



AB KLAIPĖDOS NAFTA

**INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS,
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION**

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021
(UNAUDITED)**



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STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		31-03-2021 <i>(unaudited)</i>	31-12-2020 <i>(audited)</i>	31-03-2021 <i>(unaudited)</i>	31-12-2020 <i>(audited)</i>
ASSETS					
Non-current assets					
Intangible assets		447	496	262	288
Property, plant and equipment	3	200,460	201,845	200,348	201,719
Right-of-use assets	3	353,430	357,053	353,430	357,053
Non-current contract assets and long-term receivables	7	218	349	218	349
Investment in subsidiaries		-	-	4,553	4,553
Investment in associates		203	256	203	256
Total non-current assets		554,758	559,999	559,014	564,218
Current assets					
Inventories	5	2,195	2,415	2,176	2,397
Trade receivables and other receivables	6	11,713	10,646	10,827	9,941
Contract assets	7	889	1,311	889	1,311
Prepaid income tax		349	349	349	349
Short term deposits	8	24,000	24,000	24,000	24,000
Other financial assets		1,426	1,898	1,426	1,898
Cash and cash equivalents	9	52,122	51,076	48,578	47,433
Total current assets		92,694	91,695	88,245	87,329
Total assets		647,452	651,694	647,259	651,547

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Explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	Group		Company	
		31-03-2021 <i>(unaudited)</i>	31-12-2020 <i>(audited)</i>	31-03-2021 <i>(unaudited)</i>	31-12-2020 <i>(audited)</i>
EQUITY AND LIABILITIES					
Equity					
Share capital	1	110,315	110,505	110,315	110,505
Share premium		4,002	4,002	4,002	4,002
Own shares		-	(267)	-	(267)
Reserve		68,947	68,947	68,947	68,947
Foreign currency translation reserve		(108)	(72)	-	-
Retained earnings		24,065	33,211	24,000	33,272
Total equity		207,221	216,326	207,264	216,459
Non-current amounts payable and liabilities					
Deferred income tax liability		6,445	8,605	6,445	8,605
Non-current employee benefits		628	632	628	632
Loans	10	98,924	92,704	98,924	92,704
Deferred government grants	11	5,729	5,817	5,729	5,817
Lease liabilities	10	266,222	265,339	266,222	265,339
Total non-current amounts payable and liabilities		377,948	373,097	377,948	373,097
Current amounts payable and liabilities					
Current employee benefits		27	43	27	43
Loans	10	3,904	3,806	3,904	3,806
Lease liabilities	10	42,098	40,280	42,098	40,280
Trade payables and other liabilities	12	7,397	7,946	7,254	7,720
Derivatives	13	-	1,946	-	1,946
Payroll related liabilities	14	2,801	2,731	2,708	2,677
Provisions		2,401	1,709	2,401	1,709
Contract liabilities		3,655	3,810	3,655	3,810
Total current amounts payable and liabilities		62,283	62,271	62,047	61,991
Total equity and liabilities		647,452	651,694	647,259	651,547

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		For the three months period ended	For the three months period ended	For the three months period ended	For the three months period ended
		31 March 2021 <i>(unaudited)</i>	31 March 2020 <i>(unaudited)</i>	31 March 2021 <i>(unaudited)</i>	31 March 2020 <i>(unaudited)</i>
Revenue from contracts with customers	15	15,673	20,009	14,960	19,773
Cost of sales	16	(13,208)	(12,634)	(12,978)	(12,516)
Gross profit		2,465	7,375	1,982	7,257
Operating expenses		(1,897)	(1,989)	(1,672)	(1,784)
Other income and (expenses)		8	10	8	10
Profit from operating activities		576	5,396	318	5,483
Income from financial activities	17	1,880	72	1,880	72
Expenses from financial activities	17	(13,554)	(5,662)	(13,499)	(5,662)
Share of the associate's profit or (loss)		(53)	-	(53)	-
Profit before tax		(11,151)	(194)	(11,354)	(107)
Income tax (expenses)		2,082	(183)	2,159	(183)
Profit for the year		(9,069)	(377)	(9,195)	(290)
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Exchange differences on translation of foreign operations		(36)	(16)	-	-
Total comprehensive income, net of tax		(9,105)	(393)	(9,195)	(290)
Profit attributable to:					
The shareholders of the Company		(9,069)	(377)	-	-
Non-controlling interests		-	-	-	-
Total comprehensive income attributable to:					
The shareholders of the Company		(9,105)	(393)	-	-
Non-controlling interests		-	-	-	-
Basic and diluted earnings (losses) per share, in EUR	18	(0,024)	(0,001)	-	-

Explanatory notes are an integral part of these financial statements,

STATEMENT OF CHANGES IN EQUITY

Group

	Notes	Share	Share	Own	Legal	Reserve	Other	Foreign	Retained	Total
		capital	premium	shares (-)	reserve	for own	reserves	currency	earnings	
						shares		translation		
								reserve		
Balance as at 31 December 2019 (audited)		110,476	3,993	(267)	11,038	15,929	42,057	-	7,423	190,649
Net profit for the three months		-	-	-	-	-	-	-	(377)	(377)
Other comprehensive income		-	-	-	-	-	-	(16)	-	(16)
Total comprehensive income		-	-	-	-	-	-	(16)	(377)	(393)
Balance as at 31 March 2020 (unaudited)		110,476	3,993	(267)	11,038	15,929	42,057	(16)	7,046	190,256
Balance as at 31 December 2020 (audited)		110,505	4,002	(267)	11,048	15,929	41,970	(72)	33,211	216,326
Net profit for the three months		-	-	-	-	-	-	-	(9,069)	(9,069)
Other comprehensive income		-	-	-	-	-	-	(36)	-	(36)
Total comprehensive income		-	-	-	-	-	-	(36)	(9,069)	(9,105)
Decrease in share capital	1	(190)	-	267	-	-	-	-	(77)	-
Balance as at 31 March 2021 (unaudited)		110,315	4,002	-	11,048	15,929	41,970	(108)	24,065	207,221

Explanatory notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONT'D)

Company

	Notes	Share capital	Share premium	Own shares (-)	Legal reserve	Reserve for own shares	Other reserves	Retained earnings	Total
Balance as at 31 December 2019 (audited)		110,476	3,993	(267)	11,038	15,929	42,057	7,947	191,173
Net profit for the three months		-	-	-	-	-	-	(290)	(290)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	(290)	(290)
Balance as at 31 March 2020 (unaudited)		110,476	3,993	(267)	11,038	15,929	42,057	7,657	190,883
Balance as at 31 December 2020 (audited)		110,505	4,002	(267)	11,048	15,929	41,970	33,272	216,459
Net profit for the three months		-	-	-	-	-	-	(9,195)	(9,195)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	(9,195)	(9,195)
Decrease in share capital	1	(190)	-	267	-	-	-	(77)	-
Balance as at 31 March 2021 (unaudited)		110,315	4,002	-	11,048	15,929	41,970	24,000	207,264

Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	Group		Company	
		For the three months period ended	For the three months period ended	For the three months period ended	For the three months period ended
		31 March 2021 <i>(unaudited)</i>	31 March 2020 <i>(unaudited)</i>	31 March 2021 <i>(unaudited)</i>	31 March 2020 <i>(unaudited)</i>
Cash flows from operating activities					
Net profit		(9,069)	(377)	(9,195)	(290)
Adjustments for non-cash items					
Depreciation and amortization	3	6,690	6,612	6,673	6,612
Change in vacation reserve	14	118	98	111	87
Change in provisions		692	(20)	692	(20)
Change in non-current liabilities for employees		(21)	21	(21)	21
Contract assets	7	553	(145)	553	(145)
Income tax expenses		(2,082)	183	(2,159)	183
Share of (profit) or loss of equity-accounted investees		53	-	53	-
Change in allowance for doubtful trade and other receivables	6	-	171	-	171
Interest income	17	-	(30)	-	(30)
Interest expenses	17	569	573	569	573
Other financial expenses (income)	13	(2,041)	-	(2,041)	-
Currency impact from lease liabilities	17	12,877	6,853	12,877	6,853
Other non-cash adjustments		(39)	255	1	269
		8,300	14,194	8,113	14,284
Changes in working capital					
(Increase) decrease in inventories	5	221	203	220	203
Decrease (increase) in trade and other accounts receivable	6	(499)	151	(319)	290
Increase (decrease) in trade and other payables	12	(451)	(1,359)	(288)	(1,422)
Increase (decrease) in contract liabilities		(154)	(101)	(154)	(101)
Increase (decrease) in payroll related liabilities	14	(46)	57	(81)	32
		7,371	13,145	7,491	13,286
Income tax (paid)		-	-	-	-
Interest received	17	-	30	-	30
Net cash flows from (used in) operating activities		7,371	13,175	7,491	13,316
Cash flows from investing activities					
(Acquisition) of property, plant, equipment and intangible assets	4	(2,110)	(3,532)	(2,131)	(3,532)
Income from sales of non-current assets		-	1	-	1
Short term deposits (placed)/received	8	-	5,000	-	5,000
Net cash flows from (used in) investing activities		(2,110)	1,469	(2,131)	1,469

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CASH FLOW STATEMENT (CONT'D)

	Notes	Group		Company	
		For the three months period ended 31 March 2021 <i>(unaudited)</i>	For the three months period ended 31 March 2020 <i>(unaudited)</i>	For the three months period ended 31 March 2021 <i>(unaudited)</i>	For the three months period ended 31 March 2020 <i>(unaudited)</i>
Cash flows from financing activities					
Loans received received	10	6,707	6,215	6,707	6,215
Loans (paid)	10	(492)	-	(492)	-
Interest and fee related to loans (paid)		(8)	(313)	(8)	(313)
Lease liabilities (paid)	10	(9,957)	(11,207)	(9,957)	(11,207)
Interest on lease liabilities (paid)		(465)	(533)	(465)	(533)
Net cash flows from (used in) financing activities		(4,215)	(5,838)	(4,215)	(5,838)
Net increase (decrease) in cash flows		1,046	8,806	1,145	8,947
Cash and cash equivalents on 1 January	9	51,076	41,865	47,433	37,846
Cash and cash equivalents on 31 March	9	52,122	50,671	48,578	46,793

Explanatory notes are an integral part of these financial statements.

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AB Klaipėdos nafta (hereinafter “the Parent Company” or “the Company”) is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is as follows: Burių str. 19, 92276 Klaipėda, Lithuania. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as “the Group”).

The subsidiaries are these:

- UAB SGD logistika, a subsidiary (hereinafter “the subsidiary UAB SGD logistika”). The address is as follows: Burių g. 19, 92276 Klaipėda, Lithuania.
- UAB SGD terminalas, a subsidiary (hereinafter “the subsidiary UAB SGD terminalas”). The address is as follows: Burių g. 19, 92276 Klaipėda, Lithuania.
- UAB SGD SPB, a subsidiary of UAB SGD logistika (hereinafter “the subsidiary UAB SGD SPB”). The address is as follows: Burių g. 19, 92276 Klaipėda, Lithuania.
- KN Acu Servicos de Terminal de GNL LTDA (hereinafter “the subsidiary KN Acu Servicos de Terminal de GNL LTDA”). The address is as follows: F66 Fazenda Saco Dantas s/n, Distrito Industrial, Area 1 and Area 2, 28200-000 São João da Barra, State of Rio de Janeiro

The main activities of the Group and the Company include operation of oil terminal, oil products transshipment services and other related services, as well as operation of the liquefied natural gas terminal (hereinafter referred to as “LNGT”) primarily dedicated to receive and store liquefied natural gas, regasify it and supply it to Gas Grid.

National Energy Regulatory Council (hereinafter referred to as “NERC”) issued Natural Gas Regasification License to the Company on 27 November 2014.

The Company was established by AB Naftos Terminalas (Lithuania) and Lancaster Steel Inc, (USA) acquiring 51% and 49% of shares respectively, The Company was registered on 27 September 1994.

As at 11 January 2021 a new version of the Company’s Articles of Association was registered within the Register of Legal Entities of the Republic of Lithuania following the decrease of the authorised capital of the Company, which is now equal to EUR 110,315,009.65 and divided into 380,396,585 units of shares, which grant 380,396,585 votes. The Ministry of Finance of the Republic of Lithuania granted the Company permission to decrease the authorised capital of the Company by cancelling 655,808 units of Company’s acquired own shares which each nominal value EUR 0.29.

The Company has not acquired any own shares and has arranged no deals regarding acquisition or transfer of its own shares during the three months of the year 2021 and 2020.

The Company’s shares are listed in the Baltic Main List on the NASDAQ Vilnius Stock Exchange (ISIN code LT0000111650, abbreviation KNF1L).

As at 31 March 2021 and 31 March 2020 the shareholders of the Company were:

	31 March 2021		31 March 2020	
	Number of shares held (thousand)	Part of ownership (%)	Number of shares held (thousand)	Part of ownership (%)
State of Lithuania represented by the Ministry of Energy (Gediminas av, 38/2, Vilnius, 302308327)	275,687	72.47	275,587	72.34
Concern UAB Achemos grupė (Jonalaukis village, Jonava district, 156673480)	39,663	10.43	39,650	10.41
Other (less than 5 per cent each)	65,047	17.10	65,715	17.25
Total	380,397	100.00	380,952	100.00

The Parent Company controls subsidiary UAB SGD logistika, which activities are these: expansion of operation of international LNG terminal activities, LNG transportation activities and other economic activities. The Company owns 100% of voting rights of this subsidiary.

The Parent Company also controls subsidiary UAB SGD terminalas. The purpose of is to perform activities of operating and managing a whole structure of LNG terminal in Klaipėda. The subsidiary is currently inactive. The Company owns 100% of voting rights of this subsidiary.

The subsidiary UAB SGD SPB became part of the Group in October 2019. The purpose of UAB SGD SPB is to participate in the projects of liquefied natural gas. This subsidiary may carry out expansion of operation activities of international LNG terminals by investing and establishing other companies in Lithuania and abroad. UAB SGD SPB owned by 100% UAB SGD logistika.

1 GENERAL INFORMATION (CONT'D)

On 13 December 2019 the subsidiary of UAB SGD logistika (90%) and UAB SGD SPB (10%) – limited liability company – KN Açu Servicos de Terminal de GNL LTDA was established in Federal Republic of Brazil. The purpose of KN Açu Servicos de Terminal de GNL LTDA is to provide operations and maintenance services for liquefied natural gas terminal at the port of Açu. KN Açu Servicos de Terminal de GNL LTDA started its activities in 2020.

The average number of employees of the Group on 31 March 2021 was 406 (381 – on 31 March 2020).

The average number of employees of the Company on 31 March 2021 was 374 (364 – on 31 March 2020).

2 ACCOUNTING PRINCIPLES

The financial statements are presented in Euro and all values are rounded to the nearest thousand (EUR 000), except when otherwise indicated. The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter the EU).

The Group and Company applies the same accounting policies and the same calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2020. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2020.

These financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below.

The financial year of the Company coincides with the calendar year.

The numbers in tables may not coincide due to rounding of particular amounts to EUR thousand, such rounding errors are not material in these financial statements.

3 NON-CURRENT TANGIBLE ASSETS

Part of the Group and the Company's property, plant and equipment with the acquisition cost of EUR 40,132 thousand as on 31 March 2021 was completely depreciated (EUR 40,019 thousand on 31 December 2020), however, it was still in operation.

The depreciation of the Group's and the Company's non-current tangible assets for the three months of 2021 amounts to EUR 3,083 thousand and EUR 3,066 thousand respectively (EUR 2,948 thousand – in three months of 2020). EUR 3,097 thousand of Group's and EUR 3,080 thousand of Company's depreciation charge has been included into cost of sales (EUR 2,880 thousand – in three months of 2020), EUR 88 thousand was reimbursement of the costs according to the grant agreement (EUR 134 thousand – in three months of 2020) and the remaining amount EUR 74 thousand (EUR 69 thousand – in three months of 2020) has been included into operating expenses in the Statement of comprehensive income of both, the Group and the Company.

During the three months of 2021 the Group and the Company additionally calculated depreciation costs, amounting to EUR 3,607 thousand, according to IFRS 16 "Leases" (EUR 3,724 thousand – in three months of 2020).

4 OPERATING SEGMENTS

The Management of the Group and the Company has identified the following business segments:

- LNGT – LNG terminal in Klaipėda which receives and stores liquefied natural gas, regasifies and supplies it to Gas Main pipeline;
- OT – Oil terminal in Klaipėda and Subačius oil terminal in Kupiškis who are providing oil products transshipment, services of long-term storage of oil products and other services related to oil products transshipment;
- comLNG – LNG commercial activities - includes LNG reloading station and execution of other LNG projects.

Main indicators of the business segments of the Group and the Company included into the statement of comprehensive income for the financial year as of 31 March 2021 and statement of financial position as of 31 March 2020, are described below:

Group

For the three months period ended 31 March 2021	LNGT	OT	comLNG	Total
Revenues from contracts with customers	8,937	5,365	1,371	15,673
Profit before income tax	(10,392)	(758)	(1)	(11,151)
Segment net profit (loss)	(8,495)	(537)	(37)	(9,069)
Interest revenue	-	-	-	-
Loan interest expense	(111)	-	-	(111)
Interest on financial lease liabilities	(380)	(76)	(2)	(458)
Depreciation and amortisation	812	1,910	361	3,083
Depreciation of right-of-use-assets	3,439	140	28	3,607
Write-off of non-current assets	-	-	-	-
Acquisitions of tangible and intangible assets	5	1,754	2	1,761
Segment total assets*	389,997	154,749	26,584	571,330
Loan and related liabilities	102,887	(20)	(39)	102,828
Lease liabilities	292,661	15,292	367	308,320
Segment total liabilities	417,182	18,990	4,059	440,231

Group

For the three months period ended 31 March 2020	LNGT	OT	comLNG	Total
Revenues from contracts with customers	11,448	7,549	1,012	20,009
Profit before income tax	(1,693)	1,895	(396)	(194)
Segment net profit (loss)	(1,783)	1,806	(400)	(377)
Interest revenue	7	23	-	30
Loan interest expense	(24)	-	-	(24)
Interest on financial lease liabilities	(469)	(78)	(2)	(549)
Depreciation and amortisation	808	1,743	472	3,023
Depreciation of right-of-use-assets	3,527	175	22	3,724
Write-off of non-current assets	-	(1)	-	(1)
Acquisitions of tangible and intangible assets	66	1,370	17	1,453
Segment total assets*	401,139	165,212	28,293	594,644
Loan and related liabilities	79,355	(20)	(42)	79,293
Lease liabilities	354,747	15,645	461	370,853
Segment total liabilities	451,390	14,047	5,622	471,059

*Segment total assets** - total assets of the Group, excluded Cash and cash equivalents and short-term deposits at the period end.

5 INVENTORIES

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Oil products for sale	361	499	361	499
Diesel fuel for the LNG Terminal purpose	237	269	237	269
Liquefied natural gas	48	48	48	48
Fuel for transport and other equipment	37	39	37	39
Spare parts, construction materials and other inventories	1,512	1,560	1,493	1,542
Total inventories	2,195	2,415	2,176	2,397

As at 31 March 2021 and 31 December 2020 the Group and the Company didn't have any inventories items needed impairment allowance of inventories.

As of 31 March 2021, the Group and the Company also had 1.3 thousand tons of heavy oil products for sale, that was collected in the Wastewater Treatment Facilities (3.4 thousand tons of heavy oil products as of 31 December 2020).

As of 31 March 2021, the Group and the Company stored 1.4 thousand MWh (as of 31 December 2020 – 1.4 thousand MWh) (the quantities are unaudited) natural gas in the connecting pipeline for the Liquefied Natural Gas Terminal activities.

6 TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Trade receivable	9,816	9,551	9,340	9,167
Prepayments	428	391	405	371
Other receivable	1,469	704	1,082	403
Total	11,713	10,646	10,827	9,941

Trade and other receivables are non-interest bearing and are generally settled on 6 - 15 days payment terms.

Trade receivable disclosed below:

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Receivables from LNG terminal activities	67,028	8,126	7,075	8,202
Receivables for transshipment of oil products and other related services	4,487	3,187	4,487	3,187
Receivable for operating and management services	523	460	-	-
Less: impairment allowance	(2,222)	(2,222)	(2,222)	(2,222)
Total	9,816	9,551	9,340	9,167

The Group and the Company has recognized impairment allowance in the amount of EUR 2,222 thousand on 31 March 2021 and 31 December 2020.

No change in allowance for trade receivables for three months of 2021 accounted. For three months of 2020 allowance accounted for EUR 171 thousand has been included into operating expenses in the statement of the comprehensive income of both, the Group and the Company.

7 CONTRACT ASSETS

The Group and the Company

	31-03-2021	31-12-2020
Non-current contract assets:		
Accrued rent income (1)	218	349
	<u>218</u>	<u>349</u>
Current contract assets:		
Accrued rent income (1)	599	624
Accrued income (2)	290	687
	<u>889</u>	<u>1,311</u>

- (1) As at 31 March 2021 and 31 December 2020 contract assets amounts long-term rent revenue accrual arising from Subačius fuel storage reservoirs rent agreement.

Subačius fuel storage reservoirs rent agreement signed with the Lithuanian petroleum products Agency in 2012 for the duration of 10 years is treated. The rent tariffs are different for the first 5 years and for the remaining period. Therefore, the income is recognized on a straight-line basis over the term of an agreement, i.e. the income is calculated on average tariff of the all agreement term (10 years), balances as of 31 March 2021 and 31 December 2020 respectively amounted to 817 thousand EUR and 973 thousand EUR, part of the accrued income is presented under short-term contract assets (EUR 218 thousand as of 31 March 2021 and EUR 349 thousand as of 31 December 2020).

- (2) Accrued income for storage of oil products as of 31 March 2021 and of 31 December 2020 calculated as percentage of completion based on expenses incurred from the total estimated cost of contracted services. Upon completion of transshipment of oil products and acceptance by the customer, the amounts initially recognized as contract assets are reclassified as trade receivables.

8 SHORT TERM DEPOSITS

The Group and the Company

	31-03-2021	31-12-2020
Short-term bank deposits at the commercial banks	24,000	24,000

As of 31 March 2021 and 31 December 2020, the Group and the Company had 6 term deposits at banks, amounted to EUR 24,000 thousand, with maturity of more than 3 months. Annual interest rate is 0.07% for all 6 agreements signed.

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Cash at bank	52,122	51,076	48,578	47,433

Calculated values of cash and cash equivalents are denominated in the following currencies:

Currency	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
EUR	51,965	46,347	48,558	43,133
USD	20	4,300	20	4,300
BRL	137	429	-	-
	<u>52,122</u>	<u>51,076</u>	<u>48,578</u>	<u>47,433</u>

9 CASH AND CASH EQUIVALENTS (CONT'D)

The Management of the Group and the Company considered potential impairment losses on cash held in banks as per IFRS 9 requirements, Assessment is based on official Standard & Poor's long-term credit ratings:

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
A +	7,304	7,246	3,897	4,032
AA -	33,501	34,717	33,501	34,717
BBB+	11,180	8,684	11,180	8,684
BB-	137	429	-	-
	<u>52,122</u>	<u>51,076</u>	<u>48,578</u>	<u>47,433</u>

10 LOANS AND LEASE LIABILITIES

Loans

Group and Company

	31-03-2021	31-12-2020
European Investment Bank's loan	50,644	51,133
Nordic Investment Bank's loan	52,217	45,481
Guarantee payment to the Ministry of Finance to the Republic of Lithuania	(133)	(134)
Payable loan interest	100	30
	<u>102,828</u>	<u>96,510</u>

Lease liabilities

Group and Company

	31-03-2021	31-12-2020
Lease liabilities	<u>308,320</u>	<u>305,619</u>

Lease liabilities as at 31 March 2021 can be specified as follows:

	FSRU lease	Jetty rent	Land rent	Other*	Total
Long-term lease liabilities	246,051	5,067	15,086	18	266,222
Short-term lease liabilities	41,468	74	322	234	42,098
	<u>287,519</u>	<u>5,141</u>	<u>15,408</u>	<u>252</u>	<u>308,320</u>

Lease liabilities as at 31 December 2020 can be specified as follows:

	FSRU lease	Jetty rent	Land rent	Other*	Total
Long-term lease liabilities	245,026	5,101	15,167	45	265,339
Short-term lease liabilities	39,596	74	320	290	40,280
	<u>284,622</u>	<u>5,175</u>	<u>15,487</u>	<u>335</u>	<u>305,619</u>

* Other comprises lease of transport vehicles, office rent, other.

11 GRANTS RELATED TO ASSETS

The Group and the Company

	31-03-2021	31-12-2020
Balance at the beginning of the period	5,817	5,988
Received during the year	-	223
Amortisation	(88)	(394)
Balance at the end of the period	5,729	5,817

12 TRADE PAYABLES AND OTHER LIABILITIES

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Trade payables	6,274	6,544	6,193	6,511
Other payables and current liabilities	1,123	1,402	1,061	1,209
	<u>7,397</u>	<u>7,946</u>	<u>7,254</u>	<u>7,720</u>

Trade payables disclosed below:

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Payables for FSRU rent	4,470	4,558	4,470	4,558
Payable to contractors	351	726	351	726
Other payments related FSRU	528	333	528	333
Payable for rent of land	377	285	377	285
Payable for railway services	180	231	180	231
Payable for gas services	-	65	-	65
Other trade payables	368	346	287	313
	<u>6,274</u>	<u>6,544</u>	<u>6,193</u>	<u>6,511</u>

On 31 March 2021 trade payables of EUR 4,666 thousand were denominated in USD (on 31 December 2020 – EUR 5,249 thousand).

Trade payables are non-interest bearing and are normally settled on 30-day payment terms.

13 DERIVATIVES

Derivatives disclosed below:

Group and Company

	31-03-2021	31-12-2020
Derivatives	-	1,946

As of 31 March 2021 the Group and the Company accounted derivatives under other financial assets for the total amount EUR 128 thousand. The change in derivatives for the three months of 2021 accounted for EUR 1,870 thousand as income from derivatives.

Due to the specifics of the business, the Group and the Company are exposed to the risk of EUR/USD foreign exchange rate fluctuations due to FSRU lease payments in US dollars. The Group and the Company hedge against changes in EUR/USD exchange rates by using futures contracts. When derivatives are realized, the result is recorded in the statement of other comprehensive income each calendar month. The fair value as at the end of reporting period is confirmed by SEB bank. The maturity term of future agreements is 31 December 2021.

14 LIABILITIES RELATED TO LABOUR RELATIONS

	Group		Company	
	31-03-2021	31-12-2020	31-03-2021	31-12-2020
Accrued vacation reserve	1,248	1,130	1,189	1,077
Accrual of annual bonuses	662	646	646	646
Salaries payable	452	518	452	517
Social insurance payable	250	249	239	249
Income tax payable	182	185	182	185
Other deductions	7	3	-	3
	<u>2,801</u>	<u>2,731</u>	<u>2,708</u>	<u>2,677</u>

15 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
Income from LNGT services regulated by NERC	7,347	9,625	7,347	9,625
Sales of oil transshipment services	4,843	7,007	4,843	7,007
Other sales related to LNG terminals activity	2,787	2,113	2,074	1,877
Other sales related to transshipment	321	377	321	377
Sales of inventories	202	170	202	170
Sales of consulting services	173	717	173	717
	<u>15,673</u>	<u>20,009</u>	<u>14,960</u>	<u>19,773</u>

In December 2020 the client of the Company BNK (UK) Limited has informed about the temporary suspension of oil products sales through Klaipėda. In the future tenders announced by BNK Klaipėda will not be indicated as their sales point. All contracts between BNK and the Company remain in force, but the contractual obligations are suspended until further notice.

16 COST OF SALES

	Group		Company	
	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
Depreciation of right-of-use asset	3,525	3,640	3,525	3,640
Depreciation and amortisation (incl. amortisation of grants)	3,009	2,810	2,992	2,810
Wages, salaries and social security	2,095	2,028	1,962	1,965
Expenses related to FSRU rent (OPEX element, management, crew cost)	1,423	1,424	1,423	1,424
Emission allowances	692	112	692	112
Natural gas	477	533	477	533
Port charges	381	385	381	385
Electricity	351	232	351	232
Repair and maintenance of assets	271	145	262	145
Railway services	195	400	195	400
Contribution for National Energy Regulatory Council (NERC)	149	243	149	243
Cleaning expenses	124	62	124	62
Tax on real estate	122	91	122	91
Insurance	112	102	98	102
Work safety costs	70	89	70	77
	<u></u>	<u></u>	<u></u>	<u></u>

16 COST OF SALES (CONT'D)

	Group		Company	
	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
Services for tankers	41	54	41	54
Transport	38	68	33	68
Tax on environmental pollution	13	67	13	67
Other	120	149	68	106
	<u>13,208</u>	<u>12,634</u>	<u>12,978</u>	<u>12,516</u>

17 INCOME (EXPENSES) FROM FINANCIAL AND INVESTMENT ACTIVITIES

	Group		Company	
	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
Income from financial derivatives	1,870	-	1,870	-
Fines income	6	42	6	42
Interest income	-	30	-	30
Other financial income	4	-	4	-
Financial activity income, total	<u>1,880</u>	<u>72</u>	<u>1,880</u>	<u>72</u>
Losses from currency exchange on the lease liabilities	(12,877)	(5,018)	(12,877)	(5,018)
Interest on the lease liabilities	(458)	(549)	(458)	(549)
Interest expenses	(111)	(24)	(111)	(24)
Losses from currency exchange	(107)	(71)	(53)	(71)
Other financial activity expenses	(1)	-	-	-
Financial activity expenses, total	<u>(13,554)</u>	<u>(5,662)</u>	<u>(13,499)</u>	<u>(5,662)</u>

18 EARNINGS PER SHARE, BASIC AND DILUTED

Basic earnings per share are calculated by dividing net profit of the Group and the Company by the weighted average number of ordinary shares outstanding. Diluted earnings per share equal to basic earnings per share as the Group has no instruments issued that could dilute shares issued.

Basic and diluted earnings per share are as follows:

Group	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
	Net profit (loss) attributable to shareholders	(9,069)
Weighted average number of ordinary shares (thousand)	<u>380,477</u>	<u>380,952</u>
Earnings and reduced earnings (in EUR)	<u>(0.024)</u>	<u>(0.001)</u>

19 RELATED PARTY TRANSACTIONS

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions,

The related parties of the Group and the Company and transactions with them during the three months of 2021 and 2020 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions and other related parties

Group

		Purchases	Sales	Receivable	Payables
State Enterprise Klaipeda State Seaport Authority	2021 three months	582	-	-	372
	2020 three months	580	-	-	228
AB "Amber Grid"	2021 three months	-	7,302	6,523	-
	2020 three months	-	9,625	6,986	-
UAB „Ignitis“	2021 three months	4	348	272	-
	2020 three months	293	802	337	8
Public Institution Lithuanian Energy Agency	2021 three months	-	832	1,007	-
	2020 three months	-	725	877	-
Energijos skirstymo operatorius, AB	2021 three months	146	-	-	54
	2020 three months	130	-	-	49
AB LTG CARGO	2021 three months	196	-	-	28
	2020 three months	411	-	-	102
Other related parties	2021 three months	9	-	-	4
	2020 three months	116	2	1	66
Transactions with related parties, in total:	2021 three months	937	8,482	7,802	458
	2020 three months	1,530	11,154	8,201	453

Company

		Purchases	Sales	Receivable	Payables
State Enterprise Klaipeda State Seaport Authority	2021 three months	582	-	-	372
	2020 three months	580	-	-	228
AB "Amber Grid"	2021 three months	-	7,302	6,523	-
	2020 three months	-	9,625	6,986	-
UAB „Ignitis“	2021 three months	4	348	272	-
	2020 three months	293	802	337	8
Public Institution Lithuanian Energy Agency	2021 three months	-	832	1,007	-
	2020 three months	-	725	877	-
Energijos skirstymo operatorius, AB	2021 three months	146	-	-	54
	2020 three months	130	-	-	49
AB LTG CARGO	2021 three months	196	-	-	28
	2020 three months	411	-	-	102
KN Acu Servicos de Terminal de GNL Ltda	2021 three months	-	211	47	-
	2020 three months	-	138	138	-
Other related parties	2021 three months	9	-	-	4
	2020 three months	116	2	1	66
Transactions with related parties, in total:	2021 three months	937	8,693	7,849	458
	2020 three months	1,530	11,292	8,339	453

19 RELATED PARTY TRANSACTIONS (CONT'D)

Management salaries and other payments

The Group's management consists of the Chief Executive Officer (CEO), Directors and Manager of the subsidiaries.

The Company's management consists of the Chief Executive Officer (CEO) and Directors.

	Group		Company	
	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020	For the three months period ended 31 March 2021	For the three months period ended 31 March 2020
Payroll related costs	159	196	141	172
Number of management	10	11	6	7

During the three months of 2021 and the three months of 2020 the Management of the Group and the Company did not receive any loans, guarantees, or any other payments or property transfers were made or accrued.

20 SUBSEQUENT EVENTS

The Government of the Republic of Lithuania adopted a resolution on 7th of April 2021 amending the Resolution of the Government of the Republic of Lithuania of 14th January 1997 No. 20 "On Dividends for State Owned Shares and Profit Contributions of State-Owned Companies" by addition of Article 31, which provides, inter alia, that the LNG (Liquefied natural terminal) operator shall calculate the share of profits to be paid for dividends for 2020-2024 by eliminating unrealized impact of changes in foreign currency exchange rates and other amounts of unrealized gains (losses).

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Preparation and Submission of Periodic and Additional Information of the Lithuanian Securities Commission, we, Darius Šilenskis, Chief Executive Officer of AB Klaipėdos nafta, Jonas Lenkšas, Chief Financial Officer of AB Klaipėdos nafta, and Rasa Tamaliūnaitė, Chief Accountant hereby confirm that to the best of our knowledge the above-presented unaudited Interim condensed consolidated and separate Financial Statements of AB Klaipėdos nafta for the three months period ended on 31 March 2021, prepared in accordance with the International Financial Reporting Standards as adopted to be used in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of AB Klaipėdos nafta.

Chief Executive Officer

Darius Šilenskis

Chief Financial Officer

Jonas Lenkšas

Chief Accountant

Rasa Tamaliūnaitė