PHOENIX VEGA MEZZ PLC

REPORT AND FINANCIAL STATEMENTS
Period from 12 April 2021 to 31 December 2021

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CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Maria Demetriou (appointed on 01/07/2021) Nayia Morphi (appointed on 01/07/2021) Zoe Christou Tziortzi (appointed on 01/07/2021)
Company Secretary:	Omniserve Ltd The City House 17-19 Themistokli Dervi street 1066 Nicosia Cyprus
Independent Auditors:	Deloitte Ltd Certified Public Accountants and Registered Auditors 213 Archiepiskopou Makarou III Maximos Plaza - Block 1 3rd Floor 3030 Limassol Cyprus
Legal Advisers:	Ioannides Demetriou LLC The City House 17-19 Themistokli Dervi street 1066 Nicosia Cyprus
Registered office:	33 Vasilissis Freiderikis Palais D'Ivoire,Floor 2 1066, Nicosia Cyprus
Bankers:	Astrobank Limited Spyrou Kyprianou Avenue 1 1065, Nicosia Cyprus

PHOENIX VEGA MEZZ PLC

MANAGEMENT REPORT

The Board of Directors presents its first management report and audited financial statements of the Company for the period from 12 April 2021 to 31 December 2021.

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 activities and nature of operations of the Company
The principal activity of the Company is the holding and management of the following notes:

- 65% of the Class B2 mezzanine notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P639
- 65% of the Class B2 mezzanine notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM635
- 65% of the Class B2 mezzanine notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSF42
- 65% of the Class B2 mezzanine notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSL02
- 45% of the Class C2 junior notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P852
- 45% of the Class C2 junior notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM858
- 45% of the Class C2 junior notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSH65
- 45% 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 due to the sale of the receivables from the portfolio, each user issued notes to Piraeus Financial Holdings. Specifically, Vega I NPL Finance DAC, Vega II NPL Finance DAC, Vega III NPL Finance DAC and Phoenix NPL Finance DAC issued asset backed fixed rate and asset backed variable return notes. The loans issued were senior (Class A), mezzanine (Class B) and junior notes (Class C).

Subsequently, on 30 December 2020, Piraeus Financial Holdings, underwent a demerger and its banking activity sector was hived down to a new company licensed as a credit institution. Following the demerger, 65% of the mezzanine notes and 45% of the junior notes were retained by the demerged entity, which ceased to be a credit institution. 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 distrubuted to the shareholders of Piraeus Financial Holdings following a reduction in the share capital of Piraeus Financial Holdings.

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

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 repayments regarding the mezzanine and junior notes are the last ones in the order of priority. The Waterfall is as follows:

MANAGEMENT REPORT

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

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

The acceleration order of priority applies at redemption events or on final maturity date. For 2021, the pre-acceleration order of priority applies.

Until 31 December 2021, the Company has received coupon payments of €9,252,402 in relation to the notes it holds.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 7 and 8 of the financial statements.

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

Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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, financial assets measured at amortised cost and financial assets measured at fair value through profit or loss (FVTPL) and deposits with banks and financial institutions.

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

MANAGEMENT REPORT

The Company's investments in debt instruments are considered to be medium to high risk investments. The credit risks of the investments are monitored for credit deterioration.

Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

Results and Dividends
The Company's results for the period are set out on page 11. The Board of Directors, following consideration of the availability of profits for distribution, does not recommend the payment of a dividend and the net profit for the period is retained.

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

On 28 April 2021, the Company increased its authorized 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.

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 21 May 2021, the Company increased its issued capital to 26,431,868 ordinary shares of €1 each at nominal value.

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/ bonds at a fair value of €62,516,361 based on the valuation of independent valuers.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2021 and at the date of this report are presented on page 1. Omnium Corporate and Trustees Services Limited, which was appointed as Director upon incorporation, resigned on 1 July 2021. Mrs Nayia Morphi was appointed on 1 July 2021 as executive member of the Board of Directors. Mrs Maria Demetriou and Mrs Zoe Christou Tziortzi were appointed on 1 July 2021 as non-executive members of the Board of Directors.

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

Company Secretary

Omniserve Limited was appointed as Secretary of the Company upon incorporation.

Registered Office

The Company's registered office upon incorporated was at Themistokli Dervi 17-19, The City House, floor 2, 1066, Nicosia, Cyprus. On 1 July 2021 the registered office changed to Vasilissis Freiderikis 33, Palais D' Ivoire House, 2nd floor, 1066 Nicosia, Cyprus.

MANAGEMENT REPORT

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

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.

Related party balances
Disclosed in note 20 of the financial statements.

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

By order of the Board of Directors,

OMNISERVE LTD

Omniserve Ltd
Secretary

Nicosia, 3 May 2022

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We invest in people Platinum

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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 accompanying financial statements of Phoenix Vega Mezz PLC (the "Company") which are presented in pages 11 to 34 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 12 April 2021 to 31 December 2021, 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 financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the period from 12 April 2021 to 31 December 2021 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 remained independent of the Company throughout the period of our appointment 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.

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Offices: Nicosia, Limassol

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INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF PHOENIX VEGA MEZZ PLC

Report on the Audit of the Financial Statements (continued)

Description of key audit matters	How the matters were addressed in our audit
Investments in financial assets – classification	
The carrying value of the Company's investments in financial assets as at 31 December 2021 amounted to €59.640.179 which represents 88% of the total assets of the Company. Based on the requirements the IFRS 9 "Financial Instruments" and the objectives of the Company's business model for holding its financial assets, the Company's management classified part of its financial assets at fair value through profit or loss (€50.501.883) and part at amortised cost (€9.138.296). We have considered the classification of the above noted financial assets to be a key audit matter due to the complexity of the instruments and the judgement involved in the application of the relevant financial reporting standards. Refer to notes 5, 7.3, 7.6, 8, 14 and 15 of the financial statements for the accounting policies of the Company, the critical accounting estimates and judgements used in the classification of the financial assets and further details in relation to the said investments.	Based on our risk assessment and following a risk-based approach, we performed, among others, the following audit procedures: • We obtained understanding of the internal controls relevant to the selection of appropriate accounting policies, and more specifically for the classification of financial assets. • With the support of our internal IFRS specialists, we assessed whether the accounting policies selected by management in relation to the classification of the financial assets are appropriate and in accordance with the requirements of IFRS 9 "Financial Instruments". • We obtained supporting evidence for the objectives of the Company's business model and we evaluated whether the business model for holding its financial assets followed by management is consistent with the classification of the financial assets. • We have traced the contractual terms used by management in their assessment for the classification of the financial assets to the relevant legal documents. • We assessed the completeness and accuracy of the related disclosures in the notes to the financial statements in accordance with the relevant accounting standards (IFRSs). The above audit procedures were completed in a satisfactory manner

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF PHOENIX VEGA MEZZ PLC

Report on the Audit of the Financial Statements (continued)

Investments at fair value through profit or loss – fair value estimation

The carrying value of the Company's investments at fair value through profit or loss ("FVTPL") as at 31 December 2021 amounted to €50.501.883 which represents 85% of the total financial assets of the Company. The total investments in financial assets including those classified at amortised cost at the balance sheet date, were initially recognized at the fair value of €62.516.361 during May 2021.

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

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

Refer to notes 5, 7.6, 8 and 15 of the financial statements for the accounting policies of the Company, the critical accounting estimates and judgements used in the determination of the fair value and further details in relation to the said investments.

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

- We obtained understanding of key controls over processes and procedures to determine the fair value.
- We reviewed the valuation reports prepared by the external independent valuers appointed by management on which the valuation in the financial statements is based.
- We evaluated the independence, objectivity and competence of the external independent valuer.
- With the support of our internal valuation specialists, we (i) assessed the relevance and appropriateness of the valuation methodologies applied, (ii) challenged the appropriateness of the key assumptions used including discount rates and expected future cash flows, (iii) evaluated the appropriateness of the other market transactions concerning the same instrument considered by the external independent valuers, and (v) checked the mathematical accuracy of the calculations made in the valuation workings.
- We assessed the completeness and accuracy of the related disclosures in the notes to the financial statements in accordance with the relevant accounting standards (IFRSs).

The above audit procedures were completed in a satisfactory manner.

Reporting on other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF PHOENIX VEGA MEZZ PLC

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Board of Directors of the Company and those charged with governance for the Financial Statements

The Board of Directors of the Company is responsible for the preparation of financial statements of the Company 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 of the Company 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 of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company.

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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

TO THE MEMBERS OF PHOENIX VEGA MEZZ PLC

Report on the Audit of the Financial Statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

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.

The engagement partner on the audit resulting in this independent auditor's report is Demetris Papapericleous.

....
Demetris Papapericleous
Certified Public Accountant and Registered Auditor
For and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol
3 May 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 12 April 2021 to 31 December 2021

	Note	12/04/2021-31/12/2021 €
Interest income	9	5,289,424
Fair value changes of financial assets at fair value through profit or loss	15	1,086,796
		6,376,220
Administration expenses	10	(364,271)
Operating profit		6,011,949
Net finance costs	11	(16,327)
Profit before tax		5,995,622
Tax	12	(947,194)
Net profit for the period		5,048,428
Other comprehensive income		-
Total comprehensive income for the period		5,048,428
Profit per share attributable to equity holders of the Company(cent)	**13**	**0.47**

The notes on pages 15 to 34 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2021

	Note	2021 €
ASSETS		
Non-current assets		
Financial assets measured at amortised cost	14	9,138,296
Financial assets measured at fair value through profit and loss	15	50,501,883
		59,640,179
Current assets		
Cash at bank	16	8,466,894
		8,466,894
Total assets		68,107,073
EQUITY AND LIABILITIES		
Equity		
Share capital	17	62,518,361
Retained earnings		5,048,428
Total equity		67,566,789
Current liabilities		
Trade and other payables	18	107,090
Current tax liabilities	19	433,194
		540,284
Total liabilities		540,284
Total equity and liabilities		68,107,073

On 3 May 2022 the Board of Directors of Phoenix Vega Mezz Plc authorised these financial statements for issue.

Maria Demetriou
Director

Zoe Christou Tziortzi
Director

STATEMENT OF CHANGES IN EQUITY

Period from 12 April 2021 to 31 December 2021

	Note	Share capital €	Retained earnings €	Total €
Comprehensive income				
Net profit for the period		-	5,048,428	5,048,428
Total comprehensive income for the period		-	5,048,428	5,048,428
Transactions with owners				
Issue of share capital	17	62,518,361	-	62,518,361
Total transactions with owners		62,518,361	-	62,518,361
Balance at 31 December 2021		**62,518,361**	**5,048,428**	**67,566,789**

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, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65% (2019: 1.70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

CASH FLOW STATEMENT
Period from 12 April 2021 to 31 December 2021

	Note	12/04/2021-31/12/2021 €
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		5,995,622
Adjustments for:		
Fair value change on financial assets at fair value through profit or loss	15	(1,086,796)
Interest income from financial assets at fair value	9	(4,118,792)
Interest expense	11	14,243
Interest income from financial assets at amortised cost	9	(1,170,632)
		(366,355)
Changes in operating assets and liabilities:		
Increase in trade and other payables		107,090
Coupons received		9,252,402
Cash generated from operations before income tax payments		8,993,137
Tax paid		(514,000)
Net cash inflows from operating activities		8,479,137
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		2,000
Interest paid		(14,243)
Net cash used in financing activities		(12,243)
Net increase in cash and cash equivalents		8,466,894
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	16	8,466,894

The notes on pages 15 to 34 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

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

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

Principal activities

The principal activity of the Company is the holding and management of the following notes:

- 65% of the Class B2 mezzanine notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P639
- 65% of the Class B2 mezzanine notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM635
- 65% of the Class B2 mezzanine notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSF42
- 65% of the Class B2 mezzanine notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSL02
- 45% of the Class C2 junior notes issued by Phoenix NPL Finance DAC with ISIN IE00BLF7P852
- 45% of the Class C2 junior notes issued by Vega I NPL Finance DAC with ISIN IE00BMVHM858
- 45% of the Class C2 junior notes issued by Vega II NPL Finance DAC with ISIN IE00BMVHSH65
- 45% of the Class C2 junior notes issued by Vega III NPL Finance DAC with ISIN IE00BMVHSN26

Operating Environment of the Company

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the period.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected.

On March 2020, the Council of Ministers in Cyprus and Greece, announced that they considered that they were entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus and Greece since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus and Greece within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the period. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the period taking into consideration the epidemic status in the country.

In parallel, governments, including the Republic of Cyprus and Greece, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies in Cyprus and Greece, but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus and Greek economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs. The Company is indirectly affected by the aforementioned non-adjusting event (see note 21) because it could potentially affect the performance of the underlying NPL portfolios that are linked with the mezzanine and junior notes held by the Company, their fair value estimation (refer also to note 7.6) and their recoverability (refer to note 7.3 for the exposure to credit risk).

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of the 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 period 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 12 April 2021.

5. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Going concern basis

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

Revenue

Identification of performance obligations

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

5. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

  Interest income from asset-backed notes measured at FVTPL and amortised cost is recognized on a time-proportion basis using the effective interest method. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Interest income is classified under "Interest income" line in the statement of profit or loss and 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

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Financial assets

Financial assets - Classification

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

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

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

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 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 are classified at amortised cost and are considered purchased or originated credit-impaired financial assets (refer to note 14). All other investments in financial assets are classified as measured, at FVTPL (refer to note 15).

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

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

Debt instruments

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'interest income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 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 and of asset-backed mezzanine notes issued by Vega III.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in profit or loss in the period in which it arises. Financial assets measured at FVTPL comprise of the investments in mezzanine and junior asset - backed notes (note 15), as they fail the SPPI test.

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments measured at amortised cost 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 assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL.

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 7, 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 7, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, 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.

5. Significant accounting policies (continued)

Financial assets (continued)

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.

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 cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost.

Classification as financial assets at amortised cost

Such financial assets are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are 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 assets.

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 applies for example 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.

5. Significant accounting policies (continued)

Financial assets (continued)

Trade payables

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

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.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

5. Significant accounting policies (continued)

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.

6. New accounting pronouncements

At the date of approval of these financial statements, the below standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates

The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

7. Financial risk management

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

7.1 Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss consist of non-traded mezzanine and junior asset - backed noted (bonds). The fair value of the bonds as at 31 December 2021 is based on valuation from independent fair value experts (note 7.6).

7.2 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of interest- bearing financial assets was as follows:

	2021
	€
Class B2 mezzanine asset-backed notes (note 14 and note 15)	59,640,178
Cash at bank	8,466,894
	68,107,072

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

7. Financial risk management (continued)

7.3 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 credit rating of ['C'].

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- financial assets at amortised cost
- cash and cash equivalents

Low credit risk

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

Financial assets at amortised cost

The Company assesses, on an individual basis, its exposure to credit risk arising from financial assets at amortised cost. This assessment takes into account, amongst others, history of defaults in the past, adjusted for forward looking information. All financial assets of the Company that are measured at amortised cost are purchased or originated credit-impaired and the expected credit losses are measured at an amount equals to lifetime ECL.

In determining the expected credit losses for these assets, Management of the Company have taken into account the historical cash collections and expectations about future cash inflows within their respective loss assessment time horizon. The management uses three scenarios, a base scenario (60%), an upside scenario (20%) and a downside scenario (20%).

Base scenario: cash flows based on Business Plan (BP)

Upside scenario: extended period for cash inflows

Downside scenario: 1 year delay in payments based on BP

The Company does not hold any collateral as security for any financial assets at amortised cost.

Cash and cash equivalents

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

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

Company internal credit rating	External credit rating	2021 €
Performing	BBB - B	8,466,894
Total		**8,466,894**

The Company has no guarantee as collateral for any of the cash at bank.

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

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

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

The Company is also exposed to credit risk in relation to debt investments (mezzanine notes) that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments €50,321,887 (note 15).

7.4 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

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 2021	Carrying amounts	Contractual cash flows	Less than 1 year
	€	€	€
VAT	14,911	14,911	14,911
Accruals	50,500	50,500	50,500
Other payables	41,679	41,679	41,679
Tax payable	433,194	433,194	433,194
	540,284	**540,284**	**540,284**

7.5 Capital risk management
Capital includes ordinary shares.

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 did not have any borrowings as at 31 December 2021.

7. Financial risk management (continued)

7.6 Fair value estimation

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

	Carrying amounts 2021 €	Fair values 2021 €
Financial assets measured at fair value		
Mezzanine notes (Class B2) (note 15)	**50,321,887**	**50,321,887**
Junior notes (Class C2) (note 15)	**179,996**	**179,996**
Financial assets not measured at fair value		
Cash and cash equivalents	**8,466,894**	**8,466,894**
Mezzanine notes (Class B2) (note 14)	**9,138,296**	**9,215,110**
Financial liabilities not measured at fair value		
Trade and other payables	**(107,090)**	**(107,090)**
Tax payable	**(433,194)**	**(433,194)**
	67,566,789	**67,643,603**

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

7. Financial risk management (continued)

Valuation techniques and significant unobservable inputs

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

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mezzanine notes (Class B2)	Discounted Expected Cash Flow Method (DCF) and Comparable Transaction Method (CTM) with a weight of 50:50 to each valuation	-Discount rate for DCF method 16,5% -Approach weight DCF 50%, CTM 50% - Cash flow weights: (i) cash flows based on Business Plan (BP) (Scenario A): 100% (ii) 1 year delay in payments based on BP (Scenario B): 0% (iii) 2 years delay in payments based on BP (Scenario C): 0%	The estimated fair value would increase/ (decrease) if: - the discount rate was lower/ (higher) - the approach weights were higher/(lower) for DCF, ie (i) DCF 100%, CTM 0%, or (ii) DCF 0%, CTM 100% - the cash flow weights were higher/ (lower) for Scenario A or (higher)/ lower for Scenarios B and C
Junior notes (Class C2)	Discounted Expected Cash Flow Method (DCF) and Comparable Transaction Method (CTM) with a weight of 50:50 to each valuation	Approach weights: DCF 50%, CTM 50%	The estimated fair value would increase/ (decrease) if the approach weights were lower/ (higher) for DCF, i.e. (i) DCF 100%, CTM 0%, or (ii) DCF 0%, CTM 100%

Fair value measurements recognised in statement of financial position

The table below analyzes 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 2021	Level 1 €	Level 2	Level 3 €	Total
Financial assets				
Mezzanine notes (Class B2) (note 15)	-	-	50,321,887	50,321,887
Junior notes (Class C2) (note15)	-	-	179,996	179,996
Total	**-**	**-**	**50,501,883**	**50,501,883**

7. Financial risk management (continued)

Sensitivity analysis for financial assets at amortised cost:

For the fair value of the mezzanine and junior notes measured at FVTPL, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Effect on profit or loss	
	Increase	Decrease
	€	€
Mezzanine notes (Class B2)		
Cost of equity (+/- 1%)	624,929	602,680
Approach weights (1(i) increase/ 1(ii) decrease)	1,315,333	1,315,333
Cash flow weights 2(i)	-	2,975,542
Cash flow weights 2(ii)	-	1,983,695
Junior notes (Class C2)		
Cost of equity (+/- 1%)	-	-
Approach weights (1(i) increase/ 1(ii) decrease)	180,000	180,000
Cash flow weights 2(i)	-	-
Cash flow weights 2(ii)	-	-

(1) Change in approach weights as follows:
(i) DCF 100%, CTM 0%
(ii) DCF 0%, CTM 100%

(2) Change in cash flow weights as follows:
(i) Scenario A: 40%, Scenario B: 30%, Scenario C: 30%
(ii) Scenario A: 60%, Scenario B: 20%, Scenario C: 20%

8. Critical accounting estimates, judgments and assumptions

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the Company's accounting policies

- **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.

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

- **Fair value of investments at FVTPL**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date (Note 7.6).

- **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.

9. Interest income

	12/04/2021-31/12/2021 €
Interest income from financial assets at FVTPL	4,118,792
Interest income from financial assets at amortised cost	1,170,632
	5,289,424

Interest income is recognised using the effective - interest - rate method.

10. Administration expenses

	12/04/2021-31/12/2021 €
Rent	3,400
Annual levy	350
Insurance	32,502
Auditors' remuneration for the statutory audit of annual accounts	40,000
Internal audit services	10,500
Accounting fees	16,500
Legal fees	11,958
Other professional fees	213,441
Irrecoverable VAT	35,620
	364,271

11. Net finance costs

	12/04/2021-31/12/2021 €
Interest expense	14,243
Sundry finance expenses	2,084
Finance costs	16,327

Interest expense relates to negative interest charged on cash at bank.

12. Tax

	12/04/2021-31/12/2021 €
Corporation tax	947,194
Charge for the period	**947,194**

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

	12/04/2021-31/12/2021 €
Profit before tax	5,995,622
Tax calculated at the applicable tax rates	749,453
Tax effect of expenses not deductible for tax purposes	2,772
Tax effect of allowances and income not subject to tax	155,588
10% additional charge	39,381
Tax charge	**947,194**

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.

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

	12/04/2021-31/12/2021
Profit attributable to shareholders (€)	5,048,428
Weighted average number of ordinary shares in issue during the period	1,075,509,773
Profit per share attributable to equity holders of the Company (cent)	0.47

14. Financial assets measured at amortised cost

	2021 €
Balance at 12 April	-
Additions	9,509,500
Interest income	1,170,632
Coupons received	(1,541,836)
Balance at 31 December	9,138,296
Less non-current portion	(9,138,296)
Current portion	-

14. Financial assets measured at amortised cost (continued)

The financial assets of the Company consist of bonds which were issued by the special purpose company established in Ireland, Vega III NPL Finance DAC.

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

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 repayments regarding the mezzanine and junior notes are the last ones in the order of priority. The Waterfall is disclosed in note 15.

	Currency	Interest	Maturity date	31 December 2021	
				Nominal Value	Carrying amount
				€	€
Vega III notes (Class B2)	Euro	9%	12/05/2050	33,799,000	9,138,296
				33,799,000	**9,138,296**

The exposure to credit risk of the investments at amortised cost is disclosed in note 7.3 Credit risk.

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

	2021
	€
Balance at 12 April	-
Additions	53,006,861
Interest income	4,118,792
Change in fair value	1,086,796
Coupons received	(7,710,566)
Balance at 31 December	50,501,883
Less non-current portion	(50,501,883)
Current portion	-

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

	2021
	€
Mezzanine notes (Class B2)	50,321,887
Junior notes (Class C2)	179,996
	50,501,883

The financial assets of the Company consist of bonds which were issued by the special purpose companies established in Ireland, Vega I NPL Finance DAC, Vega II NPL Finance DAC, Vega III NPL Finance DAC and Phoenix NPL Finance DAC.

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

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

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

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

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

The acceleration order of priority applies at redemption events or on final maturity date. For 2021, the pre-acceleration order of priority applies.

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

	Currency	Interest	Maturity date	31 December 2021	
				Nominal Value	Carrying amount
				€	€
Vega I notes (Class B2)	Euro	9%	08/08/2074	33,799,000	10,820,508
Vega II notes (Class B2)	Euro	9%	12/05/2050	71,499,000	13,558,875
Phoenix notes (Class B2)	Euro	7%	02/11/2063	118,299,000	25,942,504
Vega I notes (Class C2)	Euro	-	08/08/2074	207,683,000	44,999
Vega II notes (Class C2)	Euro	-	12/05/2050	608,659,000	44,999
Vega III notes (Class C2)	Euro	-	12/05/2050	618,673,000	44,999
Phoenix notes (Class C2)	Euro	-	02/11/2063	356,527,000	44,999
				2,015,139,000	**50,501,883**

The fair value estimation of the investments at fair value through profit and loss is disclosed in note 7.6 Fair value estimation.

16. Cash at bank

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

	31/12/2021
	€
Cash at bank	8,466,894
	8,466,894

Cash and cash equivalents by currency:

	31/12/2021
	€
Euro	8,466,894
	8,466,894

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

17. Share capital

	2021 Number of shares	2021 €
Authorised		
Ordinary shares of €0.05 each	1,250,367,229	62,518,361
Issued and fully paid		
Issue of shares	1,250,367,229	62,518,361
Balance at 31 December	1,250,367,229	62,518,361

17. Share capital (continued)

Authorised capital

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

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.

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

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

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.

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

18. Trade and other payables

	2021
	€
VAT	**14,911**
Accruals	**50,500**
Other creditors	**41,679**
	107,090

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

	2021
	€
Euro	**107,090**
	107,090

19. Current tax liabilities

	2021
	€
Corporation tax	433,194
	433,194

20. Related party balances

The balances with related parties are as follows:

20.1 Directors' remuneration

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

	12/04/2021-31/12/2021
	€
Director's and secretary's remuneration	12,250
	12,250

20.2 Acquisition of financial assets

The acquisition of notes held by the Company was financed with the issuance of shares to Piraeus Financial Holdings S.A. (see note 16).

21. Events after the reporting period

During February 2022, the Company received coupon payments of € 7,392,196 (Phoenix notes: €2,087,240, Vega I notes: € 766,751, Vega II notes: € 3,779,789, Vega III notes: € 758,416).

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies in Cyprus and Greece, but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus and Greek economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs. The Company is indirectly affected by the aforementioned non-adjusting event because it could potentially affect the performance of the underlying NPL portfolios that are linked with the mezzanine and junior notes held by the Company and their fair value estimation.

The event did not exist at the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021 as is considered a non-adjusting event.

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

Independent auditor's report on pages 6 to 10