

PHOENIX VEGA MEZZ PLC
REPORT AND FINANCIAL STATEMENTS
31 December 2023

PHOENIX VEGA MEZZ PLC

REPORT AND FINANCIAL STATEMENTS

31 December 2023

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PHOENIX VEGA MEZZ PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Nayia Morphi (Appointed on 01/07/2021)
Maria Demetriou (Appointed on 01/07/2021)
Zoe Christou Tziortzi (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 Amerikis,
105 64 Athens
Greece

Registration number

HE420422

PHOENIX VEGA MEZZ PLC

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 2023.

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.

On 12 July 2023 the Company reduced its share capital by €18,005,288 by reducing the nominal value of each share from €0.0356 to €0.0212 each. As a result, the nominal value of the shares was reduced to €26,507,785, as the amount of €18,005,288 was returned in cash to the shareholders.

PHOENIX VEGA MEZZ PLC

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:

- 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

The contractual documents of the securitizations stipulate that after 24 months from the entry into force of the HAPS, if at the date of payment of interest on the mezzanine Notes, the total net collections from the beginning of the portfolio servicing is falling short 15% or more from the budgeted net collections, as specified in the respective business plan, the payment of the total (100%) of the interest to the holders of the mezzanine Notes is postponed.

The deferred interest is payable on the first interest payment date of the mezzanine Notes at which, either the Senior Notes' principal has been repaid in full, or the balance between actual and budgeted net collections has been fully restored, subject to funds being available for the payment of the interest of the mezzanine Notes, otherwise on the following determined date for the payment of interest on the Mezzanine Notes.

In the aforementioned context, during Q4 2023, the interest to the holders of the mezzanine notes issued by Vega III NPL Finance DAC was postponed. The deferred interest payments will be restored once the respective conditions referred to in the previous paragraph are met.

Cumulatively within 2023, the Company received coupon payments of €20,015,443 (2022:€24,222,061) 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.

PHOENIX VEGA MEZZ PLC

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 established procedures with objective the minimizing of such losses and the maintenance of 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 €11,192,752 (2022: €4,836,568). On 31 December 2023 the total assets of the Company were €47,685,359 (2022: €54,492,378) and the net assets of the Company were €47,585,538 (2022: €54,398,069).

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.

On 12 July 2023, during the course of the Company's Annual General Meeting ("AGM") the shareholders approved the proposal of Board of Directors to reduce the nominal value of each ordinary share by €0.0144 from €0.0356 to €0.0212 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €26,507,785 divided in 1,250,367,229 ordinary shares of €0.0212 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2023 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.

Events after the reporting period

During February 2024 the Company received coupon payments of €4,453,458.

PHOENIX VEGA MEZZ PLC

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 AGM.

By order of the Board of Directors,



Omniserve Ltd
Secretary

Nicosia, 12 April 2024

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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 29 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 (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

Key Audit Matters (continued)

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

Description of key audit matter

How the matter was addressed in our audit

The carrying value of the Company's Investments Based on the risk assessment and following a risk-based approach, we at fair value through profit or loss ("FVTPL") as performed, among others, the following audit procedures:
31 December 2023 amounted to 26,528,091 which represents 55.06% of the total assets of the Company. The total investments in the financial external independent valuer, assets excluding those classified at amortised cost at the statement of financial position date, were 2. With the support of our internal valuation specialists we (i) assessed initially recognized at fair value of 32,669,332 at 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 January 2023.

The Company's management determines the fair value of its investments at FVTPL, with the same instrument considered by the external independent valuers, and (v) assistance of external independent valuers. checked the mathematical accuracy of the calculations made in the valuation workings.

The size of the said investments, the significance of estimates and judgments as well as the subjectivity 3. We assessed the completeness and accuracy of the related disclosures of the valuation process warrant specific audit in the notes to the financial statements in accordance with the relevant focus and therefore represents a key audit matter. accounting standards (IFRSs).

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

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.

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.

Independent Auditor's Report (continued)

To the Members of PHOENIX VEGA MEZZ PLC

Responsibilities of the Board of Directors of the Company and those charged with Governance for the Financial Statements (continued)

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 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.

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:

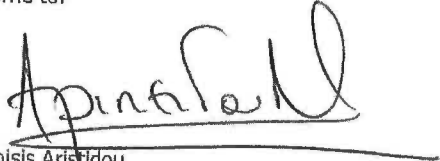
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, in the light of the knowledge and understanding of the Company and its environment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

Independent Auditor's Report (continued)

To the Members of PHOENIX VEGA MEZZ PLC

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 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.



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, 12 April 2024

PHOENIX VEGA MEZZ PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2023

| | | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|---|------|----------------------------|----------------------------|
| | Note | € | € |
| Interest income | 8 | 9,871,928 | 9,433,417 |
| Net gains/(losses) from financial assets at fair value through profit or loss | | 3,202,847 | (4,296,016) |
| Total revenue | | 13,074,775 | 5,137,401 |
| Overprovision of 2021 tax expense | | - | 398,904 |
| Impairment (losses)/releases on investments at amortised cost | | (691,756) | - |
| Administration and other expenses | 9 | (343,617) | (502,168) |
| Operating profit | | 12,039,402 | 5,034,137 |
| Finance income | | 282,112 | - |
| Finance costs | | (2,641) | (83,583) |
| Net finance income/(cost) | 10 | 279,471 | (83,583) |
| Profit before tax | | 12,318,873 | 4,950,554 |
| Tax | 11 | (1,126,121) | (113,986) |
| Net profit for the year | | 11,192,752 | 4,836,568 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 11,192,752 | 4,836,568 |
| Profit per share attributable to equity holders (cent) | 12 | 0.90 | 0.39 |

The notes on pages 14 to 29 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

STATEMENT OF FINANCIAL POSITION

31 December 2023

| | Note | 31/12/2023 € | 31/12/2022 € |
|---|------|-------------------|-------------------|
| Assets | | | |
| Non-current assets | | | |
| Investments at amortised cost | 13 | 6,394,996 | 7,886,187 |
| Financial assets at fair value through profit or loss | 14 | <u>26,528,091</u> | <u>32,669,332</u> |
| | | <u>32,923,087</u> | <u>40,555,519</u> |
| Current assets | | | |
| Receivables | | 33,768 | - |
| Refundable taxes | 18 | 364,646 | 786,264 |
| Cash and cash equivalents | 15 | <u>14,363,858</u> | <u>13,150,595</u> |
| | | <u>14,762,272</u> | <u>13,936,859</u> |
| Total assets | | <u>47,685,359</u> | <u>54,492,378</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 16 | 26,507,785 | 44,513,073 |
| Retained earnings | | <u>21,077,753</u> | <u>9,884,996</u> |
| Total equity | | <u>47,585,538</u> | <u>54,398,069</u> |
| Current liabilities | | | |
| Trade and other payables | 17 | <u>99,821</u> | <u>94,309</u> |
| Total liabilities | | <u>99,821</u> | <u>94,309</u> |
| Total equity and liabilities | | <u>47,685,359</u> | <u>54,492,378</u> |

On 12 April 2024 the Board of Directors of Phoenix Vega Mezz Plc authorised these financial statements for issue.



Zoe Christou Tziortzi
Director



Maria Demetriou
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

STATEMENT OF CHANGES IN EQUITY

31 December 2023

| | Note | Share capital € | Retained earnings € | Total € |
|---|------|--------------------|---------------------------|-------------------|
| Opening Balance as at 1 January 2022 | | 62,518,361 | 5,048,428 | 67,566,789 |
| Net profit for the year | | - | 4,836,568 | 4,836,568 |
| Reduction of share capital | | (18,005,288) | - | (18,005,288) |
| Balance as at 1 January 2023 | | 44,513,073 | 9,884,996 | 54,398,069 |
| Net profit for the year | | - | 11,192,752 | 11,192,752 |
| Reduction of share capital | | (18,005,288) | - | (18,005,288) |
| Balance as at 31 December 2023 | | 26,507,785 | 21,077,753 | 47,585,538 |

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 14 to 29 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

STATEMENT OF CASH FLOWS

31 December 2023

| | Note | 01/01/2023 - 31/12/2023 € | 01/01/2022 - 31/12/2022 € |
|---|-----------|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 12,318,873 | 4,950,554 |
| Adjustments for: | | | |
| Net gains/(losses) from financial assets at fair value through profit or loss | | (3,202,847) | 4,296,016 |
| Impairment charge - debt investments at amortised cost | 13 | 691,756 | - |
| Finance income | 10 | (282,112) | - |
| Interest expense | 10 | - | 80,876 |
| | | - | - |
| Interest income from financial assets at fair value through profit and loss | | (8,396,175) | (7,639,853) |
| Interest income from financial assets at amortised cost | | (1,475,753) | (1,793,564) |
| | | (346,258) | (105,971) |
| Changes in working capital: | | | |
| Increase in receivables | | 379,629 | - |
| (Decrease)/increase in trade and other payables | | 5,521 | (12,781) |
| Coupons received | | 20,015,453 | 24,222,061 |
| Cash generated from operations | | 20,054,345 | 24,103,309 |
| Tax paid | | (1,117,906) | (1,333,444) |
| Net cash generated from operating activities | | 18,936,439 | 22,769,865 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 282,112 | - |
| Net cash generated from investing activities | | 282,112 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Distributions from return of share capital | | (18,005,288) | (18,005,288) |
| Interest paid | | - | (80,876) |
| Net cash used in financing activities | | (18,005,288) | (18,086,164) |
| Net increase in cash and cash equivalents | | 1,213,263 | 4,683,701 |
| Cash and cash equivalents at beginning of the year | | 13,150,595 | 8,466,894 |
| Cash and cash equivalents at end of the year | 15 | 14,363,858 | 13,150,595 |

The notes on pages 14 to 29 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. Incorporation and principal activities

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 2023. 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.

Going concern basis

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Significant accounting policies (continued)

Revenue

- **Interest income**

Interest income from notes measured at fair value through profit or loss ("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 fair value through other comprehensive income ("FVOCI") or 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 13).

All other financial assets are classified as measured at FVTPL (refer to note 14).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Significant accounting policies (continued)

Financial assets (continued)

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 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 other gains/(losses) together with foreign exchange gains and losses. 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 classification 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 "Net Gains/(Losses) from 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Significant accounting policies (continued)

Financial assets (continued)

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

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 2023

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 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 2023

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:

| | 31/12/2023 | 31/12/2022 |
|----------------------|-------------------|-------------------|
| | € | € |
| Class (B2) Mezzanine | 32,923,087 | 40,555,519 |
| Cash at bank | 14,363,858 | 13,150,595 |
| | <u>47,286,945</u> | <u>53,706,114</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, contractual cash flows of debt investments carried at FVTPL.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 . 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 2023 and 31 December 2022:

| Company internal credit rating | External credit rating | 31/12/2023 | 31/12/2022 |
|--------------------------------|------------------------|--------------------------|--------------------------|
| | | € | € |
| Performing | BBB-B | <u>14,363,858</u> | <u>13,150,595</u> |
| Total | | <u>14,363,858</u> | <u>13,150,595</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.

(iii) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired and contract assets:

| Impairment losses | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|---|----------------------------|----------------------------|
| | € | € |
| Impairment charge - debt investments at amortised cost | <u>(691,756)</u> | <u>-</u> |
| Net impairment loss on financial and contract assets | <u>(691,756)</u> | <u>-</u> |

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. Financial risk management (continued)

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 and by having available an adequate amount of committed credit facilities.

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.

31 December 2023

| | Carrying amounts € | Contractual cash flows € | 1-2 years € |
|------------------------------|--------------------------|--------------------------------|----------------|
| Trade and other payables | 46,123 | 46,123 | 46,123 |
| Shareholders' credit balance | 2,035 | 2,035 | 2,035 |
| VAT | 1,167 | 1,167 | 1,167 |
| Accruals | 50,500 | 50,500 | 50,500 |
| | 99,825 | 99,825 | 99,825 |

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 |
| | 94,309 | 94,309 | 94,309 |

6.4 Capital risk management

Capital includes equity shares, loan from parent company 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 2023.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. Financial risk management (continued)

Fair value estimation

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

| | Carrying amounts | | Fair values | |
|-----------------------------------|-------------------|------------|-------------------|------------|
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| | € | € | € | € |
| Financial assets | | | | |
| Cash and cash equivalents | 14,363,858 | 13,150,595 | 14,363,858 | 13,150,595 |
| Fair value through profit or loss | 26,528,091 | 32,669,332 | 26,528,091 | 32,669,332 |
| Amortised cost | 6,394,996 | 7,886,187 | 6,542,313 | 7,833,882 |
| Financial liabilities | | | | |
| Trade payables | (99,825) | (93,666) | (99,825) | (93,666) |
| | 47,187,120 | 53,612,448 | 47,334,437 | 53,560,143 |

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

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 2023 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------|---------|-------------------|-------------------|
| | € | € | € | € |
| Financial assets | | | | |
| Mezzanine notes (Class B2) | - | - | 26,528,091 | 26,528,091 |
| Total | - | - | 26,528,091 | 26,528,091 |

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

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.

- **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.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. Interest income

Interest income is analysed as follows:

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|--|----------------------------|----------------------------|
| | € | € |
| Interest Income from financial assets at amortised cost | 1,475,753 | 1,793,564 |
| Interest Income from financial assets at fair value through profit or loss | 8,396,175 | 7,639,853 |
| Total interest income | 9,871,928 | 9,433,417 |

Interest income is recognised using the effective interest rate method.

9. Administration and other expenses

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|-------------------------|----------------------------|----------------------------|
| | € | € |
| Annual levy | 350 | 350 |
| Insurance | 31,502 | 32,502 |
| Audit fees | 30,000 | 30,000 |
| Accounting fees | 18,704 | 18,704 |
| Legal fees | 20,900 | 39,865 |
| Directors' fees | 24,000 | 24,000 |
| Other professional fees | 171,549 | 281,178 |
| Unrecoverable VAT | 46,612 | 75,569 |
| | 343,617 | 502,168 |

10. Finance income/(costs)

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|----------------------------------|----------------------------|----------------------------|
| | € | € |
| Interest income | 282,112 | - |
| Finance income | 282,112 | - |
| Interest expense | - | (80,876) |
| Bank charges | (2,641) | (2,707) |
| Finance costs | (2,641) | (83,583) |
| Net finance income/(cost) | 279,471 | (83,583) |

Interest income is generated by Company's deposits accounts.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. Tax

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|--------------------------------|----------------------------|----------------------------|
| | € | € |
| Corporation tax - current year | 738,123 | 113,736 |
| Corporation tax - prior years | 371,998 | - |
| Overseas tax | 16,000 | - |
| Other taxes | - | 250 |
| Charge for the year | 1,126,121 | 113,986 |

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

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|---|----------------------------|----------------------------|
| | € | € |
| Profit before tax | 12,318,873 | 4,950,554 |
| Tax calculated at the applicable tax rates | 1,539,859 | 618,819 |
| Tax effect of expenses not deductible for tax purposes | - | 44 |
| Tax effect of allowances and income not subject to tax | (801,736) | (505,127) |
| Other Taxes | - | 250 |
| Prior year | 371,998 | - |
| Overseas tax in excess of credit claim used during the year | 16,000 | - |
| Tax charge | 1,126,121 | 113,986 |

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%.

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

12. Profit per share attributable to equity holders

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|---|----------------------------|----------------------------|
| Profit attributable to shareholders (€) | 11,192,752 | 4,836,568 |
| Weighted average number of ordinary shares in issue during the year | 1,250,367,229 | 1,250,367,229 |
| Profit per share attributable to equity holders (cent) | 0.90 | 0.39 |

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. Financial assets at amortised cost

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| | € | € |
| Balance as at 1 January | 7,886,187 | 9,138,296 |
| Interest income | 1,475,753 | 1,793,564 |
| Coupons received | (2,275,188) | (3,045,673) |
| Impairment losses | (691,756) | - |
| Balance as at 31 December | 6,394,996 | 7,886,187 |

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.

During Q4 2023, the interest to the holders of the mezzanine notes issued by Vega III NPL Finance DAC was postponed.

As at 31 December 2023, an ECL charge of € 691,756 recognized on Vega III financial asset.

14. Financial assets at fair value through profit or loss

| | 2023 | 2022 |
|----------------------------------|-------------------|-------------------|
| | € | € |
| Balance as at 1 January | 32,669,332 | 50,501,883 |
| Coupons received | (17,740,254) | (21,176,388) |
| Interest income | 8,396,175 | 7,639,853 |
| Fair value change | 3,202,847 | (4,296,016) |
| Balance as at 31 December | 26,528,091 | 32,669,332 |

Note 13 commentary also applies for the financial assets recognized at fair value through profit or loss.

15. Cash and cash equivalents

Cash balances are analysed as follows:

| | 31/12/2023 | 31/12/2022 |
|--------------|-------------------|-------------------|
| | € | € |
| Cash at bank | 14,363,858 | 13,150,595 |
| | 14,363,858 | 13,150,595 |

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.

PHOENIX VEGA MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

16. Share capital

| | 2023 Number of shares | 2023 € | 2022 Number of shares | 2022 € |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
| Authorised | | | | |
| Ordinary shares | 1,250,367,229 | 44,513,073 | 1,250,367,229 | 62,518,361 |
| Reduction of nominal value per share of Share Capital | - | (18,005,288) | - | (18,005,288) |
| | <u>1,250,367,229</u> | <u>26,507,785</u> | <u>1,250,367,229</u> | <u>44,513,073</u> |
| Issued and fully paid | | | | |
| Balance as at 1 January | 1,250,367,229 | 44,513,073 | 1,250,367,229 | 62,518,361 |
| Reduction of nominal value per share of Share Capital | - | (18,005,288) | - | (18,005,288) |
| Balance as at 31 December | <u>1,250,367,229</u> | <u>26,507,785</u> | <u>1,250,367,229</u> | <u>44,513,073</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 €44,513,073.4 divided in 1,250,367,229 ordinary shares of €0.0356 each at nominal value.

On 12 July 2023, 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 €0.0356 to €0.0212 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €26,507,785 divided in 1,250,367,229 ordinary shares of €0.0212 each.

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.

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.

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31 December 2023

16. Share capital (continued)

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.

On 12 July 2023, 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 €0.0356 to €0.0212 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €26,507,785 divided in 1,250,367,229 ordinary shares of €0.0212 each.

17. Trade and other payables

| | 31/12/2023 | 31/12/2022 |
|--|---------------|---------------|
| | € | € |
| VAT | 1,167 | 12,792 |
| Shareholders' current accounts - credit balances (Note 19.2) | 2,035 | 885 |
| Accruals | 50,496 | 44,598 |
| Other creditors | 46,123 | 36,034 |
| | <u>99,821</u> | <u>94,309</u> |

18. Refundable taxes/current tax liabilities

| | 31/12/2023 | 31/12/2022 |
|----------------------------------|------------------|------------------|
| | € | € |
| Corporation tax | (338,143) | (786,264) |
| Special contribution for defence | (26,503) | - |
| | <u>(364,646)</u> | <u>(786,264)</u> |

19. Related party transactions

The balances with related parties are as follows:

19.1 Directors fees

The Directors's fees were as follows:

| | 01/01/2023 - 31/12/2023 | 01/01/2022 - 31/12/2022 |
|------------------|----------------------------|----------------------------|
| | € | € |
| Directors's fees | 24,000 | 24,000 |
| | <u>24,000</u> | <u>24,000</u> |

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NOTES TO THE FINANCIAL STATEMENTS

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19. Related party transactions (continued)

19.2 Shareholders' current accounts - credit balances (Note 17)

| | 31/12/2023 | 31/12/2022 |
|--|--------------|------------|
| | € | € |
| Shareholders' current accounts - credit balances | <u>2,035</u> | <u>885</u> |
| | <u>2,035</u> | <u>885</u> |

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

20. Events after the reporting period

During February 2024 the Company received coupon payments of € 4,453,458.

Independent auditor's report on pages 6 to 9