Annual Report

2021

castle
PRIVATE EQUITY

Contents

Further information

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

Publication date

This report was released for publication on 18 February 2022.
The subsequent event notes in the financial statements have been updated to 16 February 2022.
Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Private Equity in 2021

(All amounts in USD, unless when indicated otherwise)

	2021	2020
Net asset value	149 million	158 million
Payments to shareholders (CHF)	34 million	—
Net asset value per share	14.73	15.50
Share price (CHF)[1]	9.55	10.00
Discount to net asset value	28.8 per cent	27.3 per cent
Private equity assets	113 million	123 million
Capital calls	0.2 million	1 million
Distributions	38 million	30 million
Investment degree	76 per cent	78 per cent
Uncalled commitments	44 million	46 million
Uncalled as per cent of NAV	30 per cent	29 per cent
Cash position	37 million	36 million
Treasury shares	308,371	204,387
Cancelled shares[2]	—	849,410
Shares in circulation	10,104,741	10,208,725

[1] Representing the closing trade price on the last trading day of the year.
[2] 849,410 shares cancelled on 12 August 2020, no cancellation in 2021.

Chairman's statement

Patient harvesting approach remains key priority

Dear shareholders

Further NAV growth despite ongoing pandemic and advanced stage of harvesting process

I am pleased to report that in spite of the ongoing pandemic and the advanced stage of Castle's harvesting process, the Company's net asset value (NAV) per share increased by 15.32 per cent to USD 14.73 by the end of 2021.

PE-backed companies have provided greater growth opportunities than many public peers despite economic uncertainty

Private equity has proven to be both stable and even resilient, despite economic uncertainty, as illustrated during the 2008 global financial crisis and the current COVID-19 pandemic. During both events, private equity backed companies have provided greater growth opportunities than many public company competitors. Mergers and acquisitions activity in 2021 has reached new levels, with deal value in the US reaching USD 787 billion at the end of Q3, surpassing the annual record set in 2019. This upsurge in activity isn't only a US phenomenon; it can be found across the globe. The 2021 uptick was driven in part by a backlog of deals that were paused to ride out the uncertainty of 2020. There is an expectation that there will be a pullback in 2022, though we believe that activity is likely to remain robust given the large sums of dry powder amassed that still need to be put to work.

As the competition for quality assets continues, there is a concern about overpaying just to deploy capital. This concern is not new, it has been present for the last three to four years. It is important that investors pay close attention to the lender response to this issue to determine if they will continue lending at high multiples or pull back. One difference from 2008 that we have observed is that lenders have displayed high levels of patience during the COVID-19 pandemic. Lenders learned from the past that those who were patient saw greater returns in the years following 2008. Today, lenders and PE are generally working in partnership, avoiding rash reactions that could deter long-term growth. This collaboration has generated greater returns. This past year, the world acclimatised to living and working in the new environment caused by the pandemic.

The patient harvesting approach that remained our company's primary focus also during 2021 paid off, even if more mature portfolios such as Castle's tend to have less upside potential than younger portfolios. Despite this background, Castle realised a distribution-adjusted NAV per share increase of 15.32 per cent in 2021 to USD 14.73 by the end of 2021. The Company's share price closed the year at CHF 9.55 per share representing a discount to NAV of 29 per cent. The investment manager's report below outlines the performance drivers in more detail.

General meeting 10 May 2022 in Switzerland

The Company's 2022 annual general meeting is scheduled to take place on 10 May 2022 in Pfäffikon in Switzerland. The board welcomes the opportunity to discuss the progress of the Company with interested shareholders.

We thank you for your support.

Yours sincerely

Gilbert J. Chalk
Chairman

Investment manager's report

2021 was a truly unusual year

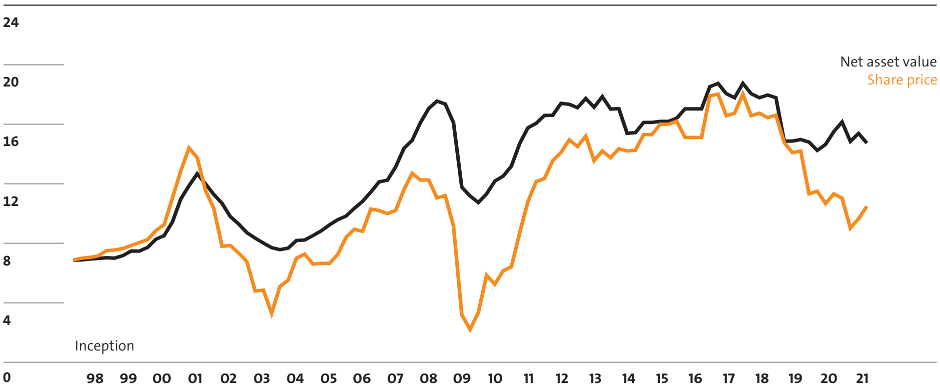
Dear shareholders

NAV growth at 15.32 per cent despite economic uncertainty

Private equity has proven to be both stable and even resilient, despite economic uncertainty, as illustrated during the 2008 global financial crisis and the COVID-19 pandemic. During both events, PE-backed companies provided greater growth opportunities than many public company competitors, delivering the returns asset managers sought. This was also the case for Castle Private Equity. The company's net asset value (NAV) closed at USD 14.73 per share on 31 December 2021, representing an NAV total return of +15.32 per cent for the twelve months of 2021. The positive NAV performance in 2021 was mainly attributable to movements in the valuation multiples of comparable companies coupled with realisations above their carrying value. Currency movements due to a decrease in the value of the Euro versus the Dollar during the course of the year resulted in an unrealised currency loss of USD 2.2 million.

2021 was a truly unusual year. After 2020, a year fraught with the effects of the global COVID-19 pandemic that wreaked havoc on world markets, forcing families into their homes with lockdowns and businesses to shutter their doors, 2021 saw the advent of safe & effective vaccines and renewed consumer confidence. Because of the structural constraints and production gaps caused by COVID-19, however, this resurgence of consumer demand led to several disruptions, anomalies, and record-setting prices in certain markets.

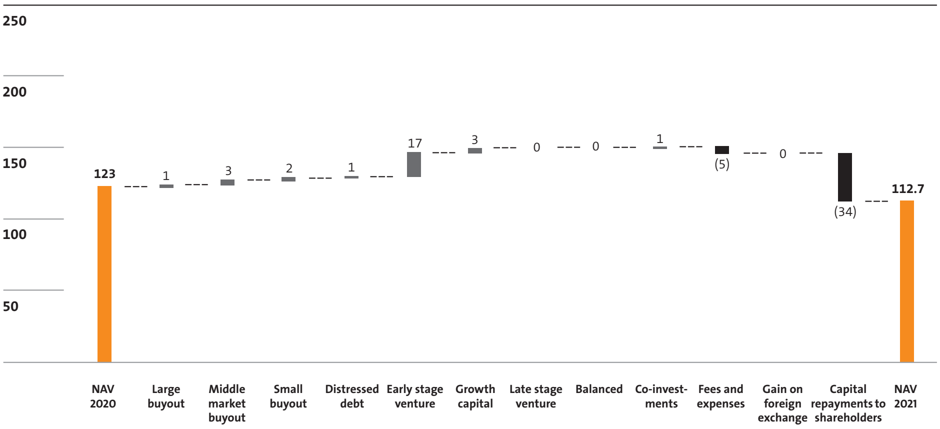
Share price and net asset value since inception
in USD per share



Private equity deal activity expected to remain robust given large sum of dry powder

In a year of unprecedented health crisis and social upheaval, private equity firms and investors have had to adapt rapidly to sudden and ever-evolving economic conditions and cultural and political norms. With the global economy coming to an immediate and severe standstill at the onset of the COVID-19 pandemic, private equity fundraising and M&A activity halted in the spring of 2020. Almost as suddenly and surprisingly came a rebound in the second half of 2020, as pent-up demand occured and sought new target assets. Private equity deal activity ultimately rose globally in 2020 compared to 2019 in terms of deal value, outpacing the overall M&A market rebound. This rebound has been continuing apace in 2021. The 2021 uptick was driven in part by a backlog of deals that paused to ride out the uncertainty of 2020. There is an assumption that there will be a pullback in 2022, though we expect activity to remain robust given the large sums of dry powder amassed that still need to be put to work. As the competition for quality assets continues, there is a concern about overpaying just to deploy capital. This concern is not new, it has been present for the last three to four years. It is important that investors pay close attention to the lender response to this issue to determine if they will continue lending at high multiples or pull back. One difference from 2008 that we have observed is that lenders have displayed high levels of patience during the COVID-19 pandemic. As lenders learned from the past that those who were patient saw greater returns in the years following 2008. Today, lenders and PE are generally working in true partnership, avoiding rash reactions that could deter long-term growth. This collaboration has generated greater returns.

NAV change by financial stage in 2021
in USD millions



Growth mainly driven by venture/growth capital and in general buyout investments

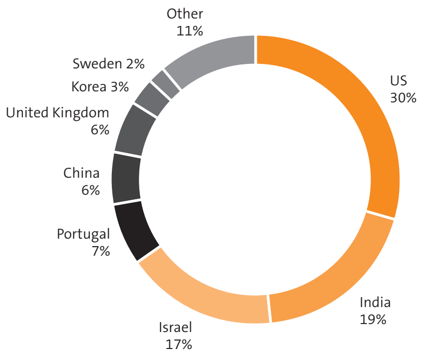
Portfolio gains of USD 28 million and a USD 2.2 million unrealised currency loss

The net asset value of Castle Private Equity developed positively throughout the year, increasing by 15.32 per cent as of 31 December 2021. This positive development was mainly driven by realisations of existing holdings over their carrying value. In 2021, the portfolio generated gains of over USD 28 million and a small USD 2.2 million unrealised currency loss, given a 7.9 per cent decrease in the EUR versus the USD. The early stage venture capital segment of the portfolio contributed most in absolute terms, supported by good results from growth capital investments.

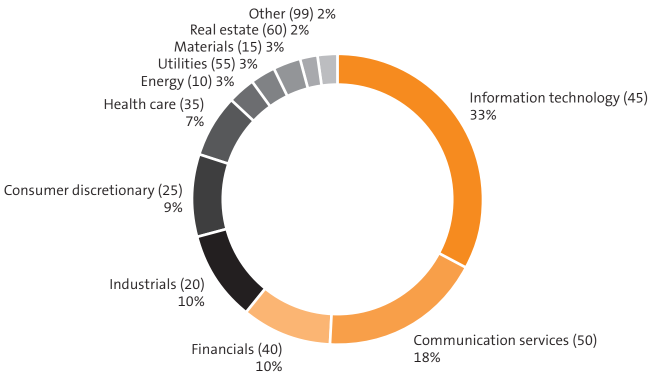
Portfolio review at the company level

Per December 2021

Geographical regions



Industry sectors (GICS)



Middle-market buyout investments performed also well with an average IRR of 5.5 per cent. Funds focusing on large buyout transactions returned a positive performance of 20.7 per cent. Small buyouts also contributed positively with 16.8 per cent for 2021.

Venture stage investments contributed nicely to the overall performance in 2021 with IRRs of 86.2 per cent for early stage venture funds, 2.7 per cent for late stage venture investments and funds focusing on growth capital investments representing a contribution of 194.6 per cent.

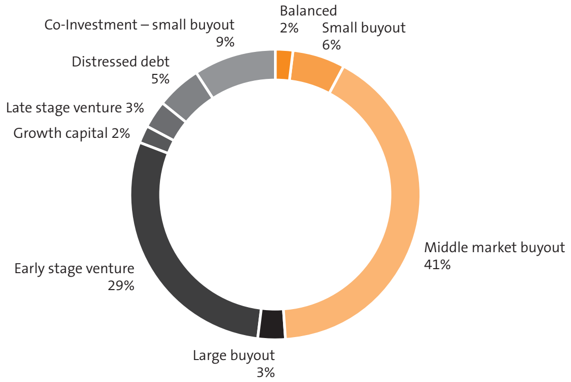
Distressed debt investments recorded a positive performance during the year of 17.3 per cent. Most of the investments in this stage were valued using public debt market pricing.

Finally, **balanced** investments (2 per cent of assets) had negative impact during the past year, generating returns of minus 1.1 per cent.

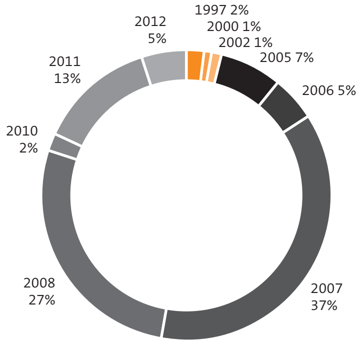
Asset allocation (asset value)

Per December 2021

Financing stage



Vintage year



Increasing portfolio maturity leading to lower levels of net cash inflows

Stable level of net cash inflows

Partnership investments distributed USD 38 million back to Castle during the course of the year vs. USD 30 million in 2020. Distributions were generated from almost all available exit channels, including sales to strategic buyers, secondary buyouts (sale of a private equity-backed company to another private equity manager) as well as IPOs and recapitalisations.

Capital calls of underlying partnerships proved to be less and less relevant also for 2021, with annual drawdowns of only USD 0.2 million. In general, this capital was used to support add-on acquisitions and to meet management fee liabilities.

Majority of uncalled capital can be considered stale

Uncalled capital stands at USD 44 million or 30 per cent of NAV

Castle terminated its investment activity with the adoption of the harvesting strategy in April 2012. The amount of uncalled capital – commitments that underlying funds can still call for new investments – was reduced further during the course of 2021. A vast majority of the remaining uncalled capital can be considered as stale given that the maturity of virtually all funds in Castle's portfolio have matured beyond their investment period.

Major exits

In 2021

Month	Partnership	Company	Sector, location	Exit channel
May	Index Ventures III (Jersey), L.P.	Ozon holdings	e-commerce, Russia	public markets (partial sale)
May	Polish Enterprise Fund VI, L.P.	Wento	renewable energy, Poland	sale to Equinor
June	TPG Partners VI, L.P.	Creative Artists Agency	entertainment, USA	sale to TPG Continuation fund
June	Wynnchurch Capital Partners II, L.P.	Pro-Fab Group	construction, Canada	sale to Kairos Capital Management LP
July	EOS Capital Partners IV, L.P.	RMS	retail banking, USA	sale to a publicly-traded mortgage originator
July	Summit Partners Europe Private Equity Fund, L.P.	Calypso Technology	technology	sale to Thoma Bravo
July	E-Center Network Castilla y Leon, S.L. (Ambuiberica)	HTG (Ambuiberica)	medical services, Spain	sale to Real Assets IM
July	Bain Capital Europe Fund III, L.P.	Worldpay	technology, USA	sale to Fidelity
September	TPG Partners VI, L.P.	Prosight	insurance, USA	sale to TowerBrook Capital
September	Bain Capital Asia Fund II, L.P.	Japan Wind Development	wind farm assets, Japan	secondary sale to Bain Asia IV
November	EOS Capital Partners IV, L.P.	RCG Holdings	digital transformation, USA	sale to Frontenac
November	SAIF Partners III, L.P.	One97 Communications (PayTM)	diversified telecommunication services, India	public markets (partial sale)

Over USD 757 million returned to shareholders since implementation of harvesting strategy

Continuing cash generation will allow further distributions to shareholders

The tailwinds of the last few years also supported Castle over the course of the past twelve months and led to further cash generation. Net cash inflows for the past twelve months increased significantly compared to previous years reflecting on the one hand Castle's increased maturity profile of its underlying investments and on the other hand attractive market conditions for realisations. Also during the past year, one of Castle's key priorities under the prevailing realisation scheme remained the effective and tax efficient distribution process for its available liquidity. In total, Castle returned over USD 33.6 million to its shareholders during the course of 2021, which brings the overall distributions made since the implementation of the harvesting strategy in April 2012 to over USD 757 million. While the remaining portfolio is of high quality, the investment manager continues to benchmark expected returns with current pricing and, should pricing on the secondary market prove attractive, may consider accelerating the realisation of the portfolio.

We would like to take this opportunity to thank you for your trust and patience. We are fully committed to persistently execute the harvesting strategy and look forward to updating you on further progress over the coming months.

Yours sincerely

LGT Private Equity Advisers AG

Major underlying company positions in 2021[1)]

Year invested	Partnership	Company	GICS Industry, location
2007	SAIF Partners III, L.P. SAIF Partners III Limited (Secondary – Desert)	One97 Communications	diversified telecommunication services, India
2011	Viola Ventures III, L.P.	IronSource Ltd.	software, Israel
2012	Stirling Square Capital Partners Omni Co-Investment, L.P. Stirling Square Capital Partners Second Fund (VCOC), L.P.	Omni Helicopters International	airlines, Portugal
2015	Summit Partners Europe Private Equity Fund, L.P.	Darktrace	information technology, UK
2012	Mangrove III S.C.A. SICAR	WalkMe	software, Israel
2008	Viola Ventures III, L.P.	Payoneer	diversified financial services, US
2012	Permira IV, L.P. 2	Genesys	information technology, US
2007	SAIF Partners III, L.P. SAIF Partners III Limited (Secondary – Desert) SB Asia Investment Fund II, L.P.	National Stock Exchange of India	diversified financial services, India
2012	EOS Capital Partners IV, L.P.	ProEnergy Services	energy, US
2015	Hahn & Company I, L.P.	Hanon Systems	automotive supplies, South Korea

1) Based on the latest available financial statements from the underlying private equity partnerships, i.e. primarily 30 September 2021.

Report of the statutory auditor

to the General Meeting of Castle Private Equity AG

Pfäffikon SZ

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Castle Private Equity AG and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the year ended 31 December 2021, the consolidated balance sheet as at 31 December 2021 and the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 16 to 65) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

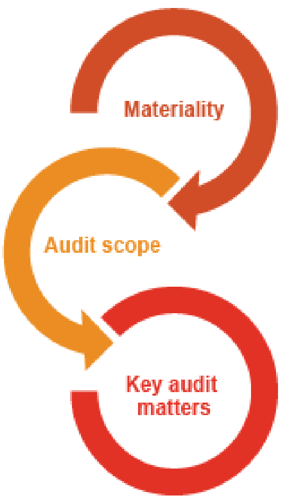
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), 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.

Our audit approach

Overview



Overall Group materiality: USD 1.5 million

We conducted full scope audit work at all of the reporting units, which are located in Switzerland, Cayman Islands and Ireland.

Our audit scope therefore addressed 100% of the Group's assets, liabilities, equity, income and expenses and cash flows.

As key audit matters the following areas of focus have been identified:

- Valuation of private equity investments
- Ownership of private equity investments

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

pwc

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 1.5 million
Benchmark applied	Total equity
Rationale for the materiality benchmark applied	We chose total equity as the benchmark because in our view it is the most relevant benchmark for investors and is a generally accepted benchmark for investment companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of private equity investments

Key audit matter	How our audit addressed the key audit matter
The investment portfolio comprises investments in private equity funds and co-investments. All of the Group's investments are unquoted. We focused on this area because of the significance of the investments in the financial statements, and because determining the valuation methodology and the inputs requires estimation and judgement to be applied by the investment manager and the board of directors. Investments at fair value through profit or loss amount to USD 112.7 million or 75% of total assets. Refer to notes 3	The investment valuations are prepared by the investment manager applying the valuation methods disclosed in note 2 i) (iii). We attended a meeting of the board of directors where these investment valuations were reviewed to observe this process. We tested the design and implementation of the controls around the valuation of investments at the investment manager, to determine whether appropriate controls are in place. As the valuation provided by the investee fund manager is the primary source for valuation, we obtained information on the latest available valuation from the administrator or investee fund manager and checked that this information

(Critical accounting estimates) and 19 e) (Fair value estimation) for further disclosure and note 2 i) (iii) (Summary of accounting policies) for the valuation methods applied.	appropriately supports the valuation applied by the investment manager. We tested controls over the fair value check process applied by the investment manager, which employs a risk-based approach to determine investments for which a fair value adjustment may be required. This process includes a review of the prior year audited financial statements of each investee fund with an assessment of how the investee fund assesses fair value and how accurate the prior year estimated fair value was in comparison to the audited net asset value. On a sample basis, where there were investments identified as having a higher risk of valuation error by the investment manager in the fair value check process described above, we tested those investments in further detail. In these cases, we challenge the procedures applied by the investment manager, including the adequacy of the inputs used as set out in note 3, focusing particular attention on co-investments and on other investments in private equity funds subject to adjustments using the results of the investment manager's own review and analysis. Where there was a time lag between the date of the latest available reporting and the balance sheet date, we tested the determination of the fair value by the investment manager, by testing cash flows from capital calls and distributions on a sample basis over the course of the year and subsequent to the year end. In particular, we ensured that the cash flow amounts recorded by the company were appropriately reconciled to the call or distribution notices received from the investee fund. We obtained sufficient audit evidence to conclude that the inputs, estimates, and methodologies used for the valuation of the investments are within a reasonable range and that valuation policies were consistently applied by the investment manager.

Ownership of private equity investments

Key audit matter	How our audit addressed the key audit matter
Private equity investments are not safeguarded by an independent custodian. There is a risk that the Group may not have sufficient legal entitlement to these investments.	We confirmed investment holdings with the investee fund manager, registrar, or transfer agent, as appropriate. We therefore obtained sufficient audit evidence to verify the existence and legal ownership of private equity investments.

Other information in the annual report

The board of directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Castle Private Equity AG and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, Article 14 of the DFR of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group'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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

PricewaterhouseCoopers AG

Thomas Romer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 18 February 2022

Consolidated statement of comprehensive income

For the year ended 31 December 2021 (all amounts in USD thousands unless otherwise stated)

	Note	2021	2020
Income			
Income from non-current assets:			
Net gain on investments at fair value through profit or loss	12	28,512	8,631
Total gains from non-current assets		**28,512**	**8,631**
Income from current assets:			
Net loss on marketable securities at fair value through profit or loss	12	(120)	(2)
(Loss)/Gain on foreign exchange net		(37)	104
Interest income	5	—	34
Other income		1	—
Total (losses)/gains from current assets		**(156)**	**136**
Total income		**28,356**	**8,767**
Expenses			
Management and performance fees	6	(1,547)	(1,532)
Income/(Expenses) from investments		52	(329)
Other operating expenses	7	(913)	(1,024)
Total operating expenses		**(2,408)**	**(2,885)**
Operating profit		**25,948**	**5,882**
Finance costs	8	(3)	(1)
Profit for the year before taxes		**25,945**	**5,881**
Tax expenses	9	(538)	(1,439)
Profit for the year after taxes		**25,407**	**4,442**
Total comprehensive income for the year		**25,407**	**4,442**
Profit attributable to:			
Shareholders		25,407	4,442
Non-controlling interest		—	—
		25,407	**4,442**
Total comprehensive income attributable to:			
Shareholders		25,407	4,442
Non-controlling interest		—	—
		25,407	**4,442**
Earnings per share (USD) attributable to equity holders	2 (o)		
Weighted average number of shares outstanding during the year		10,116,053	10,366,363
Basic and diluted profit per share		USD 2.51	USD 0.43

The accompanying notes on pages 20 to 65 form an integral part of these consolidated financial statements.

Consolidated balance sheet

As of 31 December 2021 (all amounts in USD thousands unless otherwise stated)

	Note	2021	2020
Assets			
Current assets:			
Cash and cash equivalents	10	36,690	35,867
Accrued income and other receivables	11	12	41
Total current assets		**36,702**	**35,908**
Non-current assets:			
Investments at fair value through profit or loss	12	112,668	122,983
Total non-current assets		**112,668**	**122,983**
Total assets		**149,370**	**158,891**
Liabilities			
Current liabilities:			
Accrued expenses and other payables	13	534	686
Total current liabilities		**534**	**686**
Equity			
Shareholders' equity:			
Share capital	14	270	270
Additional paid-in capital	14	50,514	84,113
Less treasury shares 1st line at cost	14	(3,428)	(2,251)
Retained earnings		101,479	76,072
Total shareholders' equity before non-controlling interests		**148,835**	**158,204**
Non-controlling interests		1	1
Total equity		**148,836**	**158,205**
Total liabilities and equity		**149,370**	**158,891**
Net asset value per share (USD)	2 (o)		
Number of shares issued as at year end		10,413,112	10,413,112
Number of treasury shares 1st line as at year end	14	(308,371)	(204,387)
Number of shares outstanding net of treasury shares as at year end		**10,104,741**	**10,208,725**
Net asset value per share		**14.73**	**15.50**

The accompanying notes on pages 20 to 65 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2021 (all amounts in USD thousands unless otherwise stated)

	Note	2021	2020
Cash flows from/(used in) operating activities:			
Purchase of investments		(207)	(286)
Proceeds from return of invested capital in investments		13,525	8,952
Proceeds from realised gains on investments		24,066	14,794
Proceeds from sales of investments		—	7,230
Proceeds from sales of securities		1,320	13
Interest received	5	—	35
Proceeds from other realised income		1	—
Investment expenses received/(paid)		56	(322)
Withholding taxes paid for investments	9	(554)	(1,493)
Withholding taxes refunded from investments	9	16	54
Other operating expenses paid	6,7	(2,542)	(2,825)
Capital tax		(39)	—
Net cash flows from operating activities		**35,642**	**26,152**
Cash flows from/(used in) financing activities:			
Finance costs		(5)	(18)
Purchase of treasury shares 1st line	14	(1,177)	(3,405)
Distribution of legal reserves to the investors		(33,599)	—
Net cash flows used in financing activities		**(34,781)**	**(3,423)**
Net increase in cash and cash equivalents		**861**	**22,729**
Cash and cash equivalents at beginning of year	10	**35,867**	**13,023**
Exchange (loss)/gain on cash and cash equivalents		(38)	115
Cash and cash equivalents at end of year		**36,690**	**35,867**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks		36,690	35,867
Time deposits < 90 days		—	—
Total		**36,690**	**35,867**

The accompanying notes on pages 20 to 65 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021 (all amounts in USD thousands unless otherwise stated)

	Note	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interests	Total equity
1 January 2020		**292**	**85,217**	**(14,339)**	**85,951**	**1**	**157,122**
Total comprehensive income for the year		—	—	—	4,442	—	4,442
Purchase of treasury shares 1st line	14	—	—	(3,359)	—	—	(3,359)
Cancellation of treasury shares 1st line	14	(2)	(1,104)	1,108	(2)	—	—
Cancellation of treasury shares 2nd line (bought for cancellation)	14	(20)	—	14,339	(14,319)	—	—
31 December 2020		**270**	**84,113**	**(2,251)**	**76,072**	**1**	**158,205**
1 January 2021		**270**	**84,113**	**(2,251)**	**76,072**	**1**	**158,205**
Total comprehensive income for the year		—	—	—	25,407	—	25,407
Purchase of treasury shares 1st line	14	—	—	(1,177)	—	—	(1,177)
Distribution of legal reserves to the investors	14	—	(33,599)	—	—	—	(33,599)
31 December 2021		**270**	**50,514**	**(3,428)**	**101,479**	**1**	**148,836**

The accompanying notes on pages 20 to 65 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2021
(All amounts in USD thousands unless otherwise stated)

1 Organisation and business activity

Castle Private Equity AG, Pfäffikon (the "Company"), is a stock corporation established for an indefinite period by deed dated 19 February 1997. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon. The Company's business is principally conducted through two fully consolidated subsidiaries (the "Subsidiaries"); Castle Private Equity (Overseas) Ltd. (the "Overseas Subsidiary") and Castle Private Equity (International) plc (the "Ireland Subsidiary"). The Company and the Subsidiaries together constitute the "Group".

Subsidiaries
Castle Private Equity (Overseas) Ltd., Grand Cayman, was incorporated on 28 February 1997 as an exempted company under the laws of Cayman Islands. The authorised share capital of TUSD 57 is divided into voting non-participating management shares and non-voting participating ordinary shares. All voting non-participating management shares are held by LGT Group Foundation, Vaduz, the non-voting participating ordinary shares are entirely held by Castle Private Equity AG, Pfäffikon. The paid in share capital for these non-voting participating ordinary shares amounts to USD 683 and is presented in the balance sheet as an non-controlling interest. The Group consolidated the Overseas Subsidiary per 31 December 2021 and 31 December 2020 in compliance with IFRS 10.

Castle Private Equity (International) plc, Dublin, was established on 18 December 2000 as an open-ended investment company with variable capital under the laws of Ireland. Its capital amounted to TUSD 147,536 per 31 December 2021 (per 31 December 2020: TUSD 155,370). It is a subsidiary of Castle Private Equity (Overseas) Ltd. The share capital is divided into management shares and participating shares. The management shares are held by LGT Group Foundation, LGT Bank (Ireland) Ltd. and LGT Fund Managers (Ireland) Limited. The participating shares are entirely held by the Overseas Subsidiary. The Company is an open-ended investment company with variable capital and limited liability authorised by the Central Bank of Ireland pursuant to the provisions of Part XIII of the Companies Act, 1990. The Group consolidated the Ireland Subsidiary per 31 December 2021 and 31 December 2020 in compliance with IFRS 10.

Stock market listing
Since 4 September 1998 the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange.

Business activity
The investment policy aims at a maximisation of the long-term value advancement by way of realising the Group's funds by harvesting the portfolio of private equity investments as their underlying assets are realised.

Private equity investments mean professionally managed equity investments in securities of private and public companies (e.g. during the restriction period after an Initial Public Offering "IPO"). Equity investments can take the form of a security which has an equity participation feature. Investments are made alongside the management to start, develop or transform privately owned companies, which demonstrate the potential for significant growth. It comprises investments in various financing stages; seed, early, later, mezzanine, special situations (distressed), management buyouts and leveraged buyouts.

From its inception in 1997 until 2012, the Group operated as an evergreen investment entity, re-investing proceeds from realisations into new investments. Following a vote at a shareholders' meeting in April 2012, the Group embarked upon a realisation strategy.

The consolidated financial statements are presented in US Dollar which is the Group's entities' functional currency and the Group's presentation currency.

As of 31 December 2021 and 31 December 2020 the Group did not employ any employees.

2 Summary of accounting policies for the consolidated financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The accompanying consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Reporting (DFR) for investment companies.

The consolidated financial statements of the Group have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The board considers the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group's performance, business model and strategy.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2021

- Amendment to IFRS 16 “Leases COVID-19-Related Rent Concessions” (effective 1 June 2020); and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2” (effective 1 January 2021).

The implementation of these new standards did not have an impact on the consolidated financial statements of the Group and did not lead to any changes to the total shareholders’ equity of the Group.

b) Standards and amendments to published standards effective after 1 January 2022 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these could have a significant effect on the consolidated financial statements.

c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. The 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 making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. See also note 2 i) iii).

The board of directors of the Company has assessed whether it is appropriate, under IFRS 10, to consolidate the Subsidiaries. This assessment required significant judgement. IFRS 10 states that an investor controls the investee if, and only if, the investor has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor’s returns.

Although LGT Group Foundation holds the voting, non-participating management shares of the Overseas Subsidiary (which holds the Ireland Subsidiary), it has never been involved in directing any relevant activities of this entity. Power over such activities, the most important of which have been summarised below, lies fully with the Company:

- The board of directors of the Company is responsible for the organisation of the Company’s main structures, including planning, management and reporting procedures and its internal risk control systems;
- The board of directors of the Company is responsible for the determination of the investment policy and supervision of its implementation and for the appointment and supervision of the Company’s general manager and the investment manager of the Subsidiaries;

- The investment manager of the Subsidiaries is responsible for the management of the Subsidiaries, including making investment decisions; and
- LGT Group Foundation does not have the rights to remove the board of directors of the Company and nominate new board members.

The management shares of the Overseas Subsidiary are not entitled to receive dividends and are only entitled to a repayment of par value on the winding up of the Overseas Subsidiary. The investor in the Overseas Subsidiary that has the ability to direct the activities that most significantly affect the returns of the Overseas Subsidiary is the holder of the non-voting participating ordinary shares, which is the Company (see also note 1). Therefore, the board of directors of the Company concluded that the Company controls the Overseas Subsidiary.

Further, IFRS 10 requires that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. The board of directors of the Company also made an assessment as to whether the Company's Subsidiaries met the definition of an investment entity. IFRS 10 provided that an investment entity should have the following typical characteristics:
- it has more than one investment;
- it has more than one investor;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity or similar interests.

The absence of any of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. However, an investment entity is still required to consolidate a subsidiary where that subsidiary provides services that relate to the investment entity's investment activities. The Overseas Subsidiary, which holds the Ireland Subsidiary, does not have two of the above characteristics; it has just one investor and that investor is a related party. The Overseas and Ireland Subsidiaries both have a direct/indirect investment management agreement with LGT Private Equity Advisers AG and thus provide the Company with investment management services.

After reviewing the conditions and particulars described above, the board of directors concluded that the Subsidiaries do not qualify as investment entities, but are effectively operating subsidiaries. They provide requisite services to the Company and incur costs in doing so, thus the Company consolidates its two Subsidiaries.

d) Basis of consolidation

The consolidated financial statements are based on the financial statements of the individual Group companies prepared using uniform accounting principles and drawn up in accordance with the regulations governing the rendering of accounts in terms of the Listing Regulations of the SIX Swiss Exchange and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The consolidated financial statements include all assets and liabilities of the Company and its direct and indirect subsidiaries:

– Castle Private Equity (Overseas) Ltd., Cayman Islands; and
– Castle Private Equity (International) plc, Ireland.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. See also note 2 c) in relation to judgements taken in regards to consolidation.

Non-controlling interests are disclosed separately in the consolidated financial statements.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Associates

Further to the subsidiaries fully consolidated, the Group holds ownership interest of more than 20 per cent in Chancellor Private Capital Offshore Partners II, L.P. (28.6 per cent) and the Chancellor Offshore Partnership Fund L.P. (99.8 per cent). Since November 2012 Chancellor Private Capital Offshore Partners II, L.P. is in liquidation and has zero net asset value.

Under IAS 28, a holding of 20 to 50 per cent or more will indicate significant influence and these investments should be classified as associates and be accounted for using the equity method. However, these standards do not apply to investments in associates and interests in joint ventures, held by venture capital organisations, which are classified as fair value through profit or loss in accordance with IFRS 9, resulting in the measurement of the investments at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

The following schedule shows the latest available financial information of the associates.

As of 31 December 2021	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	—	1,825
Total liabilities	—	(59)
Income	—	1
Loss	—	(315)

[1] In liquidation since 2012.
[2] The latest available figures as per 31 December 2020.

As of 31 December 2020	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	—	2,111
Total liabilities	—	(91)
Income	—	1
Loss	—	(81)

[1] In liquidation since 2012.
[2] The September 2020 figures have been annualised.

The Group has elected to measure these associates as investments at fair value through profit or loss with changes in fair value being recognised in the consolidated statement of comprehensive income.

f) Non-controlling interest holders

Non-controlling interest holders in the consolidated financial statements are presented as a component of equity. The profit or loss for the period and the total comprehensive income are allocated in the consolidated statement of comprehensive income to the amounts attributable to non-controlling interest holders and to the shareholders.

g) Foreign currency

The functional currency of the Group's entities is US Dollar. The US Dollar as the functional currency arises from the fact that the Group is investing in assets whose base currency is predominately in US Dollar. The Group has also used the US Dollar as its presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into US Dollar at the exchange rates prevailing at the balance sheet date. Unrealised exchange gains and losses resulting from the revaluation of investments at fair value through profit or loss and denominated in foreign currency are recognised in the consolidated statement of comprehensive income. Other exchange gains and losses are also included in the consolidated statement of comprehensive income.

h) Cash and cash equivalents
Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments with a maturity of three months or less, net of bank overdrafts on demand. Cash and cash equivalents are recorded at nominal value.

i) Financial assets and liabilities at fair value through profit or loss
The Group, in accordance with IFRS 9, classifies its investments based on both the Group's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Group has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

(i) Recognition and derecognition
The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

A regular way purchase of financial assets held for trading is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. A regular way purchase of financial assets at fair value through profit or loss is recognised using settlement date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised until the entity becomes party to the contractual provisions of the instrument.

(ii) Measurement
Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the consolidated statement of comprehensive income.

Financial assets at amortised cost are measured using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

(iii) Fair value measurement principles and estimation

Listed securities

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year-end date. The board of directors considers markets to be active when transactions are occurring frequently enough on an ongoing basis to obtain reliable pricing information on an ongoing basis. If observed transactions are no longer regularly occurring, or the only observed transactions are distressed/forced sales, the market would no longer be considered active. In cases where it is judged that there is no longer an active market, any transactions that occur may nevertheless provide evidence of current market conditions which will be considered in estimating a fair value using the valuation technique as described. Financial instruments are assessed separately when determining if there is an active market. None of the investments outlined in the portfolio of investments belong to this category as of 31 December 2021 (31 December 2020: None).

Primary fund investments

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. Private equity investments for which market quotations are not readily available are valued at their fair values by the board of directors. Private equity valuations are usually generated by the managers of the underlying portfolio of investments on a quarterly basis and are actually received with a delay of at least one-to-two months after the quarter end date. As a result, the year-end net asset value predominantly consists of portfolio valuations provided by the investment managers of the underlying funds as of 30 September 2021, adjusted for subsequent capital calls and distributions. The investment manager will report to the board of directors when it considers that the (most recent) valuation of a fund investment is materially misstated when applying the above valuation methods. In such case, the board of directors will determine the necessary adjustments using the results of its own review and analysis. Refer to note 3 for more details. The valuation adjustments relate to events subsequent to the last capital account valuation statement received but based upon information provided by the investment manager. In estimating the fair value of fund investments, the investment manager in its valuation recommendation to the board of directors considers all appropriate and applicable factors (including a sensitivity to non-observable market factors) relevant to their value, including but not limited to the following:

- reference to the fund investment's reporting information including consideration of any time lags between the date of the latest available reporting and the balance sheet date of the Group. This includes a detailed analysis of exits (trade sales, initial public offerings, etc.) which the fund investments have had in the period between the latest available reporting and the balance sheet date of the Group, as well as other relevant valuation information. This information is a result of continuous contact with the investment managers and, specifically, by monitoring calls made to the investment managers, distribution notices received from the investment managers in the period between the latest available report and the balance sheet date of the Group, as well as the monitoring of other financial information sources and the assessment thereof;
- reference to recent transaction prices;
- result of operational and environmental assessments: periodic valuation reviews are made of the valuations of the underlying investments as reported by the investment managers to determine if the values are reasonable, accurate and reliable. These reviews include a fair value estimation using widely recognised valuation methods such as multiples analysis and discounted cash flow analysis;

- review of management information provided by the managers/administrators of the fund investments on a regular basis; and
- mark-to-market valuations for quoted investments held by the fund investments which make up a significant portion of the Group's net asset value.

All fair valuations may differ significantly from values that would have been used had ready markets existed, and the differences could be material. The valuation of the investments is performed on a regular basis, but at least quarterly.

Secondary fund investments
The fair value measurement principles applied to secondary investments are the same as those applied to primary investments with the exception that commitments to secondary fund investments are recognised in the Group's accounts when the sale and purchase agreement is signed but cost and fair value are not recognised until such time as the investment manager's consent has been received and any rights of first refusals have expired.

Where an investment manager valuation specific to the Group is not available, a comparable valuation pertaining to a similar commitment may be used as a representative of the fair value of the Group's investment.

The majority of the Group's investments use either U.S. GAAP or utilise a combination of IFRS and International Private Equity and Venture Capital Valuation Guidelines ("IPEVC Guidelines") to value their underlying investments.

Co-investments
There are two types of co-investments, direct and indirect. When the Group invests directly into the target company, alongside the co-investor's main fund this is known as a direct co-investment. When the Group invests through a structure that is managed by the co-investor this is known as an indirect co-investment. The co-investments are valued as follows:

- for indirect co-investments valuations are generated by the managers of the co-investors on a quarterly basis and are usually received with a delay of at least one to two months after the quarter end date;
- the investment manager will use valuation techniques to estimate their own price to ensure that, in the opinion of the investment manager, the price provided by the manager of the co-investor is representative of fair value. The predominant methodology adopted by the investment manager to value co-investments is a market approach which takes market multiples using a specified financial measure (e.g. EBITDA), recent public market and private transactions and other available measures for valuing comparable companies and all other available unobservable inputs;
- if a variance of greater than 10 per cent is noted between the above two methods then the investment manager valuation will be used; and
- for direct co-investments there is no valuation provided by the manager of the co-investor so the investment manager will use the valuation techniques described above to estimate a price.

The vast majority of the portfolio commitments are funded on the initial call date. Where this is the case, the variance between the fair market value and commitment amount, represents the adjustment made based on the recommendation of the investment manager using the above valuation techniques. To the best of the directors knowledge at the time of signing the financial statements, there are no reasonable possible alternative assumptions which would change significantly the fair value of the Group's investments.

The following table shows that latest available reporting which was used in the valuation of the Group portfolio of investments:

Unobservable input	**2021 TUSD**	**% of FMV**	**2020 TUSD**	**% of FMV**
Total investment value	**112,668**	**100.0%**	**122,983**	**100.0%**
Capital accounts from underlying IM	**104,640**	**92.8%**	**118,502**	**96.4%**
Split of underlying values:				
Q4 2021/2020	19,637	17.4%	22,903	18.6%
Q3 2021/2020	80,303	71.3%	90,742	73.8%
Q2 2021/2020	1,725	1.5%	3,831	3.1%
Q1 2021/2020	—	0.0%	107	0.1%
Before Q1 2021/2020	2,989	2.6%	919	0.8%
Movement attributable to mark to market	**8,014**	**7.2%**	**4,464**	**3.6%**
Other	—	**0.0%**	**17**	**0.0%**

(iv) Net gain on investments

Net gain on investments is comprised of realised and unrealised gains on investments. Realised gains are recognised as being the difference between the cost value of an investment and the proceeds received from the sale of the investment in the year that the investment was sold.

(v) Allocation of proceeds from investments

Distributions from primary investments are typically applied to return of capital and realised gains on the basis of the allocation provided by the investment manager. In the absence of this allocation the distribution is applied as a return of capital until all contributed capital has been returned and thereafter applied to realised gains. Distributions from secondary investments are typically applied as a return of capital until such time as the contributed capital has been recovered in full and thereafter applied to realised gains. Any portion of the distributions which is identified as recallable is included in the unfunded commitment of the relevant investment.

(vi) Dividends

Dividends are recognised in the consolidated statement of comprehensive income within realised gains at the time upon the declaration of such dividends.

(vii) Interest income and finance costs

Interest income and finance costs as well as other income and expenses are recognised in the consolidated statement of comprehensive income on an accruals basis.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or 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.

j) Accrued income and other receivables

Accrued income and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment allowances for such losses at each reporting date.

k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method. Borrowings are shown as current liabilities unless the Group has the unconditional right to defer settlement for at least 12 months after the balance sheet date. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

l) Accrued expenses and other payables

Accrued expenses and other payables are recognised initially at fair value and subsequently stated at amortised cost.

m) 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. Treasury shares are recorded as a deduction from the consolidated shareholders' equity at the amount of considerations paid ("Total cost"). The gains and losses on sales of treasury shares are credited or charged to the retained earnings account. Upon cancellation, resulting differences between the exchange rates from the time of purchase of the treasury shares to the historical rates are also recognised in retained earnings. The FIFO (first in/first out) method is used for derecognition. The purchase price is booked gross with transaction costs and withholding tax.

n) Share capital

The share capital of the Company at 31 December 2021 amounts to TUSD 534 (TCHF 521) (31 December 2020: TUSD 534 (TCHF 521)) consisting of 10,413,112 (31 December 2020: 10,413,112) issued and fully paid registered shares with a par value of CHF 0.05 each. Each share entitles the holder to participate in any distribution of income and capital.

o) Net asset value per share and earnings per share

The net asset value per share is calculated by dividing the net assets included in the consolidated balance sheet (excluding non-controlling interests) by the number of participating shares outstanding at the year end.

Basic profit per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year. Diluted profit per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares.

p) Interest income and expenses

Interest income and expenses as well as other income and expenses are recognised in the statement of comprehensive income on an accruals basis based on the effective interest method.

q) Taxes

Taxes are provided based on reported income. Capital taxes paid are recorded in other operating expenses.

The Group currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Taxes are shown as a separate item in the consolidated statement of comprehensive income.

Castle Private Equity AG, Pfäffikon

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.

Castle Private Equity (Overseas) Ltd., Grand Cayman

The activity of the Overseas Subsidiary is not subject to any income, withholding or capital gains taxes in the Cayman Islands. Generally, the Overseas Subsidiary intends to conduct its affairs so as not to be liable to taxation in any other jurisdiction.

Castle Private Equity (International) plc, Dublin

The Ireland Subsidiary is not liable to Irish tax on its income or gain.

r) Segment reporting

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The board of directors are considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

The sole operating segment of the Group is investing in private equity investments. The investment manager works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group’s performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in private equity.

s) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

3 Critical accounting estimates

The board of directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are the fair value of non-quoted instruments. The board of directors uses its judgement to select a variety of methods and makes assumptions that are not always supported by observable market prices or rates. The majority of the Group's investments use either U.S. GAAP or utilise a combination of IFRS and International Private Equity and Venture Capital ("IPEVC") valuation guidelines to value their underlying investments. The predominant methodology adopted by the investment managers for the underlying investments in the Group is a market approach which takes market multiples using a specified financial measure (e.g. EBITDA), recent public market and private transactions and other available measures for valuing comparable companies.

The use of valuation techniques requires the Group to make estimates. Changes in assumptions could affect the reported fair value of these investments. As of 31 December 2021 and 31 December 2020 there were no investments for which the board of directors made valuation adjustments.

4 Foreign exchange rates

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

Foreign exchange rates		**Unit**	**2021 USD**	**2020 USD**
Swiss Francs	Year-end rates	1 CHF	1.097574	1.131542
British Pound	Year-end rates	1 GBP	1.354650	1.366400
Euro	Year-end rates	1 EUR	1.137249	1.223400
Swiss Francs	Average annual rates	1 CHF	1.093763	1.065407
British Pound	Average annual rates	1 GBP	1.375574	1.282769
Euro	Average annual rates	1 EUR	1.182266	1.140263

5 Interest income

Interest income for the year was earned on:

Interest income	**2021 TUSD**	**2020 TUSD**
Interest income from deposit at third party	–	34
Total	**–**	**34**

6 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2021 TUSD	2020 TUSD
Management fee – related party	1,547	1,532
Total	**1,547**	**1,532**

7 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2021 TUSD	2020 TUSD
Related party fees:		
Administrative fees	127	120
Directors' fees and expenses	215	227
General managers' expenses	113	104
Domicile fees	11	10
Third party fees:		
Custody fees	61	59
Annual and semi-annual reports	43	38
Legal fees	2	37
Tax advisory fees	43	56
Audit fees	134	141
Project expenses	2	—
Capital taxes Switzerland	35	9
Other expenses	127	223
Total	**913**	**1,024**

8 Finance costs

Interest expense for the year was paid on:

Finance costs	2021 TUSD	2020 TUSD
Due to banks – third party	3	1
Total	**3**	**1**

9 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Income tax reconciliation	2021 TUSD	2020 TUSD
Profit for the year before taxes	25,945	5,881
Applicable tax rate	7.8%	7.8%
Income tax	2,024	459
Effect from: non-taxable income	(2,024)	(459)
Total	—	—

The applicable tax rate is the same as the effective tax rate. Refer to note 2 q) for more information on taxes.

Taxes	2021 TUSD	2020 TUSD
Withholding tax expense for investments	538	1,439
Total	**538**	**1,439**

The Group currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the consolidated statement of comprehensive income. Withholding taxes are shown as a separate item in the consolidated statement of comprehensive income.

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	2021 TUSD	2020 TUSD
Cash at banks:		
Related party	545	408
Third party	36,145	35,459
Total	**36,690**	**35,867**

The Group has no cash holdings which are not at its disposal. The carrying amounts of the cash and cash equivalents approximate fair value.

Cash flow reconciliation

The following is a reconciliation between the cash flow statement on page 18 and the investment movement schedule on pages 42 and 43.

	Investments			Marketable securities	
1 January 2021 – 31 December 2021	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses net withholding taxes**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 42)	**212**	**(15,550)**	**(23,491)**	**1,440**	**(1,440)**
Cash flows for operating activities	—	13,525	24,066	—	—
Purchase of investments	(207)	—	—	—	—
Sale of marketable securities	—	—	—	—	1,440
Non-cash transactions					
Deemed distributions and account reclassification[1]	(5)	1,659	(209)	—	—
In kind distributions[2]	—	—	—	(1,440)	—
Revaluation of foreign currency positions[3]	—	366	(366)	—	—
Accounts receivable					
Total cash and non-cash transactions	**(212)**	**15,550**	**23,491**	**(1,440)**	**1,440**
Reconciliation	—	—	—	—	—

	Investments			Marketable securities	
1 January 2020 – 31 December 2020	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses net withholding taxes**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 43)	**242**	**(10,755)**	**(12,969)**	**13**	**(13)**
Cash flows for operating activities	—	8,952	14,794	—	—
Purchase of investments	(286)	—	—	—	—
Sale of marketable securities	—	—	—	—	13
Non-cash transactions					
Deemed distributions and account reclassification[1]	44	1,285	(1,320)	—	—
In kind distributions[2]	—	—	13	(13)	—
Revaluation of foreign currency positions[3]	—	518	(518)	—	—
Accounts receivable					
Total cash and non-cash transactions	**(242)**	**10,755**	**12,969**	**(13)**	**13**
Reconciliation	—	—	—	—	—

[1] Deemed distributions and account reclassification – when a general partner determines to retain and use distributable cash for a future contribution, the amount of such cash will be treated as a non-cash contribution and distribution. Account reclassification is required when such a deemed distribution is reported by the general partner.
[2] In kind distributions – a distribution of marketable securities instead of a cash distribution.
[3] Revaluation of foreign currency positions – as at every month-end the Group revalues the cumulative return of capital amount for foreign currency investments based on the average paid-in capital exchange rate. The resulting adjustment is booked as realised forex gain/(loss) on investments.

11 Accrued income and other receivables

Accrued income and other receivables are composed of:

Accrued income and other receivables	2021 TUSD	2020 TUSD
Accrued income and other receivables	12	41
Total	**12**	**41**

12 Investments and marketable securities at fair value through profit or loss

As of 31 December 2021 the Group had subscribed interests in 74 (31 December 2020: 76) private equity investment vehicles (mainly limited partnerships), domiciled in the United States of America, the Cayman Islands, Europe and other jurisdictions. The total committed capital amounted to TUSD 980,746 (31 December 2020: TUSD 1,016,487) of which TUSD 936,342 (31 December 2020: TUSD 969,990) was paid in. The details of the investments are shown in the following investment tables.

All investments generally have an investment period of nine years or more and are subject to restrictions on transferability or disposal. The following investments do not directly invest into companies but invest in other private equity partnerships:
- Chancellor Partnership Fund, L.P.
- Chancellor Offshore Partnership Fund, L.P.
- Invesco Venture Partnership Fund II, L.P.
- Crown Global Secondaries plc
- Crown Asia-Pacific Private Equity plc
- Crown European Buyout Opportunities II plc
- PortPEP Ltd.

The valuations of the underlying private equity investments are reviewed on a quarterly basis by the board of directors. For the year 2021 and 2020 no adjustments to the valuations were deemed necessary by the board of directors.

Page intentionally left blank

Investments and marketable securities at fair value through profit or loss[1]

As of 31 December 2021 (all amounts in USD thousands unless otherwise stated)

	Deal currency	Vintage year	Geography	Commitment 31.12.2020	Cost 1.1.2020	Cost 31.12.2020	Fair value 31.12.2020	Commitment 31.12.2021	Cost 31.12.2021	Fair value 31.12.2021	FMV in %
Balanced stage											
Chancellor Offshore Partnership Fund, L.P.	USD	1997	North America	235,000	—	—	2,029	235,000	—	2,019	1.79%
Chancellor Partnership Fund, L.P.	USD	1997	North America	14,518	—	—	—	14,518	—	—	0.00%
Crown Global Secondaries plc	USD	2004	North America	30,000	337	337	108	30,000	337	100	0.09%
Total balanced stage				**279,518**	**337**	**337**	**2,137**	**279,518**	**337**	**2,119**	**1.88%**
Buyout stage											
Large buyout											
Clayton, Dubilier & Rice Fund VI, L.P.	USD	1998	North America	10,000	2,581	2,581	2	10,000	2,581	1	0.00%
BC European Capital VII[2]	EUR	2000	Europe	12,234	2,132	2,132	69	11,372	2,132	64	0.06%
Permira Europe II, L.P. II[2]	EUR	2000	Europe	12,234	2,262	2,262	63	11,373	2,262	80	0.07%
TPG Parallel III, L.P.	USD	2000	North America	5,000	1,178	1,178	2	5,000	1,178	—	0.00%
T3 Parallel II, L.P.	USD	2001	North America	5,000	1,030	1,030	54	5,000	1,030	53	0.05%
Warburg Pincus Private Equity VIII, L.P.	USD	2001	North America	15,000	—	—	—	15,000	—	—	0.00%
Permira Europe III, L.P. II[2]	EUR	2003	Europe	12,234	2,749	2,749	34	11,372	2,749	48	0.04%
Silver Lake Partners II, L.P.	USD	2004	North America	10,000	1,260	1,260	9	10,000	1,260	—	0.00%
Greenhill Capital Partners II, L.P.	USD	2005	North America	10,000	1,477	1,477	183	10,000	701	—	0.00%
KKR European Fund II, L.P.[2]	EUR	2005	Europe	12,234	2,659	2,659	55	11,373	2,658	52	0.05%
First Reserve XI, L.P.	USD	2006	North America	15,000	9,038	9,004	(83)	15,000	8,931	18	0.02%
Permira IV, L.P. 2[2]	EUR	2006	Europe	12,845	2,095	2,095	15	11,941	2,095	10	0.01%
Bain Capital Fund X, L.P.	USD	2008	North America	12,000	2,958	2,946	1,810	12,000	2,907	2,021	1.79%
Bain Capital X Coinvestment Fund, L.P.	USD	2008	North America	420	151	151	—	420	151	—	0.00%
TPG Partners VI, L.P.	USD	2008	North America	18,000	6,172	6,129	2,919	18,000	5,175	1,121	0.99%
Total large buyout				**162,201**	**37,742**	**37,653**	**5,132**	**157,851**	**35,810**	**3,468**	**3.08%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2020	Cost 1.1.2020	Cost 31.12.2020	Fair value 31.12.2020	Commitment 31.12.2021	Cost 31.12.2021	Fair value 31.12.2021	FMV in %
Middle market buyout											
The Triton Fund (No. 9) L.P.[2]	EUR	1999	Europe	10,633	720	720	108	9,885	720	100	0.09%
Warburg Pincus International Partners, L.P.	USD	2000	Europe	10,000	—	—	—	—	—	—	0.00%
Bain Capital Fund VII-E, L.P.	USD	2002	Europe	8,000	1,177	1,177	16	8,000	1,177	16	0.01%
J.W. Childs Equity Partners III, L.P.	USD	2002	North America	12,000	952	952	7	—	—	—	0.00%
Bain Capital Fund VIII-E, L.P.[2]	EUR	2004	Europe	12,234	3,174	3,174	39	11,372	3,167	—	0.00%
Odyssey Investment Partners III, L.P.	USD	2004	North America	10,000	281	281	—	—	—	—	0.00%
Newbridge Asia IV, L.P.	USD	2005	Asia	10,000	3,104	2,921	22	10,000	2,921	39	0.03%
SB Asia Investment Fund II, L.P.	USD	2005	Asia	7,000	802	681	2,395	7,000	347	2,294	2.04%
Chequers XV, FCPR[2]	EUR	2006	Europe	—	1,541	—	—	—	—	—	0.00%
Court Square Capital Partners II, L.P.	USD	2006	North America	15,000	5,082	5,082	835	15,000	5,064	792	0.70%
Polish Enterprise Fund VI, L.P.[2]	EUR	2006	Europe	12,234	3,512	2,836	522	11,373	2,386	—	0.00%
The Triton Fund II, L.P.[2]	EUR	2006	Europe	14,681	4,042	4,042	1,003	13,647	4,042	2,066	1.83%
Advent Latin American Private Equity Fund IV, L.P.	USD	2007	Other	10,000	2,179	1,479	1,146	10,000	1,249	905	0.80%
CDH China Fund III, L.P.	USD	2007	Asia	9,000	—	—	449	9,000	—	421	0.37%
CDH Supplementary Fund III, L.P.	USD	2007	Asia	3,000	—	—	14	3,000	—	14	0.01%
Crown Asia-Pacific Private Equity plc	USD	2007	Asia	40,000	7,015	5,815	13,115	40,000	3,215	11,442	10.16%
EOS Capital Partners IV, L.P.	USD	2007	North America	15,000	5,658	5,158	7,314	15,000	3,156	5,513	4.89%
Genstar Capital Partners V, L.P.	USD	2007	North America	10,000	1,760	1,597	477	10,000	1,597	265	0.24%
SAIF Partners III, L.P.	USD	2007	Asia	10,000	4,487	4,324	19,085	10,000	2,480	12,968	11.51%
Bain Capital Europe Fund III, L.P.[2]	EUR	2008	Europe	12,234	1,886	1,875	1,020	11,372	1,537	654	0.58%
Hahn & Company I, L.P.	USD	2011	Asia	10,000	2,857	1,036	3,256	10,000	897	3,552	3.15%
Bain Capital Asia Fund II, L.P.	USD	2012	Asia	10,000	3,960	3,496	5,976	10,000	3,544	5,659	5.02%
Total middle market buyout				**251,016**	**54,189**	**46,646**	**56,799**	**214,649**	**37,499**	**46,700**	**41.45%**
Small buyout											
MBO Capital FCPR[2]	EUR	2002	Europe	6,117	—	—	—	5,686	—	—	0.00%
Nmas1 Private Equity Fund No.2 L.P.[2]	EUR	2002	Europe	6,117	918	918	274	5,686	918	253	0.22%
Wynnchurch Capital Partners II, L.P.	USD	2006	North America	7,500	2,161	2,161	358	7,500	1,776	75	0.07%
Crown European Buyout Opportunities II plc[2]	EUR	2007	Europe	36,702	—	—	5,945	34,118	—	4,971	4.41%
PortPEP Limited (Secondary – Port)[2,3]	EUR	2011	Europe	13,213	—	—	1,341	12,282	—	927	0.82%
Total small buyout				**69,649**	**3,079**	**3,079**	**7,918**	**65,272**	**2,694**	**6,226**	**5.53%**
Total buyout stage				**482,866**	**95,010**	**87,378**	**69,850**	**437,772**	**76,003**	**56,394**	**50.05%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2020	Cost 1.1.2020	Cost 31.12.2020	Fair value 31.12.2020	Commitment 31.12.2021	Cost 31.12.2021	Fair value 31.12.2021	FMV in %
Special situations stage											
Distressed debt											
Sun Capital Securities Offshore Fund, Ltd.	USD	2004	North America	10,000	4,124	4,058	101	10,000	4,058	135	0.12%
OCM European Principal Opportunities Fund, L.P.[5]	USD	2006	Europe	—	—	—	—	15,000	—	—	0.00%
OCM Principal Opportunities Fund IV, L.P.	USD	2006	North America	10,000	—	—	109	10,000	—	1	0.00%
Sun Capital Securities Offshore Fund, Ltd. (Second Tranche)	USD	2006	North America	10,000	1,665	1,576	154	10,000	1,576	211	0.19%
Fortress Investment Fund V (Fund D), L.P.	USD	2007	North America	7,500	878	759	3,256	7,500	759	3,373	2.99%
OCM Opportunities Fund VII, L.P.	USD	2007	North America	10,000	—	—	73	10,000	—	73	0.06%
Castlelake I, L.P.	USD	2007	North America	15,000	—	—	1,070	15,000	—	1,571	1.39%
Oaktree European Credit Opportunities Fund, L.P.[2]	EUR	2008	Europe	12,234	4,688	4,598	4	11,372	4,592	—	0.00%
OCM European Principal Opportunities Fund II, L.P.[2]	EUR	2008	Europe	9,176	—	—	97	8,530	—	16	0.01%
OCM Opportunities Fund VIIb, L.P.	USD	2008	North America	13,500	—	—	29	13,500	—	14	0.01%
Total distressed debt				**97,410**	**11,355**	**10,991**	**4,893**	**110,902**	**10,985**	**5,394**	**4.79%**
Total special situations stage				**97,410**	**11,355**	**10,991**	**4,893**	**110,902**	**10,985**	**5,394**	**4.79%**
Venture stage											
Early stage venture											
Strategic European Technologies N.V.[2]	EUR	1997	Europe	8,383	—	—	91	7,793	—	85	0.08%
Invesco Venture Partnership Fund II, L.P.	USD	1999	North America	15,000	1,309	1,309	48	15,000	1,309	48	0.04%
Balderton Capital I, L.P.	USD	2000	Europe	5,333	1,876	1,854	—	5,333	1,854	—	0.00%
Chancellor V, L.P.	USD	2000	North America	20,000	2,430	2,430	437	20,000	2,430	154	0.14%
Galileo III FCPR[2]	EUR	2000	Europe	7,730	—	—	420	7,185	—	390	0.35%
Global Life Science Venture Fund II, L.P.[2]	EUR	2002	Europe	6,117	3,174	3,174	18	5,686	3,174	16	0.01%
Balderton Capital II, L.P.	USD	2005	Europe	4,000	3,134	2,923	74	4,000	2,846	—	0.00%
Battery Ventures VII, L.P.	USD	2005	North America	3,000	512	469	21	3,000	379	12	0.01%
Benchmark Israel II, L.P.	USD	2005	Other	4,602	875	875	1,406	4,602	875	1,999	1.77%
H.I.G. Venture Partners II, L.P.	USD	2005	North America	5,000	3,492	3,491	1,206	5,000	3,491	1,276	1.13%
Battery Ventures VIII, L.P.	USD	2007	North America	4,000	2,180	1,967	1,333	4,000	1,697	1,167	1.04%
Battery Ventures VIII Side Fund, L.P.	USD	2008	North America	978	397	397	204	978	167	32	0.03%
Viola Ventures III, L.P.	USD	2008	Other	6,000	781	402	9,922	6,000	—	23,060	20.47%
Mangrove III S.C.A. SICAR[2]	EUR	2008	Europe	6,117	5,558	5,558	6,683	5,686	5,558	4,062	3.61%
Total early stage venture				**96,260**	**25,718**	**24,849**	**21,863**	**94,263**	**23,780**	**32,301**	**28.67%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2020	Cost 1.1.2020	Cost 31.12.2020	Fair value 31.12.2020	Commitment 31.12.2021	Cost 31.12.2021	Fair value 31.12.2021	FMV in %
Growth capital											
Summit Partners Europe Private Equity Fund, L.P.[2)]	EUR	2009	Europe	8,564	3,926	3,080	2,780	7,961	2,771	2,445	2.17%
Total growth capital				**8,564**	**3,926**	**3,080**	**2,780**	**7,961**	**2,771**	**2,445**	**2.17%**
Late stage venture											
Columbia Capital Equity Partners III (Cayman), L.P.	USD	2000	North America	5,000	1,310	1,310	94	5,000	1,310	92	0.08%
New Enterprise Associates 10, L.P.	USD	2000	North America	10,000	6,882	6,882	2,115	10,000	6,354	378	0.34%
Columbia Capital Equity Partners IV (Non-US), L.P.	USD	2005	North America	10,000	—	—	1,285	10,000	—	1,930	1.71%
Index Ventures III (Jersey), L.P.[2)]	EUR	2005	Europe	8,564	1,394	943	6,833	7,962	—	341	0.30%
New Enterprise Associates 12, L.P.	USD	2006	North America	5,000	3,401	3,324	517	5,000	3,276	605	0.54%
Index Ventures IV (Jersey), L.P.[2)]	EUR	2007	Europe	6,117	2,257	1,984	312	5,686	1,984	305	0.27%
Total late stage venture				**44,681**	**15,244**	**14,443**	**11,156**	**43,648**	**12,924**	**3,651**	**3.24%**
Total venture stage				**149,505**	**44,888**	**42,372**	**35,799**	**145,872**	**39,475**	**38,397**	**34.08%**
Co-Investment and other											
Small buyout											
Co-Investment 4[2)]	EUR	2011	Europe	2,294	2,526	2,526	654	2,132	1,466	—	0.00%
Co-Investment 5[2)]	EUR	2011	Europe	4,894	5,440	5,441	9,651	4,550	5,440	10,364	9.20%
Total small buyout				**7,188**	**7,966**	**7,967**	**10,305**	**6,682**	**6,906**	**10,364**	**9.20%**
Total Co-Investment and other				**7,188**	**7,966**	**7,967**	**10,305**	**6,682**	**6,906**	**10,364**	**9.20%**
Total investments at fair value through profit or loss				**1,016,487**	**159,556**	**149,045**	**122,983**	**980,746**	**133,706**	**112,668**	**100.00%**
Total				**1,016,487**	**159,556**	**149,043**	**122,983**	**980,746**[4)]	**133,706**	**112,668**	**100.00%**

1) Numbers may not fully add up due to rounding.
2) Total commitment translated from EUR value at 1.137249 of 31 December 2021 and 1.223400 as of 31 December 2020.
3) For the secondary investments no realised profit is recognised for capital distributions received until the cumulative returns on invested capital exceed the cost of a particular investment.
4) Total paid in amounted to TUSD 936,342 (31 December 2020: TUSD 969,990).
5) Investment was set to liquidated in 2020, in 2021 we received a further distribution on which it has been set to active again.

Movements in investments and marketable securities at fair value through profit or loss[1)]

For the year ended 31 December 2021 (all amounts in USD thousands unless otherwise stated)

2021		Value per 1 January 2021	Additions (capital calls)[2)]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2021	Total realised gains/ (losses) per 31 December 2021[3)]	Net gains/ (losses) per 31 December 2021	Uncalled commitment amount
Marketable securities		—	**1,440**	**(1,440)**	—	—	—	**(120)**	**(120)**	—
Balanced stage		**2,137**	—	—	—	**(18)**	**2,119**	—	**(18)**	**10,855**
Buyout stage	large buyout stage	5,132	57	(1,900)	1,048	(870)	3,468	1,021	1,199	3,808
	middle market buyout stage	56,799	155	(9,301)	4,102	(5,055)	46,700	4,208	3,255	14,608
	small buyout stage	7,918	—	(386)	102	(1,408)	6,226	3,445	2,139	8,658
	Total buyout stage	**69,849**	**212**	**(11,587)**	**5,252**	**(7,333)**	**56,394**	**8,674**	**6,593**	**27,074**
Special situations stage	distressed debt stage	4,893	—	(6)	710	(203)	5,394	313	820	1,037
	Total special situations stage	**4,893**	—	**(6)**	**710**	**(203)**	**5,394**	**313**	**820**	**1,037**
Venture stage	early stage venture	21,863	—	(1,069)	14,450	(2,943)	32,301	5,214	16,721	4,345
	growth capital stage	2,780	—	(308)	—	(28)	2,445	3,392	3,364	783
	late stage venture	11,156	—	(1,520)	782	(6,767)	3,651	6,027	42	310
	Total venture stage	**35,799**	—	**(2,897)**	**15,232**	**(9,738)**	**38,397**	**14,633**	**20,127**	**5,438**
Co-Investment	small buyout stage	10,305	—	(1,060)	1,119	—	10,364	(129)	990	—
	Total Co-Investment	**10,305**	—	**(1,060)**	**1,119**	—	**10,364**	**(129)**	**990**	—
Total investments		**122,983**	**212**	**(15,550)**	**22,313**	**(17,292)**	**112,668**	**23,491**	**28,512**	**44,404**
Total investments and marketable securities		**122,983**	**1,652**	**(16,990)**	**22,313**	**(17,292)**	**112,668**	**23,371**	**28,392**	**44,404**

1) Numbers may not fully add up due to rounding.
2) Includes callable returns of capital and adjustments due to sales of investments.
3) Includes callable distributed realised gains.

2020		Value per 1 January 2020	Additions (capital calls)[2]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2020	Total realised gains/ (losses) per 31 December 2020[3]	Net gains/ (losses) per 31 December 2020	Uncalled commitment amount
Marketable securities		—	**13**	**(13)**	—	—	—	**(2)**	**(2)**	—
Balanced stage		**2,254**	—	—	—	**(117)**	**2,137**	—	**(117)**	**10,858**
Buyout stage	large buyout stage	7,480	127	(216)	27	(2,286)	5,132	752	(1,507)	3,868
	middle market buyout stage	65,602	115	(7,659)	6,325	(7,584)	56,799	5,787	4,528	16,062
	small buyout stage	9,857	—	—	125	(2,064)	7,918	2,781	842	9,162
	Total buyout stage	**82,939**	**242**	**(7,875)**	**6,477**	**(11,934)**	**69,849**	**9,320**	**3,863**	**29,092**
Special situations stage	distressed debt stage	6,989	—	(366)	20	(1,750)	4,893	664	(1,066)	1,038
	Total special situations stage	**6,989**	—	**(366)**	**20**	**(1,750)**	**4,893**	**664**	**(1,066)**	**1,038**
Venture stage	early stage venture	21,462	—	(867)	2,480	(1,212)	21,863	1,156	2,424	4,357
	growth capital stage	4,109	—	(846)	—	(483)	2,780	1,760	1,277	842
	late stage venture	7,525	—	(801)	4,590	(158)	11,156	69	4,501	310
	Total venture stage	**33,096**	—	**(2,514)**	**7,070**	**(1,853)**	**35,799**	**2,985**	**8,202**	**5,509**
Co-Investment	small buyout stage	12,555	—	—	42	(2,292)	10,305	—	(2,251)	—
	Total Co-Investment	**12,555**	—	—	**42**	**(2,292)**	**10,305**	—	**(2,251)**	—
Total investments		**137,833**	**242**	**(10,755)**	**13,609**	**(17,946)**	**122,983**	**12,969**	**8,631**	**46,497**
Total investments and marketable securities		**137,833**	**255**	**(10,768)**	**13,609**	**(17,946)**	**122,983**	**12,967**	**8,629**	**46,497**

[1] Numbers may not fully add up due to rounding.
[2] Includes callable returns of capital and adjustments due to sales of investments.
[3] Includes callable distributed realised gains.

In general, movements in investments and marketable securities at fair value through profit or loss, except for unrealised gains and losses, directly result in cash flows for the Group. In certain cases, such transactions may not be settled in cash. The consolidated statement of cash flows shows the cash transactions in the portfolio and the cash flow reconciliation shows the portfolio's non-cash transactions and provides a reconciliation to the movement schedules.

Movement of commitments and uncalled commitments

For the year ended 31 December 2021 (all amounts in USD thousands unless otherwise stated)

Movement of commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year-end exchange rates
Commitments as of 1 January 2020	**234,981**	—	**759,766**	**1,007,517**
Liquidation/Sale of investments	(8,000)	—	(4,000)	(12,980)
Revaluation of foreign currency commitments	—	—	—	21,950
Commitments as of 31 December 2020	**226,981**	—	**755,766**	**1,016,487**

Movement of commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year-end exchange rates
Commitments as of 1 January 2021	**226,981**	—	**755,766**	**1,016,487**
Liquidation/Sale of investments	—	—	(17,000)	(17,000)
Revaluation of foreign currency commitments	—	—	—	(18,741)
Commitments as of 31 December 2021	**226,981**	—	**738,766**	**980,746**

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year-end exchange rates
Uncalled commitments as of 1 January 2020	**9,120**	—	**35,722**	**45,798**
Capital calls paid/recallable return of capital	—	—	(282)	(282)
Recallable distributions	8	—	—	9
Revaluation of foreign currency commitments	—	—	—	972
Uncalled commitments as of 31 December 2020	**9,128**	—	**35,440**	**46,497**

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year-end exchange rates
Uncalled commitments as of 1 January 2021	**9,128**	—	**35,440**	**46,497**
Commitments decreased	—	—	(17,000)	—
Capital calls paid/recallable return of capital	(50)	—	39	(18)
Adjustments of uncalled due to exit of investments	—	—	(1,244)	(1,244)
Revaluation of foreign currency commitments	—	—	—	(831)
Uncalled commitments as of 31 December 2021	**9,078**	—	**17,235**	**44,404**

The following definitions explain the terms used on the previous page.

Commitment

“Commitment” refers to the Group’s obligation to provide a certain amount of capital to a private equity partnership investment. In the ensuing three to six years after a commitment has been made, the partnership draws down the available capital as and when they need it to make investments and cover their costs.

Uncalled commitment

When a capital call is paid the amount is reduced from the commitment amount. The balance is defined as “uncalled commitment”.

Recallable return of capital

In case a private equity partnership has not been able to use the called capital for the intended purpose over a certain period of time, the unused amount is returned as a “recallable return of capital” and the repaid amount is added back to the unfunded commitment amount.

Recallable distribution

In case a private equity partnership has been able to exit an investment and distributes the gains back to the Group within a relatively short period of time the proceeds are returned as a “recallable distribution” and the repaid amount is added back to the unfunded commitment amount.

Revaluation of foreign currency commitments

The commitment and unfunded commitment amounts are revalued into the Group’s functional currency of US Dollar at the year-end exchange rates. This causes a movement in the commitment and unfunded commitment amounts.

Other changes

Fund size reductions and their impact on the Group’s commitments as well as secondary commitment adjustments are shown under “other changes”.

13 Accrued expenses and other payables

Accrued expenses and other payables consist of:

Accrued expenses and other payables	2021 TUSD	2020 TUSD
Accrued management fee payable – related party	373	396
Accrued administration fee payable – related party	16	15
Accrued custody fee payable – third party	25	10
Other accrued liabilities – third party	120	265
Total	**534**	**686**

The carrying amounts of the accounts payable and accrued liabilities approximate fair value.

14 Shareholders' equity

Shareholders' equity
The share capital of the Group at 31 December 2021 amounts to TUSD 270 (31 December 2020: TUSD 270) consisting of 10,413,112 (31 December 2020: 10,413,112) issued and fully paid registered shares with a par value of CHF 0.05 each.

In the general meeting in May 2019, the board of directors decided to transfer USD 9,4 million (CHF 9,17 million) of general reserves from capital contributions to accumulated surplus, in order to align the general legal reserves with the standard practice of the Swiss tax authorities.

On 18 March 2021 the board of directors decided to terminate prematurely the share buyback program which started on 14 June 2019.

Each share entitles the holder to participate in any distribution of income and capital. The Group regards shareholders' equity as the capital that it manages. Shareholders' equity amounts to TUSD 148,836 as of 31 December 2021 (31 December 2020: TUSD 158,205).

The following distributions of legal reserves were paid out to the investors in the year 2021, no distribution was paid out in 2020.

Date of payment	USD/share	CHF/share
21.05.2021	3.33	3.00

Treasury shares 1st line
The Company can buy and sell treasury shares in accordance with the Company's articles of association and Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange.

During the period from 1 January to 31 December 2021 the Company has purchased 103,984 treasury shares to the amount of TUSD 1,177. As at 31 December 2021 the Company held in total 308,371 treasury shares (31 December 2020: 204,387). These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 3,428 (31 December 2020: TUSD 2,251). The gains and losses on sales of treasury shares are credited/debited to the retained earnings account.

Share buyback 2nd line (bought for cancellation)
Since 2011, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. According to the program periods the 2nd line treasury shares were cancelled in subsequent yearly tranches.

On 11 December 2019, the board of directors decided to extend the current program by a second trading line to buy back shares on the ordinary trading line and at the same time to adjust the purpose of the program so that the shares can also be used for general treasury management purposes. The changes are connected with the entry into force of the Federal Law on Tax Reform and AHV financing on 1 January 2020.

The Company's share buyback program is further detailed in note 7 in the statutory report.

Altogether the Group holds 308,371 treasury shares as at 31 December 2021 (31 December 2020: 204,387).

Treasury shares

Treasury shares 1st line held by the Company	From	To	Cancelled	Number of shares	Average price USD	Cost TUSD
Buyback programs						
2nd line program initiated on 14 June 2019, expanded and amended purpose announced on 27 December 2019						
Additions 2020	03.01.2020	30.04.2020	12.08.2020	85,074	13.03	1,109
Additions 2020	06.05.2020	31.12.2020	—	204,387	11.02	2,251
Additions 2021	01.01.2021	31.12.2021	—	103,984	11.32	1,177
Total				**393,445**	**11.53**	**4,537**

Movement of treasury shares 1st line	Number of shares		Cost TUSD
Treasury shares held as of 31 December 2019	—		—
Additions 2020	289,461		3,360
Cancellation on 3 August 2020	(85,074)		(1,109)
Treasury shares held as of 31 December 2020	**204,387**		**2,251**
Additions 2021	103,984		1,177
Treasury shares held as of 31 December 2021	**308,371**		**3,428**

Treasury shares 2nd line (bought for cancellation) held by the Company	From	To	Cancelled	Number of shares	Average price USD	Cost TUSD
Buyback programs						
Program initiated on 26 June 2017, announced on 21 June 2017						
Additions 2019	13.05.2019	21.05.2019	03.08.2020	31,529	15.71	495
Additions 2019 via tradable put options[1)]	24.05.2019	07.06.2019	03.08.2020	547,654	20.35	11,145
Total				**579,183**	**20.10**	**11,640**
Program initiated on 14 June 2019, announced on 12 June 2019						
Additions 2019	14.06.2019	31.12.2019	03.08.2020	185,153	14.58	2,699
Total				**185,153**	**14.58**	**2,699**

1) Cost includes the transaction expenses of Zuercher Kantonalbank, Zürich, for the tradeable put option which causes a dilution of the average price.

Movement of treasury shares 2nd line (bought for cancellation)	Number of shares		Cost TUSD
Shares held as of 1 January 2020	**764,336**		**14,339**
Cancellation on 3 August 2020	(764,336)		(14,339)
Shares held as of 31 December 2020	—		—

Summary of treasury shares held by the Company as of 31 December 2021	Number of shares	Average price USD	Cost TUSD
Treasury shares 1st line	308,371	11.12	3,428
Treasury shares 2nd line (bought for cancellation)	—	—	—
Total of treasury shares held as of 31 December 2021	**308,371**	**11.12**	**3,428**

15 Major shareholders

As of 31 December the following major shareholders were known by the Company:

Major shareholders	2021	2020
Between 10% and 20%	Berlin-AI Fund SCS, SICAV-FIS, Luxembourg	Berlin-AI Fund SCS, SICAV-FIS, Luxembourg
	Deka International S.A., Luxembourg	Deka International S.A., Luxembourg
Between 3% and 10%	The Goldman Sachs Group, Inc., United States	The Goldman Sachs Group, Inc., United States
	LGT Group Foundation AG, Vaduz, Liechtenstein	LGT Group Foundation AG, Vaduz, Liechtenstein
	LRI Capital Management SA, Luxembourg	LRI Capital Management SA, Luxembourg

16 Significant fee agreements

In relation to its investment and administration activity the Company and/or its Subsidiaries entered into the following agreements:

a) LGT Private Equity Advisers AG, Vaduz, acts as the investment manager and receives a management fee of total 1 per cent (before deduction of the performance fee) per annum of the total consolidated net assets of Castle Private Equity AG, Pfäffikon, in US Dollar as at the close of business on the final business day of each quarter. The management fee is due quarterly (0.25 per cent) in US Dollar in arrears within 15 days after the net asset value calculation.

The performance fee is payable to LGT Private Equity Advisers AG, Vaduz and shall be calculated as 10 per cent of net new gains by the end of any financial year. Net new gains are the positive difference, if any, from the existing high watermark to the lower of:
- the consolidated net asset value of Group,
- plus the cumulative payments for distributions,
- plus any secondary discount of a secondary sale occurring before 12 April 2017,
- plus wind-down expenses to the limit of USD 500,000 and for as long as more than 4,320,000 shares are in issue.

or
- the market capitalisation of the Company,
- plus the cumulative payments for distributions,
- plus any secondary discount of a secondary sale occurring before 12 April 2017,
- plus wind-down expenses to the limit of USD 500,000.

The market capitalisation is calculated as the last price of the financial year paid in Swiss Franc for Castle Private Equity AG shares at the SIX Swiss Exchange translated into US Dollars at year-end exchange rate, multiplied by the shares in issue at the end of the financial year. The basis for the performance fee calculation per 31 December 2021 amounted to TUSD 923,852 or USD 10,48 per share (per 31 December 2020: TUSD 923,852). The cumulative amount expended on share repurchases amounted to TUSD 551,699.

Shares in issue are calculated as shares issued as registered in the commercial register minus shares owned by the Company. The cumulative payment for distributions is the total of capital expensed for dividends, returns of capital, share buybacks for cancellations or other distributions to shareholders net of any proceeds from share sales. Such payments for distributions which occur in CHF-denominated transactions shall be converted to their US Dollar equivalent amount at their effective conversion rate or as of the day the distribution occurs.

b) Up until 31 December 2020 LGT Group Holding, Vaduz and as of 1 January 2021 LGT Fund Managers (FL) provides administrative services for the Company and charges an annual fee of TUSD 60 payable quarterly in arrears.

c) LGT Fund Managers (Ireland) Limited, Dublin, acts as the administrator and manager for the Overseas and Ireland Subsidiaries and receives an annual fee equal to 0.04 per cent to 0.06 per cent per annum of the net asset value at the end of each quarter.

17 Significant transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. In the opinion of the board of directors, the parties referred to in the schedule accompanying this note are related parties under IAS 24 “Related Party Disclosures”. All related party transactions have been carried out within the normal course of business.

In 2021 and 2020 the Ireland Subsidiary was invested in the below investments which are all advised by LGT Capital Partners (Ireland) Ltd., an affiliate of Castle’s investment manager, or have common directors with the Ireland Subsidiary.

Investments	Commitments
Crown Global Secondaries plc	TUSD 30,000
Crown Asia-Pacific Private Equity plc	TUSD 40,000
Crown European Buyout Opportunities II plc	TEUR 30,000
PortPEP Ltd.	TEUR 10,800

As Castle’s investments are structured through a special non-fee-paying share class, no additional management and performance fees are charged. An annual administration fee of 0.06 per cent of net asset value is due to LGT Fund Managers (Ireland) Limited in its capacity as administrator for each of the funds, except for PortPEP Ltd. Here, LGT Fund Managers (Ireland) Limited receives a flat fee of EUR 30,000.

LGT Bank Ltd., Vaduz acts as a custodian for Castle Private Equity AG, Pfäffikon.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2021 TUSD	2020 TUSD
Castle Private Equity (International) PLC	LGT Private Equity Advisers AG/ Investment Management Agreement/indirect	Note 6	Management fees	1,547	1,532
		Note 13	Management fees payable	373	396
		Note 6	Performance fees	–	–
		Note 13	Performance fees payable	–	–
	LGT Fund Managers (Ireland) Ltd./ Management Agreement/direct	Note 7	Administration fees	60	60
		Note 13	Administration fees payable	15	15
	LGT Bank (Ireland) Ltd./ Loan Agreement/direct	Note 5	Interest income on time deposits	–	–
	LGT Fund Managers (Ireland) Ltd./ Investment Management Agreement/indirect	No direct fees	Investment management fees	–	–
	LGT Capital Partners Ltd./ LGT Private Equity Advisers AG/ Advisory Agreement/indirect	No direct fees	Advisory fees	–	–
	Directors/indirect	Note 7/17	Directors' fees	3	6
Castle Private Equity (Overseas) Limited	LGT Fund Managers (Ireland) Ltd./ Administration Services Agreement/direct	Note 7	Administration fees	1	–
		Note 13	Administration fees payable	1	–
	LGT Bank Ltd./ Loan Agreement/direct	Note 10	Cash at banks	214	238
	LGT Capital Partners Ltd./ LGT Private Equity Advisers AG/ Consulting Agreement/indirect	No direct fees	Consulting fees	–	–
	LGT Bank (Cayman) Ltd./ LGT Private Equity Advisers AG/ Advisory Agreement/indirect	No direct fees	Advisory fees	–	–
	Directors/indirect	Note 7/17	Directors' fees	5	5
Castle Private Equity AG	LGT Bank Ltd./ LGT Group/indirect	Note 10	Cash at banks	331	170
	LGT Fund Managers (FL)/ Administrative Services Agreement/direct	Note 7	Administration fees	65	–
	LGT Group Holding/ Administrative Services Agreement/direct	Note 7	Administration fees	–	60
	LGT Capital Partners Ltd./ Domicile Agreement/direct	Note 7	Domicile fees	11	10
	LGT Capital Partners Ltd./Management Agreement/direct	Note 7/17	General managers expenses	113	104
		Note 13	General managers expenses payable	–	–
	Directors/direct	Note 7/17	Directors' fees	207	216

The table below shows the remuneration for the members of the board of directors and general managers in the year 2021 and 2020. In addition, the Group paid in 2021 a directors and officers liability insurance fee of TUSD 39 (2020: TUSD 12). Travel expenses amounted to TUSD Nil (2020: TUSD 9).

Board and management remuneration is defined and paid out in CHF. See also the remuneration report.

Remunerations and expenses	**2021 TUSD**	**2020 TUSD**
Chairman	57	60
Deputy chairman	50	50
Committee chairman	50	55
Members	57	63
General managers	113	103
Total	**327**	**331**

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers. The general managers are compensated by the Company. LGT Group Foundation is also the co-owner of LGT Private Equity Advisers AG which acts as investment manager to the Company and receives a management fee for these services.

18 Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of private equity investments with a view to achieving significant value growth and to help shareholders maximise long-term returns. The following results correspond to the sole operating segment of investing in private equity. Items which cannot be directly contributed to the operating segment are listed as “other”.

The income/(loss) is geographically allocated as follows:

	North America TUSD	Europe TUSD	Asia TUSD	Other TUSD	Total TUSD
As of 31 December 2021					
Income/(Loss)					
Net gain/(loss) on investments at fair value through profit or loss	5,629	5,951	(2,314)	19,246	28,512
Net loss on marketable securities investments at fair value through profit or loss	(120)	—	—	—	(120)
Total income/(loss)	**5,509**	**5,951**	**(2,314)**	**19,246**	**28,392**

As of 31 December 2020					
Income/(Loss)					
Net (loss)/gain on investments at fair value through profit or loss	(760)	4,405	3,070	1,916	8,631
Net loss on marketable securities investments at fair value through profit or loss	(2)	—	—	—	(2)
Total (loss)/income	**(762)**	**4,405**	**3,070**	**1,916**	**8,629**

The non-current assets are geographically allocated as follows:

	2021 TUSD	In %	2020 TUSD	In %
Non-current assets:				
North America	19,544	17.5%	25,100	20.5%
Europe	29,527	26.2%	38,972	31.7%
Asia	36,388	32.3%	44,311	36.0%
Other	27,209	24.0%	14,600	11.8%
Total non-current assets	**112,668**	**100.0%**	**122,983**	**100.0%**

The Group has a diversified shareholder base. For more information on the largest shareholders see note 15.

19 Financial risk management

The Group is exposed to a variety of financial risks including: market risk, credit and liquidity risk. The investment manager attributes great importance to professional risk management and active monitoring including ongoing interviews with managers, thorough analysis of reports and financial statements and review of investments which were made. It was also key to structure the proper investment vehicles for the portfolio taking into account issues such as liquidity or tax related issues. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the economic impact of these risks. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

a) Market risks

(i) Price risk – The investments held in the portfolio may be realised only after several years and their fair values may change significantly. The investment manager, LGT Private Equity Advisers AG, provided the Group with investments that were consistent with the Group's objectives.

At the annual general meeting on 12 April 2012 the investment policy of the Group was revised. The new investment policy aims at a maximisation of the long-term value enhancement by way of ceasing to enter further investment obligations and realising the Group's funds by harvesting the portfolio of private equity investments as their underlying assets are realised. The investment objective of the Group is to maximise value for shareholders. The investment manager may in its full discretion consider secondary sales of assets in exceptional cases, i.e. where there is no or no meaningful upside potential of the value of a particular asset, as a means to shorten the portfolio's expected cash flow duration and/or to assist in the realisation of assets based upon consideration of price relative to expected value, timing of expected future cash flows related to the asset(s) in question, and any other factor deemed relevant by the investment manager.

Up until 12 April 2012 the investment objective was to have a portfolio which would constantly be optimally allocated over the various: (i) industry sectors (e.g. technology, healthcare/biotech, retail, etc.); (ii) geographical regions (e.g. USA, Europe, other regions, etc.); and (iii) stages of financing (e.g. seed, early stage, later stage, buyouts, etc.). The investment vehicles and their respective fund managers were selected on qualitative research criteria including: (i) past performance in relation to investment style, expected returns, benchmarks and degree of risk; (ii) business structure and team organisation of the fund manager; (iii) fit of the fund manager/investment vehicle into the overall portfolio; (iv) amount under management and commitment of the principals of the fund manager; and (v) cost structure.

The Group allocated the majority of its assets to fund managers with a proven performance record of several years. The objective was to invest into top quality fund managers of the respective sectors. A minority part of the assets were invested with new and emerging fund managers. Under normal circumstances, no allocation to a fund manager was made prior to a visit by the investment manager to the fund manager's business location. It included a proper evaluation concerning the fund manager's business structure, its key employees, its track record, its relation with third parties and other relevant aspects. The investment manager carried out a monitoring procedure in order to implement the following risk control parameters: (i) changes in a fund manager's structure and organisation; (ii) major deviations from historical returns; (iii) changes regarding the fit into the overall portfolio; (iv) changes in investment styles; and (v) comparisons of fund manager's performance versus that of their underlying investments.

The Group also invested in carefully selected secondary portfolios. Secondaries are existing private equity portfolios which are acquired from an investor who disposes of his partnership interest, e.g. because of liquidity or regulatory requirements, or a change in asset allocation. The advantage of a secondary transaction resides in the fact that the partnerships acquired have often completed their investment phase and have already moved on to the realisation phase, thus yielding immediate returns. An additional advantage is that the individual companies in which the private equity partnerships have invested are known at this stage. The purchasing investor is therefore able to make a comprehensive assessment of the portfolio investments and the related realisation prospects.

The strategy of the Group was to diversify its investments by allocating no more than 20 per cent of the net asset value to any one investment fund or manager. For investments in fund-of-funds this limit was assessed on a look-through basis.

As of 31 December 2021, the Group's market risk is affected by two main components: changes in actual market prices and foreign currency movements. Foreign currency movements are covered in note 19 a) (ii) and note 2 g).

The Group has adopted the Listed Private Equity Index (LPX50) as the benchmark against which it evaluates its share price performance. The annual expected volatility for both the current and prior reporting periods is disclosed in the table below.

	2021 TUSD	2020 TUSD
Financial assets at fair value through profit or loss	112,668	122,983
Total assets subject to market risk	112,668	122,983
Annual expected volatility	44.85%	40.34%
Potential impact on consolidated balance sheet and consolidated statement of comprehensive income	50,532	49,611

Because the Group is generally exposed to a variety of market risk factors, which may vary significantly over time and measurement of such exposure at any given point in time may be difficult given the flexibility, complexity and limited transparency of the underlying investments.

As disclosed in note 2 i) the Group uses cost and earnings multiples to value the private equity investments for which there were no fair values provided by the managers/administrators. The multiples used depended on the sector in which the underlying investments were active. For 2021 and 2020, no investments were revalued by the Group.

There was no impact on the consolidated statement of comprehensive income and shareholders' equity due to revaluations by the Group.

(ii) Currency risk – The Group holds assets denominated in currencies other than the US Dollar, the functional currency. The Group is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The schedule on the below summarises the Group exposure to currency risks.

The impact on the consolidated statement of comprehensive income and shareholders' equity of any changes to the exchange rate between the Swiss Franc, Euro and British Pounds would not have been material. In accordance with the Group's policy, the investment manager monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

As of 31 December 2021, had the exchange rate between the Euro and the US Dollar increased or decreased by 7 per cent with all other variables held constant, the increase or decrease to the consolidated statement of comprehensive income and shareholders' equity would have amounted to approximately TUSD 2 (31 December 2020: 9 per cent or TUSD 4). Movements in the other foreign currencies wouldn't have had a significant impact on the consolidated financial statements.

In accordance with the Group's policy, the investment manager monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

Currency risk

As of 31 December 2021	USD TUSD	EUR TUSD	CHF TUSD	Total TUSD
Assets				
Cash and cash equivalents	36,635	33	22	36,690
Accrued income and other receivables	3	9	—	12
Investments at fair value through profit or loss	85,419	27,249	—	112,668
Total assets	**122,057**	**27,291**	**22**	**149,370**
Liabilities				
Accrued expenses and other payables	445	84	5	534
Total liabilities	**445**	**84**	**5**	**534**

As of 31 December 2020	USD TUSD	EUR TUSD	CHF TUSD	Total TUSD
Assets				
Cash and cash equivalents	33,592	1,127	1,148	35,867
Accrued income and other receivables	—	11	30	41
Investments at fair value through profit or loss	84,952	38,031	—	122,983
Total assets	**118,544**	**39,169**	**1,178**	**158,891**
Liabilities				
Accrued expenses and other payables	610	70	6	686
Total liabilities	**610**	**70**	**6**	**686**

(iii) Interest rate risk – The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The schedule below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorised by the earlier of contractual reprising or maturity dates. The influence of changes in the market rates of interest is not expected to be significant.

In accordance with the Group's policy, the investment manager monitors the Group's overall interest sensitivity on a monthly basis, and the board of directors reviews it on a regular basis.

Interest rate risk

As of 31 December 2021	**Less than 1 month TUSD**	**1 – 3 months TUSD**	**Non-interest bearing TUSD**	**Total TUSD**
Assets				
Cash and cash equivalents	36,690	—	—	36,690
Accrued income and other receivables	—	—	12	12
Investments at fair value through profit or loss	—	—	112,668	112,668
Total assets	**36,690**	—	**112,680**	**149,370**
Liabilities				
Accrued expenses and other payables	—	—	534	534
Total current liabilities	—	—	**534**	**534**

As of 31 December 2020	**Less than 1 month TUSD**	**1 – 3 months TUSD**	**Non-interest bearing TUSD**	**Total TUSD**
Assets				
Cash and cash equivalents	35,867	—	—	35,867
Accrued income and other receivables	—	—	41	41
Investments at fair value through profit or loss	—	—	122,983	122,983
Total assets	**35,867**	—	**123,024**	**158,891**
Liabilities				
Accrued expenses and other payables	—	—	686	686
Total current liabilities	—	—	**686**	**686**

b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The below schedule summarises the Group's exposure to credit risk.

The Group's main credit risk concentration is from distributions to be received from the private equity investments in which the Group is invested as well as with cash and cash equivalents positions. The Group seeks to mitigate its exposure to credit risk by conducting its contractual transactions with institutions which are reputable and well established.

In accordance with the Group's policy, the investment manager monitors the Group's credit position on a monthly basis and the board of directors reviews it on a regular basis.

The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. At 31 December 2021 and 31 December 2020, all cash is held with banks mentioned in the table below and are due to be settled within 1 week. The management considers the probability of default to be close to zero as counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

Credit risk

As of 31 December 2021	**Fully performing TUSD**	**Total TUSD**	**S&P Rating**
Assets			
Cash at LGT Bank Ltd., Vaduz	545	545	A+
Cash at BNP Paribas Securities Services, Dublin Branch	35,353	35,353	A+
Cash at Zuercher Kantonalbank, Zurich	792	792	AAA
Accrued income and other receivables	12	12	n/a
Total exposure to credit risk	**36,702**	**36,702**	

As of 31 December 2020	**Fully performing TUSD**	**Total TUSD**	**S&P Rating**
Assets			
Cash at LGT Bank Ltd., Vaduz	408	408	A+
Cash at BNP Paribas Securities Services, Dublin Branch	32,875	32,875	A+
Cash at Zuercher Kantonalbank, Zurich	2,584	2,584	AAA
Accrued income and other receivables	41	41	n/a
Total exposure to credit risk	**35,908**	**35,908**	

c) **Liquidity risk**

The Group may have an inability to raise additional funds or to use credit lines, if any, to satisfy the commitments to the various private equity investments. In a private equity fund investment, a commitment is typically given to a newly established private equity fund. In the ensuing three to six years, the fund draws down the available amounts as and when attractive investment opportunities become available. As a general rule, the fund already begins to realise shareholding interests before all the capital has been invested. This means that the amounts made available by the investors was not expected to be 100 per cent invested in the private equity fund. Historically, the average exposure ranges from 60 to 70 per cent.

The Group has a cash at bank position at 31 December 2021 of TUSD 36,690 (31 December 2020: TUSD 35,867). The amounts outstanding on the total committed capital of the investments as of 31 December 2021 are TUSD 44,404 (31 December 2020: TUSD 46,497) which are in general callable at any time. These amounts are off balance sheet and may be called up over the life of the investments. However, the bulk of the capital is drawn during the investment period of the private equity funds which lasts typically five years after the launch of the fund. All of these open commitments, if called at all, will be covered by distributions from the more mature investments, by cash and cash equivalents and potentially selling of investments on the secondary market.

The majority of the investments which the Group made are unquoted and subject to specific restrictions on transferability and disposal. Consequently, risks exist that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Group's balance sheet.

The amounts in the schedule are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

In accordance with the Group's policy, the investment manager monitors the Group's liquidity position on a monthly basis and the board of directors reviews it on a regular basis.

Liquidity risk

As of 31 December 2021	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Accrued expenses and other payables	491	43	534
Total current liabilities	**491**	**43**	**534**
Total outstanding commitment amount[1]	**44,404**	—	**44,404**

As of 31 December 2020	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Accrued expenses and other payables	597	89	686
Total current liabilities	**597**	**89**	**686**
Total outstanding commitment amount[1]	**46,497**	—	**46,497**

[1] The amounts outstanding on the total committed capital of the investments as of 31 December 2021/31 December 2020 are not necessarily due within one month, but are callable at any time.

d) Capital risk management

Discount control – The directors recognise the importance to shareholders of the Company's share price performance in the secondary market. Accordingly, the directors may take steps from time to time with a view to seeking to limit the prevailing discount to net asset value at which the shares trade. In particular, the directors may authorise repurchases of shares for cancellation.

Repurchase of shares for cancellation – The directors may consider repurchasing shares in the market for treasury or for cancellation if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the shares. Pursuant to the Swiss Code of Obligations, the Company is not required to obtain a general authority from shareholders to effect the repurchase of shares for cancellation. Any purchase of shares by the Company for cancellation will only be made through the market at prices (after allowing for costs) below the prevailing net asset value per share and will otherwise be in accordance with the Listing Rules in force at the time and with guidelines established from time to time by the board. Swiss law limits the right of a company to purchase and hold its own shares.

e) Fair value estimation

Further to the valuation approach discussed in note 2 i) (iii), IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The 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 with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The determination of what constitutes "observable" requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2021 and 31 December 2020.

As of 31 December 2021	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Assets at fair value through profit or loss:				
Investments	—	—	112,668	112,668
Total	—	—	**112,668**	**112,668**

As of 31 December 2020	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Assets at fair value through profit or loss:				
Investments	—	—	122,983	122,983
Total	—	—	**122,983**	**122,983**

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not adjust the quoted price for these investments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations, or alternative pricing sources, supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity investments for which observable prices are not available. The Group values these investments as described under note 2 i) (iii) fair value measurement principles and estimation.

The following table shows the allocation of the level 3 investments according to financing stage, in percentage of the total fair value of these investments.

Diversification by financing stage (FV)	2021 %	2020 %
Balanced stage	2%	2%
Buyout stage		
Large buyout stage	3%	4%
Middle market buyout stage	41%	47%
Small buyout stage	6%	6%
Special situations stage		
Distressed debt stage	5%	4%
Venture stage		
Early stage venture	29%	18%
Growth capital stage	2%	2%
Late stage venture	3%	9%
Co-Investment		
Large buyout stage	0%	0%
Small buyout stage	9%	8%
Total	**100%**	**100%**

For a sensitivity analysis on the level 3 investments please refer to note 19 a) (i) as well as to note 2 i) (iii).

During the year ended 31 December 2021 there were no transfers (31 December 2020: Nil) between the three levels of financial assets and liabilities.

The following table presents a reconciliation disclosing the changes during 2021 and 2020 for financial assets classified as being level 3.

	Investments at fair value through profit or loss TUSD
Assets	
At 1 January 2021	122,983
Net unrealised gain	5,021
Purchase of investments	212
Returns of capital	(15,548)
Transfers in/out	—
As of 31 December 2021	**112,668**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**5,021**

	Investments at fair value through profit or loss TUSD
Assets	
At 1 January 2020	137,833
Net unrealised loss	(4,337)
Purchase of investments	242
Returns of capital	(10,755)
Transfers in/out	—
As of 31 December 2020	**122,983**
Total unrealised loss for the year included in the statement of comprehensive income for investments held at the end of the year	**(4,337)**

For further information please see note 19 a) (i).

The carrying values of all other assets and liabilities are a reasonable approximation of fair value.

20 Commitments, contingencies and other off-balance-sheet transactions

Beyond the uncalled commitments to investments disclosed in note 12, no further contingent liabilities exist as of 31 December 2021 (31 December 2020: Nil).

21 Subsequent events

The consolidated financial statements have been authorised at the 14 February 2022 board meeting for issue 18 February 2022. The annual general meeting called for 10 May 2022 will vote on the final acceptance of the consolidated financial statements.

No treasury shares have been purchased by Castle Private Equity AG since the balance sheet date of 31 December 2021. As at 18 February 2022 the Company held in total 308,371 treasury shares (17 February 2021: 204,387).

Since the balance sheet date of 31 December 2021, there have been no material events that could impair the integrity of the information presented in the financial statements.

pwc

Report of the statutory auditor

to the General Meeting of Castle Private Equity AG

Pfäffikon, SZ

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Castle Private Equity AG, which comprise the balance sheet as at 31 December 2021, statement of income and accumulated surplus/(deficit) and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2021 (pages 68 to 79) 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 Auditing Standards. 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 entity 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.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	USD 1.5 million
Benchmark applied	Total shareholders' equity
Rationale for the materiality benchmark applied	We chose total shareholders' equity as the benchmark because in our view it is the most relevant benchmark for investors, and it is generally accepted benchmark for investment companies.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the board of directors for the financial statements

The board of directors is 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 board of directors 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 board of directors is responsible for assessing the entity'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 the board of directors either intends to liquidate the entity 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 Swiss law and Swiss Auditing Standards 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 at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Romer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 18 February 2022

Balance sheet

As of 31 December 2021 (all amounts in thousands unless otherwise stated)

	Note	2021 USD	2021 CHF[1]	2020 USD	2020 CHF[1]
Assets					
Current assets:					
Cash and cash equivalents		1,123	1,023	2,754	2,434
Other receivables		3	2	29	25
Total current assets		**1,126**	**1,025**	**2,783**	**2,459**
Non-current assets:					
Participations	3	147,747	134,613	154,318	136,378
Total non-current assets		**147,747**	**134,613**	**154,318**	**136,378**
Total assets		**148,873**	**135,638**	**157,101**	**138,837**
Liabilities					
Current liabilities:					
Other accrued liabilities		37	34	194	171
Total current liabilities		**37**	**34**	**194**	**171**
Equity					
Shareholders' equity:	7				
Share capital		534	521	534	521
Legal reserves					
Reserves from capital contributions		127,244	125,018	160,843	155,332
Accumulated surplus/(deficit)		24,486	23,537	(2,219)	(878)
Accumulated translation difference		—	(10,346)	—	(14,237)
Treasury shares 1st line at cost		(3,428)	(3,126)	(2,251)	(2,072)
Total shareholders' equity		**148,836**	**135,604**	**156,907**	**138,666**
Total liabilities and equity		**148,873**	**135,638**	**157,101**	**138,837**

[1] Art. 958d of the SCO requires the Company to disclose the Swiss Francs amounts as supplemental information.

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2021 (all amounts in thousands unless otherwise stated)

	Note	2021 USD	2021 CHF[1]	2020 USD	2020 CHF[1]
Income					
Valuation adjustments on participations	2 b)	(6,571)	(6,006)	—	—
Dividends from participations		34,000	31,085	3,750	3,520
Other income		1	—	—	—
(Loss)/Gain on foreign exchange, net		(49)	(46)	103	95
Total income		**27,381**	**25,033**	**3,853**	**3,615**
Expenses					
Administrative expenses		(641)	(586)	(697)	(654)
Total expenses		**(641)**	**(586)**	**(697)**	**(654)**
Profit before taxes		**26,740**	**24,447**	**3,156**	**2,961**
Taxes	5	(35)	(32)	(9)	(8)
Profit for the year		**26,705**	**24,415**	**3,147**	**2,953**
Accumulated surplus/(deficit)					
Accumulated (deficit)/surplus carried forward		(2,219)	(878)	8,935	10,426
Profit for the year		26,705	24,415	3,147	2,953
Cancellation of treasury shares 2nd line		—	—	(14,301)	(14,257)
Accumulated surplus/(deficit) brought forward		**24,486**	**23,537**	**(2,219)**	**(878)**
Proposal of the board of directors for appropriation of accumulated surplus/(deficit)					
To be carried forward		24,486	23,537	(2,219)	(878)
Total		**24,486**	**23,537**	**(2,219)**	**(878)**

[1] Art. 958d of the SCO requires the Company to disclose the Swiss Francs amounts as supplemental information.

Notes to the company financial statements

For the year ended 31 December 2021
(All amounts in thousands unless otherwise stated)

1 Organisation and business activity

Castle Private Equity AG, Pfäffikon (the "Company"), is a stock corporation established for an indefinite period in the Canton of Schwyz, Switzerland, by deed dated 19 February 1997. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon.

Since 4 September 1998 the shares of the Company are listed in Swiss Francs on the SIX Swiss Exchange.

The investment policy aims at a maximisation of the long-term value advancement by way of realising the Group's funds by harvesting the portfolio or private equity investments as their underlying assets are realised.

As of 31 December 2021 and 31 December 2020 the Company did not employ any employees.

2 Accounting principles

These Company financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO).

a) Participations
The participation in the Overseas Subsidiary is stated at acquisition cost or at the lower net realisable value, using the net asset value of the Overseas Subsidiary.

b) Functional and presentation currency
The books of the Company are kept in US Dollar (functional currency). Until 31 December 2017 the Company's financial statements were presented in Swiss Francs (presentation currency). Effective as of 1 January 2018 the board of directors 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 Dollar.

From 2018, in accordance with the Swiss Code of Obligations, the Company also presents the Swiss Franc values 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 2021 and 2020 Swiss Franc amounts presented are for supplementary information only (SCO 958d Para.3).

3 Participations

The Company's participation as of 31 December 2021 and 31 December 2020 is composed of a 100 per cent interest in the issued non-voting participating share capital of the Overseas Subsidiary. 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. Further information in note 1 of the consolidated financial statement.

Balance sheet reconciliation of participation carrying value	**2021 TUSD**	**2021 TCHF**	**2020 TUSD**	**2020 TCHF**
1 January	**154,318**	**136,378**	**154,318**	**149,441**
Impairment of participation	(6,571)	(6,006)	—	—
Redemption	—	—	—	—
Foreign exchange translation differences on participation	—	—	—	—
Foreign exchange translation differences on participation through shareholders' equity	—	4,241	—	(13,063)
31 December	**147,747**	**134,613**	**154,318**	**136,378**

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**	**2021 USD**	**2020 USD**
Swiss Francs	Year-end rates	1 CHF	1.097574	1.131542
British Pound	Year-end rates	1 GBP	1.354650	1.366400
Euro	Year-end rates	1 EUR	1.137249	1.223400
Swiss Francs	Average annual rates	1 CHF	1.093763	1.065407
British Pound	Average annual rates	1 GBP	1.375574	1.282769
Euro	Average annual rates	1 EUR	1.182266	1.140263

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 2021.

6 Commitments, contingencies and other off-balance-sheet transactions

The Company has no commitments, contingencies or other off-balance sheet transactions as at 31 December 2021 (31 December 2020: Nil).

7 Shareholders' equity

Shareholders' equity
The share capital of the Company at 31 December 2021 amounts to TUSD 534 (TCHF 521) (31 December 2020: TUSD 534 (TCHF 521) consisting of 10,413,112 (31 December 2020: 10,413,112) issued and fully paid registered shares with a par value of CHF 0.05 each. In the general meeting on 14 May 2019 the board of directors decided to transfer USD 9,4 million (CHF 9,2 million) of general reserves from capital contributions to accumulated surplus, in order to align the general legal reserves with the standard practice of the Swiss tax authorities.

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 148,836 (TCHF 135,604) as of 31 December 2021 (31 December 2020: TUSD 156,907 (TCHF 138,666).

The following distributions of legal reserves were paid out to the investors in the year 2021, no distribution was paid out in 2020.

Date of payment	USD/share	CHF/share
21.05.2021	3.33	3.00

Treasury shares 1st line
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.

During the period from 1 January to 31 December 2021 the Company has purchased 103,984 treasury shares to the amount of TUSD 1,177. As at 31 December 2021 the Company held in total 308,371 treasury shares (31 December 2020: 204,387). These treasury shares are treated as a deduction from the shareholders' equity using cost values of TUSD 3,428 (31 December 2020: TUSD 2,251). The gains and losses on sales of treasury shares are credited/debited to the retained earnings account.

Share buyback 2nd line (bought for cancellation)
Since 2011, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. These treasury shares are treated as a deduction from shareholder's equity at the average purchase price.

On 11 December 2019, the board of directors decided to extend the current program by a second trading line to buy back shares on the ordinary trading line and at the same time to adjust the purpose of the program so that the shares can also be used for general treasury management purposes. The changes are connected with the entry into force of the Federal Law on Tax Reform and AHV financing on 1 January 2020.

On 18 March 2021 the board of directors decided to terminate prematurely the share buyback program which started on 14 June 2019.

Altogether the Group holds 308,371 treasury shares as at 31 December 2021 (31 December 2020: 204,387).

Treasury shares

Treasury shares 1st line held by the Company	From	To	Cancelled	Number of shares	Average price USD	Average price CHF	Cost TUSD	Cost TCHF
Buyback programs								
2nd line program initiated on 14 June 2019, expanded and amended purpose announced on 27 December 2019								
Additions 2020	03.01.2020	30.04.2020	12.08.2020	85,074	13.03	12.62	1,109	1,073
Additions 2020	06.05.2020	31.12.2020	—	204,387	11.02	10.14	2,251	2,072
Additions 2021	01.01.2021	31.12.2021	—	103,984	11.32	10.14	1,177	1,054
Total				**393,445**	**11.53**	**10.67**	**4,537**	**4,199**

Movement of treasury shares 1st line	Number of shares		Cost TUSD	Cost TCHF
Treasury shares held as of 31 December 2019	—		—	—
Additions 2020	289,461		3,360	3,145
Cancellation on 3 August 2020	(85,074)		(1,109)	(1,073)
Treasury shares held as of 31 December 2020	**204,387**		**2,251**	**2,072**
Additions 2021	103,984		1,177	1,054
Treasury shares held as of 31 December 2021	**308,371**		**3,428**	**3,126**

Treasury shares 2nd line (bought for cancellation) held by the Company	From	To	Cancelled	Number of shares	Average price USD	Average price CHF	Cost TUSD	Cost TCHF
Buyback programs								
Program initiated on 26 June 2017, announced on 21 June 2017								
Additions 2019	13.05.2019	21.05.2019	03.08.2020	31,529	15.71	15.86	495	500
Additions 2019 via tradable put options[1]	24.05.2019	07.06.2019	03.08.2020	547,654	20.35	20.21	11,145	11,070
Total				**579,183**	**20.10**	**19.98**	**11,640**	**11,570**
Program initiated on 14 June 2019, announced on 12 June 2019								
Additions 2019	14.06.2019	31.12.2019	03.08.2020	185,153	14.58	14.40	2,699	2,666
Total				**185,153**	**14.58**	**14.40**	**2,699**	**2,666**

[1] Cost includes the transaction expenses of Zuercher Kantonalbank, Zürich, for the tradeable put option which causes a dilution of the average price.

Movement of treasury shares 2nd line (bought for cancellation)	Number of shares		Cost TUSD	Cost TCHF
Shares held as of 1 January 2020	**764,336**		**14,339**	**14,295**
Cancellation on 3 August 2020	(764,336)		(14,339)	(14,295)
Shares held as of 31 December 2020	—		—	—

Summary of treasury shares held by the Company as of 31 December 2021	Number of shares	Average price USD	Average price CHF	Cost TUSD	Cost TCHF
Treasury shares 1st line	308,371	11.12	10.14	3,428	3,126
Treasury shares 2nd line (bought for cancellation)	—	—	—	—	—
Total of treasury shares held as of 31 December 2021	**308,371**	**11.12**	**10.14**	**3,428**	**3,126**

Allocation of legal reserves from capital contributions
Under Swiss tax law effective 1 January 2011, repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. In order to establish the amount of capital contribution reserves that the Company may be able to repay to shareholders without being subject to the withholding tax deduction that applies to dividends paid out of retained earnings, in the general meeting on 14 May 2019 the board of directors proposed to transfer TUSD 9,403 (TCHF 9,166) of general reserves from capital contributions to accumulated surplus, in order to align the general legal reserves with the standard practice of the Swiss tax authorities.

As at 31 December 2021 the reserves from capital contributions that are available for distribution to shareholders amount to TUSD 127,244 (TCHF 125,018) (31 December 2020: TUSD 160,843 (TCHF 155,332).

Shareholders' equity

In 2021 (all amounts in US Dollar thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/ (deficit)	Treasury shares at cost	Total
1 January 2021	**534**	**160,843**	**(2,219)**	**(2,251)**	**156,907**
Gain for the year	—	—	26,705	—	26,705
Distribution of legal reserves to the investors	—	(33,599)	—	—	(33,599)
Purchase of treasury shares 1st line	—	—	—	(1,177)	(1,177)
31 December 2021	**534**	**127,244**	**24,486**	**(3,428)**	**148,836**

Shareholders' equity (supplementary information)

In 2021 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Legal reserves Reserves from capital contributions	Accumulated surplus/ (deficit)	Translation difference	Treasury shares at cost	Total
1 January 2021	**521**	**155,332**	**(878)**	**(14,237)**	**(2,072)**	**138,666**
Gain for the year	—	—	24,415	—	—	24,415
Translation difference	—	—	—	3,891	—	3,891
Distribution of legal reserves to the investors	—	(30,314)	—	—	—	(30,314)
Purchase of treasury shares 1st line	—	—	—	—	(1,054)	(1,054)
31 December 2021	**521**	**125,018**	**23,537**	**(10,346)**	**(3,126)**	**135,604**

8 Major shareholders

As at 31 December the following major shareholders are known by the Company:

Major shareholders	2021	2020
Between 10% and 20%	Berlin-AI Fund SCS, SICAV-FIS, Luxembourg	Berlin-AI Fund SCS, SICAV-FIS, Luxembourg
	Deka International S.A., Luxembourg	Deka International S.A., Luxembourg
Between 3% and 10%	The Goldman Sachs Group, Inc., United States	The Goldman Sachs Group, Inc., United States
	LGT Group Foundation AG, Vaduz, Liechtenstein	LGT Group Foundation AG, Vaduz, Liechtenstein
	LRI Capital Management SA, Luxembourg	LRI Capital Management SA, Luxembourg

9 Compensation and share ownership

The annual remuneration and expense allowances paid to the members of the board of directors as well as the premium paid for the officers liability insurance are detailed within the remuneration report.

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers. The management is compensated by the Company.

No further compensation by the Company or its subsidiaries for their activities has been due, nor did directors receive shares, options or loans.

Alfred Gantner and Dr André Lagger resigned as board of directors of LGT Private Equity Advisers AG at the annual general meeting 2020. No shares are held through any of the directors of LGT Private Equity Advisers AG as per 31 December 2021.

Share ownership	2021	2020
Castle Private Equity AG		
Members of the board of directors		
Gilbert Chalk	1,750	1,750
Dr Konrad Bächinger	84,815	84,815
Total	**86,565**	**86,565**

10 Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Thomas Romer, the auditor in charge, took up office in 2021.

Total audit fees charged by PricewaterhouseCoopers for the audit 2021 of the Company amounts to TUSD 93 (TCHF 86) (2020: TUSD 103 (TCHF 97)).

11 Subsequent events

The company financial statements have been authorised at the 14 February 2022 board meeting for issue 18 February 2022. The annual general meeting called for 10 May 2022 will vote on the final acceptance of the company financial statements.

No treasury shares have been purchased by Castle Private Equity AG since the balance sheet date of 31 December 2021. As at 18 February 2022 the Company held in total 308,371 treasury shares (17 February 2021: 270,387).

Since the balance sheet date of 31 December 2021, there have been no material events that could impair the integrity of the information presented in the financial statements.

Page intentionally left blank

Report of the statutory auditor

to the General Meeting of Castle Private Equity AG

Pfäffikon SZ

We have audited the remuneration report (pages 82 to 85) of Castle Private Equity AG for the year ended 31 December 2021.

Board of directors' responsibility

The board of directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of Castle Private Equity AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Thomas Romer	Jack Armstrong
Audit expert Auditor in charge	Audit expert

Zürich, 18 February 2022

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

Page intentionally left blank

Remuneration report

The remuneration report contains information about the principles of remuneration, procedures for determining remuneration and components of remuneration for the board of directors and management of Castle Private Equity AG. It also details the remuneration awarded in 2020 and 2021 as well as the planned components of remuneration in 2022. It is based on the provisions of the articles of association, the transparency requirements set out in Articles 13 – 16 of the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV) and Article 663bbis of the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

Principles of remuneration

- Transparency (simplicity, clarity)
- Adherence to market rates of executive pay
  (benchmarking of similar companies, qualifications and experience)

Governance

The board of directors has appointed a remuneration committee comprising Heinz Nipp (chairman), and Dr Konrad Bächinger (member).

The remuneration committee draws up proposed remuneration guidelines for the board of directors. The members of the board of directors are entitled to reimbursement of their expenses incurred in the interest of the company as well as to compensation corresponding to their activities, as determined by the board of directors.

The remuneration committee meets as often as required, but at least once a year.

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers, in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company. This work for the Company on average takes up approximately 20 per cent of their working time. For 2021, the management of the Company was compensated only by affiliates of LGT Group Foundation. LGT Group Foundation is the co-owner of LGT Private Equity Advisers AG which acts as investment manager to the Company and receives a management fee for these services.

Procedures for determining remuneration

The level of remuneration awarded to the board of directors is based on sector and market comparisons. The remuneration committee also consults comparative figures and surveys of listed companies operating in the same sector.

Structure of remuneration

The board of directors is compensated in cash for all of its duties, including expenses for ordinary and extraordinary meetings, committee activities and other extraordinary activities. Neither shares nor options were allocated in the reporting year.

Remuneration policy

Remuneration of the board of directors and management of Castle Private Equity AG shall be effected in accordance with the provisions of the Articles, notably article 17. The board of directors and management determined that its members be remunerated annually as follows (pro-rata when a mandate is not executed for a full year):

Remuneration	2021 TCHF	2020 TCHF
Chairman	55	55
Deputy chairman	44	44
Committee chairman	44	44
Member	33	33
General managers	100	100

The remuneration of the board of directors shall be payable by the end of each quarter. The management expenses once a year in advance.

Travel and other expenses related to attendance at board meetings shall be covered by an expense allowance for each meeting in Switzerland, physically attended, as follows:

Travel and other expenses	2021 CHF	2020 CHF
Switzerland based	250	250
Europe based	1,500	1,500
Overseas based	7,000	7,000

Bills of expenses in excess of TUSD 7 (TCHF 7) shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). Bills of expenses below such may be signed off by the general managers.

Directors may furthermore be paid all other bill properly incurred by them in connection with the business of the company. The board may, in addition, grant special remuneration to any director who performs special or extra services to or at the request of the company.

Remuneration for financial years 2021 and 2020 (Article 14 VegüV)

The following tables show the remuneration for the members of the board of directors in the year 2021 and 2020.

Travel and other expenses	2021 TUSD	2021 TCHF[1]	2020 TUSD	2020 TCHF[1]
Employers contributions to social security	4	4	4	4
Directors and officers liability insurance fee	39	36	12	11
Travel expenses	—	—	9	9

[1] Swiss Francs are shown as supplementary information.

The board of directors remuneration is defined and paid out in Swiss Francs.

	Cash compensation TUSD	Social security payments TUSD	Travel and other expenses TUSD	Total remuneration TUSD
As of 31 December 2021				
Gilbert Chalk, chairman	58	–	–	58
Dr Konrad Bächinger, deputy chairman	48	2	–	50
Heinz Nipp, committee chairman – remuneration committee	48	2	–	50
Thomas Amstutz, committee chairman – audit committee	48	–	–	48
General managers	112	–	–	112
Total	**314**	**4**	–	**318**

The following Swiss Franc tables are shown as supplementary information as in the company financial statements.

	Cash compensation TCHF	Social security payments TCHF	Travel and other expenses TCHF	Total remuneration TCHF
As of 31 December 2021				
Gilbert Chalk, chairman	55	–	–	55
Dr Konrad Bächinger, deputy chairman	44	2	–	46
Heinz Nipp, committee chairman – remuneration committee	44	2	–	46
Thomas Amstutz, committee chairman – audit committee	44	–	–	44
General managers	100	–	–	100
Total	**287**	**4**	–	**291**

	Cash compensation TUSD	Social security payments TUSD	Travel and other expenses TUSD	Total remuneration TUSD
As of 31 December 2020				
Gilbert Chalk, chairman	59	—	1	60
Dr Konrad Bächinger, deputy chairman	48	2	—	50
Heinz Nipp, committee chairman – remuneration committee	48	2	—	50
Thomas Amstutz, committee chairman – audit committee	48	—	7	55
General managers	103	—	—	103
Total	**306**	**4**	**8**	**318**

	Cash compensation TCHF	Social security payments TCHF	Travel and other expenses TCHF	Total remuneration TCHF
As of 31 December 2020				
Gilbert Chalk, chairman	55	—	1	56
Dr Konrad Bächinger, deputy chairman	44	2	—	46
Heinz Nipp, committee chairman – remuneration committee	44	2	—	46
Thomas Amstutz, committee chairman – audit committee	44	—	7	51
General managers	100	—	—	100
Total	**287**	**4**	**8**	**299**

Loans and credits to board members and the management (Article 15 VegüV)
No further loans or credits by the Company or its subsidiaries for their activities have been granted to members of the board of directors in the financial year 2021.

Compensation, loans and credits to related parties (Article 16 VegüV)
No further compensation, loans or credits by the Company or its subsidiaries for their activities have been granted to any related party in the financial year 2021.

Heinz Nipp **Benedikt Meyer**

Pfäffikon, 18 February 2022

Corporate governance

In accordance with the corporate governance directive of the SIX Swiss Exchange

1. Group structure and shareholders

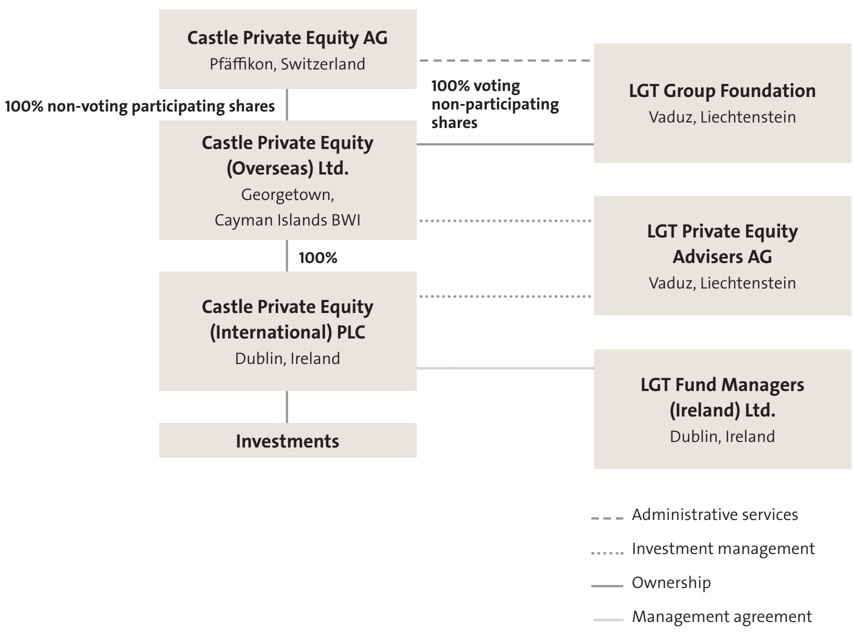
Castle Private Equity ("the Group") consists of Castle Private Equity AG ("the Company") and two fully consolidated subsidiaries, as shown below and as listed in note 1 to the consolidated financial statements. The Company's registered office is Schützenstrasse 6, 8808 Pfäffikon (Freienbach community), Switzerland. Within the Group, only the Company is a listed company.

Significant shareholders
The shareholding structure of the Company as of 31 December 2021 is shown below:

- Berlin-AI Fund SCS, SICAV-FIS, reported a holding of 17.8 per cent.
- Deka International S.A., reported a holding of 10.2 per cent.
- LGT Group Foundation, reported a holding of 8.5 per cent.
- The Goldman Sachs Group, Inc., reported a holding of 6.5 per cent.
- LRI Capital Management S.A., reported a holding of 6.5 per cent.

An update on shareholdings can be obtained from the SIX website at
http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html#

The Group has not entered into any cross-shareholdings that exceed 5 per cent of the capital shareholding as voting rights on either side.



2. Capital structure

Capital

The Company's share capital consists of 10,413,112 registered shares with a par value of CHF 0.05 each. The shares are listed in Swiss Francs at the SIX Swiss Exchange in Zurich with ISIN CH0048854746 and valor number 4885474. Since 2011 the Company successfully completed a number of share buyback programs. These shares were bought back for cancellation at one of the subsequent annual general meetings. On 25 September 2017 the Company announced the cancellation of 2,904,511 registered shares and reduction of par value of to CHF 0.05 per share as approved at the 15 May 2017 general meeting of shareholders. As of December 2017, the Company held 1,876,234 shares from buyback programs launched in 2016 and 2017. On 6 August 2018 the Company announced the cancellation of 8,301,455 registered shares as approved at the 14 May 2018 general meeting of shareholders. As of December 2018, the Company held 6,231,357 shares from buyback programs launched in 2017 and 2018. On 20 August 2019 the Company announced the cancellation of 6,759,973 registered shares as approved at the 14 May 2019 general meeting of shareholders. As of December 2019, the Company held 764,336 shares from buyback programs launched in 2018 and 2019. On 10 August 2020 the Company announced the cancellation of 849,410 registered shares as approved at the 12 May 2020 general meeting of shareholders. As of December 2021, the Company held 308,371 shares from buyback programs launched in 2019. The Company has not issued any participation certificates (Partizipationsscheine), preference shares (Vorzugsaktien) or profit sharing certificates (Genussscheine). Shares of the subsidiaries are not listed. The Company does not have conditional and authorised share capital.

A detailed overview of the capital structure is shown in note 7 of the Company's financial statements. Changes in the par value and number of registered shares outstanding for the last three years can be seen in the table below:

Share capital	2019	2020	2021
Outstanding shares	10,413,112	10,413,112	10,413,112
Nominal per share in CHF	0.05	0.05	0.05

The market capitalisation of the Company per year end 2021 amounted to approx. CHF 99.4 million (the market capitalisation of the Company is calculated after excluding the treasury shares held for cancellation). There are no outstanding convertible bonds or options issued by the Company or any of its subsidiaries on the Company's securities.

Voting rights, share registration
Each share confers the right to one vote. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares in their own name and for their own account and comply with the disclosure requirement of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act).

Entry of registered shares with voting rights may be refused in the following situations:

Persons not expressly declaring themselves to be holding shares for their own account (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 1.5 per cent of the outstanding share capital available at the time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3 per cent or more of the outstanding share capital at the time and provided that the disclosure requirement stipulated by the Stock Exchange Act is complied with. The board of directors has the right to enter into agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restriction are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above regulations. After due consultation with the person concerned, the Company is further authorised to remove the shareholder from the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information required.

No agreements with nominees were entered into, nor were exceptions to the above regulations granted in 2021.

3. Board of directors

As of 31 December 2021, all members of the board of directors are non-executive. None of the members have been members of management of the Company or one of its subsidiaries over the last three years.

No other member of the board of directors has any significant business connections with any members of the Group.

The board is composed of the following members:

Gilbert J. Chalk,
chairman of the board
Gilbert Chalk (British citizen, 1947) completed his BSc at Southampton University, an MA in Business at Lancaster University and obtained an MBA from Columbia University in 1972. He worked in corporate finance at Hill Samuel Bank before joining Hambros Bank in 1980 as a manager and, subsequently, was a director in their corporate finance department. In 1987 he founded and became managing director of Hambro European Ventures, a position he held until 1994. Since 1994 he has been active as director and adviser of a number of privately financed companies. From 2000 to 2010 he was chairman of the Baring English Growth Fund. He subsequently held positions as chairman of Aurora Russia Limited, a London AIM quoted company, and as chairman of the Guernsey Investment Fund.

Gilbert Chalk was elected to the board of directors in 2008. He was re-elected at the annual shareholders' meeting in May 2021 for a term ending at the 2022 annual shareholders' meeting.

Dr Konrad Bächinger,
deputy chairman of the board and member of the remuneration committee
Dr Konrad Bächinger (Swiss citizen, born 1950) received a Ph.D. in law from the University of Zurich. He acted subsequently as legal counsel for the St. Gallische Creditanstalt and as head of legal department of Adolph Saurer AG. In 1984, he joined LGT Bank in Liechtenstein as general counsel. In 1989 he was appointed managing director and head of legal matters and project department. In 1990 he became member of the executive board of the bank, heading commercial banking and legal matters. In 1998 he became chief executive officer of LGT Capital Management. Dr Bächinger was member of the Group executive committee of Liechtenstein Global Trust (now known as LGT Group Foundation) between 2001 and 2006, subsequently becoming a senior advisor of LGT Group Foundation until his retirement in 2010. Dr Bächinger is also deputy chairman of the board of directors of Castle Alternative Invest AG and serves on the board of several LGT-managed or affiliated investment and management companies, including LGT Capital Partners Limited.

Dr Bächinger was elected to the board of directors in 1997 and was re-elected annually since.

Heinz Nipp,
member of the board, remuneration committee chairman and member of the audit committee
Heinz Nipp (citizen of the Principality of Liechtenstein, born 1951) completed a banking apprenticeship and training as a financial analyst which were later followed by executive management studies at Stanford University.

Prior to joining LGT Bank in Liechtenstein in 1982, Mr Nipp spent several years abroad to gain practical banking experience. Mr Nipp was the CEO of LGT Bank in Liechtenstein until 2001 when he was appointed member of the Group executive committee of Liechtenstein Global Trust, now known as LGT Group Foundation. In 2006, Heinz Nipp was appointed executive chairman wealth management Asia of LGT Group Foundation. He retired from his functions at LGT in 2008.

In 2014, Heinz Nipp joined the board of LGT Capital Partners (Ireland) Limited.

Heinz Nipp was elected to the board in 1997. He was re-elected at the annual shareholders' meeting in May 2021 for a term ending at the 2022 annual shareholders' meeting.

Thomas Amstutz,
member of the board and audit committee chairman
Thomas Amstutz (Swiss citizen, born 1962) completed his bank apprenticeship at Credit Suisse and graduated from Commercial School of Business Administration. From 1981 until 2004 he held a variety of management positions with Credit Suisse Group. In 1987 he was appointed managing director of CSFB Geneva, Head of Foreign Exchange/Precious Metals Options. Between 1991 and 1996 he held different positions within Credit Suisse in Zurich, before heading the Sales and Trading department in Frankfurt. In 1999 he was appointed member of the executive board of Credit Suisse Private Banking and from August 2002 until December 2004 he was member of the executive board of Credit Suisse Financial Services and Head of the Division Investment Management.

From 2005 until 2014 he was chairman of Absolute Private Equity AG, Zug, Absolute Invest AG, Zug (both listed Swiss investment companies) and Absolute Investment Services Ltd., Zurich. Thomas Amstutz is owner of JAAM AG, Zurich and holds several positions as a board member of the following companies: Alpine Select AG, Zug; Baloise Bank SoBa, Solothurn; Vicenda Asset Management AG, Baar Zug. Mr Amstutz was elected to the board of directors of Castle Private Equity AG at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2021 for a term ending at the 2022 annual shareholders' meeting.

Responsibilities

The principal responsibilities of the board of directors as defined in the Swiss Code of Obligations and the Company's articles of association and organisational regulations are:

(i) organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
(ii) determination of the investment policy and supervision of its implementation; and
(iii) appointment and supervision of the Company's general manager and the investment manager.

Board members share these responsibilities jointly. No specific tasks have been allocated to individual members of the board.

Committees

The board of directors established an audit committee comprising Thomas Amstutz (chairman) and Heinz Nipp (member). The audit committee's duties include:

(i) selecting the auditor (for approval at the shareholders' meeting), as well as determining and supervising the terms of their engagement;
(ii) monitoring the integrity of the financial statements; and
(iii) reviewing the internal control systems in place in the Company.

Furthermore, a remuneration committee was introduced composed of Heinz Nipp (chairman) and Dr Konrad Bächinger (member). The duties of the remuneration committee can be found in the remuneration report on page 82.

Organisation

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers (see next page), in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company.

The board has delegated the management of the Company's assets in accordance with the investment policy and guidelines to LGT Private Equity Advisers AG, the investment manager (see next pages).

The board resolves by majority vote with the presence of a majority of members. Decisions can be taken by phone conference or circular resolution unless a board member requests otherwise. The board of directors meets as often as business matters require, as a rule four times a year.

The board considers agenda items laid out in the notice and agenda which are formally circulated to the board in advance of any meeting as part of the board papers. The members of the board may request any agenda items to be added that they consider appropriate for board discussion. In addition each director is required to inform the board of any potential or actual conflict of interest prior to board discussion. In 2021, four board meetings and two audit committee meetings were held, with an average duration of between two and four hours. Board meetings are attended by representatives of the investment manager and the general managers. In addition to the physical meetings, various ad hoc meetings and phone conference calls were held throughout the year to deal with matters substantially of an administrative nature and these were attended by the directors available at the time.

In addition to board meetings, individual members of the boards of the Company and of the investment manager and the general managers interact frequently.

Information and control

The directors receive regular reports on the course of business, including the status of the portfolio. Directors may request additional information or details through the general manager.

4. Management

General manager

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers.

Dr Hans Markvoort

(Swiss citizen, born 1965) graduated with a Ph.D. in economics from the University of St. Gallen in 1995 after studies in the Netherlands and Switzerland. He was head of controlling and company secretary of Industrieholding Cham, a diversified Swiss industrial group, until 1998. He subsequently served as chief financial officer of Universal Holding, a European subsidiary of a US industrial equipment supplier. He joined LGT Capital Partners' private equity team in 2000, where he currently is a partner, coordinating private markets operations. Dr Markvoort is a director of various private equity investment entities as well as of LGT Capital Partners (Ireland) Limited, LGT Fund Managers (Ireland) Limited, LGT Fund Managers (Luxembourg) Sarl and LGT Fund Managers (FL) Limited. He was a board member of LGT Group's Swiss pension foundation from 2016 to 2020.

Benedikt Meyer

Mr Meyer (Swiss citizen, born 1983) is an executive director at LGT Capital Partners Ltd. He serves also as general manager of Castle Alternative Invest AG. Prior to joining LGT Capital Partners in 2010, Mr Meyer worked in business development and investor relations for Partners Group AG in Zug and London. Mr Meyer holds a Diploma of Higher School of Business Studies HF (BSc in Economics). He is fluent in English and German, and conversant in French.

There are no other activities and vested interests of the members of the management.

Investment manager

LGT Private Equity Advisers AG, Vaduz, has been appointed investment manager. The investment manager is responsible for the management of the Company's assets in accordance with the investment policy and guidelines. The investment manager does not have any duties or responsibilities in relation to the operational management of the Company. The main responsibilities of the investment manager are:

(i) implementation of the investment policy, including identifying, purchasing and selling investments;
(ii) monitoring of investments; and
(iii) analysis and forecast of cash flows.

The role of the investment manager is governed through investment management agreements with the subsidiaries. These agreements do not have a fixed termination date but can be terminated by either party at 90 days' notice. The compensation of the investment manager is shown in notes 6, 16 and 17 of the consolidated financial statements.

The board members of the investment manager are affiliated with LGT Group Foundation or with Partners Group. LGT Group Foundation owns 60 per cent, Partners Group owns 40 per cent of the investment manager. The members of the board of directors of LGT Private Equity Advisers AG are:

In line with Castle Private Equity's realisation strategy and the corresponding streamlining of the investment manager's operations, Alfred Gantner and Dr André Lagger have retired from the Board of LGT Private Equity Advisers AG at the occassion of LGT Private Equity Advisers AG's annual general meeting on 20 May 2020.

Alfred Gantner – resigned at the annual general meeting on 20 May 2020
Swiss citizen, born 1968. He received his MBA from the Brigham Young University in Utah with a specialisation in finance. He worked at Cantrade Privatbank in Switzerland and joined Goldman, Sachs & Co. in New York and London prior to transferring to their Zurich office in 1994. Alfred Gantner co-founded Partners Group in 1996 and serves full-time as the firm's Executive Chairman, leading the business strategy and corporate development of the firm. He is a member of the business development committee and the global portfolio investment committee.

Ivo Klein
Citizen of Liechtenstein, born 1961. He completed his studies in business administration at the University of Applied Sciences in St. Gallen, Switzerland, subsequent to which he trained to be a chartered accountant. Ivo Klein was working in the Group Internal Audit Department of the LGT Group for 15 years of which 10 years was spent as deputy head of the department. In 2001 he took over the newly created function of Head of Group Compliance at LGT. Ivo Klein was a member of the Liechtenstein Landtag (parliament) between 2001 and 2009, of which as vice chairman between 2005 and 2008. In 2011 he was appointed as member of the executive board at LGT Bank AG. Ivo Klein has been a board member of the Liechtenstein Bankers Association since 2017 and also a member of the Board of Trustees of the Deposit Guarantee and Investor Compensation Foundation PCC since 2017 and its President since 2020.

Dr André Lagger – resigned at the annual general meeting on 20 May 2020
Dr André Lagger, Swiss citizen, born 1962 received a Ph.D. in business administration from the University of Berne and completed studies at the Swiss Banking School. He began his career at Union Bank of Switzerland in Zurich, moving to UBS London in 1994 as head of corporate development. In 1997, he joined LGT Services in Zurich as head of corporate controlling. Subsequently, he became, in 1998, member of the executive board and chief financial officer of LGT Capital Management in Vaduz and, in 2001, chief executive officer of LGT Financial Services. Since 2006, he is CEO of the business unit operations & technology of LGT Group Foundation.

Dr Roberto Paganoni
Dutch citizen, born 1961. Roberto Paganoni completed his mechanical engineering studies at the Technical University of Aachen and received a Ph.D. in business administration from the University of St. Gallen. He joined McKinsey & Co. in 1989, for whom he worked in their Duesseldorf, Brussels and Zurich offices. In 1997, he joined Liechtenstein Global Trust as head of alternative assets. Since 2001, Roberto Paganoni is managing partner and chief executive officer of LGT Capital Partners Ltd.

Urs Wietlisbach
Urs Wietlisbach co-founded Partners Group in 1996. He is a member of Partners Group Holding AG's board of directors and chairman of the Markets Committee, based in Zug. He has 27 years of industry experience. Prior to founding Partners Group, he worked at Goldman Sachs & Co. and Credit Suisse. He holds a master's degree in business administration from the University of St. Gallen (HSG), Switzerland.

Investment advice

For the investment management LGT Private Equity Advisers AG makes use of the private equity investment team of LGT Capital Partners Ltd. The team consists of over 150 private equity professionals combining American and European education, investment experience and networks on a global basis. The key private equity investment professionals of LGT Capital Partners Ltd. are as follows:

Maximilian Brönner

German citizen, born 1966. Maximilian Brönner was educated at the Université de Fribourg and the London School of Economics. Mr Brönner started his career at Dresdner Bank AG in Frankfurt and worked in investment banking for Banco Bilbao Vizcaya in Madrid and for Jones Lang Wootton in Berlin. Prior to joining LGT Capital Partners in 1999, he was a corporate finance manager at Pricewaterhouse mainly responsible for private equity transactions. He is a managing partner at LGT Capital Partners.

Dr Roberto Paganoni

See on page 93.

Ivan Vercoutère

French citizen, born 1966. He received a BSc in Finance from San Diego State University. Prior to joining LGT Capital Partners in 1998, Mr Vercoutère was Vice President and investment committee member of Pacific Corporate Group, Inc (PCG), a California-based global private equity advisor and manager. Ivan Vercoutère is a managing partner at LGT Capital Partners.

5. Compensation, shareholdings and loans

The remuneration of the board of directors is as follows:

Remuneration	TCHF
Chairman	55
Deputy chairman	44
Committee chairman	44
Member	33

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as follows: Switzerland based CHF 250, Europe based CHF 1,500, Overseas based CHF 7,000. Expense accounts in excess of CHF 7,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). Accounts below such may be signed of by the general managers.

The Company appointed Dr Hans Markvoort and Benedikt Meyer as general managers, in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company. This work for the Company on average takes up approximately 20 per cent of their working time. For 2021, the management of the Company was compensated by the investment advisor.

Remuneration	TCHF
General managers	100

No further compensation or fees, shares, options or loans by the Company or its subsidiaries for their activities have been due.

6. Voting and representation restrictions

Voting restrictions

The articles of association do not contain any statutory voting rights restrictions other than those disclosed in section 2 above. No exceptions were granted in the year under review.

The convocation of the general meeting of shareholders and the addition of items to its agenda are conform with the regulations of the Swiss code of obligations.

General meeting of shareholders

The next shareholders' meeting is scheduled for 10 May 2022 and shall be convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting.

Shareholders registered with voting rights in the shareholders' register until and including 2 May 2022 shall receive, with their invitation to the annual general meeting, a registration card to apply for an admission card and voting documentation. No new share registrations with voting rights shall be made in the shareholders' register between 2 May 2022 and the end of the general meeting.

Shareholders representing at least 10 per cent of the share capital may request that an extraordinary shareholders' meeting be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 10,000 may request that an item be included in the agenda of the shareholders' meeting. Such requests must be made in writing at least 50 days before the date of the meeting, specify the item to be included in the agenda and contain the proposal on which the shareholder requests a vote.

Statutory quorums

The articles of association contain the following voting quora that extend beyond the thresholds of simple and qualified majority prescribed in the Swiss Code of Obligations:

- the easement or abolition of the restriction of the transferability of the registered shares;
- the conversion of registered shares into bearer shares and bearer shares into registered shares; and
- the abolition of restrictions in the articles of association concerning the passing of a resolution by the shareholders' meeting.

The dissolution of the Company with a liquidation requires a resolution of the shareholders' meeting passed by at least 80 per cent of all share votes.

7. Change of control

The Company has stated in article 6h of its articles of association that a party acquiring shares above the legal threshold potentially triggering a public offer in the Company is not obliged to make a public offer to acquire all shares of the Company pursuant to articles 32 and 52 of the Stock Exchange Act (opting-out clause).

The members of the board of directors, the general manager and the investment manager do not benefit from contractual clauses on change-of-control situations.

8. Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Thomas Romer, the auditor in charge, took up office in 2021.

Total audit related fees charged by PricewaterhouseCoopers for the 2021 audit amounted to TUSD 141 (2020: TUSD 141).

Supervision of the audit takes place in various meetings and discussions between the auditors and board members throughout the year as well as through the internal audit department of LGT Group Foundation.

Principal means of information between the external auditor and the board of directors (in particular through the audit committee) is the annual audit report submitted by the auditor to the directors. The report is generally discussed with representatives of the auditor at the spring board meeting that also resolves on approval of the annual report. Prior to discussion of the auditors' report, audit committee meetings – typically in the form of conference calls – take place to discuss progress of the audit and any specific matters noted. Preparation of the audit (which includes an update on changes in accounting and reporting standards and audit requirements by the auditor) usually take place in autumn, either in the form of the auditor's presence at a board meeting or by means of a phone discussion.

9. Information policy

The Company publishes an audited annual report per 31 December and a semi-annual report per 30 June. Furthermore, the Company publishes monthly portfolio updates.

The Company publishes these and other documents on the Company's website www.castlepe.com. Subscribers listed on the Company's distribution schedule generally receive these documents (or references to their website location) upon publication by e-mail. Ad-hoc messages and announcements (e.g. regarding general meetings) are also distributed by e-mail. Several documents are available in print form. Please contact representatives of the Company through the website or by letter or phone to be added to the mailing list.

The financial calendar can be downloaded from the Company's website www.castlepe.com.

Non-applicability/negative disclosure
It is expressly noted that any information not contained or mentioned herein is non-applicable or its omission is to be construed as a negative declaration (as provided in the Corporate Governance Directive and the commentary thereto).

10. Quiet periods

The Company sets general quiet periods ("blackout periods") in accordance with SIX Directive on Information relating to Corporate Governance. These blackout periods apply in connection with the publication of the Company's monthly portfolio updates and are effective for all LGT Capital Partners employees and as well for the Company's insiders as defined in its insider list.

Blackout periods 2021
4 January 2021 until and including 28 January 2021
12 February 2021 until and including 26 February 2021
13 March 2021 until and including 26 March 2021
10 April 2021 until and including 27 April 2021
12 May 2021 until and including 31 May 2021
18 June 2021 until and including 30 June 2021
15 July 2021 until and including 19 July 2021
3 August 2021 until and including 19 August 2021
3 September 2021 until and including 13 September 2021
28 September 2021 until and including 19 October 2021
3 November 2021 until and including 22 November 2021
7 December 2021 until and including 22 December 2021

Share information

Exchange rate CHF/USD: 0.9111

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Since inception
Share information													
Number of issued shares at year end (000)[1]	43,200[2]	43,200[3]	41,700[4]	37,530[5]	35,630[6]	33,464[7]	29,228[8]	26,324[9]	18,022[10]	10,498[11]	10,209[12]	10,105	
USD net asset value[1]	14.70	15.76	17.40	17.13	15.39	16.19	17.03	18.52	17.96	14.97	15.50	14.73	
CHF closing price[1]	8.11	10.10	13.00	11.95	14.35	16.40	15.35	17.90	16.20	13.75	10.00	9.55	
Share performance[13]													
USD net asset value	20.7%	7.2%	10.4%	10.6%[14]	6.3%[15]	5.2%	5.2%	8.7%	5.3%	0.9%	3.5%	15.3%	114.6%[14],[15],[16],[17],[18]
USD closing price	65.7%	24.1%	30.6%	11.5%	6.6%	12.7%	—	—	—	—	—	—	—
CHF closing price	50.2%	24.5%	28.7%	7.3%	20.1%	14.3%	(6.4%)	16.6%	(9.5%)	(15.1%)	(27.3%)	(4.5%)	(8.2%)

1) Adjusted for the ten for one share split.
2) Of which 191,853 owned by the Group.
3) Of which 1,726,060 owned by the Group.
4) Of which 3,771,129 owned by the Group (575,885 in treasury and 3,195,244 for cancellation). On 12 July 2012, the 1,500,000 shares purchased in the 2011 share buyback program were cancelled.
5) Of which 1,782,385 owned by the Group (575,885 in treasury and 1,206,500 for cancellation). On 22 August 2013, the 4,170,000 shares purchased on the 2012/2013 share buyback program were cancelled.
6) Of which 2,057,885 owned by the Group (575,885 in treasury and 1,482,000 for cancellation). On 12 August 2014, 1,900,000 shares purchased on the 2013/2014 share buyback program were cancelled.
7) Of which 3,659,175 owned by the Group (3,659,175 for cancellation). On 6 August 2015, 2,166,000 shares purchased on the 2013/2014 share buyback program were cancelled.
8) Of which 2,320,072 owned by the Group. On 5 August 2016, 4,235,539 shares purchased via share buyback program were cancelled.
9) Of which 1,876,234 owned by the Group. On 26 September 2017, 2,904,511 shares purchased via share buyback program were cancelled.
10) Of which 6,231,357 owned by the Group. On 7 August 2018, 8,301,455 shares purchased via share buyback program were cancelled.
11) Of which 764,336 owned by the Group. On 22 August 2019, 6,759,973 shares purchased via share buyback program were cancelled.
12) Of which 204,387 owned by the Group. On 10 August 2020, 849,410 shares purchased via share buyback program were cancelled.
13) Trading on Castle's USD trading line (ticker: CPED SW) was terminated on 31 October 2016.
14) Adjusted for distributions of general legal reserves from capital contributions of CHF 0.75 cents/USD 0.77 cents on 23 May 2013, CHF 1.25 cents/USD 1.37 cents on 6 December 2013.
15) Adjusted for distributions of general legal reserves from capital contributions of CHF 1.25/USD 1.40 on 22 May 2014, and CHF 1.40/USD 1.43 on 5 December 2014.
16) Adjusted for distributions of general legal reserves from capital contributions of CHF 1.00/USD 1.01 on 22 May 2018.
17) Adjusted for distributions of general legal reserves from capital contributions of CHF 3.00/USD 2.97 on 20 May 2019.
18) Adjusted for distributions of general legal reserves from capital contributions of CHF 3.00/USD 3.33 on 21 May 2021.

Listing

SIX Swiss Exchange 4885474 (Swiss security number)

Price information

Reuters: CPE.S

Bloomberg: CPEN SW <Equity>

Publication of net asset value

www.castlepe.com

Registered office

Castle Private Equity AG, Schützenstrasse 6, CH-8808 Pfäffikon, Switzerland
Telephone +41 55 415 94 94, Fax +41 55 415 94 97

Investment manager

LGT Private Equity Advisers AG, Herrengasse 12, FL-9490 Vaduz, Principality of Liechtenstein
Telephone +423 2352929, Fax +423 2352955
Benedikt Meyer, general manager,
Telephone +423 235 2324, benedikt.meyer@lgtcp.com
Dr Roberto Paganoni, chairman of the board of directors,
Telephone +423 235 2332

www.castlepe.com

Registered office
Castle Private Equity AG
Schützenstrasse 6, CH-8808 Pfäffikon
Switzerland
Telephone +41 55 415 9494
Fax +41 55 415 9497

Investment manager
LGT Private Equity Advisers AG
Herrengasse 12, FL-9490 Vaduz
Principality of Liechtenstein
Telephone +423 235 2929
Fax +423 235 2955

www.castlepe.com