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R U S S I A

Half year report

1 January – 30 June 2020

- IFRS NAV at the end of the period was SEK 739 million (1,030) and SEK 21.51 per share (27.74).
- Loss for the period amounted to SEK -175 million (166) and SEK -4.75 per share (4.14).



EOS Russia

EOS Russia was founded in the spring of 2007 in order to capitalize on investment opportunities arising as a result of the deregulation, restructuring and privatization of the Russian electricity sector.

EOS Russia AB is the Group's parent company and is headquartered in Stockholm, Sweden. EOS Russia Ltd is a subsidiary of EOS Russia AB and is located in Limassol, Cyprus. All investment activity is conducted by the subsidiary, which holds the complete investment portfolio of EOS Russia. EOS Russia was founded in its present form in May 2007 when the company decided to carry out a directed share issue to a number of institutional investors, paid for in kind or in cash. The company listed on First North on June 25, 2007.

Recent Developments

For the latest development, please visit the company website, www.eos-russia.com. The next investment case will be published on the same day as this report.

Operational and financial results

Group

EOS recorded a net profit/loss from investing activities of SEK -168 million (172) comprising net dividends of SEK 43 million and a negative development in the investment portfolio of SEK -211 million.

Operating expenses amounted to SEK -6.4 million (-5.5). Net financial items for the period amounted to SEK -0.4 million (-0,5).

The loss for EOS during the period was SEK -175 million (166). Loss per share was SEK -4.75 (4.14). Total comprehensive income for the period was SEK -166 million (193).

EOS' net asset value at June 30, 2020 was SEK 739 million (1,030). The decrease in net asset value can be derived from the negative total comprehensive income for the year and the buybacks (shares redeemed only). The accumulated effect from exchange rate differences in the translation reserve is SEK -151 million (-164).

Parent Company

The parent company's income for the period amounted to SEK 3.9 million (4.9). Operating expenses amounted to SEK -3.6 (-3.5) million for the period. Net financial items amounted to SEK -166.0 million (191.5) for the period of which SEK -165.6 (192.0) million is a write-down of shares in subsidiaries. The loss for the period was SEK -165.6 million (192.9).

The total number of shares outstanding at June 30, 2020 was 34,354,325 (37,106,719).

EOS Russia's portfolio

EOS' investment strategy is to focus on companies within the power utilities sector in Russia with the best relative value as perceived by the Group.

As per June 30, 2020, EOS' portfolio consisted of the investment securities listed in the table below:

Investment securities June 30, 2020	Market value	
	MSEK	MUSD
Distribution	625.7	66.9
Generation	5.4	0.6
Transmission	0.1	0.0
Other	66.9	7.2
Total	698.1	74.7

* SEK/USD 9.3490

The fair value of the portfolio of shares is based on bid-prices quoted on the Moscow Exchange (MOEX).

EOS Russia's share price development

The closing price of EOS share at August 13, 2020 was SEK 16.60 corresponding to a decline during the year of 20.6% (the OMX Stockholm 30 index increased 0.8% during the same period).

EOS share price decreased by 84.4% between June 25, 2007 and August 13, 2020 in comparison to the OMX Stockholm 30 Index that gained 42.9% during the same period.

Other information

Organization

The average number of employees in the group as of June 30, 2020 were two (2), of which one (1) was employed by the parent company.

Related party transactions

Group

With regards to the management fee under the management advisory agreement with the two founders remaining with EOS Russia, covering the years 2017-2020, the group and the group company EOS Russia (Cyprus) Ltd has as of June 30 a net liability of SEK 0.5 million (0.0) and has during the period recognised expense of SEK 0.6 million (0.6).

Parent company

EOS Russia AB has not granted any loans, warranties or guarantees to or for the benefit of board members or management. No agreements on benefits to board members or management following the completion of their respective assignments exist. None of the board members or management has any direct or indirect participation in business transactions with the group, which are or were unusual in nature or with regards to terms, and which occurred in the current or previous fiscal year.

Provisions, contingent assets/liabilities and pledged assets

Apart from the items already outlined under "*Related party transactions*", no provisions, contingent assets/liabilities or pledged assets have been accounted for.

Risks

Group

Almost all the group's assets are invested in shares of Russian power utility companies with no diversification in country or sector risk. The main part of the group's assets is invested in shares on the Russian market. Russian securities trading legislation is more rudimentary than in many other countries, and there are few effective directives or requirements for disclosures about offers, sales or equity trading. The stock market is less liquid and more volatile in Russia than the United States or Western Europe. As a result, the company's investment portfolio may exhibit greater price volatility and poorer liquidity than one that focuses on securities of listed companies in more highly developed countries.

A large percentage of securities transactions are brokered outside the regulated exchanges. The legislation covering fraud and insider trading is less developed and the market's disciplinary board lacks the resources to enforce the legislation that has been passed.

Parent Company

The risks associated with the activities for the group may also affect the parent company indirectly via the ownership of the subsidiary. The shares in the parent company are issued and traded in SEK and the group investments are held in USD or Russian Rubles, hence the parent company is subject to currency exchange risks. EOS policy is not to hedge such currency exposure.

EOS Russia is also exposed to other risks such as legal and political. For more information about EOS' risk exposure, please see the risk section of the 2019 Annual Report.

Significant events during H1

At the EOS AB annual general meeting on May 19 2020 the following board proposal was adopted:

- To renew the board's authorization to resolve on synthetic buybacks of own shares to a maximum of 29.9 per cent of all shares in the company prior to the next annual general meeting.
- To redeem 2,752,394 shares from the synthetic buyback program.

Compliance with rules and regulations

EOS Russia reports its consolidated accounts in accordance with the International Financial Reporting Standards (IFRS). This interim report was prepared in accordance with IAS 34 Interim Financial Reporting and relevant parts of the Annual Accounts Act.

The parent company applies the same accounting principles as the group, but taking into consideration RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. In the Company's interim reporting the Annual Accounts Act chapter 9 is applied.

The same accounting principles have been applied as in the Annual Report for 2019 – in the accounts of both the Group and the Company.

For more detailed information about the principles used for the Group and the Company, please refer to the Annual Report 2019. Unless otherwise indicated, all amounts are rounded off to the nearest thousand SEK. By rounding the numbers in tables, totals may not always equal the sum of the included rounded numbers.

Synthetic repurchases of own shares (swap agreement)

Within the framework of the synthetic repurchase program, EOS enters into a swap agreement with a Counterparty. The swap agreement governs the relationship between EOS and the Counterparty. According to the swap agreement the Counterparty purchases EOS shares on the market subject to a limit of 29.9% of the currently outstanding number of

EOS shares and the swap agreement is subsequently settled at the unilateral choice of EOS either (i) by gross settlement provided that the Annual Meeting confirms that the share capital should be reduced or (ii) by settling the net amount between the purchase price paid by the Counterparty and the current market price of the shares. In the net settlement alternative EOS bears the up- and downside risk of the development of the EOS share price. For the performed services the Counterparty receives interest and a fee on EOS shares acquired. The fair value of the swap agreement is accounted for as a current derivative asset or liability in the Company Balance Sheet and the Consolidated Statement of Financial Position and the changes in fair values of the agreement as a finance income or finance expense in the Company Income Statement and the Consolidated Statement of Comprehensive Income.

Fair value measurement of financial instruments

In the table below information is presented regarding the financial instruments that have been accounted for at fair value using the fair value method. The numbers are based on the same accounting and valuation policies as used in the company's 2019 annual report. The company estimates the value of investment in shares based on quoted prices on an active market (level 1). For other assets and liabilities that are not measured at fair value, the carrying amount is considered to reflect the fair value because the remaining maturity is generally short.

In thousands of SEK	2020-06-30		Total
	Level 1	Other	
Assets			
Other receivables	-	263	263
Shares and participations	698 071	-	698 071
Cash and cash equivalents	-	38 680	38 680
Balance at June 30	698 071	38 943	737 014

In thousands of SEK	2020-06-30		Total
	Level 1	Other	
Liabilities			
Lease agreements	-	797	797
Trade and other payables	-	33	33
Accrued expenses	-	1 945	1 945
Other payables	-	756	756
Balance at June 30	0	3 531	3 531

Stockholm August 20, 2020
EOS Russia AB (publ)
Reg nr 556694-7684

Ulf-Henrik Svensson
CEO

This Interim report has not been subject to review by the company's auditors

Financial calendar

- 2021-03-17 Year end report 1 January – 31 December 2021

Reports and Press Releases in English are available on EOS' web site:
www.eos-russia.com

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Consolidated Income Statement and Statement of Comprehensive Income, in Summary

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2020	2019
Net change in fair value of securities	-211 239	89 340
Dividends	43 348	82 643
Net profit/loss - Investing activities	-167 891	171 983
Operating expenses*	-6 361	-5 540
Result from operating activities	-174 252	166 442
Finance income	-37	9
Finance expenses	-359	-487
Profit/loss before income tax	-174 648	165 965
Income tax expense	-	-
Profit/loss for the period	-174 648	165 965
Other Comprehensive Income for the period		
<i>Items that have been or may be recycled to profit/loss for the period</i>		
Translation differences	9 000	26 906
Total other Comprehensive Income for the period	9 000	26 906
Total Comprehensive Income for the period	-165 648	192 871
Attributable to equity holders of the Company		
Profit/loss for the period	-174 648	165 965
Total Comprehensive Income for the period	-165 648	192 871
Earnings per share		
basic (SEK)	-4,75	4,14
diluted (SEK)	-4,75	4,14

* see note 1 for detailed information

Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Jun 30	Dec 31
	2020	2019
Assets		
Property, plant and equipment	4 224	4 377
Total non-current assets	4 224	4 377
Income tax receivables	30	624
Prepaid expenses and accrued income	630	369
Other receivables	1 109	52 565
Shares and participations	698 071	896 482
Cash and cash equivalents	38 680	70 052
Total current assets	738 520	1 020 091
TOTAL ASSETS	742 744	1 024 468
Equity and liabilities		
EQUITY		
Share capital	42 363	42 363
Other contributed equity	4 341 611	4 404 565
Reserves	-150 885	-159 885
Retained earnings, including profit/loss for the period	-3 494 027	-3 324 488
Equity attributable to equity holders of EOS AB	739 062	962 555
Total Equity	739 062	962 555
LIABILITIES		
Lease agreements	797	916
Trade and other payables	33	178
Other liabilities	756	342
Accrued expenses and deferred income	2 096	60 476
Total current liabilities	3 682	61 912
Total liabilities	3 682	61 912
TOTAL EQUITY AND LIABILITIES	742 744	1 024 468

Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2020	2019
Opening balance	962 555	899 329
Total Comprehensive Income	-165 648	192 871
Share redemption	-62 955	-62 695
Reversal of result from synthetic share buyback	5 109	-
Closing balance	739 062	1 029 504

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2020	2019
Cash flows from operating activities		
Profit/loss before income tax	-174 648	165 965
Adjustment for non-cash items		
Change in fair value of securities	211 692	-88 588
Depreciation	86	142
Other	5 684	2 576
Income tax paid	0	0
Net cash used in operating activities before changes in working capital	42 814	80 094
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	52 248	-19 482
Increase (+)/Decrease (-) in operating liabilities	-60 555	-25 796
Net cash used in operating activities	34 507	34 815
Cash flows from investing activities		
Acquisition of shares and participations	-49 305	-19 180
Proceeds from sale of shares and participations	46 381	-
Net cash used in investing activities	-2 924	-19 180
Cash flows from financing activities		
Share redemption	-62 955	-62 695
Net cash from financing activities	-62 955	-62 695
Net increase in cash and cash equivalents	-31 372	-47 060
Cash and cash equivalents at January 1	70 052	140 577
Cash and cash equivalents at the end of the period	38 680	93 518

Consolidated Key Figures *

	Jan 1 - Jun 30	
	2020	2019
Number of shares outstanding, end of period	34 354 325	37 106 719
Average number of shares outstanding	36 789 135	40 095 279
Net asset value, end of period, TSEK	739 062	1 029 504
Net Income per average number of shares outstanding, SEK	-4,75	4,14
Net asset value per share, end of period, SEK	21,51	27,74
<i>* before and after dilution</i>		

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Company Income Statement

	Jan 1 - Jun 30	
<i>In thousands of SEK</i>	2020	2019
Other income	3 900	4 860
Other external expenses	-1 409	-1 180
Employee benefit expenses	-2 148	-2 040
Depreciation of property, plant and equipment	-	-128
Other expenses	-	-181
Result from operating activities	343	1 332
Result from financial items		
Result from participations in Group companies	-165 633	191 998
Other interest income and similar income	-37	9
Interest expense and similar charges	-318	-468
Profit/loss before income tax	-165 646	192 871
Income tax expense	-	-
Profit/loss for the period	-165 646	192 871

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Company Balance Sheet

<i>In thousands of SEK</i>	Jun 30	Dec 31	Jun 30
	2020	2019	2019
ASSETS			
Non-current assets			
Property, plant and equipment	-	-	1 030
Financial assets			
Participations in group companies	741 257	906 891	1 025 104
Total fixed assets	741 257	906 891	1 026 134
Current assets			
Current receivables			
Receivables from Group companies	0	480	0
Income tax receivables	30	624	200
Other receivables	856	52 310	387
Prepaid expenses and accrued income	436	177	138
<i>Total current receivables</i>	<i>1 323</i>	<i>53 591</i>	<i>725</i>
Cash and bank	13 462	61 667	6 683
Total current assets	14 785	115 259	7 409
TOTAL ASSETS	756 042	1 022 149	1 033 543
EQUITY			
<i>Restricted equity</i>			
Share capital, 34,354,325 (37,106,719) shares at 1.23 (1.14)	42 363	42 363	42 363
<i>Unrestricted equity</i>			
Share premium reserve	4 341 099	4 404 054	4 404 054
Retained earnings	-3 478 745	-3 609 783	-3 609 783
Profit/loss for the period	-165 646	125 928	192 871
TOTAL EQUITY	739 071	962 562	1 029 504
LIABILITIES			
Non-current liabilities			
Lease agreements	-	-	1 030
<i>Total non-current liabilities</i>	<i>0</i>	<i>0</i>	<i>1 030</i>
Current liabilities			
Accounts payable	33	178	127
Liabilities to Group companies	15 312	-	-
Current tax liabilities	-51	-37	-58
Other liabilities	335	120	842
Accrued expenses and prepaid income	1 342	59 326	2 096
<i>Total current liabilities</i>	<i>16 971</i>	<i>59 587</i>	<i>3 008</i>
TOTAL EQUITY AND LIABILITIES	756 042	1 022 149	1 033 543

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Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2020	2019
Employee remuneration expenses	-2 910	-2 491
Depreciation of property, plant and equipment	-207	-270
Other	-2 628	-2 165
Consultancy agreements	-615	-615
Total	-6 361	-5 540