



Year-end report

1 January – 31 December 2020

- NAV at the end of the period was SEK 657 million (963) and SEK 19.12 per share (25.94).
- Profit/loss for the period amounted to SEK -155 million (94) and SEK -4.37 per share (2.45).



EOS Russia

EOS Russia was founded in the spring of 2007 in order to capitalise on investment opportunities arising as a result of the deregulation, restructuring and privatisation 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.

Operational and financial results

Group

EOS recorded a net profit/loss from investing activities of SEK -143 million (112) comprising net dividends of SEK 47 million and a negative development in the investment portfolio of SEK -190 million.

Operating expenses amounted to SEK -11.4 million (-11.9).

Net financial items for the period amounted to SEK -0.4 million (-5.5).

The profit/loss for EOS during the period was SEK -155 million (94). Profit/loss per share was SEK -4.37 (2.45). Total comprehensive income for the period was SEK -248 million (126).

EOS' net asset value at December 31, 2020 was SEK 657 million (963). The decrease in net asset value can be derived from the negative total comprehensive income for the year and buybacks (shares redeemed only). The accumulated effect from exchange rate differences in the translation reserve is SEK -253 million (-160).

Parent Company

The parent company's income for the period amounted to SEK 6.8 million (7.8). Operating expenses amounted to SEK -6.3 million (-6.7) for the period. Net financial items amounted to SEK -248.4 million (124.9) for the period of which SEK -248.1 (130.3) million is a depreciation of shares in subsidiaries. The profit/loss for the period was SEK -248.0 million (125.9).

The total number of shares outstanding at December 31, 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.

Changes in the portfolio composition during the year are shown in the table below:

Share of EOS portfolio	December 31, 2020	December 31, 2019
Lenenergo pref	1,4%	1,0%
MRSK Urals	16,5%	16,2%
MRSK Volga	26,1%	32,5%
MRSK Center & Volga	31,8%	28,3%
MRSK North-West	13,3%	12,4%
Other	10,9%	9,5%
Total	100%	100%

* SEK/USD 8.1886

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 December 30, 2020 was SEK 14.05 corresponding to a decrease during the year of 32.8% (the OMX Stockholm 30 index increased by 5.8% during the same period).

EOS share price decreased by 86.8% between June 25, 2007 and 30 December, 2020 in comparison to the OMX Stockholm 30 Index that gained 50.0% during the same period.

Other information

Organisation

The average number of employees in the Group as of December 31, 2020 was two (2), of which one (1) was employed by the parent company.

Related party transactions

Group

With regards to the consultancy 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 December 31 booked a liability of SEK 0.3 million (0.2) and has during the period recognised expense of SEK 1.2 million (1.3).

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 or contingent assets/liabilities have been accounted for. EOS Russia AB have pledged SEK 6.7 million in the buyback programme.

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 consequence, 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 Russian 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 Annual Report for 2019.

Significant events during H2 and after the reporting period

EOS AB has previously given authorisation to the board 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 annual general meeting 2020 until the AGM in 2021. Between 1 July 2020 and 31 December 2020, a total of 499,675 shares have been repurchased.

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 Annual Report for 2019. 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	2020-12-31		Total
	Level 1	Other	
Assets			
Other receivables	-	269	269
Shares and participations	621 372	-	621 372
Cash and cash equivalents	-	33 552	33 552
Balance at December 31	621 372	33 821	655 193

In thousands of SEK	2020-12-31		Total
	Level 1	Other	
Liabilities			
Lease agreements	-	677	677
Trade and other payables	-	172	172
Accrued expenses	-	2 076	2 076
Other payables	-	7 031	7 031
Balance at December 31	0	9 956	9 956

Annual general meeting

The annual general meeting (AGM) will be held in Stockholm on 26 May 2021. Summons to the AGM will be sent out in April 2021.

Annual report

EOS's annual report will be made available on the company web site at the latest two weeks before the AGM.

Dividend

EOS's main objective is to generate shareholder value by investing in Russian power company shares. The Board of Directors of EOS AB proposes that no dividends be distributed

17 March, 2021
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

- 2021-05-26 Annual General Meeting
- 2021-08-19 Half year report 1 January – 30 June

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>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2020	2019	2020	2019
Net change in fair value of securities	20 861	-62 383	-190 379	26 957
Dividends	3 570	2 261	46 918	84 904
Net profit/loss - Investing activities	24 431	-60 122	-143 461	111 861
Operating expenses*	-5 129	-6 349	-11 489	-11 890
Result from operating activities	19 302	-66 471	-154 950	99 971
Finance income	334	682	296	691
Finance expenses	-302	-5 681	-661	-6 167
Profit/loss before income tax	19 334	-71 470	-155 315	94 495
Income tax expense	-	-	-	-
Profit/loss for the period	19 334	-71 470	-155 315	94 495
Other Comprehensive Income for the period				
<i>Items that have been or may be recycled to profit/loss for the period</i>				
Translation differences	-101 696	4 521	-92 696	31 427
Total other Comprehensive Income for the period	-101 696	4 521	-92 696	31 427
Total Comprehensive Income for the period	-82 362	-66 949	-248 011	125 922
Attributable to equity holders of the Company				
Profit/loss for the period	19 334	-71 470	-155 315	94 495
Total Comprehensive Income for the period	-82 362	-66 949	-248 011	125 922
Earnings per share				
basic (SEK)	0,56	-1,93	-4,37	2,45
diluted (SEK)	0,56	-1,93	-4,37	2,45

* see note 1 for detailed information

Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2020	2019
Assets		
Property, plant and equipment	3 607	4 377
Total non-current assets	3 607	4 377
Income tax receivables	93	624
Prepaid expenses and accrued income	333	369
Other receivables	7 797	52 565
Shares and participations	621 372	896 482
Cash and cash equivalents	33 552	70 052
Total current assets	663 146	1 020 091
TOTAL ASSETS	666 753	1 024 468
Equity and liabilities		
EQUITY		
Share capital	42 363	42 363
Other contributed equity	4 341 611	4 404 565
Reserves	-252 581	-159 885
Retained earnings, including profit/loss for the period	-3 474 703	-3 324 488
Equity attributable to equity holders of EOS AB	656 689	962 555
Total Equity	656 689	962 555
LIABILITIES		
Lease agreements	677	916
Trade and other payables	172	178
Other liabilities	7 031	342
Accrued expenses and deferred income	2 184	60 476
Total current liabilities	10 064	61 912
Total liabilities	10 064	61 912
TOTAL EQUITY AND LIABILITIES	666 753	1 024 468

Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2020	2019
Opening balance	962 555	899 329
Total Comprehensive Income	-248 011	125 922
Share redemption	-62 955	-62 695
Reversal of result from synthetic share buyback	5 099	-
Closing balance	656 689	962 555

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2020	2019
Cash flows from operating activities		
Profit/loss before income tax	-155 315	94 495
Adjustment for non-cash items		
Change in fair value of securities	192 795	-25 436
Depreciation	148	144
Other	3 829	3 284
Income tax paid	0	0
Net cash used in operating activities before changes in working capital	41 458	72 487
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	31 762	-27 645
Increase (+)/Decrease (-) in operating liabilities	-41 385	31 235
Net cash used in operating activities	31 834	76 077
Cash flows from investing activities		
Acquisition of shares and participations	-50 193	-107 381
Proceeds from sale of shares and participations	44 814	23 474
Net cash used in investing activities	-5 379	-83 907
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	-36 499	-70 526
Cash and cash equivalents at January 1	70 052	140 577
Cash and cash equivalents at the end of the period	33 552	70 052

Consolidated Key Figures *

	Jan 1 - Dec 31	
	2020	2019
Number of shares outstanding, end of period	34 354 325	37 106 719
Average number of shares outstanding	35 565 078	38 588 717
Net asset value, end of period, TSEK	656 689	962 555
Net Income per average number of shares outstanding, SEK	-4,37	2,45
Net asset value per share, end of period, SEK	19,12	25,94
<i>* before and after dilution</i>		

EOS Russia AB (publ)

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Company Income Statement

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2020	2019	2020	2019
Other income	2 880	2 940	6 780	7 800
Other external expenses	-1 366	-936	-2 776	-2 297
Employee benefit expenses	-1 431	-2 400	-3 579	-4 440
Depreciation of property, plant and equipment	-	128	-	0
Result from operating activities	83	-268	426	1 063
Result from financial items				
Result from participations in Group companies	-82 536	-61 714	-248 170	130 284
Other interest income and similar income	334	682	296	691
Interest expense and similar charges	-241	-5 642	-560	-6 110
Profit/loss before income tax	-82 361	-66 942	-248 008	125 928
Income tax expense	-	-	-	-
Profit/loss for the period	-82 361	-66 942	-248 008	125 928

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Company Balance Sheet

	Dec 31	Dec 31
<i>In thousands of SEK</i>	2020	2019
ASSETS		
Non-current assets		
Property, plant and equipment	-	-
Financial assets		
Participations in group companies	658 721	906 891
Total fixed assets	658 721	906 891
Current assets		
Current receivables		
Receivables from Group companies	0	480
Income tax receivables	93	624
Other receivables	7 529	52 310
Prepaid expenses and accrued income	163	177
<i>Total current receivables</i>	<i>7 785</i>	<i>53 591</i>
Cash and bank	10 848	61 667
Total current assets	18 632	115 259
TOTAL ASSETS	677 353	1 022 149
EQUITY		
<i>Restricted equity</i>		
Share capital, 34,354,325 (37,106,719) shares at 1.23 (1.14)	42 363	42 363
<i>Unrestricted equity</i>		
Share premium reserve	4 341 099	4 404 054
Retained earnings	-3 478 745	-3 609 783
Profit/loss for the period	-248 008	125 928
TOTAL EQUITY	656 709	962 562
LIABILITIES		
Non-current liabilities		
Lease agreements	-	-
<i>Total non-current liabilities</i>	<i>0</i>	<i>0</i>
Current liabilities		
Accounts payable	172	178
Liabilities to Group companies	12 432	-
Current tax liabilities	-82	-37
Other liabilities	6 840	120
Accrued expenses and prepaid income	1 282	59 326
<i>Total current liabilities</i>	<i>20 643</i>	<i>59 587</i>
TOTAL EQUITY AND LIABILITIES	677 353	1 022 149

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Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2020	2019	2020	2019
Employee remuneration expenses	-2 667	-2 803	-5 158	-5 294
Depreciation of property, plant and equipment	-121	-116	-391	-386
Other	-2 545	-2 794	-4 710	-4 959
Consultancy agreements	-615	-635	-1 230	-1 250
Total	-5 129	-6 349	-11 489	-11 890

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