



Year-end report

1 January – 31 December 2021

- NAV at the end of the period was SEK 650 million (657) and SEK 19.47 per share (19.12).
- Loss for the period amounted to SEK -59 million (-155) and SEK -1.73 per share (-4.37).
- EOS Russia was informed on 8 March 2022 by Nasdaq Nordic that trading in the Company's shares listed on Nasdaq First North Growth Market is suspended with immediate effect. The decision stems from the fact that the Moscow Exchange (MOEX) has remained closed since the start of Russia's military invasion of Ukraine on 24 February.



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 loss from investing activities of SEK -51.6 million (-143.5) comprising net dividends of SEK 21.1 million (46.9) and a negative development in the investment portfolio of SEK -72.7 million (-190.4).

Operating expenses amounted to SEK -11.3 million (-11.4).

Net financial items for the period amounted to SEK 4.3 million (-0.4).

The loss for EOS during the period was SEK -58.6 million (-155.3). Loss per share was SEK -1.73 (-4.37). Total comprehensive income for the period was SEK 6.9 million (-248.0).

EOS' net asset value at December 31, 2021 was SEK 650 million (657). The decrease in net asset value can be derived from the positive total comprehensive income for the year, comprising loss for the year and a positive translation differens, less buybacks (shares redeemed only). The accumulated effect from exchange rate differences in the translation reserve is SEK -187 million (-253).

Cash and bank, SEK 93 million, include a collateral for shares bought back in the synthetic share buyback programme. As of 17 March 2022, the total collateral amounted to SEK 60 million.

Parent Company

The parent company's income for the period amounted to SEK 6.7 million (6.8). Operating expenses amounted to SEK -7.0 million (-6.3) for the period. Net financial items amounted to SEK 7.1 million (-248.4) for the period of which SEK 2.7 (-248.1) million is a appreciation of shares in subsidiaries. The profit/loss for the period was SEK 6.9 million (-248.0).

The total number of shares outstanding at December 31, 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.

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

Share of EOS portfolio	December 31, 2021	December 31, 2020
Lenenergo pref	1.9%	1.4%
MRSK Urals	23.0%	16.5%
MRSK Volga	23.3%	26.1%
MRSK Center & Volga	36.0%	31.8%
MRSK North-West	15.8%	13.3%
Other	0.0%	10.9%
Total	100%	100%

* SEK/USD 9.0437

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, 2021 was SEK 16.90 corresponding to a increase during the year of 20.3% (the OMX Stockholm 30 index increased by 29.1% during the same period).

EOS share price decreased by 84.1% between June 25, 2007 and 30 December, 2021 in comparison to the OMX Stockholm 30 Index that gained 93.6% during the same period.

Other information

Organisation

The average number of employees in the Group as of December 31, 2021 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, the Group and the Group company EOS Russia (Cyprus) Ltd has as of December 31 booked a liability of SEK 0.3 million (0.3) and has during the period recognised expense of SEK 1.2 million (1.2).

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 52.4. 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 2020.

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 2021 until the AGM in 2022. Between 16 June 2021 and 31 December 2021, a total of 3,399,851 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 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 Annual Report for 2020. 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	2021-12-31		Total
	Level 1	Other	
Assets			
Other receivables	-	319	319
Shares and participations	551,091	-	551,091
Cash and cash equivalents	-	93,521	93,521
Balance at December 31	551,091	93,840	644,931

In thousands of SEK	2021-12-31		Total
	Level 1	Other	
Liabilities			
Lease agreements	-	532	532
Trade and other payables	-	47	47
Accrued expenses	-	3,359	3,359
Other payables	-	53,287	53,287
Balance at December 31	0	57,224	57,224

Significant events after balance sheet date

- On 24 February 2022, Russia invades Ukraine leading to immediate sanctions against Russia
- On 25 February 2022, Moscow Stock Exchange (MOEX) suspend all trading
- As a consequence of the suspended trading on MOEX, on 8 March 2022 Nasdaq decides to suspend trading in EOS' shares on First North

Annual general meeting

The annual general meeting (AGM) will be held in Stockholm on 17 May 2022. Summons to the AGM will be sent out in April 2022.

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, 2022
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

- 2022-05-17 Annual General Meeting
- 2022-08-25 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	
	2021	2020	2021	2020
Net change in fair value of securities	-36,876	20,861	-72,717	-190,379
Dividends	1,235	3,570	21,134	46,918
Net profit/loss - Investing activities	-35,641	24,431	-51,583	-143,461
Operating expenses*	-5,572	-5,129	-11,329	-11,489
Result from operating activities	-41,213	19,302	-62,912	-154,950
Finance income	4,932	334	5,072	296
Finance expenses	-575	-302	-727	-661
Profit/loss before income tax	-36,856	19,334	-58,567	-155,315
Income tax expense	-	-	-	-
Profit/loss for the period	-36,856	19,334	-58,567	-155,315
Other Comprehensive Income for the period				
<i>Items that have been or may be recycled to profit/loss for the period</i>				
Translation differences	39,889	-101,696	65,425	-92,696
Total other Comprehensive Income for the period	39,889	-101,696	65,425	-92,696
Total Comprehensive Income for the period	3,032	-82,362	6,858	-248,011
Attributable to equity holders of the Company				
Profit/loss for the period	-36,856	19,334	-58,567	-155,315
Total Comprehensive Income for the period	3,032	-82,362	6,858	-248,011
Earnings per share				
basic (SEK)	-1.10	0.56	-1.73	-4.37
diluted (SEK)	-1.10	0.56	-1.73	-4.37

* see note 1 for detailed information

Consolidated Statement of Financial Position

<i>In thousands of SEK</i>	Dec 31	Dec 31
	2021	2020
Assets		
Property, plant and equipment	3,764	3,607
Total non-current assets	3,764	3,607
Income tax receivables	-56	93
Prepaid expenses and accrued income	476	333
Other receivables	58,348	7,797
Shares and participations	551,091	621,372
Cash and cash equivalents	93,521	33,552
Total current assets	703,379	663,146
TOTAL ASSETS	707,144	666,753
Equity and liabilities		
EQUITY		
Share capital	42,363	42,363
Other contributed equity	4,328,666	4,341,611
Reserves	-187,156	-252,581
Retained earnings, including profit/loss for the period	-3,533,557	-3,474,703
Equity attributable to equity holders of EOS AB	650,315	656,689
Total Equity	650,315	656,689
LIABILITIES		
Lease agreements	532	677
Trade and other payables	47	172
Other liabilities	52,818	7,031
Accrued expenses and deferred income	3,432	2,184
Total current liabilities	56,828	10,064
Total liabilities	56,828	10,064
TOTAL EQUITY AND LIABILITIES	707,144	666,753

Consolidated Statement of Changes in Equity in Summary

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2021	2020
Opening balance	656,689	962,555
Total Comprehensive Income	6,858	-248,011
Share redemption	-12,945	-62,955
Reversal of result from synthetic share buyback	-287	5,099
Closing balance	650,315	656,689

Consolidated Statement of Cash Flows

<i>In thousands of SEK</i>	Jan 1 - Dec 31	
	2021	2020
Cash flows from operating activities		
Profit/loss before income tax	-58,567	-155,315
Adjustment for non-cash items		
Change in fair value of securities	67,487	192,795
Depreciation	197	148
Other	2,353	3,829
Income tax paid	0	0
Net cash used in operating activities before changes in working capital	11,470	41,458
Cash flows from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	-108,031	31,762
Increase (+)/Decrease (-) in operating liabilities	108,707	-41,385
Net cash used in operating activities	12,146	31,834
Cash flows from investing activities		
Acquisition of shares and participations	-7,511	-50,193
Proceeds from sale of shares and participations	68,278	44,814
Net cash used in investing activities	60,768	-5,379
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	59,969	-36,499
Cash and cash equivalents at January 1	33,552	70,052
Cash and cash equivalents at the end of the period	93,521	33,552

Consolidated Key Figures *

	Jan 1 - Dec 31	
	2021	2020
Number of shares outstanding, end of period	33,403,586	34,354,325
Average number of shares outstanding	33,802,115	35,565,078
Net asset value, end of period, TSEK	650,315	656,689
Net Income per average number of shares outstanding, SEK	-1.73	-4.37
Net asset value per share, end of period, SEK	19.47	19.12
<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	
	2021	2020	2021	2020
Other income	3,362	2,880	6,722	6,780
Other external expenses	-1,298	-1,366	-2,517	-2,776
Employee benefit expenses	-2,291	-1,431	-4,442	-3,579
Depreciation of property, plant and equipment	-	-	-	-
Result from operating activities	-227	83	-237	426
Result from financial items				
Result from participations in Group companies	-1,158	-82,536	2,650	-248,170
Other interest income and similar income	4,932	334	5,070	296
Interest expense and similar charges	-512	-241	-620	-560
Profit/loss before income tax	3,035	-82,361	6,863	-248,008
Income tax expense	-	-	-	-
Profit/loss for the period	3,035	-82,361	6,863	-248,008

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Company Balance Sheet

	Dec 31	Dec 31
<i>In thousands of SEK</i>	2021	2020
ASSETS		
Non-current assets		
Property, plant and equipment	-	-
Financial assets		
Participations in group companies	661,371	658,721
Non-current receivables	60	-
Total non-current assets	661,431	658,721
Current assets		
Current receivables		
Receivables from Group companies	0	0
Income tax receivables	-56	93
Other receivables	57,971	7,529
Prepaid expenses and accrued income	334	163
<i>Total current receivables</i>	<i>58,249</i>	<i>7,785</i>
Cash and bank	60,085	10,848
Total current assets	118,334	18,632
TOTAL ASSETS	779,765	677,353
EQUITY		
<i>Restricted equity</i>		
Share capital, 33,403,586 (34,354,325) shares at 1.27 (1.23)	42,363	42,363
<i>Unrestricted equity</i>		
Share premium reserve	4,328,154	4,341,099
Retained earnings	-3,727,049	-3,478,745
Profit/loss for the period	6,863	-248,008
TOTAL EQUITY	650,331	656,709
LIABILITIES		
Non-current liabilities		
Lease agreements	-	-
<i>Total non-current liabilities</i>	<i>0</i>	<i>0</i>
Current liabilities		
Accounts payable	47	172
Liabilities to Group companies	74,359	12,432
Current tax liabilities	-26	-82
Other liabilities	52,576	6,840
Accrued expenses and prepaid income	2,478	1,282
<i>Total current liabilities</i>	<i>129,434</i>	<i>20,643</i>
TOTAL EQUITY AND LIABILITIES	779,765	677,353

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Note 1 Consolidated operating expenses

<i>In thousands of SEK</i>	Jul 1 - Dec 31		Jan 1 - Dec 31	
	2021	2020	2021	2020
Employee remuneration expenses	-2,576	-2,667	-5,417	-5,158
Depreciation of property, plant and equipment	-185	-121	-371	-391
Other	-2,197	-2,545	-4,311	-4,710
Consultancy agreements	-615	-615	-1,230	-1,230
Total	-5,572	-5,129	-11,329	-11,489

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