



Year-end report

1 January – 31 December 2018

- NAV at the end of the period was SEK 899 million (963) and SEK 22.31 per share (23.89).
- Profit/loss for the period amounted to SEK -145 million (386) and SEK -3.59 per share (9.39).



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. The next newsletter is expected to be published within the next couple of weeks.

Operational and financial results

Group

EOS recorded a net profit/loss from investing activities of SEK -135 million (404).

Operating expenses amounted to SEK -9.4 million (-17.9).

Net financial items for the period amounted to SEK -0.3 million (-0.1).

The profit/loss for EOS during the period was SEK -145 million (386). Profit/loss per share was SEK -3.59 (9.39). Total comprehensive income for the period was SEK -64 million (310).

EOS' net asset value at December 31, 2018 was SEK 899 million (963). The decrease in net asset value can be derived from the negative total comprehensive income for the year. The accumulated effect from exchange rate differences in the translation reserve is SEK -191 million (-273).

Parent Company

The parent company's income for the period amounted to SEK 9.7 million (9.6). Operating expenses amounted to SEK -4.9 million (-5.2) for the period. Net financial items amounted to SEK -68.3 million (338.6) for the period of which SEK -68.1 (338.6) million is a write-down of shares in subsidiaries. The profit/loss for the period was SEK -63.5 million (342.9).

The total number of shares outstanding at December 31, 2018 was 40,307,484 (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 second half of the year are shown in the table below:

Share of EOS portfolio	December 31, 2018	June 30, 2018
Lenenergo pref	0.8%	0.7%
MRSK Urals	18.4%	15.8%
MRSK Volga	36.0%	37.7%
MRSK Center & Volga	31.8%	32.3%
MRSK North-West	13.0%	13.4%
Other	-	0.1%
Total	100%	100%

* SEK/USD 8.971

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 29, 2018 was SEK 17.40 corresponding to an increase during the year of 27.9% (the OMX Stockholm 30 index increased 10.7% during the same period).

EOS share price decreased by 81.4% between June 25, 2007 and March 11, 2019 in comparison to the OMX Stockholm 30 Index that gained 25.6% during the same period.

Other information

Organisation

The average number of employees in the Group as of December 31, 2018 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 2.1 million (1.3) 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, 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 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 2017 annual report.

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. In the period between 1 June 2018 and 12 March 2019, 1,564,407 shares have been repurchased.

Accounting principles

For the Annual Report, 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.

For more detailed information about the principles used for the Group and the Company, please refer to the Annual Report 2017. 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. New or amended IFRSs and IFRIC interpretations have not had any effect on the Group's or Parent Company's earnings or financial position.

Alternative performance measures

The net asset value is defined as total assets less total debt. Average number of shares outstanding is defined as the weighted average of shares outstanding during the year. These alternative performance measures are essential for the understanding and evaluation of an investment company's business.

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 2017 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.

<i>In thousands of SEK</i>	2018-12-31		Total
	Level 1	Other	
Assets			
Other receivables	-	2,101	2,101
Shares and participations	759,016	-	759,016
Cash and cash equivalents	-	140,577	140,577
Balance at December 31	759,016	142,678	901,694

<i>In thousands of SEK</i>	2018-12-31		Total
	Level 1	Other	
Liabilities			
Trade and other payables	-	70	70
Accrued expenses	-	2,644	2,644
Other payables	-	27,231	27,231
Balance at December 31	0	29,945	29,945

Annual general meeting

The annual general meeting (AGM) will be held in Stockholm on 21 May 2019. Summons to the AGM will be sent out in April 2019.

Annual report

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

Dividend

The Board of Directors of EOS AB proposes that no dividends be distributed

Moscow March 14, 2019
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

- 2019-05-21 Annual General Meeting
- 2019-08-22 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	
	2018	2017	2018	2017
Net change in fair value of securities	-172,903	331,778	-221,267	367,460
Dividends	3,113	-1,331	86,342	36,399
Net profit/loss - Investing activities	-169,789	330,446	-134,925	403,858
Operating expenses*	-4,485	-6,453	-9,415	-17,947
Result from operating activities	-174,274	323,994	-144,340	385,911
Finance income	0	-3	0	15
Finance expenses	-240	-33	-254	-90
Profit/loss before income tax	-174,514	323,958	-144,594	385,836
Income tax expense	-	-	-	-
Profit/loss for the period	-174,514	323,958	-144,594	385,836
Other Comprehensive Income for the period				
<i>Items that have been or may be recycled to profit/loss for the period</i>				
Translation differences	-5,424	-27,963	81,056	-75,427
Total other Comprehensive Income for the period	-5,424	-27,963	81,056	-75,427
Total Comprehensive Income for the period	-179,938	295,994	-63,538	310,409
Attributable to equity holders of the Company				
Profit/loss for the period	-174,514	323,958	-144,594	385,836
Total Comprehensive Income for the period	-179,938	295,994	-63,538	310,409
Earnings per share				
basic (SEK)	-4.14	7.69	-3.59	9.39
diluted (SEK)	-4.14	7.69	-3.59	9.39

* see note 1 for detailed information

Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2018	2017
Assets		
Property, plant and equipment	3,475	3,314
Total non-current assets	3,475	3,314
Income tax receivables	230	282
Prepaid expenses and accrued income	330	220
Other receivables	25,818	1,235
Shares and participations	759,016	934,726
Cash and cash equivalents	140,577	28,231
Total current assets	925,971	964,694
TOTAL ASSETS	929,446	968,008
Equity and liabilities		
EQUITY		
Share capital	42,363	42,363
Other contributed equity	4,467,261	4,467,261
Reserves	-191,312	-272,368
Retained earnings, including profit/loss for the period	-3,418,983	-3,274,389
Equity attributable to equity holders of EOS AB	899,329	962,867
Total Equity	899,329	962,867
LIABILITIES		
Trade and other payables	70	879
Other liabilities	27,231	1,872
Accrued expenses and deferred income	2,815	2,390
Total current liabilities	30,117	5,141
Total liabilities	30,117	5,141
TOTAL EQUITY AND LIABILITIES	929,446	968,008

Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2018	2017
Opening balance	962,867	666,288
Total Comprehensive Income	-63,538	310,409
Share redemption	-	-13,830
Liquidation of group company	-	358
Closing balance	899,329	962,867

Consolidated Statement of Cash Flows

	Jan 1 - Dec 31	
<i>In thousands of SEK</i>	2018	2017
Cash flows from operating activities		
Profit/loss before income tax	-144,594	385,836
Adjustment for non-cash items		
Change in fair value of securities	220,399	-367,509
Depreciation	132	130
Other	5,102	-2,139
Income tax paid	0	-14
Net cash used in operating activities before changes in working capital	81,038	16,304
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	-24,575	15,625
Increase (+)/Decrease (-) in operating liabilities	24,755	-202
Net cash used in operating activities	81,219	31,726
Cash flows from investing activities		
Acquisition of shares and participations	-	-14,551
Proceeds from sale of shares and participations	31,127	-
Net cash used in investing activities	31,127	-14,551
Cash flows from financing activities		
Share redemption	-	-13,830
Net cash from financing activities	0	-13,830
Net increase in cash and cash equivalents	112,347	3,346
Cash and cash equivalents at January 1	28,231	24,885
Cash and cash equivalents at the end of the period	140,577	28,231

Consolidated Key Figures *

	Jan 1 - Dec 31	
	2018	2017
Number of shares outstanding, end of period	40,307,484	40,307,484
Average number of shares outstanding	40,307,484	41,104,260
Net asset value, end of period, TSEK	899,329	962,867
Net Income per average number of shares outstanding, SEK	-3.59	9.39
Net asset value per share, end of period, SEK	22.31	23.89
<i>* before and after dilution</i>		

Company Income Statement

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2018	2017	2018	2017
Other income	4,890	4,830	9,720	9,630
Other external expenses	-652	-1,726	-1,714	-2,344
Employee benefit expenses	-1,401	-1,505	-3,211	-2,898
Other expenses	0	0	0	0
Result from operating activities	2,837	1,599	4,794	4,388
Result from financial items				
Result from participations in Group companies	-182,549	319,018	-68,105	338,605
Other interest income and similar income	0	-3	0	12
Interest expense and similar charges	-226	-19	-228	-64
Profit/loss before income tax	-179,938	320,595	-63,538	342,941
Income tax expense	-	-	-	-
Profit/loss for the period	-179,938	320,595	-63,538	342,941

EOS Russia AB (publ)

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Company Balance Sheet

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2018	2017
ASSETS		
Non-current assets		
Financial assets		
Participations in group companies	838,106	956,511
Total fixed assets	838,106	956,511
Current assets		
Current receivables		
Receivables from Group companies	0	0
Income tax receivables	230	282
Other receivables	25,568	433
Prepaid expenses and accrued income	170	91
<i>Total current receivables</i>	<i>25,968</i>	<i>805</i>
Cash and bank	62,698	8,180
Total current assets	88,666	8,985
TOTAL ASSETS	926,773	965,496
EQUITY		
<i>Restricted equity</i>		
Share capital, 40,307,484 (40,307,484) shares at 1.05 (1.05)	42,363	42,363
<i>Unrestricted equity</i>		
Share premium reserve	4,466,749	4,466,749
Retained earnings	-3,546,245	-3,889,186
Profit/loss for the period	-63,538	342,941
TOTAL EQUITY	899,329	962,867
LIABILITIES		
Current liabilities		
Accounts payable	70	879
Current tax liabilities	-40	-36
Other liabilities	25,241	155
Accrued expenses and prepaid income	2,172	1,631
<i>Total current liabilities</i>	<i>27,444</i>	<i>2,629</i>
TOTAL EQUITY AND LIABILITIES	926,773	965,496

Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2018	2017	2018	2017
Employee remuneration expenses	-1,653	-2,079	-3,754	-3,709
Depreciation of property, plant and equipment	-68	-63	-132	-130
Other *	-2,178	-3,817	-4,279	-12,859
Consultancy agreements	-585	-495	-1,250	-1,250
			-	
Total	-4,485	-6,453	-9,415	-17,947

* The other costs in 2017 included one-time items amounting to MSEK 7.0.