

PHOENIX VEGA MEZZ PLC

**INTERIM REPORT AND CONDENCED FINANCIAL
STATEMENTS**

for the period 1 January 2023 to 30 June 2023

PHOENIX VEGA MEZZ PLC

INTERIM REPORT AND CONDENCED FINANCIAL STATEMENTS for the period 1 January 2023 to 30 June 2023

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PHOENIX VEGA MEZZ PLC

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

Legal Advisers:

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

Registered office:

33 Vasilissis Freiderikis
Plais 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

INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023

The Board of Directors presents its management report and financial statements of Phoenix Vega Mezz PLC (the "Company") for the period 1 January 2023 to 30 June 2023.

Incorporation 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 activities 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

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

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

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

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

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INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1 JANUARY 2023 TO 30 JUNE 2023

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 the period ended 30 June 2023 the pre-acceleration order of priority applies.

For the period from 1 January 2023 to 30 June 2023, the Company has received coupon payments of €10,295,831 in relation to the Notes it holds (30 June 2022: €13,737,029).

Events after the reporting period

On 12 July 2023, during the Company's Annual General Meeting "AGM", the shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by €18,005,288.10, by reducing the nominal value of the entire shares from €0.0356 each to €0.0212 each. The capital reduction is expected to be completed in the fourth quarter of the financial year 2023.

Related party transactions

Disclosed in note 15 of the financial statements.

By order of the Board of Directors,

Omniserve Ltd
Secretary

29 September 2023

PHOENIX VEGA MEZZ PLC

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period 1 January 2023 to 30 June 2023

	Note	01/01/2023- 30/06/2023 €	01/01/2022- 30/06/2022 €
Interest income	4	<u>4,991,627</u>	4,573,084
Total net income		4,991,627	4,573,084
Fair value changes of financial assets at fair value through profit or loss	10	2,014,720	(3,136,938)
Administration and other expenses	5	<u>(186,983)</u>	(214,995)
Operating profit		6,819,364	1,221,151
Finance costs	6	<u>(1,112)</u>	(1,009)
Profit before tax		6,818,252	1,220,142
Tax		<u>(336,281)</u>	(390,000)
Net profit for the period		6,481,971	830,142
Other comprehensive income		<u>-</u>	-
Total comprehensive income for the period		6,481,971	830,142
Profit per share attributable to equity holders (cent)	7	0.52	0.07

The notes on pages 8 to 13 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

INTERIM STATEMENT OF FINANCIAL POSITION

30 June 2023

	Note	30/06/2023 €	31/12/2022 €
ASSETS			
Non-current assets			
Investments at amortized cost	8	7,137,554	7,886,187
Financial assets at fair value through profit or loss	10	30,114,213	32,669,332
		37,251,767	40,555,519
Current assets			
Refundable taxes	9	786,264	786,264
Cash and cash equivalents	11	23,252,576	13,150,595
		24,038,840	13,936,859
Total assets		61,290,607	54,492,378
EQUITY AND LIABILITIES			
Equity			
Share capital	12	44,513,073	44,513,073
Retained earnings		16,366,967	9,884,996
Total equity		60,880,040	54,398,069
Current liabilities			
Trade and other payables	13	78,567	94,309
Current tax liabilities	14	332,000	-
Total liabilities		410,567	94,309
Total equity and liabilities		61,290,607	54,492,378

The notes on pages 8 to 13 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

INTERIM STATEMENT OF CHANGES IN EQUITY for the period 1 January 2023 to 30 June 2023

	Note	Share capital €	Retained earnings €	Total €
Opening balance as at 1 January 2022		<u>62,518,361</u>	<u>5,048,428</u>	<u>67,566,789</u>
Net profit for the period		-	<u>830,142</u>	<u>830,142</u>
Total comprehensive income for the period		-	<u>830,142</u>	<u>830,142</u>
Balance as at 30 June 2022	12	<u>62,518,361</u>	<u>5,878,570</u>	<u>68,396,931</u>
Opening balance as at 1 January 2023		<u>44,513,073</u>	<u>9,884,996</u>	<u>54,398,069</u>
Net profit for the period		-	<u>6,481,971</u>	<u>6,481,971</u>
Total comprehensive income for the period		-	<u>6,481,971</u>	<u>6,481,971</u>
Balance as at 30 June 2023	12	<u>44,513,073</u>	<u>16,366,967</u>	<u>60,880,040</u>

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 8 to 13 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

INTERIM CASH FLOW STATEMENT for the period 1 January 2023 to 30 June 2023

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,818,252	1,220,142
Adjustments for:		
Fair value change on financial assets at fair value through profit or loss	(2,014,720)	3,136,938
Interest income from financial assets at amortized cost	4 (768,159)	(926,848)
Interest income from financial assets at fair value through profit or loss	4 (4,209,199)	(3,646,236)
Interest income	4 (14,628)	-
	(188,454)	(216,004)
Changes in operating assets and liabilities		
Decrease in trade and other payables	(15,743)	(7,816)
Coupons received	10,295,831	13,737,029
Cash generated from operations before income tax payments	10,091,634	13,513,209
Interest received	14,628	-
Tax paid	(4,281)	-
Net cash generated from operating activities	10,101,981	13,513,209
CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase in cash and cash equivalents	10,101,981	13,513,209
Cash and cash equivalents at beginning of the period	13,150,595	8,466,894
Cash and cash equivalents at end of the period	11 23,252,576	21,980,103

The notes on pages 8 to 13 form an integral part of these financial statements.

PHOENIX VEGA MEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the period 1 January 2023 to 30 June 2023

1. Basis of preparation

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), 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.

As of the date of the authorisation of these financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2023 have been adopted by the EU through the endorsement procedure established by the European Commission.

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 reported period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. Significant accounting policies

The interim financial statements, which are presented in Euro, have been prepared in accordance with International Financial Reporting Standards, including IAS 34 "Interim Financial Reporting".

The accounting policies used in the preparation of the interim financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2022.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

Corporation tax for the period is calculated based on the expected tax rates for the whole financial year.

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

These interim financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2022.

3. Fair value estimation

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

	Carrying amounts		Fair values	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	€	€	€	€
Financial assets				
Cash and cash equivalents	23,252,576	13,150,595	23,252,576	13,150,595
Fair value through profit or loss	30,114,213	32,669,332	30,114,212	32,669,332
Investments at amortised cost	7,137,554	7,886,187	7,118,815	7,833,882
	60,504,343	53,706,114	60,485,603	53,653,809

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company considered two widely used valuation methods to calculate the Fair Value of the Notes: (i) income approach (Discounted Cash Flow method) and (ii) Market approach (Comparable transactions method). However, only the outcome of the income approach was used in the valuation of the Notes by the independent valuer.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the period 1 January 2023 to 30 June 2023

3. Fair value estimation (continued)

Fair value estimation (continued)

Fair value measurements recognised in interim 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).

30 June 2023	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Mezzanine notes (Class B2)	-	-	30,114,213	30,114,213
Total	-	-	30,114,213	30,114,213

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

4. Interest income

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Interest income from financial assets at fair value through profit or loss	4,209,199	3,646,236
Interest income from financial assets at amortized cost	768,160	926,848
Interest income from bank deposits	14,268	-
	4,991,627	4,573,084

5. Administration and other expenses

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Rent	3,070	3,070
Annual levy	350	350
Auditors' remuneration	35,700	35,700
Accounting fees	19,500	12,504
Legal fees	10,500	14,250
Directors' fees	12,000	12,250
Other professional fees	105,863	136,871
	186,983	214,995

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NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2023 to 30 June 2023

6. Finance costs

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Bank charges	<u>1,112</u>	1,009
Finance costs	<u>1,112</u>	<u>1,009</u>

7. Profit per share attributable to equity holders

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
Profit attributable to shareholders (€)	<u>6,481,971</u>	<u>830,142</u>
Weighted average number of ordinary shares in issue during the period	<u>1,250,367,229</u>	<u>1,250,367,229</u>
Profit per share attributable to equity holders (cent)	<u>0.52</u>	<u>0.07</u>

8. Financial assets measured at amortized cost

	30/06/2023	31/12/2022
	€	€
Balance as at 1 January 2023/ 1 January 2022	7,886,187	9,138,296
Interest income	768,160	1,793,564
Coupons received	<u>(1,516,793)</u>	<u>(3,045,673)</u>
Balance as at 30 June 2023 /31 December 2022	<u>7,137,554</u>	<u>7,886,187</u>

9. Refundable taxes

	30/06/2023	30/06/2022
	€	€
Corporation tax	<u>786,264</u>	786,264
	<u>786,264</u>	<u>786,264</u>

10. Financial assets at fair value through profit or loss

	30/06/2023	31/12/2022
	€	€
Balance as at 1 January 2023 / 1 January 2022	32,669,332	50,501,883
Interest income	4,209,199	7,639,853
Change in fair value	2,014,720	(4,296,016)
Coupons received	<u>(8,779,038)</u>	<u>(21,176,388)</u>
Balance as at 30 June 2023 /31 December 2022	<u>30,114,213</u>	<u>32,669,332</u>

PHOENIX VEGA MEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2023 to 30 June 2023

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

	30/06/2023	31/12/2022
	€	€
Financial assets at fair value through profit or loss		
Mezzanine notes (Class B2)	<u>30,114,213</u>	32,669,332
	<u>30,114,213</u>	<u>32,669,332</u>

11. Cash and cash equivalents

Cash balances are analysed as follows:

	30/06/2023	31/12/2022
	€	€
Cash at bank	<u>23,252,576</u>	13,150,595
	<u>23,252,576</u>	<u>13,150,595</u>

12. Share capital

	30/06/2023	30/06/2023	31/12/2022	31/12/2022
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares €0.0356 each	1,250,367,229	44,513,073	1,250,367,229	62,518,361
Reduction of nominal value of share capital	-	-	-	(18,005,288)
	<u>1,250,367,229</u>	<u>44,513,073</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 of share capital	-	-	-	(18,005,288)
Balance as at 30 June 2023/ 31 December 2022	<u>1,250,367,229</u>	<u>44,513,073</u>	<u>1,250,367,229</u>	<u>44,513,073</u>

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 divided in 1,250,367,229 ordinary shares of €0.0356 each at nominal value.

13. Trade and other payables

	30/06/2023	31/12/2022
	€	€
VAT	-	12,792
Payables to shareholders (Note 15.2)	885	885
Accruals	44,599	44,599
Trade creditors	<u>33,082</u>	<u>36,033</u>
	<u>78,566</u>	<u>94,309</u>

PHOENIX VEGA MEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2023 to 30 June 2023

14. Current tax liabilities

	30/06/2023	31/12/2022
	€	€
Corporation tax	332,000	-
	332,000	-

15. Related party transactions

The following transactions were carried out with related parties:

15.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	01/01/2023- 30/06/2023	01/01/2022- 30/06/2022
	€	€
Directors' fees	12,000	12,250
	12,000	12,250

15.2 Shareholders' current accounts - credit balances (Note 13)

	30/06/2023	31/12/2022
	€	€
Shareholders' current accounts - credit balances	885	885
	885	885

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2023 to 30 June 2023

16. Events after the reporting period

During August 2023, the Company received coupon payments of €5,261,281.

On 12 July 2023, during the Company's AGM, the shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by €18,005,288.10, by reducing the nominal value of the entire shares from €0.0356 each to €0.0212 each. The capital reduction is expected to be completed in the fourth quarter of the financial year 2023.

There were no other material events after the reporting period, which have a bearing on the understanding of the interim financial statements.

Disclaimer

These interim unaudited financial statements are solely for informational purposes, are not an offer to sell or a solicitation of an offer to buy or provide a basis for evaluations, and do not constitute investment, legal, accounting, regulatory, taxation, or other advice. No representation, warranty, or undertaking is being made and no reliance may be placed for any purpose whatsoever on the information contained in these interim unaudited financial statements in making any investment decision. Users are solely responsible for forming their own opinions and conclusions on such matters and for making their own independent assessments of the Company. Users are solely responsible for seeking independent professional advice in relation to the Company and they should consult with their own advisers as to the legal, tax, business, financial and related aspects and/or consequences of any investment decision. No responsibility or liability is accepted by any person for any of the information or for any action taken by the users or any of their officers, employees, agents, or associates based on such information. The Company, its financial and other advisors, and their respective directors, officers, and representatives expressly disclaim any and all liability that may arise from these interim unaudited financial statements and any errors contained herein and/or omissions and accept no liability for any loss howsoever arising, directly or indirectly, from any use of the information in these interim unaudited financial statements.