



Eastern Energy & Infrastructure Invest

Interim Report as at June 30, 2021

Dear Shareholders

EEII (the "Company") is reporting a profit of CHF 1.454 mln for the period January – June 2021 (H1 2020: loss of CHF 2.607 mln). The company's investments are – in light of the pending transaction to change the majority ownership from Gehold SA, Zug to Nacala Worldwide AG, Luzern – extremely focused. The only remaining equity investment is Gazprom. The stake in the Russian oil and gas producer increased by CHF 1.635 mln in value, mirroring the strong price trends in energy markets throughout the first six months of 2021.

Operating expenses remained stable at CHF 205k vs CHF 198k in H1 2021. Overall, EEII's net asset value ("NAV") gained 31 % from CHF 3.06 as per December 31st, 2021 to CHF 4.01 per share as per June 30th, 2021.

As reported in the ad-hoc communication dated April 6th, 2021, Gehold SA, Zug and Nacala Worldwide AG, Luzern agreed to a postponement of the closing of the sale of Gehold's EEII shares (92.41 %) to NACALA. Under the terms of this agreement, the Board of Directors still expects that the transaction will be closed on or before September 17th, 2021. On behalf of the Company, I thank you for your continued trust and support.

Yours sincerely,



Victor L. Gnehm
Chairman of the Board of Directors

Determination of the Net Asset Value

as of June 30

in CHF	2021	2021	2020	2020
	Following IFRS presentation	Representing the shareholders, economic interest	Following IFRS presentation	Representing the shareholders, economic interest
Cash and other assets	903,801	903,801	140,487	140,487
Financial assets at fair value through profit or loss	5,296,406	5,296,406	5,885,933	5,885,933
Total assets	6,200,207	6,200,207	6,026,420	6,026,420
Total current liabilities	74,718	74,718	1,052,540	1,052,540
Share capital	10,845,321	10,845,321	10,845,321	10,845,321
(Accumulated deficit)	(4,719,832)	(4,719,832)	(5,871,441)	(5,871,441)
Total shareholders' equity	6,125,489	6,125,489	4,973,880	4,973,880
Total liabilities and shareholders' equity	6,200,207	6,200,207	6,026,420	6,026,420
Total shares outstanding	–	1,527,510	–	1,527,510
Number of treasury shares	–	–	–	–
Net Asset Value per share		CHF 4.01		CHF 3.26

Interim IFRS Financial Statements

IFRS Statement of Financial Positions

as of June 30

in CHF (unaudited)	Notes	30.06.2021	31.12.2020
Assets			
Cash and cash equivalents		903,801	244,619
Short term receivables from shareholder		–	1,905,179
Other assets		–	6,305
Total current assets		903,801	2,156,103
Financial Assets at fair value through profit or loss	6	5,296,406	3,661,583
Total non current assets		5,296,406	3,661,583
Total assets		6,200,207	5,817,686
Liabilities and shareholders, equity			
Accounts payable		15,369	7,598
Shareholder loan	5	–	1,075,654
Accrued expenses and other liabilities		59,349	62,500
Total current liabilities		74,718	1,145,752
Share capital		10,845,321	10,845,321
(Accumulated deficit)		(4,719,832)	(6,173,387)
Shareholders' equity		6,125,489	4,671,934
Total liabilities and shareholders' equity		6,200,207	5,817,686

Interim IFRS Statement of Income

for the period from January 1st to June 30

in CHF (unaudited)	Notes	2021	2020
Operating income			
Interest income		19,234	–
Dividends		–	6,401
Unrealised gain/(loss) on financial assets at fair value through profit or loss	7	1,634,823	(2,395,696)
Foreign exchange gain/(loss)		4,576	(20,086)
Net operating gain/(loss)		1,658,633	(2,409,381)
Operating expenses			
Management & Advisory fees		(57,680)	(57,840)
Administrative fees		(21,704)	(26,778)
Directors fees		(17,261)	(17,305)
Personnel cost		(7,255)	(7,295)
Professional fees		(65,919)	(44,583)
Other expenses		(23,624)	(29,589)
Bank charges and interest expenses		(10,835)	(14,505)
Capital tax expense		(800)	–
Total operating expenses		(205,078)	(197,895)
Gain/(loss) before tax		1,453,555	(2,607,276)
Income taxes		–	–
Net gain/(loss) after tax		1,453,555	(2,607,276)
Net earnings per share			
Net gain/(loss)		1,453,555	(2,607,276)
Weighted Average Number of shares (basic and diluted)		1,527,510	1,527,510
Net gain/(loss) per share – (basic and diluted)		0.95	(1.71)

Interim IFRS Statement of Comprehensive Income

in CHF (unaudited)	2021	2020
Net gain/(loss) for the year	1,453,555.00	(2,607,276.00)
Other comprehensive income	–	–
Total comprehensive gain/(loss) for the year	1,453,555.00	(2,607,276.00)

Interim IFRS Cash Flow Statement

for the period from January 1st to June 30

in CHF	2021	2020
Operating activities		
Gain/(loss) before tax	1,453,555	(2,607,276)
Adjustments to reconcile loss before tax to net cash flows		
Interest income	(19,234)	–
Dividends	–	(6,401)
Foreign exchange (gain)/loss on cash and cash equivalents	(4,576)	20,086
Loan interest expenses	7,073	11,001
Unrealized (gain)/loss on financial assets at fair value through profit or loss	(1,634,823)	2,395,696
Working capital adjustments		
Dividends received	–	6,401
Decrease in short term receivables from shareholder (net after set off with loan)	829,525	–
Decrease in other assets	6,305	6,047
Increase in accounts payable	7,771	1,457
(Decrease) in accrued expenses and other liabilities	(3,151)	(8,662)
Net cash flows used in operating activities	642,445	(181,651)
Investing activities		
Interest received	–	–
Net cash flows from investing activities	–	–
Financing activities		
(Decrease)/increase Shareholder loan	–	160,000
Net interest payment from shareholder	12,161	–
Net cash flows from financing activities	12,161	160,000
Increase/(decrease) in cash and cash equivalents	654,606	(21,651)
Cash and cash equivalents at the beginning of the year	244,619	181,966
Foreign exchange gain/(loss) on cash and cash equivalents	4,576	(20,086)
Cash and cash equivalents at the end of the period	903,801	140,229
Cash and cash equivalents consist of:		
Cash at banks	903,801	140,229
Short-term deposits	–	–
Cash and cash equivalents as defined for the cash flow statement	903,801	140,229

Interim IFRS Statement of Changes in Equity

in CHF (unaudited)	Share capital	Share premium	Accumulated deficit	Total equity
Balance as of January 1st, 2020	10,845,321	–	(3,264,165)	7,581,156
Net (loss) for the period (January – June 2020)	–	–	(2,607,276)	(2,607,276)
Balance as of June 30th, 2020	10,845,321	–	(5,871,441)	4,973,880
Net (loss) for the period (July – December 2020)	–	–	(301,946)	(301,946)
Balance as of December 31st, 2020	10,845,321	–	(6,173,387)	4,671,934
Net gain for the period (January – June 2021)	–	–	1,453,555	1,453,555
Balance as of June 30th, 2021	10,845,321	–	(4,719,832)	6,125,489

Notes to the IFRS Financial Statements

as of June 30, 2021

// Note 1 – Changes in accounting principles

In accordance with International Financial Reporting Standards, the interim financial statements have been prepared using the same accounting policies and methods of computation and valuation as used in the 2020 financial statements and are in compliance with IAS 34 interim financial reporting.

// Note 2 – Fair value of the investment portfolio

The fair value measurement of the Company utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into three different levels (the “fair value hierarchy”) based on how observable the inputs used and reflect the methods of computation and valuation as used in the 2020 financial statements.

// Note 3 – Exchange Rate

The Company holds assets denominated in currencies other than Swiss Francs, its functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

The exchange rates used against the CHF were:

	2021	2020
USD	0.92290	0.95180
UAH	0.03342	0.03550
GBP	1.27700	1.16840

// Note 4 – Retirement benefit plan

No retirement benefit plan is in place as the current salary structure of the Company is not subject to pension obligations.

// Note 5 – Shareholder Loan

In connection with the sale and transfer of its Ukrainian assets in 2020 and the pending change in ownership, EEII held short term receivables of CHF 1,905 mln from its majority shareholder Gehold AG on the balance sheet at the end of 2020. During the reporting period, the receivables were offset with the shareholder loan of CHF 1,075 mln as planned and according to the respective agreement dated April 14th, 2021.

// Note 6 – Investments

as of June 30, 2021

Financial assets at fair value through profit or loss	Balance as of January 1 st , 2021		Balance as of June 30, 2021	
	Quantity	CHF	Quantity	CHF
Oil & Gas Investments				
Gazprom OAO ADR	742,800	3,661,583	742,800	5,296,406
Total Oil & Gas Investments		3,661,583		5,296,406
Total financial assets at fair value through profit or loss		3,661,583		5,296,406

// Note 7 – Financial Assets at fair value through profit or loss

in CHF	30.06.2021	31.12.2020
Financial Assets at fair value through profit or loss brought forward	3,661,583	8,281,629
Purchase	–	–
Sale	–	(1,877,632)
Unrealised gain on financial assets at fair value	1,634,823	–
Unrealised loss on financial assets at fair value	–	(2,256,433)
Realised gain on financial assets at fair value	–	–
Realised loss on financial assets at fair value	–	(485,981)
Financial Assets at fair value through profit or loss	5,296,406	3,661,583

Listed shares	CHF	%	CHF	%
Liquid shares (Level 1 in fair value hierarchy IFRS 13)	5,296,406	100	3,661,583	100
Shares with limited liquidity (Level 3 in fair value hierarchy IFRS 13)	–	0	–	0
Total	5,296,406	100	3,661,583	100
Ukraine	–	0	–	–
Russia	5,296,406	99	3,661,583	99
Kazakhstan	–	0	–	–
Total	5,296,406	99	3,661,583	99

Shares with limited liquidity (Level 3 in fair value hierarchy IFRS 13)

in CHF	30.06.2021	31.12.2020
Financial Assets at fair value through profit or loss		
At fair value		
as of January 1 st	–	(61,248)
Reclassification Level 1	–	–
Reclassification Level 2	–	–
Sale	–	49,315
(Loss)/gain in profit or loss	–	–
as of June 30	–	(11,933)
Total loss in other comprehensive income	–	–
Other changes	–	–

Fees, Securities and Capital Structure

// Advisory Contracts/Mandate agreements

Since the beginning of the year 2017 Weissenstein & Partner AG, Zürich ("W&P") serves as an advisor to EEII on the basis of a mandate agreement. Since then W&P provides services to EEII on the basis of a Mandate Agreement. EEII's Board of Directors conferred on W&P responsibilities for tasks such as financial & investment advisory, monitoring, reporting as well as regulatory and compliance. W&P's compensation is fixed with no variable components. W&P's compensation amounted to CHF 57,680 for the first half of 2021.

// Shares

Listed on Swiss Exchange (SWX) on January 21st, 1999 (Valor 716295). Nominal value: CHF 7.10. In total, 1,527,510 shares have been issued (see capital structure).

// Weekly NAV information

Bloomberg: EEII SW
www.eeii.ch

// Capital structure

As of June 30th, 2021 the Company's share capital consisted of 1,527,510 ordinary bearer shares with a nominal value of CHF 7.10 per share (Security No. 716 295/ISIN Code CH007162958). Each share represents one voting right. As per June 30th, 2021 Gehold SA, Zug owned 92.41 % of the outstanding shares of the Company.

Organization, Related Parties, Management, Advisor and Address

Registered office EEII AG

Alpenstrasse 15
P.O. Box 7863
6302 Zug
Switzerland

Management of the Company

Marcus H. Bühler, CEO

Advisor

Weissenstein & Partner AG
Bleicherweg 45
8002 Zürich
Switzerland

Team of the Advisor

- › Roland Sager, Weissenstein & Partner AG
- › Christoph Offenhäuser, Weissenstein & Partner AG

Custodians

UBS AG
Baarerstrasse 14a
6300 Zug
Switzerland

First Ukrainian International Bank
4, Andriivska Street
04070 Kyiv
Ukraine

LLC Custodian Garant
4/26, Sholom-Aleichem Street
49044 Dnipro
Ukraine

Administrator

Moore Stephens Zug AG
Alpenstrasse 15
P.O. Box 7863
6302 Zug
Switzerland

Auditor

BDO Ltd
Schiffbaustrasse 2
8031 Zurich
Switzerland

For general inquiries

Weissenstein & Partner AG
Bleicherweg 45
8002 Zürich
Switzerland
Phone +41 44 552 43 43
www.weissenstein-partner.ch
contact@weissenstein-partner.ch

EEII AG

Alpenstrasse 15
P.O. Box 7863
6302 Zug
Switzerland
Phone +41 41 729 42 80
Fax +41 41 729 42 29
www.eeii.ch

