Castilla Finance Designated Activity Company

Directors' report and financial statements

Registered number 578174

For year ended 31 December 2021

Contents

Directors and other information

Board of Directors
Mr Alan Geraghty
Mr Michael Carragher (appointed 9 May 2022)
Ms Cliona O'Faolain
(appointed 2 March 2016, resigned 9 May 2022)

Administrator, Secretary and Registered Office
Wilmington Trust SP Services (Dublin) Limited
Fourth Floor
3 George's Dock
IFSC
Dublin 1

Auditors
Forvis Mazars
Chartered Accountants and
Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

Account Bank and Paying Agent
Citibank, N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5 LB

Arranger and Lead Manager
Nomura International Plc
1 Angel Lane
London
EC4R 3AB

Cash Manager
Intermoney Titulizacion S.G.F.T., S.A.
C/ Príncipe de Vergara
131 planta 3ª1 Harbourmaster Place
28002 Madrid
Spain

Solicitors
McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Servicer
Gedesco Services Spain S.A.U.
Número 2-bis, Entresuelo
Avenida de Aragón
Valencia
Spain
(appointed 27 May 2016,
terminated 24 November 2023)

Toro Finance S.L.U.
Paseo de la Castellana
41 4ª planta
28046 Madrid
Spain
(appointed 26 January 2024
terminated 13 September 2024)

Hipoges Iberia, S.L.
C/ Albacete 3, 5a
28027 Madrid
Spain
(appointed 13 September 2024)

Seller
Toro Finance S.L.U.
Paseo de la Castellana
41 4ª planta
28046 Madrid
Spain

Account Bank and Paying Agent
Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Directors' report

The directors of Castilla Finance Designated Activity Company ("Company") present their report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the issuance of Limited Recourse Notes ("Notes") in accordance with the Prospectus dated 26 May 2016, in accordance with a €120,000,000 secured note programme with Toro Finance S.L.U. ("Toro"), a company registered in Spain. These notes are currently listed on the Vienna Stock Exchange.

On 22 February 2018, Castilla Finance DAC (the "Issuer") increased the Principal Amount Outstanding of Notes issued originally on 26 May 2016 to €220,000,000. Furthermore the maturity dates of these Notes were extended to August 2020.

On 29 January 2020, the Company successfully completed the restructuring of the €220,000,000 Notes currently in place. The restructure included the resizing and repricing of the existing Note structure, in particular;

- A Senior tranche of €176,000,000 with a three year maturity;
- a new Mezzanine tranche of €24,000,000 with a three year maturity; and
- a Deferred Purchase Price ("DPP") of €20,000,000.

On 17 November 2021, the Company successfully completed the restructuring of the terms and conditions of the Notes. The restructure included the resizing and repricing of the existing Note structure, in particular;

- An increase in the Senior tranche to €240,000,000;
- an increase in the Mezzanine tranche to €32,727,273; and
- an increase in the Deferred Purchase Price ("DPP") to a maximum of €27,272,727.

Business review

The Company's key performance indicators are revenue, interest expense and profit after tax. The Company generated €23,211,269 (2020: €19,693,987) in income during the year. The Company incurred interest on debt securities issued and on its subordinated loan of €7,636,222 (2020: €7,667,929). The profit of the Company for the financial reporting period before tax was €1,000 (2020: €1,000).

No dividends are recommended by the directors (2020: Nil).

Subsequent events

In May 2022 Cliona O'Faolain resigned as director with Michael Carragher's appointment becoming effective on the same day.

In November 2022, the Company, acting upon directions from the Noteholders, appointed Alantra CPA Iberia, S.L. to undertake an audit of the Company's receivables portfolio collateralising the Notes (the "Audit"). Following the Audit, Gedesco Services Spain S.A.U.'s appointment as servicer was terminated and Toro Finance S.L.U ("Toro") was appointed as successor servicer. Hipoges Iberia S.L ("Hipoges") was appointed as back-up servicer.

In October 2023 the maturity date of both the Senior and Mezzanine tranches was extended to November 2024. In February 2024 the maturity date of both the Senior and Mezzanine tranches was further extended to October 2025.

In September 2024, acting upon directions from the Noteholders, Toro's appointment as servicer of the Company's receivables portfolio was terminated. Hipoges was subsequently appointed as successor servicer. Simultaneously, the Company ceased purchasing new receivables from Toro. The maturity date of both the Senior and Mezzanine tranches was amended to May 2025 in September 2024 also.

In December 2024, Toro was declared insolvent by the Spanish courts and its insolvency officials have claimed ownership of certain receivables previously purchased by the Company. The Company is seeking to assert its ownership of the relevant receivables in legal proceedings in Spain. Of these disputed receivables, the amount which relates to 2021 is immaterial. At the time of approval of the financial statements, the recoverability of the receivables under dispute remains uncertain, and the directors are closely monitoring the progress of the legal proceedings.

Directors' report *(continued)*

Subsequent events (continued)

At December 2025 the value of the loans receivable from Toro amounted to €120,977,840 while the outstanding balance on the Senior Notes and Mezzanine Notes was €82,457,626 and €32,727,273 respectively. The Senior and Mezzanine Notes are in default. Resolution efforts are ongoing. The Company has reserve funds to cover running costs and is also in negotiations with the noteholders to secure additional funding for any possible shortfall until dissolution.

There were no other significant subsequent events since the financial year end up to the date of approval of the financial statements requiring disclosure or amendment to these financial statements.

Principal risks and uncertainties

The material financial risks faced by the Company include the following:

- market risk;
- credit risk;
- concentration risk; and
- liquidity risk.

At inception of the business undertaken by the Company the directors have put in place various measures to ensure any significant risks are identified, discussed and mitigated. These are disclosed in the notes to the financial statements and are outlined in note 17 of the financial statements.

Directors and secretary and their interests in shares of the Company

The directors who served the Company during the year ended 31 December 2021 together with their beneficial interests in the shares of the Company were as follows:

	Ordinary Shares of €1.00 each	
	31 December 2021	**31 December 2020**
Alan Geraghty	Nil	Nil
Cliona O'Faolain	Nil	Nil

The directors and secretary also did not hold any debentures or loan stock of the Company on that date or during the financial year. All transactions involving directors are outlined in note 18 of the financial statements and there are no contracts of any significance in relation to the business of the Company in which the directors had any interest, as defined in the Companies Act 2014, at any time during the year ended 31 December 2021.

Political donations

The Electoral Act, 1997 requires companies to disclose all political donations over €200 in aggregate made during the financial year. The directors, on enquiry, have satisfied themselves that no such donation in excess of this amount has been made by the Company during the year ended 31 December 2021 (2020: Nil).

Accounting records

The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the accounting records by employing a service provider with accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the registered office, Fourth Floor, 3 George's Dock, IFSC, Dublin 1.

Auditors

The auditors, Forvis Mazars, Chartered Accountants and Statutory Audit Firm have indicated their willingness to be re-appointed in accordance with Section 383(2) of the Companies Act 2014.

Directors' report *(continued)*

Statement of relevant audit information

So far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and the directors have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Research and development

No research and development expenses were incurred during the year (2020: Nil).

On behalf of the board

A. Geraghty

K. Casey

Date: 27/03/2026

Corporate governance statement

Introduction

The Company is subject to and complies with Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Vienna Stock Exchange. The principal activity of the Company is the issuance of Limited Recourse Notes ("Notes") under the terms of the Prospectus dated 26 May 2016, and subsequently amended in February 2018, and again in January 2020, under a €200,000,000 secured note programme with Toro Finance S.L.U. ("Toro"), a company registered in Spain.

The Company is required to comply with the amended Prospectus dated 29 January 2020.

The Company has no employees and the corporate governance structure reflects:

- The unique role of the seller Toro;
- The uniqueness of the independent segregation of duties as between the Administrator, Arranger, Servicer and the Cash Manager;
- The requirement that all funds are required to be invested in the purchase of receivables from other Toro Group companies as per the Prospectus.

Financial Reporting Process

The Board of Directors ("Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. 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 the Administrator, Wilmington Trust SP Services (Dublin) Limited, to maintain the accounting records of the Company. The Administrator is contractually obliged to maintain adequate accounting records as required by the Corporate Services Agreement dated 27 May 2015. To that end the Administrator performs reconciliations of its records to those of the other service providers (cash manager, trustee and servicers as set out on page 1). The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report including financial statements that are required to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator is responsible to the Board in this respect.

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 the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify developments in accounting rules and to ensure that these changes are accurately and appropriately reflected in the Company's financial statements.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the independent segregation of duties to the Administrator, Arranger, Servicer and Cash Manager, the Board has concluded that there is currently no need for the Company to have a separate internal audit function.

Corporate governance statement *(continued)*

Audit committee
The sole business of the Company relates to the issuing of asset-backed securities. Under Regulation 91(9)(d) of the European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010 (the "Regulations"), such a company may avail itself of an exemption from the requirement to establish an audit committee.

Takeover bids
The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and therefore the items required by section 1373 (d) of the Companies Act 2014 are not included in the Report of the Directors.

Capital structure
The capital structure of the Company is set out in note 21.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Act 2014 and the Listing Rules of the Vienna Stock Exchange. The Articles of Association themselves 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 Constitution and the Prospectus. The Company has no employees. Consistent with other similar entities the Company operates under an outsourcing model.

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 the Administrator and other parties, subject to the supervision and direction by the Directors. The Directors have delegated the day to day administration of the Company to the Administrator.

Statement of directors’ responsibilities

The directors are responsible for preparing the directors’ report and the financial statements in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations endorsed by the European Union (“EU”) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS.

Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the European Union and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. 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 as applicable.

The directors are also responsible for preparing a Directors’ Report that complies with the requirements of the Companies Acts 2014.

On behalf of the board

A. Geraghty

K. Casey

Date: 27/03/2026

Independent auditor's report to the members of Castilla Finance DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Castilla ('the Company'), for the year ended 31 December 2021, which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and notes to the Company financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Companies Act 2014 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021, and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union
- 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 the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) 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.

Emphasis of matter

We draw attention to note 2 of the financial statements, which explains that the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2 of the financial statements.

Our opinion is not modified in this respect.

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) identified by the auditor, 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.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Key audit matter	How the matter was addressed
The Company's loans receivable make up 69% of total assets (by value). These loans receivable constitute a secured lending transaction in accordance with IFRS 9 as the loans transferred do not qualify for recognition on the Company's statement of financial position on the basis that the risks and rewards do not transfer to the Company. We do not consider these financial assets to be at high risk of significant misstatement, or to be subject a significant level of judgement. However, due to their materiality in the context of the financial statements as a whole Loans receivable is the key audit matter. Refer to Notes 3 (e) (accounting policy), 11 and 17 (financial disclosures).	▪ Reviewed the relevant transaction agreements to assess compliance with the requirements of IFRS 9; ▪ On a sample basis, reviewed the consideration paid for the receivables purchased ensuring that the price paid in accordance with contractual terms; ▪ Obtained independent confirmation of outstanding loans receivable at the statement of financial position date from Cash Manager; ▪ On a sample basis we agreed collections on loans receivable that matured during the year to bank statements and subsequent derecognition of these receivables; ▪ Reviewed the Company's IFRS 9 impairment assessment; ▪ Reviewed the reasonability of the prior period valuation of loans receivable by reference to collection receipts during the year and review of 3rd party Cash Manager reports; ▪ Reviewed the independent year end reports prepared by the Cash Manager to substantiate loans receivable outstanding at the statement of financial position date and the cash collected during the year and including the review for evidence of default; and ▪ Recalculated the amortisation of purchase discount on loans receivable at year end using the above-mentioned 3rd party reports. Based on the evidence obtained from the above listed procedures performed, we consider the loan receivables balance as at 31 December 2021 to be reasonable.

Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€4,658,410
How we determined it	1.5% of total assets
Rationale for benchmark applied	We applied this benchmark because in our view this is the metric against which the recurring performance of the Company is commonly measured by its stakeholders.
Reporting threshold	We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 3% of overall materiality €139,752 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and 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 course of 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 on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

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

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 any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of 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.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at:

https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

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

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

Patrick Gorry
for and on behalf of Forvis Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
Date: 31 March 2026

Statement of comprehensive income
For the year ended 31 December 2021

	Note	Year Ended 31 December 2021 €	Year Ended 31 December 2020 €
Revenue	*5*	**23,211,269**	**19,693,987**
Expenses			
Administrative expenses	*6*	**(2,995,231)**	**(3,097,330)**
Finance costs	*8*	**(7,636,222)**	**(7,667,929)**
Other expenses	*7*	**(12,578,816)**	**(8,927,728)**
Profit before taxation		**1,000**	**1,000**
Income tax expense	*9*	**(250)**	**(250)**
Profit and total comprehensive income for the financial year		**750**	**750**

There were no items of other comprehensive income during the financial year.

The accompanying notes on pages 17 to 30 form an integral part of the financial statements.

Statement of financial position
As at 31 December 2021

	Note	2021 €	2020 €
Assets			
Current assets			
Cash and cash equivalents	*10*	**96,533,925**	69,409,921
Loans receivable	*11*	**214,026,744**	160,216,691
Total assets		**310,560,669**	**229,626,612**
Liabilities and equity			
Current liabilities			
Debt securities issued	*13*	**272,727,273**	200,000,000
Borrowings	*14*	**7,847,216**	8,347,216
Accruals and other payables	*12*	**9,788,796**	4,622,221
Income tax payable		**1,160**	910
Other payables	*15*	**20,191,993**	16,652,784
Total current liabilities		**310,556,438**	**229,623,131**
Capital and reserves			
Called up share capital	*16*	**1**	1
Retained earnings		**4,230**	3,480
Total equity		**4,231**	**3,481**
Total liabilities and equity		**310,560,669**	**229,626,612**

The accompanying notes on pages 17 to 30 form an integral part of the financial statements.

The financial statements were approved by the board of directors on 27/03/2026 and signed on its behalf by:

A. Geraghty **K. Casey**

Statement of changes in equity
For the year ended 31 December 2021

	2021 € Share Capital	2021 € Retained Earnings	2021 € Total Equity
As at 1 January 2021	1	3,480	3,481
Issued, called up and paid share capital	-	-	-
Profit for the financial year	-	750	750
Total comprehensive income	-	750	750
At 31 December 2021	1	4,230	4,231

	2020 € Share Capital	2020 € Retained Earnings	2020 € Total Equity
As at 1 January 2020	1	2,730	2,731
Issued, called up and paid share capital	-	-	-
Profit for the financial year	-	750	750
Total comprehensive income	-	750	750
At 31 December 2020	1	3,480	3,481

The accompanying notes on pages 17 to 30 form an integral part of the financial statements.

Statement of cash flows

For the year ended 31 December 2021

	Note	Year Ended 31 December 2021 €	Year Ended 31 December 2020 €
Operating activities			
Profit before tax		**1,000**	**1,000**
Adjustment for:			
Income from loans receivable	*5*	**(23,211,269)**	**(19,693,987)**
Interest expense on subordinated loan	*8*	**674,806**	**662,768**
Interest expense on debt securities issued	*8*	**6,961,416**	**7,005,161**
Total operating cash flows before movements in working capital		**(15,574,047)**	**(12,025,058)**
Changes in working capital			
Accruals and other payables	*12*	**5,004,910**	**(39,570,570)**
Receipts from Toro for assigned receivables		**317,746,416**	**405,941,395**
Cash flow from operating activities		**322,751,326**	**354,345,767**
Financing activities			
Proceeds from issuance of debt	*13*	**72,727,273**	**-**
Proceeds from subordinated loans	*14*	**-**	**-**
Repayments on issued debt		**-**	**(20,000,000)**
Repayments on subordinated loans		**(500,000)**	**(2,949,000)**
Interest paid		**(7,474,557)**	**(7,794,588)**
Cash flow (used in) financing activities		**(64,752,716)**	**(30,743,588)**
Investing activities			
Lending to Toro		**(344,805,991)**	**(315,966,182)**
Cash flow (used in) investing activities		**(344,805,991)**	**(315,966,182)**
Net increase in cash and cash equivalents		**27,124,004**	**7,635,997**
Cash and cash equivalents at the beginning of the financial year		**69,409,921**	**61,773,924**
Cash and cash equivalents at the end of the financial year	*10*	**96,533,925**	**69,409,921**

The accompanying notes on pages 17 to 30 form an integral part of the financial statements.

Notes to the financial statements

1 Incorporation and principal activities

Castilla Finance Designated Activity Company (the “Company”) was incorporated in Ireland on 2 March 2016. The registered office of the Company is Fourth Floor, 3 George’s Dock, IFSC, Dublin 1.

The principal activity of the Company is the issue of Limited Recourse Notes ("Notes") in accordance with the terms of the amended Prospectus, a €200,000,000 secured note programme with Toro Finance S.L.U. ("Toro"), a company registered in Spain.

The principal shareholder is Wilmington Trust SP Services (Dublin) Limited who holds 100% of the shares of the Company in trust for charity under the terms of a declaration of trust.

2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the EU (together “IFRS”) and with the provisions of the Companies Act 2014. The significant accounting policies used are set out below. The financial statements are prepared and presented in Euro (€). They are prepared on the historical cost basis of accounting.

Going concern

The Directors have considered the going concern basis preparation of the financial statements in light of all information available at the date of approving the financial statements. Refer to Note 20 of the financial statements.

Having considered the Company’s financial position, future business plans, current economic performance and impending maturity date of the Notes, the directors are of the opinion the going concern basis is no longer applicable. Accordingly, the financial statements have been prepared on a basis other than going concern. The Company will continue to measure its assets and liabilities in line with the requirements of IFRS with appropriate disclosure of the measurement and recognition of the Company.

3 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) New accounting standards and amendments to existing standards and interpretations

The standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below;

Standards, Interpretations and amendments	**Narrative**	**Effective Date: Annual periods beginning on or after**
Amendment to IFRS 16	Extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 April 2021
Annual Improvements 2018-2020 Cycle	Annual Improvements 2018-2020 Cycle (IFRS 1, 9, 16 and 41)	1 January 2022
Amendment to IFRS 9	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023
Amendment to IAS1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current Deferral of Effective Date	1 January 2023

Notes to the financial statements *(continued)*

3 Accounting policies (continued)

a) New accounting standards and amendments to existing standards and interpretations (continued)

Standards, Interpretations and amendments	**Narrative**	**Effective Date: Annual periods beginning on or after**
Amendment to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023
Amendments to IAS 12	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to IFRS 17	Insurance Contracts - Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
IFRS 16 Leases	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023)	1 January 2024
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Directors anticipate that the adoption of the new standards, amendments and interpretations that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the Company in the year of the initial application.

b) Revenue recognition

Income from loans receivable assigned to the Company is recognised on an accruals basis, by reference to amongst others, the principal outstanding, the effective interest rate applicable and the total amount of collections received on the maturity date of each loan receivable which has been assigned to the Company.

c) Expenses

Expenses are charged to the statement of comprehensive income on an accruals basis and are matched to the periods to which they relate.

Notes to the financial statements *(continued)*

3 Accounting policies (continued)

d) Taxation

Tax on the profit or loss for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

e) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company's classification of financial assets is driven by the business model in which the asset is held and their cash flow characteristics. The Company classifies its financial assets in the following measurement categories.

• Amortised cost

• Fair value through other comprehensive income ("FVOCI")

• Fair value through profit or loss ("FVTPL")

All financial assets are recognised on a trade date - the date on which the Company commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs. The financial assets of the Company are classified as financial assets at amortised cost.

Financial assets at amortised cost

Initial recognition

Financial assets that are held for collection of contractual cash flows and with cash flows representing solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets are adjusted by any expected credit loss allowance and the interest income from these financial assets is recognised in the Statement of Comprehensive Income using the effective interest method.

Financial assets at amortised cost of the Company comprise of loans receivables and bank balances. Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for impairment in line with the IFRS 9 impairment model – expected credit losses.

Expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Notes to the financial statements *(continued)*

3 Accounting policies (continued)

e) Financial instruments (continued)

Loss allowances correspond to the expected credit losses on a 12-month basis for the assets in stage 1 and the expected credit losses considering the probability of a default event occurring at some point up to the maturity date for assets in stages 2 and 3. An asset is classified in stage 2 whenever there is a significant increase in its credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk the Company considers both qualitative and quantitative information.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities of the Company consist of debt securities issued, borrowings and other payables. Financial liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost. Interest expense on debt securities issued is recognised on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

f) Ordinary share capital

Ordinary share capital is classified as equity.

g) Additional Remuneration

In accordance with the priority of payments, the Company is required to make an additional payment to the Seller in the form of additional remuneration. The amount of additional remuneration is determined as the excess of the Company's income from the assigned receivables purchased less all expenses incurred. Any excess of the Company's income from the assigned receivables purchased less all expenses incurred is paid to the Seller.

h) Deferred purchase price

Deferred purchase price payable to Seller is part of the total consideration for the assigned receivables and is a credit enhancement of the Notes

i) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

4 Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below.

Notes to the financial statements *(continued)*

4 Critical accounting judgements and estimates (continued)

Accounting for receivables purchased from Toro

The Company has, under the terms of a Receivables Sale Agreement with Toro, been assigned cash flows from a portfolio of receivables. The Company has considered the requirements of IFRS 9 'Financial Instruments' in respect to the transfer of financial assets and in particular whether the initial recognition rules of IFRS 9 have been met. Accordingly at the point of the purchase of the assigned receivables the Company has concluded that the risk and rewards of ownership on the assigned receivables has not transferred to the Company, as they are subject to a Default Repurchase Option which results in the risks and rewards of ownership remaining with Toro.

Toro has an obligation to repurchase receivables from the Company that have defaulted on a quarterly basis. The Company classifies the transaction as "secured lending" and recognises loans receivable to Toro for the consideration paid for the assigned receivables.

Impairment of loans receivable from Toro

The Company's exposure to credit risk is from Toro from which the Company enters into secured lending transactions arising from the purchase of assigned receivables from Toro. The performance of the underlying assigned receivables is monitored in accordance with the Servicing Agreement (the "Servicing Agreement"). All delinquencies are monitored on a daily basis. If there is a default or failure to perform by a debtor in respect of any assigned receivable, Gedesco Services Spain S.A.U. ("Servicer") shall be responsible for managing the resolution of that assigned receivable. The key area where the Company is exposed to credit risk is the receivables assigned to the Company at a discounted value from Toro, that may default and not pay amounts due to the Company. All receivables that default are repurchased by Toro on a quarterly basis in accordance with the terms of the receivable sale agreement. Any further credit losses realised on the receivables not absorbed by the deferred purchase price payable (note 15) are recovered through extinguishment firstly of the DPP, secondly the subordinated facility and thirdly the notes by an equal amount thereby eliminating the credit risk for the Company. During the year ended 31 December 2021, none of the underlying assigned receivables defaulted (2020: Nil). Given the Default Repurchase Option in place and the quality of the underlying receivables, including historical past performance, and the Company's assessment of the secured lending party the applicable ECL calculated was assessed as immaterial. The directors have considered the above and believe there is no requirement for an impairment provision at the statement of financial position date.

Notes to the financial statements (continued)

5 Revenue

	2021 €	2020 €
Income from loans receivable (see note 11)	**23,211,269**	**19,693,987**

6 Administrative expenses

	2021 €	2020 €
Professional services fees	**832,257**	**773,514**
Audit and tax compliance fees	**67,453**	**36,900**
Servicer fees	**2,082,847**	**2,254,514**
Corporate services fees	**12,674**	**32,402**
	2,995,231	**3,097,330**

Auditors remuneration, including expenses and excluding VAT, comprises of:

	2021 €
Audit of financial statements	**30,000**
Tax compliance	**2,750**

Profit on ordinary activities before taxation is arrived at after charging:

	2021 €
Directors' emoluments	**-**

7 Other expenses

	2021 €	2020 €
Additional remuneration for the assigned receivables	**12,578,816**	**8,927,728**

Additional remuneration is the amount payable to Toro in relation to the purchased receivables, subject to availability of excess receipts and terms as stated in the Prospectus and Receivable Sale Agreement.

Notes to the financial statements *(continued)*

8 Finance costs

	2021 €	2020 €
Interest expense on debt securities issued (see note 13)	**6,961,416**	**7,005,161**
Interest expense on subordinated loan (see note 14)	**674,806**	**662,768**
	7,636,222	**7,667,929**

9 Taxation

Analysis of charge in year

	2021 €	2020 €
Irish corporation tax	**250**	**250**
Tax on profit on ordinary activities	**250**	**250**

Factors affecting the tax charge for the current year

	2021 €	2020 €
Current tax reconciliation		
Profit on ordinary activities before tax	**1,000**	**1,000**
Current tax at 12.5%	**125**	**125**
Effect of:		
Income tax at higher rate for S.110 entities at 12.5%	**125**	**125**
Adjustments in respect of previous periods	**-**	**-**
Total current tax charge (see above)	**250**	**250**

The Company qualifies as a special purpose vehicle under Section 110, Taxes Consolidation Act 1997. As such the profits chargeable to corporation tax are computed in accordance with the provisions applicable to Schedule D Case I while taxed at the passive rate of 25%.

10 Cash and cash equivalents

	2021 €	2020 €
Cash balances in bank	**96,533,925**	**69,409,921**

Notes to the financial statements *(continued)*

11 Loans receivable

	2021	2020
	€	€
Loans receivable from Toro	**214,026,744**	**160,216,691**

On 27 May 2016, the Company had entered into a Receivables Sale Agreement with Toro. Under the terms of the agreement Toro will assign certain receivables to the Company under the Securitisation Program. The Company has legal title to the assigned receivables but under IFRS cannot recognise these receivables on its balance sheet. The Company concluded that the risk and rewards of ownership on the assigned receivables has not transferred to the Company, as they are subject to a Default Repurchase Option which results in the risks and rewards of ownership remaining with Toro. In accordance with the Default Repurchase Option, Toro has an obligation to repurchase receivables that have defaulted on a quarterly basis from the Company. Accordingly the Company classifies the transaction as "secured lending" and recognises loans receivable from Toro for the consideration paid for the assigned receivables.

Any credit losses realised on the receivables and not absorbed by the income from loans receivable are recovered through extinguishment firstly of the DPP, secondly the subordinated facility and thirdly the notes by an equal amount thereby eliminating the credit risk for the Company. Also refer to note 17 to the financial statements.

As at 31 December 2021, the nominal value of the loans receivable from Toro amounted to €218,929,386 (2020: €164,287,597).

12 Accruals and other payables

	2021	2020
	€	€
Accrued interest (see note 13 and note 14)	**539,614**	**377,949**
Accruals	**9,249,182**	**4,244,272**
	9,788,796	**4,622,221**

Included in accruals is the additional remuneration due to Toro of €4,850,323, (2020: €3,773,125) under the terms of the Receivables Sale Agreement.

13 Debt securities issued

			2021
	Current Nominal Issued €	**Maturity Date**	**Interest rate**
Class A Senior Note	**240,000,000**	17 Nov 2024	2.65%
Class B Mezzanine Note	**32,727,273**	17 Nov 2024	8.00%

Notes to the financial statements *(continued)*

13 Debt securities issued (continued)

2020

	Current Nominal Issued €	Maturity Date	Interest rate
Class A Note	**176,000,000**	29 Jan 2023	2.65%
Class B Mezzanine Note	**24,000,000**	29 Jan 2023	8.00%

The Notes are secured by the receivable portfolio, the Company's contractual rights under transaction documents, and the cash balances at bank. Due to the limited recourse nature of the Notes, the repayment of the principal and the accrued interest of the debt securities issued is dependent upon funds being available to meet such liabilities as they fall due. If the Company has insufficient funds available for the purpose of redeeming the principal outstanding on the Notes in full or interest thereon, such amounts will not be payable to the Noteholder.

On 22 February 2018 Castilla Finance DAC (the "Issuer") increased the Principal Amount Outstanding of Notes issued originally on 26 May 2016 to €220,000,000. Furthermore the maturity dates of these Notes were extended to August 2020 and the interest rate was adjusted from 5.90% to 4.75%.

On 29 January 2020, the Company successfully completed the restructuring of the €220,000,000 Notes currently in place. The restructure included the resizing and repricing of the existing Note structure, in particular;

- A Senior tranche of €176,000,000 with a three year maturity;
- a new Mezzanine tranche of €24,000,000 with a three year maturity; and
- a Deferred Purchase Price ("DPP") of €20,000,000

On 17 November 2021, the Company successfully completed the restructuring of the terms and conditions of the Notes. The restructure included the resizing and repricing of the existing Note structure, in particular;

- An increase in the Senior tranche to €240,000,000;
- an increase in the Mezzanine tranche to €32,727,273; and
- an increase in the Deferred Purchase Price ("DPP") to a maximum of €27,272,727.

14 Borrowings

	2021 €	Maturity Date	Interest rate
Subordinated loan	**7,847,216**	November 2024	8.00%

	2020 €	Maturity Date	Interest rate
Subordinated loan	**8,347,216**	January 2023	8.00%

The Company in relation to the Securitisation Program entered into a Subordinated Loan Agreement with Toro dated 27 May 2016. The Euro facility is for up to €40,000,000 (2020: €40,000,000) and permits the Company to request funds up to this amount to purchase receivables from Toro.

Notes to the financial statements *(continued)*

15 Other payables

	2021 €	2020 €
Deferred purchase price payable to Toro	**20,191,993**	**16,652,784**

Deferred purchase price payable to Toro is part of the total consideration for the assigned receivables and is a credit enhancement of the Notes.

16 Called up share capital

	2021 €	2020 €
Authorised:		
100 ordinary shares of €1 each	**100**	**100**
Allotted, called up and fully paid:		
1 ordinary share of €1	**1**	**1**

17 Financial risk management

The Company's activities expose it to a variety of financial risks, including market risks, credit risks and liquidity risks. The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Company are discussed below.

Market risk

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

Interest rate risk

The Company is exposed to interest rate risk on the subordinated facilities and the notes. This risk is minimised by the income received from the loans receivable as well as the limited recourse nature of the Notes. Any shortfall to pay the expenses of the Company will be borne by the Noteholders. This income is sufficient to pay all interest and operating expenses of the Company. Any excess in income on the financial assets versus the interest due on the subordinated facilities and the notes will be used to pay the expenses of the Company. At the reporting date, the interest rate profile of the financial assets and liabilities was;

	Fixed 31 December 2021 €	Total 31 December 2021 €
Loans receivable	**214,026,744**	**209,488,747**
Notes issued	**(272,727,273)**	**(272,727,273)**
Subordinated loan	**(7,847,216)**	**(7,847,216)**
Total	**(66,547,745)**	**(71,085,742)**

Currency risk

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The debt securities issued by the Company are denominated in Euro. The financial assets of the Company are also denominated in Euro and, therefore, the Company is not exposed to any material currency exchange fluctuations.

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Price risk

Price risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk may include risks such as equity price risk, commodity price risk, prepayment risk and residual value risk.

In relation to the Company's portfolio of loan receivables, this is not subject to equity price risk, commodity price risk or residual value risk. In relation to prepayment risk, the Directors do not consider this to be a significant risk from the perspectives of either (i) the Noteholders, as the portfolio is 100% fixed rate or (ii) the Company, as any fluctuation in the value of the loans held by the Company is borne by the Noteholders.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key area where the Company is exposed to credit risk is the loans receivable from Toro, who may default and not pay amounts due to the Company.

Any credit losses realised on the loans receivable not absorbed by the income are recovered through extinguishment firstly of the DPP, secondly the subordinated facility and thirdly the notes by an equal amount thereby eliminating the credit risk for the Company.

The Company has detailed the level of credit risk it accepts on its exposures in the Receivables Sale Agreement dated 27 May 2016. Such risks are monitored and are subject to ongoing review. In relation to the underlying assigned receivables the Company has appointed Gedesco Services Spain S.A.U. (the "Servicer") to manage this risk on behalf of the Company. In relation to the cash and cash equivalents the Company may only deal with counterparties which satisfy the ratings criteria detailed in the Common Terms Agreement dated 27 May 2016. If a counterparty falls below the minimum ratings criteria they may be replaced. Please refer to Note 20 for further details regarding the Company's business activities post year end.

The receivables consist of loans receivable from Toro which satisfy the eligibility criteria as set out in the Common Terms Agreement dated 27 May 2016.

The assets bearing credit risk are summarised below:

	2021 €	2020 €
Cash and cash equivalents	**96,533,925**	**69,409,921**
Loans receivables	**214,026,744**	**160,216,691**
Total assets bearing credit risks	**310,560,669**	**229,626,612**

In relation to cash and cash equivalents the Company monitors the ratings (Moody's) of the relevant account bank ensuring that they continue to be eligible institutions. Should an account bank downgrade occur and the account bank ceases to be an eligible institution, the Company will transfer all funds to an account bank that is an eligible institution. The short term credit rating of the relevant banks with whom the Company holds cash and cash equivalents are as follows:

	2021 Credit Rating	2020 Credit Rating
Citigroup	**P-2**	**P-2**

According to the transaction's documentation, Toro have the option of buying back defaulted assets sold to the Company at any time, but the obligation of doing that re-purchase is on a quarterly basis.

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Concentration risk

All of the loans receivable from Toro are secured by the assigned receivables located in Spain.

The following are the concentration tables in respect to the assigned receivables showing the positions as at 31 December 2021 at the loans' nominal amounts.

Direct Debtor Industry

	Number of Loans	% of Total	Balance €	% of Total
Civil engineering	203	19.08	57,585,099	26.30
Consulting	89	8.36	23,874,763	10.91
Food products	321	30.17	10,338,682	4.72
Financial institutions	19	1.79	11,937,768	5.45
Steel	57	5.36	22,682,508	10.36
Air transport	33	3.10	15,423,593	7.05
Others	342	32.14	77,086,973	35.21
Total	**1,064**	**100**	**218,929,386**	**100**

The following are the concentration tables showing positions as at 31 December 2020

Direct Debtor Industry

	Number of Loans	% of Total	Balance €	% of Total
Civil engineering	172	15.43	31,509,910	19.18
Consulting	57	5.11	12,271,449	7.47
Food products	298	26.73	19,302,069	11.75
Industrial equipment	115	10.31	9,216,306	5.61
Steel	59	5.29	19,318,033	11.76
Air transport	20	1.79	8,154,432	4.96
Others	394	35.34	64,515,398	39.27
Total	**1,115**	**100**	**164,287,597**	**100**

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient financial resources to meet its obligations as they fall due, or might have to do so at an excessive cost. The Company's primary obligation is to pay any amounts due under its subordinated loan agreement and notes issued which are limited in recourse and as such subordinated loans and notes issued provide that the lenders only have recourse against the Company's assets in respect of amounts payable thereunder, if and to the extent the Company receives payments under any security relating to the underlying assigned receivables. The following are the contractual maturities of the Company's financial liabilities including undiscounted interest payments.

Notes to the financial statements *(continued)*

17 Financial risk management (continued)

Liquidity Risk (continued)

Financial liabilities **2021**	**Less than 1 month** **€**	**Between 1 and 3 months** **€**	**Between 3 months and 1 year** **€**	**Between 1 and 5 years** **€**	**Total** **€**
Notes payable	**-**	**-**	**-**	**272,727,273**	**272,727,273**
Subordinated loan payable	**-**	**-**	**-**	**7,847,216**	**7,847,216**
Interest expense	**803,830**	**1,208,630**	**5,438,833**	**7,856,092**	**15,307,385**
Deferred purchase price	**-**	**-**	**-**	**20,191,993**	**20,191,993**
	803,830	**1,208,630**	**5,438,833**	**308,622,574**	**316,073,867**

Financial liabilities **2020**	**Less than 1 month** **€**	**Between 1 and 3 months** **€**	**Between 3 months and 1 year** **€**	**Between 1 and 5 years** **€**	**Total** **€**
Notes payable	**-**	**-**	**-**	**200,000,000**	**200,000,000**
Subordinated loan payable	**-**	**-**	**-**	**8,347,216**	**8,347,216**
Interest expense	**604,315**	**1,208,630**	**5,438,833**	**7,856,092**	**15,107,870**
Deferred purchase price	**-**	**-**	**-**	**16,652,784**	**16,652,784**
	604,315	**1,208,630**	**5,438,833**	**232,856,092**	**240,107,870**

Fair value hierarchy

The carrying amounts of the financial assets and liabilities including cash and cash equivalents, loans receivable, debt securities issued, borrowings and payables, approximate their fair value due to their short term nature.

The Company does not hold financial assets nor liabilities measured at fair value. Accordingly, the disclosure of the fair value hierarchy under IFRS 13 is not required.

18 Related parties

Transactions with Wilmington Trust SP Services (Dublin) Limited

During the financial year, the Company purchased services to the value of €12,674 (2020: €32,402) from Wilmington Trust SP Services (Dublin) Limited ("WTD") in accordance with the Corporate Services Agreement dated 27 May 2016. An amount of €2,549 (2020: €1,752) was outstanding at year end. Alan Geraghty and Michael Carragher are Directors of Castilla Finance Designated Activity Company and employees of WTD. Alan Geraghty is also a director of WTD. The amount charged by WTD for directors services is €Nil (2020: €Nil). These services were provided under normal commercial terms.

Notes to the financial statements *(continued)*

19 Ultimate parent company

The principal shareholder is Wilmington Trust SP Services (Dublin) Limited who holds 100% of the shares of the Company in trust for charity under the terms of a declaration of trust. The trustee holds the share of the Company in discretionary trust for a number of charitable objectives.

The trustee has appointed a Board of Directors to run the day to day activities of the Company. The Board have considered the issue as to who is the ultimate controlling party of the Company. It has determined that the control of the day to day activities rests with the Board. The Board is composed of two Directors Cliona O'Faolain and Alan Geraghty both of whom are employees of Wilmington Trust SP Services (Dublin) Limited, being the entity that acts as Administrator to the Company.

20 Subsequent events

In May 2022 Cliona O'Faolain resigned as director with Michael Carragher's appointment becoming effective on the same day.

In November 2022, the Company, acting upon directions from the Noteholders, appointed Alantra CPA Iberia, S.L. to undertake an audit of the Company's receivables portfolio collateralising the Notes (the "Audit"). Following the Audit, Gedesco Services Spain S.A.U.'s appointment as servicer was terminated and Toro Finance S.L.U ("Toro") was appointed as successor servicer. Hipoges Iberia S.L ("Hipoges") was appointed as back-up servicer.

In October 2023 the maturity date of both the Senior and Mezzanine tranches was extended to November 2024. In February 2024 the maturity date of both the Senior and Mezzanine tranches was further extended to October 2025.

In September 2024, acting upon directions from the Noteholders, Toro's appointment as servicer of the Company's receivables portfolio was terminated. Hipoges was subsequently appointed as successor servicer. Simultaneously, the Company ceased purchasing new receivables from Toro. The maturity date of both the Senior and Mezzanine tranches was amended to May 2025 in September 2024 also.

In December 2024, Toro was declared insolvent by the Spanish courts and its insolvency officials have claimed ownership of certain receivables previously purchased by the Company. The Company is seeking to assert its ownership of the relevant receivables in legal proceedings in Spain. Of these disputed receivables, the amount which relates to 2021 is immaterial. At the time of approval of the financial statements, the recoverability of the receivables under dispute remains uncertain, and the directors are closely monitoring the progress of the legal proceedings.

At December 2025 the value of the loans receivable from Toro amounted to €120,977,840 while the outstanding balance on the Senior Notes and Mezzanine Notes was €82,457,626 and €32,727,273 respectively. The Senior and Mezzanine Notes are in default. Resolution efforts are ongoing. The Company has reserve funds to cover running costs and is also in negotiations with the noteholders to secure additional funding for any possible shortfall until dissolution.

There were no other significant subsequent events since the financial year end up to the date of approval of the financial statements requiring disclosure or amendment to these financial statements.

21 Capital management

The Directors view the Company's share capital as its capital. Share capital of €1 was issued in line with Irish Company Law and is not used for financing the investment of the Company. The Company is not subject to any other externally imposed capital requirements.

22 Approval of financial statements

The financial statements were approved by the Board of directors on 27/03/2026.