

GALAXY COSMOS MEZZ PLC
REPORT AND FINANCIAL STATEMENTS
31 December 2023

GALAXY COSMOS MEZZ PLC

REPORT AND FINANCIAL STATEMENTS

31 December 2023

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2 - 5
Independent auditor's report	6 - 9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 28

GALAXY COSMOS MEZZ PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors	Georgios Kallinicou (Appointed on 4/10/2022) Christiana Konteati (Appointed on 4/10/2022) Georgios Kontos (Appointed on 4/10/2022)
Company Secretary	Omnium Services Limited The City House 17-19 Themistokli Dervi street 1066, Nicosia
Independent Auditors	Baker Tilly Klitou and Partners Ltd Certified Public Accountant and Registered Auditor Corner C Hatzopoulou & 30 Griva Digheni Avenue 1066 Nicosia Cyprus
Legal Advisers	Ioannides Demetriou LLC The City House 17 - 19 Themistokli Dervi street 1066 Nicosia Cyprus
Registered office	33, Vasillisis Freiderikis Palais D'Ivoire, Floor 2 1066, Nicosia Cyprus
Bankers:	Alpha Bank Cyprus Ltd Nicosia International Business Services 1, Stylianou Lena Square 1101, Nicosia Cyprus Alpha Bank S.A. (Greece) Main store (101) 10564, Athens Greece
Registration number	HE433604

GALAXY COSMOS MEZZ PLC

MANAGEMENT REPORT

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

Incorporation

The Company Galaxy Cosmos Mezz Plc was incorporated in Cyprus on 27 April 2022 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

On 8 September 2022, the Company was renamed from Galaxy Mezz Ltd to Galaxy Cosmos Mezz Plc and was transformed to a public limited liability company under the provisions of the Cyprus Companies Law.

On 20 October 2022, the shares of the Company were approved by the Athens Stock Exchange for trading with the Alternative Market EN.A Plus, and on 31 October 2022 commenced trading.

Principal activity and nature of operations of the Company

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

- 46.3% of the Class B2 mezzanine notes issued by Orion X Securitization DAC with ISIN XS2159930275
- 46.3% of the Class B2 mezzanine notes issued by Galaxy II Funding DAC with ISIN XS2159931083
- 46.3% of the Class B2 mezzanine notes issued by Galaxy IV Funding DAC with ISIN XS2159931919
- 46.3% of the Class B2 mezzanine notes issued by Cosmos Securitisation DAC with ISIN XS2397544656
- 44% of the Class C junior notes issued by Orion X Securitization DAC with ISIN XS2159930432
- 44% of the Class C junior notes issued by Galaxy II Funding DAC with ISIN XS2159931240
- 44% of the Class C junior notes issued by Galaxy IV Funding DAC with ISIN XS2159932057
- 44% of the Class C junior notes issued by Cosmos Securitisation DAC with ISIN XS2397545034

The notes have been contributed to the Company by Alpha Services & Holdings S.A. on 14 July 2022 at the value of €22,495,540.

In particular, in the context of the transfer due to securitization, on 30 April 2020 Alpha Services & Holdings S.A. ("ASH") transferred a mixed portfolio of non performing loans to the special purpose entities Orion X Securitization DAC, Galaxy II Funding DAC and Galaxy IV Funding DAC incorporated in Ireland ("issuers"). In exchange for the transfer due to the sale of the receivables from the portfolio, the users issued notes to ASH. Specifically, Orion X Securitization DAC, Galaxy II Funding DAC and Galaxy IV Funding DAC issued asset backed fixed rate and asset backed variable return notes ("Galaxy notes"). The Notes were senior (Class A), mezzanine (Class B) and junior notes (Class C).

On 16 April 2021, ASH, underwent a demerger and its banking activity sector was hived down to a new company licensed as a credit institution ("Alpha Bank S.A."); Following the demerger, 44% of the Galaxy mezzanine and junior notes were retained by the demerge entity which ceased to be a credit institution.

On 8 October 2021, Alpha Bank S.A. in the context of securitization transferred a mixed portfolio of non performing loans to the special purpose entity Cosmos Securitization DAC incorporated in Ireland. In exchange for the transfer due to the sale of the receivables from the portfolio, the user issued notes to Alpha Bank S.A. Cosmos Securitization DAC issued asset backed fixed rate and asset backed variable return notes ("Cosmos notes"). The notes were senior (Class A), mezzanine (Class B) and junior notes (Class C).

On 10 December 2021, Alpha Bank S.A. reduced its share capital and in exchange it transferred to ASH 44% of the Cosmos Mezzanine and Junior notes. The share capital reduction and the notes transfer were of equivalent value.

In July 2022, ASH contributed to the Company 44% of the Mezzanine and Junior Galaxy notes and 44% of the Mezzanine and Junior Cosmos notes in exchange for newly issued shares. Specifically, 83,316,815 shares were issued by the Company at a total value of €22,495,540.

The issued shares of the Company were distributed to the shareholders of ASH, following a reduction in the share capital of ASH.

GALAXY COSMOS MEZZ PLC

MANAGEMENT REPORT

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 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
- Issuers' fees - Priority 2
- Other securitization expenses - Priority 3
- Other taxes - Priority 4
- Credit to issuers' profit ledger with the issuer profit amount - Priority 5
- Servicer's fees - Priority 6
- Interest due and payable on the reserves loan - Priority 7
- Commissions for Hercules Asset Protection Scheme ("HAPS") - Priority 8
- Interest payments of senior notes due and interest payments of senior notes not paid by the HAPS Guarantor - Priority 9
- Interest payments of senior notes due - Priority 10
- Credit senior notes liquidity reserve fund ledger - Priority 11
- Credit the REOCo Reserve Account - Priority 12
- Reserves - Repayment of reserves loan - Priority 13
- Interest payments of mezzanine notes due - Priority 14
- Principal repayments of senior notes (up until redemption in full) - Priority 15
- Priority repayment of mezzanine notes (up until redemption in full) - Priority 16
- Principal repayment of junior notes - Priority 17

B. Acceleration order of priority:

Following the service of a Note Acceleration Notice, the Issuer (or the Cash Manager on its behalf) will apply all amounts standing to the credit of the Issuer Accounts (other than the Issuer Profit Amount) and amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (including, for the avoidance of doubt, on enforcement of the Security) to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Post Acceleration Priority of Payments (and provided that any amounts credited to the Transaction Account by the HAPS Guarantor under the HAPS Guarantee shall be utilised exclusively towards payments due to the Class A Noteholders under the HAPS Guarantee).

The acceleration order of priority applies at redemption events or on final maturity date.

The contractual documents of the Securitization stipulate that after 24 months from the entry into force of the Hercules Scheme, if at the date of payment of interest on the mezzanine Notes (Class B), the total net collections from the beginning of the portfolio servicing is less than 15% or more of the budgeted net collections, as specified in the respective Business Plan, the payment of a total (100%) of the interest to the holders of the mezzanine Notes (Class B) is postponed. Deferred interest is payable on the due date of the mezzanine Notes (Class B) at which either the Senior Notes (Class A) capital has been repaid in full (and provided there are sufficient Available Funds to pay the of Deferred Interest, otherwise they become payable on the next specified Interest Payment Date of the mezzanine Notes (Class B)) or the relationship between realized and budgeted net collections has been fully restored.

The interest to the holders of the mezzanine notes issued by Galaxy II Funding DAC was postponed for 2023 and for the notes issued by Orion Securitization DAC the said interest was postponed for the Q2, Q3 and Q4 of 2023 and remained unpaid.

For the year ended 31 December 2023, the Company has received coupon payments of €9,996,219 in relation to the notes it holds.

GALAXY COSMOS MEZZ PLC

MANAGEMENT REPORT

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 5 and 6 of the financial statements.

Use of financial instruments by the Company

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect The Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent 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, contractual cash flows of debt investments carried at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions.

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

Share capital

Upon incorporation on 27 April 2022 the Company issued to the subscribers of its Memorandum of Association 313,120 ordinary shares of €0.27 each at nominal value.

On 14 July 2022, the Company increased its issued share capital by 86,628,044 to 86,941,164 of €0.27 each at nominal value. The new shares were issued to ASH in exchange for contribution of notes/bonds at a fair value of €22,495,540 based on the valuation of independent valuers and cash amounting to €894,032.

On August 7, 2023, during the Company's Annual General Meeting, the shareholders approved the Board of Directors' proposal to reduce the nominal value of each ordinary share by €0.01064 from €0.27 to €0.1636 each. The amount of the share capital reduction was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €14,223,574 divided in 86,941,164 ordinary shares of €0.1636 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1.

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

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

Events after the reporting period

During January 2024, the Company received coupon payments of €2,103,200 from the mezzanine notes issued by Galaxy IV Funding DAC and by Cosmos Securitization DAC.

GALAXY COSMOS MEZZ PLC

MANAGEMENT REPORT

Independent Auditors

Baker Tilly Klitou and Partners 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,

 **OMNIUM SERVICES LIMITED**

Omnium Services Limited
Secretary

26 April 2024

Independent Auditor's Report

To the Members of Galaxy Cosmos Mezz Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Galaxy Cosmos Mezz Plc (the "Company"), which are presented in pages 10 to 28 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes of the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Description of key audit matter

The carrying value of the Company's investments at fair value through profit or loss ("FVTPL") as at 31 December 2023 amounted to 16,133,784 which represents 68.38% of the total assets of the Company.

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

How the matter was addressed in our audit.

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

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

Independent Auditor's Report (continued)

To the Members of Galaxy Cosmos Mezz Plc

Key Audit Matters (continued)

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

Refer to notes 4, 5.6, 6, and 13 of the financial statements for the accounting estimates and judgments used in the determination of the fair value and further details in relation to the said investments

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

3. 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)

Reporting on other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors and those charged with Governance are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the Members of Galaxy Cosmos Mezz Plc

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Report on Other Legal Requirements

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

- In our opinion, 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.

Independent Auditor's Report (continued)

To the Members of Galaxy Cosmos Mezz Plc

Other Matter

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



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

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

Nicosia, 26 April 2024

GALAXY COSMOS MEZZ PLC

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

	Note	2023 €	2022 €
Interest Income	7	2,725,565	2,718,962
Fair value changes of financial assets at fair value through profit or loss		2,730,380	2,177,903
Overprovision of tax expense 2022		300,484	-
Administration and other expenses	8	(371,089)	(349,393)
Operating profit	9	5,385,340	4,547,472
Interest from deposits		111,669	-
Finance costs		(11,394)	(2,640)
Net finance income/(cost)	10	100,275	(2,640)
Profit before tax		5,485,615	4,544,832
Tax	11	(72,548)	(534,700)
Net profit for the year/period		5,413,067	4,010,132
Other comprehensive income		-	-
Total comprehensive income for the year/period		5,413,067	4,010,132
Profit per share attributable to equity holders (cent)	12	6.23	4.61

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

GALAXY COSMOS MEZZ PLC

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
Assets			
Non-current assets			
Financial assets at fair value through profit or loss		<u>16,133,784</u>	20,674,059
		<u>16,133,784</u>	20,674,059
Current assets			
Refundable taxes	17	148,236	-
Cash and cash equivalents	14	<u>7,460,089</u>	7,655,647
		<u>7,608,325</u>	7,655,647
Total assets		<u>23,742,109</u>	28,329,706
Equity			
Share capital	15	14,223,574	23,474,114
Retained earnings		<u>9,423,199</u>	4,010,132
Total equity		<u>23,646,773</u>	27,484,246
Current liabilities			
Other payables	16	95,336	310,760
Current tax liabilities	17	-	534,700
		<u>95,336</u>	845,460
Total equity and liabilities		<u>23,742,109</u>	28,329,706

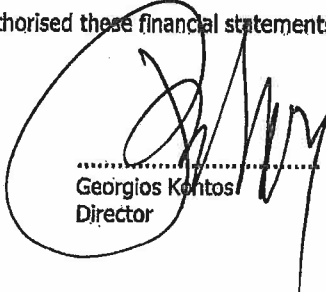
On 26 April 2024 the Board of Directors of Galaxy Cosmos Mezz Plc authorised these financial statements for issue.



 Georgios Kallinicou
 Director



 Christiana Konteati
 Director



 Georgios Kentos
 Director

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

GALAXY COSMOS MEZZ PLC

STATEMENT OF CHANGES IN EQUITY

31 December 2023

	Note	Share capital €	Retained earnings €	Total €
Balance at 27 April 2022		-	-	-
Net profit for the period		-	4,010,132	4,010,132
Issue of share capital	15	23,474,114	-	23,474,114
Balance at 31 December 2022		23,474,114	4,010,132	27,484,246
Opening balance at 1 January 2023		23,474,114	4,010,132	27,484,246
Net profit for the year		-	5,413,067	5,413,067
Reduction of share capital	15	(9,250,540)	-	(9,250,540)
Balance at 31 December 2023		14,223,574	9,423,199	23,646,773

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

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

GALAXY COSMOS MEZZ PLC

STATEMENT OF CASH FLOWS

31 December 2023

	Note	2023 €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,485,615	4,544,832
Adjustments for:			
Fair value gains on financial assets at fair value through profit or loss		(2,730,379)	(2,177,903)
Overprovision of tax expense		(300,485)	-
Interest income from financial assets at fair value through profit and loss	10	(2,725,565)	(2,718,962)
Interest income from bank deposits		(111,669)	-
		<u>(382,483)</u>	<u>(352,033)</u>
Changes in working capital:			
(Decrease)/Increase in trade and other payables		<u>(215,424)</u>	310,760
Cash used in operations		<u>(597,907)</u>	<u>(41,273)</u>
Coupons received		9,996,220	6,718,347
Tax paid		<u>(455,000)</u>	-
Net cash generated from operating activities		<u>8,943,313</u>	<u>6,677,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income from bank deposits		<u>111,669</u>	-
Net cash generated from investing activities		<u>111,669</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES			
(Return)/Issue of share capital		<u>(9,250,540)</u>	978,573
Net cash (used in)/generated from financing activities		<u>(9,250,540)</u>	<u>978,573</u>
Net (decrease)/increase in cash and cash equivalents		<u>(195,558)</u>	<u>7,655,647</u>
Cash and cash equivalents at beginning of the year/period		<u>7,655,647</u>	-
Cash and cash equivalents at end of the year/period	14	<u>7,460,089</u>	<u>7,655,647</u>

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. Incorporation and principal activities

Country of incorporation

The Company Galaxy Cosmos Mezz Plc (the "Company") was incorporated in Cyprus on 27 April 2022. The Company Galaxy Cosmos Mezz PLC (the "Company") was incorporated in Cyprus on 27 April 2022 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 8 September 2022, the Company was renamed from Galaxy Mezz Ltd to Galaxy Cosmos Mezz Plc and was transformed to a public limited liability company under the provisions of the Cyprus Companies Law. On 20 October 2022, the shares of the Company were approved by the Athens Stock Exchange for trading with the Alternative Market EN.A Plus, and on 31 October 2022 commenced trading.

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

Principal activity

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

- 46.3% of the Class B2 mezzanine notes issued by Orion X Securitization DAC with ISIN XS2159930275
- 46.3% of the Class B2 mezzanine notes issued by Galaxy II Funding DAC with ISIN XS2159931083
- 46.3% of the Class B2 mezzanine notes issued by Galaxy IV Funding DAC with ISIN XS2159931919
- 46.3% of the Class B2 mezzanine notes issued by Cosmos Securitisation DAC with ISIN XS2397544656
- 44% of the Class C junior notes issued by Orion X Securitization DAC with ISIN XS2159930432
- 44% of the Class C junior notes issued by Galaxy II Funding DAC with ISIN XS2159931240
- 44% of the Class C junior notes issued by Galaxy IV Funding DAC with ISIN XS2159932057
- 44% of the Class C junior notes issued by Cosmos Securitisation DAC with ISIN XS2397545034

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 financial assets at fair value through profit and 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. Adoption of new or revised standards and interpretations

As from 1 January 2023, the Company adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements:

4. Significant accounting policies

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

Going concern basis

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023.

4. Significant accounting policies (continued)

Revenue

- **Interest income**

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

Finance costs

Interest expense is charged to profit or loss as incurred.

Tax

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

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

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

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

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

Financial assets - Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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 settlement 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.

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4: Significant accounting policies (continued)

Financial assets - Recognition and derecognition (continued)

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 three measurement categories into which the Company classifies its debt instruments:

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

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "fair value change of financial assets at fair value through profit or loss" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023.

4. Significant accounting policies (continued)

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

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

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

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 5, 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 5, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 5, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

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

Financial assets - write-off

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

Financial assets - modification

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. Significant accounting policies (continued)

Financial assets - modification (continued)

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

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because they are held for collection of contractual cash flows and those cash flows represent SPPI.

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.

Share capital

Ordinary shares are classified as equity.

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. 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.

5. 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:

5.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect The Company's income or the value of its holdings of financial instruments.

5.2 Interest rate risk

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

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

	2023	2022
	€	€
Class B2 mezzanine asset backed notes	16,133,784	20,366,938
Cash at Bank	7,460,089	7,655,647
	<u>23,593,873</u>	<u>28,022,585</u>

5.3 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, contractual cash flows of debt investments carried at fair value through profit or loss (FVTPL), deposits with banks and financial institutions.

(i) Risk management

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

(ii) Impairment of financial assets

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

- cash and cash equivalents

Low credit risk

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Financial risk management (continued)

5.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents

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

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

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

Company internal credit rating	External credit rating	2023	2022
		€	€
Performing	BBB-B	<u>7,460,089</u>	<u>7,655,647</u>
Total		<u>7,460,089</u>	<u>7,655,647</u>

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

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

The Company is also exposed to credit risk in relation to debt investments 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 €16,133,764 (2022: €20,674,059).

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

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows:

31 December 2023	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Other payables	38,610	38,610	-	38,610	-	-	-
Payables to related parties	4,625	4,625	-	4,625	-	-	-
Accruals	<u>49,820</u>	<u>49,820</u>	-	<u>49,820</u>	-	-	-
	93,055	93,055	-	93,055	-	-	-

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Financial risk management (continued)

5.4 Liquidity risk (continued)

31 December 2022	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Other payables	196,100	196,100	-	196,100	-	-	-
Payables to related parties	1,500	1,500	-	1,500	-	-	-
Accruals	113,160	113,160	-	113,160	-	-	-
Tax	534,700	534,700	-	534,700	-	-	-
	845,460	845,460	-	845,460	-	-	-

5.5 Capital risk management

Capital includes equity shares and payables to related parties.

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

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

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

The Company did not have any borrowings as at 31 December 2023.

5.6 Fair value estimation

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

	Carrying amounts		Fair values	
	2023 €	2022 €	2023 €	2022 €
Financial assets				
Cash and cash equivalents	7,460,089	7,655,647	7,460,089	7,655,647
Fair value through profit or loss	16,133,784	20,674,059	16,133,784	20,674,059
	23,593,873	28,329,706	23,593,873	28,329,706

The fair value of financial instruments that are not traded in an active market is determined by using a valuation technique. The Company uses the income approach (discounted cash flow method).

Fair value measurements recognised in statement of financial position

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

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

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. Financial risk management (continued)

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

31 December 2023	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Mezzanine notes (Class B2)	-	-	16,133,784	16,133,784
Total	-	-	16,133,784	16,133,784
31 December 2022	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Mezzanine notes (Class B2)	-	-	20,366,938	20,366,938
Junior notes (Class C2)	-	-	307,121	307,121
Total	-	-	20,674,059	20,674,059

6. 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.

- **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.

Critical judgements in applying the Company's accounting policies

- **Fair value of financial assets**

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 5.6 Fair value estimation).

7. Interest income

Interest income is analysed as follows:

	2023 €	2022 €
Interest income from financial assets at fair value through profit and loss (Note 13)	2,725,565	2,718,962
Total interest income	2,725,565	2,718,962

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

8. Administration and other expenses

	2023	2022
	€	€
Annual levy	350	350
Insurance	24,000	31,644
Auditors remuneration	28,000	28,000
Accounting fees	20,862	19,250
Legal fees	11,973	1,650
Directors' fees	24,000	9,750
Other professional fees	193,432	234,707
Irrecoverable VAT	68,472	24,042
	<u>371,089</u>	<u>349,393</u>

9. Operating profit

	2023	2022
	€	€
Operating profit is stated after charging the following items:		
Directors' fees	24,000	9,750
Auditors' remuneration	<u>28,000</u>	<u>28,000</u>

10. Finance income/(costs)

	2023	2022
	€	€
Interest from deposits	<u>111,669</u>	-
Finance income	<u>111,669</u>	-
Bank charges	<u>(11,394)</u>	(2,640)
Finance costs	<u>(11,394)</u>	(2,640)
Net finance income/(cost)	<u>100,275</u>	(2,640)

Interest income is generated by Company's deposits accounts.

11. Tax

	2023	2022
	€	€
Corporation tax	<u>72,548</u>	534,700
Charge for the year/period	<u>72,548</u>	534,700

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. Tax (continued)

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

	2023	2022
	€	€
Profit before tax	<u>5,485,615</u>	<u>4,544,832</u>
Tax calculated at the applicable tax rates	685,702	568,104
Tax effect of expenses not deductible for purposes	60	44
Tax effect of allowances and income not subject to 10% additional charge	(613,214)	(82,057)
	-	48,609
Tax charge	<u>72,548</u>	<u>534,700</u>

The corporation tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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%.

12. Profit per share attributable to equity holders

	2023	2022
Profit attributable to shareholders (€)	<u>5,413,067</u>	<u>4,010,132</u>
Weighted average number of ordinary shares in issue during the year/period	<u>86,941,164</u>	<u>86,941,164</u>
Profit per share attributable to equity holders (cent)	<u>6.23</u>	<u>4.61</u>

13. Financial assets at fair value through profit or loss

	2023	2022
	€	€
Balance at 1 January/27 April	20,674,059	-
Additions	-	22,495,540
Coupons received	(9,996,219)	(6,718,347)
Fair value change of financial assets at fair value through profit or loss	2,730,379	2,177,904
Interest income	2,725,565	2,718,962
Balance at 31 December	<u>16,133,784</u>	<u>20,674,059</u>

Financial assets designated as at fair value through profit or loss are analysed as follows:

	2023	2022
	€	€
Financial assets at fair value through profit or loss		
Mezzanine notes (Class B2)	16,133,784	20,366,938
Junior notes (Class C)	-	307,121
	<u>16,133,784</u>	<u>20,674,059</u>

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

The financial assets of the Company consist of bonds which were issued by the special purpose company established in Ireland, Orion X Securitisation DAC, Galaxy II Funding DAC, Galaxy IV Funding DAC and Cosmos Securitisation DAC.

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

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:

A. Pre-acceleration order of priority:

- Issuers' and other securitization expenses - Priority 1
- Issuers' fees - Priority 2
- Other securitization expenses - Priority 3
- Other taxes - Priority 4
- Credit to issuers' profit ledger with the issuer profit amount - Priority 5
- Servicer's fees - Priority 6
- Interest due and payable on the reserves loan - Priority 7
- Commissions for Hercules Asset Protection Scheme ("HAPS") - Priority 8
- Interest payments of senior notes due and interest payments of senior notes not paid by the HAPS Guarantor - Priority 9
- Interest payments of senior notes due - Priority 10
- Credit senior notes liquidity reserve fund ledger - Priority 11
- Credit the REOCo Reserve Account - Priority 12
- Reserves - Repayment of reserves loan - Priority 13
- Interest payments of mezzanine notes due - Priority 14
- Principal repayments of senior notes (up until redemption in full) - Priority 15
- Priority repayment of mezzanine notes (up until redemption in full) - Priority 16
- Principal repayment of junior notes - Priority 17

B. Acceleration order of priority: Following the service of a Note Acceleration Notice, the Issuer (or the Cash Manager on its behalf) will apply all amounts standing to the credit of the Issuer Accounts (other than the Issuer Profit Amount) and amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (including, for the avoidance of doubt, on enforcement of the Security) to repay any liabilities of the Issuer and to discharge all other amounts required to be paid by the Issuer in accordance with the order of priority set out in the Post Acceleration Priority of Payments (and provided that any amounts credited to the Transaction Account by the HAPS Guarantor under the HAPS Guarantee shall be utilised exclusively towards payments due to the Class A Noteholders under the HAPS Guarantee).

The acceleration order of priority applies at redemption events or on final maturity date.

The contractual documents of the Securitization stipulate that after 24 months from the entry into force of the Hercules Scheme, if at the date of payment of interest on the mezzanine Notes (Class B), the total net collections from the beginning of the portfolio servicing is less than 15% or more of the budgeted net collections, as specified in the respective Business Plan, the payment of a total (100%) of the interest to the holders of the mezzanine Notes (Class B) is postponed. Deferred interest is payable on the due date of the mezzanine Notes (Class B) at which either the Senior Notes' (Class A) capital has been repaid in full (and provided there are sufficient Available Funds to pay the of Deferred Interest, otherwise they become payable on the next specified Interest Payment Date of the mezzanine Notes (Class B)) or the relationship between realized and budgeted net collections has been fully restored.

The interest to the holders of the mezzanine notes issued by Galaxy II Funding DAC was postponed for 2023 and for the notes issued by Orion Securitization DAC the said interest was postponed for the Q2, Q3 and Q4 of 2023 and remained unpaid.

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

For the year ended 31 December 2023, the Company has received coupon payments of €9,996,219 in relation to the notes it holds.

14. Cash and cash equivalents

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash at bank	<u>7,460,089</u>	7,655,647
	<u>7,460,089</u>	<u>7,655,647</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the financial statements.

15. Share capital

	2023	2023	2023	2022	2022
	Number of shares	€	€	Number of shares	€
Authorised					
Ordinary shares	86,941,164	-	14,223,574	86,941,164	23,494,114
Reduction of nominal value of each ordinary share	-	-	(9,250,540)	-	-
	<u>86,941,164</u>	<u>-</u>	<u>4,973,034</u>	<u>86,941,164</u>	<u>23,494,114</u>
Issued and fully paid					
Balance at 1 January/27 April	86,941,164	-	23,474,114	-	-
Issue of shares	-	-	-	86,941,164	23,474,114
Reduction of nominal value of each ordinary share	-	-	(9,250,540)	-	-
Balance at 31 December	<u>86,941,164</u>	<u>-</u>	<u>14,223,574</u>	<u>86,941,164</u>	<u>23,474,114</u>

Authorised capital

Under its Memorandum the Company fixed its share capital at 313,120 ordinary shares of nominal value of €0.27 each.

On 14 July 2022, the Company increased its authorized share capital by 86,628,044 to 86,941,164 shares of €0.27 each at nominal value.

On 7 August 2023, during the course of the Company's AGM the shareholders approved the proposal of Board of Directors to reduce the nominal value of each ordinary share by €0.01064 from €0.27 to €0.1636 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's Issued share capital was reduced to €14,223,574 divided in 86,941,164 ordinary shares of €0.1636 each

Issued capital

Upon incorporation on 27 April 2022 the Company issued to the subscribers of its Memorandum of Association 313,120 ordinary shares of €0.27 each at nominal value.

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

15. Share capital (continued)

On 14 July 2022, the Company increased its issued share capital by 86,628,044 to 86,941,164 shares of €0.27 each at nominal value. The new shares were issued to Alpha Services and Holdings SA in exchange for contribution of notes, whose fair value at the date of the transfer equal to €22,495,540 based on the valuation of independent valuers. Additionally, there was a cash consideration paid of €894,032.

On 7 August 2023, during the course of the Company's AGM the shareholders approved the proposal of Board of Directors to reduce the nominal value of each ordinary share by €0.01064 from €0.27 to €0.1636 each. The amount of share capital decrease was distributed to the Company's shareholders in cash.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €14,223,574 divided in 86,941,164 ordinary shares of €0.1636 each.

16. Other payables

	2023	2022
	€	€
VAT	2,280	-
Shareholders' current accounts - credit balances	4,625	-
Accruals	49,821	113,160
Other creditors	38,610	196,100
Payables to other related parties (Note 18.2)	-	1,500
	<u>95,336</u>	<u>310,760</u>

17. Current tax (refund)/liability

	2023	2022
	€	€
Corporation tax	(148,236)	534,700
	<u>(148,236)</u>	<u>534,700</u>

18. Related party transactions

The following transactions were carried out with related parties:

18.1 Directors' fees

The Directors' fees were as follows:

	2023	2022
	€	€
Directors' fees	24,000	9,750

18.2 Payables to related parties (Note 16)

Name	Nature of transactions	2023	2022
		€	€
Director Fees	Administration services	-	1,500
		<u>-</u>	<u>1,500</u>

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023.

GALAXY COSMOS MEZZ PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

20. Events after the reporting period

During February 2024, the Company received coupon payments of €2,103,200 from the mezzanine notes issued by Galaxy IV Funding DAC and by Cosmos Securitization DAC. Also, during April 2024, the company received coupon payments of € 1,157,200 from the mezzanine notes issued by Galaxy IV Funding DAC.

Independent auditor's report on pages 6 to 9