

SUNRISEMEZZ PLC

INTERIM REPORT AND CONDENSED FINANCIAL
STATEMENTS

for the period 1 January 2024 to 30 June 2024

SUNRISEMEZZ PLC

INTERIM REPORT AND CONDENSED FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

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SUNRISEMEZZ PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Nayia Morphi - Executive member
Maria Demetriou - Non-executive member
Zoe Christou Tziortzi - Non-executive member

Company Secretary:

Omniserve Limited
The City House
17-19 Themistokli Dervi Street
1066, Nicosia
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
1, Spyrou Kyprianou Avenue
1065, Nicosia
Cyprus

Piraeus Bank (Greece) S.A.
4 Amerikis street
105 64 Athens
Greece

Registration number:

HE432466

SUNRISEMEZZ PLC

INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

The Board of Directors presents its management report and financial statements of Sunrisemezz PLC (the "Company") for the period 1 January 2024 to 30 June 2024.

Incorporation and listing on the Athens Stock Exchange

The Company Sunrisemezz PLC was incorporated in Cyprus on 23 March 2022 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 23 September 2022 the Company was transformed into a public limited liability company and was renamed from Sunrisemezz Ltd to Sunrisemezz PLC.

On 31 October 2022, the shares of the Company were listed in the Alternative Market EN.A. Plus of the Athens Stock Exchange.

Principal activities and nature of operations of the Company

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

- 95% of the Class B2 mezzanine notes issued by Sunrise I NPL Finance DAC with ISIN IE00BNB1R54
- 95% of the Class B2 mezzanine notes issued by Sunrise II NPL Finance DAC with ISIN IE0006F1V020
- 95% of the Class C2 junior notes issued by Sunrise I NPL Finance DAC with ISIN IE00BN2B2276
- 95% of the Class C2 junior notes issued by Sunrise II NPL Finance DAC with ISIN IE000DAGFA66

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

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

- Issuers and other securitization expenses - priority 1
- Servicer and deferred servicer fees – priority 2
- Letter of guarantee providers interest, commitment fees due and other outstanding fees and Limited Resource Lender's 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
- Principal repayment of Limited Resource Lender – priority 8
- Interest payments of mezzanine notes (including deferred interest) – priority 9
- Principal repayments of senior notes (up until their redemption in full)– priority 10
- Principal repayments of mezzanine notes (up until their redemption in full) – priority 11
- Principal repayments of junior notes – priority 12

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

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

In the aforementioned context, the interest to the holders of the mezzanine notes issued by Sunrise I NPL Finance DAC was deferred for Q1 and Q2 of 2024. The deferred interest payments will be restored once the respective conditions referred to in the previous paragraph are met.

For the period from 1 January 2024 to 30 June 2024, the Company received coupon payments of €2,390,935 in relation to the notes it holds (30 June 2023: €12,371,851).

SUNRISEMEZZ PLC

INTERIM REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

Following the update in the business plans of the securitized portfolios, the fair value of financial assets measured at fair value through profit or loss increased in the current period, primarily attributable to the revision of the estimated future cash flows of the notes.

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

Events after the reporting period

During August 2024, the company did not receive any coupon payments.

On 5 July 2024, during the Company's Annual General Meeting ("AGM"), the shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by €9,002,644.31 by reducing the nominal value of the entire shares from €0.0812 each to €0.0308 each. The capital reduction is expected to be completed in the fourth quarter of the financial year 2024.

Related party transactions

Disclosed in note 14 of the financial statements.

By order of the Board of Directors,

Omniserve Ltd
Secretary

27 September 2024

SUNRISEMEZZ PLC

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period 1 January 2024 to 30 June 2024

		01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
	Note	€	€
Interest income	4	280,726	1,264,608
Net gains/(losses) from financial assets at fair value through profit or loss	10	5,242,927	1,807,289
Total Net Income		5,523,653	3,071,897
Administration and other expenses	5	(239,547)	(186,897)
Operating profit		5,284,106	2,885,000
Finance income		164,708	26,499
Finance cost		(914)	(1,327)
Net finance income	6	163,794	25,172
Profit before tax		5,447,900	2,910,172
Tax		(76,264)	(29,950)
Net profit for the period		5,371,636	2,880,222
Other comprehensive income		-	-
Total comprehensive income for the period		5,371,636	2,880,222
Profit per share attributable to equity holders (cent)	7	3.01	1.61

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

SUNRISEMEZZ PLC

INTERIM STATEMENT OF FINANCIAL POSITION 30 June 2024

	Note	30/06/2024 €	31/12/2023 €
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	10	<u>9,948,514</u>	6,815,796
		<u>9,948,514</u>	<u>6,815,796</u>
Current assets			
Receivables	8	77,221	49,220
Refundable taxes	9	3,305	79,569
Cash and cash equivalents	11	<u>13,189,585</u>	10,898,397
		<u>13,270,111</u>	<u>11,027,186</u>
Total assets		<u>23,218,625</u>	<u>17,842,982</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	14,504,260	14,504,260
Retained earnings		<u>8,641,826</u>	<u>3,270,190</u>
Total equity		<u>23,146,086</u>	<u>17,774,450</u>
Current liabilities			
Trade and other payables	13	<u>72,539</u>	68,532
Total liabilities		<u>72,539</u>	<u>68,532</u>
Total equity and liabilities		<u>23,218,625</u>	<u>17,842,982</u>

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

SUNRISEMEZZ PLC

INTERIM STATEMENT OF CHANGES IN EQUITY for the period 1 January 2024 to 30 June 2024

	Note	Share capital €	Retained earnings/ (accumulated losses) €	Total €
Opening balance as at 1 January 2023		25,007,345	(677,268)	24,330,077
Net profit for the period		-	2,880,222	2,880,222
Total comprehensive income for the period		-	2,880,222	2,880,222
Balance as at 30 June 2023	12	25,007,345	2,202,954	27,210,299
Opening balance as at 1 January 2024		14,504,260	3,270,190	17,774,450
Net profit for the period		-	5,371,636	5,371,636
Total comprehensive income for the period		-	5,371,636	5,371,636
Balance as at 30 June 2024	12	14,504,260	8,641,826	23,146,086

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

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

SUNRISEMEZZ PLC

INTERIM CASH FLOW STATEMENT for the period 1 January 2024 to 30 June 2024

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,447,900	2,910,172
Adjustments for:		
Net (gains)/losses from financial assets at fair value through profit or loss	(5,242,927)	(1,807,288)
Interest income from financial assets at fair value through profit or loss	4 (280,726)	(1,264,608)
Interest income from bank deposits	6 (164,708)	(26,499)
	(240,461)	(188,223)
Changes in working capital:		
(Increase) in other receivables	(28,001)	-
Increase/(decrease) in trade and other payables	4,007	(180,653)
Coupons received	2,390,935	12,371,851
Cash generated from operations before income tax payments	2,126,480	12,002,975
Tax paid	-	(7,950)
Net cash generated from operating activities	2,126,480	11,995,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from bank deposits	164,708	26,499
Net cash generated from investing activities	164,708	26,499
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net increase in cash and cash equivalents	2,291,188	12,021,524
Cash and cash equivalents at beginning of the period	10,898,397	2,094,762
Cash and cash equivalents at end of the period	11 13,189,585	14,116,286

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

SUNRISEMEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

1. Basis of preparation

The interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention and financial assets at fair value through profit or loss.

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

2. Significant accounting policies

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

The accounting policies used in the preparation of the interim financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2023.

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

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

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

These interim financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2023.

3. Fair value estimation

The table below depicts the carrying amounts and fair values of certain financial assets, which are either material or their carrying amount is not a reasonable approximation of fair value:

	Carrying amounts		Fair values	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	€	€	€	€
Financial assets				
Cash and cash equivalents	13,189,585	10,898,397	13,189,585	10,898,397
Fair value through profit or loss	9,948,514	6,815,796	9,948,514	6,815,796
	<u>23,138,099</u>	<u>17,714,193</u>	<u>23,138,099</u>	<u>17,714,193</u>

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

The increase in the fair value of financial assets measured at fair value through profit or loss in the current period, is primarily attributable to the revision of the estimated future cash flows of the notes, following the update in the business plans of the securitized portfolios.

SUNRISEMEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

3. Fair value estimation (continued)

Fair value measurements recognised in interim statement of financial position

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

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

30 June 2024	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit or loss				
Mezzanine notes (Class B2)	-	-	9,948,514	9,948,514
Total	-	-	9,948,514	9,948,514

31 December 2023	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit or loss				
Mezzanine notes (Class B2)	-	-	6,815,796	6,815,796
Total	-	-	6,815,796	6,815,796

The fair value reconciliation of Level 3 financial instruments is depicted in Note 10 "Financial assets at fair value through profit or loss". Changes in the fair value of financial instruments are recognized in the statement of profit or loss, under line item "Net gains/(losses) from financial assets at fair value through profit or loss".

The fair value of Junior notes (Class C2) is nil.

Valuation techniques and significant unobservable inputs

The Company utilizes an income-approach valuation technique. Specifically, the Company determines the fair value of the notes by discounting future cash flows utilizing revised business plan estimates adjusted for actual recovery rates to date and an additional haircut applied throughout the second half of the residual term assumed. A build-up approach is followed on the discount rate determination utilizing observable market data (i.e. risk-free rates) and various unobservable data (i.e. risk premia) to replicate market participants perspective towards the notes

The following table presents the valuation techniques used to measure the fair values of Level 3 financial instruments in the statement of financial position, along with the significant unobservable inputs applied:

Financial instruments	Valuation technique	Significant unobservable inputs	Range 2024		Range 2023	
			Low	High	Low	High
Financial assets at fair value through profit or loss	Discounted Expected Cash Flows method (DCF)	Discount Rate	18%	18%	19.8%	19.8%
		Residual term assumed	4 yrs	4 yrs	0.5 yrs	0.5 yrs
		Haircut applied	40%	40%	n/a	n/a

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NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

3. Fair value estimation (continued)

Sensitivity analysis

The following table presents the effect in the statement of profit or loss and other comprehensive income of reasonable possible changes in one of the significant unobservable inputs of Level 3 financial instruments as of the reporting date, keeping all other inputs constant.

Main assumptions	Change in the assumptions	Statement of profit or loss and total equity	
		Favourable changes	Unfavourable changes
Discount rate	+/-1%	180,331	(175,124)
Residual term assumed	+/- 1 year	3,524,296	(1,610,669)
Haircut applied	+/-5%	434,385	(434,385)

4. Interest income

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
	€	€
Interest income from financial assets at fair value through profit or loss	<u>280,726</u>	1,264,608
	<u>280,726</u>	<u>1,264,608</u>

5. Administration expenses

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
	€	€
Rent	3,070	3,070
Municipality taxes	250	250
Registrar of Companies annual levy	-	350
Auditors' remuneration	22,000	22,000
Accounting fees	19,250	19,250
Legal fees	8,500	8,500
Directors' fees	12,000	12,000
Other professional fees	<u>174,477</u>	121,477
	<u>239,547</u>	<u>186,897</u>

6. Finance income/(costs)

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
	€	€
Interest income from bank deposits	<u>164,708</u>	26,499
Finance income	<u>164,708</u>	<u>26,499</u>
Bank charges	<u>(914)</u>	(1,327)
Finance cost	<u>(914)</u>	<u>(1,327)</u>
Net finance income	<u>163,794</u>	<u>25,172</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

7. Profit per share attributable to equity holders

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
Profit attributable to shareholders (€)	5,371,636	2,880,222
Weighted average number of ordinary shares in issue during the period	178,623,895	178,623,895
Profit per share attributable to equity holders (cent)	3.01	1.61

8. Receivables

	30/06/2024 €	31/12/2023 €
Other receivables	77,221	49,220
	77,221	49,220

9. Refundable taxes

	30/06/2024 €	31/12/2023 €
Corporation tax	3,305	79,569
	3,305	79,569

10. Financial assets at fair value through profit or loss

	30/06/2024 €	31/12/2023 €
Balance as at 1 January 2024/1 January 2023	6,815,796	22,416,703
Interest income	280,726	2,061,743
Change in fair value	5,242,927	2,081,248
Coupons received	(2,390,935)	(19,743,898)
Balance as at 30 June 2024 /31 December 2023	9,948,514	6,815,796

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

	30/06/2024 €	31/12/2023 €
Financial assets at fair value through profit or loss		
Mezzanine notes (Class B2)	9,948,514	6,815,796
	9,948,514	6,815,796

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

SUNRISEMEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

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

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

It is estimated that the fair value of Junior notes (Class C2) is nil.

11. Cash and cash equivalents

Cash balances are analysed as follows:

	30/06/2024	31/12/2023
	€	€
Cash at bank	13,189,585	10,898,397
	13,189,585	10,898,397

12. Share capital

	30/06/2024	30/06/2024	31/12/2023	31/12/2023
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares	178,623,895	14,504,260	178,623,895	25,007,345
Reduction of nominal value per share of Share Capital	-	-	-	(10,503,085)
	178,623,895	14,504,260	178,623,895	14,504,260
Issued and fully paid				
Balance as at 1 January	178,623,895	14,504,260	178,623,895	25,007,345
Reduction of nominal value per share of Share Capital	-	-	-	(10,503,085)
Balance as at 30 June 2024/31 December 2023	178,623,895	14,504,260	178,623,895	14,504,260

On 12 July 2023, during the course of the Company's AGM the shareholders approved the proposal of Board of Directors to reduce the nominal value of each ordinary share by €0.0588 from €0.14 to €0.0812 each.

On 16 October 2023, the share capital reduction was approved via court order. The Company's issued share capital was reduced to €14,504,260 divided in 178,623,895 ordinary shares of €0.0812 each.

13. Trade and other payables

	30/06/2024	31/12/2023
	€	€
Other Creditors	20,996	34,079
VAT	-	2,240
Shareholders' current accounts - credit balances (Note 14.2)	543	711
Accruals	51,000	31,502
	72,539	68,532

SUNRISEMEZZ PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS for the period 1 January 2024 to 30 June 2024

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Directors' remuneration

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

	01/01/2024- 30/06/2024	01/01/2023- 30/06/2023
	€	€
Directors' fees	<u>12,000</u>	<u>12,000</u>
	<u>12,000</u>	<u>12,000</u>

14.2 Shareholders' current accounts - credit balances

	30/06/2024	31/12/2023
	€	€
Shareholders' current accounts - credit balances (Note 13)	<u>543</u>	<u>711</u>
	<u>543</u>	<u>711</u>

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

15. Events after the reporting period

During August 2024, the company did not receive any coupon payments.

On 5 July 2024, during the Company's Annual General Meeting ("AGM"), the shareholders approved the proposal of the Board of Directors to reduce the share capital of the Company by €9,002,644.31 by reducing the nominal value of the entire shares from €0.0812 each to €0.0308 each. The capital reduction is expected to be completed in the fourth quarter of the financial year 2024.

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

Disclaimer

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

