



## Year-end report

### 1 January – 31 December 2019

- NAV at the end of the period was SEK 963 million (899) and SEK 25.94 per share (22.31).
- Profit/loss for the period amounted to SEK 94 million (-145) and SEK 2.45 per share (-3.59).



## **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](http://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 112 million (-135) comprising net dividends of SEK 85 million and a positive development in the investment portfolio of SEK 27 million.

Operating expenses amounted to SEK -11.9 million (-9.4).

Net financial items for the period amounted to SEK -5.5 million (-0.3).

The profit/loss for EOS during the period was SEK 94 million (-145). Profit/loss per share was SEK 2.45 (-3.59). Total comprehensive income for the period was SEK 126 million (-64).

EOS' net asset value at December 31, 2019 was SEK 963 million (899). The increase in net asset value can be derived from the positive total comprehensive income for the year less buybacks (shares redeemed only). The accumulated effect from exchange rate differences in the translation reserve is SEK -160 million (-191).

### Parent Company

The parent company's income for the period amounted to SEK 7.8 million (9.7). Operating expenses amounted to SEK -6.7 million (-4.9) for the period. Net financial items amounted to SEK 124.9 million (-68.3) for the period of which SEK 130.3 (-68.1) million is an appreciation of shares in subsidiaries. The profit/loss for the period was SEK 125.9 million (-63.5).

The total number of shares outstanding at December 31, 2019 was 37,106,719 (40,307,484).

## 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, 2019	December 31, 2018
Lenenergo pref	1,0%	0,8%
MRSK Urals	16,2%	18,4%
MRSK Volga	32,5%	36,0%
MRSK Center & Volga	28,3%	31,8%
MRSK North-West	12,4%	13,0%
Other	9,5%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* SEK/USD 9.3171

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, 2019 was SEK 20.9 corresponding to an increase during the year of 20.1% (the OMX Stockholm 30 index increased 25,8% during the same period).

EOS share price decreased by 80.4 % between June 25, 2007 and 30 December, 2019 in comparison to the OMX Stockholm 30 Index that gained 41.7% during the same period.

## Other information

### Organisation

The average number of employees in the Group as of December 31, 2019 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 2017-2019, the Group and the Group company EOS Russia (Cyprus) Ltd has as of December 31 booked a liability of SEK 0.2 million (2.1) and has during the period recognised expense of SEK 1.3 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 57 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 2018.

## 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 2019 until the AGM in 2020. Between 1 July 2019 and 31 December 2019, a total of 2,480,915 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 2018 – 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 2018. 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 2018. 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	2019-12-31		Total
	Level 1	Other	
<b>Assets</b>			
Other receivables	-	254	254
Shares and participations	896 482	-	896 482
Cash and cash equivalents	-	70 052	70 052
<b>Balance at December 31</b>	<b>896 482</b>	<b>70 306</b>	<b>966 788</b>

In thousands of SEK	2019-12-31		Total
	Level 1	Other	
<b>Liabilities</b>			
Lease agreements	-	916	916
Trade and other payables	-	178	178
Accrued expenses	-	60 627	60 627
Other payables	-	342	342
<b>Balance at December 31</b>	<b>0</b>	<b>62 063</b>	<b>62 063</b>

## Annual general meeting

The annual general meeting (AGM) will be held in Stockholm on 19 May 2020. Summons to the AGM will be sent out in April 2020.

## 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

12 March, 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

- 2020-05-19 Annual General Meeting
- 2020-08-20 Half year report 1 January – 30 June

Reports and Press Releases in English are available on EOS' web site:

**[www.eos-russia.com](http://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	
	2019	2018	2019	2018
Net change in fair value of securities	-62 383	-172 903	26 957	-221 267
Dividends	2 261	3 113	84 904	86 342
<b>Net profit/loss - Investing activities</b>	<b>-60 122</b>	<b>-169 789</b>	<b>111 861</b>	<b>-134 925</b>
Operating expenses*	-6 349	-4 485	-11 890	-9 415
<b>Result from operating activities</b>	<b>-66 471</b>	<b>-174 274</b>	<b>99 971</b>	<b>-144 340</b>
Finance income	682	0	691	0
Finance expenses	-5 681	-240	-6 167	-254
<b>Profit/loss before income tax</b>	<b>-71 470</b>	<b>-174 514</b>	<b>94 495</b>	<b>-144 594</b>
Income tax expense	-	-	-	-
<b>Profit/loss for the period</b>	<b>-71 470</b>	<b>-174 514</b>	<b>94 495</b>	<b>-144 594</b>
<b>Other Comprehensive Income for the period</b>				
<i>Items that have been or may be recycled to profit/loss for the period</i>				
Translation differences	4 521	-5 424	31 427	81 056
<b>Total other Comprehensive Income for the period</b>	<b>4 521</b>	<b>-5 424</b>	<b>31 427</b>	<b>81 056</b>
<b>Total Comprehensive Income for the period</b>	<b>-66 949</b>	<b>-179 938</b>	<b>125 922</b>	<b>-63 538</b>
<b>Attributable to equity holders of the Company</b>				
Profit/loss for the period	-71 470	-174 514	94 495	-144 594
Total Comprehensive Income for the period	-66 949	-179 938	125 922	-63 538
<b>Earnings per share</b>				
basic (SEK)	-1,93	-4,14	2,45	-3,59
diluted (SEK)	-1,93	-4,14	2,45	-3,59

\* see note 1 for detailed information



## Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2019	2018
<b>Assets</b>		
Property, plant and equipment	4 377	3 475
<b>Total non-current assets</b>	<b>4 377</b>	<b>3 475</b>
Income tax receivables	624	230
Prepaid expenses and accrued income	369	330
Other receivables	52 565	25 818
Shares and participations	896 482	759 016
Cash and cash equivalents	70 052	140 577
<b>Total current assets</b>	<b>1 020 091</b>	<b>925 971</b>
<b>TOTAL ASSETS</b>	<b>1 024 468</b>	<b>929 446</b>
<b>Equity and liabilities</b>		
<b>EQUITY</b>		
Share capital	42 363	42 363
Other contributed equity	4 404 565	4 467 261
Reserves	-159 885	-191 312
Retained earnings, including profit/loss for the period	-3 324 488	-3 418 983
<b>Equity attributable to equity holders of EOS AB</b>	<b>962 555</b>	<b>899 329</b>
<b>Total Equity</b>	<b>962 555</b>	<b>899 329</b>
<b>LIABILITIES</b>		
Lease agreements	916	-
Trade and other payables	178	70
Other liabilities	342	27 231
Accrued expenses and deferred income	60 476	2 815
<b>Total current liabilities</b>	<b>61 912</b>	<b>30 117</b>
<b>Total liabilities</b>	<b>61 912</b>	<b>30 117</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 024 468</b>	<b>929 446</b>

## Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2019	2018
<b>Opening balance</b>	<b>899 329</b>	<b>962 867</b>
Total Comprehensive Income	125 922	-63 538
Share redemption	-62 695	-
<b>Closing balance</b>	<b>962 555</b>	<b>899 329</b>

## Consolidated Statement of Cash Flows

	Jan 1 - Dec 31	
<i>In thousands of SEK</i>	2019	2018
<b>Cash flows from operating activities</b>		
Profit/loss before income tax	94 495	-144 594
Adjustment for non-cash items		
Change in fair value of securities	-25 436	220 399
Depreciation	144	132
Other	3 284	5 102
Income tax paid	0	0
<b>Net cash used in operating activities before changes in working capital</b>	<b>72 487</b>	<b>81 038</b>
<b>Cash flows from changes in working capital</b>		
Increase (-)/Decrease (+) in operating receivables	-27 645	-24 575
Increase (+)/Decrease (-) in operating liabilities	31 235	24 755
<b>Net cash used in operating activities</b>	<b>76 077</b>	<b>81 219</b>
<b>Cash flows from investing activities</b>		
Acquisition of shares and participations	-107 381	-
Proceeds from sale of shares and participations	23 474	31 127
<b>Net cash used in investing activities</b>	<b>-83 907</b>	<b>31 127</b>
<b>Cash flows from financing activities</b>		
Share redemption	-62 695	-
<b>Net cash from financing activities</b>	<b>-62 695</b>	<b>0</b>
Net increase in cash and cash equivalents	-70 526	112 347
Cash and cash equivalents at January 1	140 577	28 231
<b>Cash and cash equivalents at the end of the period</b>	<b>70 052</b>	<b>140 577</b>

## Consolidated Key Figures \*

	Jan 1 - Dec 31	
	2019	2018
Number of shares outstanding, end of period	37 106 719	40 307 484
Average number of shares outstanding	38 588 717	40 307 484
Net asset value, end of period, TSEK	962 555	899 329
Net Income per average number of shares outstanding, SEK	2,45	-3,59
Net asset value per share, end of period, SEK	25,94	22,31
<i>* before and after dilution</i>		

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## Company Income Statement

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2019	2018	2019	2018
Other income	2 940	4 890	7 800	9 720
Other external expenses	-936	-652	-2 297	-1 714
Employee benefit expenses	-2 400	-1 401	-4 440	-3 211
Depreciation of property, plant and equipment	128	-	0	-
<b>Result from operating activities</b>	<b>-268</b>	<b>2 837</b>	<b>1 063</b>	<b>4 794</b>
<b>Result from financial items</b>				
Result from participations in Group companies	-62 082	-182 550	129 916	-68 105
Other interest income and similar income	682	0	691	0
Interest expense and similar charges	-5 642	-226	-6 110	-228
<b>Profit/loss before income tax</b>	<b>-67 309</b>	<b>-179 938</b>	<b>125 560</b>	<b>-63 538</b>
Income tax expense	-	-	-	-
<b>Profit/loss for the period</b>	<b>-67 309</b>	<b>-179 938</b>	<b>125 560</b>	<b>-63 538</b>

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## Company Balance Sheet

	Dec 31	Dec 31
<i>In thousands of SEK</i>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets		
Participations in group companies	906 523	838 106
<b>Total fixed assets</b>	<b>906 523</b>	<b>838 106</b>
<b>Current assets</b>		
Current receivables		
Receivables from Group companies	480	0
Income tax receivables	624	230
Other receivables	52 310	25 568
Prepaid expenses and accrued income	177	170
<i>Total current receivables</i>	<i>53 591</i>	<i>25 968</i>
Cash and bank	61 667	62 698
<b>Total current assets</b>	<b>115 259</b>	<b>88 666</b>
<b>TOTAL ASSETS</b>	<b>1 021 781</b>	<b>926 773</b>
<b>EQUITY</b>		
<i>Restricted equity</i>		
Share capital, 37,106,719 (40,307,484) shares at 1.14 (1.05)	42 363	42 363
<i>Unrestricted equity</i>		
Share premium reserve	4 404 054	4 466 749
Retained earnings	-3 609 783	-3 546 245
Profit/loss for the period	125 560	-63 538
<b>TOTAL EQUITY</b>	<b>962 194</b>	<b>899 329</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<i>Total non-current liabilities</i>	<i>0</i>	<i>0</i>
<b>Current liabilities</b>		
Accounts payable	178	70
Current tax liabilities	-37	-40
Other liabilities	120	25 241
Accrued expenses and prepaid income	59 326	2 172
<i>Total current liabilities</i>	<i>59 587</i>	<i>27 444</i>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 021 781</b>	<b>926 773</b>

## Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2019	2018	2019	2018
Employee remuneration expenses	-2 803	-1 653	-5 294	-3 754
Depreciation of property, plant and equipment	-116	-68	-386	-132
Other	-2 794	-2 178	-4 959	-4 279
Consultancy agreements	-635	-585	-1 250	-1 250
<b>Total</b>	<b>-6 349</b>	<b>-4 484</b>	<b>-11 890</b>	<b>-9 415</b>

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