
115 25 Athens  
Greece

**Registration number:**

HE420422

# PHOENIX VEGA MEZZ PLC

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## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of Phoenix Vega Mezz Plc (the "Company") for the year ended 31 December 2022.

### **Incorporation, rename and listing on the Athens Stock Exchange**

The Company Phoenix Vega Mezz Plc was incorporated in Cyprus on 12 April 2021 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

On 21 July 2021, the Company was renamed from Phoenix Vega Mezz Ltd to Phoenix Vega Mezz Plc and was transformed to a public limited liability company under the provisions of the Cyprus Companies Law.

On 12 August 2021, the shares of the Company were listed in the Alternative Market EN.A. Plus of the Athens Stock Exchange.

### **Principal activity and nature of operations of the Company**

The principal activity of the Company, which remains unchanged from last year, is the holding and management of the following notes (the "Notes"):

- 95% of the Class B2 mezzanine notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P639
- 95% of the Class B2 mezzanine notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM635
- 95% of the Class B2 mezzanine notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSF42
- 95% of the Class B2 mezzanine notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSL02
- 95% of the Class C2 junior notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P852
- 95% of the Class C2 junior notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM858
- 95% of the Class C2 junior notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSH65
- 95% of the Class C2 junior notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSN26

The Company Notes have been contributed to the Company by Piraeus Financial Holdings S.A. (Piraeus Financial Holdings) in April 2021 at the value of €26,429,868 and in May 2021 at the value of €36,086,493.

In particular, in the context of the transfer due to securitization of the relevant receivables, in July 2020 Piraeus Financial Holdings transferred a mixed portfolio of non-performing loans to the special purpose entities Vega I NPL Finance DAC, Vega II NPL Finance DAC, Vega III NPL Finance DAC and Phoenix NPL Finance DAC incorporated in Ireland ('Issuers'). In exchange for the transfer, Piraeus Financial Holdings received asset backed fixed rate and asset backed variable rate return notes issued by Vega I NPL Finance DAC, Vega II NPL Finance DAC, Vega III NPL Finance DAC and Phoenix NPL Finance DAC. The Notes were issued in three tranches: senior (Class A), mezzanine (Class B) and junior notes (Class C).

Piraeus Financial Holdings contributed the Notes to the Company, in exchange for newly issued shares. Specifically, in May 2021, 1,250,327,229 shares were issued by the Company at a total value of €62,516,361, in exchange for the contribution of the Notes at a fair value of €62,516,361

The issued shares of the Company were distributed to the shareholders of Piraeus Financial Holdings following a reduction in the share capital of Piraeus Financial Holdings.

On 13 July 2022 the Company reduced its share capital by €18,005,288 by reducing the nominal value of each share from €0.05 to 0.0356 each. As a result, the nominal value of the shares was reduced to €44,513,073.30, as the amount of €18,005,288 was returned in cash to the shareholders.



## MANAGEMENT REPORT

### **Review of current position, future developments and performance of the Company's business**

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

#### **A. Pre-acceleration order of priority:**

- Issuers' and other securitization expenses – priority 1
- Servicer and deferred servicer fees – priority 2
- Letter of guarantee providers interest, commitment fees due and other outstanding fees – priority 3
- Commissions for Hercules Asset Protection Scheme ("HAPS") – priority 4
- Interest payments of senior notes not paid by the HAPS Guarantor – priority 5
- Interest payments of senior notes due – priority 6
- Reserves for senior notes' interest and other expenses and fees – priority 7
- Interest payments of mezzanine notes (including deferred interest) – priority 8
- Principal repayments of senior notes (up until their redemption in full) – priority 9
- Principal repayments of mezzanine notes (up until their redemption in full) – priority 10
- Principal repayments of junior notes – priority 11

#### **B. Acceleration order of priority:**

- Issuers' and other securitization expenses – priority 1
- Servicer and deferred servicer fees – priority 2
- Letter of guarantee providers interest, commitment fees due and other outstanding fees – priority 3
- Commissions for Hercules Asset Protection Scheme ("HAPS") – priority 4
- Interest payments of senior notes not paid by the HAPS Guarantor – priority 5
- Interest payments of senior notes due – priority 6
- Principal amounts to letter of guarantee providers – priority 7
- Principal repayments of senior notes (up until their redemption in full) – priority 8
- Interest payments of mezzanine notes (including deferred interest) – priority 9
- Principal repayments of mezzanine notes (up until their redemption in full) – priority 10
- Principal repayments of junior notes – priority 11

The acceleration order of priority applies at redemption events or on final maturity date. For year under review, the pre-acceleration order of priority applies.

Within 2022, the Company received coupon payments of €24,222,061 (2021:€9,252,402) in relation to the Notes it holds.

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

### **Use of financial instruments by the Company**

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

#### **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Interest bearing assets issued at variable rates expose the Company to cash flow interest rate risk. Interest bearing assets issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### **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, debt instruments at fair value through profit or loss (FVTPL), deposits with banks and financial institutions.

## MANAGEMENT REPORT

### **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 has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

### **Results**

The Company's results for the year are set out on page 10. The net profit for the year attributable to the shareholders of the Company amounted to €4,836,568 (2021: €5,048,428). On 31 December 2022 the total assets of the Company were €54,492,378 (2021: €68,107,073) and the net assets of the Company were €54,398,069 (2021: €67,566,789).

### **Dividends**

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

### **Share capital**

Upon incorporation on 12 April 2021 the Company issued to the subscribers of its Memorandum of Association 2,000 ordinary shares of €1 each at par.

On 28 April 2021, the Company increased its share capital to 26,431,868 ordinary shares of €1 each at nominal value.

Based on shareholders' decision, on 25 May 2021 the share capital was converted into 528,637,360 ordinary shares of nominal value of €0.05 each, and increased to 1,250,367,229 ordinary shares of €0.05 each at nominal value.

On the same date, 1,250,367,229 shares of nominal value of €0.05 each were subscribed to Piraeus Financial Holdings SA for €0.05 i.e. total value €62,518,361 in exchange for the contribution of the Notes at a fair value of €62,516,361 based on the valuation of independent valuers.

On 13 July 2022, during the course of the Company's AGM the shareholders approved the proposal of Board of Directors to reduce the nominal value of each ordinary share by €0.0144 from €0.05 to €0.0356 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 29 September 2022, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €44,513,073 divided in 1,250,367,229 ordinary shares of €0.0356 each.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2022 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 2022.

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.

### **Events after the reporting period**

During February 2023 the Company received coupon payments of € 5,225,060.

# PHOENIX VEGA MEZZ PLC

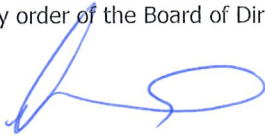
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## MANAGEMENT REPORT

### **Independent Auditors**

The independent Auditors of the Company, Baker Tilly Klitou & Partners 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,



Omniserve Ltd  
Secretary

Nicosia, 28 April 2023



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## **Independent Auditor's Report**

### **To the Members of Phoenix Vega Mezz Plc**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Phoenix Vega Mezz Plc (the "Company"), which are presented in pages 10 to 28 and comprise the statement of financial position as at 31 December 2022, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

##### **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.

## Independent Auditor's Report (continued)

### To the Members of Phoenix Vega Mezz Plc

#### Investments at fair value through profit and loss - fair value estimation

##### Description of key audit matter

##### How the matter was addressed in our audit

Based on the risk assessment and following a risk-based approach, we performed, among others, the following audit procedures:

The carrying value of the Company's investments at fair value through profit or loss ("FVTPL") as at 31 December 2022 amounted to 32,669,332 which represents 60.08% of the total assets of the Company. The total investments in the financial assets excluding those classified at amortised cost at the statement of financial position date, were recognised at fair value of 50,501,883 as at January 2022.

We obtained an understanding of key controls over processes and procedures to determine the fair value.

The Company's management determines the fair value of its investments at FVTPL, with the assistance of external independent valuers.

We reviewed the valuation reports prepared by the external independent valuers appointed by the management on which the valuation in the financial statements is based.

The size of the said investments, the significance of estimates and judgments as well as the subjectivity of the valuation process warrant specific audit focus and therefore represents a key audit matter.

We evaluate the independence, objectivity and competence of the external independent valuer.

Refer to notes 5, 6.6, 7, and 14 of the financial statements for the accounting estimates and judgments used in the determination of the fair value and further details in relation to the said investments.

With the support of our internal valuation specialists we (i) assessed the relevance and appropriateness of the evaluation methodologies applied, (ii) challenged the appropriateness of the key assumptions including discount rates and expected future cash flows, (iii) evaluated the appropriateness of the other market transactions concerning the same instrument considered by the external independent valuers, and (v) checked the mathematical accuracy of the calculations made in the valuation workings.

We assessed the completeness and accuracy of the related disclosures in the notes to the financial statements in accordance with the relevant accounting standards (IFRSs)

The above audit procedures were completed in a satisfactory manner

##### Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in 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.



## **Independent Auditor's Report (continued)**

### **To the Members of Phoenix Vega Mezz Plc**

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. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors of the Company and those charged with Governance 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 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and those charged with Governance are 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 auditor's 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 auditor's 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 auditor's 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.



## **Independent Auditor's Report (continued)**

### **To the Members of Phoenix Vega Mezz Plc**

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

We communicate with the Board of Directors 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.

#### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

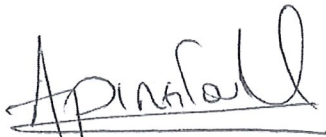
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

#### **Other Matters**

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 the Auditors Law of 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.

#### *Comparative figures*

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 3 May 2022.



Moisis Aristidou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

Baker Tilly Klitou and Partners Ltd  
Certified Public Accountants and Registered Auditors  
Corner C Hatzopoulou & 30 Griva Digheni Avenue  
1066 Nicosia  
Cyprus

Nicosia, 28/4/2023

# PHOENIX VEGA MEZZ PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2022

		01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	Note	€	€
Interest income	8	<u>9,433,417</u>	<u>5,289,424</u>
<b>Total revenue</b>		<b>9,433,417</b>	<b>5,289,424</b>
Fair value changes of financial assets at fair value through profit or loss		<b>(4,296,016)</b>	<b>1,086,796</b>
Overprovision of 2021 tax expense	9	<b>398,904</b>	<b>-</b>
Administration and other expenses	10	<u><b>(502,168)</b></u>	<u><b>(364,271)</b></u>
<b>Operating profit</b>		<b>5,034,137</b>	<b>6,011,949</b>
Finance costs	11	<u><b>(83,583)</b></u>	<u><b>(16,327)</b></u>
<b>Profit before tax</b>		<b>4,950,554</b>	<b>5,995,622</b>
Tax	12	<u><b>(113,986)</b></u>	<u><b>(947,194)</b></u>
<b>Net profit for the year/period</b>		<b>4,836,568</b>	<b>5,048,428</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year/period</b>		<u><b>4,836,568</b></u>	<u><b>5,048,428</b></u>
<b>Profit per share attributable to equity holders of the parent (cent)</b>	<b>13</b>	<u><b>0.39</b></u>	<u><b>0.47</b></u>

The notes on pages 14 to 28 form an integral part of these financial statements.

# PHOENIX VEGA MEZZ PLC

## STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	31/12/2022 €	31/12/2021 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments at amortised cost	14	<b>7,886,187</b>	9,138,296
Financial assets at fair value through profit or loss	15	<b>32,669,332</b>	50,501,883
		<b>40,555,519</b>	59,640,179
<b>Current assets</b>			
Refundable taxes	19	<b>786,264</b>	-
Cash and cash equivalents	16	<b>13,150,595</b>	8,466,894
		<b>13,936,859</b>	8,466,894
<b>Total assets</b>		<b>54,492,378</b>	68,107,073
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	<b>44,513,073</b>	62,518,361
Retained earnings		<b>9,884,996</b>	5,048,428
<b>Total equity</b>		<b>54,398,069</b>	67,566,789
<b>Current liabilities</b>			
Trade and other payables	18	<b>94,309</b>	107,090
Current tax liabilities	19	<b>-</b>	433,194
<b>Total liabilities</b>		<b>94,309</b>	540,284
<b>Total equity and liabilities</b>		<b>54,492,378</b>	68,107,073

On 28 April 2023 the Board of Directors of Phoenix Vega Mezz Plc authorised these financial statements for issue.



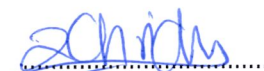
Nayia Morphi - executive member

Director



Maria Demetriou - non-executive member

Director



Zoe Christou Tziortzi - non-executive member

Director

The notes on pages 14 to 28 form an integral part of these financial statements.

## PHOENIX VEGA MEZZ PLC

### STATEMENT OF CHANGES IN EQUITY

31 December 2022

	Note	Share capital €	Retained earnings €	Total €
<b>Opening Balance as at 12 April 2021</b>		-	-	-
Net profit for the period		-	5,048,428	5,048,428
Issue of share capital	17	<u>62,518,361</u>	<u>-</u>	<u>62,518,361</u>
<b>Balance as at 31 December 2021</b>		<b><u>62,518,361</u></b>	<b><u>5,048,428</u></b>	<b><u>67,566,789</u></b>
 <b>Opening Balance as at 1 January 2022</b>		<b>62,518,361</b>	<b>5,048,428</b>	<b>67,566,789</b>
Net profit for the year		-	4,836,568	4,836,568
Reduction of share capital	17	<u>(18,005,288)</u>	<u>-</u>	<u>(18,005,288)</u>
<b>Balance as at 31 December 2022</b>		<b><u>44,513,073</u></b>	<b><u>9,884,996</u></b>	<b><u>54,398,069</u></b>

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 individual 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 individual tax residents of Cyprus, regardless of their domicile.

The notes on pages 14 to 28 form an integral part of these financial statements.

# PHOENIX VEGA MEZZ PLC

## STATEMENT OF CASH FLOWS

31 December 2022

	Note	01/01/2022- 31/12/2022 €	12/04/2021- 31/12/2021 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>		<b>4,950,554</b>	<b>5,995,622</b>
Adjustments for:			
Fair value changes on financial assets at fair value through profit or loss		<b>4,296,016</b>	(1,086,796)
Interest expense	11	<b>80,876</b>	14,243
Interest income from financial assets at fair value through profit and loss		<b>(7,639,853)</b>	(4,118,792)
Interest income from financial assets at amortised cost		<b>(1,793,564)</b>	(1,170,632)
		<b>(105,971)</b>	(366,355)
<b>Changes in operating assets and liabilities:</b>			
(Decrease)/increase in trade and other payables		<b>(12,781)</b>	107,090
Coupons received		<b>24,222,061</b>	9,252,402
<b>Cash generated from operations before income tax payments</b>		<b>24,103,309</b>	<b>8,993,137</b>
Tax paid		<b>(1,333,444)</b>	(514,000)
<b>Net cash generated from operating activities</b>		<b>22,769,865</b>	<b>8,479,137</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Distributions)/Proceeds from (return)/issue of share capital		<b>(18,005,288)</b>	2,000
Interest paid		<b>(80,876)</b>	(14,243)
<b>Net cash used in financing activities</b>		<b>(18,086,164)</b>	(12,243)
<b>Net increase in cash and cash equivalents</b>		<b>4,683,701</b>	<b>8,466,894</b>
Cash and cash equivalents at beginning of the year/period		<b>8,466,894</b>	-
<b>Cash and cash equivalents at end of the year/period</b>	<b>16</b>	<b>13,150,595</b>	<b>8,466,894</b>

The notes on pages 14 to 28 form an integral part of these financial statements.



# PHOENIX VEGA MEZZ PLC

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Phoenix Vega Mezz Plc (the "Company") was incorporated in Cyprus on 12 April 2021 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 2 July 2021 it was transformed into a public limited liability company and on 12 August 2021 its shares were listed in the Alternative Market EN.A. of the Athens Stock Exchange.

Its registered office is at 33 Vasilissis Freiderikis, Palais D'Ivoire, Floor 2, 1066, Nicosia, Cyprus

#### Principal activity

The principal activity of the Company, which remains unchanged from last year, is the holding and management of the following notes (the "Notes"):

- 95% of the Class B2 mezzanine notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P639
- 95% of the Class B2 mezzanine notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM635
- 95% of the Class B2 mezzanine notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSF42
- 95% of the Class B2 mezzanine notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSL02
- 95% of the Class C2 junior notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P852
- 95% of the Class C2 junior notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM858
- 95% of the Class C2 junior notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSH65
- 95% of the Class C2 junior notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSN26

### 2. Basis of preparation

The annual financial statements of the Company 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 and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### 3. Functional and presentation currency

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

### 4. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Company.

### 5. 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 5. Significant accounting policies (continued)

#### Going concern basis

The financial statements of the Company have been prepared on a going concern basis.

#### Revenue

##### • Interest income

Interest income from notes measured at FVTPL is recognised on a time proportion by using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipt through the expected life of the financial asset to gross carrying amount of a financial asset. Interest income is classified under "Interest income" line in the statement of profit or loss and in other comprehensive income. For purchased or originated credit impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset.

#### Finance costs

Interest expense is charged to profit or loss as incurred.

#### Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

#### Financial assets

##### 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 FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in mezzanine (Class B2) Notes issued by Vega III were classified at amortised cost at initial recognition and were considered purchased or originated credit-impaired financial assets (refer to note 14).

All other investments in financial assets are classified as measured, at FVTPL (refer to note 15).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - Classification (continued)

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

##### 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 other 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.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "Interest income". Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in fair value changes of financial assets at fair value through profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

**FVTPL:** 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 "Fair value changes of financial assets at fair value through profit or loss" in the period in which it arises.

##### Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - impairment - credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

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 and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments 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"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. 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. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

##### Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

##### Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

#### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)



# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 5. Significant accounting policies (continued)

#### Financial assets (continued)

#### Financial liabilities - Modifications (continued)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

#### Share capital

Ordinary shares are classified as equity.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to 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:

##### 6.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	31/12/2022	31/12/2021
	€	€
Class (B2) Mezzanine	40,555,519	59,640,178
Cash at bank	13,150,595	8,466,894
	<u>53,706,114</u>	<u>68,107,072</u>

##### 6.2 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 carried at fair value through profit or loss (FVTPL).

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2022

**6. Financial risk management (continued)****6.2 Credit risk (continued)***(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 independently rated parties with a minimum rating of ['C'].

*(ii) Impairment of financial assets*

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

- financial assets at amortised cost
- cash and cash equivalents

*Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

**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.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

<b>Company internal credit rating</b>	<b>External credit rating</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
		€	€
Performing	BBB-B	<u>13,150,595</u>	<u>8,466,894</u>
<b>Total</b>		<u><b>13,150,595</b></u>	<u><b>8,466,894</b></u>

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

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

**6.3 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 has procedures with the objective of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have 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. The table includes both interest and principal cash flows.



# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

#### 6.3 Liquidity risk (continued)

31 December 2022

	Carrying amounts €	Contractual cash flows €	1-2 years €
Trade and other payables	36,034	36,034	36,034
Shareholders' credit balance	885	885	885
VAT	12,792	12,792	12,792
Accruals	44,598	44,598	44,598
	<b>94,309</b>	<b>94,309</b>	<b>94,309</b>

31 December 2021

	Carrying amounts €	Contractual cash flows €	1-2 years €
Trade and other payables	41,679	41,679	41,679
VAT	14,911	14,911	14,911
Accruals	50,500	50,500	50,500
Tax Payable	433,194	433,194	433,194
	<b>540,284</b>	<b>540,284</b>	<b>540,284</b>

#### 6.4 Capital risk management

Capital includes equity shares and payables to related parties.

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 to reduce the cost of capital.

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.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The Company does not have any borrowings as at 31 December 2022.

#### 6.5 Fair value estimation

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

	Carrying amounts		Fair values	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	€	€	€	€
<b>Financial assets</b>				
Cash and cash equivalents	13,150,595	8,466,894	13,150,595	8,466,894
Fair value through profit or loss	32,669,332	50,501,883	32,669,332	50,501,883
Amortised cost	7,886,187	9,138,296	7,833,882	9,215,110
<b>Financial liabilities</b>				
Trade payables	(93,666)	(107,090)	(93,666)	(107,090)
Tax	-	(433,194)	-	(433,194)
	<b>53,612,448</b>	<b>67,566,789</b>	<b>53,560,143</b>	<b>67,643,603</b>

# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 6. Financial risk management (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses estimated discounted cash flows method and Comparable Transactions Method and maximises the use of market observable inputs at the reporting date. All the above are level 3 fair values.

#### 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).

31 December 2022	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets</b>				
Mezzanine notes (Class B2)	-	-	32,669,332	32,669,332
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32,669,332</b>	<b>32,669,332</b>

31 December 2021	Level 1 €	Level 2 €	Level 3 €	Total €
<b>Financial assets</b>				
Mezzanine notes (Class B2)	-	-	50,321,887	50,321,887
Junior notes (Class C2)	-	-	179,996	179,996
<b>Total</b>	<b>-</b>	<b>-</b>	<b>50,501,883</b>	<b>50,501,883</b>

### 7. Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 7. Critical accounting estimates, judgments and assumptions (continued)

#### • Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### • Classification of investments at FVTPL

An assessment is made of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.

#### • Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

### 8. Interest income

Interest income is analysed as follows:

	01/01/2022- 31/12/2022 €	12/04/2021- 31/12/2021 €
Interest Income from financial assets at amortised cost	1,793,564	1,170,632
Interest Income from financial assets at fair value through profit or loss	<u>7,639,853</u>	<u>4,118,792</u>
<b>Total interest income</b>	<b><u>9,433,417</u></b>	<b><u>5,289,424</u></b>

Interest income is recognised using the effective interest rate method.

### 9. Overprovision of 2021 tax expense

	01/01/2022- 31/12/2022 €	12/04/2021- 31/12/2021 €
Corporation Tax Prior Year	<u>398,904</u>	-
	<b><u>398,904</u></b>	<b><u>-</u></b>

Management following careful consideration, updated its assumptions regarding the tax computation and subsequently the resulting tax expense, of the year 2021, and based on the updated results, it has decided to recognise an over-provision as presented above.



# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 10. Administration and other expenses

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	€	€
Registrar of Companies annual levy	350	350
Insurance	32,502	32,502
Auditor's remuneration	30,000	40,000
Accounting fees	18,704	16,500
Legal fees	39,865	11,958
Directors' fees	24,000	12,250
Other professional fees	281,178	215,091
Unrecoverable VAT	75,569	35,620
	<b>502,168</b>	<b>364,271</b>

### 11. Finance costs

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	€	€
Interest expense	80,876	14,243
Bank charges	2,707	2,084
<b>Finance costs</b>	<b>83,583</b>	<b>16,327</b>

### 12. Tax

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	€	€
Corporation tax - current year/period	113,736	947,194
Other taxes	250	-
<b>Charge for the year/period</b>	<b>113,986</b>	<b>947,194</b>

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

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	€	€
Profit before tax	<b>4,950,554</b>	<b>5,995,622</b>
Tax calculated at the applicable tax rates	618,819	749,453
Tax effect of expenses not deductible for tax purposes	44	2,772
Tax effect of allowances and income not subject to tax	(505,127)	155,588
10% additional charge	-	39,381
Municipality Tax	250	-
<b>Tax charge</b>	<b>113,986</b>	<b>947,194</b>

The corporation tax rate 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%.

# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 12. Tax (continued)

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

### 13. Profit per share attributable to equity holders of the parent

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
<b>Profit attributable to shareholders (€)</b>	<b>4,836,568</b>	<b>5,048,428</b>
Weighted average number of ordinary shares in issue during the year	<b>1,250,367,229</b>	<b>1,075,509,773</b>
<b>Profit per share attributable to equity holders of the parent (cent)</b>	<b>0.39</b>	<b>0.47</b>

### 14. Financial Assets at amortised cost

	2022 €	2021 €
Balance as at 1 January/12 April	<b>9,138,296</b>	-
Additions	-	9,509,500
Interest income	<b>1,793,564</b>	1,170,632
Coupons received	<b>(3,045,673)</b>	<b>(1,541,836)</b>
<b>Balance as at 31 December</b>	<b>7,886,187</b>	<b>9,138,296</b>

Based on the agreements signed between Piraeus Bank and the holders of the Class B1 notes, decisions on significant financial and operating matters of the Issuers require the unanimous consent of the Class B1 and B2 noteholders. On this basis, the Issuers are jointly controlled by the said noteholders, meeting the joint venture definition. No investment in joint ventures has been recognised, as the Company does not hold any equity interest in the Issuers, thus its proportionate share of their net assets is zero. The Company does not hold any interests in the Issuers, other than the Class B2 and Class C2 Notes, which are accounted for under IFRS 9.

### 15. Financial assets at fair value through profit or loss

	2022 €	2021 €
Balance as at 1 January/12 April	<b>50,501,883</b>	-
Additions	-	53,006,861
Coupons received	<b>(21,176,388)</b>	<b>(7,710,566)</b>
Interest income	<b>7,639,853</b>	4,118,792
Fair value change	<b>(4,296,016)</b>	<b>1,086,796</b>
<b>Balance as at 31 December</b>	<b>32,669,332</b>	<b>50,501,883</b>

Note 14 commentary also applies for the financial assets recognized at fair value through profit or loss.

# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 16. Cash and cash equivalents

Cash balances are analysed as follows:

	31/12/2022	31/12/2021
	€	€
Cash at bank	<u>13,150,595</u>	<u>8,466,894</u>
	<u>13,150,595</u>	<u>8,466,894</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 17. Share capital

	2022 Number of shares	2022 €	2021 Number of shares	2021 €
<b>Authorised</b>				
Ordinary shares of €0.05 each	1,250,367,229	62,518,361	1,250,367,229	62,518,361
Reduction of nominal value per share of Share Capital	-	(18,005,288)	-	-
	<u>1,250,367,229</u>	<u>44,513,073</u>	<u>1,250,367,229</u>	<u>62,518,361</u>
<b>Issued and fully paid</b>				
Balance as at 1 January/12 April	1,250,367,229	62,518,361	1,250,367,229	62,518,361
Reduction of nominal value of Share Capital	-	(18,005,288)	-	-
<b>Balance as at 31 December</b>	<u>1,250,367,229</u>	<u>44,513,073</u>	<u>1,250,367,229</u>	<u>62,518,361</u>

#### Authorised capital

Under its Memorandum of Association the Company fixed its Share Capital at 2,000 ordinary shares of €1 each at nominal value.

On 28 April 2021, the share capital was increased to 26,431,868 ordinary shares of nominal value of €1 each, equal to €26,431,868.

On 25 May 2021, the share capital was divided into 528,637,360 ordinary shares of nominal value of €0.05 each, equal to €26,431,868 and increased to 1,250,367,229 ordinary shares of nominal value of €0.05 each, equal to €62,518,361.

On 13 July 2022, the shareholders decided via a special resolution to reduce the nominal value of each ordinary share by €0,0144 from €0,05 to €0,0356 each.

On 29 September 2022, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €44,513,073.3524 divided in 1,250,367,229 ordinary shares of €0.0356 each at nominal value.

#### Issued capital

Upon incorporation on 12 April 2021 the Company issued to the subscribers of its Memorandum of Association 2,000 ordinary shares of €1 each at par.

On 28 April 2021, the Company increased its share capital to 26,431,868 ordinary shares of €1 each at nominal value.



# PHOENIX VEGA MEZZ PLC

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

### 17. Share capital (continued)

On 21 May 2021, 26,431,868 shares of nominal value of €1 each, were issued to Piraeus Financial Holdings SA for €1 i.e. total value €26,431,868.

On 25 May 2021 the share capital was converted into 528,637,360 ordinary shares of nominal value of €0.05 each, and increased to 1,250,367,229 ordinary shares of €0.05 each at nominal value. On the same date, 1,250,367,229 shares of nominal value of €0.05 each were issued to Piraeus Financial Holdings SA for €0.05 i.e. total value €62,518,361 exchange for the contribution of notes at a fair value of €62,516,361 based on the valuation of independent valuers.

On 22 June 2021, Piraeus Financial Holdings S.A. proceeded to a share capital decrease in kind by decreasing the nominal value of each of its ordinary shares and distributing to its shareholder's the shares held in the Company.

On 13 July 2022, during the course of the Company's AGM the shareholders decided via a special resolution to reduce the nominal value of each ordinary share by €0,0144 from €0,05 to €0,0356 each.

On 29 September 2022, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €44,513,073 divided in 1,250,367,229 ordinary shares of €0.0356 each.

### 18. Trade and other payables

	31/12/2022	31/12/2021
	€	€
VAT	12,792	14,911
Shareholders' current accounts - credit balances (Note 20.2)	885	-
Accruals	44,598	50,500
Other creditors	36,034	41,679
	<u>94,309</u>	<u>107,090</u>

### 19. (Refundable) taxes/current tax liabilities

	31/12/2022	31/12/2021
	€	€
Corporation tax	(786,264)	433,194
	<u>(786,264)</u>	<u>433,194</u>

### 20. Related party balances

The balances with related parties are as follows:

#### 20.1 Directors' fees

The Directors' fees were as follows:

	01/01/2022- 31/12/2022	12/04/2021- 31/12/2021
	€	€
Directors' fees	24,000	12,250
	<u>24,000</u>	<u>12,250</u>

The Directors' fees for the year 2022 cover the whole financial year, whereas for 2021, cover the period from incorporation day until 31 December 2021.

## PHOENIX VEGA MEZZ PLC

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### NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

#### 20. Related party balances (continued)

##### 20.2 Shareholders' current accounts - credit balances (Note 18)

	31/12/2022	31/12/2021
	€	€
Shareholders' current accounts - credit balances	<u>885</u>	<u>-</u>
	<u>885</u>	<u>-</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

#### 21. Events after the reporting period

During February 2023 the Company received coupon payments of € 5,225,060.

**Independent auditor's report on pages 6 to 9**