Annual Report 2022

ENR RUSSIA INVEST

Contents

Letter to Shareholders

Dear shareholders,

For the year ended 31 December 2022, ENR Russia Invest SA and its subsidiaries produced a consolidated net profit of CHF 0.18 million (2021: consolidated net profit of CHF 3.34 million).

During 2022 our profitability was impacted by ruble strength or weakness. In early 2022, the ruble depreciated sharply against the Swiss Franc on the back of events in Ukraine. After Central Bank of Russia ("CBR") intervention, stability returned. The ruble then strengthened strongly against major currencies for most of the year due to rising export revenues, ruble based gas payments by customers and falling Russian imports (at half-year 2022, ruble strength resulted in an uplift in profits at that time). The ruble remained strong until December 2022, but then depreciated sharply against major currencies during the last few weeks of the year. Year-on-year, it appreciated by 3.72% against the Swiss Franc.

Our flower production facility is the largest Russian domestic flower producer and benefits from its locally produced flowers to substitute imported flowers. The flowers are high-quality and last longer compared to imported flowers and the business provides regular and reliable supply to customers. Greenhouses are at full capacity utilisation with 25.1 hectares in productive use. 15 hectares are planted with more than 40 rose varieties; 2 hectares are planted with more than 20 germini and gerbera varieties; 5 hectares are used for a large annual tulip program and a range of seasonal flower programs; 3 hectares are used for chrysanthemums and 0.1 hectares for flower plant propagation. Flower growing, cutting and sales increased in 2022 as rose, gerbera and germini plants mature and yields improve. Clients include retail and wholesale groups and the smaller regional client base continues to grow.

At the Petrovsky Fort business centre in Saint-Petersburg the business continues to perform solidly. A new supermarket store now brings convenience grocery shopping to our tenants. As part of the optimisation program on the retail floors, a 1'000 square meter area is under refurbishment to create a new value added co-working rentable space. Regular ongoing improvements and capex programs continue.

At the Turgenevskaya parking garage in Moscow, daily parking income is stable and the new card payment system makes it easier for customer payments. The rental of longer-term parking bays to corporates and individuals are also improving.

Due to the sanctions against Russia, Russian entities, and individuals, the operating environment in Russia was impacted by import and export restrictions, import substitution, new regional and international sourcing and distribution routes, capital controls, and a lower growth environment.

Notwithstanding, our operational businesses, which are all focused on the domestic economy, continue operating at levels comparable to 2021. However, there are challenges as our listed equities and bonds have been blocked (we are restricted from trading or repatriating sales proceeds abroad) and the CBR tightened available channels to repatriate cash distributions from our operational businesses. We have taken the necessary actions to optimise available channels for cash repatriations. In addition, we renegotiated terms with our service providers and applied a range of measures within our group to cut costs.

On the economic front, the CBR initially increased the key rate in February to 20% to stabilise financial markets, but within a few months reduced this rate via number of cuts. At year-end 2022 the rate was 7,5%, below the 9.5% one year earlier. Notwithstanding the impact of sanctions and higher inflation in 2022, economic growth contracted by 2.9% in 2022, much lower than initial forecasts.

ENR continues to monitor geopolitical developments and the economic environment to evaluate how the situation is evolving, and to assess what actions to take.

Geneva, 4 April 2023

Gustav Stenbolt
Chairman

Ben de Bruyn
Chief Executive Officer

Economic Review

Growth and inflation

Gross Domestic Product ("GDP") in Russia contracted by 2.9% in 2022. Current CBR forecasts are that GDP will start growing in the second half of 2023 (by 1.5% - 2.5% annually).

On the domestic front, household savings increased along with the uncertainties on the geo-political front and consumer adaption to the new supply and sourcing structures in consumer markets.

Year-end 2022 inflation was 11.9%. Over the short term, negative ruble exchange fluctuations may increase inflation, but lower houshold domestic spending will have an opposite effect.

Sanctions

The European Union ("EU") and United States prohibited transactions with the CBR related to the management of its reserves and assets. The CBR can no longer access assets it has on account in central banks and private institutions in western countries. There are limitations on financial inflows from Russia abroad and many Russian banks have been sanctioned and/or cut-off from the SWIFT interbank system. Many large Russian companies are sanctioned from raising finance in western markets and Russia itself cannot raise funds on the sovereign debt market. There are prohibitions on trading of instruments of listed Russian state-owned entities.

There is a ban from western countries on imports of Russia crude oil, petroleum products, liquefied natural gas and coal and an embargo on crude oil and certain refined petroleum products from Russia, the provision of related services, including insurance or reinsurance for the transport of oil and petroleum products. There are exceptions for imports of crude oil by pipeline into EU member states that, due to their geographic situation, have a specific dependence on Russian supplies and no viable alternative options. Certain countries have temporary exemptions for the import of Russian seaborne crude oil and gas oil. Russian oil exports have been redirected mainly to India and China and China is now Russia's largest customer.

Oil and gas prices and markets to sell these products remain key factors to the prospects of the Russian economy (majority of exports and generating the bulk of federal budget revenues). Russian oil and gas income via exports is also a key source of ruble support. In 2022 natural gas prices in Europe initially increased sharply during 2022,
whilst oil prices increased marginally at year-end after spiking to very high levels during a large part of the year.

The list of sanctioned imported goods from Russia include, coal and other solid fossil fuels; steel, steel products and iron; gold; cement, wood, paper and plastics; seafood and liquor and cosmetics. A range of goods cannot be ex

ported to Russia, such as certain high-end technology; certain types of machinery and transportation equipment; specific goods and technology needed for oil refining; energy industry equipment, technology and services; aviation and space industry goods and technology; maritime navigation goods and radio communication technology; goods that could be used for both civil and military purposes; as well as some luxury goods and firearms.

The world's largest shipping groups suspended non-essential deliveries to Russia, including export of electrical components used in military and civilian computers and machinery components. The EU prohibited Russian road transport operators from entering the EU, including goods in transit (with exemptions for the transport of energy; pharmaceutical, medical, agricultural and food products; and humanitarian aid purposes).

Central Bank of Russia, key rate movements and Ruble

In 2022, the CBR initially increased the key rate in February from 9.5% to 20%, to compensate for increased ruble depreciation and inflation risks at that time. It was required to support financial and price stability and protect savings from depreciation. This halted ruble devaluation. Since then, the CBR has made a number of rate cuts and the key rate, at 31 December 2022, was 7.5% (below the 9.5% rate at year-end 2021).

On the economic front, the CBR initially increased the key rate in February to 20% to stabilise financial markets, but within a few months reduced this rate via number of cuts. At year-end 2022 the rate was 7,5%, below the 9.5% one year earlier. Notwithstanding the impact of sanctions and higher inflation in 2022, economic growth contracted by 2.9% in 2022, much lower than initial forcasts.

Other

To date, there has not been a solution for the situation in Ukraine and bilateral peace talks have stalled. That impacted the Ukranian economy dramatically and its GDP contracted by 45% in 2022 with low exports, widespread infrastructure damage and population migration.

Portfolio Investments

Petrovsky Fort (http://www.petrofort.ru/en/)

Petrovsky Fort is a class B+ office and retail center in Saint-Petersburg near the embankment of the Neva river. There are nine office floors (15'328 square meters rentable space) and two retail levels (5'815 square meters rentable space), two technical floors, a large central atrium, and underground parking for 118 cars (above ground parking for 36 cars).

The Saint-Petersburg based team is actively involved in the day-to-day management of the building and its tenants. A turnkey service offering is provided to the tenants (i.e. utility services, central heating, ventilation and air conditioning; telecommunication lines and high-speed internet access; daily cleaning; security services; reception services and engineering and maintenance services).

For office space, vacancies increased to 11% (31 December 2021: 2%). For the two retail floors, vacancies increased to 41% (31 December 2021: 25%) when a large retail tenant reduced its rental space. Overall, the vacancy rate in the building increased to 19% at year-end 2022 (31 December 2021: 8%). Notwithstanding, 2022 rental income was solid and the replacement of a few remaining international tenants who rented premises in the building was nearing completion at year-end.

A supermarket store in the building now provides convenience grocery shopping to tenants. Regular ongoing improvements and capex programs continue and the new co-working space refurbishment is progressing well on a retail floor (1'000 square meter area). Once completed, it will enhance and compliment the rental offering in the building.

At 31 December 2022, Petrovsky Fort's valuation was ruble 2.79 billion (31 December 2021: ruble 2.86 billion). The carrying value, in Swiss Franc, increased to CHF 36.72 million at 31 December 2022 (31 December 2021: CHF 36.20 million) due to a stronger ruble against the Swiss Franc at year-end and capex investments of CHF 0.89 million in 2022.

Kaluga Flower Holding LLC - Florentika (https://www.florentika.ru/)

ENR has a 50% interest in LLC Kaluga Flower Holding, who owns a greenhouse complex for flower growing in the Kaluga Oblast in Russia (135 km south-west of Moscow) ("Flower Growing Facility"). The Flower Growing Facility is well engineered and equipped with five stand-alone greenhouses. Each greenhouse has gas driven combined cycle generators and heating systems, water treatment and flower growing and harvesting machinery and equipment.

ENR invested ruble 764.42 million in Kaluga Flower Holding LLC via promissary notes and ruble 32 million via equity.

Greenhouses are at full capacity utilisation with 25.1 hectares in productive use. 15 hectares are planted with more than 40 rose varieties; 2 hectares are planted with more than 20 germini

and gerbera varieties; 5 hectares are used for a large annual tulip program as well as a range of seasonal flower programs; 3 hectares are used for chrysanthemums and 0.1 hectares for flower plant propagation. Flower growing, cutting and sorting and sales have increased in 2022 as rose, gerbera and germini plants mature and yields improve. Client includes Russian retail and wholesale groups, with a growing smaller regional client base.

Russia remains one of the 5 largest flower consumption markets in the world and imports 85% of all flowers. As the Flower Growing Facility is the largest Russian domestic flower producer, it is well positioned with locally produced flowers to substitute imported flowers. Its flowers are high-quality and last longer than imported flowers and provides regular and reliable supply to customers. This is relevant as offshore flower suppliers and importers face challenges with imports due to sanctions and transport, logistical and payment challenges.

At 31 December 2022, the carrying value of this flower business increased to CHF 12.55 million due to accrued interest income on loans and a stronger ruble against the Swiss Franc at year-end 2022 (31 December 2021: CHF 10.99 million).

Turgenevskya parking garage (http://www.turgenevka-parking.ru/)

The parking garage is well located in the central business district of Moscow at Turgenevskaya square on the Boulevard Ring. It has a gross built area of almost 10'000 square meters, with parking lot above ground and in six levels underground. Parking lots are leased to corporate clients and to individuals and on an hourly basis for other users. There are several business centers and retail properties in the surrounding area, with three subway stations within close walking distance. Daily parking income is stable and the new card payment system makes it easier for customer payments. Rental of longer-term parking bays to corporates and individuals are slowly improving.

At 31 December 2022 the carrying value of the Turgenevskaya parking garage decreased to CHF 3.58 million (31 December 2021: CHF 3.76 million).

Listed equities

These are Severstal shares, (a vertically integrated steel and steel-related mining business, listed on the Moex Moscow stock exchange), with an attributable value of CHF 0.17 million at 31 December 2022 (31 December 2021: CHF 0.29 million).

Fixed Income Investments

These are bonds of the VTB group, a financial services group in Russia. The aggregate value of these investments declined from CHF 1.46 million at 31 December 2021 to CHF 0.15 million at 31 December 2022.

Directors and Chief Executive Officer

Board of Directors

Gustav Stenbolt - Chairman

Born 12 August 1957. Lic. rer. pol., University of Fribourg. From 1 March 2017, Mr. Stenbolt assumed the functions of delegate of the Valartis Group AG board of directors for the Valartis Group AG. Since 2015 he has been the Chairman of the Board of Valartis Group AG. From 2007 until 2015 he was the Chief Executive Officer of Valartis Group AG. He was Chairman of the Executive Board of Jelmoli Holding from 2004 to 2007. From 1996 to 2004, CEO and founder of the MCT group in Geneva. MCT merged with OZ Holding in 2005. The merged entity was renamed Valartis Group in 2007. From the period 1983 to 1996, Chief Investment Officer of Unifund for Asia, Latin America and Eastern Europe/CIS. Gustav Stenbolt is member of the Board of ENR Russia Invest S.A., EPH European Property Holdings Limited.

Walter Fetscherin

Born 18 August 1945. Swiss citizen with Zurich as his place of origin and Meilen, Switzerland, as his domicile. Dr. Fetscherin studied at the Law Faculty of the University of Zurich, Vienna and Heidelberg, including a doctorate of Law from Zurich University. In 1973 he joined the Swiss department of Foreign Affairs and has since served in diplomatic postings in Poland, the USSR and Canada. He was Swiss Ambassador to South Korea, the Czech Republic and until 2003 he served as Swiss Ambassador to Russia, Kazakhstan and Turkmenistan (and Armenia, Azerbaijan and Georgia for one year). He is currently a member of the board of a number of private companies. Dr. Fetscherin is also former president of the Joint Chamber of Commerce (JCC, Switzerland-Russia, Ukraine, Kazakhstan, Belarus and Kyrgyzstan) and Chairman of the Advisory Board of Nestle Russia LLC.

The board of directors ("Board") establishes strategic, accounting, organisational and financing policies to be followed by the Company. The Board further appoints the authorised signatories of the Company. Moreover, the Board is entrusted with preparing shareholders' meetings and carrying out shareholders' resolutions. The main duty of the Board is to exercise the supervision over the Company's affairs and its investment policy.

Chief Executive Officer

Ben de Bruyn

Born 10 June 1966. Mr. de Bruyn was appointed as chief executive officer of the Company with effect 1 January 2014. Prior to that he was employed from July 2006 with Valartis Asset Management SA with responsibility for private equity operations. Mr. de Bruyn has more than 20 years of experience in merger and acquisitions, capital raisings, privatisations and group restructurings. Previously, he led the corporate finance division of Brait SA, a South African private equity and investment group where he was involved in a number of private equity transactions, including leveraged buy-outs of listed companies. Before this he worked for the capital markets team of Absa Bank Ltd and in the corporate banking division of First Rand Ltd. He holds business and legal degrees from the University of Stellenbosch, South Africa as well as a postgraduate diploma in taxation from the University of Johannesburg, South Africa. In 1993 he was admitted as an attorney of the High Court of South Africa.

Corporate Governance Report

Corporate Governance Report

Domicile
118 Rue du Rhone
1204 Geneva 3
Switzerland

Swiss Security Number: 3447695
ISIN Number: CH0034476959
Market Capitalisation: CHF 15.87 million
(At a closing price of CHF 6 per share on
31 December 2022)

1. Group Structure

1.1 Group structure
The operative group structure of ENR Russia Invest SA ("ENR" or the "Company") is described in note 1 to the 2022 audited consolidated financial statements (see page 60 of this annual report). The subsidiaries, associate companies and joint-ventures of ENR are described in notes 3.1 and 3.2 to the 2022 audited consolidated financial statements (see pages 62 to 64 of the annual report).

1.2 Significant shareholders
Significant shareholders are disclosed in note 25.5 to the 2022 audited consolidated financial statements (see page 109 of this annual report). ENR has no knowledge of any significant shareholder agreements.

1.3 Cross-shareholdings
ENR is not aware of any cross shareholdings.

2. Capital Structure

2.1 Capital
The Company's capital structure is disclosed on pages 104 and 105 of the annual report in note 23 and in the consolidated statement of changes in equity in the 2022 audited consolidated financial statements on page 59 of the annual report.

2.2 Change in capital
Changes in capital are summarised in the consolidated statement of changes in equity in the 2022 audited consolidated financial statements on page 59 of the annual report (also see note 23 on pages 104 and 105 of the annual report).

2.3 Shares and participation certificates
Note 23 to the 2022 audited consolidated financial statements (see pages 104 and 105 of the annual report) contains a description of the Company's shares. No participation certificates have been issued.

2.4 Profit sharing certificates
The Company has not issued any profit sharing certificates.

2.5 Limitations on transferability and nominee registration
The Company's articles of association do not foresee any restrictions on the transfer of the Company's shares. As the Company only has bearer shares in issue there are no rules on registration in a shareholder register.

3. Board of Directors

3.1 Members of the Board of Directors
As of 31 December 2022, the board of directors was composed of the following members:

Gustav Stenbolt
Non-executive member and Chairman
(Norwegian national, first election in 2007)

For details, refer to page 12 of the 2022 annual report, section 'Board of Directors and Chief Executive Officer'.

Walter Fetscherin
Non-executive member
(Swiss national, first election in 2007)

For details, refer to page 12 of the 2022 annual report, section 'Board of Directors and Chief Executive Officer'.

3.2 Other activities and functions
For details, refer to page 12 of the 2022 annual report, section 'Board of Directors and Chief Executive Officer'.

3.3 Cross involvement
For details, refer to page 12 the 2022 annual report, section 'Board of Directors and Chief Executive Officer'.

3.4 Election and term of office
Each member of the Board is elected for a period of 1 year, expiring at the first ordinary general assembly following his or her election. There is no limitation on re-election. The time of first election has been disclosed above under the Corporate Governance Report, section 3.1.

3.5 Internal organisational structure
Physical or tele/video conference Board meetings are usually held four times per year. Conference calls are organised from time to time. Board members, collectively, attend to audit related matters.

Since the Company's separate listing on SIX Swiss Exchange in late 2007 and up to 31 December 2013, the day-to-day management was delegated to Valartis International Ltd., acting as investment manager in accordance with an investment management agreement ("Agreement").

With effect 1 January 2014, at operational level the Company appointed Mr. Ben de Bruyn (refer to page 13 of the 2022 annual report at the section 'Board of Directors and Chief Executive') as Chief Executive Officer. Under the organisational regulations day-to-day management and operations of the Company were delegated to the chief executive officer from 1 January 2014. The Board will be informed regularly on the activity of the Company by the chief executive officer who formally reports back during Board meetings. Valartis International Ltd., from 1 January 2014, reports back on a regular basis to the chief executive officer.

3.6 Definitions of areas of responsibility
The Board is responsible for managing the business affairs of the Company in accordance with the Company's memorandum and articles of association.

As mentioned in section 3.5 of the Corporate Governance Report, with effect 1 January 2014, the chief executive officer is responsible for the day-to-day management of the Company.

Valartis International Ltd. continues to perform investment management services to the Company in accordance with the Agreement, as well as asset management services relating to the Saint-Petersburg based Petrovsky Fort business center and the Moscow based Turgenevskya parking garage (see section 4.2 of the Corporate Governance Report). Valartis International Ltd, (Moscow branch) also provides accounting support to LLC Kaluga Flower Holding, for which it is paid ruble 6.68 million per year.

3.7 Information and control instruments

Valartis Advisory Services SA, a wholly owned Valartis Group AG subsidiary, reports the Company's net asset value ("NAV") on a monthly basis.

Potential changes in the investment strategy and major investments are discussed at Board level. Any investment or disinvestment decisions in accordance with the investment guidelines (see pages 132 to 133 of the annual report) for private equity (including real estate), equity, fixed income and other investment opportunities require Board approval if the investment or disinvestment exceeds CHF 5.25 million. Investments or disinvestments below this threshold are approved by the chief executive officer, who will seek input from the Board where required.

4. Other activities and Investment Manager

4.1 Other activities and vested interests

Refer to pages 12 to 13 the annual report, section "Board of Directors and Chief Executive Officer".

4.2 The Agreement (see section 3.5 of the Corporate Governance Report) and other property management services

Valartis International Ltd., a wholly owned subsidiary of Valartis Group AG, renders investment management services for ENR and its subsidiary companies in accordance with the Agreement (reviewed from time to time) and originally dated 13 December 2013; the Company's articles of association; the Investment Guidelines (see 'Investment Guidelines' on pages 132 to 133 of the annual report); a risk profile and investment objectives associated with investments and on specific instructions from the Company.

The duties of Valartis International Ltd. comprise, inter alia, with respect to private equity (including real estate) and illiquid capital market investment opportunities to screen potential opportunities and visit businesses, identify investment objectives and interests, preparation of valuations, market analyses, competition analyses, debt capacity calculations, tax optimising structures, financing structures, debt finance (if appropriate), conducting due diligence investigations and to consider potential exit strategies (refer to 'Investment Guidelines' on pages 132 to 133 of the annual report for information on the investment process).

Valartis International Ltd. may also assist the Company to invest in, inter alia, securities, financial instruments or capital market instruments, derivatives, fixed term or fiduciary deposits, currencies and may instruct Company custodians to carry out both spot and forward transactions.

For the Saint-Petersburg based Petrovsky Fort business center, Valartis International Ltd and Valartis Advisory Services SA were appointed to perform property management services relating to the building (business development, management of tenant agreements; third party broker agreements, property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). A property management fee of US$ 0.17 million per annum (VAT exclusive) is paid to Valartis Advisory Services SA for rendering these services and ruble 3.94 million to Valartis International Ltd Moscow. Valartis International Ltd is also appointed to perform specific services to assist with the banking relationship relating to loan funding towards the Petrovsky Fort business center. For this a fee of EUR 0.08 million per annum (VAT exclusive) is paid.

For the Turgenevskaya parking garage, since mid-2017 Valartis International Ltd (Moscow) was appointed to perform property management services relating to the parking garage (business development, management of tenant agreements; property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). For this a fee of ruble 3 million (VAT exclusive) was paid in 2022.

The services rendered in respect of the Petrovsky Fort business center, Turgenevskaya parking garage and LLC Kaluga Flower Holding are regulated by separate contracts.

5. Compensation, Shareholdings and Loans

5.1 Content and method of compensation

Remuneration to Directors comprise of a fixed cash compensation, determined on an individual basis. From 2014 onwards same was determined in accordance with the provisions set out in the Company's articles of association (and any changes thereto as may be required at future annual general meetings of the Company's shareholders). No past compensation, shares, options or warrants were allotted to the members of the Board. Also refer to the Compensation Report forming part of the 2022 annual report on pages 124 to 127 for information on compensation matters relating to Directors and employees.

Directors will be reimbursed for traveling, hotel and other expenses reasonably incurred in the performance of their duties as members of the Board. The directors and officers of the Company will be covered by a directors' and officers' liability insurance entered into by the Company.

5.2 Compensation for acting members of governing bodies

Total compensation paid to non-executive directors for 2022 was CHF 0.07 million.

5.3 Compensation for former members of governing bodies

No compensation was paid to former members of governing bodies.

5.4 Share allotment

There were no share allotments made by the Company during 2022.

5.5 Share ownership

For share ownership in the Company of Dr. Walter Fetscherin and Mr. Gustav Stenbolt refer to note 25.3 of the 2022 audited consolidated annual financial statements (page 109 of the annual report).

5.6 Options

The members of the Company's Board and parties closely linked to such persons did not hold any options on shares of the Company as of 31 December 2022.

5.7 Additional fees and remunerations

Neither additional fees nor remunerations were paid during the period under review.

5.8 Loans to members of governing bodies

The Company did not grant any loans to members of the Board.

5.9 Highest total compensation

The highest total compensation paid to a director during 2022 was CHF 0.05 million.

6. Shareholders' Participation

6.1 Voting rights

The Company's statutory provisions with regards to shareholders participation rights are in line with applicable legal provisions. There are no voting rights restrictions.

6.2 Statutory quorums

Statutory quorums are in line with the applicable legal provisions.

6.3 Convocation of shareholders meetings

Statutory rules on the convocation of shareholders meetings are in line with the applicable legal provisions.

6.4 Agenda

Shareholders holding shares with a total nominal value of CHF 1 million may request in writing that additional items are added to the proposed agenda for the meeting of shareholders of the Company.

6.5 Inscriptions into share register

All of the Company's shares have been issued in the form of bearer shares. Therefore, the Company does not maintain a shareholders' register.

7. Changes of Control and Defence Measure

7.1 Duty to make an offer

Pursuant to article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 ("FMIA") an offeror who acquires directly or indirectly 33 1/3 % of the voting rights of the Company will be required to make a public offer to acquire all

the listed securities of the Company. However, pursuant to Article 13 of the Company's articles of association (reference - http://www.enr.ch/ENR_Articles2014.pdf) this duty shall not apply with respect to the Company. A purchaser of shares of the Company will therefore not be obliged to make a public tender offer under Article 135 of FMIA.

7.2 Clauses on change of control

At the date of this annual report, the Company has not entered into any agreements that trigger financial consequences in the case of a change of control.

7.3 Black out periods

There are no defined blackout periods. Directors and management maintain and respect confidentiality of price sensitive information.

8. Auditor

8.1 Duration of mandate and term of office

BDO SA, at the annual general meeting of the Company held on 15 June 2017, was appointed as auditor of the Company and has acted as auditor for the Company since that time. The auditor is elected by the general assembly for a term of one-year. For the Company, Mr. Nigel Le Masurier is the auditor in charge since the financial year 2017.

8.2 Auditing fees

For the 2022 financial year, CHF 0.06 million (excluding VAT) has been paid to BDO Switzerland for audit fees.

8.3 Additional fees

During 2022 no additional fees were paid to BDO SA.

8.4 Supervisory and control instruments

It is the Company's policy to hold a formal meeting between members of Board and the auditor in charge once a year.

9. Information Policy

The Company appointed Valartis Advisory Services SA (see Corporate Governance Report in section 3.7 - Information and control instruments above) for the calculation of its NAV and attributable NAV per share, which is published on a quarterly basis on Bloomberg and on the Company's website. From 1 January 2014, quarterly NAV publications are made via ad hoc announcements. In respect of the first and third quarters of each calendar year, publications will take place within one month after the calendar quarter. For the remaining two quarters, the NAV will be published after the finalisation of the interim and annual results. Audited annual reports as at 31 December, are published within 4 months after year-end. Semi-annual reports at 30 June, generally unaudited, are published within 2 months after closing.

Furthermore, information can be obtained by contacting the Company in writing or by phone:

ENR Russia Invest SA
Investor Relations
118 Rue du Rhone
1204 Geneva 3,
Switzerland
Tel: +41 22 510 2626
E-mail: contact@enr.ch

Risk Factors

Risk Factors

1. General

Risks and uncertainties may impact on ENR's investment activities in Russia and other member countries of the CIS and the Baltic states. As Russia is the largest economy in this region the focus is on Russia. Risk factors, in varying degrees, will also apply to other CIS member countries and the Baltic States. Also, emerging market economies are prone to greater risks than more developed markets (i.e. economic, political, social and legal and tax risks). Events in emerging market economies can rapidly change and information in this section may become outdated. In times of uncertainty or economic disruptions due to external factors (for example, COVID-19 impact or military conflicts), business models will be tested, there can be liquidity constraints and other challenges.

2. Risk factors – ENR's investment environment

ENR's investment activities in Russia, other CIS countries and the Baltic States involve a higher degree of risk than investments in more developed or regulated environments.

Economy related and lower growth risks in Russia

Any economic instability in Russia could adversely impact ENR's operations and its investments and businesses' growth strategies.

For a period after the dissolution of the Soviet Union, amongst other things, the GDP in Russia declined sharply; there was hyperinflation and high interest rates; the ruble was unstable and government debt was high; the banking sector was weak; and there were bankruptcy actions; a black and grey market economy; capital flight; corruption, high unemployment and volatile natural resources prices. In August 1998, the Russian government defaulted on its debt obligations, the CBR stopped support of the ruble and a temporary moratorium was placed on hard currency payments. This resulted in sharp ruble devaluation, high inflation and a decline in the value of Russian bonds and equities and no access to international capital markets. The banking sector nearly collapsed and banks could not provide liquidity to Russian companies.

In 1999 and 2000 the economy rebounded (GDP grew by 5.4% and 8.3%, respectively) in a weak ruble environment fueled by rising oil prices. Structural reforms were introduced, and confidence business increased, which helped GDP growth for some years.

Russia is dependent on export commodities, mainly oil and natural gas and that makes the Russian economy vulnerable to changes in commodity prices. From 2000 until mid-2008, GDP grew strongly, tax collections had increased, whilst the ruble was stable. Government debt reduced from 32% to 6.5% of GDP in the period 2004 and 2009 and an early repayment of external debt was made. Russia also benefited from higher commodity prices, higher disposable income and more consumer spending in a period of budget surpluses.

In mid-2008 and 2009, the Russian economy was adversely impacted by the global financial crisis. There was volatility in world debt and equity markets, reductions in foreign investment and sharp GDP declines worldwide. Russia's economy contracted by 7.9% in 2009, with a 5.9% budget deficit in that year. In summer 2010, fires across western Russia, combined with a summer drought and record high temperatures, resulted in a small harvest and higher demand for imported grain. GDP recovered in 2011 and grew by 4.3% and then by 3.4% in 2012, followed by 1.3% growth in 2013. The sharp fall in world crude oil prices in 2014 from US$ 115 a barrel to around the US$ 50 levels resulted in lower growth in 2014, and the ruble depreciated in line with lower oil prices.

In 2015 the Russian economy contracted by 3.7% as demand and consumption were weaker, manufacturing growth and construction output lower and fixed investment contracted (oil prices fell sharply by 34% in 2015). In 2016, there were signs of improvement as the dual shocks from lower oil prices and sanctions were partly absorbed (GDP still contracted by 0.6%). Inflation was lower at 5.6% end 2016 compared to the 12.9% a year earlier, which allowed the CBR to reduce the key rate to 10%. In 2017, GDP grew by 1.5% with rising oil output and higher oil prices, lower inflation, lower unemployment, a strong performance by the agriculture sector and better consumer demand. Lower financial outflows and higher oil prices allowed economic activity to stabilise, corporate profits to increase, with positive trends in industrial production, growing freight turnover and more construction projects. Inflation slowed to 2.5% in 2017. The CBR reduced the key rate from 10% to 7.5%. In 2018, the economy grew at the fastest pace in 6 years and GDP increased by 2.3%. Russian crude oil output reached a record 11.45 million barrels a day. Hotels and restaurants benefitted from the 2018 soccer World Cup in Russia (3 million foreign visitors). In 2019, the economy grew by 1.2% and the CBR continued to cut the key lending rate to 6% in early 2020.

In March 2020, OPEC+ talks failed to reach agreement on curbing production volumes to curb lower demand due to Covid-19. Saudi Arabia cut its oil prices and promised to ramp up oil output. Oil price fell to levels last seen during the Gulf War and dropped 24% overnight, trading below US$ 30 a barrel in March 2020. That lead to sharp ruble depreciation (some 23% against the CHF in March 2020). Oil prices continued to fall sharply (by 65% in April). Subsequently, an agreement was reached to reduce oil production. As the Covid pandemic gained momentum, demand for oil slowed. Oil prices stabilized again at year-end 2020 at low-to-mid USD 50 levels per barrel. Lower oil prices had a negative impact on the ruble, which depreciated by 25% against the Swiss Franc in 2020. In 2021, Russia's GDP grew by 4.7% with a revival of domestic and external demand. The domestic recovery was driven by the cancellation of restrictions related to the Covid epidemic and external demand was boosted by a rebound in the global economy. However, with the Ukrainian conflict in 2022, GDP slowed by 2.9% by year-end 2022.

Any sustained deterioration of the economic situation worldwide or in the economic conditions in Russia or a sustained fall in world energy prices will impact negatively on Russia, which could have an adverse impact on ENR's investments, the ENR NAV and ultimately on the value of ENR shares.

The risk of ruble depreciation

In the past, there were times of meaningful ruble depreciation against stronger currencies. For example, after the August 1998 Russian government default on its debt obligations and in 2014, with falling oil prices and a political standoff in Ukraine. In 2014, the CBR introduced a flexible exchange rate regime, whereafter it only intervened in foreign exchange markets where there are threats to financial stability. It also placed limits on daily foreign currency interventions. That was done to smooth currency movements and bring about a more stable currency environment and to manage any decline in the value of the ruble against a currency basket. The CBR reserved the right to make once off interventions. In 2015, with the sharp fall in crude oil prices by 34%, the ruble weakened by almost 30% against the Swiss Franc. There was a reversal in 2016 as global oil prices recovered and the value of the ruble increased by 17.37% against the Swiss Franc. This was reversed in 2018 when the ruble declined by 16% against the Swiss Franc. Lower oil prices in 2020 had a negative impact on the ruble, which depreciated by 25% against the Swiss Franc in that year. In 2022, due to the Ukraine situation, and sanctions which followed, the operating environment in Russia changed, particularly with regards to imports/exports, currency conversions and capital controls. Initially the CBR imposed capital and currency controls, making it challenging to convert the ruble (subsequently eased), and the CBR initially increased the key rate in late February from 9.5% to 20%, stating at that time that external conditions for the economy had changed and the increase will have higher deposit rates to compensate for increased depreciation and inflation risks. This was to support financial and price stability and protect savings from depreciation. Rapid ruble devaluation was halted. Since then, commodity prices increased sharply for most of 2022 with supply disruptions, before lowering in the last quarter of 2022. The ruble strengthened by year-end 2022 by 3.72% against the CHF.

The fluctuation in the value of the ruble as measured against other currencies (appreciation or depreciation) or the timing thereof and/or impact of CBR interventions and policy shifts and the impact on the ruble, could have an adverse impact on the businesses in which ENR has invested in and ultimately ENR's profitability and NAV and/or value of ENR shares.

The Russian economy is vulnerable to economic downturns of major trading partners and is highly dependent on world commodity prices

As Russia produces and exports large quantities of crude oil, natural gas and other commodities, the economy is vulnerable to fluctuations in world commodity prices for crude oil and natural gas and/or any production, supply and/or demand

disruptions and changes. Any sustained decline in the price of crude oil, natural gas or other commodities or any disruption or demand decline in the markets where these commodities are sold, may impact negatively or disrupt the Russian economy, which could have an adverse impact on the businesses in which ENR has invested in and ultimately on ENR's profitability and NAV and/or the value of ENR shares.

Impact of lower liquidity or sanctions

After the 2008 world financial crisis, the banking sector suffered from a lack of liquidity. After CBR interventions, liquidity to the banking sector increased, leading to growth in lending. By end 2009 these programs were partially successful, but the economic environment was still challenging, and banks were reluctant to lend. In 2010, liquidity returned to the market, but banks continued to be very cautious with their lending. The position was the same in 2011. In 2014, the conflict in the east of Ukraine resulted in western sanctions aimed at Russian individuals and companies, including sanctions banning commercial activities for western banks to offer long-term credits to Russian companies. Then, in 2020 and 2021, the COVID-19 impact on the economy made banks cautious in their lending practices. In 2022, new sanctions against Russia, Russian entities, and Russian individuals changed the operating environment in Russia, particularly with regards to imports/exports, currency conversions and capital controls. Many large Russian companies were sanctioned from raising finance in western markets and Russia itself cannot raise funds on the sovereign debt market and prohibitions were put into place on trading of listed Russian state-owned entities. A number of Russian banks were sanctioned to use the SWIFT interbank system. The German government blocked the certification of the Nord-Stream 2 gas pipeline, and the US sanctioned Nord-Stream 2 AG. Aeroflot was prohibited from using EU and UK airspace. The UK banned Russian-operated ships from its ports. Western sanctions against Russia are mentioned elsewhere. Russia, in turn, imposed export bans on certain products (exports of telecoms, medical, vehicle, agricultural, and electrical equipment, as well as some forestry products such as timber). Severstal halted deliveries in the EU. Sberbank and VTB banking group ceased EU operations.

A weaker ruble or lower liquidity environment and/or reduced bank lending could adversely impact future economic growth, which could have an adverse effect on the businesses in which ENR invested in and ultimately on ENR's profitability and NAV and/or the value of ENR shares.

Physical infrastructure condition in Russia may disrupt business activity

Some physical infrastructure has not been adequately upgraded or maintained in Russia over the years. As with many countries, rail and road networks; electric power generation, transmission and distribution; district heating systems and water utilities; communication systems have to be maintained and upgraded. Electricity and heating shortages in some regions have in the past disrupted local economies. Any deterioration of physical infrastructure harms the national economy and adds costs to doing business in Russia and can interrupt business operations. This may have an adverse impact on the businesses in which ENR invested in and ultimately on ENR's profitability and NAV and/or the value of ENR shares.

The official credit rating for Russia has a material impact on investor sentiment

Ratings of agencies (S&P, Moody's and Fitch) impacts on investor sentiment towards Russia and sovereign bond issues. For example, in January 2015, Fitch downgraded ratings for Russian debt from BBB to BBB- as the economic outlook deteriorated following a sharp fall in the oil price and the ruble, coupled with a steep rise in interest rates. In February 2015, Moody's downgraded Russia, with a negative outlook on the back of events in Ukraine; drop in oil prices; lower international reserves amid capital outflows and limited access to foreign capital markets. In February 2019, Moody's upgraded Russia's credit rating as government policies implemented over a number of years strengthen Russia's strong public finances and had a positive effect on its ability to withstand external shocks. Russia's sovereign bonds, at that time, were rated as investment grade by all three major rating agencies. Rating agencies reacted to the Ukraine situation in March 2022 and S&P downgraded Russia to junk status. Subsequently, the EU banned top credit rating firms from rating Russia's sovereign debt and Russian companies. In the future Russia could face further downgrades or rating agencies may refrain from assigning ratings or rating improvements. This may deter investors from investing in Russia and reduce capital inflows into Russia and could have an adverse impact on ENR's investments and ultimately the value of the ENR NAV and/or ENR shares.

Russian banking and financial system - a banking crisis could place liquidity constraints on ENR portfolio companies and adversely impact their financial condition

The Russian banking and financial system evolved and strengthened since the 1998 financial crisis which resulted in the bankruptcy and liquidation of many Russian banks. In 2004 the Russian banking sector experienced turmoil. Several privately owned Russian banks had liquidity problems and could not obtain funds on the interbank market or from their clients. Several privately owned Russian banks ceased or limited operations. Russian banks owned or controlled by the Government or CBR and foreign owned banks were generally not adversely affected. Banking supervision improved since and most Russian banks comply with CBR regulations for lending criteria, credit quality, loan loss reserves, diversification of exposure and other requirements. Since 2013, the CBR revoked banking licenses of non-compliant banks resulting in an increase in retail deposits at stronger banks. During a global financial crisis some banks ceased operations or required bailouts from the government. In 2014, EU and US sanctions against Russia included prohibitions to buy or sell new bonds, equity or similar financial instruments with a maturity exceed-

ing 30 days, issued by five major state-owned Russian banks (and other banks) and their subsidiaries and those acting on their behalf or at their direction. There are prohibitions on providing loans with a maturity exceeding 30 days to these banks. In 2022 the EU prohibited all transactions with the CBR related to the management of its reserves and assets and the CBR can no longer access the assets it has on account in EU central banks and private institutions. The ban was imposed by other countries. There are limitations on financial inflows from Russia to western countries and many Russian banks have been sanctioned to use the SWIFT interbank system.

Deficiencies in the Russian banking sector, combined with the deterioration in credit portfolios of Russian banks, may result in the banking sector being susceptible to market downturns or economic slowdowns or Russian corporate and individual defaults that may occur during market downturns or economic slowdowns. Another banking crisis, bankruptcy of any bank with who ENR or one of its portfolio companies do business with could adversely impact ENR or the portfolio company business. It could result in the loss of funds or income or impact on banking transactions in Russia, which could have a material adverse impact on ENR or its portfolio company business, results, operations, financial condition and prospects. Furthermore, any shortage of funds or other disruptions or access to bank funding or the inability to transfer funds abroad due to sanctions or CBR restrictions for ENR or its subsidiaries, associates or portfolio companies could have a material adverse impact to complete planned expansion or operating at optimum ca pacity or impact negatively on its liquidity position and could then have a material adverse impact on ENR or its portfolio company and the value of the ENR NAV and/or ENR shares.

Labour shortages

Any shortage in the labor market may cause shortages of certain skills and can be a contributing factor to higher wages. This could be exagerated by conscription drives to suppliment army personnel. This could lead to lower productivity and profitability of businesses, which could adversely impact ENR portfolio companies and ultimately the value of the ENR NAV and/or ENR shares.

A higher inflation environment

The Russian economy in the past has seen periods of high rates of inflation. For example, annual inflation was 13.3% in 2008. Inflation reduced to record low levels mid 2012 at 3.6%, before increasing to 6% at end 2012. The weakened ruble, along with Russia's ban on imports of western food produce, pushed inflation up to 11.4%, at year-end 2014. Despite inflationary pressures the CBR cut the key interest rate to 11% in July 2015 where it remained for the rest of the year to make lending more accessible for businesses. In 2016, inflation continued to slow from 12.9% to 5.6%. This allowed the CBR to cut the key rate to 10%. Since then, inflation tended downwards reducing to 3% at the end of 2019. The VAT rate was increased in 2019 to 20% (from 18%). Russia inflation increased to 5% at year-end 2020, and to 11.9% end 2022 due to the Ukraine situation.

The CBR continued with rate cuts to the key lending rate throughout 2019 and in 2020 (December 2020 rate of 4.25%). This was reversed in 2021. In February 2022, the CBR was sanctioned due to the Ukraine conflict and imposed capital and currency controls, also increasing the key rate from 9.5% to 20% (in 2021, the CBR increased the key rate by 4.25 % to 8.5% at year-end 2021) as external conditions for the economy had changed and the increase resulted in higher deposit rates to compensate for the increased depreciation and inflation risks. This was required to support financial and price stability and protect savings from depreciation at the time. Rapid ruble devaluation was halted.
High inflation could impact negatively on growth, cost of funding and may have an adverse impact on ENR portfolio companies and the value of the ENR NAV and/or ENR shares.

Market risk in Russia

Investments in Russia may be highly volatile due to price movements influenced by a wide variety of factors. World commodity price movements, particularly crude oil and gas (as mentioned elsewhere) will impact on economic and corporate performance in Russia. Other factors include, changing supply and demand relationships, government, trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, as well as changes in interest rates.

Any adverse movement in inflation could have a negative impact on ENR investments and the value of the ENR NAV and/or ENR shares.

Political, Social, Regulatory Risks

Political instability in Russia

Since 1991 Russia moved from a one-party state with a centrally planned economy to a federal republic with democratic institutions and a market-oriented economy. Throughout his first term of office, Mr. Putin maintained governmental stability. Elections to the lower house of the legislature, the State Duma, in December 2003 resulted in a substantial majority for parties sympathetic to President Putin. In February 2004, before his election to a second term as president, President Putin dismissed the entire cabinet, including the prime minister and issued a presidential decree reducing the number of federal ministries, redistributed certain functions amongst various agencies of the Russian government and overhauled the federal administrative system. President Putin implemented a proposal that executives of sub-federal political units are nominated by the president of Russia and confirmed by the legislature of federal region. President Putin also eliminated individual races for the State Duma and that all votes would instead be cast for political parties.

December 2007 parliamentary elections were held under new rules which prohibited candidates from running as independents from single-mandate electoral districts and deputies could only be elected as members of a party that receives at least 7% of all the votes cast (previously 5%). Legislative elections for electing members of the 450-seat State Duma (Federal Assembly of Russia's lower house) are held once in five years (for four years till 2008)

through proportional representation. In December 2011 during the Russian parliamentary elections United Russia won 49.9% of the vote. The Communist Party secured 19.2%, Just Russia 13.2% and the Liberal Democratic Party 11.2%. United Russia lost its two-thirds majority in the Duma. The transition from President Putin to Mr. Dmitry Medvedev as President went smoothly. In September 2011 Mr. Medvedev took up the leadership of the United Russia party in Duma elections and was appointed as the prime minister after the 2012 presidential elections. In March 2012, President Putin secured 64% of the vote in presidential elections and won a third term as president. He was inaugurated as president on 7 May 2012. Mr. Alexey Kudrin, who had successful record of maintaining budget stability over 12 years and overseen a number of important initiatives to reduce government spending, resigned. During his tenure Russia paid off its external debt, reducing debt levels to 10% of GDP and set up two reserve funds, the Reserve Fund, the National Welfare fund.

In 2016 Russia's parliamentary, regional and municipal elections the ruling United Russia party received 54% of the vote and 343 deputies in the Duma. The nationalist Liberal Democratic Party of Russia and the Communist Party received 13 % of votes each. The 2018 Russian presidential election was held in March 2018, where President Vladimir Putin won re-election for a second consecutive term and fourth term overall. In 2020, President Putin put in place changes to the constitution, shifting the power between the executive, judicial, and legislative branches. A government reshuffle followed. Mr. Medvedev, Russia's prime minister was replaced with former tax chief, Mr. Mishustin. In 2021 parliamentary, regional and municipal elections the ruling United Russia won nearly 50% of the vote.

Possible future governmental changes or major policy shifts or a lack of consensus internally between the President, Prime Minister, the government, Russia's parliament and powerful economic groups could disrupt or reverse economic and regulatory reforms or may lead to political instability, which could have a material adverse impact on ENR's investments and therefore could adversely impact on the ENR NAV and/or ENR shares.

Political conflicts may create an uncertain operating environment

The delineation of authority among the districts, regions and the federal government, as well as among branches of government, is at times unclear. Tensions and conflicts can arise among federal, regional and local authorities over various matters, including land ownership, tax revenues, regulatory authority and regional autonomy. Similar tensions and conflict may exist among regulatory authorities within the federal government or within any given regional or local government. In the past, the lack of co-ordination between the federal government and local or regional authorities has resulted in the enactment of conflicting legislation at various levels. Some laws and governmental and administrative decisions implementing them and certain transactions have been challenged in the courts.

Regional conflicts between Russia and neighboring countries can be very disruptive and spill over in longer term regional conflict and/or armed conflict (for example, in Georgia over a dispute over the break-away areas of South Ossetia and Abkhazia). The relationship between Russia and Ukraine has been strained due to disputes, for example, about Ukraine's failure to pay arrears relating to the supply of energy resources, border disputes and increases of the price of natural gas sold to Ukraine. In late 2013, Ukraine and the EU failed to conclude an association agreement and Ukraine agreed to a financial aid package from Russia. A political crisis developed, polarising sentiments between Ukraine's western and central regions and those in the south and east that are home to more Russian speakers and ethnic Russians. This spiraled into anti-government demonstrations. President Yanukovych had to leave the country and was replaced by a provisional government. After the re-incorporation of Crimea into Russia, a political stand-off developed between Russia and Ukraine. A first set of sanctions were issued by the US and EU against Russia in 2014 as a consequence of the Crimea situation. Russia announced a ban on the import of specified food products from western countries. In 2014, the US imposed a ban on business transactions for several Russian officials and certain Russian companies. Due to the conflict in the Donbass region, the US issued transaction bans to Rosneft, Novatek and Gazprombank and Vnesheconombank, which was followed by the EU (with the extension of sanctions against more Russian individuals and commercial entities). New sanctions consisted of a ban of commercial activities for western banks to offer long-term credits to Russian companies but also to deliver technology for oil exploration as well as the delivery of certain dual use products. In 2017 the US imposed further sanctions on Russia, targeting defence, intelligence, mining, shipping and railway industries and restricting dealings with Russian banks and energy companies.

Russia continued to urge for adherence to the Minsk II Peace Treaty (not implemented by 2022). The possible Ukraine and/or Georgia accession to NATO and the EU was a longstanding source of tension and in late 2021 and early 2022 the Russian Ministry of Foreign Affairs issued security demands to the US. That kicked off a first round of diplomacy with the US in January 2022, which failed, as the US did not accept a position where Ukraine is not allowed to join NATO. French President Macron kicked off a second round of EU diplomacy by pushing for the implementation of the Minsk II agreement, without success as Ukraine did not implement the agreement. Discussions with the German Chancellor, Mr. Scholz failed and Russia launched military operations in Ukraine which has escalated and are ongoing at end 2022. That has led to, amongst other things, sanctions as described in various parts of the Risk Section, lower economic growth in Ukraine, Russia and the EU, with energy supply disruptions, higher energy prices, higher food prices, a higher inflationary environment worldwilde and increased geopolitical tensions and polarization. Geopolitical tensions between Russia and the west resulted in a continued eastwards pivot of Russia towards China and others.

Conflicts such as these may lead to negative economic growth or political instability or impact world stock and bond markets negatively (Russia is no exception) and lead to the suspension of trade for periods of time. This could have a material adverse impact on the operating environment and ENR's investments and therefore could adversely impact on ENR's operations and its NAV and/or ENR shares.

Government investigations

Various government agencies may launch investigations related to tax and environmental matters against companies or prosecutorial authorities may launch criminal actions against individuals. Russian authorities have at times challenged Russian companies and prosecuted their senior officers and shareholders on tax evasion and related charges. In some cases, the result of prosecutions and challenges have been significant claims against companies for unpaid taxes and the imposition of prison sentences on individuals. Certain environmental challenges by Russian authorities may target businesses and the outcome of these procedures could result in changes of control or even liquidation proceedings. Regulatory authorities have a high degree of discretion. This could include a denial or withdrawal of licenses or unexpected tax audits, criminal prosecutions or civil actions (and in some cases changes of ownership). The outcome of investigations or such actions, if directed against ENR portfolio companies, its senior management, its shareholders or beneficial owners, the portfolio company's business, financial condition, operations and prospects could be negatively affected, which may adversely impact on the value of ENR's investments and its shares.

Terror or related attacks

Ethnic and religious divisions have on occasion given rise to tensions and with neighbouring regions. For example, in the past the Chechen conflict have led to terror attacks in parts of Russia, including Moscow and Saint Petersburg. Terror or attacks (for example, linked to the conflict in Ukraine) and heightened security measures may cause disruptions to, amongst other things, the local infrastructure and economy in Russia. Any such attack (directly or indirectly) could adversely impact ENR investments and therefore the ENR NAV and/or ENR shares.

Weaknesses of the legal system

Weaknesses associated with Russia's legal system include, to varying degrees, inconsistencies between and among laws, presidential decrees, edicts and governmental and ministerial orders and resolutions, conflicting local, regional and federal rules and regulations; the lack of judicial and administrative guidance regarding the interpretation of the applicable rules; independence of the judiciary and its immunity from political, social and commercial influences, in some cases inexperience of jurists, judges and courts in interpreting recently enacted legislation and complex commercial arrangements; a degree of unchecked discretion on the part of governmental authorities; gaps in the regulatory infrastructure caused by delays in or the absence of implementing regulations; use of bankruptcy procedures and binding judicial precedents. The enactment of new laws, lack of consensus about the scope, content and pace of political and economic reform and the rapid evolution of legal systems may not always coincide with market developments and can result in legal ambiguities, inconsistencies and anomalies and enactment of laws without a clear constitutional or legislative basis. Not all Russian legislation and court decisions are readily available to the public and the judicial system can be slow at times and court orders are not always enforced or followed by law enforcement agencies. Court claims and governmental prosecutions may in some cases be influenced by furtherance of political aims or private interests. The Russian Civil Code and other federal laws regulating land use and ownership may not yet be sufficiently developed to fully support protection of private ownership of land the same extent as is common in countries with more developed market economies. Russian courts may not always enforce protections in the event of an attempted expropriation or nationalisations. Corporate governance standards in Russia are not as developed as corporate governance standards in western Europe. Corporate governance practices in Russia are not as transparent as in developed western economies. There can be a lack of independence of directors and regulatory oversight and protection of shareholder rights.

These weaknesses could negatively impact ENR portfolio companies and their ability to protect their legal rights, including rights under contracts and to defend against claims by others. This could adversely impact ENR investments and therefore the ENR NAV and/or ENR shares.

Restrictive currency and related regulations

Notwithstanding the liberalisation of the Russian currency control regime and the abolishment of certain restrictions in January 2007, the Federal Laws on currency regulation and control and current regulations contain limitations on foreign currency operations. In February 2022, due to the Ukraine conflict, the CBR was sanctioned, and a large part of its assets were frozen. The CBR then imposed capital and currency controls making it challenging to convert or to transfer proceeds abroads.

During 2022, new governmental laws and regulations were introduced to either limit foreign investors to dispose of real estate or other assets in Russia and/or to first obtain government approvals prior to doing so. There are restrictions or approvals in place on how to channel sale proceeds abroad.

Restrictions may prevent ENR portfolio companies from optimising business operations, or successfully implementing growth strategies and/or from proceeding with or timeously completing sale processes. Some delays may also occur in the transfer of funds abroad (which in some cases could not be possible depending on capital controls). Any delay or difficulty relating to any sales process or in transferring or remitting funds could limit a company's ability to meet obligations and/or have other material adverse impact on its business, financial condition, its operations and value, which may impact negatively on ENR or the ENR NAV and/or the value of ENR shares.

Russian tax system

The government has reformed the tax system and this resulted in an improvement in the tax climate. The cornerstone was the introduction of the Tax Code of Russia ("Russian Tax Code") which included a successive reduction of general corporate profits tax rate from 35% to 20%. Personal income tax was reduced for individuals who are tax residents in Russia and the general tax rate is 13%. The VAT rate is now 20%. Certain minor taxes have been abolished. Russian tax laws, regulations and court practice are subject to change, varying interpretations, and inconsistent and selective enforcement. In some instances, the tax authorities applied new taxes retroactively and issued tax claims for periods where the statute of limitations had expired or reviewed the same tax period multiple times (a repeated tax audit may be conducted by a higher level tax authority as a measure of control of the activities of a lower level tax authority regarding a reorganisation/liquidation of a tax payer, or as a result of the filing by such taxpayer of an amended tax return decreasing the tax payable). Russian tax legislation was based on form rather than substance. However, in recent years Russian tax authorities are increasingly looking at substance over form. In 2005 the Russian Constitutional Court issued a decision that allowed the statute of limitations for tax liabilities to be extended beyond the 3-year term provided for in tax laws if the court determines that the taxpayer obstructed or hindered the tax audit. The 3-year statute of limitations can be extended if the taxpayer actively obstructed the conduct of a tax audit creating insurmountable barriers to a tax audit. Tax authorities have a wide discretion. In 2009 the Constitutional Court issued a decision that prohibits Russian tax authorities from issuing decisions in the course of subsequent tax audits for the same tax payer if a court decision given in respect of the tax dispute between the taxpayer and the tax authority and covering taxation matters raised during the initial tax audit that has not been revised or changed. In 2009 the Constitutional Court issued a second decision confirming this position.

From 2015 the Tax Code introduced provisions where an assessment must be made if a person seeking to benefit from a reduced rate or exemption provided for in a treaty with another country is the actual recipient or beneficial owner of the income. From 2016, the Russian approach changed where the actual recipient (beneficial owner) of income is deemed to be the person who, by virtue of participation (direct and/or indirect) in an organisation or control over an organisation, or due to other circumstances, has the right independently to use and/or dispose of that income, or a person in whose interests another person has the authority to dispose of the income in question. The new beneficial owner rules a foreign company receiving income from Russia (as dividends, interest and royalties) may not have the right to claim lower rates of withholding tax under double taxation treaties. Lower rates do not apply to companies which cannot be deemed beneficial owners of income. The Tax Code provides that if a Russian taxpayer has outstanding debt to a foreign organisation who directly or indirectly owns more than 20% of the share capital of the Russian business or is a related party of the foreign organisation, or where the related party or foreign organisation act as a surety or guarantor and where such amount of controlled indebtedness to a foreign organisation is more than 3-times greater than the net assets of the taxpayer, the Russian business will calculate a maximum interest on controlled indebtedness that may be recognised as an expense for tax purposes. Any positive difference between interest charged and maximum interest calculated is treated for tax purposes as dividends paid to the foreign organisation. The approach of Russian tax authorities changed recently and in many cases they now consider the loans provided by a foreign sister company as loans from the parent company, especially if the foreign financing company is a conduit and funds are provided and finally repaid to the parent company. This position is supported by court decisions in favor of the tax authorities. Changes to the tax laws (to include the foreign sister companies into the scope of the above thin capitalisation rules) came into force from 2017. Russian transfer pricing rules are vague, generally leaving wide scope for interpretations by tax authorities and courts. There has been little guidance (although some court practice is available) as to how these rules should be applied.

Uncertainties or actions under Russian tax legislation could impact negatively on companies in which ENR has invested arising in tax obligations and could have a material adverse impact on their business, financial condition and value, which may impact negatively on ENR investments, the ENR NAV and/or the value of the ENR shares.

Minority shareholders recourse against companies / their officers and directors in Russia

In past cases some minority shareholders in Russian companies have experienced difficulties in enforcing legal rights and have suffered losses due to, for example, share dilutions, asset transfers and transfer pricing practices. Shareholders' meetings could also be irregularly conducted, and shareholder resolutions may not always been respected by management. Shareholders have also suffered losses of control due to bankruptcies initiated by hostile creditors. Although the Federal Law on Stock Companies provides that shareholders owning not less than one percent of the company's shares may bring an action against members of the management, or board for damages incurred by the company, the concept of such fiduciary type duties of officers or directors to their companies or shareholders is recent to Russian law. Remedies for violations of minority shareholder rights may still not be available in practice. ENR portfolio company rights may not be able to pursue legal redress for such violations, which could adversely impact the value of ENR's investments in these companies and impact negatively on the ENR NAV and/or the value of ENR shares. Although the Federal Law on Stock Companies provides that shareholders owning not less than one percent of the company's shares may bring an action against members of the management board for damages incurred by the company, the concept of such fiduciary type duties of officers or directors to their companies or shareholders is still relatively new to Russian law and derivative lawsuits by shareholders on behalf of the company are not possible. Russian courts do not

always have sufficient experience with respect to cases based on such causes of action so adequate remedies for violations of minority shareholder rights may still not be available in practice. ENR portfolio company rights may be violated and their ability to pursue legal redress for such violations may be limited, which may adversely impact the value of ENR's investments in such companies and then may impact negatively on the ENR NAV and/or the value of ENR shares.

Russian courts may force a Russian legal entity into liquidation based on formal non-compliance with Russian law

Some provisions of Russian law allow a court to order liquidation of a Russian legal entity on the basis of formal non-compliance with requirements relating to the formation of the entity or during its operation. As for many other Russian companies, ENR portfolio companies (or their subsidiaries) may inadvertently fail to fully comply with all applicable legal requirements. This may impact negatively on an ENR portfolio company and the ENR NAV and/or the value of ENR shares.

Past transactions of portfolio companies and subsidiaries may be challenged under Russian law

ENR's portfolio companies and subsidiaries may establish new business organisations, share issues, share acquisitions and disposals, valuations of property and transactions, if successfully challenged by state authorities and counterparties (due to non-compliance with technical legal requirements) could result in invalidation of the transactions or fines or possible liabilities. Russian law can be subject to different interpretations and there can be no assurance that the companies would be able to successfully defend any such challenge brought against them. Invalidation of any transactions or actions or imposition of any fine or liability may have an adverse impact on ENR's investments. This may then impact negatively on the portfolio company and consequently on the ENR NAV and/or the value of ENR shares.

Environmental risks in Russia

Companies in Russia are subject to environmental requirements and compliance with health, safety and environmental laws and regulations and enforcement of these provisions could result in an adverse impact on the financial position of a portfolio company (and possibly on ENR). New laws and regulations may require tougher requirements for environmental permits and licences, increasing enforcement or new interpretations of existing laws, regulations of licences or the discovery of previously unknown areas of contamination. This may require portfolio investment companies to incur additional expenditure to modify operations, install pollution control equipment, perform remediation, curtail or cease certain operations, or pay fees or fines for the discharge or other breaches of environmental standards. That could have an adverse impact on the financial performance of the relevant portfolio company and on the ENR NAV and/or value of ENR shares.

3. Risk factors relating specifically to ENR

Limited diversification

ENR may hold a portfolio investment/s, which, in its overall investment portfolio context, represents a relatively large part of the portfolio or represent a large part of a particular industry sector or asset class. Any adverse impact on such an investment or the particular industry segment or a change in funding rates or terms could result in lower portfolio investment valuations and consequently could negatively impact ENR's NAV and/or its share price.

Historical returns on investments should not be considered indicative of future results

The internal rate of returns ("IRR") relating to any current and/or past investment of ENR may not be achieved for future investments. Investors should not assume that ENR, for investments, will achieve IRR's similar as for past investments. Investment returns are dependent on many factors such as changes in economic conditions in the markets of portfolio investments, competition, demand and supply factors, cashflows and financing, ability of management to successfully execute business plans and a range of other factors. It is not certain if ENR may have access to similar investment opportunities as in the past and which may impact on future investment returns, the value of ENR's NAV and/or its shares.

Service providers

ENR outsources certain administrative and related functions, overseen by ENR. ENR or its subsidiaries or the companies into which it has invested also retain third party investment and real estate asset managers and other experts to manage or provide certain services to ENR or its subsidiaries or portfolio companies pursuant to investment and real estate asset management and/or other service agreements. Some of these parties and/or its employees may have competing demands for their time for other funds or businesses managed by them. Although outside service providers are supervised and coordinated, oversight may become more challenging due to changing reporting and regulatory compliance requirements and/or other factors. Also, ENR or its subsidiaries or the companies into which it has invested, at times may not be able to retain service providers on market related terms. ENR or its subsidiaries or companies into which it has invested also retain third party investment and real estate asset managers and other experts to manage or provide services. There is no certainty these services are always delivered up to required standards or on the termination of these agreements that a suitable replacement can be found. Should third parties not adequately perform services it could have an adverse impact on ENR's investments and/or its NAV or the value of ENR shares.

Funding and investments

ENR may from time to time attract funding from investors (or increase its capital base) for investments. The amount of funding to be raised may be significant and any such funding and the subsequent utilisation thereof could change the overall investment portfolio composition, making comparisons against prior historical periods difficult. Factors such as the global finan-

cial crisis of 2008 and 2009, or the sharp downwards adjustment of world oil prices in 2014 and 2015 and early 2020 (impact of Covid 19 and the situation in Ukraine and its impact on economic activity), together with ruble depreciation may impact negatively on the Russian economy and will impact on the nature or and timing of any exit or value realisation from investments. Any sustained deterioration of the economic situation and/or investments and/or capital controls may also have an adverse impact on ENR, the ENR investments and ultimately on the value of ENR's NAV and/or shares. There is no certainty that ENR will be successful in the timing of any exit or value realisation from of its investments or be able to successfully navigate adverse market cycles and this may have an adverse impact on ENR's investments or the value of ENR shares or its NAV.

Major shareholders

Major shareholders of ENR could influence decisions and resolutions at ENR shareholder meetings. Interests of shareholders, in certain cases, may differ from those of other shareholders. This could result in potential disputes between shareholders and ultimately impact negatively on the ENR business, which may have a negative impact on the ENR shares.

Preparation of ENR's financial statements require assumptions and estimates, and changes thereof may cause a material change in its results of operations or financial condition

The preparation of ENR's consolidated financial statements requires assumptions and estimates which impact on reported values of assets, liabilities, revenues and expenses and disclosures of contingent liabilities. For example, past experiences, ruling economic conditions and the market environment, quoted prices, transactions involving third parties and/or independent valuations, are amongst the factors taken into account when considering carrying values of assets and liabilities. Over time, carrying values may fluctuate, which may have an adverse impact on ENR's results or financial condition and on the value of the ENR's NAV and/or shares.

Subsidiary or portfolio companies may be subject to tax risks in jurisdiction of establishment

Any changes in tax laws or double tax treaties with jurisdictions where investment structures are based may materially impact on tax efficiencies and could result in additional tax liabilities, which ultimately may have an adverse impact on ENR's results or financial condition and on the value of the ENR's NAV and/or shares. Investments are held via subsidiary companies where investment structures may, for example, take the form of corporate entities, partnerships, joint ventures or other appropriate vehicles. Changes in legislation in relevant jurisdictions could result in additional taxation or other negative consequences which could then impact negatively on ENR investments and/or the value of ENR's NAV and/or shares.

Potential conflict of interests

ENR's board members, its employees, the investment and real estate asset manager or its employees and other parties performing administrative or related functions for ENR may have a direct or indirect interest in investments or potential investments. Also, the investment and real estate asset manager or other service providers will not provide services exclusively for ENR and may either manage or accept new management mandates for assets of other institutional and/or private clients.

Exit risks (see funding above)

ENR may invest in a range of different investments and situations and use various investment techniques and funding sources, all which will bear certain risks and special considerations. For example, investments in unlisted investments will generally be illiquid whilst investments in certain listed equities could also be relatively illiquid. External factors, such as sanction restrictions or local laws, such as restrictions on sale transactions could prevent trading or sale of investments at certain times. Therefore, ENR may not be able to optimally time the sale of investments and/or raise liquidity from sales and this could impact negatively on the ENR business and/or value of ENR shares and/or NAV.

Valuation methods of illiquid investments could have a subjective element and the fair value of investments may not be realised

For private equity (including real estate investments) and certain other non-listed investments, there may be no readily ascertainable market or other comparable prices. There may be times of extraordinary circumstances caused by regional or other conflicts or circumstances which can cause short or medium term adverse economic consequences or ruble depreciation or capital or other controls or restrictions. ENR will determine the value of investments taking account of valuation methodologies such as those set out in the financial statements segment of this annual report or follow other recognised valuation approaches to best reflect values under circumstances such as those mentioned above. Accordingly, values attributable to assets will be reflective of the valuation approach and may not be representative of eventual exit values. Valuations and adverse valuation movements will have an adverse impact on the ENR NAV and may have such an impact on the value of ENR shares.

Use of leverage to finance ENR's business may expose it to substantial risk

Should ENR or its group entities use borrowings to finance its investments or operations, it will be exposed to typical risks associated with use of leverage. This may lead to an increase in borrowing costs and/or a requirement to raise additional financing or refinancing. It may also not be possible to refinance loans on the same terms and conditions which could result in higher funding costs and tougher loan conditions or even part or full loan redemptions where ENR may have to use cash resources on hand. There may also be times where sanctions or other regulatory rules make it challenging or limit refinancing alternatives. This could result in temporary refinancing delays and with related consequences. This may have an adverse impact on ENR, ENR's investment companies or its business and/or the value of ENR shares or possibly also impact on credit ratings.

Currency risk and funds transfer

ENR may invest in assets denominated in foreign currencies (other than Swiss Francs). The

value of such investments, cash or income, measured in CHF, may be negatively impacted by fluctuations in cross currency rates and by certain currency control regulations. This may have an adverse impact on the value of ENR's investments in CHF terms, the ENR NAV and/or the value of ENR shares. Portfolio companies earn revenues in currencies other than CHF. These risks could be mitigated by hedging strategies (considered from time to time). Hedging policies may not always have the desired results, which, in turn, may have an adverse impact on the ENR performance and its NAV and/or the value of ENR shares. The ruble may not always be freely convertible and the CBR, in the past, imposed certain currency control regulations. These regulations may impact on ENR's ability to convert rubles into other currencies or to make funds transfers abroad for use in operations or otherwise and any delay or difficulty in converting rubles into foreign currencies, or a delay or restriction in the transfer of foreign currency, could adversely impact ENR's ability to meet potential payment and debt obligations denominated in other currencies, which could result in disputes or impact debt serving obligations and/or impact negatively on group liquidity. That may have an adverse impact on the ENR business, its NAV and/or the value of ENR shares.

4. Risk factors relating to private equity investments

Market environment

The market and economic environment influence the suitability and timing of private equity investments (including real estate investments) and changes over time. For example, the global financial crisis of 2008 and 2009 caused the Russian economy to contract markedly. The same applies to 2014 and 2015 and in 2020 with a sharp decline in the price of oil prices and ruble depreciation negative growth in Russia with the COVID-19 pandemic and in 2022 with the impact resulting from the Ukraine situation. In such times it is very challenging for businesses (business models are stress tested; restructurings may be required; payment terms are renegotiated; alternative financing arrangements and debt schedules are required; there are demand and supply pressures and supply chain constraints etc). Portfolio companies will face similar challenges and their value may be adversely effected and that impacts the value of ENR's NAV and/or shares. Periods of political, economic or regional uncertainty or conflict could impact negatively on businesses, valuations and exits. Companies not publicly traded are not subject to the same disclosure and other investor protection requirements applicable to listed securities. The quality and availability of information may differ markedly and this may make companies difficult to assess or value or to sell and the risk of investing in such companies is generally greater than investing in listed or publicly traded companies. Consequently, it is not always possible to have certainty on the accuracy of information, which may result in some discrepancies which could cause an adverse impact on the portfolio company and/or the value of the ENR NAV and/or its shares.There can also be no assurances that portfolio companies and investments can be sold at prices above their acquisition costs and any failure to do so may have an adverse impact on the ENR business and/or the value of ENR NAV and/or its shares.

Long term illiquid investments

Although investments may generate income returns, the return of capital and the realisation of gains (if any) to ENR generally occurs on partial or full disposal of such investment. For private equity investments (including real estate investments) such investments are held for a medium to long term duration. The exit usually takes place via a trade sale or in certain circumstances via a public market offering. Accordingly, there is no certainty ENR will exit from these investments in the short or medium term. ENR may be restricted via shareholder agreements or legislation from disposing its interest in the portfolio investment for a certain period. Potential trade sales or other exit routes may not always be appropriate or readily available and depend on economic conditions, demand and other factors. Accordingly, there is no certainty that ENR will exit from investments within a short or medium investment period. The timing of an exit and other factors can have an adverse impact on investment returns and the value of ENR NAV and its shares.

Investments in less established companies

ENR may invest in smaller, less established or start-up companies. These investments may involve greater risks than generally associated with investments in more established companies. Their valuations may have more volatility compared to established companies. Less established companies also have fewer resources and controls, sometimes inefficient capital structures, early-stage growth challenges and are more vulnerable to financial failure compared to established businesses. Due to shorter operating histories, early-stage businesses may also be more difficult to evaluate compared to established companies. Investments in companies who fail to successfully deal with early business cycle challenges could adversely impact on the ENR portfolio investments or its ENR NAV and/or its share values.

No assurance of investment return or distribution

There is no assurance that ENR will be able to generate positive returns for its shareholders or that these returns will be commensurate with investment risks. There is also no assurance ENR will proceed with or make any distribution to its shareholders.

Risk in introducing operational improvements

In some cases, the success of an investment in a private company may depend, in part, on the ability to restructure and/or introduce operational and/or structural improvements. This entails a high degree of uncertainty. There is no assurance it can be successfully achieved. That could have an adverse impact on ENR investment or the value of ENR NAV or its shares.

Non-controlling investments

ENR may hold minority positions (in private equity investments with negative control and/or blocking rights for major decisions and matters impacting on the portfolio company business). It may not always be possible to secure blocking rights for every situation, which may result in potential conflicts or disputes with the portfolio

company, its executives or other shareholders. That may have an adverse impact on the business of the company and impact negatively on the ENR NAV and/or value of ENR shares. In Russia, it is not be always possible to optimally use minority shareholder protection rules, which may result in conflicts or disputes and have an adverse impact on the business of the company and could impact negatively on ENR and/or the value of the ENR NAV and/or shares.

Investments in special situations or restructurings or workout situations

ENR may invest in special situations or restructurings that may involve anticipated unbundling processes. In certain circumstances, the outcome may be different than anticipated and the portfolio company could be subject to bankruptcy proceedings. This may have an adverse impact on the ENR investment and/or the value of ENR shares or its NAV. ENR may have to deal with a workout situation for one of its investments and the outcome may be different than anticipated. This may have an adverse impact on the ENR investment and/or the value of ENR shares or the ENR NAV.

Additional capital or bank financing

Portfolio investments, especially in a development or a high growth phase, may require additional financing to satisfy their working capital commitments or growth objectives. Should a portfolio company not raise sufficient capital or lose the benefit of an existing preferential working capital arrangement or bank financing or do so on unfavourable terms or a capital raising result in a dilution of ENR's interests in such company, it may have an adverse impact on the value of the investment and on the ENR NAV and/ or its shares.

Reliance on portfolio company management

Portfolio company day-to-day operations will be done by the company's management team. Although there is regular interaction with management teams, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully and not doing so may have an adverse impact on ENR and/or the value of ENR shares or its NAV. The portfolio company may be highly dependent on a small group of key employees, who may be difficult to replace. There is no assurance that these staff could be retained, failing which the portfolio company may be negatively impacted, which could have an adverse impact on ENR's investment and/or the value of ENR's NAV and/or its shares.

Accounting, governance, disclosure and regulatory standards and availability of information

Accounting, governance and other disclosure and reporting standards, practices and requirements for companies operating in Russia are not equivalent to those in more established markets and may differ in meaningful ways. Less transparency and information may be available for portfolio companies, and information could be less reliable than for comparable investments in developed economies. Incomplete or incorrect information may have an adverse impact on the value of ENR's NAV and/or its shares.

Loan financing

ENR may invest in a portfolio company by providing loan financing on short-to-medium terms to assist the business to achieve agreed objectives or in anticipation of a possible future conversion into equity. There is no assurance that any such financing will be repaid or converted into equity and this may have an adverse impact on the ENR investment and/or the value of ENR's NAV and/or its shares.

Due diligence process may not reveal all relevant facts related to investments

A due diligence investigation is conducted before investments are made in a private equity portfolio company. This process involves an in-depth assessment of the business, its finances, tax, accounting, environmental and legal situation. ENR may also involve outside consultants, legal advisors, accountants and or other advisors in the process. There is no certainty that a due diligence will uncover all matters which may in future impact adversely on the portfolio company or that a satisfactory due diligence will lead to a successful investment, and this may have an adverse impact on the value of the ENR investment and/or ENR's NAV and/or its shares.

5. Risks relating to ENR shares

Illiquidity, General Market Risks, Volatility of Market Price

There is limited liquidity of ENR's shares in the market and no indication that this situation will change over the short-to-medium term. Investors may not be able to trade out of large positions within a short time frame. Factors such as changes in operational results and changes in general conditions in the market or overall economy may cause the price of ENR shares to fluctuate. The price of the shares may also be impacted by fluctuations in equity markets around the world and fluctuations may adversely impact the market price of shares.

Future sale of shares could impact the market price of the shares

As no shareholder is subject to a lock-up arrangement, shareholders are not contractually limited to dispose their shares on the market. This may result in a sale or sales of a block of or shares in the market by a major shareholder which could potentially adversely impact the prevailing market price for ENR shares.

Valuation

The trading price of the shares may not reflect the ENR NAV and share trades may be executed at a price different to the actual or published NAV. There is currently no active share repurchase program in place.

Diverse investor group

ENR shareholders may have different and conflicting expectations, perceptions, tax considerations and other interests. Conflicting interests may arise from amongst other things, the nature of investments made by ENR, the timing and frequency of investments, the structuring of investments and timing of exits and the mechanism used for potential distributions to shareholders. This could result in conflict be-

tween ENR and shareholders and may result in costly litigation. This could have an adverse impact on ENR and/or the value of the ENR shares.

Dividends

Until 2015 ENR did not pay any dividends. In 2015 ENR made a CHF 29.60 million dividend distribution to shareholders and by doing so returned meaningful cash proceeds to shareholders whilst retaining resources to enable ENR to maintain existing commitments and continue pursuing potential new investments in accordance with its investment objectives. Should there be no further dividend distributions, capital appreciation, if any, would be the primary source of any financial gain for a shareholder from an investment in ENR shares.

Currency Risk

ENR shares are traded in Swiss Franc. Shareholders who measure their investment performance in a currency other than the Swiss Franc, may be adversely impacted by adverse currency movements. ENR's assets may be invested in assets denominated in foreign currencies (i.e. other than Swiss Franc). Consequently, the value of such investments, cash or income, when measured in Swiss Franc may be negatively impacted by fluctuations in cross currency rates and potentially also by certain exchange control regulations. This may have an adverse impact on the value of ENR investments in CHF, the ENR NAV and/or the value of ENR shares.

Shareholders may not be able to participate in future equity offerings

Under Swiss law, holders of shares are generally given the right to subscribe to and pay for enough shares to maintain the same ownership ratio as prior to the issue of new shares or convertible bonds. shareholders in other jurisdictions may not be entitled to exercise their rights unless the rights and shares are registered or qualified for sale under the relevant legislation or regulatory framework. As a result, there is the risk that shareholders may face dilution of their shareholding should they not be permitted to participate in any future equity offerings.

Financial Statements

Report from External Real Estate Valuer: Petrovsky Fort

Daily Monthly Annually | we support our Clients

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1 February 2023

DMA Valuation LLC has been instructed to prepare valuation report regarding the following property:

Petrovskiy Fort office building (St. Petersburg).

We understand that the report is required for purposes of reporting in accordance with International Financial Reporting Standards (IFRS) and insurance purposes. The date of valuation: 31 December 2022.

Our valuation has been carried out in compliance with the requirements of RICS Valuation – Global Standards (issued November 2021, effective from 31 January 2022).

Market Value is defined by the RICS Valuation - Global Standards as ‘The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

We valued the Market Value of the Property as at 31 December 2022 at RUB2,793,330,000 (Two Billion Seven Hundred Ninety-Three Million Three Hundred Thirty Thousand Russian Roubles).

In addition, our calculations have been carried out and are presented exclusive of VAT. Our report summaries our key assumptions, estimations and conclusions used in arriving at our opinion of Market Value. The purpose of the report is to present the basic facts and conclusions adopted in relation to the property in arriving at our opinions.

Finally, and in accordance with our normal practice, we confirm that the report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the report, nor any parts, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

Dmitry Davydov MRICS

General Director

For and on behalf of DMA Valuation LLC

Independent Auditor's Report

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STATUTORY AUDITOR'S REPORT

To the General meeting of ENR Russia Invest SA, Geneva

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ENR Russia Invest SA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements (pages 56 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), Article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
Valuation of the investment property "Petrovsky Fort"	
As of 31 December 2022, the investment property "Petrovsky Fort" is valued at CHF 36,718,563 in the consolidated financial statements. This corresponds to 65 percent of the total assets as of 31 December 2022. On initial recognition (30 September 2014), the investment property was recognised at cost. For subsequent measurement, it is recorded at fair value and changes are recognised in the consolidated statement of comprehensive income. The fair value is determined on the basis of an independent third party valuation. In our view, this key position was of particular importance due to the associated discretionary powers and estimates of the management and external experts. The valuation techniques used are subjective in nature and involve key assumptions concerning the pricing factors. These key assumptions include occupancy rate, future rental cash flows, capitalisation rates and discount rates. The use of different valuation techniques could result in different estimates of fair value. ENR Russia Invest SA explains the significant accounting policies applied in notes 8 and 12.4 of the annual report. Please also refer to note 15.5 to the consolidated financial statements.	We have examined the valuation on the basis of the report from an independent real estate expert. We assessed the objectivity, independence and expertise of the valuation specialist. With the support of real estate specialists with experience of the Russian market, we have verified the appropriateness of the valuation method and the underlying assumptions used. We also assessed the adequacy of the input factors used on the basis of supporting documentation. These input factors included rent, occupancy rate, interest rates and expected maintenance costs. In addition, the real estate expert compared the valuation to recent real estate transactions in St Petersburg. We also focused on the correct application of IFRS 13 and IAS 40 and the adequacy of disclosures in the annual report in connection with this investment property.

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
Valuation of the loans to Kaluga Flower Holding LLC	
The Group acquired a 50 percent interest in Kaluga Flower Holding LLC (KFH) in late 2019. KFH subsequently acquired a greenhouse facility for flower growing in Kaluga Oblast in Russia through a public auction. The Group granted loans for a total value of CHF 9,669,913 and accrued interest for a total value of CHF 2,882,666 to Kaluga Flower Holding LLC which are presented as accounts receivable and accrued interest in the consolidated financial statements. The loans were used by KFH to purchase a greenhouse facility in a public auction and for capital and operational expenses. In 2021 the loans were converted into promissory notes and were pledged for KFH to obtain loan facilities. This corresponds to 22 percent of total assets as of 31 December 2022. In our view, this key position was of particular importance due to the development phase of the project and the judgement basis included in the impairment analysis performed by management. The Group explains the accounting principles applied in notes 9 and 17 of the consolidated financial statements.	We have assessed the underlying information and supporting documentation for the recording of the loans. We confirmed the IFRS classification as Financial assets at amortised cost as per IFRS 9. We have also reviewed the assumptions by Management and the calculations made in assessing the need for impairment of the loans. We assessed the adequacy of the input information used for the valuation and revaluation analysis, which include financial statements, budget and long-term business plan. We have also assessed presentation in the annual report and the adequacy of disclosures in relation with the impairment review of the loans by the management.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

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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, which give a true and fair view in accordance with IFRS, Article 14 of the Directive on Financial Reporting (DFR) of the 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 SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 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.

Geneva, 3 April 2023

BDO Ltd

Nigel Le Masurier

Licensed audit expert
Auditor in Charge

Olivier Griot

Licensed audit expert

Net Asset Value and Attributable Net Asset Value

	31.12.2022		31.12.2021	
	Following IFRS presentation	Representing the existing shareholders' economic interest	Following IFRS presentation	Representing the existing shareholders' economic interest
Assets				
Treasury stock	-	1,103,041	-	1,108,654
Cash, investments and other assets	56,447,065	56,447,065	59,124,461	59,124,461
Total assets	56,447,065	57,550,106	59,124,461	60,233,115
Liabilities				
Total liabilities	14,762,618	14,762,618	18,323,249	18,323,249
Shareholders' Equity				
Treasury stock - at cost	– 2,370,696	-	– 2,370,696	-
Remaining Equity	44,055,143*	42,787,488*	43,171,908*	41,909,866*
Total shareholders' equity	41,684,447	42,787,488	40,801,212	41,909,866
Total liabilities and shareholders' equity	56,447,065	57,550,106	59,124,461	60,233,115
Number of shares outstanding		2,644,402		2,644,402
Net asset value per share		16.18**		15.85**
Attributable net asset value per share		16.18**		15.85**
Number of treasury shares		70,168		70,168

* Net of a CHF 29.95 million dividend paid in July 2015

** Net of a CHF 11.50 per share dividend paid in July 2015

Note

The net asset value ("NAV") per share is calculated in Swiss Francs as the aggregate of the value of all investments and treasury shares less the aggregate amount of the liabilities and accrued expenses divided by the total number of shares issued.

The main differences between the NAV calculation and the International Financial Reporting Standards ("IFRS") based Shareholders Equity relate to the calculation of treasury shares and reclassifying out of shareholders' equity.

Attributable NAV per share is the consolidated NAV, less the aggregate value of any minority interests, reflecting the economic value attributed to shareholders, divided by the total number of shares issued.

Consolidated Results

The consolidated shareholders' equity, based on IFRS representation, at the end of the 2022 reporting period amounted to CHF 41.68 million (2021: CHF 40.80 million). The consolidated net profit for the 2022 year is CHF 0.18 million (2021: consolidated net profit of CHF 3.34 million). The consolidated accumulated deficit as of 31 December 2022 is CHF 12.43 million (31 December 2021: CHF 12.61 million) (see consolidated statement of changes in equity for the year ended 31 December 2022).

Parent Company

At 31 December 2022 the parent company recorded shareholders' equity of CHF 47.56 million (2021: CHF 47.52 million). The net profit for the 2022 year is CHF 0.03 million (2021: net profit of CHF 0.18 million). The retained loss as of 31 December 2022 amounted to CHF 0.02 million (2021: retained loss of CHF 0.2 million).

Consolidated Financial Statements

Consolidated statement of financial position

(in CHF)

	Note	31.12.2022	31.12.2021
Assets			
Current Assets			
Cash and cash equivalents	16	495,567	579,234
Accounts receivable and accrued interest	17	242,261	193,356
Investments at fair value through profit or loss	15.1	318,540	4,981,913
Total Current Assets		1,056,368	5,754,503
Non-Current Assets			
Accounts receivable and accrued interest	17	16,940,767	15,507,450
Investment in associates	18.3	132	130
Investment property	15.5.1	36,718,563	36,195,465
Goodwill	21	1,731,235	1,666,913
Total Non-Current Assets		55,390,697	53,369,958
Total Assets		56,447,065	59,124,461
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	20.2	1,911,952	4,228,990
Loans from banks	20.1	10,910,165	399,235
Income tax liabilities	20.4.2	37,083	18,930
Other current liabilities	22	163,464	179,153
Total Current Liabilities		13,022,664	4,826,308
Non-Current Liabilities			
Loans from banks	20.1	–	11,465,175
Financial lease liabilities: Investment property	20.3	1,382,938	1,343,735
Deferred tax liabilities, net	20.4.1	354,175	657,996
Provisions	20.5	2,841	30,035
Total Non-Current Liabilities		1,739,954	13,496,941
Total liabilities		14,762,618	18,323,249
Shareholders' Equity			
Share capital	23.1	32,790,585	32,790,585
Capital paid in excess of par value (share premium)		31,922,676	31,922,676
Treasury stock	23.2	– 2,370,696	– 2,370,696
Accumulated deficit		– 12,437,493	– 12,614,217
Cumulative translation adjustment	6.2; 6.3	– 8,220,625	– 8,927,136
Total shareholders' equity		41,684,447	40,801,212
Total liabilities and shareholders' equity		56,447,065	59,124,461
Number of shares issued and fully paid-in	23.1	2,644,402	2,644,402
Nominal value (in CHF)		12.40	12.40

The notes on pages 60 to 112 are an integral part of these audited consolidated financial statements.

Consolidated statement of comprehensive income

(in CHF)

	Note	1.1.-31.12.2022	1.1.-31.12.2021
Gross rental income	15.5.2	4,771,216	3,887,515
Operating costs, land lease and tax	15.5.2	– 1,496,996	– 1,194,927
Net rental income	15.5.2	3,274,220	2,692,588
Fair value adjustment on investment property	15.5.1	-	611,568
Interest income	17.1	1,322,546	1,179,718
Dividend income		-	39,883
Commission income		32,460	-
Other income		68,304	42,948
Realised and unrealised profit / (loss) on investments through profit or loss, net	15; 15.1	-	291,547
Foreign exchange result	24	1,652,111	1,401,331
Release of provisions	21	32,069	12,022
Release of impairments	19	2,146	319,234
Total income and financial result		6,383,856	6,590,839
Expenses and value adjustments			
Fair value adjustment on investment property	15.5.1	– 1,881,610	-
Realised and unrealised loss on investments through profit or loss	15; 15.1	– 1,488,346	-
Finance cost	15.5.2	– 693,412	– 699,548
Management fees	25.2	– 717,381	– 604,248
Staff remuneration	25.4.1	– 718,568	– 722,862
Professional fees	27.1	– 423,560	– 415,827
Legal fees	27.2	– 31,995	– 51,350
Other expenses	27.3	– 76,713	– 95,445
Directors' fees and expenses	25.3	– 75,000	– 150,000
Audit fees	26	– 120,092	– 100,500
Information technology	27.4	– 44,142	– 50,612
Administrative costs	27.5	– 31,480	– 45,163
Travel expenses		– 14,821	– 21,015
Impairment losses	19	– 240,096	-
Tax other than on income		– 3,392	– 2,501
Total expenses and value adjustments		– 6,560,608	– 2,959,071
(Loss) / Gain for the year before taxes		– 176,752	3,631,768
Taxes	20.4.3	353,476	– 295,958
Gain for the year after taxes		176,724	3,335,810
Attributable to			
Equity holders of the Company		176,724	3,335,810
Other comprehensive income			
Cumulative translation adjustment (net of tax) **			
whereof related to fully consolidated subsidiaries (see "Consolidated changes in Equity", page 59)		706,511	709,146
Total comprehensive profit / (loss) for the year (net of tax)		883,235	4,044,956
Attributable to			
Equity holders of the Company		883,235	4,044,956

Earnings per share for profit attributable to equity holders during the period		1.1.-31.12.2022	1.1.-31.12.2021
Time-weighted average number of outstanding shares	14	2,574,234	2,574,234
Basic earnings per share (in CHF)	14	0.069	1.296
Diluted earnings per share (in CHF)	14	0.069	1.296

The notes on pages 60 to 112 are an integral part of these audited consolidated financial statements.

** Will be reclassified subsequently to profit and loss when specific conditions are met

Consolidated cash flow statement (in CHF)

Consolidated cash flow statement	31.12.2022	31.12.2021
Gain / (loss) before tax	– 176,752	3,631,768
Adjustments for:		
Impairments	205,881	– 319,234
Realised and unrealised result on investments through profit or loss, including exchange profit / (loss)	1,914,551	– 879,592
Fair value change on investment property	1,881,610	– 616,363
Other non-cash income and expenses	– 572,161	829,603
Operating profit / (loss) before working capital changes	3,253,129	2,646,182
Movement in working capital:		
Investment portfolio movement, net	3,338,790	1,928,302
Change in accounts receivable and accrued interests	– 1,620,872	– 2,793,606
Change in accounts payable and accrued expenses	– 2,366,060	312,050
Taxes paid	– 365	– 14,586
Net cash flow from operating activities	2,604,622	2,078,342
Cash Flows from Investment Activities		
Investments in investment property	– 893,536	– 489,094
Acquisition of subsidiaries and business activities	–	– 128
Interest received	7,748	117,801
Dividends received	–	39,883
Net cash flow (used in) / from investment activities	– 885,788	– 331,538
Cash Flows from Financing Activities		
Increase / (Decrease) in short term debts	10,858,297	– 16,025
(Decrease) / increase in long term debts	– 11,994,365	– 944,150
Interest paid	– 671,656	– 677,223
Net cash flow (used in) financing activities	– 1,807,724	– 1,637,398
Foreign currency translation effects on cash and cash equivalents	5,223	8,539
Net change in cash and cash equivalents	– 83,667	117,945
Cash and cash equivalents at beginning of the period	579,234	461,289
Cash and cash equivalents at the end of the period	495,567	579,234

The notes on pages 60 to 112 are an integral part of these audited consolidated financial statements.

Consolidated statement of changes in equity
(in -CHF)

	Share capital	Share premium	Treasury stock	Cumulative translation adjustment	Retained earnings	Total	Non-controlling interests	Total Shareholders
Balance as at 1 January 2021	32,790,585	31,922,676	– 2,370,696	– 9,636,282	– 15,950,027	36,756,256		36,756,256
(Loss) for the year after tax	-	-	-	-	3,335,810	3,335,810	-	3,335,810
Other comprehensive income / (loss)	-	-	-	709,146*	-	709,146	-	709,146
Total comprehensive (loss) for the year	-	-	-	709,146 *	3,335,810	4,044,956	-	4,044,956
Balance as at 31 December 2021	32,790,585	31,922,676	– 2,370,696	– 8,927,136	– 12,614,217	40,801,212	-	40,801,212
Balance as at 1 January 2022	32,790,585	31,922,676	– 2,370,696	– 8,927,136	– 12,614,217	40,801,212		40,801,212
Profit for the year after tax	-	-	-	-	176,724	176,724	-	176,724
Other comprehensive income / (loss)	-	-	-	706,511*	-	706,511	-	706,511
Total comprehensive income for the year	-	-	-	706,511*	176,724	883,235	-	883,235
Balance as at 31 December 2022	32,790,585	31,922,676	– 2,370,696	– 8,220,625	– 12,437,493	41,684,447	-	41,684,447

* Due to cumulative translation adjustments (net of tax) arising from Group subsidiaries denominated in currencies other than the Group presentation currency, i.e. Swiss Franc.
The notes on pages 60 to 112 are an integral part of these audited consolidated financial statements.

Notes to the consolidated financial statements as of 31 December 2022
(in-CHF)

1 Incorporation and activity

ENR Russia Invest SA (the "Company" or “ENR”) was founded on 18 May 2007 for an unlimited duration. On 25 May 2007 it was registered with the Commercial Register of the Canton of Geneva under the reference number CH-660-1263007-3 (LEI number: 549300YZZWAR230IMD33) and the Company name “ENR Russia Invest SA”. The Company is incorporated as a limited company by shares under the laws of Switzerland. The Company’s registered office is Rue du Rhône 118, 1204 Geneva, Switzerland. The Company is trading under Swiss security number 3447695 with ISIN number of the shares CH0034476959 and the ticker symbol of the shares is RUS.

The 2022 consolidated financial statements have been approved by the Board of Directors on 3 April 2023, subject to the approval of the 2023 General Assembly of the Company.

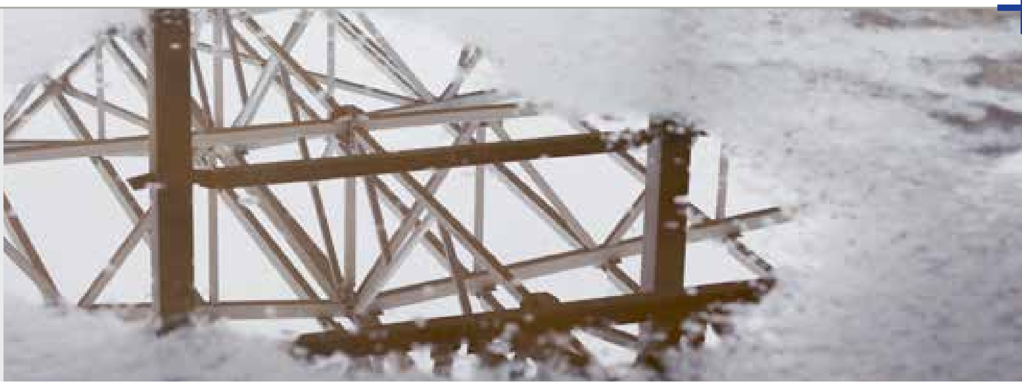
2 Basis for the presentation of the consolidated financial statements

The consolidated financial statements represent the audited consolidated financial statements for the 2022 financial year ended 31 December 2022 of the Company and its subsidiaries (collectively the “Group”) and are prepared in accordance with International Financial Reporting Standards (“IFRS”). The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the exercise of judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements are disclosed in note 12 Critical accounting estimates and judgements.

2.1 Accounting policies

The consolidated financial statements of ENR Group have been prepared in accordance with IFRS and comply with the provisions of the listing regulations of the Swiss Stock Exchange, SIX Swiss Exchange.

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation on previous year's Group consolidated financial statements. The 'release of provisions' and the 'release of impairments/(impairments)' presented outside the operational result in the past are now part of the operational result. The comparative information of the previous period for the income statement were reclassified accordingly.



The following table shows the changes applied in the comparative figures for the previous reporting report :

in CHF	01.01-31.12.2021 before adjustement	Adjustments	01.01-31.12.2021 after adjustment
Release of provisions	-	12,022	12,022
Release of impairment	-	319,234	319,234
Total income	6,259,583	331,256	6,590,839
Total expenses	– 2,959,071	-	– 2,959,071
Release of provisions	12,022	– 12,022	-
Reversal of impairments / (impairments)	319,234	– 319,234	-
Gain for the year before taxes	3,631,768	-	3,631,768
Gain for the year after taxes	3,335,810	-	3,335,810

Consolidation is based on the individual financial statements of the Group companies prepared in accordance with uniform accounting principles. The consolidated financial statements are presented in Swiss Francs (CHF).

2.2 Implemented IFRS and interpretations

2.2.1 Amendments to IAS 16 Plant and Equipment:

Proceeds before Intended Use Property, Plant and Equipment: Proceeds before Intended Use amends IAS 16 Property, Plant and Equipment. The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related costs in profit or loss.

2.2.2 Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

2.2.3 Other new standards and interpretations

The following new and revised standards and interpretations had no material impact on the financial statements of the Group at the time of their first application or were of no significance to it:

- Annual Improvements to IFRS Standards 2018–2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

2.2.4 Standards and interpretations not yet implemented

Various new and revised IFRS and interpretations should be applied for financial years beginning after 1 January 2023. ENR Group has not early adopted these revised standards and interpretations (see following) and based on analyses to date, it does not expect any material overall effects of these provisions.

- Amendments to IAS 8 : "Definition of Accounting Estimates" amends IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments introduced the definition of accounting estimates and included other amendments to help distinguish changes in accounting estimates from changes in accounting policies.

- Amendments to IAS 1 and IFRS Practice Statement 2 : "Disclosure of Accounting Policies" amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 "Making Materiality Judgements". The amendments replace the requirement to disclose significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help applying the definition of material in making decisions about accounting policy disclosures.

2.2.5 Other not yet implemented standards and interpretations

- Amendments to IFRS IAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IFRS IFRS 17 : Initial Application of IFRS 17 and IFRS 9, Comparative information.

3 Consolidation principles

3.1 Subsidiaries

The consolidated financial statements comprise the accounts of ENR Russia Invest SA, Geneva, Switzerland, and its subsidiaries as of 31 December 2022. A controlling relationship is deemed to exist if the following conditions are met cumulatively: the Group has power over the other company; it is exposed to variable returns from its involvement with the other company; and it has the ability to affect the amount of those returns through its control over the other company. If the Group does not hold a ma-

jority of the voting rights of an investee, it takes into account all the relevant facts and circumstances in determining whether control exists. These include, among others, contractual arrangements with other parties holding voting rights or rights arising from other contractual arrangements. If the facts and circumstances indicate a change in one or more of the three control elements, the Group will reassess whether it has control over an investee. Consolidation of a subsidiary begins at the date the Group obtains control over that subsidiary and ceases when the Group loses control over a subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the reporting period are included on the balance sheet and in the statement of comprehensive income from the date the Group obtains control of the subsidiary until date the Group ceases to control the subsidiary. If the Group loses control over a company, any retained interest is recognised as an investment in an associate or as a financial instrument under IFRS 9.

The Consolidated financial statements comprise ENR and the following subsidiaries:

Fully Consolidated Companies

Name of subsidiary	Incorporated in	Currency	Nominal value of share capital 2022	% Voting	Currency	Nominal value of share capital 2021	% Voting
ENR Investment Limited	Limassol, Cyprus	EUR	6,576,660	100.00%	EUR	6,576,660	100.00%
ENR Private Equity Limited	Grand Cayman, Cayman Islands	USD	500	100.00%	USD	500	100.00%
Stainfield Limited	Limassol, Cyprus	EUR	3,420	100.00%	EUR	3,420	100.00%
ENR Development LLC	Saint Petersburg, Russia	RUB	15,535,100	100.00%	RUB	15,535,100	100.00%
Petrovsky Fort LLC	Saint Petersburg, Russia	RUB	18,000	100.00%	RUB	18,000	100.00%
Romsay Properties Limited	Limassol, Cyprus	EUR	1,710	100.00%	EUR	1,710	100.00%
Eastern Property Partners II Limited Partnership	Grand Cayman, Cayman Islands	USD	67,831,133	100.00%	USD	67,831,133	100.00%
EPP GP Limited	Grand Cayman, Cayman Islands	USD	50,000	100.00%	USD	50,000	100.00%

There was no change in the scope of consolidation during 2022 (2021: none).

3.2 Investments in associates and joint ventures

Group companies over which the Group can exercise a significant influence are accounted for using the equity method and are recorded under associated companies. As a rule, influence is considered significant if the Group holds between 20% and 50% of the voting rights. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in a joint ventures are accounted for under joint ventures in accordance with the equity method. The considerations made in determining significant influence or joint control are comparable with those necessary to determine control over subsidiaries.

Investment in associates and joint venture

			Nominal value of share capital			Nominal value of share capital	
Name of subsidiary	Incorporated in	Currency	2022	% Voting	Currency	2021	% Voting
Vestive Limited	Nicosia, Cyprus	EUR	5,000	50.00%	EUR	5,000	50.00%
Inkonika LLC	Moscow, Russia	RUB	16,510,836	50.00%	RUB	16,510,836	50.00%
LLC Kaluga Flower Holding	Kaluga, Russia	RUB	64,010,000	50.00%	RUB	64,010,000	50.00%
Florentika Management Company LLC	Kaluga, Russia	RUB	20,000	50.00%	RUB	20,000	50.00%

3.3 Business combinations

The acquisition of an investment in an associated company or a joint venture must be recognised and measured analogously to majority ownership in accordance with IFRS 3. The purchase price must be compared with the value of the investor's share (after revaluation) of the associated company or joint venture in order to identify any necessary adjustments and any positive or negative goodwill (bargain purchase). In contrast to IFRS 3, under the equity method all adjustments and goodwill positions are reported as a separate balance sheet item under Associated companies or under Joint ventures. Any negative goodwill position is recognised as income under Income from business combinations (negative goodwill). Subsequently, the carrying amount of the associated company is increased or decreased depending on the Group's share in the profit or loss for the period of the associated company or joint venture, minus dividends received and foreign exchange translation differences.

3.4 Goodwill

Goodwill is measured as the difference between the sum of the fair value of consideration transferred plus the recognised amount of any non-controlling interests in the acquiree and the recognised amount of the identifiable assets acquired and liabilities assumed. In accordance with IFRS 3, goodwill is carried as an asset and allocated to the corresponding cash-generating unit ("CGU"). It is subject to an impairment test at least annually or more often if there are indications of a potential decrease in value. For this purpose, the carrying amount of the CGU to which goodwill was allocated is compared with its recoverable amount. The recoverable amount is the higher of the fair value of the CGU less costs to sell and its value in use. Fair value less costs to sell is the amount that could be realised by the sale of a CGU in a transaction at market conditions between knowledgeable, willing parties after deduction of the sales costs. The value in use is the present value of future cash flows a CGU is expected to generate. Should the carrying amount of the CGU exceed the recoverable amount, a goodwill adjustment charge

is recognised in the income statement. Specific circumstances resulting in the accounting treatment of goodwill are described in note 21.

4 Gain or loss on investments

Purchases or sales of financial assets requiring delivery of assets within a time frame set by regulation or convention in the market (regular trades) are recognised on the settlement date. Gain or loss on investments include changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition at fair value through profit or loss and excludes interest and dividend income and expenses. Unrealised gains and losses comprise changes in the fair value of financial in struments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the average cost price method. They represent the difference between an instrument's carrying amount and disposal amount, or cash payments or receipts made on any derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

5 Revenue recognition

The Group applies IFRS 15. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties with the exception of service charges and expenses recharged to tenants at investment properties, which are recognised in the period in which the expense can be contractually recovered and are included gross of the related costs in revenue for Petrovsky Fort LLC as it is considered acting as principal in this respect.

The Group recognises revenue for each contract with a client if the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Group considers only the counter party's ability and intention to pay that amount of consideration when it is due. In the eventuality of a price concession the amount of consideration to which the Group will be entitled is considered to be less than the price stated in the contract.

6 Foreign currency translation

6.1 Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currencies of the Group's companies at the ruling exchange rates on the date of the transaction. At the balance sheet date, all monetary assets and liabilities denominated in foreign currencies are converted to the functional currencies using the closing exchange rate. Non-monetary items measured at historical cost are converted at the exchange rate on the date of the transaction. The following exchange rates are used for the major currencies:

	31.12.2022 Balance Sheet date rates	31.12.2022 Annual average rates	31.12.2021 Balance Sheet date rates	31.12.2021 Annual average rates
EUR/CHF	0.9839	1.0022	1.0339	1.0798
USD/CHF	0.9233	0.9537	0.9127	0.9137
CHF/RUB	79.0514	69.8934	82.1018	80.8625

6.2 Functional and presentation currency

Upon consolidation, assets and liabilities of foreign operations are converted into CHF at the closing exchange rate on the balance sheet date and income and expense items are translated at monthly ruling exchange rates for the prior month. The resulting foreign currency translation differences represents a cumulative translation adjustment ("CTA") attributable to ENR's shareholders, recognised directly within equity (forming part of total equity attributable to ENR's shareholders), whereas CTA differences attributable to non-controlling interests are shown within equity attributable to non-controlling interests. As subsidiaries and associate companies of the Group use different functional currencies than the Group's presentation currency (i.e. Swiss Franc), the cumulative amount of the exchange rate differences from the translation of those entities functional currencies to the Group's presentation currency is presented in accordance with IAS 21 as a separate component of equity, and in the consolidated statement of comprehensive income in the sub-segment other comprehensive income.

The Group's consolidated financial statements are presented in CHF which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is re-

classified to profit or loss reflects the amount that arises from using this method. The financial statements of the wholly-owned subsidiaries and the Company are maintained in CHF, ruble and USD as follows:

Name of subsidiary	Incorporated in	Currency
ENR Investment Limited	Limassol, Cyprus	CHF
ENR Private Equity Limited	Grand Cayman, Cayman Islands	CHF
Stainfield Limited	Limassol, Cyprus	USD
ENR Development LLC	Saint Petersburg, Russia	RUB
Petrovsky Fort LLC	Saint Petersburg, Russia	RUB
Romsay Properties Limited	Limassol, Cyprus	RUB
Eastern Property Partners II Limited Partnership	Grand Cayman, Cayman Islands	USD
EPP GP Limited	Grand Cayman, Cayman Islands	CHF

6.3 IAS 21: Effects of Changes in Foreign Exchange Rates Application of IAS 21.32 (net investment in a foreign operation) to the Group

Exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation are recognised, in the consolidated financial statements that include the foreign operation in other comprehensive income; they will be recognised in profit or loss on disposal of the net investment. The Group assesses regularly its internal group loans and identifies any loans to be qualified as net investment in a foreign operation. The following tables provide an overview of the effects on the consolidated statement of financial position and consolidated statement of comprehensive income for the reporting and comparative period.

Consolidated statement of financial position - impact of IAS 21.32

in CHF

	31.12.2022	31.12.2021
Cumulative translation adjustment before IAS 21.32 reassessment	– 9,126,521	– 9,756,704
Impact of IAS 21.32	905,896	829,568
Cumulative translation adjustment - position as at 31 December	– 8,220,625	– 8,927,136

Impact on the Consolidated statement of comprehensive income - impact of IAS 21.32

in CHF

	31.12.2022	31.12.2021
Foreign exchange result before IAS 21.32 reassessment	2,558,007	2,230,899
Impact of IAS 21.32	– 905,896	– 829,568
Foreign exchange result - position as at 31 December	1,652,111	1,401,331

in CHF

	31.12.2022	31.12.2021
Gain / (loss) for the year after tax before IAS 21.32 reassessment	1,082,620	4,165,378
Impact of IAS 21.32	– 905,896	– 829,568
Gain / (loss) for the year after tax - position as at 31 December	176,724	3,335,810

7 Determination of fair value

The Group measures some of its financial instruments and financial liabilities as well as individual non-financial assets at fair value on each balance sheet date. Fair value is defined as the value that would be generated in an orderly transaction between market participants at the time of valuation upon sale of an asset or upon transfer of an obligation. Fair values are determined either to determine the balance sheet value or for disclosure purposes in the notes. All assets and liabilities carried at fair value or for which disclosure of fair value is made in the notes are classified in the following fair value hierarchy.

7.1 Level 1 instruments

Level 1 instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category comprises almost all equity and debt instruments held by the Group. Investment funds for which a binding net asset value is published at least daily, exchange-traded derivatives and precious metals are also categorised as level 1 instruments. Closing prices are used for the valuation of debt instruments in the trading book. For equity instruments, listed investment funds and exchange-traded derivatives, the closing or settlement prices of the relevant exchanges are used. For unlisted investment funds, the published net asset values are used. For currencies and precious metals, generally accepted prices are applied. No valuation adjustments were made for level 1 instruments.

7.2 Level 2 instruments

Level 2 instruments are financial instruments whose fair value is based on quoted prices in markets that are not active. The same categorisation is used where the fair value is determined using a valuation method where significant inputs are observable, either directly or indirectly. This category essentially

comprises forex and interest-rate derivatives as well as illiquid debt instruments and investment funds for which a binding net asset value is not published on a daily basis. If no active market exists, the fair value is determined based on generally accepted valuation methods. If all the significant inputs are directly observable in the market, the instrument is deemed to be a level 2 instrument. The valuation models consider contract specifications, market price of the underlying asset, the foreign exchange rate, the corresponding yield curve, default risks, and volatility. The valuation of interest rate instruments for which no quoted prices exist is carried out using generally recognised methods. For the valuation of OTC derivatives, generally recognised option pricing models and quoted prices in markets that are not active, are used. In the case of investment funds, the published net asset values are used. The credit risk is only considered when market participants would take it into account when determining prices.

7.3 Level 3 instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These essentially comprise equity instruments and/or investment funds for which a binding net asset value is not published at least quarterly. The fair value of these positions is based on the estimates of external experts or on audited financial statements. Where possible, the underlying assumptions are supported by observed market quotes. The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period. The categorisation of the financial instruments and financial liabilities in the described fair value hierarchy is shown here below. For non-financial assets that are recorded at fair value or for which a fair value must be disclosed, the information on the determination of the fair value and the categorisation level can be found in the corresponding notes.

For assets and liabilities recognised in the financial statements on a recurring basis, it is determined whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period. The level in the fair value hierarchy within which the investment is categorised in its entirety is determined on the basis of the lowest level input significant to the fair value measurement in its entirety. Assessing the significance of a particular input to such a fair value measurement requires judgment and considering observable factors related to the asset or liability. The determination of what constitutes observable factors also requires significant judgment 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 tables show the fair value hierarchy the Group's financial assets and liabilities and investment properties measured at fair value at 31 December 2022 and 31 December 2021:

As of 31 December 2022:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, and investment properties at fair value through profit or loss at inception:				
- Investments at fair value through profit or loss	318,540	-	-	318,540
- of which equity instruments	171,117	-	-	171,117
- of which fixed income	147,423	-	-	147,423
- Financial assets at fair value	-	-	-	-
- Total Financial assets, (liabilities) at fair value through profit or loss at inception	318,540	-	-	318,540
- Investment property	-	-	36,718,563	36,718,563
- Total Financial assets and investment property at fair value through profit or loss at inception	318,540	-	36,718,563	37,037,103

As of 31 December 2021:

in CHF	Level 1	Level 2	Level 3	Total
Financial assets, (liabilities) and investment properties at fair value through profit or loss at inception:				
- Investments at fair value through profit or loss	1,751,096	-	3,230,817	4,981,913
- of which equity instruments	293,270	-	3,230,817	3,524,087
- of which fixed income	1,457,826	-	-	1,457,826
- Financial assets at fair value	-	-	-	-
- Total Financial assets at fair value through profit or loss at inception	1,751,096	-	3,230,817	4,981,913
- Investment property	-	-	36,195,465	36,195,465
- Total Financial assets and investment property at fair value through profit or loss at inception	1,751,096	-	39,426,282	41,177,378

The following tables show the movement in level 3 investments for the years ended 31 December 2022 and 2021:

As of 31 December 2022:

	CHF
Opening balance	39,426,282
- Transterm Holdings Cyprus Ltd: set-off against non repayable loans (see notes 15.1 and 15.2)	– 3,175,027
- Transterm Holdings Cyprus Ltd: (realised loss) (see note 15.1)	– 154,589
- Transterm Holdings Cyprus Ltd: fair value adjustment (see note 15.1)	98,800
- Investment property: Investments (see note 15.5.1)	893,535
- Investment property: Fair value adjustment (see note 15.5.1)	– 1,881,610
- Investment property: Foreign currency translation	1,511,172
Closing balance	36,718,563
Total (loss) for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year	– 889,275

As of 31 December 2021:

	CHF
Opening balance	37,050,409
- Financial assets at fair value	– 88,073
- Transterm Holdings Cyprus Ltd: fair value adjustment	111,506
- Investment property: Investments	489,094
- Investment property: Fair value adjustment	611,568
- Investment property: Foreign currency translation	1,251,778
Closing balance	39,426,282
Total gain / (loss) for the year included in the statement of comprehensive income for assets and liabilities held at the end of the year	1,124,095

7.4 Other unobservable factors

Investments in Commonwealth of Independent States ("CIS") countries could be volatile and investment valuations may be influenced by a wide variety of factors. From a macroeconomic perspective, world commodity price movements, particularly crude oil and gas, impact on economic and business performance in many CIS countries. Other factors include, but are not limited to, changing supply and demand relationships, government, trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, changes in interest rates, liquidity in markets, currency exchange movements and new tax regimes. From time to time governments may intervene in certain markets or introduce policies to strengthen their participation in a market. Developments in the macroeconomic environment in those jurisdictions where the Group has investments are monitored to identify market risks in time to consider appropriate steps to take in respect of investments. Legal frameworks are developing in CIS countries and have not achieved the same levels of structure, independence and certainty as in more developed economies.

8 Investment property

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met. The lease obligation is recognised under IFRS 16 at fair value of the interest in the leasehold property. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions incurred to ensure that the property is operational. The carrying amount also includes the costs for replacing parts of an existing investment property at the time when the cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements. The investment property is recognised in the Consolidated statement of financial position under "investment property" and the gains and losses from changes in the fair values are recognised in the position "fair value adjustment on investment property".

The fair value of real estate investment properties is determined by independent real estate valuation experts using recognised valuation techniques in compliance with the requirements of RICS (Royal Institution of Chartered Surveyors) valuation standards (Global Standard 2017). These techniques may comprise of the 'yield method' and/or the 'discounted cash flow method' within the income approach. The determination of the fair value of a real estate investment property requires the use of estimates such as future cash flows from assets (including lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income ("ERV") after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions at the reporting date or thereafter, if appropriate. The method of valuation, which was applied by the valuer calculates the investment property value as an amount a rational, third party could afford to bid or pay for the investment property given the highest and best use of the asset. For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

The yield method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires an estimation of future benefits and the application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an equivalent yield, which represents the "overall" rate of return on a reversionary investment and is therefore the "weighted average" yield, reflecting the rent change and term length, adjusted for any factors not included in net rental income, such as vacancy, lease incentives, refurbishment, etc. The discounted cash flow method involves the projection of a series of periodic cash flows to an operating property. To projected cash flow series, an appropriate, market-derived discount rate is applied to achieve an indication of the present value of the income stream associated with the prop-

erty. The periodic cash flow is typically estimated as gross rental income less vacancy and collection losses and less operating expenses/outgoings and investment costs. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Third party real estate valuation expert DMA Valuation LLC ("DMA") (valuation team of JLL who no longer has a presence in Russia) performed the valuation of Petrovsky Fort. DMA's key assumptions were rental rates at which space can be leased out (i.e. ERV, equivalent yield and future occupancy levels). Changes in the assumptions used could impact on the reported fair value of Petrovsky Fort.

DMA advised that had the vacancy rate increased by 5%, the valuation would decrease from ruble 2.79 billion to ruble 2.74 billion (2021 valuation: if the vacancy rate increased by 5%, the year-end 2021 valuation would have decreased from 2.86 billion ruble to 2.82 billion ruble). DMA also advised that had the ERV decreased by 5% the 2022 valuation would decrease from 2.79 billion ruble to 2.66 billion ruble (2021 valuation: if ERV had decreased by 5% the valuation would decrease from 2.86 billion ruble to 2.73 billion ruble).

For the investment property, significant unobservable inputs used in the fair value measurement at 31 December 2022 and 31 December 2021 are shown in the next table.

Property	Fair value as of 31 December 2022	Valuation technique	Key unobservable inputs	
			ERV *	12'750 ruble
Petrovsky Fort	2'793'330'000 ruble	Income capitalisation	Discount rate	15.00%
			Capitalisation rate	10.50%

Property	Fair value as of 31 December 2021	Valuation technique	Key unobservable inputs	
			ERV *	12'730 ruble
Petrovsky Fort	2'861'390'000 ruble	Income capitalisation	Discount rate	14.25%
			Capitalisation rate	10.25%

* Per square meter

9 *Financial instruments*

9.1 Basic principle

The Group recognises a financial asset or a financial liability in its statement of financial position according to IFRS 9 when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets is recognised using the settlement date that is the date that an asset is delivered to or by the Group.

9.2 Classification of financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI-debt investment, FVOCI-equity investment ("FVOCI" – fair value through other comprehensive income) or FVTPL (fair value through profit and loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as of FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as of FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

9.3 Initial measurement

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as of FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

9.4 Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

9.4.1 Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated income statement.

9.4.2 Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated income statement.

9.4.3 Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified into the consolidated income statement.

9.4.4 Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified into the consolidated income statement.

9.4.5 Derivative financial instruments

The Group's derivatives are subsequently remeasured at fair value with all their gains and losses, realised and unrealised, recognized in the consolidated income statement unless they qualifying as a hedging relationship.

9.5 Subsequent measurement of financial liabilities

After initial recognition, the Group measures a financial liability at amortised cost except for financial liabilities at fair value through profit or loss including derivatives that are liabilities and are measured at fair value.

9.6 Impairment of financial assets (impairment model)

IFRS 9 uses an expected credit loss ("ECL") model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, loss allowances are measured on either of the following ways:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs for all categories. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

9.7 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

9.8 Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to due from third parties and other receivables and on other financial assets are presented under finance costs and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

9.9 Derecognition of financial assets and liabilities

The Group derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset. The Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

10 Leases

10.1 Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if, (i) either the Group has the right to operate the asset; or (ii) designed the asset in a way that predetermines how and for what purpose it will be used.

10.2 As a lessee

The Group recognises right-of-use assets and lease liabilities for all leases, with a term of more than 12 months, unless the underlying asset is of low value. When measuring lease liabilities, the Group discounts lease payments using the lease implicit rate or if this rate could not be readily determined, its incremental borrowing rate at the time of the new lease agreement conclusion. As a lessor, the Group classifies its leases as operating leases or finance leases and accounts for those two types of leases in different ways.

10.3 As a lessor

The Group accounts for its leases from the date of entering into a new agreement. The corresponding income is recognised in the income statement position “Gross rental income”. Revenue recognition is described in note 5.

11 Taxes

11.1 Current taxes

The current income tax charge is calculated on the basis of taxes enacted or substantially enacted at the balance sheet date within countries where the Group operates.

11.2 Deferred taxes

Deferred tax is provided for, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Changes in deferred taxes are reported in the income statement under taxes.

12 Critical accounting estimates and judgments

12.1 Basic principle

In applying the accounting principles, management is required to make numerous estimates and assumptions which can influence the disclosures made in the consolidated statement of financial position, consolidated statement of comprehensive income and notes. Actual results can deviate from estimates.

12.2 Exception of consolidation for investment entities

Management assessed if the Company meets the definition of an investment entity according to IFRS 10.27 where the definition of an investment entity comprises three elements, being an entity that (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for the return of capital appreciation, investment income or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis. ENR exhibits typical characteristics mentioned in IFRS 10.28, namely (a) it has more than one investment; (b) it has more than one investor; (c) it has investors that are not related parties of the entity: this applies to the non-controlling shareholders and public free float; and (d) it has ownership interests in the form of equity or similar interests. However, management considered the application guidance as per Appendix B of IFRS 10 in light of all facts and circumstances relevant to the Company as is required by IFRS 10 B85A and concluded that ENR is not an investment entity in accordance with IFRS 10. The application guidance related to the business purpose states in IFRS 10B85F that one feature that differentiates an IFRS defined investment entity from other entities is that the investment entity does not plan to hold its investments indefinitely. Since investments in equity instruments and non-financial assets have the potential to be held indefinitely an investment entity shall have an exit strategy documenting how it plans to realise capital appreciation from substantially all its equity instruments and non-financial asset investments. As there is no clearly defined and documented exit strategy for investments and currently do stated exit plans related to Petrovsky Fort, Turgenevskya parking garage and the Kaluga Flower buisiness, management considered the guidance related to exit strategies as the single most important factor in its conclusion why it does not meet the investment entity definition of IFRS 10. Another significant aspect to consider in making this assessment is the potential to generate long-term attractive net rental and other income and excess cash with the aforementioned investments where a significant part of results may not be linked to only capital appreciation or depreciation.

12.3 Real Estate Investment Property

Real estate investment property is a long-term asset class where hold periods are usually for longer than five years and investment decisions are made with a long-term perspective. During the holding period the underlying economy may accelerate or slow-down markedly for certain periods. At a particular valuation date, even though medium to longer term real estate fundamentals may be attractive, prevailing economic or political conditions could present an unrealistic picture of sustainable future rental rates when comparing current rates to rates that could be achievable over the medium to longer term. These market factors are uncertain and may impact the fair value attributed to real estate investment property, which may differ from the realisable value.

12.4 Fair value of investment property and financial instruments

The fair value of investment properties and financial instruments that are not traded in an active market (e.g. building and land or private equity investments) is determined by using various valuation tech-

niques. The Group management uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

12.5 Measurement of ECL (Expected Credit Losses) impairment allowance

Allowance for financial assets measured at amortised costs are based on key assumptions in determining the weighted-average loss rate.

12.6 Value adjustments on credit positions

Various factors can influence the value adjustment estimates for credit positions. These factors include changes in borrowers' credit ratings, loan collateral valuations and the expected scale of loss. Management determines how high the value adjustment needs to be based on the present value of the expected future cash flows. In order to estimate the expected cash flows, management must make assumptions regarding the financial situation of the counterparty and the estimated recoverable amount of collateral.

12.7 Joint-ventures

12.7.1 LLC Kaluga Flower Holding

The Group owns 50% stake in LLC Kaluga Flower Holding and 50% in Florentika Management Company LLC (see notes 17.3;18.2 and 31.2). The remaining 50%, in each case, is held by another investor. According to the corporate charters and the shareholder agreements, both shareholders must vote together for any major decision to pass. Therefore, the Group does not have control over LLC Kaluga Flower Holding or Florentika Management Company LLC, which are classified as joint-ventures. LLC Kaluga Flower Holding and Florentika Management Company LLC are accounted for using the equity method based on the financial reporting provided by them as of 31 December 2022.

12.7.2 Vestive Limited

The Group owns 50% stake in Vestive Limited, which, in turn, owns and operates the Turgenevskaya parking garage in Moscow through a Russian company, Inkonika LLC. 50% of Vestive is held by two other investors. According to the shareholder agreement, at least one of the two shareholders must vote together with the Group for any major decision to pass. Therefore, the Group does not have control over Vestive, which is classified as an associated company. Vestive's liabilities consist mainly of loans from shareholders and exceed Vestive's assets, resulting in negative equity. As there is no obligation for shareholders to make additional contributions, the negative equity and any changes thereto are not included in the consolidated financial statements. The impairment test is based on the development in value of the parking garage, which materialises on adjustment of the receiveables (i.e. the loans) to Vestive (see notes 17.2 and 18.1).

12.8 Income taxes

The current tax obligations reported as of the balance sheet date and the current tax expenses resulting for the reporting period are based in part on estimates and assumptions and can therefore deviate from the amounts determined in the future by the tax authorities. Deferred taxes are calculated at the tax rates which are expected to be applicable in the accounting period in which the assets will be realised or the liabilities settled. Changes in the expected tax rates and any unexpected reduction in the value of the Goodwill (related to the acquisition structure of the Investment Property) can have a significant effect on the income statement.

12.9 Uncertainty over income tax treatment

When there is uncertainty over income tax treatment, The Group considers whether it is probable that the relevant tax authority will accept each tax treatment. If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (or tax losses), tax bases, unused loss carry forwards and tax rates.

13 Financial risk management

The Group's risks at the end of the period under review are concentrated in its listed and unlisted portfolio positions. In respect of private equity portfolio companies, the Company is in regular contact and meets up on a regular basis with their senior management. This ensures that the Group is aware of potential operational risks which may arise for these companies to be able to endeavor to introduce appropriate measures to mitigate such risks.

13.1 Currency risk

Investments are usually not denominated in Swiss Francs, the presentation currency of the Group, which could if necessary consider financial derivative transactions to protect the net assets against unfavorable currency fluctuations.

As of 31 December 2022

in CHF	CHF	USD	EUR	RUB	Total
Assets					
Cash and cash equivalents	39,486	1,436	18,035	436,610	495,567
Accounts receivable and accrued interest	13,481	960,250	-	16,209,297	17,183,028
Investments at fair value through profit or loss	25,000	122,423	-	171,117	318,540
Investment in Associates	-	1	-	131	132
Investment property	-	-	-	36,718,563	36,718,563
Goodwill	-	-	-	1,731,235	1,731,235
Total assets	77,967	1,084,110	18,035	55,266,953	56,447,065
Liabilities					
Accounts payable and accrued expenses	973,184	12,487	3,114	923,167	1,911,952
Loans from banks	-	-	10,910,165	-	10,910,165
Income tax liability	657	-	36,426	-	37,083
Other current liabilities	103,529	-	-	59,935	163,464
Financial lease liabilities	-	-	-	1,382,938	1,382,938
Deferred tax liabilites, net	-	-	-	354,175	354,175
Provisions	-	-	-	2,841	2,841
Total liabilities	1,077,370	12,487	10,949,705	2,723,056	14,762,618
Net position per currency	– 999,403	1,071,623	– 10,931,670	52,543,897	

If at 31 December 2022 the exchange rate between the USD and EUR and CHF had increased or decreased by 5% and by 30% with the RUB with all other variables held constant, the increase or decrease respectively in NAV would amount to :

	USD	EUR	RUB
Increase of exchange rate - impact on the assets in CHF	53,581	– 546,584	15,763,169
Decrease of exchange rate - impact on the assets in CHF	– 53,581	546,584	– 15,763,169

As of 31 December 2021

in CHF	CHF	USD	EUR	RUB	Total
Assets					
Cash and cash equivalents	2,853	15,901	228,176	332,304	579,234
Accounts receivable and accrued interest	33,646	977,489	-	14,689,671	15,700,806
Investments at fair value through profit or loss	507,250	4,181,393	-	293,270	4,981,913
Investment in Associates	-	1	-	129	130
Investment property	-	-	-	36,195,465	36,195,465
Goodwill	-	-	-	1,666,913	1,666,913
Total assets	543,749	5,174,784	228,176	53,177,752	59,124,461
Liabilities					
Accounts payable and accrued expenses	287,364	3,063,956	3,076	874,594	4,228,990
Loans from banks	7,150	1,200	11,856,053	7	11,864,410
Income tax liability	57	18,873	-	-	18,930
Other current liabilities	130,287	2,784	200	45,882	179,153
Financial lease liabilities	-	-	-	1,343,735	1,343,735
Deferred tax liabilites, net	-	-	-	657,996	657,996
Provisions	-	-	-	30,035	30,035
Total liabilities	424,858	3,086,813	11,859,329	2,952,249	18,323,249
Net position per currency	118,891	2,087,971	– 11,631,153	50,225,503	

If at 31 December 2021 the exchange rate between the USD and EUR and CHF had increased or decreased by 5% and by 30% with the RUB with all other variables held constant, the increase or decrease respectively in NAV would amount to :

	USD	EUR	RUB
Increase of exchange rate - impact on the assets in CHF	104,399	– 581,558	15,067,651
Decrease of exchange rate - impact on the assets in CHF	– 104,399	581,558	– 15,067,651

13.2 Liquidity risk

Liquidity risk is the risk of the Group not having sufficient liquid funds available to meet its short-term payment obligations. The table below shows the maturity bands based on the earliest contract and maturity, discarding assumptions about the possibility of individual cash flows.

As of 31 December 2022

in CHF

	On demand	Up to 1 year	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	75,025	420,542	-	-	495,567
Accounts receivable and accrued interest	7	238,528	16,944,493	-	17,183,028
Investments at fair value through profit or loss	318,540	-	-	-	318,540
Investment in Associates	-	-	-	132	132
Investment property	-	-	-	36,718,563	36,718,563
Goodwill	-	-	-	1,731,235	1,731,235
Total assets	393,572	659,070	16,944,493	38,449,930	56,447,065
Liabilities					
Accounts payable and accrued expenses	-	1,911,952	-	-	1,911,952
Loan from bank	-	10,910,165	-	-	10,910,165
Income tax liability	-	37,083	-	-	37,083
Other current liabilities	105,453	58,011	-	-	163,464
Financial lease liabilities	-	-	-	1,382,938	1,382,938
Deferred tax liabilites, net	-	-	-	354,175	354,175
Provisions	-	-	2,841	-	2,841
Total liabilities	105,453	12,917,211	2,841	1,737,113	14,762,618

As of 31 December 2021

in CHF

	On demand	Up to 1 year	1-5 years	Over 5 years	Total
Assets					
Cash and cash equivalents	579,234	-	-	-	579,234
Accounts receivable and accrued interest	9,517	183,843	15,507,446	-	15,700,806
Investments at fair value through profit or loss	1,751,097	-	3,230,816	-	4,981,913
Investment in Associates	-	-	-	130	130
Investment property	-	-	-	36,195,465	36,195,465
Goodwill	-	-	-	1,666,913	1,666,913
Total assets	2,339,848	183,843	18,738,262	37,862,508	59,124,461
Liabilities					
Accounts payable and accrued expenses	3,048,440	1,180,550	-	-	4,228,990
Loan from bank	8,337	390,899	11,465,174	-	11,864,410
Income tax liability	-	18,930	-	-	18,930
Other current liabilities	121,300	57,853	-	-	179,153
Financial lease liabilities	-	-	33,476	1,310,259	1,343,735
Deferred tax liabilites, net	-	-	-	657,996	657,996
Provisions	-	-	30,035	-	30,035
Total liabilities	3,178,077	1,648,232	11,528,685	1,968,255	18,323,249

13.3 Market risk

The Company's exposure to market risk for changes in market prices relates primarily to listed shares or fixed income instruments that may be held within the fair value through profit or loss category. The Group generally does not use any derivative financial instruments to hedge its market risk. Fixed income instruments are listed in note 15.1 to the consolidated financial statements. A description of the corporate issuers of fixed income instruments in the portfolio is provided under the "Portfolio Investments" section of the annual report. Issuers are in the "Financial Services" sector. Market risk for fixed income instruments can be described as the risk that the bond market as a whole would decline (or similarly impacted by external factors, such as sanctions), bringing the value of individual securities down regardless of their fundamental characteristics. For the sensitivity analysis refer to note 13.5 'Interest rate risk'.

For private equity related investments the Group bears the risk that they may be realised only after several years and that their fair value may change significantly. Management, from time to time, performs a sensitivity analysis of its unlisted private equity portfolio to assess the impact of a possible market correction. To illustrate: if the value of the loans in the Turgenevskaya parking garage for the 50% interest changed by 25%, the impact on the income statement would be CHF 0.89 million (2021: CHF 0.94 million). If the value of the loans to the Kaluga Flower business (measured to net CHF carrying value of the loans in the 2022 consolidated financial statements) changed by 25% the impact on the income statement would be CHF 3.14 million (2021: CHF 2.55 million). The shift of 25% was determined by Management with reference to potential volatility as experienced in past periods by the private equity industry.

Should listed equities (note 15.1) devaluate by 30%, it will result in a loss of CHF 0.05 million (2021:loss of CHF 0.09 million). The shift of 30% was determined by Management with reference to potential volatility as experienced in the past on listed exchanges.

13.4 Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Group is exposed to arises from the Group investments in fixed income instruments. The credit risk also arises from rent and other receivables from tenants and accounts receivable in general. The Group is also exposed to counter party credit risk on any trade of derivative products, cash and cash equivalents and other receivables balances as well as to the amounts which may be received. The Group's policy to manage this risk has been to, where possible, invest in fixed income instruments with

investment ratings. The fixed income portfolio may contain some unrated instruments (see note 15.1 for fixed income investments). Credit risk as it relates to rent payments at the Petrovsky Fort business center is managed by requiring tenants to pay rentals in advance (and make rent deposits). There are policies in place to monitor exposure to non-payment of rents by tenants, including pre-screening prior to signing leases, careful monitoring of rental receipts, and collection of rents or terminate leases before receivables become substantial. The creditworthiness of counter-parties is considered prior to entering into an agreement. As for cash balances, they are deposited with credible banks. The maximum exposure to credit risk before any credit enhancements at 31 December 2022 and 31 December 2021 is the carrying amount of the financial assets as set out below.

in CHF	31.12.2022	31.12.2021
Cash and cash equivalents	495,567	579,234
Fixed income instruments	147,423	1,457,826
Transterm Holdings Cyprus Ltd	-	3,230,817
Accounts receivable and accrued interest	17,183,028	15,700,806
Total	17,826,018	20,968,638

None of these assets are past due or impaired.

13.5 Interest rate risk

The exposure to interest rates is limited to the portfolio of fixed income instruments and interest payable under the loan facility from UniCreditbank in respect of the loan towards Petrovsky Fort (see note 20.1).

The interest rate risk inherent to fixed income instruments is not hedged at year-end 2022. Management regularly performs a sensitivity analysis of its fixed income portfolio to assess the impact of a possible correction due to changes of interest rates. The interest rate sensitivity is calculated given an interest rate movement of +/- 500 basis points across all maturities of the fixed income portfolio. The resulting figure shows the potential effect in such a scenario on the Consolidated statement of comprehensive income. For the year ended 31 December 2022, the Group would have incurred a loss of CHF 0.02 million (2021: CHF 0.11 million) in case of +500 basis point increase. For the investment in Petrovsky Fort, there is an interest rate risk related to bank debt at variable interest rates in respect of the UniCreditbank loan. Variable rate loans expose the Group to increased interest payment risk. The loan from UniCreditbank is issued at a fixed margin plus a variable 3 months Euribor rate.

13.6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. At year-end 2022, total liabilities on the balance sheet comprised CHF 14.76 million (2021: CHF 18.32 million) compared to total assets of CHF 56.45 million (2021: CHF 59.12 million). Compared to shareholders' equity as shown in the Consolidated statement of financial position, net debt at year-end 2022 is covered 2.8 times (2021: 2.2 times).

13.7 Taxation risks

Russian tax legislation is subject to frequent change and some of the laws related to Russian taxes continue to evolve. Co-investment agreements under which parties to a real estate investment agreement with the municipal authorities can accept investor financing, and ultimately register initial ownership of the properties to the investor, are not clearly defined in the tax code. Differing interpretations of tax regulations exist both among and within government ministries and organisations at the federal, regional and local levels, leading to uncertain and inconsistent enforcement. Taxes are subject to review and investigations by a number of authorities enabled by law to impose fines and penalties. Amendments to the Russian tax legislation were passed in past years aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. In particular, those amendments include definitions of the concepts of beneficial ownership and tax residence of legal entities at their actual place of business, and an approach to the taxation of controlled foreign companies. Also the court practice with respect to certain tax issues, including the application of thin capitalisation rules to the loans from foreign sister companies, meaningfully changed in tax authorities' favor and may create potential tax risks for the Group's Russian based entities.

14 Earnings per share attributable to equity holders of the ENR Russia Invest SA

Earnings per share is calculated by dividing the net income for the period by the weighted average number of shares outstanding during the period.

in CHF		1.1.-31.12.2022		1.1.-31.12.2021
Earnings per share basic and diluted				
Net profit attributable to equity holders	CHF	176,724	CHF	3,335,810
Weighted average number of ordinary shares outstanding		2,574,234		2,574,234
Basic and diluted earnings per share	CHF	0.069	CHF	1.296

The weighted average number of outstanding shares set out in the table above comprise of the issued shares less the treasury shares.

15 Investment Portfolio and Other Receivables designated at Fair Value through Profit or Loss

in CHF

	31.12.2022	31.12.2021
Fair value of trading portfolio assets at beginning of the period	4,981,913	6,601,995
Investment Portfolio Movement for the Period		
Purchase of investments	-	674,621
Sale of investments	– 3,175,027*	– 2,586,250
Net realised (loss) /profit on disposal of investments	– 154,590	242,183
Net investment portfolio movement for the period	– 3,329,617	– 1,669,446
(Decrease) / increase in fair value	– 1,333,757	49,364
Fair value of portfolio at the end of the period	318,540	4,981,913
- of which investments at fair value through profit or loss	318,540	4,981,913
The investment portfolio is represented as follows on the Consolidated statement of financial position:		
Designated as Fair Value Through Profit or Loss:		
Listed equity securities and bonds held for trading	318,540	1,751,096
Unlisted equity securities and fixed income instruments held for trading	-*	3,230,817
Total designated as fair value through profit or loss	318,540	4,981,913
Total financial assets at fair value through profit or loss	318,540	4,981,913
(Loss) / profit on investments at fair value through profit or loss		
Realised net (loss) / profit and foreign exchange impact	– 154,590	242,183
Changes in fair value (decrease) / increase and foreign exchange impact	– 1,333,756	49,364
Total	– 1,488,346	291,547

* See Notes 15.1 “Details of investments at fair value through profit or loss”, 15.2 “Transterm Holdings Cyprus Limited” and Note 20.2 “Accounts Payable and Accrued Expenses: Current and non -current”

15.1 Details of investments at fair value through profit or loss

in CHF

	Balance as of 01.01.2022	
Listed equity securities	Quantity	CHF
Reg Shs SEVERSTAL PAO	15,000	293,270
Sub-total: Listed equity securities		293,270
Fixed income		
VTB Capital SA 4.0725% , 24.10.2024, BOND	500,000	507,250
VTB EURASIA LIMITED 9.5 %, (perpetual), BOND	1,000,000	950,576
Sub-total: Fixed income		1,457,826
Private equity		
TRANSTERM HOLDINGS CYPRUS LTD - ordinary shares	9,310,000	3,230,817
Sub-total: Private equity		3,230,817
Total investments at fair value through profit and loss		4,981,913
Total investments	-	4,981,913

* See Note 15.2 "Transterm Holdings Cyprus Limited". The amount represents the carrying value of the non-repayable loans which were set-off against the book value of the asset. Also see Note 20.2 "Accounts Payable and Accrued Expenses: Current and non-current". The remaining balance of CHF 0.15 million shown in the realised losses column represents the amount written off for the Transterm investment. The CHF 0.09 million was a froreign exchange gain for the year.

	Movement in period (CHF)		Realised (CHF)		Changes in fair value (CHF)		Balance as of 31.12.2022	
	Purchases and Additions	Sales, Redemptions and Withdrawals	Gains	Losses	Gains	Losses	Quantity	CHF
	–	–	–	–	–	– 122,153	15,000	171,117
	–	–	–	–	–	– 122,153		171,117
	–	–	–	–	–	– 482,250	500,000	25,000
	–	–	–	–	–	– 828,153	1,000,000	122,423
	–	–	–	–	–	– 1,310,403		147,423
	–	– 3,175,027*	–	– 154,590*	98,800	–	–	–
	–	– 3,175,027	–	– 154,590	98,800	–		–
	–	– 3,175,027	–	– 154,590	98,800	– 1,432,556		318,540
	–	– 3,175,027	–	– 154,590	98,800	– 1,432,556	–	318,540

15.1.1 Illustration of profit and losses shown in the statement of comprehensive income

in CHF

	31.12.2022	31.12.2021
Realised profit on fixed income investments at fair value through profit and loss	-	13,631
Realised profit on private equity instruments at fair value through profit and loss	-	-
Realised (loss) on private equity instruments at fair value through profit and loss	– 154,590	-
Realised profit on listed equity investments at fair value through profit and loss	-	241,832
Realised (loss) on listed equity investments at fair value through profit and loss	-	– 13,280
Realised (loss) on sale of investments through profit and loss, net	– 154,590	– 242,183
Unrealised (loss) / profit on private equity and listed equity instruments	– 23,353	178,542
Unrealised (loss) on fixed income instruments	– 1,310,403	– 41,105
Unrealised (loss) on financial assets at fair value	-	– 88,073
Unrealised (loss) / profit on investments through profit and loss, net	– 1,333,756	49,364

15.2 Transterm Holdings Cyprus Limited

In the past Transterm used loan distributions to distribute proceeds to its shareholders as it did not have sufficient distributable reserves to allow for dividends. These loans were only repayable at the election of the borrower and were included as "Accounts payable and accrued expenses"- see Note 20.2 (but were not repayable and did not carry any interest as they would be set off in a Transterm capital reduction). This capital reduction was implemented in 2022. Accordingly, as show in table 15.1 and in note 20.2 "Accounts payable and accrued expenses" these loans were fully set-off against the asset value of Transterm, and the remaining net asset value of Transterm of CHF 0.15 million was written-off as no further proceeds from this investment is expected.

15.3 Fixed income instruments

Details of fixed income instruments are set out in the table under note 15.1. During the reporting period no fixed income instruments were sold (2021: CHF 0.83million). At year-end the aggregate fair value attributed to fixed income instruments was CHF 0.15 million (2021: CHF 1.46 million).

15.4 Listed equities

Details of listed equities are set out in the table under note 15.1. At 31 December 2022, the aggregate value of these listed equities was CHF 0.17 million (2021: 0.29 million).

15.5 Investment Property (Petrovsky Fort business center in Saint-Petersburg, Russia)

15.5.1 Carrying value

The following table shows the movement in the carrying value of the investment property (as shown on asset side of the balance sheet):

in CHF

	Investment Property Building	Investment Property Land Lease	Total
Opening balance at 1 January 2021	32,543,281	1,299,744	33,843,025
Investments	489,094	-	489,094
Disposals	-	-	-
Fair value adjustments including foreign currency effects	616,363	– 4,795	611,568
Foreign exchange translation differences	1,202,993	48,785	1,251,778
Carrying amount at 31 December 2021	34,851,731	1,343,734	36,195,465
Opening balance at 1 January 2022	34,851,731	1,343,734	36,195,465
Investments	893,536	-	893,536
Disposals	-	-	-
Fair value adjustments	– 1,867,304	– 14,306	– 1,881,610
Foreign exchange translation differences	1,457,663	53,509	1,511,172
Carrying amount at 31 December 2022	35,335,626	1,382,937	36,718,563
Carrying amount at 31 December 2021	34,851,731	1,343,734	36,195,465
Carrying amount at 31 December 2022	35,335,626	1,382,937	36,718,563

The following table illustrates the impact of movements during the period relating to the investment property on the statement of comprehensive income.

Fair value adjustments on investment property

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Fair value adjustment on investment property buildings	– 1,867,304	616,363
Fair value adjustment of investment property land lease	– 14,306	– 4,795
Total fair value change on investment property as shown in the income statement	– 1,881,610	611,568

15.5.2 The business center

Description

Petrovsky Fort is a 47,600 square meter Class B office and retail building located at Finlyandsky Prospect 4 in Saint-Petersburg. The building has nine office floors, two retail floors, a large central atrium and two floors for technical equipment. Of net rentable space, 15,328 square meters are on the office floors and 5,815 square meters on the retail floors. The building has an underground parking facility with 118 parking spaces as well as an above-ground car park with 36 parking spaces.

Vacancies

At 31 December 2022, the vacancy rate (as a percentage of total rentable space in the building) increased to 19% (31 December 2021: vacancy rate of 8%). On the office floors, vacancies increased to 11% (31 December 2021: 1.7%). For the two retail floors, vacancies increased to 41% (31 December 2021: 25%).

The following table shows future gross rental income of signed operating leases at 31 December 2022 and 31 December 2021 (for the periods indicated below):

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Next 12 months	1,414,099	2,113,885
12-60 months	379,550	400,040
60 months and later	37,403	32,335
Total	1,831,052	2,546,260

Value and Valuation Method

At year-end 2022, an independent third-party valuation expert performed a valuation of the investment property, using the yield method (within the income approach) where anticipated future cash flows are converted into the present value ("DCF Valuation"). This approach requires an estimation of the future cashflows and an application of investor yield or return requirements. The net income was capitalised on the basis of an equivalent yield. DMA Valuation LLC ("DMA")(ex JLL valuation team - JLL ceased operations in Russia) performed this valuation, using the DCF Valuation method and key assumptions are set out in the table set out on page 73, note 8 of this annual report.

The carrying value of the investment property represents the fair value plus the adjustment for land lease liabilities for rent payments to the city of Saint-Petersburg for the long-term land lease of the land related to the business center. At 31 December 2022, the valuation was ruble 2.79 billion and the carrying value of the investment CHF 36.72 million (31 December 2021: valuation of 2.86 billion ruble and a carrying value of 36.20 CHF million). The increase in carrying value in Swiss Franc was driven by the increase in the value of the ruble against the Swiss Franc in the reporting period.

Real estate investment property is a long-term asset class and hold periods are usually for longer than 5 years and investment decisions are made with a long-term perspective. During the holding period the underlying economy may accelerate or slow-down markedly for certain periods. At a particular valuation date, even though medium to longer term real estate fundamentals may be attractive, prevailing economic or political conditions could present an unrealistic picture of sustainable future rental rates when comparing current rates to rates that could be achievable over the medium to longer term. The market factors mentioned above are uncertain and may impact on the fair value attributed to this investment, which may differ from the realisable value.

Net Rental Income

The breakdown of net rental income for 2022 and 2021 is presented below:

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Gross rental income	4,771,216	3,887,515
Operating cost, land lease and tax expenses	– 1,496,996	– 1,194,927
Operating expenses	– 1,011,098	– 775,337
Property tax and non-recoverable VAT	– 485,898	– 419,590
Net rental income	3,274,220	2,692,588

Finance Costs

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
UniCreditbank interest payments	– 491,135	– 512,584
Other interest (land lease interest expenses Petrovsky Fort, others)	– 202,277	– 186,964
Total	– 693,412	– 699,548

The balance sheet movement on the loan with UniCreditbank is disclosed under note 20.1

16 Cash and cash equivalents

Comprises cash at bank and in hand and short-term deposits with an original maturity of three months or less.

in CHF

	31.12.2022	31.12.2021
Cash at bank and in hand	495,567	579,234
Cash and cash equivalents	495,567	579,234

17 Accounts receivable and accrued interest

in CHF

	31.12.2022	31.12.2021
Loans to Inkonika LLC (Turgenevskaya parking)	3,576,762	3,757,258
Promissory notes and accrued interest to LLC Kaluga Flower Holding	12,552,580	10,968,922
Zaytsevo claim (see note 17.4)	811,417	781,270
Other	242,269	193,356
Total accounts receivable and accrued interest	17,183,028	15,700,806
whereof current assets	242,261	193,356
whereof non-current assets	16,940,767	15,507,450

17.1 Interest Income

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Interest income from fixed income instruments	-	113,133
Interest income LLC Kaluga Flower Holdings	1,314,798	1,061,917
Interest income - other	7,748	4,668
Interest income	1,322,546	1,179,718

17.2 Loans to Inkonika LLC - Turgenevskaya parking

The Group has a 50% interest in an associate company, Vestive Limited, who owns the Turgenevskaya parking garage in Moscow (via a wholly owned subsidiary, Inkonika LLC). There are loans to Inkonika LLC which are treated as accounts receivable. On acquisition in 2017, these loans were recognised on the balance sheet at fair value (based on the transaction price paid for the investment in the parking garage). Each reporting period an impairment review is done by management to assess the recoverability of these loans, taking into account the valuation of the parking garage. At year end, a third-party valuation expert DMA performed this valuation and valued 100% of the parking garage at ruble 575 million

(31 December 2021: ruble 625.4 million). Following an impairment review, an impairment of CHF 0.24 million was made. The carrying value decreased from CHF 3.76 million at year-end 2021 to CHF 3.58 million (see table in note 17, Accounts receivable and accrued interest).

17.3 Promissory notes to LLC Kaluga Flower Holding

The Group has a 50% interest in an associate company, LLC Kaluga Flower Holding (see notes 18.2;18.3; and 31). At 31 December 2022, the Group invested via promissory notes ruble 764.42 million (31 December 2021: ruble 764.42 million) corresponding to CHF 10.76 million at the exchange rates at the time of the investment. There are two promissory notes, one for ruble 61.42 million and the other for ruble 703 million (interest rate: 12% interest; repayment date: 31 December 2031). The promissory notes are recognised on the balance sheet at fair value (amortised cost principle) based on actual ruble value invested. Each reporting period an impairment review is made by Management to assess the recoverability of these promissory notes by considering, inter alia, the future cashflow and equity position of the business. No impairment was required at 31 December 2022 (31 December 2021: none).

17.4 Zaytsevo account receivable

The Group participated in a residential real estate development comprising of free-standing multi-story apartment buildings at Zaytsevo south-west of Moscow. The investment was regulated via an agreement for the participation in shared construction. During late 2019, the developer was placed in liquidation. ENR, who has a mortgage over the land plot where its apartments were to be constructed, successfully registered its claim for what it had invested, together with contractual penalties. This claim is shown as an account receivable. As part of the liquidation process, registered claim holders agreed on an auction process to sell all land plots forming part of the residential real estate development. This process commenced in late 2021, was subsequently halted and restarted again in 2022. In December 2022 a third party made a successful bid at the auction to buy the land plots. However, the bid is subject to the completion of a sale and purchase agreement and liquidation process agreements and formalities which, at year-end, were not yet in place.

For reporting periods an impairment review is made by Management to assess the recoverability of the account receivable. As the sale and purchase agreement and liquidation formalities were not finalised by year-end, no release of an impairment was made in 2022 (no release of impairment in 2021). Due to a stronger ruble against the Swiss Franc at 31 December 2022, the attributable value of the receivable, in Swiss Franc, increased from CHF 0.78 million (31 December 2021) to CHF 0.81 million at year-end 2022 (see note 17, Accounts Receivable and accrued interest).

18 Other investments accounted under the equity method: Non-current assets

18.1 Inkonika LLC - Turgenevskaya parking garage

In July 2017 the Group acquired its 50% interest in the Turgenevskaya parking garage via its 50% interest in Vestive Limited (see note 17.2). As per the corporate charter and shareholder agreement decisions are made on a joint basis and both shareholders must approve protected shareholder matters. Accordingly, the Group does not fully control Vestive Limited (treated as an associated company and accounted for under the equity method).

18.2 LLC Kaluga Flower Holding loans (investment in flower greenhouse complex)

During late 2019 the Group acquired a 50% interest in a joint-venture company, LLC Kaluga Flower Holding, who owns a greenhouse complex for flower production in Russia (135 km south-west of Moscow) . ENR teamed-up with another investor, who owns the remaining 50% interest. As per the corporate charter and shareholder agreement decisions are made on a joint basis and both shareholders must approve protected shareholder matters. Accordingly, the Group does not fully control LLC Kaluga Flower Holding, which is therefore treated as a joint-venture and accounted for under the equity method. The same applies for Florentika Management Company LLC (see note 31).

18.3 Contribution of associate companies/Consolidated statement of financial position

in CHF	Florentika Management Company LLC *		LLC Kaluga Flower Holding		Vestive Limited	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Revenue	–	–	18,606,856	8,337,864	520,537	443,595
(Loss) from operations	– 152	– 50	– 4,292,652	– 4,719,723	– 4,518,996	– 625,480
Other comprehensive income	–	–	–	–	263,698	172,941
Total comprehensive (loss)	– 152	– 50	– 4,292,652	– 4,719,723	– 4,255,298	– 452,539
Current assets	256	256	9,188,019	4,887,620	151,182	156,963
Non-current assets	–	–	19,122,806	16,077,385	7,274,144	7,617,372
Current liabilities	–	–	2,595,480	2,164,116	47,363,718	42,604,272
Non-current liabilities	–	–	39,173,039	28,104,234	–	–
Total shareholder's equity	256	256	– 13,457,693	– 9,303,345	– 39,938,394	– 34,829,937
Share of associate companies for the Group	50%	50%	50%	50%	50%	50%
Shareholder's equity of associated companies	128	128	– 6,728,847	– 4,651,673	– 19,969,197	– 17,414,969
of which recognised in the Group's share of equity	–	–	–	–	–	–
Carrying amount of the investment	128	128	1	1	1	1

* Acquired the interest in this company on 27 October 2021.

LLC Kaluga Flower Holdings realised an operational profit in 2022. However, after taking account of the shareholder funding structure and interest on the promissory notes, together with the depreciation of capital assets and bank funding interest, the business reported a net loss. For Florentika Management Company LLC, see note 31. Vestive Limited losses arose due to adverse currency movements in 2022 related to Vestive group loans granted in currencies other than Vestives's functional currency.

18.4 Acquisition cost : Equity

Entity	in CHF	Year of acquisition
Vestive Limited	1	2017
LLC Kaluga Flower Holding	493,516	2019
Florentika Management Company	128	2021

* At exchange rate at time of acquisition / capital increase

19 Impairments

The following table illustrates impairments made or released in 2022 and 2021.

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
(Increase of impairment) : re Inkonika LLC (see note 17.2)	– 240,096	-
Total : Impairments	– 240,096	-
(Release of impairment) : re Inkonika LLC (see note 17.2)	-	319,234
Other : Release of impairments	2,146	-
Total : Release of impairments	2,146	319,234

20 Liabilities

20.1 Loans from bank

in CHF

	31.12.2022	31.12.2021
Balance at the end of period - UniCreditbank loan	11,856,030	12,818,424
Quarterly loan repayments	– 375,334	– 408,454
Foreign exchange translation differences	– 570,531	– 553,940
Balance at the end of period - UniCreditbank loan	10,910,165	11,856,030
Banque Cramer - Credit facility	-	8,380
Balance at the end of the period	10,910,165	11,864,410
of which in current liabilities	10,910,165	399,235
of which in non-current liabilities	-	11,465,175

The loan from UniCreditbank to Stainfield Limited, a wholly owned ENR subsidiary, is a Euro based loan and has an expiry date of 31 December 2023. Key terms: interest rate/margin (per annum) of 4% plus 3 months Euro LIBOR (if negative, then zero); interest payments are made quarterly; amortisation of Euro 0.09 million per quarter. Balance due via a balloon payment in year of loan expiry date. Also see note 29.

20.2 Accounts Payable and Accrued Expenses: Current and non-current

in CHF

	31.12.2022	31.12.2021
Transterm Holdings Cyprus Ltd (note 15.1 and 15.2)	-	3,048,440
Other creditors *	1,911,952	1,180,550
Balance at the end of the period	1,911,952	4,228,990
whereof current liabilities	1,911,952	4,228,990
whereof non-current liabilities	-	-

* This includes management fees of CHF 0.86 million payable to the Valartis group.

20.3 Finance lease liabilities: Non-current

Finance lease liabilities represent the non-current obligation of Petrovsky Fort LLC to make rent payments to the city of Saint-Petersburg for the long term lease of the land under the Petrovsky Fort office center.

The present value of these payments as at 31 December 2022 and 31 December 2021 are as follows:

in CHF

		31.12.2022	31.12.2021
Financial lease liabilities Petrovsky Fort: non-current	Financial Lease	1,382,938	1,343,735

The movement of finance lease liabilities are shown in the following table:

in CHF

	31.12.2022	31.12.2021
Balance at beginning of period	1,343,735	1,299,745
Interest expense	188,184	163,399
Lease payments	– 202,437	– 168,194
Translation differences	53,456	48,785
Balance at the end of the period	1,382,938	1,343,735

Leases liabilities are repaid over term of the contract and are due as follows as of balance sheet date:

in CHF

	31.12.2022	31.12.2021
Sum of future lease payments (nominal value)		
Up to 1 year	-	165,655
More than 1 and up to 5 years	853,300	662,621
More than 5 years	4,086,129	4,099,968
Total	4,939,429	4,928,244
Sum of future lease payments (present value)		
Up to 1 year	-	5,313
More than 1 and up to 5 years	31,983	28,163
More than 5 years	1,350,955	1,310,259
Total	1,382,938	1,343,735

During 2022, operating expenses included a charge of CHF 0.02 million for short-term leases (ENR office rent).

20.4 Taxes

20.4.1 Deferred tax assets and liabilities

For Petrovsky Fort LLC tax losses incurred in previous years and not utilised in 2022 were recognised as a deferred income tax asset (based on Russian tax legislation and court practice) as it is probable that the losses can be offset against taxable profits. Deferred tax liabilities represent temporary differences resulting from the excess of Petrovsky Fort business centre fair value over its tax value, together with potential tax liabilities which may arise due to changes in Russian tax legislation and court practice.

The following table shows the movement in deferred tax assets and deferred tax liabilities:

in CHF

	01.01.2022	Changes affecting the income statement	Translation adjustments	31.12.2022
31.12.2022				
Deferred tax assets				
Tax loss carried forward	5,379,615	168,317	188,089	5,736,021
Total deferred tax assets	5,379,615	168,317	188,089	5,736,021
Deferred tax liabilities				
Investment property (Petrovsky Fort)	6,037,611	– 204,030	256,615	6,090,196
Total deferred tax liabilities	6,037,611	– 204,030	256,615	6,090,196
Deferred tax (liabilities) on balance sheet 31 December (net)				
Deferred tax (liabilities)	– 657,996	372,347	– 68,526	– 354,175

	01.01.2021	Changes affecting the income statement	Translation adjustments	31.12.2021
31.12.2021				
Deferred tax assets				
Tax loss carried forward	5,214,163	– 30,426	195,878	5,379,615
Total deferred tax assets	5,214,163	– 30,426	195,878	5,379,615
Deferred tax liabilities				
Investment property (Petrovsky Fort)	5,586,263	245,691	205,657	6,037,611
Total deferred tax liabilities	5,586,263	245,691	205,657	6,037,611
Deferred tax (liabilities) / assets on balance sheet 31 December (net)				
Deferred tax (liabilities) / assets	– 372,100	– 276,117	– 9,779	– 657,996

20.4.2 Income Tax liabilities shown on the consolidated balance sheet

The table below shows the movement in income tax payable and receivable during the reporting period and the income tax liability at the end of the period.

in CHF

	31.12.2022	31.12.2021
Balance at beginning of period	18,930	13,391
Payment during the period	– 1,200	– 23,234
Reversal of provision (net)	19,353	28,773
Balance at the end of the period	37,083	18,930

20.4.3 Income tax disclosed in the consolidated statement of comprehensive income and losses

The table below shows income tax disclosed in the consolidated statement of comprehensive income and losses for the financial years ended 31 December 2022 and 2021.

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Pre-tax (loss) / profit	– 176,752	3,631,768
Expected tax income / (expense)	24,516	– 508,448
Difference between expected and actual tax rate	9,274	145,594
Tax-exempted income	349,329	207,720
Non-deductible expenses for tax purposes	– 126,735	– 128,378
Prior year adjustments	117,612	-
Other effects	– 24,350	– 12,446
Not recognised tax loss carry forward	3,830	-
Income taxes reported in the consolidated statement of comprehensive income	353,476	– 295,958

The expected income tax rate is based on the ordinary income tax rate at the domicile of the parent company - ENR Russia Invest SA in Geneva, Switzerland.

20.5 Provisions

in CHF

	31.12.2022	31.12.2021
Position at 1 January	30,035	40,363
Provisions released and credited to income statement	– 32,069	– 12,022
Foreign exchange translation differences	4,875	1,694
Balance at 31 December	2,841	30,035
Maturity of provisions		
Within one year	-	-
More than one year	2,841	30,035

Provisions relate to operational risks. Unnecessary provisions relating to former periods were released in 2022.

21 Goodwill

Goodwill arose on the acquisition of the Petrovsky Fort business centre, Saint-Petersburg, Russia via a share deal. IFRS requires the recognition of deferred taxes on a nominal basis, whilst any share transaction in relation to the asset they relate to is based on the market value of these taxes. Any difference is reflected as goodwill. The impairment test compares the accounting value of goodwill and potential tax optimisation at the reporting date. No impairment was required as at 31 December 2022 (2021: no impairment) (see following table).

in CHF

	31.12.2022	31.12.2021
Balance at beginning of period	1,666,913	1,606,696
Foreign exchange translation difference	64,322	60,217
Balance at the end of the period	1,731,235	1,666,913

22 Other current liabilities

Other current liabilities

	31.12.2022	31.12.2021
Third party service providers: Petrovsky Fort	58,011	57,853
Other	105,453	121,300
Closing balance	163,464	179,153

23 Share capital

As of 31 December 2022 the issued and authorised ordinary share capital of the ENR Russia Invest SA was CHF 32.8 million (31 December 2021: CHF 32.8 million), divided into 2'644'402 (31 December 2021: 2'644'402) bearer shares with a par value of CHF 12.40 (31 December 2021: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers. Article 13 of the Company's articles of association contains an "Opting Out" clause regarding matters dealt with in pursuant to article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 and waives the requirement to make a public tender offer whenever a shareholder acquires shares exceeding the threshold of 33 1/3 %, conversely 49 %, of the voting rights.

23.1 Issued capital

Issued Capital	31.12.2022 Number of shares	31.12.2022 CHF	31.12.2021 Number of shares	31.12.2021 CHF
Opening balance	2,644,402	32,790,585	2,644,402	32,790,585
Closing balance	2,644,402	32,790,585	2,644,402	32,790,585

23.2 Treasury stock

	31.12.2022 Number of shares	31.12.2022 Weighted average cost price	31.12.2021 Number of shares	31.12.2021 Weighted average cost price
Opening balance	70,168	– 2,370,696	70,168	– 2,370,696
Closing balance	70,168	– 2,370,696	70,168	– 2,370,696

24 Foreign exchange result

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Exchange profit - other	1,652,111	1,401,331

In 2022, the exchange gain were related mainly to the conversion of assets and liabilities from foreign currencies to Swiss Franc.

25 Related Parties and employees

25.1 Related Parties

Persons and companies are considered related parties if they could control the Group or can exert a significant influence on operational and financial decisions.

The following table provides an overview of transactions with related parties and companies:

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Assets		
Key Management and relatives	-	-
Associated companies	16,158,358	14,749,058
Other related entities *	-	-
Total	16,158,358	14,749,058
Liabilities		
Key Management and relatives	-	-
Associated companies	-	-
Other related entities *	863,982	162,174
Total	863,982	162,174
Expenses		
Key Management and relatives	– 449,750	– 580,231
Associated companies	– 53	-
Other related entities *	– 855,087	– 742,766
Total	– 1,304,890	– 1,322,997
Income		
Key Management and relatives	-	-
Associated companies	1,340,805	1,061,917
Other related entities *	-	-
Total	1,340,805	1,061,917

* Valartis Group entites

25.2 Management fees

The consolidated financial statements comprise of the financial position of ENR Russia Invest SA, its subsidiaries and associates. Other than consolidated and associated entities disclosed in note 3.1, there is an investment management contract with Valartis International Ltd ("VI"), a wholly owned subsidiary of Valartis Group AG, Fribourg, Switzerland. Under the contract VI receives a management fee in Swiss Francs of 1.5% (plus VAT if applicable) per year based on the consolidated average attributable NAV (adjusted by adding back any outstanding debt issued by the Company or any of its subsidiaries or affiliates that is convertible into or exchangeable for shares of ENR Group) (also see note 20.2).

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Management fees for the period	– 717,381	– 604,248

Out-of-pocket expenses incurred by VI in carrying out the investigative and "due diligence" analysis required in pursuing likely investment opportunities and in monitoring existing investments, based on contractual terms, are paid by the Group. In addition, based on contractual terms, VI is entitled to receive a performance fee equal to 17.5% (plus VAT if applicable) of the total net profits (sale proceeds less acquisition costs and transaction costs) realised by the Group on such investment in the event of a sale, another form of disposal or a refinancing of an investment held by the Group, provided an annual rate of 8% is reached.

The local Moscow branch of VI is appointed by Inkonika LLC, Vestive Limited's subsidiary holding the Turgenevskaya Moscow based parking garage, to perform management services relating to the parking garage (business development, management of tenant agreements; property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly reports). For this a fee of ruble 3.94 million (VAT exclusive) was paid in 2022. The local Moscow branch of VI and Valartis Advisory Services were appointed by Petrovsky Fort LLC to provide property management services relating to the Petrovsky Fort building (for example, business development, management of tenant agreements; third party broker agreements, property administration and commercialisation, legal support, local accounting, financial and cash management, budgeting and preparation of monthly feedback reports). For this an aggregate property management fee of USD 0.17 million per year (VAT exclusive) is paid. Stainfield Limited to who Unicreditbank advanced loan funding for the Petrovsky Fort business centre, also appointed VI to perform specific services with respect to servicing the UniCreditbank relationship. For this a fee of Euro 0.08 million per annum (VAT exclusive) is paid. The services rendered under the aforementioned contracts relate to the management of the Petrovsky Fort asset and the Turgenevskaya Moscow based parking garage (as opposed to investment management services rendered under the general investment management contract) and these fees are payable in addition to fees paid under the general investment management contract. Valartis International Ltd, (Moscow branch) also provides accounting support to LLC Kaluga Flower Holding, for which ruble 6.68 million was paid in 2022.

Mr. Gustav Stenbolt is a board member of both ENR and Valartis Group AG and did not take part in the decisions involving the property management contracts.

25.3 Directors' fees

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Gustav Stenbolt	– 50,000	– 100,000
Walter Fetscherin	– 25,000	– 50,000
Total	– 75,000	– 150,000

At year-end, Dr. Walter Fetscherin owned 100 shares in ENR Russia Invest SA and Mr Gustav Stenbolt indirectly held 719'175 shares in the company.

25.4 Employee remuneration

25.4.1 Remuneration

The information presented in the table below includes aggregate remuneration for all Group employees in Switzerland and in Russia.

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Salaries	– 605,588	– 595,049
Social security benefits	– 88,526	– 102,284
Contributions to occupational pension plans	– 42,662	– 45,701
Other personnel expense	18,208	20,172
Total	– 718,568	– 722,862

* Reversal of untaken leave provisions.

25.4.2 Staff Pension Plan

Although contributions are paid by the employer and employees in the case of the Swiss pension plan (the Company has a contract with Swiss Life Collective Foundation), the plan is considered to be a defined benefit plan owing to the guaranteed interest rate and prescribed conversion rate. With a single Swiss employee, the obligations or assets in respect of the defined benefit plan are not material and, consequently, there are no balance sheet obligations or assets in respect of this pension plan. There is no employee pension plan for the Russian based employees. In 2022 the Company contributed CHF 0.04 million (2021 : CHF 0.04 million) as pension fund contributions to the pension fund in respect of the participating employee.

25.5 Significant shareholders as of 31 December 2022

Valartis Group and Valartis AG jointly own 63.22% (1'627'544 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company. Athris Ltd owns 33.76% (892'703 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

25.6 Other

Gustav Stenbolt, via MCG Holding SA, is the majority shareholder of the Valartis Group AG and he is a member of the Group's Board of Directors.

26 *Audit Fees*

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Audit fees	– 120,092	– 100,500

Audit fees represent the fees and expenses accrued to BDO Ltd and other auditors in relation to the Group's audit.

27 *Other expense items*

27.1 Professional Fees

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Property management fees : Petrovsky Fort LLC	– 299,242	– 290,128
Other professional fees	– 124,318	– 125,699
Total	– 423,560	– 415,827

Other professional fees comprise mainly of fees paid to entities supporting the Group's outsourced accounting functions as well as human resources functions and work done for Group subsidiaries.

27.2 Legal Fees

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Legal and tax advice	– 31,995	– 51,350
Total	– 31,995	– 51,350

The majority of legal fees relate to the Zaytsevo matter (see note 17.4) and matters relating to Petrovsky Fort and the group's other private equity investments.

27.3 Other Expenses

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Other expenses	– 76,713	– 95,445

Other expenses relate mainly to projects at Petrovsky Fort LLC.

27.4 Information technology

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Information technology	– 44,142	– 50,612

These fees relate to payments for Bloomberg services and maintenance and support of ENR's information technology infrastructure.

27.5 Administrative Fees

in CHF

	1.1.-31.12.2022	1.1.-31.12.2021
Administrative costs	– 31,480	– 45,163

Administrative fees relate mainly to direct and indirect costs to maintain the listing on SIX Swiss Exchange as well as the Group's subsidiaries administrative management.

28 Segment reporting

Since the Company only has one sector of business activity and one geographical sector, the breakdown by segment does not apply.

29 Assets pledged or assigned to secure own liabilities, blocked assets and guarantees.

in CHF

		31.12.2022		31.12.2021
	Estimated market value	Effective commitment	Estimated market value	Effective commitment
Cash and cash equivalent	4,211	-	24	-
Investments at fair value through profit or loss	151,368	-	-	-
Investment property (Petrovsky Fort)	36,718,563	10,910,165	34,851,731	11,864,410
Accounts receivable and accrued interest Other assets	11,772,976	-	10,654,370	-
Total	48,647,118	10,910,165	45,506,125	11,864,410

At 31 December 2022, Petrovsky Fort LLC registered a mortgage on the building, serving as part of the collateral package for the loan from UniCreditbank. As of 31 December 2022, ENR provided a guarantee in favour of UniCreditbank for to their loan (see note 20.1) to Stainfield Limited towards the Petrovsky Fort business center (payment of unpaid indebtedness, obligations and liabilities of Petrovsky Fort LLC for taxes payable in respect of the investment property). ENR also provided a guarantee of up to Euro 0.7 million in respect of the obligations of Stainfield Limited, a wholly owned Group subsidiary and borrower of the bank loan. Collateral provided to the bank in respect of this loan includes a pledge of shares of Stainfield Limited and Romsay Properties Limited; a pledge of the participatory interests in Petrovsky Fort LLC; a mortgage of the Petrovsky Fort LLC premises; a pledge over lease rights and movables and the subordination of inter-company loans. Other assets (see previous table) represent promissory notes (see note 17.3) re LLC Kaluga Flower Holding pledged to its bank.

30 Risk assessment

An extensive overview of the risk factors that the Group is faced with is included separately in the annual report. The Board assesses the potential impact of these risk factors on the financial performance of the Group and implements risk management policies accordingly. Certain risk factors, e.g. portfolio concentration and hedging policies regarding currency exposure, are dealt with in the investment guidelines, which provide the general framework under which the Group's operations are carried out. The Board also adopted organisational regulations according to which day-to-day management and operations of the Company are delegated to the chief executive officer. The Board performs a review of the potential risk factors, including those that arise from the accounting and financial reporting and assess their potential impact on the Group's operations no less frequently than annually. Throughout the internal control system framework on financial reporting relevant control measures are defined, which reduce the financial risk. Should the risk environment change substantially, measures are taken on the level of the Board to alleviate such risks, including updating relevant risk management policies.

31 Acquisitions and effects

31.1 Acquisition done in the current period - None.

31.2 Acquisition done in former period

During the last quarter of 2021, ENR Investment Limited, a wholly owned subsidiary of ENR, acquired a 50% interest in Florentika Management Company LLC ("FMC") for ruble 10'000. FMC was established to act as the corporate general director of LLC Kaluga Flower Holding ("KFH") in Russia.

In 2019 and 2020, ENR Investment Limited invested a total of ruble 706 million (CHF 10.17 million at exchange rates at time of investments) in KFH. In 2021, ENR Investment invested a further ruble 90.4 million (CHF 1.08 million at exchange rates at time of investments) in KFH. The investments are made via promissory notes and equity.

32 Subsequent events

None

Independent Auditor's Report

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STATUTORY AUDITOR'S REPORT

To the General meeting of ENR Russia Invest SA, Geneva

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ENR Russia Invest SA (the Company) – which comprise the statement of financial position as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 117 to 123) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

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

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Key Audit Matter	How the Key Audit Matter was addressed in the audit
Existence and valuation of participations	
As at 31 December 2022, the Company shows participations in its financial statements with a total value of CHF 12,200,617. These participations are accounted for at the lower of acquisition costs and net realisable value according to the principle of individual valuation. A potential impairment loss is determined by comparing the book value with the net asset value. This position represents 25.5 percent of total assets as of the balance sheet date and was therefore, in our opinion, of particular importance. Details of the Company's participations are described in Note 3 to the financial statements of ENR Russia Invest SA as at 31 December 2022.	We tested the existence of the participations recognised as of the balance sheet date by matching them with the shareholders registers of the respective companies. We assessed the valuation based on a net asset value analysis of the most recent annual financial statements of the respective companies that were included in our audit work on the consolidated financial statements of the Group. We analysed whether the net asset value was lower than the cost of acquisition. In the event of any changes in the value of the investments, we have also examined whether these changes are correctly reflected in the income statement. Furthermore, we assessed the presentation and disclosures in the statutory financial statements of ENR Russia Invest SA as at 31 December 2022.
Valuation of short term loans to subsidiaries	
As at 31 December 2022, the Company shows short term loans to subsidiaries in its financial statements with a total value of CHF 34,728,843. Short term loans to subsidiaries are accounted for at the lower of nominal value and net realisable value according to the principle of individual valuation. This position represents 72.7 percent of total assets as of the balance sheet date and was therefore, in our opinion, of particular importance.	We assessed the valuation based on an analysis of the most recent annual financial statements of the respective companies that were included in our audit work on the consolidated financial statements of the Group and concluded whether each subsidiary can repay the open balance. In the event of any changes in the value of the loans, we have examined whether these changes are correctly reflected in the balance sheet or the income statement. We also assessed the presentation and disclosures in the statutory financial statements of ENR Russia Invest SA as at 31 December 2022.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's report thereon.

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

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

Independent Auditor's Report

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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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 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.

Geneva, 3 April 2023

BDO Ltd

Nigel Le Masurier

Licensed audit expert
Auditor in Charge

Olivier Griot

Licensed audit expert

Parent Company balance sheet

(Currency-CHF)

	Note	31.12.2022	31.12.2021
Assets			
Current Assets			
Cash and cash equivalents		39,242	1,990
Short term receivables from third parties		9,739	4,389
Short term loans to subsidiaries		34,728,843	35,021,470
Accrued income and prepaid expenses to subsidiaries		819,969	498,910
Total current assets		35,597,793	35,526,759
Non-current Assets			
Participations	3	12,200,617	12,200,617
Total non-current assets		12,200,617	12,200,617
Total assets		47,798,410	47,727,376
Liabilities & Shareholders' equity			
Short term liabilities			
Accounts payable		2,107	12,737
Short term liabilities third parties		94,013	29,017
Accrued expenses and differed income		144,604	160,349
Total short term liabilities		240,724	202,103
Total liabilities		240,724	202,103
Shareholders' equity			
Share capital	4	32,790,585	32,790,585
Legal retained earnings			
Capital reserve - share premium		17,125,197	17,125,197
Voluntary retained earnings			
(Loss) brought forward		– 19,813	– 197,146
Profit for the year		32,413	177,333
Treasury shares	5	– 2,370,696	– 2,370,696
Total shareholders' equity		47,557,686	47,525,273
Total liabilities and shareholders' equity		47,798,410	47,727,376

Parent Company income statement

(Currency-CHF)

	Notes	01.01 - 31.12.2022	01.01 - 31.12.2021
Income			
Financial income	6	693,007	1,038,940
Total income		693,007	1,038,940
Expenses			
Directors' fees and expenses	7	– 78,037	– 150,000
Personnel expenditure	8	– 395,569	– 454,832
Other operating expenses	9	– 263,722	– 314,031
Financial expenses	10	– 2,629	– 2,471
Total expenses		– 739,957	– 921,334
Result of the year before extraordinary and out of period income and taxes		– 46,950	117,606
Extraordinary income	11	80,717	61,387
Extraordinary expenses	12	-	– 603
Profit before tax		33,767	178,390
Taxes		– 1,354	– 1,057
Profit for the year		32,413	177,333

Notes to the financial statements

1. General information

Company, legal form and domicile

ENR Russia Invest SA, (hereafter "the Company") is domiciled rue du Rhône 118, 1204 Geneva, Switzerland. The Company identification number (UID) is CHE-113.649.972.

Number of full time employees

The number of full time employees do not exceed 10 employees in the current and former period.

2. Accounting principles

General information of the accounting principles

These financial statements were prepared according to the provision of the Swiss Code of Obligations (art. 959 ff). All amounts are disclosed in CHF unless expressed otherwise.

Information of exchange rates

The functional currency is Swiss franc (CHF). The assets and liabilities in foreign currencies are translated into Swiss franc at the respective rates on the balance sheet date.

For the income statement, annual average exchange rates are used.

	31.12.2022 Balance Sheet date rates	31.12.2022 Annual average rates	31.12.2021 Balance Sheet date rates	31.12.2021 Annual average rates
EUR/CHF	0.9839	1.0022	1.0339	1.0798
USD/CHF	0.9233	0.9537	0.9127	0.9137
CHF/RUB	79.0514	69.8934	82.1018	80.8625

Treasury Shares

Treasury shares are recognised at acquisition cost and deducted from shareholder's equity at the time of acquisition. In case of a resale, the gain or loss is recognised through the income statement as financial income or financial expenses.

Cashflow statement and additional disclosures in notes

As the Company has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has waved the disclosures in the notes on auditing fees as well as the presentation of a cash flow statement in accordance with the statutory provisions.

Short term loan to subsidiaries

Short term loans to subsidiaries are presented including accrued interests. All of these loans are reimbursable on demand.

3. Participations

Name of subsidiary	Incorporated in	Currency	Nominal value of share capital 2022	% Owner ship / Voting	Currency	Nominal value of share capital 2,021	% Owner ship / Voting
ENR Investment Limited	Limassol, Cyprus	EUR	6,576,660	100.00%	EUR	6,576,660	100.00%
ENR Private Equity Limited	Grand Cayman, Cayman Islands	USD	500	100.00%	USD	500	100.00%
ENR Development LLC	Saint Petersburg, Russia	RUB	15,535,100	100.00%	RUB	15,535,100	100.00%
Stainfield Limited	Limassol, Cyprus	EUR	3,420	100.00%	EUR	3,420	100.00%
Romsay Properties Limited	Limassol, Cyprus	EUR	1,710	100.00%	EUR	1,710	100.00%
Petrovsky Fort LLC	Saint Petersburg, Russia	RUB	18,000	100.00%	RUB	18,000	100.00%

4. Share capital

As of 31 December 2022 the issued ordinary share capital of the Company was CHF 32.8 million (31 December 2021: CHF 32.8 million), divided into 2'644'402 (31 December 2021: 2'644'402) bearer shares with a nominal value of CHF 12.40 (31 December 2021: CHF 12.40) each and one voting right per share. There are no restrictions on share transfers. In addition, article 9 of the Company's Articles of Association provides for a conditional capital pursuant to which the Company's share capital may be increased by the exercise of option or conversion rights up to a maximum amount of CHF 9'985'806.80 through the issue of a maximum of 805'307 bearer shares of nominal value of CHF 12.40 each

5. Treasury Shares

	31.12.2022		31.12.2021	
	Number of shares	Weighted average cost price	Number of shares	Weighted average cost price
Opening balance	70,168	2,370,696	70,168	2,370,696
Purchase of treasury shares	-	-	-	-
Closing balance	70,168	2,370,696	70,168	2,370,696

6. Financial Income

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Interest income from subsidiaries	527,769	500,439
Foreign exchange differences	165,238	538,501
Total	693,007	1,038,940

7. Directors' fees and expenses

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Gustav Stenbolt	– 52,523	– 100,000
Walter Fetscherin	– 25,514	– 50,000
Total	– 78,037	– 150,000

8. Personnel expenditure

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Salaries	– 317,500	– 350,000
Social security expenses *	– 35,407	– 59,131
Contributions to pension plans	– 42,662	– 45,701
Other personnel expense	-	-
Total	– 395,569	– 454,832

* Includes social security contributions to board members of CHF 7'591 in 2022 (2021: CHF 16'681)

9. Other operating expenses

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Accounting, rent and administration fees	– 125,705	– 125,705
Legal and tax advice	– 18,907	– 7,372
Audit fees	– 60,000	– 100,500
Travel expenses	– 14,716	– 21,015
Other general and administration expenses	– 44,394	– 59,439
Total	– 263,722	– 314,031

10. Financial Expense

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Bank charges	– 2,629	– 2,471
Total	– 2,629	– 2,471

11. Extraordinary Income

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Adjustment of former period's accruals	56,861	36,786
Change in leave provisions	23,856	24,601
Total	80,717	61,387

12. Extraordinary Expenses

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
Ajdustment of former period accruals	-	– 603
Total	-	– 603

13. Significant shareholders

Valartis Group AG and Valartis AG jointly own 63.22% (1'627'544 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company. Athris AG 33.76% (892'703 shares) of the outstanding share capital (issued shares minus treasury shares) of the Company.

14. Share capital owned by Management and members of the Board of Directors

	31.12.2022 Number of shares	31.12.2021 Number of shares
Board of Directors		
Gustav Stenbolt *	719,175	728,155
Walter Fetscherin	100	100
Total	719,275	728,255
Management		
Ben de Bruyn	-	-
Total	-	-

* Held indirectly

There is no share based payment plan for the management and for the members of the Board of Directors.

15. Liabilities toward pension schemes

As of 31 December 2022, there are no payables toward the pension scheme (31 December 2021: CHF none).

16. Subsequent events

None

Proposal of the board of directors to the general meeting of shareholders

The board of directors will submit the following proposal to the Ordinary General Meeting of Shareholders on 23 May 2023 in respect of the distribution of retained earnings.

in CHF

	01.01 - 31.12.2022	01.01 - 31.12.2021
(Loss) brought forward	– 19,813	– 197,146
Net profit	32,413	177,333
Retained earnings available for the General Meeting of shareholders	12,600	– 19,813
Allocation to the Statutory Retained Earnings	– 630	-
Gain / (Loss) to be carried forward	11,970	– 19,813
Dividend per bearer share entitled to dividend payments	-	-

Compensation Report

Compensation Report

1. Employees

ENR Russia Invest SA ("ENR") has one employee in Switzerland, being its Chief Executive Officer ("CEO").

2. Architecture and governance when determining compensation

The board of directors ("Board") has overall responsibility for ENR's compensation policy. According to article 33, section 5 of the ENR articles, the Board determines in the organisational rules:

(i) for which functions of the Board and the management the compensation committee shall present motions to the board; and

(ii) for which functions the compensation committee shall determine the compensation itself.

Section 2 of article 3.4 of the ENR organisational rules provides that: "The organisation as well as the powers and duties of the compensation committee are governed by the charter for the compensation committee of the board of directors which is adopted by the board of directors in line with article 33 of the articles of association."

Pursuant to article 3.2 of the organisational rules the Board has non-transferable powers according to the law, in particular article 716a par. 1 Swiss Code of Obligations.

The compensation committee will present motions in respect of compensation to the Board (as opposed to determine the compensation itself) and the Board will then make a final determination on the compensation, and for defining key parameters, including the size of a bonus pool for ENR employees and for the remuneration of the Chairman of the Board ("Chairman") (where the Chairman nor the CEO, where applicable, is present during the discussion of items on the agenda that relate to them), as well as the remuneration of the other members of the Board, the CEO and any other future members of the executive management.

3. Compensation components

Compensation comprises a fixed and a variable component. The variable component (bonus) represents a short-term retrospective performance incentive and takes account of, inter alia, an individual's contribution with respect to new investments made by ENR; development and overall management of cur-

rent investments; sourcing of new transactions; other actions taken to further ENR's investment objectives; overall management performance and the ENR's financial results. There are currently no long term prospective incentive components such as ENR share ownership or option plans.

4. Frequency of reviews

The compensation system is discussed by the compensation committee on an annual basis and the compensation committee will also meet up as required as set out in the compensation charter.

5. Compensation awarded to the Board and Chief Executive Officer

Board

The compensation of the Chairman, who does not work for ENR on a full time basis, comprise of a fixed cash amount payable in equal amounts on a quarterly basis . Variable compensation may be paid from time to time to the Chairman if so determined by the Board. The Chairman does not participate in a long term prospective incentive program via share ownership or option plans. When determining the Chairman's compensation, strategic, regulatory and business criteria are applied, taking account of the interests of all stakeholders. The compensation of other directors does not receive any compensation nor participate in any long term prospective incentive program via share ownership or option plans, consist of a fixed cash amount payable in equal amounts on a quarterly basis. Directors' variable compensation may be paid from time to time if deemed appropriate by the Board. When determining the compensation of directors, their strategic, regulatory and/or commercial contributions or potential contributions are considered, taking account of interests of stakeholders.

CEO

The compensation of the CEO, who works for ENR on a full time basis, comprises of a fixed amount payable in cash in equal amounts as a salary on a monthly basis and a variable compensation (bonus) that is determined each year by the Board and takes the form of a cash payment. The bonus evaluation is not based on a specific formula or on fixed weighting criteria. Instead, various factors such as those mentioned in 3 above are taken into account by the compensation committee in determining its recommendation to the Board. The CEO does not participate in a long term prospective incentive program via share ownership or option plans. When determining the CEO's compensation, strategic, regulatory and business criteria are applied, taking account of the interests of all stakeholders. ENR pays the CEO's salary in 12 instalments on a pro rata basis. ENR also pays half of the required regulatory contributions towards Old Age and Survivors Insurance; Disability Insurance; Allowance for Loss of Earnings Insurance; Maternity Insurance; Unemployment Insurance and any other social contributions required by law. ENR, on a monthly basis, deducts from the CEO's gross salary contributions made by the CEO to these social insurances. The monthly contributions of CEO and ENR to the pension plan and the benefits for the CEO under the pension plan are determined by the rules and regulations applicable to the pension plan. ENR's contributions to the pension plan are 60% and the CEO's contributions 40%. ENR deducts the CEO's contributions from the gross salary on a monthly basis and pays same towards the pension plan.

Other employees

The Group has 13 employees in Russia via a Russian subsidiary LLC Petrovsky Fort and 5 employees via a Russian subsidiary LLC ENR Development. The compensation of these staff members, the majority who works on a full time basis, comprises of a fixed amount payable in cash in equal amounts as a salary on a monthly basis. These employees do not participate in any long term prospective incentive program via share ownership or option plans. When determining the salaries of these employees comparable market rates are applied.

Notice periods, severance agreements and change of control

The notice period in the CEO's employment contract is six months. The contract with the CEO does not contain any clauses relating to severance payments, nor for any agreements in the case of corporate control (i.e. change of control clauses).

6. Compensation paid by ENR in 2022 (audited)

Compensation to ENR employees

Mr. Ben de Bruyn is the Chief Executive Officer of the Company. The following table illustrates the remuneration of Mr. Ben de Bruyn, who is the only Swiss based employee of the company.

Personnel expense (CEO)

in CHF (audited)

	01.01 - 31.12.2022	01.01 - 31.12.2021
Salary	317,500	350,000
Social security expenses	26,419	28,972
Contributions to pension plans	42,662	45,701
Other personnel expense (Insurances - LAA)	4,434	5,138
Total	391,015	**429,811**

Compensation is recognised in the financial year in which it is accrued. Accordingly, it is reported to the accrual principle.

Although contributions are paid by the employer and employees in the case of the Swiss pension plan, the plan is considered to be a defined benefit plan owing to the guaranteed interest rate and prescribed conversion rate. With a single Swiss employee, the obligations or assets in respect of the defined benefit plan are not material and, consequently there are no balance sheet obligations or assets in respect of this pension plan. There are no employee pension plans for the Russian based employees of Petrovsky Fort LLC and LLC ENR Development.

Board of Directors

In the 2022 financial year, the Board of ENR mainly supported the CEO in the area of strategic business development and with the further development of process tools that are of supervisory relevance, as well as the implementation of ENR's risk policy.

ENR Russia Invest SA board member remuneration (including social security benefits)

in CHF (audited)

	01.01 - 31.12.2022	01.01 - 31.12.2021
G. Stenbolt (Chairman of the Board of Directors)	50,000	100,000
W. Fetscherin (Member of the Board of Directors)	25,000	50,000
Social security benefits	7,591	25,021
Total	82,591	175,021

Further to board fees mentioned in the table above which represents the aggregate amount paid to Mr. Stenbolt and Mr. Fetscherin in 2022, there were no variable compensation; compensation paid in shares nor other compensation paid to board members.

Loans to Board members, CEO or other staff:

None.

Report of the statutory auditor on the compensation report

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REPORT OF THE STATUTORY AUDITOR

To the General meeting of ENR Russia Invest SA, Geneva

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of ENR Russia Invest SA (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) by Shares in the tables marked «audited» on pages 124 to 127 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the Compensation Report (pages 124 to 127) complies with Swiss law and Art. 14-16 ORAb.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Compensation Report* section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked «audited» in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's report thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report 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 a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

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Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 ORAb is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

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

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

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Geneva, 3 April 2023

BDO Ltd

Nigel Le Masurier

Licensed audit expert
Auditor in Charge

Olivier Griot

Licensed audit expert

Investment Guidelines

Investment Guidelines

1. Investment Objective

To invest in private and public companies across different industry sectors as well as the real estate sector and to do so predominately in Russia and other Commonwealth of Independent States countries and in the Baltic States and to manage the asset portfolio to achieve long term capital appreciation on invested capital.

2. Investment Policy

The investment philosophy is growth-oriented and the focus is primarily on longer term strategies and capital appreciation. However, from time to time there may be certain investments which have a shorter investment horizon, reflecting specific opportunities or taking account of prevailing market conditions. At times the asset portfolio may comprise entirely of cash or cash equivalents.

3. Investment Instruments

Investments will be done primarily through equity and/or equity related and/or debt instruments or derivatives instruments.

Where capital resources have not been not fully invested, same may be invested in a range of investment products, money market instruments, investment instruments issued by governments, financial institutions or companies, denominated in the currency of the country where investments are made or in any freely convertible currency. The Company may take temporary defensive positions if the investment manager determines that opportunities for capital appreciation are limited or that significant diminutions in value may occur.

From time to time all or part of risks associated with investments may be hedged through the defensive use of derivative transactions, including, but not limited to, futures, options, swaps or any combination thereof.

From time to time leverage may be used in a manner commensurate with reasonable risk management to achieve investment objectives.

4. Investment Process and Factors considered

While investment criteria may vary depending upon the type of transaction, factors taken into consideration when analysing potential investments include:

- Attractive valuations and purchase prices;
- Strength, depth and commitment of the management team;
- Existence of a coherent and realistic long term business plan;
- Relevant asset values;
- Corporate governance issues;
- Identifiable exit strategies;
- Risk management; and
- Active post-acquisition investment approach.

Investment opportunities will be identified and analysed by the investment manager or its delegates or agents within the framework of the investment guidelines. The investment manager or its delegates or agents will manage the screening process and, inter alia, conduct interviews with management and owners with the objective of aligning differing interests. The investment manager's responsibilities include valuations, market analyses, competition analyses, debt capacity calculations, bid tactics, tax optimizing holding structures, financing structures, raising of debt finance, management incentives, personnel reinforcements required, due diligence processes and the intended exit strategy. Day-to-day investment decisions will be made by the investment committee in accordance with the investment guidelines, as determined by the board of directors.

5. Amendments

The investment guidelines may be amended by the board of directors at any time, in whole or in part. Amendments will become effective upon their approval by the board of directors (after expiry of any notice period for regulatory publications which may be required). The Company may from time to time impose further investment restrictions, compatible with or in the interest of investors, or, in certain circumstances, in order to comply with relevant country laws and regulations.

Updated with effect 26 November 2016.

Shareholder Information and Corporate Details

Board of Directors
    Gustav Stenbolt
    Walter Fetscherin

Chief Executive Officer
    Ben de Bruyn

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    Switzerland

Investment Manager
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    c/o Hauteville Trust (BVI) Limited
    Maduro Building, Baughers Bay
    Tortola, British Virgin Islands

Security Number
    3447695

ISIN Number
    CH0034476959

Ticker Symbol
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