

Company Number 690960

**Cairn CLO XIV Designated Activity Company**

**Directors' Report and  
Audited Financial Statements**

**For the financial year ended 30 June 2025**



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## Cairn CLO XIV Designated Activity Company

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### Directors and Other Information

|   |  |
|---|--|
| Directors   | Colm Ó Murchadha<br>Emma Smith   |
| Company Secretary, Registered Office and Corporate Service Provider | Walkers Corporate Services (Ireland) Limited<br>5th Floor, The Exchange<br>George's Dock<br>Dublin 1<br>Ireland  |
| Company Number  | 690960   |
| Independent Auditor   | KPMG<br>Chartered Accountants & Statutory Auditor Firm<br>1 Harbourmaster place<br>Dublin 1<br>Ireland           |
| Collateral Administrator, Calculation Agent and Information Agent   | U.S. Bank Global Corporate Trust Limited<br>5th Floor, 125 Old Broad Street<br>London EC2N 1AR<br>United Kingdom |
| Collateral Manager  | Cairn Loan Investments II LP<br>62 Buckingham Gate<br>London SW1E 6AJ<br>United Kingdom                          |
| Trustee   | U.S. Bank Trustees Limited<br>5th Floor, 125 Old Broad Street<br>London<br>EC2N 1AR<br>United Kingdom            |
| Principal Paying Agent, Account Bank, Custodian and Exchange Agent  | U.S. Bank Europe DAC<br>Block F1, Cherrywood Business Park,<br>Cherrywood,<br>Dublin 18, D18 W2X7<br>Ireland     |
| Registrar and Transfer Agent  | U.S. Bank Europe DAC<br>Block F1, Cherrywood Business Park,<br>Cherrywood,<br>Dublin 18, D18 W2X7<br>Ireland     |
| Legal Advisers  | Walkers Ireland LLP<br>5th Floor, The Exchange<br>George's Dock<br>Dublin 1<br>Ireland                           |
| Irish Listing Agent   | Walkers Listing Services Limited<br>5th Floor, The Exchange<br>George's Dock<br>Dublin 1<br>Ireland              |

### Directors' Report (continued)

The Directors present their annual report together with the audited financial statements for the financial year ended 30 June 2025 for Cairn CLO XIV Designated Activity Company (the "Company").

#### Principal activities

The Company is a designated activity company ("the DAC"), which was incorporated on 23 March 2021, in accordance with the laws of Ireland with a company registration number of 690960.

The purpose of the Company is to purchase a portfolio (the "Portfolio" or the "Collateral Obligations") of primarily senior loans and mezzanine obligations funded through the issuance of limited recourse listed debt obligations (the "Notes" or "the debt securities issued") to investors and to engage in certain related transactions and agreements. Detail on industry, credit rating and geographical location of the collateral obligations are further detailed in Note 16.

#### Review of the business and future developments

The financial performance of the Company and the price performance of the financial assets are discussed in the "Results and Dividends" section of the Directors' Report.

On 23 March 2021, the Company was incorporated in Ireland as a DAC and subsequently registered under Section 110 of the Irish Taxes Consolidation Act once it met the qualifying criteria.

The Company has financed the initial purchase of the portfolio through the proceeds of a series of limited recourse notes and loans.

On 07 May 2021, the Company entered into the warehousing stage. On 29 October 2021, the Company transferred out of the warehousing stage. The Warehouse Notes totaling €186,700,000 were repaid in full and the Company issued various classes of notes with a principal amount totaling €408,000,000 all of which were subscribed and purchased on the date of issuance. The notes with a principal totaling €408,000,000 are listed on the Global Exchange Market of Euronext Dublin.

Due to fluctuations in the fair value of the assets in the Portfolio, there is a risk that certain Notes issued by the Company will not be repaid in full. As indicated in the key performance indicators set out below, a net gain on financial assets at FVTPL will result in a similar opposite net loss on financial liabilities designated at FVTPL. The Notes are limited recourse obligations of the Company which are payable solely out of the amounts received in respect of the financial assets and other realisable assets held by the Company.

If the net proceeds from the realisation of the financial assets and other realisable assets following an event of default or at the maturity date are insufficient to pay all the amounts due to Noteholders, the Noteholders will have no further claim against the Company in respect of any such unpaid amounts. Such shortfall will be borne by firstly, the Subordinated Noteholders. Payments on the Subordinated Notes will be made by the Company to the extent of available funds and no payments thereon will be made until the payment of fees and expenses have been made and until interest on the Rated Notes has been paid. If funds are available in line with the previous sentence, payment to the Subordinated Noteholders will be made subject to a maximum amount of €1,000 per annum which will constitute the profit amount of the Company.

#### *Geopolitical and Economic uncertainty*

The ongoing conflict in Middle East and Ukraine, political uncertainty and inflation have impacted global financial markets throughout 2024 and continue to cause financial market volatility. The Collateral Manager, the Directors and each of the Company's service providers continue to monitor and assess the effect on the investments and operations of the Company. The Collateral Manager and the service providers have robust business continuity plans and continue to monitor the situation. To date, there has been no evidence that these ongoing events will be detrimental to the Company.

#### *Portfolio*

As noted in the Trust Deed dated 9 November 2017 ("Trust Deed"), the Portfolio Profile Tests and the Collateral Quality Tests are used as criteria for purchasing Collateral Obligations. The Collateral Administrator will perform the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date.

### Directors' Report

As at 30 June 2025, all tests including Par Value tests, Reinvestment Overcollateralisation Test, Interest Coverage Test, Minimum Diversity Test, Minimum Weighted Average Spread and Recovery Rate Tests and Weighted Average Life Test were passed.

The Coverage Tests are used primarily to determine whether coupon expense may be paid on all the classes of Notes and whether principal proceeds may be reinvested in substitute collateral debt obligations. They are also used to determine if coupon expense and principal proceeds should be used to satisfy failure in any of the above tests.

Due to fluctuations in the fair value of the assets in the Portfolio, there is a risk that certain Notes issued by the Company will not be repaid in full. The Notes are limited recourse obligations of the Company which are payable solely out of the amounts received in respect of the financial assets and other realisable assets held by the Company. If the net proceeds from the realisation of the financial assets and other realisable assets following an event of default or at the maturity date are insufficient to pay all the amounts due to Noteholders, the Noteholders will have no further claim against the Company in respect of any such unpaid amounts.

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### Results and dividends

The results for the financial period are set out in the Statement of Comprehensive Income on page 17. The Company's assets, liabilities and equity held at the financial period end are set out in the Statement of Financial Position on page 18. The Directors recommend that no dividend is paid for the financial year ended 30 June 2025 (2024: €Nil).

The key performance indicators for the Company are as follows:

|   | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|---|---|---|
| (a) Defaults* on the Portfolio during the financial year par amount | 8,755,330   | -   |
| (b) Net gain on financial assets at FVTPL                           | 25,675,146  | 43,665,748  |
| (c) Net loss on financial liabilities at FVTPL                      | (23,272,595)  | (41,231,445)  |
| (d) Financial assets at FVTPL                                       | 395,290,313   | 411,930,561   |
| (e) Financial liabilities at FVTPL                                  | 392,957,789   | 397,046,089   |

**Directors' Report**

\*Default is the failure to repay a debt including interest or principal on a loan or security.

Net gain on financial assets at FVTPL includes realised and unrealised fair value changes and coupon income. The gain arose due to favourable movements in the applicable interest rates and market prices of the collateral debt obligations. This movement has resulted in an increase in the fair value of the financial liabilities designated at FVTPL.

**Directors and secretary and their interests**

The names of the persons who were Directors at any time during the financial year ended 30 June 2025 and subsequently are set out below:

Colm Ó Murchadha  
Emma Smith

Walkers Corporate Services (Ireland) Limited was appointed secretary of the Company on 30 April 2021. The Directors or their families and company secretary who held office on 30 June 2025 did not hold any shares, share options, deferred shares, loan stock or debentures in the Company on that date or during the financial year, requiring disclosure in the Directors' report pursuant to Section 329 of the Companies Act 2014.

**Accounting records**

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records by using appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The Company's accounting records are maintained at the 5th Floor, The Exchange, George's Dock, Dublin 1, Ireland.

**Directors' compliance statement**

The Directors, in accordance with Section 225(2) (a) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with its relevant obligations as defined in Section 225(2) (b) of the Companies Act 2014. The Directors confirm that:

- a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations Section 225 of the Companies Act 2014 that, in the Directors' opinion, are appropriate to the Company, has been prepared;
- appropriate arrangements and structures are in place with the objective of securing material compliance with the Company's relevant obligations; and
- a review of the arrangements and structures in place for the Company was conducted during the financial year.

**Transactions involving Directors**

There were no contracts in the financial year of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act 2014.

**Directors' Report (continued)**

**Related party transactions**

The related party transactions in relation to the Company are disclosed in Note 19.

**Principal risks and uncertainties**

The Company's operations are financed primarily through the proceeds of the Notes.

The principal risks and uncertainties that impact the Company are in relation to its exposure to market risk (which includes interest rate risk, currency risk and other price risk), credit risk, concentration risk, operational risk, prepayment risk and liquidity risk from its use of financial instruments. The information required in relation to the use by the Company of financial instruments and the financial risk management objectives and policies of the Company are detailed in Note 16 of the audited financial statements.

**Going concern**

The Directors have a reasonable expectation that the Company will continue in operational existence for at least twelve months from the date of approval of these financial statements and have prepared the financial statements on a going concern basis.

As explained in further detail in note 9 Financial Liabilities designated at FVTPL, due to the limited recourse nature of the Notes and priority of operating expenses, the entity will always be considered a going concern assuming that it can liquidate assets as required.

In accordance with the terms of the Offering Circular and with the non-call period having ended on 29 October 2023, the Collateral Manager may call the Notes in a refinancing event post non-call period. In a refinancing event, the Notes are called and reissued at current market spreads, complete with new terms. This event will have no impact on the asset portfolio of the Company. The business activity of the Company will not be impacted by this event.

**Issue of shares**

Authorised share capital consists of 1,000 ordinary shares of 1 each. One share was issued to Walkers Global Shareholding Services Limited on 23 March 2021.

**Subsequent events**

On 11 August 2025, the European Commission issued a clarification regarding the treatment of Conditional Sale Agreements (CSAs) in determining Originator status under the EU Securitization Regulation. Based on this, the Company entered into a Forward Sale Agreement on 3 September 2025 with the Collateral Manager to better comply with the requirements of the updated guidance from the European Commission. The Company and the Directors will continue to monitor the situation closely.

There have been no other significant events since 30 June 2025 which require adjustment to or disclosure in these financial statements.

**Political donations**

The Electoral Act, 1997 (as amended by the Electoral Amendment Policy Funding Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company during the financial year ended 30 June 2025.

**Statement on relevant audit information**

In accordance with Section 330 of the Companies Act 2014:

- So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware; and
- Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Directors' Report (continued)**

**Audit committee**

Given the contractual obligations of the Corporate Service Provider, the Board has concluded that there is currently no need for the Company to have a separate audit committee or internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The principal duties of the audit committee are completed by the Corporate Service Provider as part of the current service agreement. Therefore, the Company has taken the exemption available for companies, which do not qualify as large according to the thresholds, set out under section 167 of the Companies Act 2014 and therefore does not have a separate audit committee.

**Shareholder meetings**

The shareholder's rights and the operations of shareholder meetings are defined in the Company's Constitution and comply with the Companies Act 2014. The Company holds general meetings as and when required.

**Independent auditor**

KPMG, Chartered Accountants & Statutory Auditor Firm was appointed as auditor on 20 June 2022 and have expressed their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014.

**On behalf of the Board**

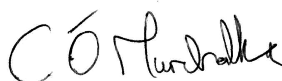


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**Emma Smith**

Director

29 January 2026



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**Colm Ó Murchadha**

Director

29 January 2026

**Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements**

The Directors are responsible for preparing the annual report and the financial statements in accordance with Irish law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position and of its profit or loss for that period. In preparing the Company's financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

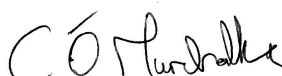
The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the company and the profit or loss, which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

**On behalf of the Board**



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**Emma Smith**  
Director  
29 January 2026



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**Colm Ó Murchadha**  
Director  
29 January 2026



**KPMG**

Audit  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Cairn CLO XIV Designated Activity Company ('the Company') for the year ended 30 June 2025 set out on pages 17 to 45, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the material accounting policies set out in note 3.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2025 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. 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 have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Conclusions relating to going concern***

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included: using our knowledge of the Company to identify inherent risks to the Company's business model and analysing how those risks might affect the Company's financial resources or ability to continue as a going concern over the twelve months from the date of when the financial statements are authorised for issue.

We held discussions with management and inspected all board meeting minutes during the period up to the date of approval of the financial statements for evidence of any discussions and/or decisions that could impact the Company's ability to continue as a going concern.



## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company (continued)**

### ***Conclusions relating to going concern (continued)***

The directors' assessment is consistent with our understanding of the Company. There were no risks identified that we considered were likely to have a material adverse effect on the Company's available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors as to the Company's policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Reading Board minutes.
- Performing planning analytical procedures to identify any unusual or unexpected relationships.
- Evaluating the year end financial reporting process through conducting relevant procedures with the Administrator and obtaining an understanding of the financial reporting process.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed



## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company (continued)**

### **Detecting irregularities including fraud (continued)**

procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to the fraud risk(s), we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias.
- Assessing the disclosures in the financial statements.
- Evaluating the appropriateness of the accounting and business rationale for significant transactions that are outside the normal course of business, or are otherwise unusual.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was 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 this matter.



## Independent Auditor’s Report to the Members of Cairn CLO XIV Designated Activity Company (continued)

### Key audit matters: our assessment of risks of material misstatement (continued)

In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2024):

Valuation and Ownership of Financial Assets at Fair Value through Profit or Loss (“FVTPL”) €395,290,313 (2024: €411,930,561)

Refer to page 23 to 25 (accounting policy) and pages 30 and 33 to 36 (financial disclosures)

| The key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>Valuation and ownership of financial assets at FVTPL is considered to be a key audit matter.</p> <p>The Company’s Financial Assets at FVTPL comprising of loans and bonds, make up 92.14% (2024: 96.26%) of total assets (by value). The valuation of investments is based on vendor prices, hence no significant judgement is involved. Due to their materiality in the context of the financial statements as a whole, valuation and ownership of financial assets at FVTPL are judged by the audit team to be the most significant area of the audit of the financial statements and hence considered as a key audit matter.</p> | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- obtaining and documenting our understanding of the financial assets at FVTPL valuation process and process for recording transactions.</li> <li>- engaging our own internal valuation specialists to independently price 100% (2024: 100%) of the financial assets at FVTPL held by the Company at year end. This includes an assessment of the reliability of the external pricing from third party vendors and their relevance through the depth of quotes available.</li> <li>- obtaining independent third party confirmations directly from the Custodian/Trustee in relation to the transfer certificates of all the loans and all the ownership of the bonds and reconciling it to the investments held at year end.</li> <li>- inspecting the Investments’ disclosure in accordance with the fair value hierarchy set out in IFRS 13 and assessing the appropriateness of the disclosure in the financial statements.</li> </ul> <p>No material misstatements were noted as part of our testing.</p> |

### Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €4,290,019 (2024: €4,279,402), determined with reference to a benchmark of total assets (of which it represents 1% (2024: 1%).

We consider total assets to be the most appropriate benchmark as it is one of the principal considerations in assessing the financial performance of the Company. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed.

In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were:

- the elements of the financial statements
- the items on which the attention of the users of the particular entity’s financial statements tends to be focused
- the entity’s ownership structure and the way it is financed.

In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors, which had the most significant impact, increasing our assessment of materiality were:

- Concentration of ownership - Concentration of ownership in a small number of well informed individuals. Few changes (if any) are expected in the stakeholders (i.e. noteholders).



## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company (continued)**

### **Our application of materiality and an overview of the scope of our audit (continued)**

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the financial statements as a whole was set at €3,217,514 (2024: €3,209,551), determined with reference to a benchmark of materiality (of which it represents 75% (2024: 75%).

We used performance materiality to reduce to an appropriate level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding €214,501 (2024: €213,970), in addition to other identified misstatements that warranted reporting on qualitative grounds.

In applying our judgement in determining performance materiality, the following factors were considered to have the most significant impact, increasing our assessment of performance materiality:

- entity level control deficiencies, such as in the control environment.
- the number and severity of deficiencies in control activities, including those that may be pervasive.
- turnover of senior management or key financial reporting personnel.
- the number and/or value of detected misstatements.
- the value of uncorrected misstatements, including the cumulative current period effect of immaterial prior period uncorrected misstatements.
- management's attitude towards correcting misstatements.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team overseen by the Dublin office.

### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Company Information, Directors' Report and Statement of Directors' Responsibilities in respect of the annual report and the financial statements. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.



## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company (continued)**

### ***Other information (continued)***

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, those parts of the directors' report specified for our review, which does not include sustainability reporting when required by Part 28 of the Companies Act 2014, have been prepared in accordance with the Companies Act 2014.

### ***Our opinions on other matters prescribed by the Companies Act 2014 are unmodified***

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### ***We have nothing to report on other matters on which we are required to report by exception***

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***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 (Ireland) 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.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.



## **Independent Auditor's Report to the Members of Cairn CLO XIV Designated Activity Company (continued)**

### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink, appearing to read 'Gary Fitzpatrick', written over a light blue horizontal line.

Gary Fitzpatrick

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

D01 F6F5

30 January 2026

Statement of Comprehensive Income for the financial year ended 30 June 2025

|   | Note | Financial<br>year ended<br>30-Jun-25<br>EUR | Financial<br>period ended<br>30-Jun-24<br>EUR |
|---|------|---|---|
| <b>Net interest income</b>  |      |   |   |
| Net gain on financial assets at fair value through profit or loss ("FVTPL") | 4    | 25,675,146                                  | 43,665,748                                    |
| Net loss on financial liabilities designated at FVTPL                       | 5    | <u>(23,272,595)</u>                         | <u>(41,231,445)</u>                           |
|   |      | 2,402,551                                   | 2,434,303                                     |
| <b>Other expenses</b>   |      |   |   |
| Other expenses  | 6    | <u>(2,401,551)</u>                          | <u>(2,433,303)</u>                            |
|   |      | (2,401,551)                                 | (2,433,303)                                   |
| <b>Operating profit before taxation</b>                                     |      | <u>1,000</u>                                | <u>1,000</u>                                  |
| Taxation  | 7    | <u>(250)</u>                                | <u>(250)</u>                                  |
| <b>Profit for the financial year</b>  |      | 750   | 750   |
| Other comprehensive income  |      | -   | -   |
| <b>Total comprehensive income</b>   |      | <u><u>750</u></u>                           | <u><u>750</u></u>                             |

All items dealt with in arriving at the profit for the financial year ended 30 June 2025 related to continuing operations. The Company had no recognised gains or losses in the financial year other than those dealt with in profit or loss for the year.

The notes to the financial statements on pages 21 to 45 form an integral part of the financial statements.

Statement of Financial Position as at 30 June 2025

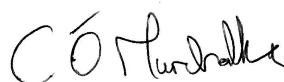
|                                     | Note | As at<br>30-Jun-25<br>EUR | As at<br>30-Jun-24<br>EUR |
|-------------------------------------|------|---------------------------|---------------------------|
| <b>Assets</b>                       |      |                           |                           |
| Cash and cash equivalents           | 10   | 18,698,762                | 6,871,908                 |
| Trade and other receivables         | 11   | 1                         | 1                         |
| Unsettled trades receivable         | 13   | 15,012,843                | 9,137,681                 |
| Financial assets at FVTPL           | 8    | 395,290,313               | 411,930,561               |
| <b>Total assets</b>                 |      | <b>429,001,919</b>        | <b>427,940,151</b>        |
| <b>Liabilities</b>                  |      |                           |                           |
| Trade and other payables            | 12   | 406,049                   | 417,596                   |
| Unsettled trades payable            | 13   | 35,635,080                | 30,474,215                |
| Financial Liabilities at FVTPL      | 9    | 392,957,789               | 397,046,089               |
| <b>Total liabilities</b>            |      | <b>428,998,918</b>        | <b>427,937,900</b>        |
| <b>Equity</b>                       |      |                           |                           |
| Called up share capital             | 14   | 1                         | 1                         |
| Retained earnings                   |      | 3,000                     | 2,250                     |
| <b>Total equity</b>                 |      | <b>3,001</b>              | <b>2,251</b>              |
| <b>Total equity and liabilities</b> |      | <b>429,001,919</b>        | <b>427,940,151</b>        |

The notes to the financial statements on pages 21 to 45 form an integral part of the financial statements.

On behalf of the Board



**Emma Smith**  
Director  
29 January 2026



**Colm Ó Murchadha**  
Director  
29 January 2026

Statement of Changes in Equity for the financial year ended 30 June 2025

|                                   | Share<br>capital<br>EUR | Retained<br>earnings<br>EUR | Total<br>equity<br>EUR |
|-----------------------------------|-------------------------|-----------------------------|------------------------|
| <b>Balance as at 1 July 2024</b>  | 1                       | 2,250                       | 2,251                  |
| Total comprehensive income        | -                       | 750                         | 750                    |
| <b>Balance as at 30 June 2025</b> | <u>1</u>                | <u>3,000</u>                | <u>3,001</u>           |

|                                   | Share<br>capital<br>EUR | Retained<br>earnings<br>EUR | Total<br>equity<br>EUR |
|-----------------------------------|-------------------------|-----------------------------|------------------------|
| <b>Balance as at 30 June 2023</b> | 1                       | 1,500                       | 1,501                  |
| Total comprehensive income        | -                       | 750                         | 750                    |
| <b>Balance as at 30 June 2024</b> | <u>1</u>                | <u>2,250</u>                | <u>2,251</u>           |

The notes to the financial statements on pages 21 to 45 form an integral part of the financial statements.

Statement of Cash Flows for the financial year ended 30 June 2025

|  |             | Financial<br>year ended<br>30-Jun-25<br>EUR | Financial<br>year ended<br>30-Jun-24<br>EUR |
|--|-------------|---|---|
| <b>Cash flows from operating activities</b>                      | <b>Note</b> |   |   |
| Profit on ordinary activities before taxation                    |             | 750   | 750   |
| Adjustments for:   |             |   |   |
| Net gain of financial assets at FVTPL                            | 4           | (25,675,146)                                | (43,665,748)                                |
| Net loss on financial liabilities designated at FVTPL            | 5           | 23,272,595                                  | 41,231,446                                  |
| Increase in trade and other payables                             | 12          | (11,547)                                    | 28,650                                      |
| Acquisition of financial assets at FVTPL                         | 8 & 13      | (90,463,487)                                | (55,395,468)                                |
| Proceeds from disposal of financial assets at FVTPL              | 8 & 13      | 103,298,358                                 | 55,262,768                                  |
| Coupon and other income received                                 | 8           | 28,766,226                                  | 31,588,294                                  |
| <b>Net cash from operating activities</b>                        |             | <u>39,187,749</u>                           | <u>29,050,692</u>                           |
| <b>Cash flows from financing activities</b>                      |             |   |   |
| Coupon expense paid on financial liabilities designated at FVTPL | 9           | (27,360,895)                                | (28,104,873)                                |
| <b>Net cash used in financing activities</b>                     |             | <u>(27,360,895)</u>                         | <u>(28,104,873)</u>                         |
| <b>Net increase in cash and cash equivalents</b>                 |             | 11,826,854                                  | 945,819                                     |
| <b>Cash and cash equivalents at start of the financial year</b>  | 10          | 6,871,908                                   | 5,926,089                                   |
| <b>Cash and cash equivalents at end of the financial year</b>    | 10          | <u><u>18,698,762</u></u>                    | <u><u>6,871,908</u></u>                     |

The notes to the financial statements on pages 21 to 45 form an integral part of the financial statements.

**Notes to the Financial Statements**

**1. General information**

Cairn CLO XIV Designated Activity Company (the "Company") is a designated activity company with limited liability, which was incorporated on 23 March 2021 under the laws of Ireland with a company registration number of 690960. The Company's registered office is at 5<sup>th</sup> Floor, The Exchange, George's Dock, Dublin 1, Ireland.

The Company qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits.

The sole purpose of the Company is to acquire a portfolio consisting primarily of senior loans and mezzanine obligations (the "Portfolio") financed through the issuance of limited recourse listed debt obligations (the "Notes") to investors (the "Noteholders"). The Notes are linked to a portfolio of financial assets. The Portfolio of the Company is managed by Cairn Loan Investments II LLP (the "Collateral Manager") and is carried at fair value through profit or loss ("FVTPL") in the Statement of Financial Position. The method used to measure fair values is discussed further in Notes 3 and 15.

On 07 May 2021, the Company entered into the warehousing stage.

On 29 October 2021, the Company transferred out of the warehousing stage. The Warehouse Notes totaling €186,700,000 were repaid in full and the Company issued various classes of notes with a principal amount totaling €408,000,000 all of which were subscribed and purchased on the date of issuance. The notes with a principal totaling €408,000,000 (the "Notes") are listed on the Global Exchange Market of Euronext Dublin. Refer to Note 9 for further details on the notes.

The recourse of the Noteholders towards the Company is limited to the Company's assets. Should the realisation of the secured assets prove insufficient to pay the Noteholders in full, the Noteholders will have no legal claim against the Company for the shortfall. Such shortfall will be borne by firstly, the Subordinated Noteholders. Payments on the Subordinated Notes will be made by the Company to the extent of available funds and no payments thereon will be made until the payment of fees and expenses have been made and until interest on the Rated Notes has been paid. If funds are available in line with the previous sentence, payment to the Subordinated Noteholders will be made subject to a maximum amount of €1,000 per annum which will constitute the profit amount of the Company.

Coupon expense is payable quarterly in arrears, where the first payment date occurred on 29 April 2022. Coupon expense shall be paid on the Class M-1 and M-2 Notes ("Subordinated notes") (Note 9) on each payment date to the extent funds are available in accordance with priority of payments in the Offering Circular.

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") and in accordance with the Companies Act 2014.

The accounting policies set out in the Note 3 have been applied consistently in preparing the financial statements for the financial year ended 30 June 2025.

All standards in issue and effective as at 30 June 2025 have been adopted.

There is an expectation that the Company will continue in operational existence for at least twelve months from the date of approval of these financial statements. The financial statements have been prepared on a going concern basis. The Collateral Manager may call the Notes after the non-call period ends in a refinancing event. The non-call period ended on 29 October 2023. In a refinancing event, the Notes are called and reissued at current market spreads, complete with new terms. This event will have no impact on the asset portfolio of the Company. The business activity of the Company will not be impacted by this even.

**Notes to the Financial Statements (continued)**

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following, which have been measured at fair value through profit or loss under IFRS 9:

- Financial assets measured at fair value through profit or loss ("FVTPL") are measured at fair value; and
- Financial liabilities designated as at FVTPL are measured at fair value.

The method used to measure fair values is discussed further in Notes 3 and 15.

In order to avoid the accounting mismatch that would otherwise arise, the Company has designated the financial liabilities issued to be at fair value through profit or loss.

**(c) Standards and amendments issued but not yet effective**

The directors have reviewed those standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements and assessed that none of those new standards and interpretations will have a material impact on the Company's financial statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applied for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- The Company is still in the process of assessing the impact of the new standard.

The following standards and amendments to standards are required to be applied for future annual periods and some are available for early adoption. The Company has taken the decision not to adopt these amendments early.

|   | <b>Effective date (financial year beginning) *</b> |
|---|--|
| Lack of exchangeability – Amendments to IAS 21  | 1 January 2025                                     |
| Annual Improvements to IFRS accounting standards volume 11  | 1 January 2026                                     |
| Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7                          | 1 January 2026                                     |
| Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) | 1 January 2026                                     |
| IFRS 18 Presentation and Disclosure in Financial Statements   | 1 January 2027                                     |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures   | 1 January 2027                                     |

\*Where new requirements are endorsed the EU effective date is disclosed. For un-endorsed standards and interpretations, the IASB's effective date is noted. Where any of the upcoming requirements are applicable to the Company, it will apply them from their EU effective date.

**(d) Use of estimates and judgements**

The preparation of the financial statements requires the Directors to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the Directors.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The key area of estimate and judgment for the Company is determining the fair value of financial assets and liabilities.

**Notes to the Financial Statements (continued)**

**Judgements**

**Investments purchased and notes issued at fair value through profit or loss.**

For Level 2 and Level 3 financial assets, the fair values have been determined by the Directors based on values obtained from the Collateral Manager or Corporate Service Provider. The Collateral Manager uses prices provided by specialist pricing vendors where available or otherwise uses a variety of different valuation techniques as outlined in Note 15.

The market price for loans is provided by MarkIT Partners (third party vendor) where they use observable market inputs to determine the price while the market price for bonds is from Bloomberg who obtain observable market inputs on the assets.

The determination of what inputs are "observable" requires judgment by the Directors. Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year is included in note 15.

**Estimates**

**Key sources of estimation uncertainty**

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The key estimate is fair value of financial instruments, the methodology of which is disclosed in Note 15, Fair Value.

Because of its limited recourse nature, the fair value of the notes issued by the Company are determined by reference to the fair value of associated financial assets less all other liabilities of the Company. The selection of this valuation methodology is considered the key assumption determined by the directors.

**3. Material accounting policies**

**(a) Segmental reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers and for which discrete financial information is available. The Chief Operating Decision Makers for the Company are the Collateral Manager and the Board. In considering the segments of the Company, the Company has considered the information reviewed by the Company's Chief Operating Decision Makers and determined that there is one operating segment. The Company's business involves the investments in financial assets. The Chief Operating Decision Makers review information from the portfolio of investments as a whole.

The Company has only one business unit and all administration and operating functions are carried out by the Corporate Service Provider and Secretary. Note 16 (c) provides further details of the geographical and industry concentration.

**(b) Financial instruments**

The financial instruments held by the Company include the following:

- Financial assets at FVTPL;
- Cash and cash equivalents;
- Unsettled trades receivable;
- Trade and other receivables;
- Trade and other payables;
- Unsettled trades payable; and
- Financial liabilities designated at FVTPL.

**Recognition and initial measurement**

The Company initially recognises all financial assets and liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instruments. Purchases and sales of financial assets and financial liabilities are recognised using trade date accounting.

**Notes to the Financial Statements (continued)**

From trade date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded through profit or loss in the Statement of Comprehensive Income.

*Initial measurement*

Financial assets classified and financial liabilities designated at FVTPL are initially recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified or designated as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

*Financial assets*

The Company classifies its financial assets as initially measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

*Financial assets measured at amortised cost*

A financial instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and coupon interest on the principal amount outstanding. The Company includes in this category trade and other receivables, unsettled trades and cash and cash equivalents.

*Financial assets measured at fair value through profit or loss (FVTPL)*

*Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual coupon income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- how the collateral manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Company has determined that it has two business models:

*(a) Other business model*

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. This is another business model used by the Company.

The Company includes in this category Collateral Obligations that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

The Collateral Manager reviews the performance of the underlying loans in the portfolio regularly on a fair value basis and uses market values to assess if selling any underlying loans would maximise the return to the Noteholders. The Collateral Manager actively trades the portfolio

**Notes to the Financial Statements (continued)**

*(b) Held-to-collect business model*

This includes cash and cash equivalents, trade and other receivables and unsettled trades receivables. These financial assets are held to collect contractual cash flows.

Financial liabilities

*Financial liabilities designated at fair value through profit or loss (FVTPL)*

The Company includes in this category financial liabilities which are designated at FVTPL at initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company includes in this category the Notes.

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those designated at fair value through profit or loss. The Company includes in this category, unsettled trade payables and trade and other payables.

Subsequent Measurement of financial assets and liabilities

After initial recognition, the Company measures financial instruments which are designated as at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The Company includes in this category: Cash and cash equivalents, unsettled trades receivable and trade and other receivables.

Financial liabilities designated at FVTPL are measured at fair value and net gains and losses, including any coupon expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Measurements

*Fair value measurement principles*

Fair value is defined by IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's financial instruments carried at fair value are analysed below 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).

The fair value of financial assets is based on quotations from third party pricing vendors.

If pricing vendors quotes are not available, the fair value is determined by applying the following price source hierarchy (broker quotes, recently observed price "recent trade", independent valuation agent or by the Collateral Manager).

Amortised cost measurement

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The Company recognises loss allowances for ECLs ("expected credit losses") on financial assets measured at amortised cost. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

**Notes to the Financial Statements (continued)**

Under IFRS 9, loss allowances are measured on either of the following basis: 12-month ECLs that result from possible default events within the 12 months after the reporting date; and lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

*Impairment*

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

*Cash and cash equivalents*

The Company has determined that the application of IFRS 9's expected credit loss results in an immaterial provision on the cash and cash equivalents. The Company considers cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparty.

*Other receivables and unsettled trade receivables*

The Company has determined that the application of IFRS 9's expected credit loss on other receivables and unsettled trade receivables results in an immaterial impairment provision on other receivables and unsettled trade receivables. Other receivables are short-term in nature and relate to amounts owed by reputable counterparties.

*Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

*Offsetting*

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions. For the financial year ended 30 June 2025, there were no financial assets or liabilities subject to enforceable master netting arrangements which would require disclosure.

*Financial liability and equity*

The financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that these conditions are not met, the proceeds of issue are classified as a financial liability.

**Notes to the Financial Statements (continued)**

Finance payments associated with financial liabilities are dealt with as part of the ongoing remeasurement of the Notes to fair value. The Company's Notes issued are classified as liabilities.

**(c) Net gain on financial assets at FVTPL**

Net gain on financial assets at FVTPL on the Portfolio includes realised and unrealised fair value changes and coupon income and other income.

**(d) Net loss on financial liabilities at FVTPL**

Net loss on financial liabilities at FVTPL comprises of realised and unrealised fair value changes and coupon expense arising on the Notes.

**(e) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Income and are included under net loss on financial assets at FVTPL.

**(f) Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable on the taxable income for the year, using the tax rates applicable to the Company's activities enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous periods.

Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the reporting date except as otherwise required by IAS 12 'Income Tax'.

Provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised only to the extent that it is considered more likely than not that they will be recovered.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

**(g) Cash and cash equivalents**

Cash and cash equivalents includes cash held on deposit with banks and other short term highly liquid investments with original maturities of less than three months which are not subject to a significant risk of changes in their fair value and are used by the Company in the management of its short term commitments. The Company includes Money Market Funds within this category as they are used in the management of the Company's short-term commitments and have no restriction on withdrawal of funds and the underlying instruments held by the money market funds have a weighted average maturity of 60 days or less.

**(h) Other expenses**

Other expenses are accounted for on an accruals basis.

**(i) Other receivables and payables**

Other receivables do not carry any interest, are short-term in nature and are reduced by appropriate expected credit loss allowances.

Other payables are non-interest bearing, short-term in nature and are, accordingly, stated at their cost.

Notes to the Financial Statements (continued)

**(j) Unsettled trade receivables and payables**

Unsettled trades include amounts payable for securities purchased and receivables for securities sold (in a regular way transaction) that have been contracted but not yet delivered on the reporting date. They are initially measured at fair value plus any directly attributable incremental costs and subsequently measured at amortised cost.

**(k) Share capital**

Ordinary Shares are not redeemable and do not participate in the profit of the Company and are classified as equity per the Company's Constitution. Share Capital is issued in Euro (EUR).

**(l) Functional and presentation currency**

Monetary assets and liabilities denominated in foreign currency included in the Company's financial statements are measured in Euro denoted by the symbol "EUR" or "€" which is the Company's functional and presentation currency. The financial assets and liabilities issued are mainly denominated in Euro (€). The Directors of the Company believe that Euro (€) most faithfully represents the economic effects of the underlying transactions, events and conditions.

**4. Net gain on financial assets at FVTPL**

|                                       | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|---------------------------------------|---|---|
| Net gain on financial assets at FVTPL | 25,675,146  | 43,665,748  |
|                                       | <u>25,675,146</u>                                     | <u>43,665,748</u>                                     |

Net gain on financial assets at FVTPL includes coupon income, other income generated from financial assets and realised and unrealised fair value changes.

**5. Net loss on financial liabilities at FVTPL**

|   | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|---|---|---|
| Net loss on financial liabilities designated at FVTPL | (23,272,595)  | (41,231,445)  |
|   | <u>(23,272,595)</u>                                   | <u>(41,231,445)</u>                                   |

Net loss on financial liabilities designated at FVTPL includes coupon expense and unrealised fair value changes.

**6. Other expenses**

|                         | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|-------------------------|---|---|
| Audit fees              | 40,781  | 39,594  |
| Tax compliance fees     | 5,904   | 9,437   |
| Collateral manager fees | 2,032,618   | 2,002,581   |
| Professional fees       | 322,248   | 381,690   |
|                         | <u>2,401,551</u>                                      | <u>2,433,303</u>                                      |

The Collateral Manager, in accordance with the priorities of payments, is entitled to receive Collateral Management fees from the Company on a quarterly basis.

**Notes to the Financial Statements (continued)**

1. A senior investment management fee in respect of the immediately preceding due period of up to 0.15% per annum of the average aggregate principal balance of the Portfolio; and
2. A subordinated investment management fee in respect of the immediately preceding due period of up to 0.35% per annum of the average aggregate principal balance of the Portfolio.
3. An incentive investment management fee in respect of the immediately preceding due year in an amount equal to 20% of any interest proceeds, principal proceeds and collateral enhancement obligation proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the priorities of payments if the investment management fee internal rate of return ("IRR") threshold has met or exceeded 12%.

Payment of Collateral Manager Fees is subject to available proceeds and the waterfall of payments, and are senior to the Notes, but subordinated to certain fees and expenses of the Company. The Company has no employees. Accounting and corporate secretarial services have been outsourced to the Corporate Service Provider. No fees were paid directly to Directors during the year (Note 19). The scope of the corporate services agreement with the Corporate Service Provider includes an estimated allocation of directorship service and hence administration fees paid to Corporate Service Provider include fees paid for directorship service. The Corporate Service Provider received €4,080 (2024: €3,965) as consideration for making the available of individuals to act as Directors of the Company.

There was nil outstanding at financial year end. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including making the available of individuals to act as Directors of the Company).

As a result, the allocation of fees for directorship is a subjective and approximate calculation. The individuals acting as Directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company.

|   | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|---|---|---|
| <b>Fees payable to the auditor (exclusive of VAT)</b> |   |   |
| Audit fees  | 33,155  | 32,190  |
| Tax compliance fees                                   | 4,800   | 7,672   |
|   | <u>37,955</u>   | <u>39,862</u>   |

**7. Corporation tax**

|   | <b>Financial<br/>year ended<br/>30-Jun-25<br/>EUR</b> | <b>Financial<br/>year ended<br/>30-Jun-24<br/>EUR</b> |
|---|---|---|
| Corporation tax for the year                                    | <u>(250)</u>  | <u>(250)</u>  |
|   | <u>(250)</u>  | <u>(250)</u>  |
| Profit on ordinary activities before tax                        | <u>1,000</u>  | <u>1,000</u>  |
| Corporation tax at the standard of 12.5% rate for the year      | (125)   | (125)   |
| Effects of:   |   |   |
| Higher rate tax applicable under Section 110 TCA, 1997 of 12.5% | <u>(125)</u>  | <u>(125)</u>  |
| Current tax charge for the year                                 | <u>(250)</u>  | <u>(250)</u>  |

**Notes to the Financial Statements (continued)**

The Company is a qualifying Company within the meaning of Section 110 of the TCA. As such, the profits are chargeable to corporation tax under Case III of Schedule D of the TCA at a rate of 25%, but are computed in accordance with the provisions applicable to Case I of Schedule D.

Deferred taxation is accounted for, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by reporting date except as otherwise required by IAS 12 'Income Tax'. A provision is made at the tax rates which are expected to apply in the periods in which the timing differences reverse. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

**8. Financial assets at FVTPL**

|   | <b>30-Jun-25</b>   | <b>30-Jun-24</b>   |
|---|--------------------|--------------------|
|   | <b>EUR</b>         | <b>EUR</b>         |
| <b>Balance at the beginning of the year</b> | 411,930,561        | 384,760,031        |
| Purchases of financial assets               | 95,624,352         | 71,327,274         |
| Disposals of financial assets               | (109,173,520)      | (56,234,198)       |
| Net gain on financial assets at FVTPL       | 25,675,146         | 43,665,748         |
| Coupon and other income received            | (28,766,226)       | (31,588,294)       |
| <b>Balance at the end of the year</b>       | <u>395,290,313</u> | <u>411,930,561</u> |

The Portfolio primarily consists of senior loans and mezzanine obligations in Euro. The assets held by the Company are pledged as security for the Notes issued. Please refer Note 15 for more details on the portfolio.

|  | <b>30-Jun-25</b>   | <b>30-Jun-24</b>   |
|--|--------------------|--------------------|
|  | <b>EUR</b>         | <b>EUR</b>         |
| <i>Contractual Maturity profile of financial assets at FVTPL</i> |                    |                    |
| Amounts due within 1 year  | 2,465,464          | 3,578,027          |
| Amounts due within 1-2 years                                     | 12,585,571         | 12,148,761         |
| Amounts due within 2-5 years                                     | 257,191,696        | 318,555,629        |
| Greater than 5 years   | 123,047,582        | 77,648,144         |
|  | <u>395,290,313</u> | <u>411,930,561</u> |

The amounts expected to be settled within the next 12 months is €2,465,464 (2024: €3,578,027).

Notes to the Financial Statements (continued)

9. Financial liabilities at FVTPL

| Class  | Initial stated interest rate | Initial credit rating | Original par value at 29 October 2021 (€) | Issue price | Par value at 30 June 2025 (€) | Par value at 30 June 2024 (€) |
|--|------------------------------|-----------------------|---|-------------|-------------------------------|-------------------------------|
| Class A Senior Secured Floating Rate Notes     | 3 month Euribor + 1.00%      | Aaa                   | 244,000,000                               | 100         | 244,000,000                   | 244,000,000                   |
| Class B-1 Senior Secured Floating Rate Notes   | 3 month Euribor + 1.70%      | Aa2                   | 29,000,000                                | 100         | 29,000,000                    | 29,000,000                    |
| Class B-2 Senior Secured Floating Rate Notes   | 2.00%                        | Aa2                   | 15,000,000                                | 100         | 15,000,000                    | 15,000,000                    |
| Class C Senior Secured Def Floating Rate Notes | 3 month Euribor + 2.10%      | A2                    | 24,000,000                                | 100         | 24,000,000                    | 24,000,000                    |
| Class D Senior Secured Def Floating Rate Notes | 3 month Euribor + 3.20%      | Baa3                  | 28,000,000                                | 100         | 28,000,000                    | 28,000,000                    |
| Class E Senior Secured Def Floating Rate Notes | 3 month Euribor + 6.11%      | Ba3                   | 20,400,000                                | 99          | 20,400,000                    | 20,400,000                    |
| Class F Senior Secured Def Floating Rate Notes | 3 month Euribor + 8.64%      | B3                    | 11,600,000                                | 97          | 11,600,000                    | 11,600,000                    |
| Class M-1 Subordinated Notes                   | N/A                          | NR                    | 22,500,000                                | 95          | 22,500,000                    | 22,500,000                    |
| Class M-2 Subordinated Notes                   | N/A                          | NR                    | 13,500,000                                | 95          | 13,500,000                    | 13,500,000                    |

All Notes have a maturity date of 29 October 2034.

|  | 30-Jun-25<br>EUR   | 30-Jun-24<br>EUR   |
|--|--------------------|--------------------|
| <b>Movement in Financial Liabilities designated at FVTPL</b> |                    |                    |
| Balance at the beginning of the year                         | 397,046,089        | 383,919,517        |
| Net gain/(loss) on financial liabilities designated at FVTPL | 23,272,595         | 41,231,445         |
| Coupon expense paid on notes                                 | (27,360,895)       | (28,104,873)       |
| Balance at the end of the year                               | <u>392,957,789</u> | <u>397,046,089</u> |

The Notes may be redeemed before their final legal maturity, in whole or in part, on any payment date if the relevant coverage tests are not satisfied or following the expiry of the non-call Period on 29 October 2023 at the direction of the subordinated Noteholders acting by ordinary resolution or by the Collateral Manager. The coverage tests relate to the Class A, Class B, Class C, Class D, Class E and Class F Notes. The Company may redeem the Notes sequentially in order of seniority according to payment priority. The Class A Notes are in priority to all other Notes followed by the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Subordinated Notes. The Notes issued are limited recourse debt obligations which are payable solely out of amounts received by or on behalf of the Company in respect of the Portfolio securing the Notes.

**Notes to the Financial Statements (continued)**

The table below represents the maturity profile of financial liabilities designated at FVTPL based on maturity dates excluding the non-call option and where accrued coupon expenses fall due within 1 year.

|                              | <b>30-Jun-25</b><br><b>EUR</b> | <b>30-Jun-24</b><br><b>EUR</b> |
|------------------------------|--------------------------------|--------------------------------|
| Amounts due within 1 year    | 3,760,987                      | 4,820,066                      |
| Amounts due within 1-2 years | -                              | -                              |
| Amounts due within 2-5 years | -                              | -                              |
| Greater than 5 years         | 389,196,802                    | 392,226,023                    |
|                              | <u>392,957,789</u>             | <u>397,046,089</u>             |

The amounts expected to be settled within the next 12 months is €3,760,987 (2024: €4,820,066).

**Limited recourse of Notes issued**

If the net proceeds of realisation of the assets secured against the Notes are less than the aggregate amount payable by the Company to the Noteholders, the obligations of the Company will be limited to such net proceeds, which shall be applied in accordance with the Offering Circular.

In such circumstances, the other assets of the Company will not be available for payment of such shortfall which shall be borne by the subordinated Noteholders, the senior Noteholders and the other secured parties in accordance with the Offering Circular.

Coupon expense to the Noteholders is calculated by the calculation agent based on the applicable rate as defined in the Offering Circular. As this is a limited recourse transaction, the return of interest and principal to the Noteholders is contingent on the realisable value of the assets. The returns made to the Noteholders over the life of the Company would include the effect of capital gain/loss as well as interest. At each reporting date, when the results of operations are computed, this gain or loss is recognised in the Statement of Comprehensive Income.

Coupon expense on the Senior Notes is payable quarterly in arrears on each payment date in accordance with the priority of payments. Pursuant to the priority of payments, if coupon expense is not paid on the Class C, the Class D, the Class E or the Class F Notes on any payment date, such amounts will be deferred and will bear coupon expense at the coupon rate applicable to such Notes. The failure to pay such amounts will not be an event of default under the Offering Circular.

Non-payment of any coupon amount due and payable in respect of the Class A or the Class B Notes on any Payment Date will constitute an Event of Default.

**10. Cash and cash equivalents**

|                           | <b>30-Jun-25</b><br><b>EUR</b> | <b>30-Jun-24</b><br><b>EUR</b> |
|---------------------------|--------------------------------|--------------------------------|
| Cash and cash equivalents | <u>18,698,762</u>              | <u>6,871,908</u>               |
|                           | <u>18,698,762</u>              | <u>6,871,908</u>               |

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. Money Market Funds are deemed to be cash equivalents as they are used in the management of the Company's short-term commitments and have no restriction on withdrawal of funds and the underlying instruments held by the money market funds have a weighted average maturity of 60 days or less. These balances are not restricted.

The Company's cash balances are held at U.S. Bank Europe DAC which has a Moody's Long Term deposits rating of A1 (2024: A1). U.S. Bank Europe DAC is a subsidiary of U.S. Bancorp. Money market funds are invested with Morgan Stanley Euro Liquidity Fund which has a Moody's Long Term Issuer Rating of Aaa-mf (2024: Aaa-mmf). Total balance of money market funds are €17,511,237 (2024: €Nil).

## Notes to the Financial Statements (continued)

## 11. Trade and other receivables

|                          | 30-Jun-25 | 30-Jun-24 |
|--------------------------|-----------|-----------|
|                          | EUR       | EUR       |
| Share capital receivable | 1         | 1         |
|                          | <u>1</u>  | <u>1</u>  |

Share capital receivable is the allotted, called up share capital to be received.

## 12. Trade and other payables

|                         | 30-Jun-25      | 30-Jun-24      |
|-------------------------|----------------|----------------|
|                         | EUR            | EUR            |
| Accrued expenses        | 405,799        | 417,346        |
| Corporation Tax Payable | 250            | 250            |
|                         | <u>406,049</u> | <u>417,596</u> |

All accrued expenses are due within one year.

## 13. Unsettled trades

|   | 30-Jun-25         | 30-Jun-24         |
|---|-------------------|-------------------|
|   | EUR               | EUR               |
| Unsettled trades for loans and securities sold      | 15,012,843        | 9,137,681         |
| Unsettled trades - assets                           | <u>15,012,843</u> | <u>9,137,681</u>  |
| Unsettled trades for loans and securities purchased | 35,635,080        | 30,474,215        |
| Unsettled trades - liabilities                      | <u>35,635,080</u> | <u>30,474,215</u> |

## 14. Called up share capital presented as equity

|   | 30-Jun-25 | 30-Jun-24 |
|---|-----------|-----------|
|   | EUR       | EUR       |
| <b>Authorised called up share capital</b> |           |           |
| 1,000 ordinary shares of €1 each          | 1,000     | 1,000     |
| <b>Issued share capital</b>               |           |           |
| 1 ordinary share of €1 each               | <u>1</u>  | <u>1</u>  |

The Company has issued 1 share, which is held by Walkers Global Shareholding Services Limited on behalf of a charitable trust.

## 15. Fair value

Fair value is defined by IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 requires that the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments (Level 1);
- Level 2: inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data (Level 2); and

Notes to the Financial Statements (continued)

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments (Level 3).

*Determining fair values*

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(b) under the sub heading "Financial instruments". The Company measures fair values using the hierarchy of methods described in accounting policy 3(b).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement of the instrument in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

At the reporting date, the carrying amounts of investments held by the Company and Notes issued by the Company were categorised as follows:

(a) Fair value hierarchy

|                                |                | Fair value |             |            |
|--------------------------------|----------------|------------|-------------|------------|
|                                | Carrying value | Level 1    | Level 2     | Level 3    |
|                                | EUR            | EUR        | EUR         | EUR        |
| <b>30-Jun-25</b>               |                |            |             |            |
| <i>Financial assets</i>        |                |            |             |            |
| Financial assets at FVTPL      | 395,290,313    | -          | 395,290,313 | -          |
|                                | 395,290,313    | -          | 395,290,313 | -          |
|                                |                |            |             |            |
|                                | Carrying value | Level 1    | Level 2     | Level 3    |
|                                | EUR            | EUR        | EUR         | EUR        |
| <i>Financial liabilities</i>   |                |            |             |            |
| Financial liabilities at FVTPL | 392,957,789    | -          | 392,957,789 | -          |
|                                | 392,957,789    | -          | 392,957,789 | -          |
|                                |                |            |             |            |
|                                |                |            |             |            |
| <b>30-Jun-24</b>               |                |            |             |            |
| <i>Financial assets</i>        |                |            |             |            |
| Financial assets at FVTPL      | 411,930,561    | -          | 404,178,181 | 7,752,380  |
|                                | 411,930,561    | -          | 404,178,181 | 7,752,380  |
|                                |                |            |             |            |
|                                | Carrying value | Level 1    | Level 2     | Level 3    |
|                                | EUR            | EUR        | EUR         | EUR        |
| <i>Financial liabilities</i>   |                |            |             |            |
| Financial liabilities at FVTPL | 397,046,089    | -          | 375,032,228 | 22,013,861 |
|                                | 397,046,089    | -          | 375,032,228 | 22,013,861 |

Notes to the Financial Statements (continued)

| <b>Movement in Financial assets at FVTPL at Level 3</b> | <b>30-Jun-25</b> | <b>30-Jun-24</b> |
|---|------------------|------------------|
|   | <b>EUR</b>       | <b>EUR</b>       |
| Balance at the beginning of the year                    | 7,752,380        | 7,313,125        |
| Purchases of financial assets at FVTPL                  | -                | 994,540          |
| Unrealised loss on financial assets at FVTPL            | -                | -                |
| Movement in/out of level 3                              | (7,752,380)      | (555,285)        |
| Balance at the end of the year                          | -                | 7,752,380        |

The loss included in net change in fair value that is attributable to the change in unrealised loss relating to those assets held at the end of the financial year amounted to €Nil (2024: €Nil). This is included within the Net loss on financial assets at FVTPL caption in the Statement of Comprehensive Income. The Company recognises transfers between levels of the fair value hierarchy as at the end of the financial year during which the change has occurred.

|   | <b>30-Jun-25</b> | <b>30-Jun-24</b> |
|---|------------------|------------------|
|   | <b>EUR</b>       | <b>EUR</b>       |
| <b>Level 3 reconciliation - Subordinated Notes</b>                  |                  |                  |
| Balance at the beginning of the year                                | 22,013,861       | 9,219,284        |
| Movement in/out of level 3  | (18,947,288)     | -                |
| Net loss on financial liabilities designated at FVTPL               | (3,029,221)      | 12,287,638       |
| Accrued coupon expense on financial liabilities designated at FVTPL | (37,352)         | 506,939          |
| Balance at the end of the year                                      | -                | 22,013,861       |

The net gain on financial liabilities at FVTPL that is attributable to the change in unrealised loss relating to those liabilities held at the end of the financial year amounted to €3,029,221 (2024: €12,287,638 gain). This is included within the net gain on financial liabilities at FVTPL caption in the Statement of Comprehensive Income.

*Sensitivity Analysis*

The Collateral Manager has performed a sensitivity analysis to analyse changes in the significant unobservable inputs used in arriving at the valuation of the investments categorised as Level 3. This sensitivity analysis considers reasonably possible changes in unobservable inputs at the reporting date.

| <b>Description</b>                           | <b>30-Jun-25</b> | <b>30-Jun-24</b> |
|--|------------------|------------------|
|  | <b>EUR</b>       | <b>EUR</b>       |
| 5% net movement in fair value of assets      | -                | 387,619          |
| Adjustment on financial liabilities at FVTPL | -                | (387,619)        |
| Changes in profit for the year               | -                | -                |

Due to limited recourse nature of the Subordinated Notes, the fair value is based on the relevant investment securities. As a result, the levelling of the Subordinated Note are dependent of the levelling of the financial assets. The Subordinated Note are classified at the lowest level observed in the assets

**(b) Significant observable and unobservable inputs used in measuring fair value**

The following is an explanation of the valuation techniques used in establishing the fair value of the different types of financial instruments of the Company.

*Financial assets at FVTPL:*

The Company uses a pricing vendor to obtain values for the loans and bonds. Where the pricing vendor uses a valuation technique that draws on observable inputs, the assets are classified in level 2 of the fair value hierarchy. The observable inputs used by the vendor include but are not limited to broker

**Notes to the Financial Statements (continued)**

quotes, recent arm's length market transactions, and reference to current fair value of any other instrument that is substantially the same.

As a policy and in line with market practice where two or more broker quotes exist for a loan or a bond within a reasonable range as determined by the Directors the Company deems this to be observable data for the purpose of the fair value hierarchy. Where less than two broker quotes exist, this is deemed unobservable.

*Financial liabilities at FVTPL:*

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The prices at the year-end are based on these market prices and cost; and, due to the limited recourse nature of the Notes issued, these are adjusted by referencing to the fair value of the associated financial assets at FVTPL.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including trade and other receivables, cash and cash equivalents, unsettled trades receivable, unsettled trades payable and trade and other payables.

**16. Financial risk management**

**Capital risk management**

The capital managed by the Company is comprised of the Notes issued and outstanding at the financial year end. The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the Noteholders through optimisation of the Notes issued balance. The Company is not subject to externally imposed capital requirements.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The risk profile of the Company is such that market, credit, liquidity and other risks of the investment securities are borne fully by the Noteholders. The income payments to the Noteholders are determined with reference to priorities of payment schedule as contained in their terms and conditions of the Offering Circular. Priority principal repayments are also determined with reference to conditions of the Offering Circular.

The Notes issued are initially recorded at the value of the net proceeds received and are designated as financial liabilities at fair value through profit or loss. The ultimate amount to be repaid to the Noteholder will depend on the proceeds from the related collateral and the running costs of the Company, due to the limited recourse nature of the Notes in issue.

The Company is exposed to a variety of financial risks: market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk.

**(a) Market risk**

Market risk is the potential adverse change in value caused by unfavorable movements in interest rates, foreign exchange rates or market prices of financial instruments. The Company's main investment is a portfolio of senior secured loans and Mezzanine loans. The market risks associated with these activities are outlined below.

**i. Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company limits its exposure by operating bank accounts in other currencies than its functional currency for receipts and payments in other currencies.

Notes to the Financial Statements (continued)

No sensitivity analysis has been performed, as the majority of the Company's assets and liabilities are denominated in Euro. The impact of such an analysis would be immaterial.

ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The table below summarises the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts categorised by interest rate type.

There may be timing mismatches between payments of the interest on the Notes issued and payment of coupon income on the loan assets, and the rates at which they bear interest may adjust more or less frequently and on different dates and based on different indices than the interest rates of the Notes issued.

| <b>30-Jun-25</b>            | <b>Fixed rate</b> | <b>Floating rate</b> | <b>Non-interest bearing</b> | <b>Total</b> |
|-----------------------------|-------------------|----------------------|-----------------------------|--------------|
| <i>Financial assets</i>     | <b>EUR</b>        | <b>EUR</b>           | <b>EUR</b>                  | <b>EUR</b>   |
| Cash and cash equivalents   | -                 | 18,698,762           | -                           | 18,698,762   |
| Trade and other receivables | -                 | -                    | 1                           | 1            |
| Unsettled trades receivable | -                 | -                    | 15,012,843                  | 15,012,843   |
| Financial assets at FVTPL   | 14,058,729        | 378,766,120          | 2,465,464                   | 395,290,313  |
|                             | 14,058,729        | 397,464,882          | 17,478,308                  | 429,001,919  |

|                                | <b>Fixed rate</b> | <b>Floating rate</b> | <b>Non-interest bearing</b> | <b>Total</b> |
|--------------------------------|-------------------|----------------------|-----------------------------|--------------|
| <i>Financial liabilities</i>   | <b>EUR</b>        | <b>EUR</b>           | <b>EUR</b>                  | <b>EUR</b>   |
| Trade and other payables       | -                 | -                    | 406,049                     | 406,049      |
| Unsettled trades payable       | -                 | -                    | 35,635,080                  | 35,635,080   |
| Financial liabilities at FVTPL | 15,000,000        | 357,000,000          | 20,957,789                  | 392,957,789  |
|                                | 15,000,000        | 357,000,000          | 56,998,918                  | 428,998,918  |

| <b>30-Jun-24</b>            | <b>Fixed rate</b> | <b>Floating rate</b> | <b>Non-interest bearing</b> | <b>Total</b> |
|-----------------------------|-------------------|----------------------|-----------------------------|--------------|
| <i>Financial assets</i>     | <b>EUR</b>        | <b>EUR</b>           | <b>EUR</b>                  | <b>EUR</b>   |
| Cash and cash equivalents   | -                 | 6,871,908            | -                           | 6,871,908    |
| Trade and other receivables | -                 | -                    | 1                           | 1            |
| Unsettled trades receivable | -                 | -                    | 9,137,681                   | 9,137,681    |
| Financial assets at FVTPL   | 17,057,208        | 391,295,326          | 3,578,027                   | 411,930,561  |
|                             | 17,057,208        | 398,167,235          | 12,715,708                  | 427,940,151  |

|                                | <b>Fixed rate</b> | <b>Floating rate</b> | <b>Non-interest bearing</b> | <b>Total</b> |
|--------------------------------|-------------------|----------------------|-----------------------------|--------------|
| <i>Financial liabilities</i>   | <b>EUR</b>        | <b>EUR</b>           | <b>EUR</b>                  | <b>EUR</b>   |
| Trade and other payables       | -                 | -                    | 417,596                     | 417,596      |
| Unsettled trades payable       | -                 | -                    | 30,474,215                  | 30,474,215   |
| Financial liabilities at FVTPL | -                 | 397,046,089          | -                           | 397,046,089  |
|                                | -                 | 397,046,089          | 30,891,811                  | 427,937,900  |

The coupon interest in respect of the Notes of each class is paid quarterly in arrears in respect of each three-month accrual period.

Notes to the Financial Statements (continued)

*Interest rate sensitivity*

Management has determined that a fluctuation in interest rates of 1% is reasonably possible, considering the economic environment in which the Company operates and based on current interest rate market environment. This analysis has assumed that all other variables remain constant. The sensitivity analysis reflects how net assets would have been affected by the impact on coupon income and expense due to changes in the relevant risk variable that were reasonably possible at the reporting date.

A 100-basis point sensitivity has been assigned for interest rate risk due the fact that the Notes and the Collateral Obligations are primarily at a floating-rate, which creates a natural hedge against changes in interest rates.

|   | <b>30-Jun-25</b>   | <b>30-Jun-24</b>   |
|---|--------------------|--------------------|
| <b>Sensitivity to a 100bps movement</b> | <b>EUR</b>         | <b>EUR</b>         |
| Impact on coupon income                 | 3,974,649          | 3,981,672          |
| Impact on Rated financial liabilities   | <u>(3,570,000)</u> | <u>(3,970,461)</u> |
| Residual                                | <u>404,649</u>     | <u>11,211</u>      |

\*Rated floating financial liabilities refer to Class A, Class B-1, Class C, Class D, Class E and Class F Notes.

The interest rate risk of the financial assets is borne by the Noteholders and thus changes in interest rates have no net impact on the equity or the results of the Company. The residual interest rate risk impact will be borne by the subordinated noteholder.

**iii. Other Price Risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Price risk is a significant risk to the Company, however the risk of fluctuation in the value of the investments held by the Company will be borne by the Noteholders due to the limited recourse nature of the Notes.

The Notes issued by the Company are limited recourse obligations and the future cash flows for the Notes depends on the future cash flows of the investment securities at FVTPL after deducting the cash outflows and other liabilities.

The Moody's classification of financial assets by asset type is as follows:

| Asset type | 30-Jun-25   | 30-Jun-25          | 30-Jun-24   | 30-Jun-24          |
|------------|-------------|--------------------|-------------|--------------------|
|            | %           | EUR                | %           | EUR                |
| Loan       | 91%         | 358,790,360        | 90%         | 372,748,202        |
| Bond       | 9%          | 36,499,953         | 10%         | 39,182,359         |
|            | <u>100%</u> | <u>395,290,313</u> | <u>100%</u> | <u>411,930,561</u> |

**Sensitivity analysis**

Any changes in the prices of the financial assets at fair value through profit or loss would not have any effect on the equity or net profit or loss of the Company as any fair value fluctuations in prices are ultimately borne by the Noteholders.

The primary market for a number of financial products including leveraged loans may be volatile, and the level of new issuances may be uncertain and may vary based on a number of factors, including general economic conditions. As well as reducing opportunities for the Company to purchase assets in the primary market, this may increase reinvestment or refinancing risk in respect of maturing Collateral

**Notes to the Financial Statements (continued)**

Obligations. These additional risks may affect the returns on the Notes to investors and could further slow, delay or reverse an economic recovery and cause a further deterioration in loan performance generally. Limitations on the amount of available credit in the market may have an adverse impact on general economic conditions that affect the performance of the Collateral Obligations.

The Directors have selected a rate of 5% for the purpose of the below sensitivity analysis and are happy this appears reasonable. The impact of a 5% increase in the market prices of the financial assets with all other variables held constant at the reporting date on the Statement of Comprehensive income is shown in the table below, a decrease of 5% in market prices would have an equal but opposite effect:

| <b>Description</b>                           | <b>30-Jun-25</b><br><b>EUR</b> | <b>30-Jun-24</b><br><b>EUR</b> |
|--|--------------------------------|--------------------------------|
| 5% net movement in fair value of assets      | 19,764,516                     | 20,596,528                     |
| Adjustment on financial liabilities at FVTPL | (19,764,516)                   | (20,596,528)                   |
| Changes in profit for the year               | <u>-</u>                       | <u>-</u>                       |

As the Company has limited recourse Notes issued, all gains and losses are passed on to the Noteholders with no residual risk remaining.

**(b) Credit risk**

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk. The exposure of the Company's investments is continuously monitored, and the Directors receive investor reports from the Collateral Corporate Service Provider. There are a number of portfolio tests that assist in the credit risk management of the portfolio e.g. rating tests and collateral quality tests.

The Collateral Manager monitors the credit status of all of the financial assets held by the Company and compares this against the market values that could be derived by selling the securities. The credit characteristics of the financial assets in the Portfolio are measured, updated and analysed every month, to determine the current credit status of each financial asset.

The Moody's credit rating profile of the Collateral Obligations at FVTPL at security level is as follows:

| <b>Credit rating</b> | <b>30-Jun-25</b><br><b>% of the Portfolio</b> | <b>30-Jun-25</b><br><b>EUR</b> | <b>30-Jun-24</b><br><b>% of the Portfolio</b> | <b>30-Jun-24</b><br><b>EUR</b> |
|----------------------|---|--------------------------------|---|--------------------------------|
| Ba1                  | 1.6%  | 6,152,093                      | 0.8%  | 3,240,345                      |
| Ba2                  | 0.0%  | -                              | 0.7%  | 2,706,079                      |
| Ba3                  | 9.2%  | 36,414,341                     | 6.8%  | 28,116,818                     |
| B1                   | 17.2%   | 67,954,010                     | 13.0%   | 53,397,404                     |
| B2                   | 40.0%   | 158,159,020                    | 41.6%   | 171,526,155                    |
| B3                   | 25.4%   | 100,280,476                    | 30.6%   | 126,082,713                    |
| Caa1                 | 3.5%  | 13,889,519                     | 5.0%  | 20,709,181                     |
| Caa2                 | 3.0%  | 11,707,870                     | 0.8%  | 3,250,433                      |
| Caa3                 | 0.2%  | 659,335                        | 0.7%  | 2,901,433                      |
| NR                   | 0.0%  | 73,649                         | 0.0%  | -                              |
|                      | <u>100.0%</u>                                 | <u>395,290,313</u>             | <u>100%</u>                                   | <u>411,930,561</u>             |

**Notes to the Financial Statements (continued)**

The table below represents the maximum exposure to credit risk:

|                             | <b>30-Jun-25</b>          | <b>30-Jun-24</b>          |
|-----------------------------|---------------------------|---------------------------|
|                             | <b>EUR</b>                | <b>EUR</b>                |
| Cash and cash equivalents   | 18,698,762                | 6,871,908                 |
| Trade and other receivables | 1                         | 1                         |
| Unsettled trades receivable | 15,012,843                | 9,137,681                 |
| Financial assets at FVTPL   | <u>395,290,313</u>        | <u>411,930,561</u>        |
|                             | <u><u>429,001,919</u></u> | <u><u>427,940,151</u></u> |

Credit risk for trade and other receivables is minimal as the balance is settled in the months following the financial year end.

- i. Credit risk for unsettled trades is minimal as the balance is settled following the financial year end in line with the market conventions, and unsettled trades are collateralized by the underlying assets.
- ii. The Moody's credit rating profile of the bank holding the cash and cash equivalents balance is A1 (2024: A1) for U.S. Bank Europe DAC.
- iii. Money market funds are invested with Morgan Stanley Euro Liquidity Fund which has a Moody's Long Term Issuer Rating of Aaa-mf (2024: Aaa-mmf).

**(c) Concentration risk**

Concentration risk can arise from the type of investments held in the Portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations of risk. Prudent risk management implies maintaining the exposure to various risks at a reasonable level.

The Collateral Manager monitors the exposure of the Company to various risks including Country/Geographical, Single Obligor/Counter-party, Industry categories/segments and asset type. Country/Geographical refers to country of Collateral Obligation issuer. While some of the issuers of the financial assets are located in countries with a currency other than euro, all financial assets held within the portfolio are issued and denominated in euro and as such all income generated by the company is in euro, such that the foreign exchange risk is borne by the investees rather than the Company.

**Cairn CLO XIV Designated Activity Company****Notes to the Financial Statements (continued)**

The Company's exposure by geographical locations is detailed below:

| <b>Country</b> | <b>30-Jun-25<br/>% of the Portfolio</b> | <b>30-Jun-25<br/>EUR</b> | <b>30-Jun-24<br/>% of the Portfolio</b> | <b>30-Jun-24<br/>EUR</b> |
|----------------|---|--------------------------|---|--------------------------|
| Austria        | 0.5%                                    | 2,007,578                | 0.5%                                    | 1,983,704                |
| Belgium        | 1.3%                                    | 5,079,384                | 1.9%                                    | 8,012,412                |
| Canada         | 0.3%                                    | 1,001,415                | 0.2%                                    | 1,001,799                |
| Estonia        | 0.2%                                    | 880,053                  | 0.2%                                    | 930,384                  |
| Finland        | 1.8%                                    | 6,993,614                | 2.2%                                    | 8,999,701                |
| France         | 19.9%                                   | 78,689,420               | 21.1%                                   | 86,912,148               |
| Germany        | 15.2%                                   | 60,051,195               | 15.8%                                   | 64,074,617               |
| Ireland        | 3.0%                                    | 12,015,913               | 3.8%                                    | 15,674,686               |
| Israel         | 0.4%                                    | 1,423,572                | 0.0%                                    | -                        |
| Italy          | 2.9%                                    | 11,567,099               | 2.4%                                    | 10,059,621               |
| Lithuania      | 0.5%                                    | 2,007,763                | 0.2%                                    | 1,004,540                |
| Luxembourg     | 2.3%                                    | 9,098,216                | 2.8%                                    | 11,658,487               |
| Netherlands    | 13.5%                                   | 53,524,999               | 13.8%                                   | 56,809,294               |
| Spain          | 5.6%                                    | 21,990,965               | 5.6%                                    | 23,026,631               |
| Sweden         | 3.0%                                    | 11,932,758               | 2.9%                                    | 11,860,512               |
| Switzerland    | 1.9%                                    | 7,457,838                | 1.9%                                    | 7,953,458                |
| United Kingdom | 19.2%                                   | 75,914,301               | 15.3%                                   | 63,156,285               |
| United States  | 8.5%                                    | 33,654,230               | 9.4%                                    | 38,812,282               |
|                | 100.0%                                  | 395,290,313              | 100%                                    | 411,930,561              |

**Notes to the Financial Statements (continued)**

The Company's exposure by Moody's industry is detailed below:

| Industry                                  | 30-Jun-25          | 30-Jun-25   | 30-Jun-24          | 30-Jun-24   |
|---|--------------------|-------------|--------------------|-------------|
|   | % of the Portfolio | EUR         | % of the Portfolio | EUR         |
| Aerospace & Defense                       | 0.3%               | 1,042,002   | 1.1%               | 4,641,376   |
| Automotive                                | 3.4%               | 13,572,036  | 2.8%               | 11,426,301  |
| Banking, Finance, Insurance & Real Estate | 0.9%               | 3,395,412   | 1.4%               | 5,878,647   |
| Beverage, Food & Tobacco                  | 3.2%               | 12,498,106  | 2.8%               | 11,410,111  |
| Capital Equipment                         | 4.5%               | 17,886,626  | 4.1%               | 16,869,177  |
| Chemicals, Plastics, & Rubber             | 7.5%               | 29,498,582  | 8.2%               | 33,926,419  |
| Construction & Building                   | 5.4%               | 21,507,865  | 6.3%               | 25,888,875  |
| Consumer goods: Durable                   | 1.7%               | 6,903,024   | 2.4%               | 9,875,293   |
| Consumer goods: Non-durable               | 0.3%               | 1,001,415   | 0.2%               | 1,001,799   |
| Containers, Packaging & Glass             | 1.3%               | 4,999,360   | 2.6%               | 10,870,474  |
| Environmental Industries                  | 2.2%               | 8,606,606   | 2.5%               | 10,104,041  |
| Forest Products & Paper                   | 0.7%               | 2,870,677   | 1.0%               | 3,919,590   |
| Healthcare & Pharmaceuticals              | 24.1%              | 95,204,469  | 26.4%              | 107,051,528 |
| High Tech Industries                      | 9.7%               | 38,458,418  | 10.5%              | 43,456,875  |
| Hotel, Gaming & Leisure                   | 1.2%               | 4,623,444   | 1.3%               | 5,540,145   |
| Media: Advertising, Printing & Publishing | 1.9%               | 7,672,733   | 1.1%               | 4,676,095   |
| Media: Broadcasting & Subscription        | 3.4%               | 13,301,866  | 4.0%               | 16,345,653  |
| Media: Diversified & Production           | 1.4%               | 5,331,585   | 1.2%               | 4,807,706   |
| Retail                                    | 1.4%               | 5,545,184   | 1.2%               | 5,000,290   |
| Services: Business                        | 6.9%               | 27,368,208  | 4.5%               | 18,671,769  |
| Services: Consumer                        | 3.9%               | 15,231,208  | 2.4%               | 9,852,560   |
| Telecommunications                        | 11.0%              | 43,389,646  | 9.2%               | 38,045,613  |
| Transportation: Cargo                     | 1.7%               | 6,614,503   | 1.6%               | 6,596,928   |
| Transportation: Consumer                  | 1.7%               | 6,766,057   | 1.2%               | 5,068,218   |
| Utilities: Oil & Gas                      | 0.3%               | 2,001,281   | 0.2%               | 1,005,078   |
|   | 100.0%             | 395,290,313 | 100%               | 411,930,561 |

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. Prudent liquidity risk management means that the Company maintains sufficient cash and liquid investments. The ability of the Company to meet its ongoing obligations towards the Noteholders is dependent on the receipt of coupon income and principal from the Portfolio of Financial assets. Payments are made in accordance with the priorities of payments as set out in the prospectus. The obligations of the Company are limited recourse to the financial assets, hence any shortfall in receipt will have an equal effect on the repayment obligations on the Notes.

The following table lists the maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments. As the non-call Period lapsed on 29 October 2023, the Company's Notes issued have been presented as falling due within 1 year. In the event that the Notes are called they would become repayable in line with the Priority of Payments as outlined in the Offering Circular. The contractual maturities of the Notes are disclosed in Note 9.

Notes to the Financial Statements (continued)

| 30-Jun-25                      | Carrying Amount      | Gross contractual cashflows | < 1 year             |
|--------------------------------|----------------------|-----------------------------|----------------------|
| <i>Financial liabilities</i>   | EUR                  | EUR                         |                      |
| Trade and other payables       | (406,049)            | (406,049)                   | (406,049)            |
| Unsettled trades payable       | (35,635,080)         | (35,635,080)                | (35,635,080)         |
| Financial liabilities at FVTPL | (392,957,789)        | (411,760,987)               | (411,760,987)        |
|                                | <u>(428,998,918)</u> | <u>(447,802,116)</u>        | <u>(447,802,116)</u> |

| 30-Jun-24                                 | Carrying Amount      | Gross contractual cashflows | < 1 year             |
|---|----------------------|-----------------------------|----------------------|
| <i>Financial liabilities</i>              | EUR                  | EUR                         |                      |
| Trade and other payables                  | (417,596)            | (417,596)                   | (417,596)            |
| Unsettled trades payable                  | (30,474,215)         | (30,474,215)                | (30,474,215)         |
| Financial liabilities designated at FVTPL | (397,046,089)        | (400,960,468)               | (400,960,468)        |
|   | <u>(427,937,900)</u> | <u>(431,852,279)</u>        | <u>(431,852,279)</u> |

**(e) Operational risk exposure**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, and from external factors other than credit markets and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risks arise from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. The administration functions are outsourced to the Corporate Service Provider. The Directors have outsourced the management of the portfolio to the Collateral Manager.

**(f) Prepayment risk**

Prepayments on collateral obligations may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans or bonds purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Collateral Manager to reinvest payments or other proceeds in the Portfolio with comparable interest rates in accordance with the reinvestment criteria may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Notes. There can be no assurance that the Collateral Manager will be able to reinvest proceeds in the Portfolio with comparable interest rates in accordance with the reinvestment.

**17. Segment risk and reporting**

The Company is structured in a way that the assets and liabilities are managed as a whole and there are no distinct identifiable segments. The reporting, risk management and administration are performed on a collective basis rather than based on segments. The Company's revenue is generated from the Portfolio held during the financial year.

The Company has no other product or revenue generating source. The Company has no major customer generating significant revenue. Please refer to geographic disclosures in Note 16 for further information. Revenue attributable to individual foreign countries is not disclosed as the necessary information for this disclosure is not available and the cost to develop it would be excessive.

As required by IFRS 8 Operating Segments ("IFRS 8"), the information provided to the Board and the Collateral Manager, who are the Chief Operating Decision Makers, can be classified into one segment as at 30 June 2025.

**Notes to the Financial Statements (continued)**

**18. Parent and ultimate controlling party**

The principal shareholder in the Company is Walkers Global Shareholding Services Limited on behalf of a charitable trust. The share is held under the terms of declarations of trust dated 23 March 2021 under which the relevant share trustee holds the issued shares of the Company in trust for a charity.

Cairn Loan Investments II LP, the Retention Holder and Collateral Manager holds 62.5% of the Subordinated Notes has control over the Company under IFRS 10 as it is exposed to variable returns as a subordinated noteholder and has the power to influence such return by calling up the redemption of the notes at its discretion and is considered the immediate controlling party. Mediobanca S.p.A is the ultimate controlling party.

**19. Transactions with related and certain other parties**

The following note summarises related parties and related party transactions during the financial year.

**Transactions with Key Management Personnel**

The Board and the Collateral Manager are considered the key management personnel of the Company for the financial year ended 30 June 2025.

(a) Transactions with Walkers Corporate Services (Ireland) Limited (the "Corporate Service Provider")

The Company engages the Corporate Service Provider for all administration functions including financial accounting. The Corporate Service Provider is entitled to receive administrative fees for the services it provides per the terms and conditions of their agreement. Walkers Corporate Services (Ireland) Limited provides corporate administration services to the Company.

During the financial year, the Company incurred a fee of €21,779 (2024: €21,725) relating to administration services provided by the Corporate Service Provider, and nil (2024: nil) was due as at the financial year end. The Directors, as employees of the Corporate Service Provider, had an interest in these fees in their capacity as Directors.

The terms of the corporate services agreement in place between the Company and the Corporate Service Provider provides for a single fee for the provision of corporate administration services (including the making available of individuals to act as Directors of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation.

Pursuant to Section 305A(1)(a) of the Companies Act 2014 (as amended) Walkers Corporate Service (Ireland) Limited received approximately €4,080 (2024: €3,965) as consideration for the making available of individuals to act as Directors of the Company.

The individuals acting as Directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as Directors of the Company.

(b) Transactions with Cairn Loan Investments II LLP

Cairn Loan Investments II LP act as Collateral Manager. Collateral management fees earned by the Collateral Manager amount to €2,032,618 (2024: €2,002,581) of which €Nil (2024: €Nil) was outstanding at the financial year end. Refer to Note 18 for details of Subordinated Note holding

**20. Contingent liabilities and commitments**

There were no contingent liabilities as at 30 June 2025. Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the year in which the changes in probability occur.

The Company has one unfunded asset as at 30 June 2025 (2024: Nil). The total unfunded commitment amount is €300,000 as at 30 June 2025 (2024: €Nil).

**Notes to the Financial Statements (continued)**

**21. Subsequent events**

On 11 August 2025, the European Commission issued a clarification regarding the treatment of Conditional Sale Agreements (CSAs) in determining Originator status under the EU Securitization Regulation. Based on this, the Company entered into a Forward Sale Agreement on 3 September 2025 with the Collateral Manager to better comply with the requirements of the updated guidance from the European Commission. The Company and the Directors will continue to monitor the situation closely

There have been no significant events since 30 June 2025, which require adjustment to or disclosure in these financial statements.

**22. Charges**

The Notes are secured in favour of the Trustee for the benefit of the Noteholders by security over the Collateral Obligations. The Notes are also secured by an assignment by way of security of various of the Company's other rights, including its rights under the agreements entered by the Company.

**23. Approval of financial statements**

The Board approved and authorised for issue these financial statements on 29 January 2026.