

WATERFORD CAPITAL INVESTMENTS PLC

DIRECTORS' REPORT AND THE AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

COMPANY NUMBER: 426004

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	1
DIRECTORS' REPORT	2-9
DIRECTORS' RESPONSIBILITIES STATEMENT	10
INDEPENDENT AUDITOR'S REPORT	11-16
STATEMENT OF COMPREHENSIVE INCOME	17
STATEMENT OF FINANCIAL POSITION	18
STATEMENT OF CHANGES IN EQUITY	19
STATEMENT OF CASH FLOWS	20
NOTES TO THE FINANCIAL STATEMENTS	21-58

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

COMPANY INFORMATION

DIRECTORS	John Fitzpatrick (Irish) (Independent non-executive) Michael Boyce (Irish) (Independent non-executive) Yves Lippens (Belgian) (Non-executive) Frank Van de Vel (Belgian) (Non-executive)
SECRETARY	HMP Secretarial Limited Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576 Ireland
REGISTERED OFFICE	Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576 Ireland
LEGAL ADVISORS AS TO IRISH LAW AND SOLICITOR	McCann Fitzgerald Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576 Ireland
PRINCIPAL PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT	The Bank of New York Mellon 160 Queen Victoria Street London EC4V 4LA England
SHARE TRUSTEE	QSV Trustee Limited 62 Seabury Crescent Malahide Dublin K36 TW42 Ireland
NOTE TRUSTEE	BNY Mellon Corporate Trustee Services Limited 160 Queen Victoria Street London EC4V 4LA England
BANK AND CUSTODIAN	KBC Bank NV Havenlaan 2 B-1080 Brussels Belgium
INDEPENDENT AUDITOR	Ernst and Young Chartered Accountants Harcourt Centre 2 Harcourt Street Dublin 2 D02 YA40 Ireland
PORTFOLIO MANAGER, PORTFOLIO ADMINISTRATOR	KBC Asset Management NV Havenlaan 2 B-1080 Brussels Belgium
CORPORATE ACCOUNTING ADMINISTRATOR	KBC Fund Management Limited 4 th Floor Scotch House 6-7 Burgh Quay Dublin 2 D02 VK44 Ireland

DIRECTORS' REPORT

for the financial year ended 30 April 2025

The Directors present their report and the audited financial statements for the year.

PRINCIPAL ACTIVITY

Waterford Capital Investments Plc (the "Company"), an Irish registered Company, was incorporated on 5 September 2006. The principal activity of the Company is to issue limited recourse notes ("Notes") and invest proceeds in bonds, commercial paper, time deposits and other debt securities and enter into hedging derivative contracts. KBC Asset Management NV has been appointed as portfolio manager and portfolio administrator to the Company (the "Portfolio Manager" and "Portfolio Administrator"). The Company has established a €40,000,000,000 programme to issue Notes ("Programme"). Notes issued under this Programme will be issued in series ("Series") and the terms and conditions of the Notes of each Series will be set out in a term sheet for such Series. All Notes issued by the Company are held by capital protected funds, structured funds and mutual funds ("Noteholders") which have appointed KBC Asset Management NV as portfolio manager. The Noteholders have the right to early redeem Notes until the final maturity date by providing an exercise notice to the paying agent. Each Series issued by the Company is limited recourse in nature.

The Company has two portfolios, long duration and short duration. The distinctions between the two portfolio durations are based on the underlying asset pools rather than the duration of the corresponding Notes. Short duration Notes are linked to an underlying debt security asset pool with an average time to maturity of approximately 2.5 years and long duration Notes are linked to an underlying debt security asset pool with an average time to maturity of approximately 5.5 years. Noteholders share the risks of investment in the portfolio corresponding to the Series (i.e. the short duration or long duration portfolio) on a pro-rata basis.

MANAGEMENT'S REPORT OF BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

Business Review

Macro-economic climate

We have noticed a number of important developments in the past period. Central banks finally paused for a while the rate hikes, which they had started in their fight against inflation. Although interest rates started to rise again in early 2024, markets continued to do well until the summer of 2024, mainly driven by technology stocks. A difficult period followed for equity markets during the summer. Investors, meanwhile, seemed to be less keen on the AI narrative, and we saw labour market data in the US weaken somewhat. Investors sought safe havens and found them again in amongst other bonds. Moreover, business confidence in the manufacturing sector remains very weak in Western economies.

Inflation does seem to be on the right path again. In Europe, this economic weakness has been clear for some time. Falling inflation and a weak economic environment allowed the ECB to cut interest rates as early as June 2024. The Fed is also easing its interest rate policy in the meantime but is now pausing for a while. Nevertheless, markets got excited again, and the rally resumed towards the end of the year, again mainly due to US technology stocks.

At the end of the reporting period, US President Trump started a salvo of new import tariffs. This raises doubts about US growth. We will have to wait and see how this materialises in the coming months.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

MANAGEMENT'S REPORT OF BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS
(continued)

Monetary policy

Both the ECB and the Fed indicate that there are a lot of uncertainties, both for growth and for inflation. After several rate cuts between September and December for a total of 1% to 4.25-4.5%, the Fed hit the pause button in early 2025. The policy remains slightly restrictive. A new interest rate cut will not materialise until there is a better outlook for inflation or major concerns emerge for the labour market. The Fed raised its inflation outlook for 2025 due to, among other things, the additional customs tariffs.

The ECB has already cut deposit rates several times since June 2024, a reduction of 1.75% to the current 2.25% as of 30 April 2025. It expects inflation to reach the 2% target in early 2026 and fluctuate around that for the following quarters. After the latest decision, monetary policy is no longer described as restrictive.

Bond markets

The economic growth picture in the US and the eurozone is very uncertain after the chaos caused by the recent Trump policy. After GDP growth of 2.4% in the fourth quarter for the US, there was a contraction of 0.3% in the first 3 months of 2025. Note that dates are based on the situation before the customs tariffs announced on 'Liberation Day' and largely the result of increased imports in anticipation of those higher tariffs. That escalating trade war caused new nervousness among investors in April because of a possible recession in the US. The economy in the eurozone remains weak and may also slow-down in the short term due to those rates. Germany decided on an unprecedented investment program in March. Together with the plans for higher defence spending in Europe, this on the other hand boosts hopes for stronger economic growth in the coming years.

In recent months, there have been large fluctuations in bond yields. Investors raised their expectations for inflation in the US after the elections, but they also assumed that interest rates would be cut less quickly and sharply. This translated into a sharp rise in 10-year yields after September 2024, especially in the US. But recession fears pushed US bond yields lower again from the end of January. Eurozone bond yields have wavered between the risk of potentially slower growth due to US tariffs and the prospects of more investment that will accelerate the engine of growth. These European plans for extra spending translated into a sharp rise in the German 10-year yield at the beginning of March, to close to the highest levels since the euro crisis. However, sentiment took a big turn in April, where fears of a slowdown pushed bond yields lower again. Over the last 12 months, the 10-year yield fell by -0.47% in the US and fell by -0.14% in Germany.

The overall picture for the bond investor over the last 12 months is especially favourable for the Euro investor. Yields in euros reach 5.27% for the 1–5-year benchmark and 4.59% for a broad basket across all maturities. Investors consider the probability of a recession to be rather small for the eurozone and the credit premium has therefore remained flat over the reporting period. Corporate bonds showed a good result with an increase of 6.14%. Emerging market bonds also performed accordingly, returning +3.48%.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

MANAGEMENT'S REPORT OF BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS
(continued)

Activities in the Special Purpose Vehicles ("SPVs")

Despite the volatile macro-economic and interest rate environment, the average rating of the pool was maintained at A+. There were no fallen angels in the bond portfolio and no significant events have occurred in the portfolio during the reporting period. Credit spreads have tightened substantially throughout 2024 and the beginning of 2025 but widened towards the end of the reporting period amid US tariffs uncertainty. Until end of 2024, AUM of the portfolios have been more or less stable, with inflows from new capital protected funds and outflows/scheduled redemptions balancing each other out. In the first four months of 2025, we noticed a decrease in AUM due to a number of maturities and little new inflow (since the bulk of inflow is in Responsible Investing Capital Protected Structured Funds).

Economic risk factors

The investment policy of the portfolio is very conservative. The largest exposure of the portfolio is credit risk, more specifically exposure to the financial sector. The main economic risk is a scenario in which a meltdown of the global financial system occurs with actual defaults in systemically important financial institutions in US, Europe, Australia, Canada and Japan. This is mitigated by several factors:

- Granularity is key.
- The average rating of the SPV portfolio remains high (A+ equivalent) and fully within the investment-grade spectrum.
- Exposure on the financial sector is through several layers of the capital structure. The portfolio invests in covered bonds, preferred senior bonds, non-preferred senior bonds and only a very limited amount of Tier 2 subordinated bonds. Hence not all bonds are subject to a bail-in scenario in case an adverse scenario materialises. Next to the financial sector, the portfolio also consists of highly rated government bonds and agencies.
- Since the global financial crisis, a lot of reform has happened in the financial sector. Bondholders are now at greater risk of being bailed-in if a bank runs into trouble as opposed to being bailed-out previously. On the other hand, some measures are meant to prevent that bail-in is needed. Banks have more and higher quality capital and need to maintain higher liquidity buffers for instance. Also, not all countries where the SPV's invest in, will automatically bail-in senior bondholders. E.g. Australia, Japan
- The portfolio should be able to withstand a sudden decline in liquidity conditions in the financial markets for a longer period of time. The SPV's can meet both projected outflows and additional outflows that might occur in a scenario of severe stress.
- The strict rules regarding interest rate and exchange rate risk are designed to prevent large price movements of the notes in a climate of large movements in interest rates or forex markets.
- The investments in the SPV's are ALM-driven, hence portfolio managers incorporate the liability profile in the investment process to avoid substantial mismatches from both cash-flow and credit risk perspective.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

MANAGEMENT'S REPORT OF BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS
(continued)

Company Performance

The Directors consider the following to be the main financial key performance indicators of the Company:

- the Company made a profit of €750 (2024: €750)
- there were no credit events that affected the Company during the current and prior financial years
- the net gain (realised and change in unrealised) on financial assets at fair value through profit or loss amounted to €4,937,976 (2024: net gain of €4,545,420)
- the net gain (realised and change in unrealised) on financial liabilities at fair value through profit or loss amounted to €3,512,170 (2024: net loss of €1,259,460)
- interest income on investments amounted to €3,762,111 (2024: €3,549,525)
- interest expense on Notes issued amounted to €8,212,333 (2024: €9,497,033)
- the Company's total indebtedness was €170,838,892 (2024: €209,590,440)
- net investment sales excluding outstanding amounts amounted to €37,744,876 (2024: net investment purchases excluding outstanding amounts €37,091,090)
- net Note redemptions excluding outstanding amounts amounted to €35,312,702 (2024: net Note issuances excluding outstanding amounts €37,571,797)
- the internal credit rating of the Notes issued by the short duration and long duration portfolio at financial year end was AA- and A+ respectively (2024: A+ and A+ respectively)
- the short duration portfolio is underinvested by 2.00% (2024: underinvested by 1.84%) and the long duration portfolio is overinvested by 7.07% (2024: overinvested by 7.19%) at financial year end

The Company issues profit-participating limited recourse Notes and reserves a fixed pre-tax profit of €1,000 per annum for distribution, as set out in the Base Prospectus. The key drivers of the net gain on financial assets at fair value through profit or loss and net Note redemptions are detailed in the previous *Bond markets* and *Activities in the Special Purpose Vehicles* sections within the Business Review section of this report. The net gain on financial liabilities at fair value through profit or loss is driven primarily by the corresponding movements in the debt security asset investment portfolios. Net investment sales are a result of the impact of net Note redemptions on liquidity and amounts available for investment. Interest income and expense are driven by movement in the underlying debt security asset and Note nominals as a result of net sales and net redemptions respectively and by movements in floating benchmark reference rates. The notes are redeemed on the basis set out in Note 3(h) "Redeemable Notes in issue". A description of 'overinvested' and 'underinvested' is included in Note 17 "Operating segments" to the financial statements. Due to the nature of the Company, the Directors consider there to be no main non-financial key performance indicators. There were no breaches of any of the provisions or covenants relating to the Notes during the financial year.

The Directors believe the Company is a going concern for the following reasons:

- The portfolios are actively managed by KBC Asset Management NV and the Directors intend that the present level of activity will be sustained for the foreseeable future.
- The Notes issued by the Company are limited recourse and therefore all risks and rewards of ownership are borne by the Noteholders.
- Management has assessed all available information relating to future conditions, considering the possible outcomes of events and changes in conditions, and the realistically possible responses to such events and conditions that are available, including those relating to the current wars around the world. The Directors have assessed there to be no material uncertainty in relation to the Company's ability to continue as a going concern.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

MANAGEMENT'S REPORT OF BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS (continued)

The Company had the following Series in issue at year end:

Short Duration

CCY	Nominal	Series Name	Maturity
EUR	50,000,000	Series 2006-4	Floating Rate Secured Senior Notes due 2040
CZK	552,550,000	Series 2007-15	Floating Rate Secured Senior Notes due 2040
USD	47,500,000	Series 2007-19	Floating Rate Secured Senior Notes due 2040
HUF	6,800,000,000	Series 2007-17	Floating Rate Secured Senior Notes due 2040

Long Duration

CCY	Nominal	Series Name	Maturity
EUR	98,000,000	Series 2013-25	Floating Rate Secured Senior Notes due 2040
CZK	275,000,000	Series 2013-27	Floating Rate Secured Senior Notes due 2040
USD	50,000,000	Series 2015-28	Floating Rate Secured Senior Notes due 2040

No new Series of Notes were issued or redeemed during the year.

FUTURE DEVELOPMENTS

The financial statements have been prepared on a going concern basis and the Directors expect that the present level of activity will be sustained for the foreseeable future.

Growing uncertainty, continued conflicts, downside risks to growth and alterations of monetary policy expectations led to volatility in interest rates. Although headline inflation has eased somewhat recently, core inflation still remains above the central banks' desired level. Financial companies stood out and performed significantly better than their non-financial counterparts. Ratings momentum in Europe was very strong, defaults at this side of the Atlantic remained in a very favourable low band in support. Therefore, combining all these factors and given the conservative credit risk profile, the environment was deemed to be very manageable for the Company. The impact of the ongoing uncertainty on factors including bond market performance, laws and regulations, credit ratings, underlying fund investor redemptions, trade bloc developments and monetary policy will continue to be monitored by the Company.

A proposal is in place for the Company to issue notes to underlying structured funds that promote environmental or social characteristics compliant with the transparency obligations of Article 8 SFDR. Environmental, social and governance requirements will be added to the investment restrictions of the portfolio management of the long and short duration portfolios to include investments that comply with the responsible investing policy of KBCAM.

RESULTS AND DIVIDENDS

The results for the financial year are presented in the statement of comprehensive income. On 3 April 2025, the Company paid a dividend of €750 (2024: €750). The Directors proposed a dividend of €750 (€0.01875 per ordinary share) on 21 August 2025 (2024: €750 (€0.01875 per ordinary share)).

CHANGES IN DIRECTORS

There were no changes in directors for the year ended 30 April 2025.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES AND DEBENTURES

The Directors and the Company Secretary had no beneficial interest in the share capital or issued debt of the Company at the date of appointment, at the beginning of the year or at the end of the year.

RISK FACTORS

The principal risks and uncertainties of the Company and corresponding risk management strategies are set out in *Note 18 "Financial risk and fair value"* to the financial statements. The economic risks facing the Company have been detailed in this report.

The Portfolio Manager has adopted a conservative investment strategy. The most significant risk exposure on the debt security investments is credit risk and in particular credit risk exposure to the financial sector. The primary economic risk is a scenario in which a systemic shock in the global financial system occurs with actual defaults in systemically important financial institutions in US, Europe, Australia, Canada and Japan.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

RISK FACTORS (continued)

This is mitigated by several factors. There are more than 100 issuers in the SPV portfolio pool with no single debt issuer having a portfolio weighting above 5%. The average credit rating of the SPV portfolio pool remains high, with an average internal credit rating of AA- and A+ for the short duration and long duration pool respectively, fully within the investment-grade category. These average portfolio credit ratings are the basis of the internal Note credit ratings. Exposure to the financial sector is through several layers of the capital structure. The portfolio invests in covered bonds, preferred senior bonds, non-preferred senior bonds and only a very limited amount of Tier 2 subordinated bonds. Hence not all bonds are subject to a bail-in scenario in case an adverse scenario materialises. Other than the financial sector, the portfolio also consists primarily of highly rated government debt securities.

As a result of the global financial crisis, notable reform has taken place in the financial sector. Bondholders are now at greater risk of being bailed-in if a bank encounters significant financial difficulty as opposed to being bailed-out in previous crises. On the other hand, some measures are intended to prevent bail-in being required. Banks have more and higher quality capital and need to maintain higher liquidity buffers for instance. Additionally, not all countries the Company invests in will automatically bail-in senior bondholders, e.g. Australia and Japan.

The Company is expected to be able to withstand a sudden decline in liquidity conditions in the financial markets for a prolonged period of time. The Company is expected to be able to meet both projected outflows and additional outflows that may occur in a stressed scenario. The Company will continue to monitor the market for impact and viability on current and future developments, including those related to the current wars around the world.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that adequate accounting records are kept by the Company. The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by outsourcing this function to a specialised provider of such services. The books and accounting records are maintained at KBC Fund Management Limited, 4th Floor, Scotch House, 6-7 Burgh Quay, Dublin 2 D02 VK44.

SUBSEQUENT EVENTS

The Directors proposed a dividend of €750 on 21 August 2025. There were net Note redemptions of €5,176,649 subsequent to the year ended 30 April 2025.

POLITICAL DONATIONS

The Company did not make any political donations during the financial year (2024: €Nil).

STATUTORY COMPLIANCE STATEMENT

The Directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of section 225 of the Companies Act 2014 (described below as the "Relevant Obligations").

The Directors confirm that:

- they have drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the Directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations.
- they have considered the Company's Relevant Obligations and are satisfied that arrangements or structures that are in place by agreement with KBC Asset Management NV (the "Compliance Services") are appropriate to secure the Company's material compliance with its Relevant Obligations and that, accordingly, there is no need for the Company to put in place compliance-related arrangements or structures in respect of the Company's Relevant Obligations, other than the Compliance Services.
- during the financial year to which this report relates, the Directors have considered whether, and are satisfied that, the Compliance Services are and remain appropriate to secure the Company's material compliance with its Relevant Obligations.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

ANNUAL CORPORATE GOVERNANCE STATEMENT

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and Listing Rulebook of Euronext Dublin. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. The Board is also responsible for the review of half yearly and annual financial statements. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing KBC Asset Management NV as Portfolio Administrator and Manager and KBC Fund Management Limited as Corporate Accounting Administrator. The Corporate Accounting Administrator is contractually obliged to maintain adequate accounting records. The Corporate Accounting Administrator performs reconciliations of its records to those of the Trustee, Custodian and the Portfolio Administrator. The Corporate Accounting Administrator is also contractually obliged to prepare for review and approval by the Board the annual and half yearly report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as they arise. The Board also periodically examines and evaluates the Corporate Accounting Administrator's financial reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Corporate Accounting Administrator has operating responsibility for internal control in relation to the financial reporting process and reports to the Board on updates and developments.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements. In respect of the financial reporting process, KBC Fund Management Limited has in place appropriate practices to ensure that:

- its financial reporting is accurate and complies with the financial reporting frameworks; and
- systems are in place to achieve high standards of compliance with regulatory requirements.

Control Activity

The Portfolio and Corporate Accounting Administrator are obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related Notes in the Company's annual report.

Monitoring

The Board meets on a quarterly basis to monitor the performance of the Company including review of performance reports as provided by KBC Asset Management NV and to discuss risks relevant to the Company. The Board also ensures that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors. Given the contractual obligations on the Portfolio and Corporate Accounting Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function.

DIRECTORS' REPORT (continued)
for the financial year ended 30 April 2025

ANNUAL CORPORATE GOVERNANCE STATEMENT (continued)

Capital Structure

The Board have assessed the issue of the controlling party and determined that control of the day-to-day activities of the Company rests with the Directors. No person has any special rights of control over the Company's share capital as described in *Note 20 "Ownership of the company"*. All of the shares of the Company are held in trust with QSV Trustees Limited who hold 40,000 shares in the Company but have no direct or indirect control of the Company. No other person has a significant direct or indirect holding of securities in the Company other than QSV Trustees Limited. There are no restrictions on voting rights.

The Company does not have an immediate, ultimate parent and controlling party. KBC Asset Management NV is deemed to be the chief operating decision maker as it decides on how the resources of the company are allocated as well as assessing the performance of the investments held.

Appointment and replacement of directors and amendments to the Articles of Association

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association and Irish Statute comprising the Companies Act 2014. The Articles of Association may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to other parties, subject to supervision and direction by the Board. The Board has delegated the day to day administration of the Company to the Portfolio Administrator.

Audit committee

As the principal duties of an Audit Committee are completed by the Board, the Company has taken the exemption available as set out under Section 1551 (11) (c) of the Companies Act 2014 not to establish a separate Audit Committee.

INDEPENDENT AUDITOR

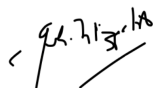
The Directors first appointed Ernst and Young as auditor at the Company's board meeting on 29 September 2017. Ernst and Young have indicated their willingness to continue in office in accordance with Section 383 (2) of the Companies Act 2014. On 2 January 2025, Ernst and Young were re-appointed as auditor for the year ended 30 April 2025.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office at the date of this report have each confirmed that:

- as far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- he/she has taken all the 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 statutory auditors are aware of that information.

On behalf of the board



John Fitzpatrick
Director



Michael Boyce
Director

Date: 21 August 2025

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities for the preparation of the annual report and audited financial statements

The Directors are responsible for preparing the Directors' Report and the audited financial statements in accordance with the Companies Act 2014 and applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 of the Company as at the financial year end date and of the profit or loss and other comprehensive income of the Company for the financial year and otherwise comply with the Companies Act 2014.

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

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

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 Companies Act 2014 and enable the financial statements to be audited.

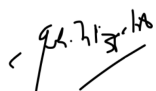
They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility statement

Each of the Directors confirm to the best of their knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as issued by the IASB and adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report which is incorporated into the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties facing the Company.

On behalf of the board



John Fitzpatrick
Director



Michael Boyce
Director

Date: 21 August 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC

Report on the audit of the financial statements

Opinion

We have audited the European Single Electronic Format financial statements ("the financial statements") of Waterford Capital Investments Plc ("the Company") for the year ended 30 April 2025 contained in file 549300SYGK5DH3DPES53-2025-04-30-en.xhtml.zip, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including the material accounting policy information 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 April 2025 and of its profit 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 as applied to public interest entities 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. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment.
- We obtained and reviewed management's going concern assessment which is for a period of at least 12 months from the date of signing this audit opinion.
- We considered the nature and liquidity of the assets held by the Company along with the liabilities to identify any liquidity mismatches. We confirmed that there was no event of default triggered in relation to the notes issued by the Company. We made enquiries of management as to whether there are any subsequent events, including Company performance, that might give rise to conditions which could lead management to discontinue the operations of the Company.
- We reviewed the Company going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC
(continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Board of Directors
Valuation of Financial Assets at Fair Value Through Profit or Loss, Derivative Assets and Derivative Liabilities and the related unrealised gains/losses Financial Assets at Fair Value Through Profit or Loss: €156,914,366 (2024: €189,721,266) Change in unrealised gain on financial assets at fair value through profit or loss: Gain €5,326,887 (2024: Gain €5,660,497) Derivative Assets held for trading: €6,449,078 (2024: €13,868,029) Derivative Liabilities held for trading: €2,148,049 (2024: €830,581) Fair value movement on derivatives held for trading: Loss €8,736,419 (2024: Gain €2,533,283) The financial instruments at fair value through profit or loss included in the Statement of Financial Position of the Company primarily comprise of financial assets at fair value through profit or loss, interest rate swaps and cross currency swaps. There is a risk that financial instruments may not be valued correctly. Refer to accounting policy 3 (f) and Notes 6, 12, 13 and 18 (j) of the financial statements for further details on these financial instruments. The nature and size of these balances and their importance to the Company is such that we have identified this as a key audit matter.	We focused our audit procedures to determine that the fair values of the financial instruments were appropriate: In obtaining sufficient audit evidence we: • We assessed the appropriateness of policies governing the accounting treatment and valuation of financial instruments. • We obtained an understanding of the process over the valuation of the financial instruments including appropriate governance procedures and management review. • We independently tested the valuation of financial assets at fair value through profit or loss and derivative financial instruments, using pricing sources and valuation models available to us.	Our planned audit procedures were completed, and no material exceptions were noted.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC
(continued)

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be €1,666,000 (2024: €2,053,928), which is 1% (2024: 1%) of the financial liabilities at fair value through profit or loss. We believe that the financial liabilities at fair value through profit or loss provides us with an appropriate measurement having considered the expectation of the users of the financial statements and the overall business environment.

During the course of our audit, we reassessed initial materiality and made no changes to it.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely €1,249,500 (2024: €1,540,446). We have set performance materiality at this percentage due to our knowledge of the Company and industry, effectiveness of the control environment and our assessment of the risks associated with the engagement and prior year experience.

Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of €83,300 (2024: €102,696), which is set at 5% (2024: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC
(continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Audited Financial Statements 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.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 8 to 9, that:

- based on knowledge and understanding of the company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- based on the work undertaken in the course of our audit, in our opinion:
 - o the description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014; and
 - o the Corporate Governance Statement contains the information required by the Companies Act 2014.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC
(continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to compliance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.
- We understood how the Company is complying with those frameworks by performing a review of the oversight of those charged with governance by making inquiries of those charged with governance, the management and those responsible for legal and compliance matters. In assessing the effectiveness of the control environment, we reviewed the compliance manual and code of ethics, inquired about the compliance with the manual and code of ethics, reviewed the board minutes and gained an understanding of the Company's approach to compliance and governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through enquiries of those charged with governance. Our procedures involved gaining an understanding of processes and controls on the financial statements. We also performed a review of the appropriateness of journal entries and other adjustments made in the preparation of the financial statements, assessing accounting estimates for evidence of management bias and evaluating the business rationale for related party transactions and any significant unusual transactions. The key audit matter section of our report sets out our response to the key audit matter relating to the valuation of financial assets at fair value through profit or loss, derivative assets and derivative liabilities and the related unrealised gains/losses.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERFORD CAPITAL INVESTMENTS PLC
(continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries to those charged with governance into possible instances of non-compliance with laws and regulations, review of board meeting minutes during the year and obtaining representation from the management.

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.

Other matters which we are required to address

We were appointed by the Board of Directors on 14 June 2018 to audit the financial statements for the year ended 30 April 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the Board of Directors.

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.



Aidan Tiernan
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin
Date: 27 August 2025

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 30 April 2025

	Notes	Year ended 30/04/2025 €	Year ended 30/04/2024 €
Interest income on financial assets at fair value through profit or loss	4	3,762,111	3,549,525
Interest expense on financial liabilities at fair value through profit or loss	5	(8,212,333)	(9,497,033)
Realised loss on financial assets at fair value through profit or loss	12	(388,911)	(1,115,077)
Realised loss on financial liabilities at fair value through profit or loss	15	(879,324)	(661,524)
Change in unrealised gain on financial assets at fair value through profit or loss	12	5,326,887	5,660,497
Change in unrealised gain/(loss) on financial liabilities at fair value through profit or loss	15	4,391,494	(597,936)
Net derivative (expense)/income from derivatives held for trading	6	(3,464,426)	2,520,688
Net bond lending expense	7	-	(135)
Net foreign exchange (loss)/gain		(220,208)	382,064
Net investment income		315,290	241,069
Other income	8	259,145	361,631
Other expenses	9	(573,435)	(601,700)
Profit before taxation		1,000	1,000
Taxation	10	(250)	(250)
Profit and total comprehensive income for the year		<u>750</u>	<u>750</u>

The accompanying notes form an integral part of the financial statements.

There were no items of other comprehensive income during the current or prior financial year. All items of comprehensive income including gains and losses relate to continuing operations.

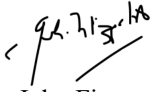
WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

STATEMENT OF FINANCIAL POSITION
as at 30 April 2025

	Notes	As at 30/04/2025 €	As at 30/04/2024 €
Assets			
Cash and cash equivalents	14	6,259,176	4,615,157
Derivatives held for trading	13	6,449,078	13,868,029
Financial assets at fair value through profit or loss	12	156,914,366	189,721,266
Amounts receivable from Custodian		13,659	15,435
Interest receivable on investments		1,240,940	1,410,501
Expense prepayment		3,704	2,083
Total assets		170,880,923	209,632,471
Liabilities			
Derivatives held for trading	13	2,148,049	830,581
Amounts payable to Custodian		44	31
Interest payable on Notes issued		1,963,565	3,195,772
Expense accruals		159,344	171,294
Financial liabilities at fair value through profit or loss	15	166,567,890	205,392,762
Total liabilities		170,838,892	209,590,440
Equity			
Share capital	16	40,000	40,000
Retained earnings		2,031	2,031
Total equity		42,031	42,031
Total equity and liabilities		170,880,923	209,632,471

The accompanying notes form an integral part of the financial statements.

On behalf of the board


John Fitzpatrick
Director


Michael Boyce
Director

Date: 21 August 2025

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 April 2025

	Notes	Share capital €	Retained earnings €	Total equity €
Balance as at 30 April 2023		40,000	2,031	42,031
Total comprehensive income for the year		-	750	750
Dividend paid during the year	21	-	(750)	(750)
Balance as at 30 April 2024	16	40,000	2,031	42,031
Total comprehensive income for the year		-	750	750
Dividend paid during the year	21	-	(750)	(750)
Balance as at 30 April 2025	16	40,000	2,031	42,031

The accompanying notes form an integral part of the financial statements.

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

STATEMENT OF CASH FLOWS

for the financial year ended 30 April 2025

	Notes	Year ended 30/04/2025 €	Year ended 30/04/2024 €
Cash flows from operating activities			
Interest received on investments	4	3,931,672	3,079,099
Interest paid on Notes issued	5	(9,444,540)	(8,160,379)
Derivative receipts	6	12,592,656	10,256,200
Derivative payments	6	(7,320,663)	(10,268,795)
Net bond lending payments		-	(135)
Net foreign exchange settlements		(144,283)	556,928
Other income received		260,912	378,083
Other expenses paid		(586,993)	(567,235)
Cash used in operating activities		(711,239)	(4,726,234)
Taxes paid	10	(250)	(250)
Net cash used in operating activities		(711,489)	(4,726,484)
Cash flows from investing activities			
Investment purchases	12	(56,887,329)	(72,787,103)
Investment paydowns and disposals	12	94,632,205	35,696,013
Net cash from/(used in) investing activities		37,744,876	(37,091,090)
Cash flows from financing activities			
Proceeds from Note issuance	15	55,139,006	75,206,413
Redemption and repurchase of Notes	15	(90,451,708)	(37,634,616)
Dividend paid	21	(750)	(750)
Net cash (used in)/from financing activities		(35,313,452)	37,571,047
Net increase/(decrease) in cash and cash equivalents		1,719,935	(4,246,527)
Cash and cash equivalents at beginning of the year		4,615,157	9,036,560
Effect of exchange rate changes on cash and cash equivalents		(75,916)	(174,876)
Cash and cash equivalents at end of the year	14	6,259,176	4,615,157

The accompanying notes form an integral part of the financial statements.

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Waterford Capital Investments Plc (the "Company"), an Irish registered Company (registration number: 426004) was incorporated on 5 September 2006 to issue Notes and invest proceeds in bonds, commercial paper, time deposits and other debt securities and enter into hedging derivative contracts. The registered office of the Company is Riverside One, Sir John Rogerson's Quay, Dublin 2 D02 X576.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared for the financial year ended ("Year Ended") 30 April 2025, in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Companies Act 2014.

(b) New standards, amendments and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year. The following new standards, amendments to standards and interpretations in issue have been applied for the first time to the financial year beginning 1 May 2024.

- Amendments to IAS 7 and IFRS 7, 'Disclosures: Supplier Finance Arrangements' (effective 1 January 2024)
- Amendments to IFRS 16, 'Leases: Lease Liability in a Sale and Leaseback' (effective 1 January 2024)
- Amendments to IAS 1, 'Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants' (effective 1 January 2024)

None of the above accounting requirements had a material impact on the financial statements of the Company.

(c) New standards, amendments and interpretations not yet adopted

The accounting requirements applied by the Company in the preparation of these financial statements are those effective for accounting periods beginning on or before 1 May 2024. The following new standards, amendments to standards and interpretations are forthcoming accounting requirements in issue which are not yet effective for the financial year beginning 1 May 2024 and have not been early adopted in preparing these financial statements. The dates outlined below are those effective in the EU, or where the requirement has not yet been endorsed by the EU, the effective date issued by the IASB.

- Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability' (effective 1 January 2025)
- Amendments to IFRS 9 and IFRS 7, 'Classification and Measurement of Financial Instruments' (effective 1 January 2026)
- Amendments to IFRS 9 and IFRS 7, 'Contracts Referencing Nature-dependent Electricity' (effective 1 January 2026)
- IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027)
- IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027)
- Amendments to IAS 28, 'Investments in Associates and Joint Ventures' (effective date indefinitely deferred pending the outcome of the IASB's research project)
- Amendments to IFRS 10, 'Consolidated Financial Statements: Sales or Contributions of Assets between an Investor and its Associate or Joint Venture' (effective date indefinitely deferred pending the outcome of the IASB's research project)

The impact of these forthcoming accounting requirements on the financial statements of the Company will be assessed in advance of the above effective dates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

(d) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities classified as fair value through profit or loss including derivatives held for trading. These financial statements are prepared on a going concern basis.

(e) Functional and presentation currency

These financial statements are presented in Euro which is the Company's functional currency. The Company transacts in various currencies with US Dollar and Euro being the predominant currencies. The Company issues the majority of the Notes in EUR and investments are denominated in Euro therefore, the Directors of the Company believe that Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the statement of financial position date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign currency exchange rates ruling at the dates that the fair values were determined.

(g) Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements and estimates that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Information about judgements made in applying the accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- *Note 3(f) Financial instruments: Classification* - classification of investment in debt securities and Notes at fair value through profit or loss.

- *Note 3(f) Financial instruments: Fair Value Measurement Principle* - the appropriate valuation method and the fair value hierarchy.

Estimates, including underlying and associated assumptions, are required in the event of both present and future uncertainties and actual results may differ from these estimates and assumptions. Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

A key area of estimation for the Company is the determination of fair values for financial assets and financial liabilities, including derivatives, for which there is no observable market price. The valuation techniques used in determining the fair value of financial assets and liabilities for which there is no observable market price is described in the material accounting policy *Note 3(f) "Financial instruments: Fair Value Measurement Principles"*. The carrying amounts of assets and liabilities are set out in *Note 11 "Financial assets and liabilities"*.

3. Material accounting policy information

(a) Interest income and expense

Interest income and expense is accounted for on an accrual basis and is calculated using the applicable coupon rate. Interest income arises on both floating and fixed coupon debt security financial assets while interest expense arises only on floating rate Note financial liabilities. Due to the limited recourse nature of the Notes issued, the Company is only required to pay the interest if it has collected sufficient funds to cover the amount due after retaining a reserved pre-tax profit of €1,000 per annum for the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Material accounting policy information (continued)

(b) Net bond lending fee expense

The net bond lending fee expense arose from bond lending activities. The expense was accounted for on an accruals basis. Bond lending activity ceased on 30 November 2022.

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period as calculated in accordance with Irish taxation law. Taxable profit differs from profit before tax as reported in the statement of comprehensive income because it excludes items of income or expense that are not taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits and is accounted for using the statement of financial position method.

The Belgian securities tax applies to securities accounts held by resident and non-resident individuals, companies, and legal entities. The applicable tax rate of 0.15% will apply on the average value of a securities account throughout the reference period where this amount exceeds €1m and includes cash accounts. The Company's securities accounts held with KBC Bank NV are subject to this tax which is recognised on an accruals basis. Further detail of the Belgian securities tax is set out in *Note 9 "Other expenses"*.

(d) Net (expense)/income from derivatives

The net (expense)/income from derivatives includes derivative receipts, payments and fair value movements.

(e) Cash and cash equivalents

Cash and cash equivalents include cash held with banks which are subject to insignificant risk of changes in their values and are used by the Company in the management of its short-term commitments.

(f) Financial instruments

Recognition

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

Derecognition

The Company derecognises a financial asset on the trade date at which 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. Realised gains and losses on disposals of financial instruments classified as at fair value through profit and loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets classified as amortised cost. Expected credit losses are a probability-weighted estimate of credit losses which are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with the contract and the cash flows the Company expects to receive. An approach similar to the simplified approach for expected credit losses is used by the Company in estimating these losses on receivables. As all such financial assets held by the Company are short-term in nature, changes in credit risk are not tracked and instead loss allowances calculated will be estimated lifetime expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Impairment (continued)

The Company considers both historical analysis and forward-looking information (including macroeconomic and market data) in determining any expected credit loss. If a loss allowance on financial assets classified as amortised cost is recognised, this amount is deducted from the gross carrying amount of the assets.

In the event that the Company has no reasonable expectations of recovering a financial asset, the gross carrying amount is written off in its entirety.

Classification

In accordance with IFRS 9, the Company classifies financial assets and liabilities at initial recognition into the categories of financial assets and liabilities.

In applying the before mentioned classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Company classifies its investments in debt securities as financial assets at fair value through profit or loss. This assessment is based on both its business model for managing the financial instruments on a fair value basis and the contractual cash flow characteristics of the instruments. The contractual cash flows of the Company's debt securities are solely payments of principal and interest however these debt securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is incidental to achieving the Company's business model's objective. The Company is primarily focused on fair value information and uses this information to assess the performance of these assets and to make decisions. The Company classifies Notes issued as financial liabilities at fair value through profit or loss in order to eliminate measurement and recognition inconsistency that would otherwise arise if measured at amortised cost as the underlying investments are classified as fair value through profit or loss. These financial assets and financial liabilities are managed and evaluated on a fair value basis in accordance with a documented investment strategy. Information about these financial assets and financial liabilities is provided internally on a fair value basis to the Company's key management personnel.

The Company classifies the cross-currency swaps and interest rate swaps which it has entered into as derivatives held for trading. These derivatives have not been formally designated into a hedging relationship through the application of hedge accounting principles and as such have been classified as fair value through profit or loss.

The Company classifies cash and cash equivalents and short-term receivables, representing interest receivable on investments, amounts receivable from Custodian and other receivables, as financial assets measured at amortised cost. These assets are both held within a business model whose objective is to hold assets to collect contractual cash flows and their contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest. Amounts payable to Custodian, expense accruals (where outflows are supported by a contract) and interest payable on Notes issued are classified as financial liabilities at amortised cost as these liabilities are not held for trading.

No financial instruments held by the Company are classified as fair value through other comprehensive income.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial instruments.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Measurement

The Company measures its financial assets and financial liabilities classified as fair value through profit or loss at fair value on initial recognition. Transaction costs on these instruments are expensed immediately. These instruments are subsequently measured at fair value, with net gain/loss including foreign exchange gain/loss, interest income and interest expense recognised in profit or loss.

The Company measures its financial assets and financial liabilities classified as amortised cost at fair value plus or minus directly attributable transaction costs on initial recognition. These instruments are subsequently measured using the effective interest method for any difference between the initial amount and the maturity amount if applicable, with net gain/loss including foreign exchange gain/loss, interest income and interest expense recognised in profit or loss.

No amounts relating to financial instruments are recognised in other comprehensive income. The amount of change in the fair value of financial liabilities classified as fair value through profit or loss (other than those held for trading) which is attributable to change in the credit risk of the liabilities is not recognised in other comprehensive income. This is due to the valuation of Notes issued being linked to the underlying assets held and in particular, debt security investments. The Company reserves a fixed pre-tax profit of €1,000 per annum and the valuation of Notes issued is adjusted annually to this effect.

As all items of comprehensive income are recognised through profit or loss, including net gain/loss on debt security investments, recognition of the movement in the fair value of Note liabilities which is attributable to change in the credit risk in other comprehensive income would create an accounting mismatch arising as a result of this linkage. Further detail of the credit risk calculation methodology and Note valuation adjustment process is set out in *Note 15 "Financial liabilities at fair value through profit or loss"*.

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 market or, in its absence, the most advantageous market.

The fair value hierarchy has the following levels:

- 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 a price) or indirectly (i.e. derived from a price), including inputs from markets that are not considered to be active; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgement by the Company.

The Company considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instrument and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

Fair Value Measurement Principles (continued)

The determination of fair values of financial assets, financial liabilities and derivatives for the Company is based on a combination of quoted prices in active markets and valuation models, which are developed from recognised valuation methods. Estimates are required in the determination of fair value of financial assets, financial liabilities and derivatives for which prices may not be readily available. Judgements include deciding which valuation technique to be applied in the determination of fair value, the inputs required for these techniques and where to include these financial assets, financial liabilities and derivatives in the fair value hierarchy. Some or all of the inputs into these models may not be market observable and are derived from market prices or rates or are estimated based on assumptions.

Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics and other factors. Due to the limited recourse nature of the Notes issued, the determination of fair values of financial liabilities is based on a valuation model using the fair value methodology which includes the fair value of financial assets and derivatives held for trading and the carrying value of cash and cash equivalents, interest receivable, interest payable, other assets and other liabilities. The fair value of the Notes issued falls within Level 2 of the fair value hierarchy.

The fair values of financial assets classified under Level 2 are determined using recognised pricing services with two or more contributors or multiple broker quotes. The fair value of commercial papers and time deposits is based on a discounted cash flow model which uses market interest rates as an input. €STR curves are used to discount these cash flows.

The fair value for commercial papers and time deposits falls within Level 2 of the fair value hierarchy as the inputs are market observable. The fair value of bonds, subordinated debt and other listed debt instruments are based on quoted mid market prices. The fair value of these debt instruments based on quoted mid prices falls within Level 2 on the fair value hierarchy.

Mid pricing provides a reasonable approximation of the exit price and based on an assessment performed on the debt security portfolios held by the Company, it is estimated that mid pricing convention is representative of fair value, being a point within the bid-ask spread. If quoted prices are not available for bonds the fair value is based on a model which uses credit default spreads or analogue bond spreads as an input. The fair value of bonds based on a model which uses credit default spreads or analogue bond spreads as an input falls within Level 2 on the fair value hierarchy as the inputs are market observable.

The fair values of cross-currency swaps and interest rate swaps are based on net present values of future cash flows, the terms of which are outlined in standard ISDA swap contracts. Valuation models are used to value swaps which use market interest rates and reference rates (EURIBOR, SOFR, PRIBOR and BUBOR) foreign exchange rates (USD, CZK and HUF) and credit margin as inputs. €STR curves are used to discount these cash flows.

The fair value of cross-currency swaps and interest rate swaps fall within Level 2 on the fair value hierarchy as the inputs are market observable. Derivative financial instruments held by the Company are not subject to a direct market quotation. For these instruments, the fair value is determined by the Company using valuation techniques commonly used by market participants to assess financial instruments such as discounted future cash flows for swaps.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period in which the change has occurred. Transfers between levels in the fair value hierarchy are deemed to have occurred where there is an update to the valuation methodology that is based on the availability of observable inputs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Material accounting policy information (continued)

(f) Financial instruments (continued)

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 currently enforceable legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. 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.

(g) Operating segments

An operating segment is a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. KBC Asset Management NV is deemed to be the chief operating decision maker as it decides on how the resources of the company are allocated as well as assessing the performance of the investments held.

(h) Redeemable Notes in issue

The Notes issued by the Company are classified as financial liabilities as they do not meet the conditions to be classified as equity. The Notes are redeemable upon maturity but can also be early redeemed subject to strict criteria as set out in the Base Prospectus. The Company (the "Issuer") has the option to buy back Notes issued by giving an irrevocable notice to the Noteholders, falling within the Issuer's Option Period, which shall not be a period shorter than 5 business days ("Call Option").

The Noteholders also have an option to early redeem the Notes before the final maturity date by providing an option exercise notice to the paying agent which shall not be a period shorter than 10 Business Days ("Put Option"). There is a pre-notice redemption period as set out in the term sheet of each Series of Notes. The Notes are generally early redeemed at the option of the Issuer as part of normal operating cycle. Additional considerations regarding Noteholder redemption are set out in *Note 15 "Financial liabilities at fair value through profit or loss"*.

All Noteholders have waived their right to exercise the option to early redeem in full for at least 12 months from 21 August 2025, the date the financial statements were approved and authorised for issue for the year ended 30 April 2025. The Notes are only available for subscription to capital protected, structured and mutual funds domiciled in Belgium, Luxembourg and Hungary, for which entities the liquidity management is serviced by KBC Fund Management Limited. The waiver on the Put Option will be reviewed on an annual basis by the Noteholders and the outcome will be taken into consideration when determining the most appropriate maturity classification for the outstanding Notes. The Notes have all been classified as maturing in 'greater than one year' in the financial statements.

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Interest income on financial assets at fair value through profit or loss	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Bonds	3,736,360	3,535,071
Floating rate notes	25,751	14,454
	<u>3,762,111</u>	<u>3,549,525</u>
5. Interest expense on financial liabilities at fair value through profit or loss	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Interest expense on Notes issued	8,212,333	9,497,033
	<u>8,212,333</u>	<u>9,497,033</u>
6. Net derivative (expense)/income from derivatives held for trading	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Settled derivative receipts	12,592,656	10,256,200
Settled derivative payments	(7,320,663)	(10,268,795)
Fair value movement on derivatives held for trading	(8,736,419)	2,533,283
	<u>(3,464,426)</u>	<u>2,520,688</u>
7. Net bond lending expense	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Custodian bond lending fee expense	-	(135)
	<u>-</u>	<u>(135)</u>
8. Other income	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Settled interest income from cash and cash equivalents	245,486	346,205
Unsettled interest income from cash and cash equivalents	13,659	15,426
	<u>259,145</u>	<u>361,631</u>
9. Other expenses	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Portfolio management fees	203,699	193,311
Portfolio administration fees	13,500	13,500
Custody fees	7,120	6,245
Auditors' fees	22,140	14,514
Legal fees	586	9,860
Tax compliance fees	2,394	2,647
Directors' fees	2,685	2,500
Belgian securities account tax	276,675	287,108
Other fees	44,636	72,015
	<u>573,435</u>	<u>601,700</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Other expenses (continued)

Portfolio management fees are calculated quarterly based on the market value of the portfolio and are recorded on an accruals basis. This fee is paid to KBC Asset Management NV in its capacity as the Portfolio Manager.

Directors' fees included in the other expenses table relate solely to directors' emoluments. Further details of related party transactions included in other fees is set out in *Note 19 "Related party transactions"*. The Company had no employees throughout the year (2024: Nil).

The Belgian securities account tax was introduced as an annual tax in February 2021 and applies to securities accounts held by resident and non-resident individuals, companies, and legal entities. The applicable tax rate of 0.15% will apply on the average value of a securities account throughout the reference period where this amount exceeds €1m and includes cash accounts. Declaration, withholding, and payment of the tax is performed by the financial intermediary or custodian. The Company's securities accounts held with KBC Bank NV are subject to this tax which is recognised on an accruals basis.

Other fees include Euronext Dublin listing fees, listing agent fees, Central Bank of Ireland issuer and document review fees, company secretarial fees and corporate accounting administration fees.

Fees charged by the Company's auditors in respect of the financial year (excluding VAT) were as follows:

	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Audit of financial statements	18,000	11,800
Non-audit services	-	-
Tax advisory services	1,946	2,152
Other assurance services	-	-
	19,946	13,952

10. Taxation

The Company is subject to Irish Corporation tax at the Irish Corporation tax rate that applies to income other than trading income. The effective tax rate is 25% and is not expected to change for the foreseeable future.

	Year ended 30/04/2025	Year ended 30/04/2024
	€	€
Corporation tax charge	250	250
Tax charge for the year has been calculated as follows:		
Profit on ordinary activities before tax	1,000	1,000
Current tax at 25%	250	250

The Company is taxed in accordance with Section 110 of the Taxes Consolidation Act 1997. Profits are chargeable to corporation tax under Case III Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I Schedule D.

The total taxation charge in future financial years will be affected by any future changes to the corporation taxation rates enacted in Ireland.

As at 30 April 2025, there are no deferred tax assets or liabilities (2024: €Nil) or amounts recognised relating to uncertain tax treatments (2024: €Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial assets and liabilities

The following table details the classes and corresponding carrying values of financial assets and liabilities held by the Company at the reporting date.

	As at 30/04/2025 €	As at 30/04/2024 €
Financial Assets		
Debt security investments at fair value	156,914,366	189,721,266
Derivatives held for trading	6,449,078	13,868,029
Cash and receivables at amortised cost	7,513,775	6,041,093
	<u>170,877,219</u>	<u>209,630,388</u>
Financial Liabilities		
Notes issued at fair value	(166,567,890)	(205,392,762)
Derivatives held for trading	(2,148,049)	(830,581)
Payables and accruals at amortised cost	(2,122,953)	(3,367,097)
	<u>(170,838,892)</u>	<u>(209,590,440)</u>

Cash and receivables at amortised cost as presented above represent cash and cash equivalents, interest receivable on investments and amounts receivable from Custodian as detailed in the statement of financial position. All are considered recoverable within 1 year. All financial assets held at amortised cost by the Company are included in this class.

Payables and accruals at amortised cost as presented above represent expense accruals, interest payable on Notes issued and amounts payable to Custodian as detailed in the statement of financial position. All are considered payable within 1 year. All financial liabilities held at amortised cost by the Company are included in this class.

Derivatives held for trading are measured at fair value through profit or loss.

There were no reclassifications between fair value measurement and amortised cost measurement arising from a change in business model during the year and therefore the fair value of reclassifications was €Nil (2024: €Nil).

12. Financial assets at fair value through profit or loss

As at 30 April 2025

Financial assets with a maturity greater than 1 year	EUR €	CZK €	USD €	Total €
Corporate bonds	95,198,949	-	19,366,181	114,565,130
Government bonds	18,818,234	1,349,932	1,218,239	21,386,405
Floating rate notes	-	-	357,859	357,859
Subordinated debt	2,815,430	-	-	2,815,430
	<u>116,832,613</u>	<u>1,349,932</u>	<u>20,942,279</u>	<u>139,124,824</u>
Financial assets with a maturity within 1 year	EUR €	CZK €	USD €	Total €
Corporate bonds	5,750,118	-	5,261,227	11,011,345
Government bonds	5,051,028	-	1,727,169	6,778,197
	<u>10,801,146</u>	<u>-</u>	<u>6,988,396</u>	<u>17,789,542</u>
Total debt security assets	<u>127,633,759</u>	<u>1,349,932</u>	<u>27,930,675</u>	<u>156,914,366</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

As at 30 April 2024

Financial assets with a maturity greater than 1 year	EUR €	CZK €	USD €	Total €
Corporate bonds	98,551,323	-	26,474,915	125,026,238
Government bonds	18,836,094	642,681	2,991,453	22,470,228
International organisation bonds	-	-	2,033,812	2,033,812
Floating rate notes	-	-	383,865	383,865
Subordinated debt	3,654,690	-	-	3,654,690
	121,042,107	642,681	31,884,045	153,568,833

Financial assets with a maturity within 1 year	EUR €	CZK €	USD €	Total €
Corporate bonds	17,848,581	-	2,444,008	20,292,589
Government bonds	11,779,155	-	1,583,053	13,362,208
International organisation bonds	-	-	1,662,296	1,662,296
Subordinated debt	-	-	835,340	835,340
	29,627,736	-	6,524,697	36,152,433

Total debt security assets	150,669,843	642,681	38,408,742	189,721,266
----------------------------	-------------	---------	------------	-------------

The Company has received €1,637,232 (2024: received €3,054,562) of its short duration investments and received €3,694,995 (2024: received €9,615,901) of its long duration investments as collateral for derivative contracts.

The Company invests into a diverse range of debt securities including floating and fixed rate bonds, floating rate notes, subordinated debt, fixed rate commercial paper and fixed rate time deposits. The interest rate risk profile of these debt securities is provided in Note 18(d) (ii) "Financial risk and fair value: Market risk: Interest rate risk". The credit quality of the investments held is set out in Note 18(a) "Financial risk and fair value: Credit/counterparty risk". The geographical concentrations and industrial sector concentrations of the investments held is set out in Note 18(b) "Financial risk and fair value: Concentration risk".

	As at 30/04/2025 €	As at 30/04/2024 €
Opening balance	189,721,266	148,084,756
Settled purchases of investments	56,887,329	72,787,103
Sales of investments	(94,632,205)	(35,696,013)
Realised loss on investments	(388,911)	(1,115,077)
Change in unrealised gain on investments	5,326,887	5,660,497
Closing balance	156,914,366	189,721,266

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Derivatives held for trading

	As at 30/04/2025 €	As at 30/04/2024 €
Derivatives with a maturity greater than 1 year		
<u>Derivative assets</u>		
Cross-currency swaps	941,580	2,250,497
Interest rate swaps	5,173,841	10,149,375
	<u>6,115,421</u>	<u>12,399,872</u>
<u>Derivative liabilities</u>		
Cross-currency swaps	(439,039)	(249,297)
Interest rate swaps	(1,469,956)	(344,355)
	<u>(1,908,995)</u>	<u>(593,652)</u>
Derivatives with a maturity within 1 year		
<u>Derivative assets</u>		
Cross-currency swaps	168,347	312,627
Interest rate swaps	165,310	1,155,530
	<u>333,657</u>	<u>1,468,157</u>
<u>Derivative liabilities</u>		
Cross-currency swaps	(199,049)	(235,225)
Interest rate swaps	(40,005)	(1,704)
	<u>(239,054)</u>	<u>(236,929)</u>
<u>Total derivatives held for trading</u>		
Total derivative assets held for trading	<u>6,449,078</u>	<u>13,868,029</u>
Total derivative liabilities held for trading	<u>(2,148,049)</u>	<u>(830,581)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Derivatives held for trading (continued)

	As at 30/04/2025 €	As at 30/04/2024 €
Currency analysis		
<u>Cross-currency swaps</u>		
CZK-EUR	575,512	1,051,839
USD-EUR	73,442	1,038,832
HUF-EUR	(177,115)	(12,069)
<u>Interest rate swaps</u>		
EUR-EUR	3,526,076	8,924,823
CZK-CZK	(102,291)	(23,645)
USD-USD	405,405	2,057,668

Further breakdown on the terms of derivatives held by the Company including notional is set out in *Note 18(d) "Financial risk and fair value: Market risk"*.

In May 2023, the reference rate for the USD LIBOR benchmarked derivatives changed to SOFR, there was no material impact on the derivatives as a result of this change.

14. Cash and cash equivalents

	As at 30/04/2025 €	As at 30/04/2024 €
Currency analysis		
EUR	1,548,087	1,426,109
CZK	1,344,536	1,185,751
USD	1,492,818	1,508,374
HUF	1,873,735	494,923
	<u>6,259,176</u>	<u>4,615,157</u>

Cash is held in KBC Bank NV current accounts which have no special terms and conditions. Cash is available on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial liabilities at fair value through profit or loss

		As at 30/04/2025 €	As at 30/04/2024 €
Financial liabilities with a maturity greater than 1 year			
<u>Short Duration</u>			
Class	Coupon		
EUR Notes issued	6M EURIBOR less 0.07%	37,078,749	35,933,504
CZK Notes issued	6M PRIBOR less 0.49%	11,811,664	11,320,986
USD Notes issued	SOFR plus 0.51%	32,368,168	30,877,573
HUF Notes issued	6M BUBOR less 0.23%	9,112,401	7,946,199
		<u>90,370,982</u>	<u>86,078,262</u>
<u>Long Duration</u>			
Class	Coupon		
EUR Notes issued	6M EURIBOR plus 0.13%	66,121,791	92,341,132
CZK Notes issued	6M PRIBOR less 0.39%	4,511,270	5,081,957
USD Notes issued	SOFR plus 0.69%	5,563,847	21,891,411
		<u>76,196,908</u>	<u>119,314,500</u>
Total financial liabilities at fair value through profit or loss		<u>166,567,890</u>	<u>205,392,762</u>

The floating rate coupon on Notes is calculated with reference to a benchmark market interest rate plus or less a fixed margin as per the above table. In addition to a floating rate coupon, the Notes issued also carry a return in the form of a profit participating “excess spread”. Due to this profit participating excess spread, the Notes effectively receive a pro-rata share of all realised income and gains in excess of a reserved profit amount net of other expenses.

The Company reserves a fixed pre-tax profit of €1,000 per annum for distribution. All Notes issued by the Company are held by capital protected, structured and mutual funds, which have appointed KBC Asset Management NV as Portfolio Manager. All Notes issued are listed on Euronext Dublin and are limited recourse. The Noteholders have the right to early redeem Notes in full until the final maturity date by providing an exercise notice to the paying agent. All Noteholders have waived their right to exercise the option to early redeem in full for at least 12 months from 21 August 2025, the date the financial statements were approved and authorised for issue for the year ended 30 April 2025. Noteholders share the risks of investment in the portfolio corresponding to the Series (i.e. the short duration or long duration portfolio) on a pro-rata basis.

Historically the Noteholders have not been required to exercise their Put Option to redeem in full due to the existing bi-weekly “quinzaine” mechanism which offers the necessary liquidity to Noteholders from all SPVs managed by KBC Asset Management NV. In practice, the quinzaine mechanism is in place to ensure liquidity by matching orders to sell SPV Notes (on the assets side of existing capital protected, structured and mutual funds, following redemptions on their liabilities side) with orders to buy SPV Notes (on the assets side of newly launched capital protected, structured and mutual funds). Any remaining selling orders of SPV Notes that would not find a matching buying order will be bought by the issuing SPV by making available the necessary liquidity.

In May 2023, the reference rate for the USD LIBOR benchmarked Notes changed to SOFR, there was no material impact on the Notes as a result of this change.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	As at 30/04/2025 €	As at 30/04/2024 €
Opening balance	205,392,762	166,561,505
Issuance of Notes	55,139,006	75,206,413
Redemption of Notes	(90,451,708)	(37,634,616)
Realised loss on Notes	879,324	661,524
Change in unrealised (gain)/loss on Notes	(4,391,494)	597,936
Closing balance	<u>166,567,890</u>	<u>205,392,762</u>

Included in realised loss on Notes and change in unrealised (gain)/loss on Notes in the above table are net foreign exchange gains and losses and net price gains and losses. Total net realised and unrealised foreign exchange gain on Notes for the year ended 30 April 2025 is €2,619,229 (2024: loss of €11,299). Total net realised and unrealised price gain on Notes for the year ended 30 April 2025, driven primarily by price movements on corresponding debt security assets and derivatives, is €892,941 (2024: loss of €1,248,161).

The maturity profile of the Notes issued is as follows:

Short Duration

Note Identifier	Series Name	Maturity Date	Nominal as at 30/04/2025	Nominal as at 30/04/2024	Carrying Amount as at 30/04/2025 €	Carrying Amount as at 30/04/2024 €
<u>EUR Notes issued - 6M EURIBOR less 0.07%</u>						
XS0274271625	Series 2006-4	10/05/2040	37,782,000	36,472,000	37,078,749	35,933,504
					<u>37,078,749</u>	<u>35,933,504</u>
<u>CZK Notes issued - 6M PRIBOR less 0.49%</u>						
XS0309699360	Series 2007-15	10/01/2040	300,500,000	289,200,000	11,811,664	11,320,986
					<u>11,811,664</u>	<u>11,320,986</u>
<u>USD Notes issued - SOFR plus 0.51%</u>						
XS0321804345	Series 2007-19	23/03/2040	37,500,000	33,512,000	32,368,168	30,877,573
					<u>32,368,168</u>	<u>30,877,573</u>
<u>HUF Notes issued - 6M BUBOR less 0.23%</u>						
XS0309704897	Series 2007-17	10/01/2040	3,758,500,000	3,143,500,000	9,112,401	7,946,199
					<u>9,112,401</u>	<u>7,946,199</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Long Duration

Note Identifier	Series Name	Maturity Date	Nominal as at 30/04/2025	Nominal as at 30/04/2024	Carrying Amount as at 30/04/2025 €	Carrying Amount as at 30/04/2024 €
<u>EUR Notes issued - 6M EURIBOR plus 0.13%</u>						
XS0950410786	Series 2013-25	10/05/2040	61,272,000	85,126,000	66,121,791 <u>66,121,791</u>	92,341,132 <u>92,341,132</u>
<u>CZK Notes issued - 6M PRIBOR less 0.39%</u>						
XS0950407485	Series 2013-27	10/01/2040	104,350,000	117,900,000	4,511,270 <u>4,511,270</u>	5,081,957 <u>5,081,957</u>
<u>USD Notes issued - SOFR plus 0.69%</u>						
XS1279453572	Series 2015-28	23/03/2040	5,862,000	21,580,000	5,563,847 <u>5,563,847</u>	21,891,411 <u>21,891,411</u>

A summary maturity analysis of the Notes issued is as follows:

	As at 30/04/2025 €	As at 30/04/2024 €
Amounts falling due greater than 1 year	166,567,890 <u>166,567,890</u>	205,392,762 <u>205,392,762</u>

Notes issued are financial liabilities classified as fair value through profit or loss. The fair value movement on financial liabilities arises as a result of a combination of market and credit/counterparty risk factors on the underlying financial assets. The credit risk component of Note valuation is deemed to be the mark-to-market adjustment applied at each quinzaine date, which represents the value of the change in credit spreads of the underlying financial assets.

The Note liabilities are valued using an internal model which is then updated for mark-to-market adjustments incorporating credit risk to link the fair values of the Notes to the underlying assets. The difference between the underlying asset value (exclusive of the impact of non-credit risk factors such as interest rate risk and currency risk through the inclusion of hedging swaps) and the Note liabilities (before mark-to-market adjustment) less previous mark-to-market adjustments is the credit risk adjustment calculated for Note valuation at each quinzaine date. When these differences are positive the credit risk adjustment will result in an increase in fair value of the Notes (net loss on Notes issued) and when negative the credit risk adjustment will result in a decrease in the fair value of the Notes (net gain on Notes issued).

The amount of cumulative change in fair value that is attributable to changes in the credit risk of the Notes is a net loss on financial liabilities of €3,866,012 (2024: net loss of €8,076,470). This corresponds to 2.38% of the functional currency adjusted notional of the Notes (2024: 4.09%). The change in fair value in the financial year that is attributable to changes in the credit risk of the Notes is a net gain on financial liabilities of €4,210,458 (2024: net loss of €4,951,522).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Share capital

	As at 30/04/2025 €	As at 30/04/2024 €
Authorised		
Ordinary shares of €1.00 each		
At start of year	40,000	40,000
Increase/(decrease) in authorised shares during the year	-	-
At end of year	<u>40,000</u>	<u>40,000</u>
	As at 30/04/2025 €	As at 30/04/2024 €
Issued, called up and fully paid up		
Ordinary shares of €1.00 each		
At start of year	40,000	40,000
Increase/(decrease) in issued shares during the year	-	-
At end of year	<u>40,000</u>	<u>40,000</u>

The authorised share capital of the Company is €40,000 divided into 40,000 ordinary shares of €1.00 each, all of which have been issued at par. Ordinary shares carry the right to receive notice of, attend and vote at general meetings of the Company. Each share carries the right to one vote. Upon liquidation, if net assets are insufficient to repay paid up capital in full or are in excess of the paid up capital, the residual or excess net assets respectively will be distributed in proportion to shares held. Ordinary shares carry the right to receive dividends declared in proportion to shares held.

The Company's issued share capital has been presented in equity.

17. Operating segments

The Company has one reportable segment. The long duration portfolio Series and short duration portfolio Series have been aggregated for reporting purposes. Historically the two portfolios were split at a time following a change in the credit market environment which led to a difference in returns. Due to the European Central Bank's quantitative easing policy the credit spread between the two portfolios has flattened and led to a smaller difference between the short and long duration pools. The two portfolios hold similar debt security product types with similar industry exposures and credit ratings and issue Notes to a common investor base in the KBC.

The portfolios can be considered to be one reportable segment as they have similar economic characteristics, processes, distribution methods, customer class and regulatory environment. The reportable segment involves the issuance of Notes in order to purchase investments on behalf of investors, which are bought from the market and subsequently securitised to avail of potential market opportunities and risk-return asymmetries. The assets and liabilities and results of this reportable segment correspond to the amounts presented in the statement of financial position and statement of comprehensive income respectively.

KBC Asset Management NV has been appointed as portfolio manager to the Company and a portfolio management agreement has been entered into between the two entities. Under this portfolio management agreement, KBC Asset Management NV decides on how the resources of the Company are allocated in line with the strict terms and eligibility criteria as set out in the Company's Prospectus and assesses the performance of the investments held by the Company. The Prospectus was agreed upon by the Directors at the start date of the Company and the Directors have approved all subsequent updates to the Prospectus. The Directors review the performance of the Company and KBC Asset Management NV report to the Directors on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Operating segments (continued)

The following information is reviewed by KBC Asset Management NV in deciding how resources are allocated and assessing the performance of the investments held:

- Credit quality of investments held – the credit quality of investments held are reviewed on a monthly basis by KBC Asset Management NV. The breakdown of the credit ratings of the investments held by the Company is set out in *Note 18(a) "Financial risk and fair value: Credit/counterparty risk"*. The KBC Asset Management NV Risk department also rate the Notes issued by the Company. This rating is based on the weighted average credit rating of the investments held by the Company. At 30 April 2025 the internal credit rating assigned to the short duration Notes and long duration Notes by the KBC Asset Management NV Risk department is AA- and A+ respectively (2024: A+ and A+ respectively).
- Liquidity and Asset Liability Management ("ALM") ratios – the liquidity and ALM ratios of the Company are reviewed on a monthly basis. The ALM ratio is reviewed to assess whether the Company is underinvested and whether the maturity/liquidity breakdown of the investments held is sufficient to meet the obligations to repay the Notes. The total asset notional is compared against the total liability notional for each portfolio. If the functional currency adjusted notional asset exceeds the notional liability this means that the portfolio has "overinvested" by a certain percentage. If the functional currency adjusted notional liability exceeds the notional asset then this means that the portfolio has "underinvested" by a certain percentage. The liquidity breakdown is set out in *Note 18(c) "Financial risk and fair value: Liquidity risk"*. At 30 April 2025 the Company's short duration portfolio is underinvested by 2.00% (2024: underinvested by 1.84%) and the long duration portfolio is overinvested by 7.07% (2024: overinvested by 7.19%).
- The level of Note redemptions/subscriptions are also reviewed as this is a key driver in whether the Company has to sell investments or whether it can buy investments as Note redemptions will primarily have to be funded through investment disposals. The Note redemptions/subscriptions for the financial year ended 30 April 2025 are set out in the cash flow from financing activities in the Statement of Cash Flows.
- Country and industry exposure – the exposure the Company has to countries and industries is reviewed by KBC Asset Management NV on a monthly basis. Further detail on the exposure management process, in addition to the industrial sector and country breakdown of investments held at 30 April 2025, is set out in *Note 18(b) "Financial risk and fair value: Concentration risk"*.
- Market prices and market price fluctuations – daily market price fluctuations on all investments held are reviewed by relevant KBC Asset Management NV front office staff. The market value of investments is also a key driver in what investments are purchased and sold and the movement in market value is a key performance indicator reviewed by the KBC Asset Management NV front office staff assigned to the Company. The market value of debt security investments as at 30 April 2025 and the movement in market value for the year ("movement in unrealised gain/loss on investments") is set out in *Note 12 "Financial assets at fair value through profit or loss"*.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Operating segments (continued)

The breakdown of interest income on debt security investments by country is as follows:

	Year ended 30/04/2025 €	Year ended 30/04/2024 €
United States	649,518	665,447
France	578,122	549,556
United Kingdom	456,627	425,646
Germany	253,025	237,437
Japan	235,565	219,617
The Netherlands	204,144	145,758
Spain	199,644	284,416
Belgium	192,026	169,629
Switzerland	138,536	137,365
Australia	118,407	64,918
Canada	106,207	73,620
Austria	82,308	106,241
Finland	75,916	79,500
Sweden	74,455	54,115
Slovakia	72,745	66,548
Czech Republic	55,805	21,418
Denmark	52,245	49,259
Lithuania	28,875	20,434
Norway	10,598	10,005
Ireland	9,380	10,863
Latvia	3,493	2,960
Poland	1,711	8,997
Estonia	875	67
Italy	-	5,115
Rest of Europe	149,013	113,204
Rest of World	12,871	27,390
	<u>3,762,111</u>	<u>3,549,525</u>

There is no interest income earned that exceeds 10% from individual investments due to the diversity of the investment portfolio for the financial year ended 30 April 2025 or the prior financial year. This benchmark was determined at inception by the KBC Asset Management NV Risk department.

Non-financial assets recognised by the Company are immaterial and relate to expense prepayments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value

The principal risks and uncertainties of the business relate to credit/counterparty risk, concentration risk, liquidity risk, market risk and operational risk.

The Company's financial instruments include cash at bank, derivatives, financial assets at fair value through profit or loss, Notes issued at fair value through profit or loss, short-term receivables and payables and other accruals that arise directly from its operations. The Company is exposed to a variety of financial risks: market risk (including price risk, foreign currency risk and interest rate risk), credit risk (including concentration risk) and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. As a condition to receiving credit in coverage tests when purchasing a non-euro denominated obligation, KBC Asset Management NV in its capacity as Portfolio Manager must, on behalf of the Company, enter into an asset swap transaction. The swap transactions entered into by the Company only provide a portion of cover against exposure to negative movements in foreign currency assets.

(a) Credit/counterparty risk

Credit/counterparty risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's portfolio of investments and derivatives. Noteholders share the risks of investment in the portfolio corresponding to the Series (i.e. the short duration or long duration portfolio) on a pro-rata basis.

The Company is exposed to credit risk on financial assets. Financial assets which are not measured at amortised cost are not subject to expected credit loss allowance requirements. The maximum gross exposure to credit/counterparty risk at the statement of financial position date was:

	As at 30/04/2025 €	As at 30/04/2024 €
<u>Short Duration</u>		
Cash and cash equivalents	4,813,574	2,220,361
Derivatives held for trading	2,231,809	3,953,098
Financial assets at fair value through profit or loss	84,764,056	81,357,857
Amounts receivable from Custodian	13,653	14,539
Interest receivable on investments	635,588	424,790
	<u>92,458,680</u>	<u>87,970,645</u>
<u>Long Duration</u>		
Cash and cash equivalents	1,445,602	2,394,796
Derivatives held for trading	4,217,269	9,914,931
Financial assets at fair value through profit or loss	72,150,310	108,363,409
Amounts receivable from Custodian	6	896
Interest receivable on investments	605,352	985,711
	<u>78,418,539</u>	<u>121,659,743</u>

18. Financial risk and fair value (continued)

(a) Credit/counterparty risk (continued)

No financial asset is past due. The Company's net exposure to credit/counterparty risk is minimal as the Notes issued by it are limited recourse. Consequently, any loss suffered on the assets held will reduce the amount which the Company is required to pay to the Noteholders and therefore does not result in a loss to the Company. Management have outsourced the responsibility of monitoring credit/counterparty risk to KBC Asset Management NV.

The following are the minimum credit ratings for investments purchased by the Company, which the KBC Asset Management NV's Risk department monitors during its review:

- The minimum short-term credit rating is at least A-1 from Standard & Poor's or an equivalent short-term credit rating from Moody's or Fitch. If a short-term security is not rated by any of these credit rating agencies, it must have a short-term credit/counterparty risk profile equivalent to, or better than, in the opinion of the KBC Asset Management NV's Risk department, a short-term credit rating of A-1 from Standard & Poor's.
- The minimum long-term credit rating is at least A- from Standard & Poor's or an equivalent long-term credit rating from Moody's or Fitch. If a long-term security is not rated by any of these credit rating agencies, it must have a long-term credit/counterparty risk profile equivalent to, or better than, in the opinion of the KBC Asset Management NV's Risk department, a long-term credit rating of A- from Standard & Poor's.
- There are certain specified securities in the Company's Prospectus that may be invested into even if they fall outside the above credit ratings. There is a maximum notional amount that can be invested into these specified securities.

KBC Asset Management NV's Risk department monitors the credit/counterparty risk for the investments held by the Company by monitoring external credit ratings on a monthly basis. The investment portfolio of the Company is assessed on an average basis to validate the average minimum long-term credit rating is at least A- from Standard & Poor's or an equivalent long-term credit rating from Moody's or Fitch. Individual securities which have undergone a downgrade in credit rating below this minimum will be assessed on a case-by-case basis and may be subject to a higher level of monitoring or divested from depending on the assessment made.

KBC Asset Management NV consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the short-term. Financial assets measured at amortised cost by the Company are short-term receivables representing cash and cash equivalents, interest receivable and amounts receivable from the Custodian.

At 30 April 2025, the total of expected credit losses on these short-term receivables was immaterial and on which a nil loss allowance had been recognised (2024: €Nil). No assets are considered impaired and no amounts have been written off during the year (2024: €Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(a) Credit/counterparty risk (continued)

The Company was invested in debt securities with the following credit quality based on long-term credit ratings from S&P, Moody's and Fitch as at 30 April 2025. No composite ratings have been used.

<u>Short Duration</u>		As at 30/04/2025 %	As at 30/04/2024 %
Credit rating agency	Credit rating		
S&P	AAA	15.93	19.52
Moody's	Aaa	15.71	13.97
Fitch	AAA	2.05	0.37
S&P	AA+	-	1.66
Moody's	Aa1	-	-
Fitch	AA+	0.34	0.34
S&P	AA	-	2.44
Moody's	Aa2	1.88	5.05
Fitch	AA	1.52	0.34
S&P	AA-	3.51	-
Moody's	Aa3	1.37	1.01
Fitch	AA-	8.63	4.91
S&P	A+	2.51	0.34
Moody's	A1	13.49	6.50
Fitch	A+	9.62	4.45
S&P	A	2.94	3.72
Moody's	A2	3.72	3.22
Fitch	A	15.85	15.01
S&P	A-	0.93	7.35
Fitch	A-	-	9.80
		100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(a) Credit/counterparty risk (continued)

<u>Long Duration</u>		As at 30/04/2025 %	As at 30/04/2024 %
Credit rating agency	Credit rating		
S&P	AAA	18.46	17.96
Moody's	Aaa	5.44	4.73
Fitch	AAA	1.97	2.49
S&P	AA+	5.97	3.45
Moody's	Aa1	0.63	-
Fitch	AA+	-	0.47
S&P	AA	1.24	3.42
Moody's	Aa2	3.95	3.63
Fitch	AA	-	0.68
S&P	AA-	1.20	1.29
Moody's	Aa3	1.18	1.75
Fitch	AA-	9.88	8.97
S&P	A+	7.57	7.23
Moody's	A1	9.17	16.11
Fitch	A+	10.01	8.10
S&P	A	5.54	2.46
Moody's	A2	1.57	0.82
Fitch	A	13.02	14.84
S&P	A-	1.22	0.75
Fitch	A-	1.33	0.85
Moody's	Baa1	0.65	-
		<u>100.00</u>	<u>100.00</u>

Debt securities are below the minimum credit rating requirement where all credit ratings from Standard & Poor's, Moody's and Fitch are below A-/A3 in the above table.

As at 30 April 2025, one debt security had a Moody's rating of Baa1 (*as at 30 April 2024, no debt securities were below the minimum credit rating requirement*). All debt securities meet the minimum credit rating requirement at the initial investment date.

The Company's holding of positions below the minimum credit rating was approved by the KBC Asset Management NV Allocation Committee. All other holdings met the minimum rating requirement.

All cash balances are held with KBC Bank NV. KBC Bank NV had an "A-1" (30 April 2024: "A-1") short-term rating and an "A+" (30 April 2024: "A+") long-term credit rating from S&P as at 30 April 2025. KBC Bank NV is the swap counterparty for all derivatives held for trading.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(a) Credit/counterparty risk (continued)

KBC Asset Management NV's Risk department monitors the credit/counterparty risk for the derivatives entered into by the Company. Derivative counterparties are required to be eligible financial institutions. Eligible financial institutions are defined as any financial institution subject to prudential rules applicable to financial institutions having their registered offices in the European Economic Area, or equivalent prudential rules. KBC Bank NV is deemed to be an eligible financial institution throughout 2025 and 2024. The Company has entered into an ISDA Master Agreement and Credit Support Annex with KBC Bank NV.

All derivatives entered into by the Company have to be fully collateralised. The Company's Portfolio Manager calculates collateral requirements and appropriate collateral postings are made on a fortnightly basis. The collateral postings are monitored by KBC Asset Management NV risk department. The main forms of collateral are cash and government bonds. If the derivative counterparty defaults the Company can take possession of the collateral.

(b) Concentration risk

Investments held by the Company are subject to portfolio exposure limits which are monitored by KBC Asset Management NV. These limits codify the risk appetite of KBC Group as a whole towards specific countries and issuers. This evaluation is model-based using issuer characteristics.

When the credit rating of a debt instrument is downgraded, the issuer limit will decrease the targeted future exposure. Purchases of this instrument can still be made assuming that there are sufficient resources available for allocation and the minimum long-term credit rating is at least A- from Standard & Poor's or an equivalent long-term credit rating from Moody's or Fitch. In the event of exposures exceeding limits, an action plan will be implemented to reduce the exposure (depending on time-to-maturity and specific insights from the analyst teams).

The Company's financial assets at fair value through profit or loss were concentrated in the following industrial sectors and countries:

Industrial sector

	As at 30/04/2025 %	As at 30/04/2024 %
<u>Short Duration</u>		
Banking and financial services	78.48	64.30
Government and international organisation	20.59	32.50
Insurance	0.93	1.01
Oil, gas and consumable fuels	-	2.19
	<u>100.00</u>	<u>100.00</u>
	As at 30/04/2025 %	As at 30/04/2024 %
<u>Long Duration</u>		
Banking and financial services	74.36	81.91
Government and international organisation	23.05	16.43
Insurance	2.59	1.66
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(b) Concentration risk (continued)

Country	As at 30/04/2025 %	As at 30/04/2024 %
<u>Short Duration</u>		
United States	19.27	13.10
France	15.26	7.10
Germany	13.45	10.75
United Kingdom	9.65	14.48
Japan	7.15	6.34
The Netherlands	5.72	6.22
Belgium	3.91	0.25
Spain	3.80	16.45
Switzerland	1.66	0.86
Czech Republic	1.59	0.79
Sweden	1.53	1.06
Canada	1.43	0.34
Norway	1.19	0.65
Denmark	0.86	1.78
Finland	0.68	0.67
Austria	0.62	1.66
Slovakia	0.57	0.21
Latvia	0.12	0.12
Poland	-	0.33
Luxembourg	-	0.53
Ireland	-	0.25
Australia	-	1.39
Rest of Europe	11.54	12.63
Rest of World	-	2.04
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(b) Concentration risk (continued)

Country (continued)	As at 30/04/2025 %	As at 30/04/2024 %
<u>Long Duration</u>		
France	17.59	20.09
Germany	12.67	12.67
Belgium	7.34	6.99
Australia	7.26	4.65
United Kingdom	6.05	7.09
Finland	5.95	3.80
The Netherlands	5.79	3.72
United States	4.93	10.74
Switzerland	4.61	3.79
Austria	3.37	2.62
Spain	2.98	3.37
Slovakia	2.76	1.79
Canada	2.33	3.28
Latvia	2.07	0.80
Norway	2.05	1.29
Denmark	1.43	0.92
Sweden	1.31	1.86
Slovenia	1.20	0.75
Lithuania	1.02	0.66
Luxembourg	0.96	0.60
Estonia	0.85	0.54
Japan	0.74	3.66
Rest of Europe	4.18	3.95
Rest of World	0.56	0.37
	<u>100.00</u>	<u>100.00</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the use of the “quinzaine” process to manage the issuance and redemptions of Notes. It also manages liquidity risk by investing the issuance proceeds into investments that can be called on demand. Management have outsourced the responsibility of monitoring liquidity risk to KBC Asset Management NV. The liquidity risk of the Company is managed by KBC Asset Management NV on an aggregated level, together with the other SPVs and in accordance with the liquidity needs of funds investing in the Notes issued by the Company. For the capital protected and structured funds (“CPSF”) that invest in Notes issued by each of the Company’s portfolios, liquidity is analysed on an aggregate pool-level.

The CPSF-SPV Liquidity Coverage Ratio metric is based on the regulatory banking Liquidity Coverage Ratio measuring an adequate level of unencumbered high-quality liquid assets that can be converted into cash, as requested by the Bank for International Settlements (BIS). The Liquidity Coverage Ratio is the ratio of High-Quality Liquid Assets “HQLA” to expected outflows over a 30-day period and should be equal to or greater than 100%. The expected liabilities are equal to the sum of the Assets under Management of the maturing funds (including the callable funds) augmented with an additional 2% of the remaining Assets under Management. The CPSF Liquidity Coverage Ratio should be above 100% within a one-year horizon.

The Stock of High-Quality Liquid Assets consists of 2 levels of liquid assets:

- Level 1 assets can be included without limit (up to 100% of the buffer), are held at market value and are not subject to a haircut. Level 1 assets are limited to cash, Central bank reserves, bonds on or guaranteed by sovereigns and Central Banks.
- Level 2 assets are subject to a haircut of minimum 15% to the current market value. Level 2 assets are limited to 40 % of the asset buffer. Level 2 assets are bonds on or guaranteed by sovereigns, central banks, non-central government public sector entity or multilateral development banks.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(c) Liquidity risk (continued)

The gross contractual cash flow (GCF) of financial assets at fair value through profit or loss includes the notional amount of outstanding portfolio and the undiscounted interest. The undiscounted interest is determined based on the average interest rates and average maturity date of the outstanding portfolio.

The gross contractual cash flows of interest payable on Notes issued does not include profit-participating excess spread which may be paid out at future coupon dates if there is sufficient profit net of expenses to be allocated. Further detail on excess spread is set out in *Note 15 "Financial liabilities at fair value through profit or loss"*.

As at 30 April 2025

	Carrying amount €	Gross contractual cash flows €	Within one year €	Greater than one year €
Cash and cash equivalents	6,259,176	6,259,176	6,259,176	-
Derivative assets held for trading	6,449,078	6,449,078	333,657	6,115,421
Financial assets at fair value through profit or loss	156,914,366	186,419,426	21,269,957	165,149,469
Amounts receivable from Custodian	13,659	13,659	13,659	-
Interest receivable on investments	1,240,940	1,240,940	1,240,940	-
	170,877,219	200,382,279	29,117,389	171,264,890
Derivative liabilities held for trading	(2,148,049)	(2,148,049)	(239,054)	(1,908,995)
Amounts payable to Custodian	(44)	(44)	(44)	-
Interest payable on Notes issued	(1,963,565)	(1,963,565)	(1,963,565)	-
Expense accruals	(159,344)	(159,344)	(159,344)	-
Financial liabilities at fair value through profit or loss	(166,567,890)	(196,072,950)	-	(196,072,950)
	(170,838,892)	(200,343,952)	(2,362,007)	(197,981,945)
	38,327	38,327	26,755,382	(26,717,055)

As at 30 April 2024

	Carrying amount €	Gross contractual cash flows €	Within 1 year €	Greater than 1 year €
Cash and cash equivalents	4,615,157	4,615,157	4,615,157	-
Derivative assets held for trading	13,868,029	13,868,029	1,468,157	12,399,872
Financial assets at fair value through profit or loss	189,721,266	227,829,987	40,644,860	187,185,127
Amounts receivable from Custodian	15,435	15,435	15,435	-
Interest receivable on investments	1,410,501	1,410,501	1,410,501	-
	209,630,388	247,739,109	48,154,110	199,584,999
Derivative liabilities held for trading	(830,581)	(830,581)	(236,929)	(593,652)
Amounts payable to Custodian	(31)	(31)	(31)	-
Interest payable on Notes issued	(3,195,772)	(3,195,772)	(3,195,772)	-
Expense accruals	(171,294)	(171,294)	(171,294)	-
Financial liabilities at fair value through profit or loss	(205,392,762)	(243,501,483)	-	(243,501,483)
	(209,590,440)	(247,699,161)	(3,604,026)	(244,095,135)
	39,948	39,948	44,550,084	(44,510,136)

There are no material differences between the carrying amount and gross contractual cash flows of derivatives held for trading.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(d) Market risk

Market risk represents the potential for both losses and gains and includes currency risk, interest rate risk and other price risk. Management have outsourced the responsibility of monitoring market risk to KBC Asset Management NV.

(i) Currency risk

The Company is exposed to exchange rate movements between Euro (EUR), its functional currency, and certain foreign currencies, primarily Czech Koruna (CZK), US Dollar (USD) and Hungarian Forint (HUF). The Company's functional and presentation currency is Euro while the investments purchased by the Company can be denominated in other currencies.

Changes in rates of exchange may have an effect on the value of or the income from these investments. The Company manages currency risk by issuing Notes in currencies other than EUR and through entering into cross-currency swaps.

The Company used the following exchange rates to translate balances denominated in foreign currencies at the statement of financial position date:

	As at 30/04/2025	As at 30/04/2024
	€	€
EUR	1.0000	1.0000
CZK	24.9425	25.1755
USD	1.1368	1.0693
HUF	404.4250	390.8750

Details of the foreign currency investments held by and Notes issued by the Company are shown below along with the foreign currency swaps entered into to mitigate currency risk on investments acquired in different currencies to the Notes issued.

The net currency risk exposure of the non-Euro denominated Notes is mitigated through currency swaps as the outstanding long or short duration Notes of the Company are hedged by the assets held in the long or short duration portfolio of the Company.

To align the currency of the assets with the currency of the outstanding Notes for each Series, fixed income instruments are bought in the same currency proportion as the outstanding Notes. This can be done in two ways:

- investing directly in instruments denominated in the same currency of the Notes
- investing in debt security denominated in another currency and the use of a cross-currency swap with the same notional and the same maturity date.

The currency proportion of assets and liabilities are matched. Changes in the foreign exchange rate will not impact the mark-to-market valuation of the portfolio. To align the currency of the outstanding Notes with the currency of the assets, a functional currency denominated debt security can be purchased while simultaneously a cross-currency swap can be entered into for the same notional and same maturity date.

With the debt security and corresponding swap transaction, the investment equals an outright denominated debt security investment. If the currency proportion of assets and liabilities are matched, an increase or decrease in the foreign exchange rate will have an equal impact on the assets and the liabilities, resulting in a neutral impact on the valuation of the long and short duration portfolios of the Company.

There are no material differences in the currency risk management policies across different Series of Notes issued.

WATERFORD CAPITAL INVESTMENTS PLC
DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2025

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

As at 30 April 2025

	CZK €	USD €	HUF €	Total €
Investments held (at rebased nominal amounts)				
- Short Duration	1,266,913	23,883,879	-	25,150,792
- Long Duration	-	4,398,505	-	4,398,505
	1,266,913	28,282,384	-	29,549,297
Cash and cash equivalents				
- Short Duration	611,309	782,134	1,873,735	3,267,178
- Long Duration	733,227	710,684	-	1,443,911
	1,344,536	1,492,818	1,873,735	4,711,089
Notes issued (at rebased nominal amounts)				
- Short Duration	(12,047,704)	(32,988,784)	(9,293,441)	(54,329,929)
- Long Duration	(4,183,620)	(5,156,807)	-	(9,340,427)
	(16,231,324)	(38,145,591)	(9,293,441)	(63,670,356)
	(13,619,875)	(8,370,389)	(7,419,706)	(29,409,970)

As at 30 April 2024

	CZK €	USD €	HUF €	Total €
Investments held (at rebased nominal amounts)				
- Short Duration	619,649	22,211,831	-	22,831,480
- Long Duration	-	18,003,273	-	18,003,273
	619,649	40,215,104	-	40,834,753
Cash and cash equivalents				
- Short Duration	292,763	1,026,769	494,923	1,814,455
- Long Duration	892,988	481,605	-	1,374,593
	1,185,751	1,508,374	494,923	3,189,048
Notes issued (at rebased nominal amounts)				
- Short Duration	(11,487,338)	(31,341,595)	(8,042,212)	(50,871,145)
- Long Duration	(4,683,116)	(20,182,371)	-	(24,865,487)
	(16,170,454)	(51,523,966)	(8,042,212)	(75,736,632)
	(14,365,054)	(9,800,488)	(7,547,289)	(31,712,831)

The cross-currency swaps entered into to mitigate currency risk on investments acquired in different currencies to the Notes issued are as follows:

As at 30 April 2025

	CZK	USD	HUF	Total
Cross-currency swaps (at nominal amounts)				
- Short Duration	9,880,000	7,800,000	7,700,000	25,380,000
- Long Duration	3,770,000	400,000	-	4,170,000
	13,650,000	8,200,000	7,700,000	29,550,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(d) Market risk (continued)

(i) Currency risk (continued)

As at 30 April 2024	CZK	USD	HUF	Total
Cross-currency swaps (at nominal amounts)				
- Short Duration	10,170,000	7,250,000	7,945,000	25,365,000
- Long Duration	4,290,000	3,000,000	-	7,290,000
	14,460,000	10,250,000	7,945,000	32,655,000

(ii) Interest rate risk

The Company is exposed to changes in its cost of financing arising from movements in the EURIBOR, SOFR, PRIBOR and BUBOR rates which respectively form the basis of the interest payments on the EUR, USD, CZK and HUF senior Notes issued by it. Increases in these rates increase the cost of funding. Due to the limited recourse nature of the Notes issued, the Company is only required to pay the interest if it has collected sufficient funds to cover the amount due after having retained a reserved profit of €1,000 per annum for the Company. As such the Company has no net exposure to interest rate risk. There are policies and processes in place to manage the interest rate risk exposure of the Noteholders. The capital protected and structured funds have specific requirements on the interest-rate risk side. Their objective is to receive a 6m IBOR-linked coupon every six months. There are 6 different coupon periods and 4 different currencies (EUR, USD, CZK and HUF). Based on the outstanding notional of the different Notes, the managers of the Company will match assets they need with the exact same coupon characteristics. The interest rate risk on the asset side matches with the interest rate risk on the liability side and the only remaining interest rate risk is linked to exactly what the Noteholders are entitled to as stipulated in each of the term sheets.

The Company is considered to have minimal interest rate risk exposure on cash and cash equivalents held in the current interest rate environment.

There are no material changes in interest rate risk exposure of the Noteholders.

The financial assets and liabilities exposure to interest rate risk is managed through swaps. Interest rate swaps usually involve the exchange of a fixed interest rate for a floating rate, or vice versa, to reduce or increase the exposure to fluctuations in interest rates or to obtain a marginally lower interest rate that would have been possible without the swap.

The Company's net nominal amounts exposed to interest rate risk and the nominal amounts that are mitigated through the use of interest rate swaps are as follows:

As at 30 April 2025	EUR	CZK	USD
Gross nominal amount of debt securities	131,050,000	31,600,000	32,150,000
Nominal amount mitigated through use of derivatives	(131,050,000)	(31,600,000)	(32,150,000)
Net nominal amount exposed	-	-	-

As at 30 April 2024	EUR	CZK	USD
Gross nominal amount of debt securities	159,025,000	15,600,000	43,000,000
Nominal amount mitigated through use of derivatives	(159,025,000)	(15,600,000)	(42,100,000)
Net nominal amount exposed	-	-	900,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate risk profile of the Company's financial assets and liabilities measured at fair value is as follows:

As at 30 April 2025

	Maturity within 1 year €	Maturity greater than 1 year €
Financial assets at fair value through profit or loss		
Floating rate		
- Short Duration	-	1,933,843
- Long Duration	-	-
	-	1,933,843
Fixed rate		
- Short Duration	17,789,542	65,040,671
- Long Duration	-	72,150,310
	17,789,542	137,190,981
	17,789,542	139,124,824
Financial liabilities at fair value through profit or loss		
Floating rate		
- Short Duration	-	(90,370,981)
- Long Duration	-	(76,196,909)
	-	(166,567,890)
Derivatives held for trading		
- Short Duration	94,603	1,166,369
- Long Duration	-	3,040,057
	94,603	4,206,426

As at 30 April 2024

	Maturity within 1 year €	Maturity greater than 1 year €
Financial assets at fair value through profit or loss		
Floating rate		
- Short Duration	-	383,865
- Long Duration	-	1,540,675
	-	1,924,540
Fixed rate		
- Short Duration	36,152,433	44,821,559
- Long Duration	-	106,822,734
	36,152,433	151,644,293
	36,152,433	153,568,833

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 April 2024

	Maturity within 1 year €	Maturity greater than 1 year €
Financial liabilities at fair value through profit or loss		
Floating rate		
- Short Duration	-	(86,078,263)
- Long Duration	-	(119,314,499)
	-	(205,392,762)
Derivatives held for trading		
- Short Duration	1,231,228	2,243,135
- Long Duration	-	9,563,085
	1,231,228	11,806,220

(iii) Other price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in the market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The financial assets at fair value through profit or loss held by the Company, as disclosed in *Note 12 "Financial assets at fair value through profit or loss"*, are exposed to price risk but the Company has no net exposure to price risk due to the fact that the Notes issued by it are limited recourse to the investments acquired with the issuance proceeds. Consequently, any price gains or losses on the investments held are exactly offset by corresponding gains or losses on the Notes issued with no loss to the Company. There are no differences in the exposure to price risk between individual Series of Notes issued by the Company.

Each Series is exposed to a pro-rata share of the gains or losses on the investments held. KBC Asset Management NV, the Company's Portfolio Manager monitors market price fluctuations on the investments held by the Company on a daily basis. Market price fluctuations are one of the key drivers in the investment allocations made by the Portfolio Manager. Market prices are obtained from independent pricing sources. KBC Asset Management NV also monitors the Company's exposures to countries and industries. The limiting of exposures to various countries and industries is a key method of managing price risk.

The Company's exposure to countries and industries is set out in *Note 18(b) "Financial risk and fair value: Concentration risk"*. Another key method is that the Company can only hold investments with a minimum credit rating. The credit rating breakdown of investments held is set out in *Note 18(a) "Financial risk and fair value: Credit/counterparty risk"*. The Company also manages price risk by investing in a diverse portfolio of investments. The Company may not hold 10% of investments in the same issuer and is limited to an aggregate investment of 40% in individual issuers of greater than 5% of investments held.

(e) Sensitivity analysis

A method used to measure the market risk exposure of the Company is Value-at-Risk ("VaR") analysis. VaR calculated on the Company's portfolios is the estimated loss that may arise on the portfolio over a specified period of time (holding period) from an adverse market movement within a specified probability (confidence level). Sensitivity analysis calculated on the Company's portfolios incorporates all relevant market risks, i.e. currency risk, interest rate risk and other price risk. The methods and assumptions outlined here are used in the preparation of the sensitivity analysis.

The Regulatory parametric VaR model is based on a multi-factor model approach reducing the asset/liability return drivers to a set of common market risk factors which are primarily responsible for asset and liability returns. Inputs into the model (i.e. common market risk factors) include exchange rates, credit spreads and interest rate curves. The model uses parametric (variance-covariance) methodology.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(e) Sensitivity analysis (continued)

The model used by the Company calculates VaR based on a 99% confidence level and assumes a 21-business day holding period (1 month) with an estimation window of 250 days. VaR is calculated on each business day and is managed by the risk team within KBC Asset Management NV. The VaR model is fully embedded in the portfolio management system at KBC Asset Management NV, directly running on actual positions and using standard market and benchmark data used in other valuation and portfolio management processes.

VaR relies on historical data to provide information and may not accurately predict the future changes and modifications of the risk factors. As a result, the probability of large market fluctuations may be under/overestimated if changes in risk factors do not align with assumptions placed on these risk factors. VaR only represents the risk of the portfolios at the close of each business day and does not account for any losses that may occur beyond the 99% confidence level.

	As at 30/04/2025 €	As at 30/04/2024 €
Value-at-Risk		
- Short Duration	2,609,886	184,685
- Long Duration	924,076	600,091

(f) Operational risk exposure

The Company has appointed KBC Asset Management NV as Portfolio Manager and Portfolio Administrator, KBC Bank NV as Custodian and KBC Fund Management Limited as Corporate Accounting Administrator. The successful operation of this Company is therefore reliant on KBC Group NV companies. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and 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.

(g) Capital management

The Company's capital includes both equity, representing ordinary share capital and the cumulative profit or loss account, and debt, representing limited-recourse Notes issued. The Company relies on the expertise of KBC Asset Management NV to manage capital. The capital management objectives are to ensure the Company can issue or hold Note liabilities and maintain a portfolio of debt security assets and corresponding hedging derivatives. The valuation of Notes issued is substantially derived from the valuation of underlying debt instruments held and management of this form of capital is achieved through maintenance of a liquid portfolio of debt securities with high quality credit ratings and potential for net investment gains. Due to the profit-participating nature of the Notes, the Company reserves a fixed pre-tax profit of €1,000 per annum for distribution. Profit as the only component of total comprehensive income recognised in retained earnings is distributed in the form of dividends annually. The dividend payout ratio is expected to remain at 100% annually.

The total amount subject to capital management policies at the reporting date is €166,609,921 (2024: €205,434,793). Due to the structure of the Company as a Section 110 vehicle, standardised ratios used in capital management such as net debt to equity are not utilised. KBC Asset Management NV does not set targeted returns for capital management purposes. A description of the ratios and methods used by KBC Asset Management NV in deciding how resources are allocated and assessing the performance of the investments are detailed in *Note 17 "Operating segments"*. These ratios and methods include credit quality assessment, ALM ratios, Note issuance and redemption assessments, analysis of exposures and price fluctuation reviews.

It is not expected that the Company will issue additional ordinary shares and any additional Note Series issued in future reporting periods will be driven by changes in portfolio composition and investor demand at the underlying fund Noteholder level. The terms applicable to Note redemptions and the quinzaine process are described in *Note 3 "Material accounting policy information"* and *Note 15 "Financial liabilities at fair value through profit or loss"*.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's capital management policy during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(h) Collateral

The total financial assets of the Company are charged to BNY Mellon Corporate Trustee Services Limited (the "Note Trustee") as follows:

	As at 30/04/2025	As at 30/04/2024
	€	€
Financial assets at fair value through profit or loss		
- Short Duration	84,764,056	81,357,857
- Long Duration	72,150,310	108,363,409
	<u>156,914,366</u>	<u>189,721,266</u>
Cash and cash equivalents		
- Short Duration	4,813,574	2,220,361
- Long Duration	1,445,602	2,394,796
	<u>6,259,176</u>	<u>4,615,157</u>

The assets are charged by way of first fixed security. The Note Trustee is required once the first fixed security becomes enforceable and the net proceeds are realised to apply the proceeds to clear the following ranked obligations on a pro rata basis:

- receivership costs;
- general administrative costs;
- interest to Noteholders;
- repayment of principal to Noteholders;
- any amounts payable to a swap counterparty; and
- the balance of proceeds (if any) to the Company.

The first fixed security is only enforceable on the occurrence of a continuing general event of default as described in the Company's Master Trust Deed. On such event the Note Trustee may at its discretion, or shall, if so requested in writing by the Noteholders of at least one-fifth of the Notes then outstanding or, if so directed by an Extraordinary Resolution of such Noteholders, enforce the first fixed security. The following events are deemed to be general events of default:

- The Company defaults in the payment of any redemption amount or defaults for a period of 14 days or more in the payment of any sum other than redemption amounts due to Noteholders;
- The Company fails to perform or observe any of its obligations under the Note term sheets or Trust Deed, and such failure continue for a period of 30 days;
- The Company is deemed to be unable to pay its debts as and when they fall due; and
- The Company is subject to any order made by any competent court or any resolution passed for the winding-up or dissolution of the company or subject to any insolvency, bankruptcy, compulsory liquidation, examination, controlled management procedures or suspension of payments.

The terms and conditions for the first fixed security are set out in the Company's €40,000,000,000 Base Prospectus and Master Trust Deed and are usual and customary for Note issuers.

The Company has received €1,637,232 (2024: received €3,054,562) of its short duration investments and received €3,694,995 (2024: received €9,615,901) of its long duration investments as collateral for derivative contracts.

Eligible investments that can be pledged/received as collateral are euro denominated negotiable debt obligations issued by the governments of Austria, Belgium (including Flanders), Finland, France (including Caisse d'Amortissement de la Dette Sociale), Germany (including KfW Bankendgruppe), Italy, Luxembourg, the Netherlands, Czech Republic, Poland and the European Union provided that:

- the lower of the long-term credit rating assigned to these investments is at least BBB+ under Standard & Poor's, Baa1 under Moody's or BBB+ under Fitch; and
- valuations for the investments can be obtained on a daily basis from the valuation agent.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(i) Offsetting financial instruments

The Company has entered into an ISDA Master Agreement and Credit Support Annex with KBC Bank NV. The ISDA Master Agreement creates a right of set-off of recognised amounts that is enforceable on event of default, insolvency or bankruptcy of the Company or KBC Bank NV. All derivatives entered into by the Company have to be fully collateralised on a net basis. The Company's Portfolio Manager calculates collateral requirements and appropriate collateral postings are made on a fortnightly basis. Such collateral is subject to the standard industry terms of ISDA Master Agreements and Credit Support Annex. This means that securities received/given can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions on the counterparty's failure to post collateral.

There are no offsets of derivative financial assets and liabilities presented in the statement of financial position. The following table sets out the derivative financial assets and liabilities that are subject to an enforceable master netting arrangement and similar agreement by way of the ISDA Master Agreement and Credit Support Annex with KBC Bank NV.

	As at 30/04/2025 €	As at 30/04/2024 €
Financial assets		
Gross carrying amounts of derivatives before offsetting	6,449,078	13,868,029
Amounts offset in accordance with offsetting criteria	-	-
Net amounts presented in statement of financial position	6,449,078	13,868,029
Effect of remaining rights of set-off that do not meet the criteria for offsetting in the statement of financial position:		
- Derivatives	(2,148,049)	(830,581)
- Bonds received as collateral	(4,301,029)	(12,670,463)
Net exposure	-	366,985
	As at 30/04/2025 €	As at 30/04/2024 €
Financial liabilities		
Gross carrying amounts of derivatives before offsetting	(2,148,049)	(830,581)
Amounts offset in accordance with offsetting criteria	-	-
Net amounts presented in statement of financial position	(2,148,049)	(830,581)
Effect of remaining rights of set-off that do not meet the criteria for offsetting in the statement of financial position:		
- Derivatives	2,148,049	830,581
- Bonds pledged as collateral	-	-
Net exposure	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial risk and fair value (continued)

(j) Fair value

The accounting policies regarding the fair value hierarchy are set out in *Note 3(f) "Financial instruments: Fair Value Measurement Principles"*. Additional considerations around the use of judgements and estimates are set out in *Note 2(f) "Use of judgements and estimates"*. All fair value measurements are recurring. The following table analyses within the fair value hierarchy the Company's financial assets and liabilities measured at fair value:

As at 30 April 2025

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss				
Debt securities	-	156,914,366	-	156,914,366
	-	156,914,366	-	156,914,366
Derivatives held for trading				
Cross-currency swaps	-	471,839	-	471,839
Interest rate swaps	-	3,829,190	-	3,829,190
	-	4,301,029	-	4,301,029
Financial liabilities at fair value through profit or loss				
Notes issued	-	(166,567,890)	-	(166,567,890)
	-	(166,567,890)	-	(166,567,890)

As at 30 April 2024

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss				
Debt securities	-	189,721,266	-	189,721,266
	-	189,721,266	-	189,721,266
Derivatives held for trading				
Cross-currency swaps	-	2,078,602	-	2,078,602
Interest rate swaps	-	10,958,846	-	10,958,846
	-	13,037,448	-	13,037,448
Financial liabilities at fair value through profit or loss				
Notes issued	-	(205,392,762)	-	(205,392,762)
	-	(205,392,762)	-	(205,392,762)

At 30 April 2025, no debt securities were valued using a model incorporating credit default spreads or analogue bond spreads.

There were no transfers between levels during the year.

The financial assets and liabilities carried at amortised cost are short-term financial assets and financial liabilities whose carrying amounts approximate fair value. The carrying value of the short-term non-financial assets and liabilities are assumed to approximate their fair value.

18. Financial risk and fair value (continued)

(k) IBOR reform

A fundamental reform of major interest rate benchmarks has been undertaken globally to replace or reform interbank offered rates ("IBORs") with alternative nearly risk-free rates.

LIBOR has historically been the most significant and common reference rate underpinning financial market activity and credit institution rates and is currently published in a number of currencies and tenors. The EURIBOR, following a revision to its calculation methodology, continues to be published and is compliant for their Benchmark Regulation (BMR) purposes. This is also the case for the reformed PRIBOR and BUBOR rates.

€STR discounting is used in the valuation of derivatives held by the Company. Instruments and contracts which reference EURIBOR, PRIBOR and BUBOR were not impacted by the reforms due to their BMR- compliant status. There was no material impact on the derivatives as a result of these changes.

During the financial year end 2024 USD LIBOR ceased to exist and as a result amendments were made to the relevant notes and derivative ISDA agreements referencing the rates to SOFR. As a result, the following amendments to both hedging instruments and Note terms were made:

- At the time of cessation of USD LIBOR the derivative contracts automatically transferred to the SOFR reference rate under the ISDA agreement, also
- In May 2023, SOFR replaced the USD LIBOR reference rate for the USD Series Notes. Further details on the Notes are set out in Note 15 "*Financial liabilities at fair value through profit or loss*".

19. Related party transactions

All Notes issued by the Company for the current and prior financial year are held by capital protected, structured and mutual funds which have appointed KBC Asset Management NV as Portfolio Manager. All interest expense for the current and prior financial year was paid to these companies.

KBC Asset Management NV earned fees of €203,699 (2024: €193,311) and €13,500 (2024: €13,500) for its role as Portfolio Manager and Portfolio Administrator, respectively. Portfolio management fees and administrator fees payable as at 30 April 2025 were €Nil (2024: €Nil) and €Nil (2024: €Nil) respectively. KBC Bank NV earned fees of €7,120 (2024: €6,245) for its role as Custodian. Custodian fees payable as at 30 April 2025 were €Nil (2024: €Nil).

Frank Van de Vel is a director of KBC Asset Management NV and Yves Lippens is a program manager of KBC Asset Management NV.

Frank Van de Vel and Yves Lippens did not earn fees for their roles as directors. John Fitzpatrick and Michael Boyce each received €1,343 this year for their roles as independent directors (2024: €1,250). Directors' fees outstanding as at 30 April 2025 were €Nil (2024: €Nil). Ancillary fees incurred on behalf of the Directors not relating to emoluments include payroll administration and insurance costs of €919 (2024: €966). Ancillary fees incurred on behalf of the Directors outstanding as at 30 April 2025 were €Nil (2024: €Nil).

20. Ownership of the Company

All 40,000 issued shares are held in trust by QSV Trustees Limited. The Board have assessed the issue of the controlling party and determined that control of the day-to-day activities of the Company rests with the Directors. The Company does not have an immediate, ultimate parent and controlling party. KBC Asset Management NV is deemed to be the chief operating decision maker as it decides on how the resources of the company are allocated as well as assessing the performance of the investments held.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Dividends

On 3 April 2025, the Company paid a dividend of €750 (€0.01875 per ordinary share) (2024: €750 (€0.01875 per ordinary share)). The Directors proposed a dividend of €750 (€0.01875 per ordinary share) on 21 August 2025 (2024: €750 (€0.01875 per ordinary share)).

22. Subsequent events

The Directors proposed a dividend of €750 on 21 August 2025. There were net Note redemptions of €5,176,649 subsequent to the year ended 30 April 2025.

23. Approval of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 21 August 2025.