



Half year report

1 January – 30 June 2021

- IFRS NAV at the end of the period was SEK 647 million (739) and SEK 19.38 per share (21.51).
- Loss for the period amounted to SEK -21.7 million (-174.6) and SEK -0.63 per share (-4.75).



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 after the release of this report.

Operational and financial results

Group

EOS recorded a net loss from investing activities of SEK -15.9 million (-167.9) comprising net dividends of SEK 19.9 million and a negative development in the investment portfolio of SEK -35.8 million.

Operating expenses amounted to SEK -5.8 million (-6.4). Net financial items for the period amounted to SEK -0.0 million (-0,4).

The loss for EOS during the period was SEK -21.7 million (-174.6). Loss per share was SEK -0.63 (-4.75). Total comprehensive income for the period was SEK 3.8 million (-165.6).

EOS' net asset value at June 30, 2021 was SEK 647 million (739). Net asset value at 31 December 2020 was SEK 657 million. The decrease in net asset value can be derived from the positive total comprehensive income for the year, SEK 3.8 million, less the buybacks (shares redeemed only), SEK -12.9 million. The accumulated effect from exchange rate differences in the translation reserve is SEK -227 million (-151).

Parent Company

The parent company's income for the period amounted to SEK 3.4 million (3.9). Operating expenses amounted to SEK -3.4 (-3.6) million for the period. Net financial items amounted to SEK 3.8 million (-166.0) for the period of which SEK 3.8 (-165.6) million is a write-up of shares in subsidiaries. The profit for the period was SEK 3.8 million (-165.6).

The total number of shares outstanding at June 30, 2021 was 33,403,586 (34,354,325).

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, 2021, EOS' portfolio consisted of the investment securities listed in the table below:

Share of EOS portfolio	June 30, 2021	December 31, 2020
Lenenergo pref	1.5%	1.4%
MRSK Urals	17.3%	16.5%
MRSK Volga	24.8%	26.1%
MRSK Center & Volga	34.7%	31.8%
MRSK North-West	13.2%	13.3%
Other	8.3%	10.9%
Total	100%	100%

* SEK/USD 8.5103

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, 2021 was SEK 13.70 corresponding to a decline during the year of 2.5% (the OMX Stockholm 30 index increased 28.4% during the same period).

EOS share price decreased by 87.1% between June 25, 2007 and August 13, 2021 in comparison to the OMX Stockholm 30 Index that gained 92.5% during the same period.

Other information

Organization

The average number of employees in the group as of June 30, 2021 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 year 2021, the group and the group company EOS Russia (Cyprus) Ltd has as of June 30 a net liability of SEK 0.5 million (0.5) 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 or contingent assets/liabilities have been accounted for. EOS Russia AB have pledged SEK 1.9 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 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 2020 Annual Report.

Significant events during H1

At the EOS AB annual general meeting on May 26 2021 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 950,739 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 2020 – 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 2020. 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 2020 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	2021-06-30		Total
	Level 1	Other	
Assets			
Other receivables	-	231	231
Shares and participations	596,531	-	596,531
Cash and cash equivalents	-	48,529	48,529
Balance at June 30	596,531	48,760	645,291

In thousands of SEK	2021-06-30		Total
	Level 1	Other	
Liabilities			
Lease agreements	-	532	532
Trade and other payables	-	165	165
Accrued expenses	-	2,063	2,063
Other payables	-	2,707	2,707
Balance at June 30	0	5,467	5,467

Stockholm August 19, 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

- 2022-03-17 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	
	2021	2020
Net change in fair value of securities	-35,840	-211,239
Dividends	19,898	43,348
Net profit/loss - Investing activities	-15,942	-167,891
Operating expenses*	-5,757	-6,361
Result from operating activities	-21,699	-174,252
Finance income	140	-37
Finance expenses	-152	-359
Profit/loss before income tax	-21,711	-174,648
Income tax expense	-	-
Profit/loss for the period	-21,711	-174,648
Other Comprehensive Income for the period		
<i>Items that have been or may be recycled to profit/loss for the period</i>		
Translation differences	25,536	9,000
Total other Comprehensive Income for the period	25,536	9,000
Total Comprehensive Income for the period	3,825	-165,648
Attributable to equity holders of the Company		
Profit/loss for the period	-21,711	-174,648
Total Comprehensive Income for the period	3,825	-165,648
Earnings per share		
basic (SEK)	-0.63	-4.75
diluted (SEK)	-0.63	-4.75

* see note 1 for detailed information

Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Jun 30	Dec 31
	2021	2020
Assets		
Property, plant and equipment	3,667	3,607
Total non-current assets	3,667	3,607
Income tax receivables	200	93
Prepaid expenses and accrued income	751	333
Other receivables	3,101	7,797
Shares and participations	596,531	621,372
Cash and cash equivalents	48,529	33,552
Total current assets	649,112	663,146
TOTAL ASSETS	652,779	666,753
Equity and liabilities		
EQUITY		
Share capital	42,363	42,363
Other contributed equity	4,328,666	4,341,611
Reserves	-227,045	-252,581
Retained earnings, including profit/loss for the period	-3,496,703	-3,474,703
Equity attributable to equity holders of EOS AB	647,281	656,689
Total Equity	647,281	656,689
LIABILITIES		
Lease agreements	532	677
Trade and other payables	165	172
Other liabilities	2,707	7,031
Accrued expenses and deferred income	2,094	2,184
Total current liabilities	5,498	10,064
Total liabilities	5,498	10,064
TOTAL EQUITY AND LIABILITIES	652,779	666,753

Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2021	2020
Opening balance	656,689	962,555
Total Comprehensive Income	3,825	-165,648
Share redemption	-12,945	-62,955
Reversal of result from synthetic share buyback	-289	5,109
Closing balance	647,281	739,062

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2021	2020
Cash flows from operating activities		
Profit/loss before income tax	-21,711	-174,648
Adjustment for non-cash items		
Change in fair value of securities	34,591	211,692
Depreciation	99	86
Other	475	5,684
Income tax paid	0	0
Net cash used in operating activities before changes in working capital	13,454	42,814
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	-5,838	52,248
Increase (+)/Decrease (-) in operating liabilities	6,161	-60,555
Net cash used in operating activities	13,777	34,507
Cash flows from investing activities		
Acquisition of shares and participations	-10,123	-49,305
Proceeds from sale of shares and participations	24,267	46,381
Net cash used in investing activities	14,145	-2,924
Cash flows from financing activities		
Share redemption	-12,945	-62,955
Net cash from financing activities	-12,945	-62,955
Net increase in cash and cash equivalents	14,977	-31,372
Cash and cash equivalents at January 1	33,552	70,052
Cash and cash equivalents at the end of the period	48,529	38,680

Consolidated Key Figures *

	Jan 1 - Jun 30	
	2021	2020
Number of shares outstanding, end of period	33,403,586	34,354,325
Average number of shares outstanding	34,207,249	36,789,135
Net asset value, end of period, TSEK	647,281	739,062
Net Income per average number of shares outstanding, SEK	-0.63	-4.75
Net asset value per share, end of period, SEK	19.38	21.51
<i>* before and after dilution</i>		

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Company Income Statement

	Jan 1 - Jun 30	
<i>In thousands of SEK</i>	2021	2020
Other income	3,360	3,900
Other external expenses	-1,218	-1,409
Employee benefit expenses	-2,151	-2,148
Depreciation of property, plant and equipment	-	-
Result from operating activities	-9	343
Result from financial items		
Result from participations in Group companies	3,808	-165,633
Other interest income and similar income	138	-37
Interest expense and similar charges	-108	-318
Profit/loss before income tax	3,828	-165,646
Income tax expense	-	-
Profit/loss for the period	3,828	-165,646

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Company Balance Sheet

	Jun 30	Dec 31	Jun 30
<i>In thousands of SEK</i>	2021	2020	2020
ASSETS			
Non-current assets			
Property, plant and equipment	-	-	-
Financial assets			
Participations in group companies	662,528	658,721	741,257
Total fixed assets	662,528	658,721	741,257
Current assets			
Current receivables			
Receivables from Group companies	0	0	0
Income tax receivables	200	93	30
Other receivables	2,871	7,529	856
Prepaid expenses and accrued income	537	163	436
<i>Total current receivables</i>	<i>3,608</i>	<i>7,785</i>	<i>1,323</i>
Cash and bank	7,895	10,848	13,462
Total current assets	11,503	18,632	14,785
TOTAL ASSETS	674,031	677,353	756,042
EQUITY			
<i>Restricted equity</i>			
Share capital, 33,403,586 (34,354,325) shares at 1.27 (1.23)	42,363	42,363	42,363
<i>Unrestricted equity</i>			
Share premium reserve	4,328,154	4,341,099	4,341,099
Retained earnings	-3,727,049	-3,478,745	-3,478,745
Profit/loss for the period	3,828	-248,008	-165,646
TOTAL EQUITY	647,296	656,709	739,071
LIABILITIES			
Non-current liabilities			
Lease agreements	-	-	-
<i>Total non-current liabilities</i>	<i>0</i>	<i>0</i>	<i>0</i>
Current liabilities			
Accounts payable	165	172	33
Liabilities to Group companies	23,072	12,432	15,312
Current tax liabilities	-40	-82	-51
Other liabilities	2,232	6,840	335
Accrued expenses and prepaid income	1,305	1,282	1,342
<i>Total current liabilities</i>	<i>26,735</i>	<i>20,643</i>	<i>16,971</i>
TOTAL EQUITY AND LIABILITIES	674,031	677,353	756,042

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Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jan 1 - Jun 30	
	2021	2020
Employee remuneration expenses	-2,841	-2,910
Depreciation of property, plant and equipment	-187	-207
Other	-2,115	-2,628
Consultancy agreements	-615	-615
Total	-5,757	-6,361