

**Palladium Securities Ireland
Public Limited Company**

**Directors' report and
financial statements**

**For the year ended
30 June 2025**

Registered number 539687

Palladium Securities Ireland Public Limited Company

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Palladium Securities Ireland Public Limited Company

Directors and other information

Directors	Niall O'Carroll (Irish) - <i>Independent</i> Cliona O'Faolain (Irish) Eimear Downey (Irish)
Registered office	Block A, George's Quay Plaza George's Quay Dublin 2, Ireland
Trustee	Deutsche Trustee Company Limited Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Administrator & Company Secretary	Vistra Alternative Investments (Ireland) Limited Block A, George's Quay Plaza George's Quay Dublin 2, Ireland
Independent auditor	Ernst & Young Harcourt Centre Harcourt Street Dublin 2, Ireland
Arranger, Custodian, Banker & Swap Counterparty	Deutsche Bank AG, London Branch Arranger 21 Moorfields London EC2N 2DB United Kingdom
Listing Agent	Vienna / Cayman Listing Agent Deutsche Bank AG, London Branch Winchester House 1 Great Winchester Street London EC2N 2DB United Kingdom
Solicitor	Matheson 70 Sir John Rogerson's Quay Dublin 2, Ireland

Palladium Securities Ireland Public Limited Company

Directors' Report

The Directors present the Directors' Report and audited financial statements of Palladium Securities Ireland Public Limited Company, formerly known as dbInvestor Solutions 2 plc (the "Company") for the year ended 30 June 2025.

On 27th November 2023, the Company changed its name from dbInvestor Solutions 2 plc to Palladium Securities Ireland Public Limited Company.

Principal activities, business review and future developments

The Company has established a Multi-Issuance Programme (the "Programme") to issue debt securities and/or other secured limited recourse indebtedness. Debt securities are issued in series (each a "series") and the terms and conditions of the debt securities of each series are set out in a supplemental prospectus (each a "Prospectus") for such series.

The Programme offers investors the opportunity to gain exposure to a portfolio of investments (the "investment securities").

Each series of debt securities issued is secured as set out in the terms and conditions of the debt securities issued as set out in the relevant Prospectus and a first fixed charge over funds held by the Agents under the Agency Agreement (each as defined in the relevant issue deeds (each an "Issue Deed") or as incorporated by reference therein). Each series may also be secured by an assignment of the Company's rights under a Swap Agreement and/or Option Agreement and/or Repurchase Agreement and/or Credit Support Document (each as defined in the relevant Issue Deed or as incorporated by reference therein) and any additional security as may be described in the relevant Prospectus. The Company's obligation to the holders of debt securities of a particular series is limited to the net proceeds upon realisation of the collateral of that series.

The Company holds cash at bank. Refer to notes 4 for more information.

The credit risk of the investment securities is borne by either the Company's swap counterparty (in cases where a default swap transaction has been entered into for that particular series) or the holder of the debt securities issued.

For every new issuance of debt securities, Deutsche Bank AG, London Branch ("DB London"), as Arranger, transfers to the Company a series fee relative to each series issued as corporate benefit. This income is taxable under Irish law at a current rate of 25% and the net amount is retained as the profit for the year. Refer to notes 9 and 14 for further details.

In accordance with the Programme Proposal Agreement dated 2 June 2014 between the Company and DB London (as amended and/or supplemented from time to time) (the "Programme Proposal Agreement"), DB London as the Arranger agrees to pay for Series Overheads (as defined in the Programme Proposal Agreement). DB London is also the swap counterparty for all series where derivatives are held.

Due to the limited recourse nature of the debt securities issued and as the return on those issued securities, is directly linked to the performance of the investment securities, and derivative financial instruments, the Company made a corresponding net finance gain/(loss) on debt securities issued of EUR nil (PY: Nil) resulting in nil profit for the year ended 30 June 2025 (PY: Nil). Refer to notes 10, 11 and 12 of the financial statements for further information.

Palladium Securities Ireland Public Limited Company

Directors' Report (continued)

Principal activities, business review and future developments (continued)

As at 30 June 2025, the fair value of the Company's total debt securities issued was nil (PY: EUR nil). The Company had no new series issued during the year (PY: No series).

During the year, no series (PY: No series) matured and no series was fully or partially redeemed (PY: No series).

The Company will continue to be actively taxed at a current rate of 25% in accordance with Section 110 of Taxes Consolidation Act, 1997, as amended.

Refer to risks and uncertainties section for the detailed discussion on the impact on going concern of the conflict between Russia-Ukraine and Israel-Gaza, climate-related risks, and macroeconomic factors and new US tariff policy. Nonetheless, the Board of Directors (the "Board") will continue to seek new opportunities for the Company and will continue to ensure proper management of the current portfolio of series of the Company.

The Directors considered all available information for the foreseeable future which is at least, but not limited to, 12 months from the proposed date of the approval of the financial statements. The Company has no live series as of 30 June 2025 and 2024, however, the Directors do not plan on liquidating the Company. DB London intend that the Company will continue for the foreseeable future for potential new transactions. As at the reporting date, there are no expected changes to the Company's level and type of operations in the foreseeable future.

Political donations

The Company made no political donations during the year (PY: Nil).

Results and dividends for the year

The results for the year are set out on page 13. The Directors do not recommend the payment of a dividend for the year under review (PY: Nil).

Changes in Directors

The names of the persons who were Directors during the year are set out below. Except where indicated, they served as Directors for the entire year:

Mr. Niall O'Carroll (Irish)

Ms. Cliona O'Faolain (Irish)

Ms. Eimear Downey (Irish)

Palladium Securities Ireland Public Limited Company

Directors' Report (continued)

Risks and uncertainties

The principal risks and uncertainties facing the Company relate to the debt securities issued, investment securities and derivative financial instruments held by the Company. The principal financial risks and uncertainties facing the Company (other than operational risks) and the risk management framework in place to deal with these risks are explained in notes 15 of the financial statements.

Geo Political Risks

The Directors have assessed the potential impact of ongoing geopolitical conflicts, including those in Russia-Ukraine, Israel-Gaza, and Israel-USA-Iran. As of 30 June 2025, the Company held no investment securities directly or indirectly impacted by these conflicts. The Directors will continue to monitor the potential effects of these events on the Company's financial results and cash flows.

Climate-related risks and macroeconomic factors

In preparing these financial statements, the Directors have considered the impact of both physical and transition risks associated with climate change, as well as the effects of rising inflation and interest rates. The Directors have concluded that these factors do not have a material impact on the Company's financial results and cash flows as of 30 June 2025.

US Tariff Policy and Debt Volatility

The Directors have considered the potential implications of new US tariff policies and US debt volatility. As of 30 June 2025, the Directors have concluded that these factors do not represent a material uncertainty concerning the Company's ability to continue as a going concern.

Going concern

The Directors have assessed the Company's ability to continue as a going concern, considering geopolitical tensions, climate-related risks, macroeconomic factors, and potential impacts from new US tariff policies and US debt volatility. Based on this assessment, the Directors have concluded that these factors do not represent a material uncertainty regarding the Company's ability to continue as a going concern as of the date of signing these financial statements.

The Company's performance, operations, and its ability to continue as a going concern have not been significantly impacted by ongoing geopolitical conflicts. The Board and DB London will continue to monitor the evolving situation and its potential effects on the Company. As of 30 June 2025, the Company held no investment securities directly or indirectly impacted by sanctions related to Russia or the ongoing geopolitical conflicts.

The limited recourse nature of the securities issued by the Company restricts investors' recourse solely to the underlying net assets of the respective debt securities. Investors have no right to initiate insolvency proceedings against the Company if the underlying assets are insufficient to repay the principal amount of the debt securities issued.

Palladium Securities Ireland Public Limited Company

Directors' Report (continued)

Going concern (continued)

Further, to manage the principal risks impacting the Company such as market risks, liquidity risks and credit risks, it has entered derivative swap agreements with DB London depending on the requirement of each particular debt securities issued. Also, as per Programme Proposal Agreement, DB London as the Arranger agrees to pay for Series Overheads (as defined in the Programme Proposal Agreement).

The Company has no live series as of 30 June 2025 and 2024. The Directors are currently looking for new opportunities for the Company and consider it appropriate to prepare the financial statements on a going concern basis. The Directors do not plan on liquidating the Company. DB London intend that the Company will continue for the foreseeable future for potential new transactions. The advantages in maintaining the Company as a going concern are based on cost and availability for new business. The cost of liquidating the Company and setting up a new entity for a new transaction is excessive and time consuming. The time delay in setting up a new vehicle is not favourable for any new transactions that might develop. For this reason, the Directors are satisfied that the Company will continue to operate as a going concern for a period of at least 12 months from the date of the approval of the financial statements.

There are no other matters that impact the ability of the Company to continue as a going concern as at year end.

Directors, secretary and their interests

The Directors and secretary who held office on 30 June 2025 did not hold any beneficial interests in shares and debentures of the Company at that date, during the year, at the beginning of the year or appointment date. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in section 329 of the Companies Act 2014 (as amended) (the "Act"), at any time during the year.

Credit events

There have been no credit events during the year which required payment under the swap agreements which the Company has written to DB London (PY: No credit events).

Subsequent events

Since the end of the reporting period, the Company has not issued any new series of debt securities. There were no significant events between the statement of financial position date and the date of signing the financial statements affecting the Company which require adjustment to or disclosure in the financial statements.

Palladium Securities Ireland Public Limited Company

Directors' Report (continued)

Audit Committee

Under Section 1551(1) of the Act as amended, all public interest entities are required to establish an audit committee, subject to certain exemptions. Section 167 of the Act also requires the Directors to establish an audit committee or to state the reasons for not establishing such a committee.

As set out in Section 1551(11)(c) of the Act, a company issuing asset backed securities may avail of an exemption from the requirements to establish an audit committee. The sole business of the Company relates to the issuing of asset-backed securities and as such, the Company has availed itself of the exemption under Section 1551(11)(c) of the Act.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Act with regard to adequate accounting records by engaging a service provider who employs accounting personnel with the appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at Block A, George's Quay Plaza, George's Quay, Dublin 2, Ireland.

Directors' compliance statement

The Directors, in accordance with Section 225(2) of the Act, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Act, market abuse regulations and prospectus regulations and tax laws ('relevant obligations'). The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place and;
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

Palladium Securities Ireland Public Limited Company

Directors' Report (continued)

Independent auditor

In accordance with Section 383(2) of the Act, Ernst & Young, Chartered Accountants, (first appointed on 12 February 2018 and reappointed on 31 October 2023) have expressed their willingness to continue in office.

Disclosure of Relevant Information to Auditor

In accordance with Section 330(1), each of the persons who is a Director at the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of this information.

Approved and authorised for issue on behalf of the Board on 26 March 2026.

Niall O'Carroll

Niall O'Carroll
Director

Eimear Downey

Eimear Downey
Director

Date: 26 March 2026

Palladium Securities Ireland Public Limited Company

Statement of Directors' responsibilities in respect of Directors' report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Act requires the Directors to prepare financial statements for each financial year. In accordance with the Act, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'), as adopted by EU.

Under the Act, 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 of the Company at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Act.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Act and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These financial statements comply with the above mentioned requirements.

Approved and authorised for issue on behalf of the Board on 26 March 2026.

Niall O'Carroll

Niall O'Carroll
Director

Eimear Downey

Eimear Downey
Director



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLADIUM SECURITIES IRELAND PUBLIC LIMITED COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Palladium Securities Ireland Public Limited Company ('the Company') for the year ended 30 June 2025, which comprise Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including the material accounting policy information summary 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 results for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- 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 are 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), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLADIUM SECURITIES IRELAND PUBLIC LIMITED COMPANY

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year-ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are 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.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PALLADIUM SECURITIES IRELAND
PUBLIC LIMITED COMPANY**

Respective responsibilities

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 in accordance with the applicable financial reporting framework that give a true and fair view, and for 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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 further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

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 black ink, appearing to read 'Fergus McNally', written over a horizontal line.

Fergus McNally

for and on behalf of

Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 27 March 2026

Palladium Securities Ireland Public Limited Company

Statement of Financial Position

As at 30 June 2025

	Note	2025 €'000	2024 €'000
Assets			
Cash at bank	4	40	39
Other assets	5	30	53
Total assets		<u>70</u>	<u>92</u>
Liabilities			
Other liabilities	6	28	50
Total liabilities		<u>28</u>	<u>50</u>
Share capital	7	38	38
Retained earnings		4	4
Total equity		<u>42</u>	<u>42</u>
Total liabilities and equity		<u>70</u>	<u>92</u>

The financial statements were approved by the Board, authorised for issue and signed on behalf of the Board by:

Niall O'Carroll

Niall O'Carroll
Director

Eimear Downey

Eimear Downey
Director

Date: 26 March 2026

The notes on pages 16 to 37 form an integral part of these financial statements.

Palladium Securities Ireland Public Limited Company

Statement of Comprehensive Income

For the year ended 30 June 2025

	Note	2025 €'000	2024 €'000
Operating income		-	-
Other income	9	93	74
Other expenses	10	(93)	(74)
		<hr/>	<hr/>
Result before taxation		-	-
Income tax expense	11	-	-
		<hr/>	<hr/>
Result for the year		-	-
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

All items dealt with in arriving at the above result for the year ended 30 June 2025 and 30 June 2024 are related to continuing operations.

The notes on pages 16 to 37 form an integral part of these financial statements.

Palladium Securities Ireland Public Limited Company

Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 €'000	2024 €'000
Cash flows from operating activities			
Result for the year before taxation		-	-
Adjustments for:			
<i>Movement in Working capital</i>			
Changes in other assets		23	(14)
Changes in other liabilities	5	(22)	16
Cash generated from operating activities		<u>1</u>	<u>2</u>
Net payments in respect of derivative financial instruments		-	-
Net cash generated from operating activities		<u>1</u>	<u>2</u>
Cash flow from investing activities			
Interest received from investment securities		-	-
Proceeds from maturities of investment securities		-	-
Net cash generated from investing activities		<u>-</u>	<u>-</u>
Cash flow used in financing activities			
Payments on maturities of debt securities issued		-	-
Net cash generated from financing activities		<u>-</u>	<u>-</u>
Net change in cash at bank		1	2
Cash at bank as at 1 July	4	39	37
Cash at bank as at 30 June		<u>40</u>	<u>39</u>

The notes on pages 16 to 37 form an integral part of these financial statements.

Palladium Securities Ireland Public Limited Company

Statement of Changes in Equity

For the year ended 30 June 2025

	Share capital €'000	Retained earnings €'000	Total €'000
Balance as at 1 July 2023	<u>38</u>	<u>4</u>	<u>42</u>
Result for the year - 2024	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 June 2024	<u>38</u>	<u>4</u>	<u>42</u>
Result for the year - 2025	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 June 2025	<u>38</u>	<u>4</u>	<u>42</u>

The notes on pages 16 to 37 form an integral part of these financial statements.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements

For the year ended 30 June 2025

1 General information

Palladium Securities Ireland Public Limited Company, formerly known as dbInvestor Solutions 2 plc (the “Company”) was incorporated on 17 February 2014 in Ireland with a registered number of 539687. The registered office of the Company is Block A, George’s Quay Plaza, George’s Quay, Dublin 2.

On 27th November 2023, the Company changed its name from dbInvestor Solutions 2 plc to Palladium Securities Ireland Public Limited Company.

The Company is a special purpose vehicle that has been established to issue debt securities under a multi-issuance note programme.

The programme offers investors the opportunity to invest in a portfolio of investments, (the “investment securities”) that includes derivative instruments that mitigate the interest rate risk and credit risk associated with the portfolio.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS as adopted by EU and in accordance with the Act.

The accounting policies set out below and in the succeeding pages have been applied in preparing the financial statements for the year ended 30 June 2025. The comparative information for 2024 presented in these financial statements has been prepared on a consistent basis.

Going concern

The Directors have assessed the Company's ability to continue as a going concern, considering geopolitical tensions, climate-related risks, macroeconomic factors, and potential impacts from new US tariff policies and US debt volatility. Based on this assessment, the Directors have concluded that these factors do not represent a material uncertainty regarding the Company's ability to continue as a going concern as of the date of signing these financial statements.

The Company's performance, operations, and its ability to continue as a going concern have not been significantly impacted by ongoing geopolitical conflicts. The Board and DB London will continue to monitor the evolving situation and its potential effects on the Company. As of 30 June 2025, the Company held no investment securities directly or indirectly impacted by sanctions related to Russia or the ongoing geopolitical conflicts.

The limited recourse nature of the securities issued by the Company restricts investors' recourse solely to the underlying net assets of the respective debt securities. Investors have no right to initiate insolvency proceedings against the Company if the underlying assets are insufficient to repay the principal amount of the debt securities issued.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

2 Basis of preparation (continued)

(a) Statement of compliance (continued)

Further, to manage the principal risks impacting the Company such as market risks, liquidity risks and credit risks, it has entered derivative swap agreements with DB London depending on the requirement of each particular debt securities issued. Also, as per Programme Proposal Agreement, DB London as the Arranger agrees to pay for Series Overheads (as defined in the Programme Proposal Agreement).

The Company has no live series as of 30 June 2025 and 2024. The Directors are currently looking for new opportunities for the Company and consider it appropriate to prepare the financial statements on a going concern basis. The Directors do not plan on liquidating the Company. DB London intend that the Company will continue for the foreseeable future for potential new transactions. The advantages in maintaining the Company as a going concern are based on cost and availability for new business. The cost of liquidating the Company and setting up a new entity for a new transaction is excessive and time consuming. The time delay in setting up a new vehicle is not favourable for any new transactions that might develop. For this reason, the Directors are satisfied that the Company will continue to operate as a going concern for a period of at least 12 months from the date of the approval of the financial statements.

There are no other matters that impact the ability of the Company to continue as a going concern as at year end.

(b) Changes in accounting policies

There were no changes in accounting policies which would have a financial impact on the Company's financial statements during the year.

(c) New standards, amendments or interpretations

(i) New standards adopted during the year

The following adopted accounting standards for the accounting period beginning on or after 1 July 2024 are considered not relevant to the Company and therefore have no impact on the financial performance or financial position of the Company.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

2 Basis of preparation (continued)

(c) New standards, amendments or interpretations (continued)

(i) New standards adopted during the year (continued)

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (issued on 23 January 2020, 15 July 2020 and 31 October 2022, respectively)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

(ii) Effective for annual periods beginning on or after 1 July 2025

The Directors have set out the upcoming EU endorsed and un-endorsed accounting standards, amendments or interpretations as up until the issuance of the financial statements as set out below.

Description	Effective date (period beginning)*
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability (issued on 15 August 2023)	1 January 2025**
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> : Classification and Measurement of Financial Instruments (issued on 30 May 2024)	1 January 2026**
Annual Improvements to IFRS Accounting Standards - Volume 11 (issued on 18 July 2024)	1 January 2026**
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> : Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024)	1 January 2026**
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> (issued on 9 April 2024)	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> (issued on 9 May 2024)	1 January 2027
Amendments to IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> (issued on 21 August 2025)	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, the Company will apply them from their EU effective date.

** EU endorsed.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

2 Basis of preparation (continued)

(ii) Effective for annual periods beginning on or after 1 July 2025 (continued)

The Company has considered all new and amended accounting standards and interpretations that are issued but not yet effective as of the date of these financial statements. While early adoption is not planned, the Company is currently assessing their potential impact. No material impact is anticipated for the financial statements from these pronouncements, with the exception of IFRS 18 'Presentation and Disclosure in Financial Statements'. The adoption of IFRS 18, effective for periods beginning on or after January 1, 2027, is expected to introduce significant changes to the presentation of our Statement of Profit or Loss.

(d) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of income, expenses, assets and liabilities and the accompanying disclosures.

(i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

The swap counterparty has produced valuations as of a particular time and date on the basis of, inter alia, its proprietary valuation models that takes into account interest rates, duration and relevant credit spreads. There exists estimation related to the selection and calibration of the models and associated market data inputs.

The determination of fair values of financial assets and financial liabilities that are not quoted in an active market are based on valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. Valuation techniques include the option pricing model, discounted cash flow model, comparison to similar instruments for which market observable prices exist and valuation models. For more complex instruments, the Company uses Swap Counterparty proprietary models, which are usually developed from recognised valuation models. Some or all of the inputs into these models may not be market observable and are derived from market prices or are estimates based on assumptions. Refer to note 15 for more details.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below and in the next page. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

2 Basis of preparation (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

(iii) Estimates and assumptions (continued)

The result of the ongoing conflict between Russia-Ukraine and Israel-Gaza, and climate-related risks and macroeconomic factors, on the critical judgements and sources of estimation uncertainty outlined above impacts the valuation of the underlying securities and the categorisation of the underlying securities in the IFRS fair value hierarchy table.

To date, there has been no significant change on the valuation of the underlying securities or their categorisation in the fair value hierarchy table. Similarly, there has been no significant change in critical judgements and sources of estimation uncertainty or assumptions underpinning assets, liabilities, income, expenses and cash flows due to the ongoing conflict between Russia-Ukraine and Israel-Gaza, and climate-related risks and macroeconomic factors.

(e) Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

The issued share capital and debt securities of the Company are both denominated in Euro. The Directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

Except as otherwise indicated, all financial information presented in Euro have been rounded to the nearest thousand.

3 Material accounting policies

The accounting policies set out in the succeeding pages have been applied consistently to all years presented in these financial statements.

(a) Financial instruments

The Company classifies its financial instruments in accordance to IFRS 9.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3 Material accounting policies (continued)

(a) Financial instruments (continued)

Classification

The Company has designated financial liabilities at fair value through profit or loss since the liabilities consist of debt securities issued and the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial assets or liabilities or recognising gains or losses on them on a different basis.

During the year, the Company made no new issuances of series and no new designations were made. There are no outstanding debt securities issuances as at 30 June 2025.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically, debt instruments (e.g., debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss ("FVTPL").

Other financial instruments are carried at amortised cost.

Financial assets and financial liabilities that are not at fair value through profit or loss

A financial asset shall be measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets of the Company include cash at bank and other assets which include interest income receivable from investment securities and receivables from the Arranger in relation to the corporate benefit / Series Overheads of the Company.

Financial liabilities that are not at fair value through profit or loss include accrued expenses and other payables.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3 Material accounting policies (continued)

(a) Financial instruments (continued)

Impairment of financial assets

The impairment rules under IFRS 9 apply to financial assets that are measured at amortised cost or FVOCI. The financial assets are written off when there is no reasonable expectation of recovery. The determination of impairment losses and allowances are based on expected credit loss model, where provisions are taken upon initial recognition of the financial asset based on expectations of potential credit losses at that time.

Under IFRS 9 expected credit loss approach, the Company will recognise expected credit losses resulting from default events that are possible within the next 12 months.

IFRS 9 also requires the recognition of credit losses expected over the remaining life of the assets ('lifetime expected losses') which have significantly deteriorated in credit quality since origination or purchase but have yet to default (stage 2) and for assets that are credit impaired (stage 3). Under IFRS 9 expected credit losses are measured by taking into account forward-looking information, including macroeconomic factors.

In order to determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the expected life of the financial instruments as at the reporting date with the risk of default as at the date of initial recognition.

Recognition and measurement

The Company initially recognises all financial assets and financial liabilities at fair value on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instruments. For financial assets and financial liabilities which will subsequently be carried at fair value, initial direct costs are expensed. For financial assets and financial liabilities not at fair value through profit or loss, costs directly attributable to the acquisition or issue of financial assets or financial liabilities are included in the initial cost.

From the relevant trade date, any gains or losses arising from changes in the fair value of the financial assets or financial liabilities being measured at fair value through profit or loss are recognised in the statement of comprehensive income.

Financial assets and financial liabilities not categorised as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3 Material accounting policies (continued)

(a) Financial instruments (continued)

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 expired.

Fair value measurement principles

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Company has access. The fair value of a liability reflects its non-performance risk. The determination of fair values of financial assets and financial liabilities are based on quoted bid market prices or dealer price quotations for financial instruments traded in active markets, where these are available. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at bid price.

For all other financial instruments, fair value is determined by using valuation techniques. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Valuation techniques include option pricing model and discounted cash flow method, comparison to similar instruments for which market observable prices exist and valuation models

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3 Material accounting policies (continued)

(a) Financial instruments (continued)

Fair value measurement principles (continued)

The Company uses widely recognised valuation models for determining the fair value of common and simpler financial instruments like call options, interest rate and currency swaps.

For more complex instruments, the Company uses Swap Counterparty proprietary models, which are usually developed from recognised standard industry valuation models. Some or all of the inputs into these models may not be market observable and are derived from market prices of similar instruments or rates or are estimated based on assumptions. Refer to note 15 for details.

The Company recognises transfers between levels of the fair value hierarchy as at the beginning of the reporting period during which the change has occurred.

(b) Financial liabilities 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 two conditions below:

- 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 unfavourable 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's 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.

Finance payments associated with financial liabilities are dealt with as part of the ongoing remeasurement of debt securities to fair value. Any payments associated with financial instruments that are classified as equity are distributions from the net income attributable to equity holders and are recorded directly in equity

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3 Material accounting policies (continued)

(c) Operating segments

The Company has applied IFRS 8 Operating Segments which puts emphasis on the “management approach” to reporting on operating segments.

The Company is engaged as one segment. It involves the repackaging of bonds and other debt instruments, on behalf of investors, which are bought from the market and subsequently securitised to avail of potential market opportunities and risk-return asymmetries.

Each transaction is entered into on its own merit, as such, no cross-sectional review is performed based on geographical location for the Company by the Board who is regarded as the Company’s Chief Operating Decision Maker. No revenue per geographical location has been disclosed because this information is not prepared and is not regularly provided to nor used by the Board. The financial results for this segment are equivalent to the financial statements of the Company as a whole.

The Board is responsible for managing the business of the Company including the outcome of day-to-day operating decisions. It achieves this by appointing on an arm’s length basis established service providers with competence and expertise in their respective areas. It reviews the terms of their engagement and monitors the output from these services to ensure they fully satisfy what is required of them in operational, legal and regulatory terms.

(d) Cash at bank

Cash at bank consists of cash held on deposit which is on demand and is carried at amortised cost in the statement of financial position.

(e) Foreign currency transaction

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

Foreign currency differences arising on retranslation or settlement are recognised through profit or loss in the statement of comprehensive income and are included under net gain on investment securities, derivative financial instruments or debt securities issued, as appropriate.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

(f) Taxation

Tax expense comprises current and deferred tax. Tax expense is recognised through profit or loss in other comprehensive income or directly in equity, consistent with the accounting for the item to which it is related.

Current tax is the expected tax payable on the taxable income for the year using tax rates applicable to the Company's activities enacted or substantively enacted at the reporting date and adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

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 the related tax benefit will be realised.

The Company is an Irish registered company and is structured to qualify as a qualifying company under Section 110 of the Taxes Consolidation Act, 1997, as amended. The Company is subject to Irish corporation tax at 25%.

(g) Other income and expenses

All of the other income and expenses are accounted for on an accrual basis.

(h) Share capital and dividend

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as deduction from the proceeds, net of tax.

(i) Share capital and dividend (continued)

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

4 Cash at bank

	2025 €'000	2024 €'000
Cash at bank	40	39

Cash at bank balance is held with DB London, refer to note 15(b)(i) for the credit rating.

5 Other assets

	2025 €'000	2024 €'000
Other receivables	30	53
	<u>30</u>	<u>53</u>

All of the above other assets are current. Refer to note 15(b)(i) for credit risk disclosure.

6 Other liabilities

	2025 €'000	2024 €'000
Accrued expenses	28	50
	<u>28</u>	<u>50</u>

All of the above other liabilities are current.

7 Share capital

	2025 €'000	2024 €'000
<i>Authorised</i>		
40,000 ordinary shares of €1 each	<u>40</u>	<u>40</u>
<i>Issued and paid up</i>		
38,100 ordinary shares of €1 each	<u>38</u>	<u>38</u>

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

8 Accounting classifications and carrying values of financial assets and financial liabilities

	2025 Carrying value €'000	2024 Carrying value €'000
Financial assets at amortised cost		
Cash at bank	40	39
Other assets*	30	53
Total financial assets at amortised cost	<u>70</u>	<u>92</u>
Total assets	<u>70</u>	<u>92</u>
Financial liabilities at amortised cost		
Other liabilities	28	50
Total liabilities	<u>28</u>	<u>50</u>

The financial instruments not accounted for at fair value through profit or loss are short-term financial assets (except cash collateral) and financial liabilities whose carrying amounts approximate fair value.

9 Other income

	2025 €'000	2024 €'000
Arranger income	93	74
	<u>93</u>	<u>74</u>

For every new issuance of debt securities, DB London, as Arranger, transfers to the Company a series fee as corporate benefit. This income is taxable under Irish law at a current rate of 25% and the net amount is retained as the profit for the year. During the year, no new series have been issued thus, the corporate benefit is nil (2024: Nil).

As per Programme Proposal Agreement, DB London as the Arranger, agrees to pay for Series Overheads (as defined in the Program Proposal Agreement). Arranger Income is the total expenses incurred by the Company during the year which are paid by the Arranger on the Company's behalf.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

10 Other expenses

	2025	2024
	€'000	€'000
Administration fee	(58)	(40)
Auditor remuneration and tax advisory services	(28)	(27)
Directors' emoluments	(7)	(7)
	<u>(93)</u>	<u>(74)</u>

The amounts presented are VAT inclusive.

The Company is administered by VAILL and has no employees.

Auditor's remuneration and tax advisory services (excluding VAT)

	2025	2024
	€'000	€'000
Audit of Company's Statutory financial statements	(19)	(18)
Tax advisory services	(4)	(4)
	<u>(23)</u>	<u>(22)</u>

Section 305A(1)(a) of the Act, requires disclosure that VAILL received EUR 3,000 (2024: EUR 5,000) included in administration fees as consideration for the making available of individuals, Eimear Downey and Cliona O'Faolain to act as Directors of the Company. The terms of the corporate services agreement in place between the Company and VAILL provide for a single fee for the provision of corporate administration services (including the making available of an individual to act as Director of the Company). As a result, the allocation of fees between the different services provided is a subjective and approximate calculation. For the avoidance of doubt, Eimear Downey and Cliona O'Faolain did not receive any remuneration for acting as Director of the Company. The Company paid Directors' fees of EUR 7k (2024: EUR 7k) to Niall O'Carroll during the year as he is not an employee of VAILL.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

11 Income tax expense

	2025	2024
	€'000	€'000
Corporate tax	-	-

Factors affecting tax charge for the year

Corporation taxation has been calculated based on the results for the period and the resulting taxation charge is as follows:

Profit before tax	-	-
Current tax at standard rate of 25%	-	-
Current tax charge	-	-

The Company is currently taxed at 25% (2024: 25%) in accordance with Section 110 of the Taxes Consolidation Act, 1997, as amended. The Directors are not aware of any factors that may affect the future tax charge.

12 Ownership of the Company

The issued shares are held in trust by Registered Shareholder Services No. 3, Company Limited by Guarantee (12,699 shares), Registered Shareholder Services No. 2, Company Limited by Guarantee (12,699 shares), and Registered Shareholder Services No. 1 Company Limited Guarantee (12,702 shares), together (the "Share Trustees"), each of whom own a share under the terms of a declaration of trust dated 17 February 2014, under which the relevant Share Trustee holds an issued share of the Company in trust for charity. The Share Trustees have appointed a Board to run the day-to-day activities of the Company.

The Board has considered the issue as to who is the controlling party of the Company. It has determined that the control of the day-to-day activities of the Company rests with the Board. The Board is composed of three Directors, two of whom, are employees of VAILL, being the entity that acts as the Administrator of the Company. All three Directors are considered independent of the Deutsche Bank Group.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

13 Charges

The debt securities issued by the Company are secured by way of charges over the collateral in respect of each series issued, and by the assignment of a fixed first charge of the Company's rights, title and interest under the relevant swap agreement for each series.

14 Transactions with related parties including Administrator and Arranger

Transactions with Key Management Personnel

During the year, the Company incurred a fee of EUR 30k (2024: EUR 30k) relating to administration services provided by VAILL. As at 30 June 2025, outstanding payables related to administration services amounted to EUR 24k (2024: EUR 21k).

Other Transactions

Directors' fees during the year amounted to EUR 7k (2024: EUR 7k). Eimear Downey and Cliona O'Faolain being VAILL employees do not receive any Director's fee. As at 30 June 2025, outstanding Directors' fees payable amounted to EUR nil (2024: EUR nil). Other than the Directors' fees, there are no other benefits, emoluments or compensations paid to the Directors.

Under a series proposal agreement entered into for each series by DB London and the Company, DB London will pay the Company a series fee. As per Programme Proposal Agreement, DB London as the Arranger agrees to pay for Series Overheads (as defined in the Programme Proposal Agreement). As at 30 June 2025, the outstanding swap receivable (other receivables) and swap payable (other payables) from and to DB London as Arranger are disclosed in notes 6.

Series fee outstanding as at year end amounted to EUR 4k (2024: EUR 4k).

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15 Financial risk management

(a) Introduction and overview

The Company was set up as a segregated multi issuance Special Purpose Entity (SPE). This ensures that if one series defaults, the holders of that series are have no recourse to any other assets of the Company, which might otherwise have resulted in the Company's bankruptcy and the default of the other series of debt securities issued. The segregation criteria include the following:

- The Company is a bankruptcy remote SPE, incorporated in Ireland.
- Debt securities are issued in separate series.
- Assets relating to any particular series of debt securities issued are held separate and apart from the assets relating to any other series.
- Any swap transaction entered into by the Company for a series is separate from any other swap transaction for any other series.
- For each series of debt securities, only the trustees is entitled to exercise remedies on behalf of the holders of debt securities.

The net proceeds from the issue of the debt securities are paid to DB London as the swap counterparty or as agent in the case of pass-through notes to purchase a portfolio of investments securities plus any interest accrued thereon on behalf of the Company.

The Company has no live series as of 30 June 2025 and 2024.

The Board 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 relating to the investment securities are borne by the Swap Counterparty as well as the holders of debt securities issued.

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk;
- (ii) Liquidity risk; and
- (iii) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15 Financial risk management (continued)

(b) Risk management framework

(i) Credit risk

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's investment securities and also from the derivative contracts which the Company has entered into.

The Company limits its exposure to credit risk by investing in bonds and other securities with counterparty that have a credit rating defined in the documentation of the relevant series. The Company considers an increase in credit risk when there is a default i.e. when the swap counterparty fails to meet its contractual commitments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	2025	2024
	€'000	€'000
Cash at bank	40	39
Other assets	30	53
	<u>70</u>	<u>92</u>

At the reporting date the credit quality of the Company's financial assets was as follows:

Cash at bank

The Company's cash is held with DB London which has a long-term rating of A by S&P during the year (PY: A- by S&P).

Other Assets

Other assets mainly include income receivable from corporate bonds held by the Company at the year end.

No expected credit loss was recognised in relation to the financial assets at amortised cost as the amount is not material.

DB London is the derivative counterparty and has a long-term credit rating of A by S&P (PY: A- by S&P).

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15 Financial risk management (continued)

(b) Risk management framework (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Company.

The Company's obligation to the holders of debt securities of a particular series is limited to the net proceeds upon realisation of the collateral of that series, i.e. investment securities and derivatives. Should the net proceeds be insufficient to make all payment obligations in respect of a particular series of debt securities, the other assets held as collateral for remaining series of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the holders of debt securities and/or the swap counterparty according to the priorities of payment in relation to a particular series.

The timing and amount of proceeds from realising the collateral of each series is subject to market conditions.

There were no liquidity issues experienced by the Company or the swap counterparty in respect to meeting its obligations to holders of debt securities issued or to the swap counterparty during the year. Neither the Company nor the swap counterparty defaulted on any of their contractual commitments during the year.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15 Financial risk management (continued)

(b) Risk management framework (continued)

(ii) Liquidity risk (continued)

The contractual maturities of financial assets and financial liabilities including undiscounted interest receipts / payments as at year end are set out below and in the next page.

	2025				
	Carrying	Gross	Less than	One to five	More than
	amounts	contractual	one year	years	five years
	€'000	cash flows	€'000	€'000	€'000
	€'000	€'000	€'000	€'000	€'000
Cash at bank	40	40	40	-	-
Other assets	30	30	30	-	-
Other liabilities	(28)	(28)	(28)	-	-
	42	42	42	-	-
	2024				
	Carrying	Gross	Less than	One to five	More than
	amounts	contractual	one year	years	five years
	€'000	cash flows	€'000	€'000	€'000
	€'000	€'000	€'000	€'000	€'000
Cash at bank	39	39	39	-	-
Other assets	53	53	53	-	-
Other liabilities	(50)	(50)	(50)	-	-
	42	42	42	-	-

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15 Financial risk management (continued)

(b) Risk management framework (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other price risk will affect the Company's income or the value of its holdings of financial instruments.

The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk is economically hedged with the use of asset swap agreements.

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Currency risk

The Company had no exposure to foreign currency risk since it holds no foreign currency denominated financial instruments at the reporting date.

(c) Operational risk

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

The Company has no employees and all corporate administration services are provided by VAAIL under the terms of a corporate services agreement. VAAIL manages the operational risk on behalf of the Company by requiring all of its employees to comply with Company policies and procedures to ensure compliance with all applicable laws and regulations.

Palladium Securities Ireland Public Limited Company

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

16 Subsequent events

Since the end of the reporting period the Company has not issued any new series of debt securities. There were no significant events between the statement of financial position date and the date of signing the financial statements affecting the Company which require adjustment to or disclosure in the financial statements.

17 Capital Management

The Company views the debt securities issued disclosed in note 7 as its capital. The Company is a special purpose vehicle set up to issue debt instruments for the purpose of making investments that maximise the returns of the holders of the debt securities. Share capital of EUR 38k was issued in line with Irish company law and is not used for financing the investment activities of the Company. The Company is not subject to any other externally imposed capital requirements.

18 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 26 March 2026.