

Annual Report 2022

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The complete disclaimer can be obtained from www.castleai.com.

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Further information

Periodic updates of elements of this annual report and supplementary information can be retrieved from the Company's website www.castleai.com

Publication date

This report was released for publication on 21 April 2023.

The subsequent event note in the financial statements has been updated to 21 April 2023.

Amounts in the report are stated in USD thousands (TUSD) unless otherwise stated.

Report of the statutory auditor

to the General Meeting of Castle Alternative Invest AG in Liquidation

Pfäffikon SZ

Report on the audit of the financial statements

Opinion

We have audited the financial statements (interim liquidation balance sheet) of Castle Alternative Invest AG in Liquidation (the Company) prepared on the basis of liquidation values, which comprise the balance sheet as at 31 December 2022, and the statement of income for the year then ended, and notes to the company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and 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 provisions of Swiss law and the requirements of the Swiss audit profession, 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.

Liquidators' responsibilities for the financial statements

The liquidators are responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the liquidators determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Swiss law and SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the liquidators, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the liquidators.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Jack Armstrong
Licensed audit expert
Auditor in charge

Laura Busch
Licensed audit expert

Zürich, 21 April 2023

Balance sheet

As of 31 December 2022 (All amounts in thousands unless otherwise stated)

	Note	2022 USD	2022 CHF ¹⁾	2021 USD	2021 CHF ¹⁾
Assets					
Current assets:					
Cash and cash equivalents		10,922	10,108	16,027	14,607
Participations	3	—	—	1,491	1,359
Total current assets		10,922	10,108	17,518	15,966
Total assets		10,922	10,108	17,518	15,966
Liabilities					
Current liabilities:					
Other accrued liabilities		367	340	7,076	6,449
Total current liabilities		367	340	7,076	6,449
Equity					
Shareholders' equity:					
Share capital	7	260	252	260	252
Legal reserves					
Reserves from capital contributions		9,378	11,947	9,378	11,947
Accumulated surplus		917	756	804	648
Accumulated translation difference		—	(3,187)	—	(3,330)
Total shareholders' equity		10,555	9,768	10,442	9,517
Total liabilities and equity		10,922	10,108	17,518	15,966

¹⁾ Art. 958d of the SCO requires the Company to disclose the Swiss Franc amounts as supplemental information.

Statement of income

For the year ended 31 December 2022 (All amounts in thousands unless otherwise stated)

	Note	2022 USD	2022 CHF ¹⁾	2021 USD	2021 CHF ¹⁾
Income					
Value adjustments on participations	2 b)	(1,491)	(1,422)	(68,513)	(62,716)
Dividends from participations		1,569	1,496	70,570	64,598
Other income		3	3	9	9
Gain on foreign exchange, net		414	395	264	240
Total income		495	472	2,330	2,131
Expenses					
Administrative expenses		—	—	(273)	(250)
Total expenses		—	—	(273)	(250)
Profit before extraordinary expenses and taxes		495	472	2,057	1,881
Extraordinary expenses					
Liquidation expenses	8	(382)	(364)	(624)	(571)
Total extraordinary expenses		(382)	(364)	(624)	(571)
Profit before taxes		113	108	1,433	1,310
Taxes	5	—	—	(6)	(6)
Profit for the year		113	108	1,427	1,304

¹⁾ Art. 958d of the SCO requires the Company to disclose the Swiss Franc amounts as supplemental information.

Notes to the company financial statements

For the year ended 31 December 2022

(All amounts in thousands unless otherwise stated)

1 Organisation and business activity

Castle Alternative Invest AG in Liquidation, Pfäffikon ("the Company") was incorporated on 30 July 1996 as a joint stock corporation under Swiss laws. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon. Since 10 April 1997, the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange. At the annual meeting on 12 May 2021 the liquidators proposed to the shareholders the dissolution and liquidation of the Company, which was accepted by the shareholders. The liquidators of Castle Alternative Invest AG in Liquidation decided on 28 January 2022 to delist all 5,043,659 registered shares from SIX Swiss Exchange. The delisting on SIX was requested and approved for 1 June 2022. The last trading day on SIX was Tuesday, 31 May 2022.

The main activity of the Company was to invest in a diversified portfolio of non-traditional investments, through its two Subsidiaries, Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary").

As of 31 December 2022 and 31 December 2021 the Company did not employ any employees.

2 Accounting principles

These Company financial statements (interim liquidation balance sheet) have been prepared in accordance with Art. 743 para.5 and the provisions on accounting and financial reporting of the Swiss Cod of Obligations (Art. 957 to 963b CO). Due to the decision to liquidate the Company the financial statements of the Company have therefore been prepared on a basis other than going concern. The following changes were applied:

- all assets are displayed under the current assets in the balance sheet;
- the accrual of the best estimate of all future wind up costs are displayed under the accrued expenses and other payables in the balance sheet; and
- the liquidation values are the basis of preparation for the financial statements as of 31 December 2022.

a) Participations

Up to 12 May 2021 the participation in the Cayman Subsidiary were stated at acquisition cost or at the lower net realisable value, using the net asset value of the Cayman Subsidiary. Should the net asset value of the Cayman Subsidiary have been higher in the current year as compared to the previous year(s) level, no upwards valuation adjustments would have been made. Since 12 May 2021, the participation have been valued on a liquidation basis at liquidation value or realisable value. There is no participation as of 31 December 2022 as all participation were sold.

b) Functional and presentation currency

The books of the Company are kept in US Dollar (functional currency). Up until 31 December 2017 the Company's financial statements were presented in Swiss Francs (presentation currency). Effective as of 1 January 2018 the liquidators of the Company resolved to use the US Dollar as its presentation currency for statutory reporting. This change of the presentation currency improves the transparency of the statutory reporting and the comparability to the consolidated financial statements of the Group which are also presented in US Dollars.

From 2018, in accordance with the Swiss Code of Obligations, the Company also presents the Swiss Franc amounts next to the US Dollar presentation currency (identified as Swiss Francs supplementary information). The conversion from the US Dollar to the Swiss Franc supplementary information is conducted as follows:

- all assets and liabilities by applying the year-end exchange rate;
- income and expenses at the average exchange rate for the year; and
- the shareholders' equity at the historical exchange rate.

The currency translation difference from the conversion of the US Dollar values into the Swiss Franc values are cumulatively presented in the shareholders' equity as accumulated translation difference.

The 2022 and 2021 Swiss Franc amounts presented are for supplementary information only (SCO 958d Para.3).

3 Participations

The Company's only direct investment was 100 per cent of the voting participating redeemable ordinary shares of the Cayman Subsidiary. The Cayman Subsidiary was invested in the Ireland Subsidiary, an open ended investment company with variable capital under the laws of Ireland.

Where a dividend distribution has been approved by a subsidiary, the participation income from the subsidiary is recognised based on an economic standpoint, i.e. at the same time as the corresponding liability is recorded in the subsidiary.

Balance sheet reconciliation of participation carrying value	2022 TUSD	2022 TCHF	2021 TUSD	2021 TCHF
1 January	1,491	1,359	70,004	61,968
Realized loss on participation	(1,491)	(1,422)	—	—
Valuation adjustment on participation	—	—	(68,513)	(62,716)
Foreign exchange translation differences on participation through shareholders' equity	—	63	—	2,107
31 December	—	—	1,491	1,359

4 Foreign exchange rates

The following exchange rates have been applied to translate the foreign currencies of significance for the Company:

Foreign exchange rates		Unit	2022 USD	2021 USD
Swiss Francs	Year-end rates	1 CHF	1.0806	1.0972
Swiss Francs	Average annual rates	1 CHF	1.0485	1.0924

5 Taxes

For Swiss federal, cantonal and communal tax purposes, an income tax is levied. However, there is a participation exemption on dividend income and capital gains on qualifying participations. The result of the participation exemption relief is that dividend income and capital gains are almost fully excluded from taxation. The actual tax expenses cover all taxes through 31 December 2022.

6 Pledged assets

The credit line with LGT Bank Ltd., Dublin Branch was closed on 30 September 2021.

7 Shareholders' equity

Shareholders' equity

The share capital of the Company at 31 December 2022 amounts to TUSD 260 (TCHF 252) (31 December 2021: TUSD 260, TCHF 252) consisting of 5,043,659 (2021: 5,043,659) issued and fully paid registered shares with a par value of CHF 0.05 (31 December 2021: CHF 0.05).

Each share entitles the holder to participate in any distribution of income and capital. The Company regards shareholders' equity as the capital that it manages. Shareholders' equity amounts to TUSD 10,555 (TCHF 9,768) as of 31 December 2022 (31 December 2021: TUSD 10,442, TCHF 9,517).

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange.

Allocation of legal reserves from capital contributions

As at 31 December 2022 the reserves from capital contributions that are available for distribution to shareholders amount to TUSD 9,378 (TCHF 11,947) (31 December 2021: TUSD 9,378, TCHF 11,947).

Shareholders' equity

In 2022 (all amounts in US Dollar thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/(deficit)	Total
1 January 2022	260	9,378	804	10,442
Gain for the year	—	—	113	113
31 December 2022	260	9,378	917	10,555

Shareholders' equity (supplementary information)

In 2022 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/(deficit)	Translation difference	Total
1 January 2022	252	11,947	648	(3,330)	9,517
Gain for the year	—	—	108	—	108
Translation difference	—	—	—	143	143
31 December 2022	252	11,947	756	(3,187)	9,768

8 Liquidation expenses

With the decision of the shareholders on May 12, 2021 to dissolve and liquidate the Company, future liquidation costs of the company were calculated and accrued. These accrued expenses will be used for further liquidation proceedings and to settle future costs.

9 Subsequent events

The Company's financial statements are authorised for issue on 21 April 2023 by the liquidators. The annual general meeting called for 17 May 2023 will vote on the final acceptance of the Company's financial statements.

Since the balance sheet date of 31 December 2022, there have been no material events that could impair the integrity of the information presented in the financial statements.

Registered office

Castle Alternative Invest AG in Liquidation
Schützenstrasse 6, 8808 Pfäffikon/SZ
Switzerland
Telephone +41 55 415 9487
Fax +41 55 415 9488

Investment manager

LGT Capital Partners (Ireland) Ltd.
Third Floor
30 Herbert Street
Dublin 2, Ireland
Telephone +353 1 433 7420
Telefax +353 1 433 7425

www.castleai.com