



AB KLAIPĖDOS NAFTA

UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 2021 HY1

July 29, 2021



DARIUS ŠILENSKIS
CHIEF EXECUTIVE OFFICER



INDRĖ KISIELIENĖ
ACTING CHIEF FINANCIAL OFFICER



MISSION AND VISION



COVID-19 IMPACT



2021 Q2 HIGHLIGHTS



FINANCIAL RESULTS



OTHER INFORMATION



BRIDGING ENERGY MARKETS

MISSION

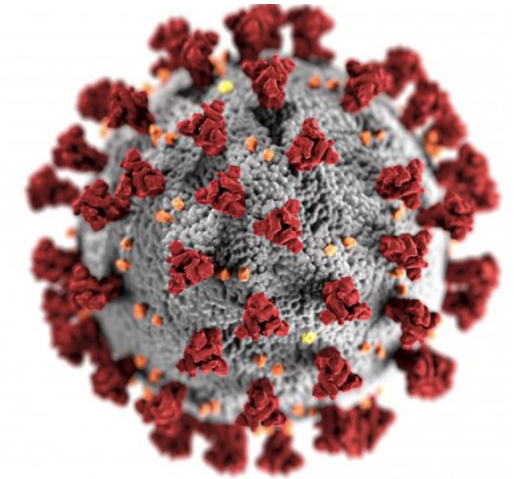
KN ensures safe, reliable and efficient access to global energy markets by sustainable development, investment and operation of multi-functional terminals worldwide. Our aim is to assist our customers on cleaner energy transition and to maintain their competitiveness.

VISION

Top LNG terminals operator worldwide and the most competitive oil and refined products handling hub in the Baltic region.

Priority for the **immunity** to COVID-19

- Currently **more than two thirds of KN employees in Lithuania are immunized** against COVID-19 (are fully vaccinated or have natural immunity after infection). The Company continues to apply various preventive measures to ensure safety of Group's and Company's employees and continuity of business operations.
- In 2021, **KN results will be further impacted by the continuous effect of global pandemics**, which is still influencing oil business segment.
- Given the uncertainty of market conditions, the unpredictable impact of COVID-19 and its prolongation, **KN will carefully monitor the potential developments** in the second half year of 2021 **and will assess the situation accordingly**.



MAY 6

AB “Klaipėdos nafta” closed the list of shareholders for dividend payment on 14-05-2021 at the end of the 10th working day after the General Meeting of Shareholders which adopted the appropriate decision. **KN has paid dividend 0,0198 euros per share** on (starting from) 24-05-2021. **Total amount of dividends paid 7.5 MEUR.**

JUNE 7

After the closure of annual terminal capacities allocation procedure and conclusion of respective agreements, for the period from the 1st of October 2021 until the 30th of September 2022, **LNG regasification capacities were allocated.** Part of the terminal capacities was ordered by the **new terminal user, the Norwegian energy company Equinor ASA.**

JUNE 15

With the permission of the Ministry of Finance of the Republic of Lithuania, obtained by AB Klaipėdos nafta, came into force the Company’s board **decision to increase the authorised capital of the Company’s subsidiary UAB “SGD terminalas”** in the amount of EUR 25 000. The new wording of the Articles of Association of the subsidiary has been registered on July 15th.

MAY 10

Board of the Company adopted the following decision: from 08-05-2021 to elect **Linas Kilda as a Director of UAB “SGD logistika”** subsidiary and from 08-05-2021 to elect **Mindaugas Navikas as a Director of subsidiaries UAB “SGD terminalas” and UAB “SGD SPB”.**

JUNE 8

KN prepared Social Responsibility Report for 2020. Report is prepared following the international Global Reporting Standards (GRI). Report can be found [here](#).

JULY 28

The Board of the Company has **approved the renewed Dividend Policy.** The renewed Dividend Policy provides that the amount of **dividends for the years 2021-2024 is calculated by eliminating** from the Company’s distributable profit **unrealised foreign exchange rates impact and other unrealised gains (losses).**



We continue to strive for efficiency and implement LEAN in the company. In addition to the already established methods - Asaichi, 5S and Kaizen Teian - this year we are starting to implement the VACA method. It is estimated that within 2021H1 Kaizen Teian's method brought use of nearly 190 thousand euro.



MAY. KN, together with consultants from Solomon Associates, has launched a study to assess the competitiveness of KN operated oil terminals through the prism of business processes and resources used. The results of the study will contribute to greater operational efficiency and strengthen the competitiveness of KN.



JUNE. Piotr Naimski, Poland's Government Plenipotentiary for Strategic Energy Infrastructure, visited KN terminals together with Lithuanian Minister of Energy Dainius Kreivis. The guests discussed the energy co-operation between Poland and Lithuania and the possibilities of bilateral economic co-operation between Lithuania and Poland when gas pipeline connection (GIPL) between two countries will begin operating in 2022.



JUNE. In the annual election of the most desirable employers organized by the Lithuanian business daily "Verslo žinios", KN became the most desirable employer in the sector of transport and storage companies, and took the 5th place among all Lithuanian employers.

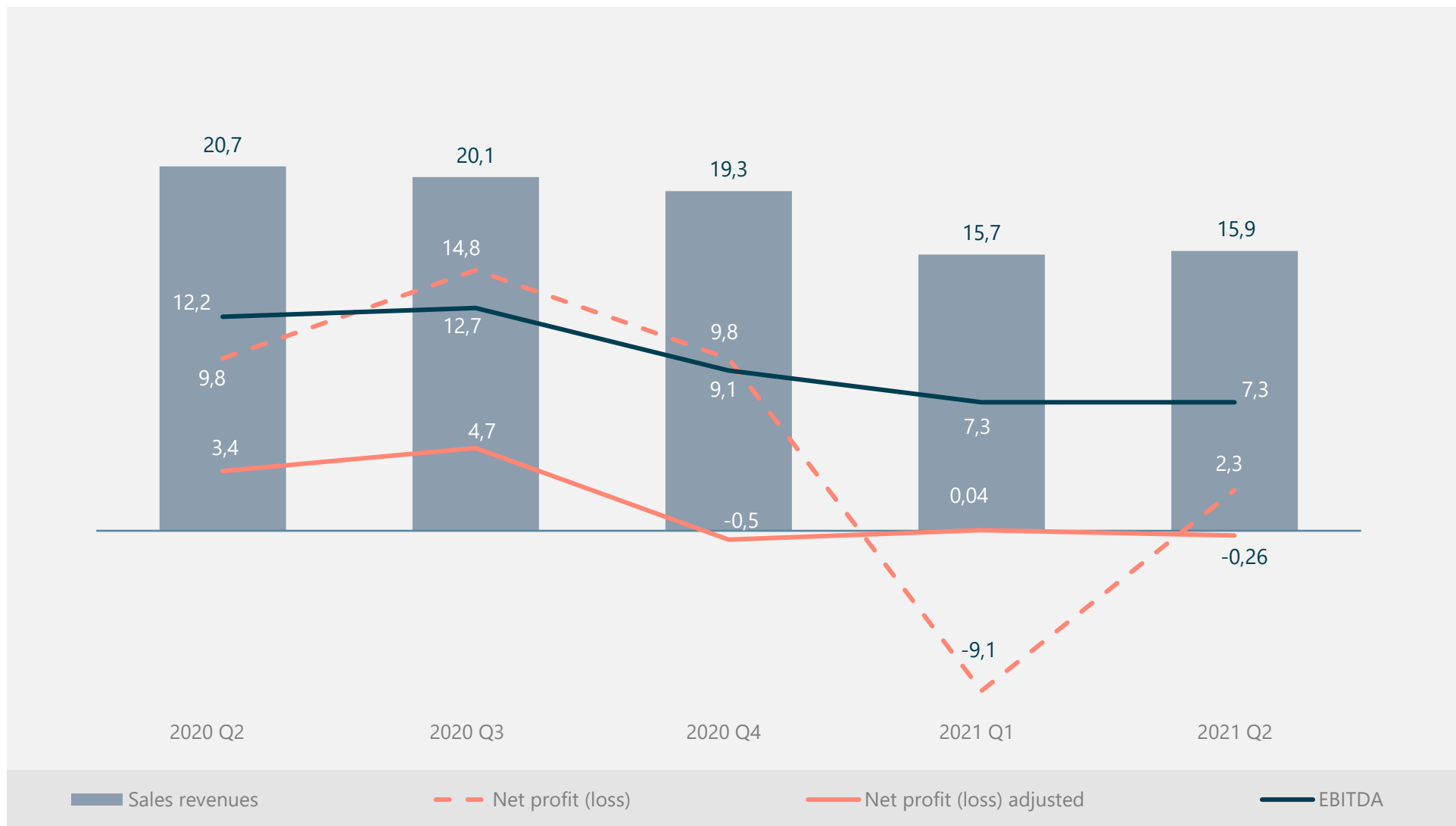


JUNE. Lithuanian Minister of the Environment Simonas Gentvilas visited KN Klaipėda oil terminal and got acquainted with the most important environmental project of this year - a new air pollutant treatment plant, which cleans pollutants collected from 16 oil product tanks and the railway loading platform. The main purpose of this device is to reduce odors generated during activities.

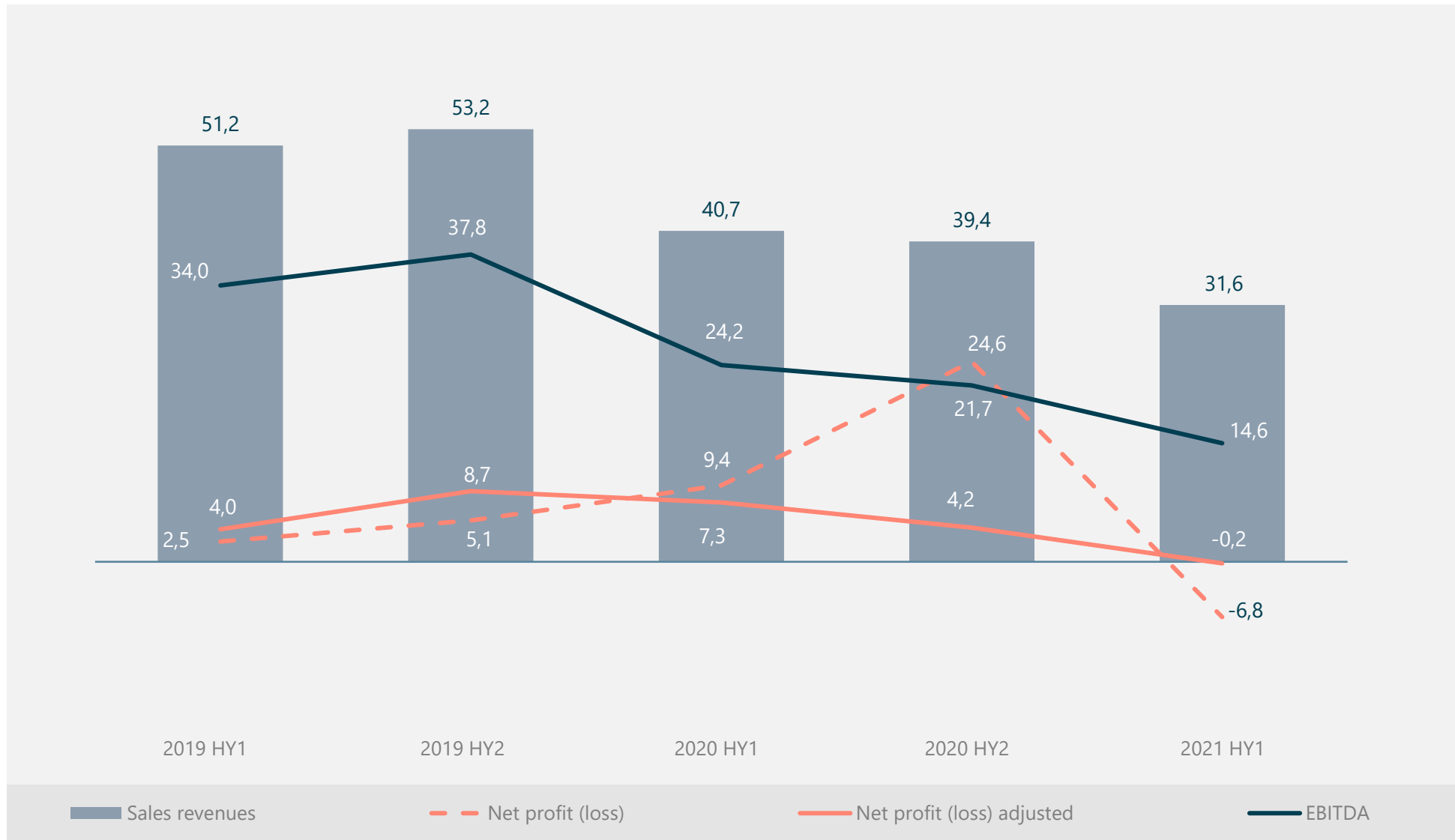
FINANCIAL RESULTS



CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR 2021 Q2, MEUR

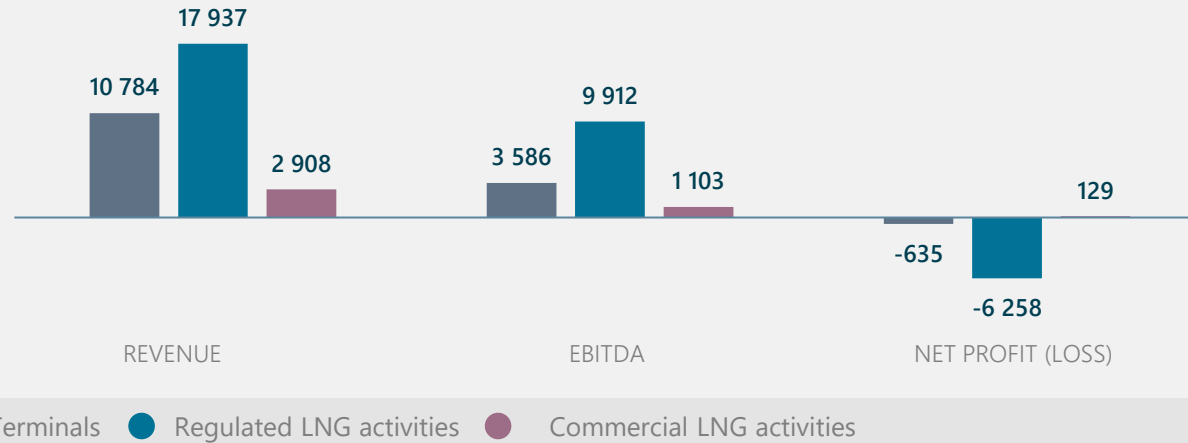


CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR 2021 HY1, MEUR



FINANCIAL RESULTS BY SEGMENTS (UNAUDITED) FOR 2021 HY1, TEUR

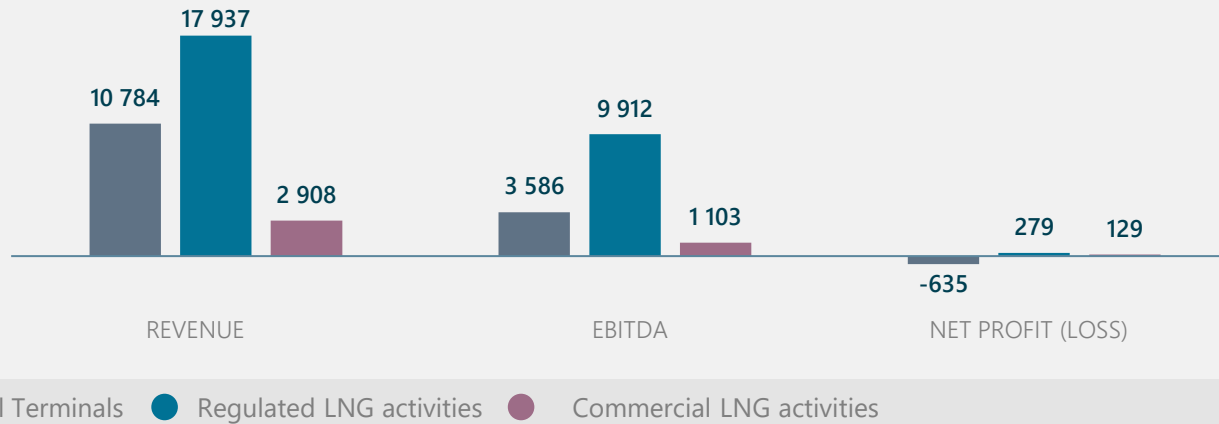
IFRS BASED



SEGMENTS EXPLANATION

- Oil Terminals (OT):**
 - Klaipėda Oil Terminal and
 - Subačius Oil Terminal
- Regulated LNG activities (LNGT):**
 - Klaipėda LNG Terminal
- Commercial LNG activities (comLNG):**
 - small-scale LNG reloading station in Klaipėda
 - operation of LNG terminal in Açu port in Brazil and
 - Business development projects and consultations.

ADJUSTED

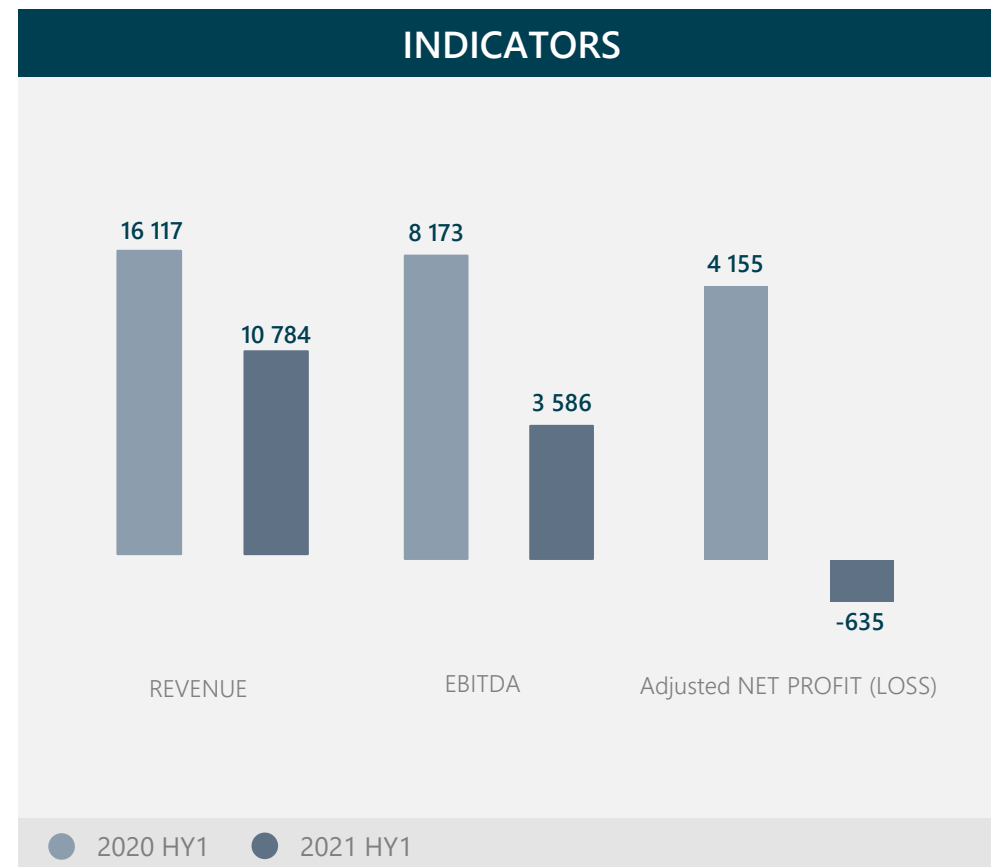


Business factors

- The volumes of oil product handled via Klaipėda oil terminal (KOT) during HY1 2021 were influenced mainly by restrictions in European countries due to COVID-19 pandemic in Q1 as well as the scheduled repair and maintenance works at the plant of one of the main customers in Q2.
- Sanctions to Belarus were introduced by Council Regulation (EU) on 24th June 2021, however it has no direct impact to KN activity, as the company is not transshipping Belorussian cargoes since February 2021.
- The increase of vacant tanks volumes supply because of backwardation market in the beginning of the year intensified competition in oil products storage market, which remained intense throughout the first half of the year.
- Part of the vacant capacity of KOT was rented for gasoline storage until the end of 2021 Q2. Cooperation has been extended by concluding a new contract - for the storage of fuel oil. As well part of the vacant capacity of the terminal was rented for ethanol storage until the end of 2021 Q3.
- KOT extended the cooperation agreements of biofuel handling in 2021 and increased their transshipment by 63% in the first half of the year compared to the same period last year.
- KOT signed contracts and started importing FAME* and MEG** in May.
- KOT has signed a contract for the handling of bitumen, which is scheduled to start in August.

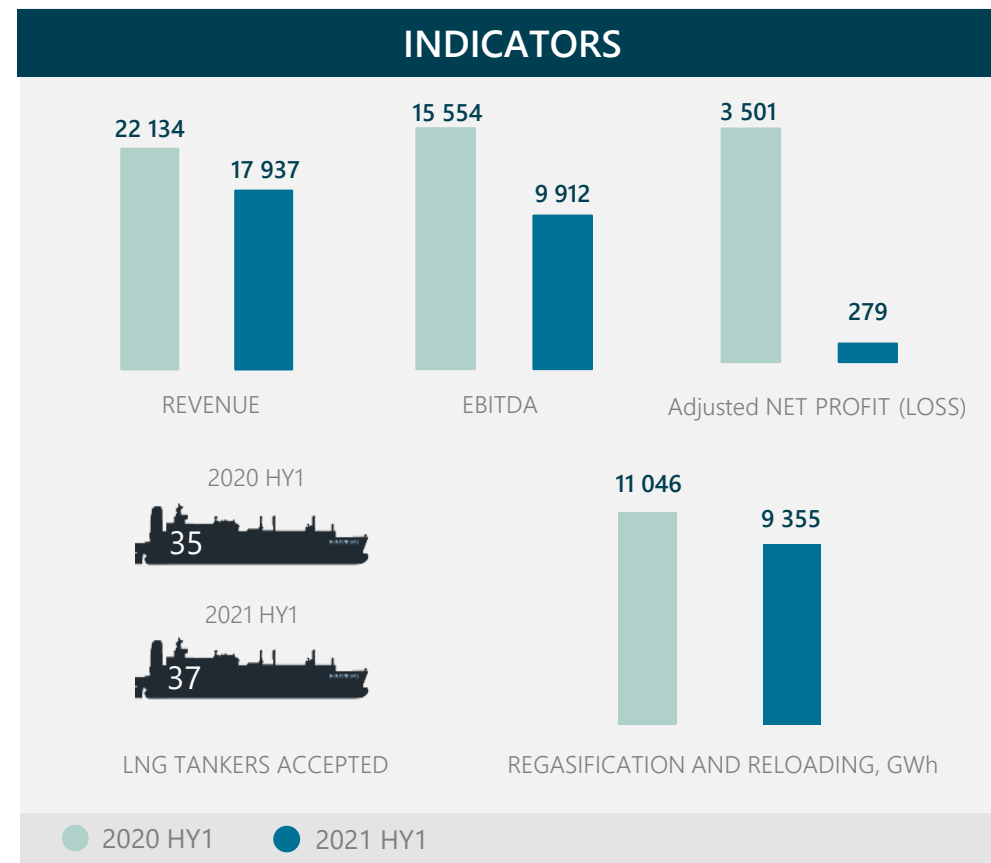
*FAME – Fatty Acid Methyl Ester

** MEG – Monoetilenglicol



Business factors

- In HY1 2021, utilization of Klaipėda's LNG terminal was 42%. The rate is in line with utilization of other European terminals. High LNG demand in Asian markets and record low injections to European gas storages impacted lower utilization rate.
- LNG security supplement reduction impact – 13,4 MEUR for both HY1 2021 and 2020.
- In HY1 2021, 9 large scale and 26 small scale cargoes were accepted for loading and 2 cargoes for reloading operations.
- In HY1 2021, natural gas consumption in Lithuania increased by +17% (up to 14,7 TWh vs 12,6 TWh year ago); imports via the LNG terminal accounted for 64% of supplies.
- In HY1 2021, the average Dutch TTF Natural Gas Index was equal to 19,5 EUR/MWh in comparison to 9,2 EUR/MWh in HY1 2020 (source: ICE).

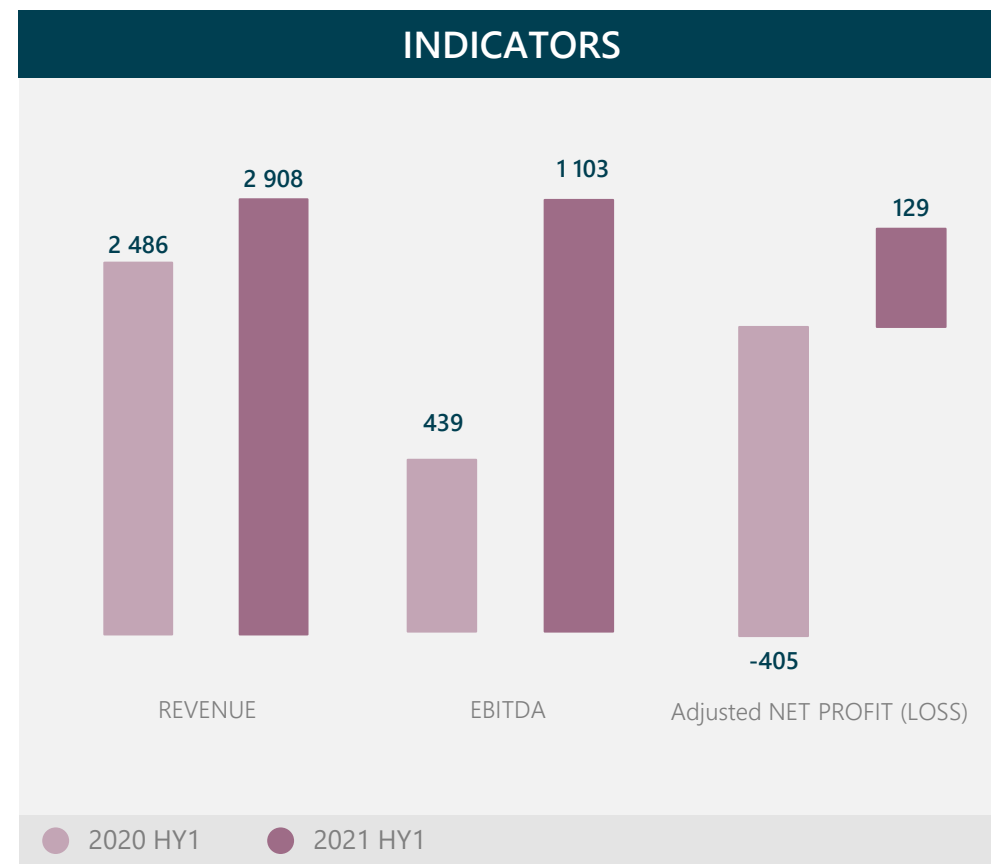


Business factors

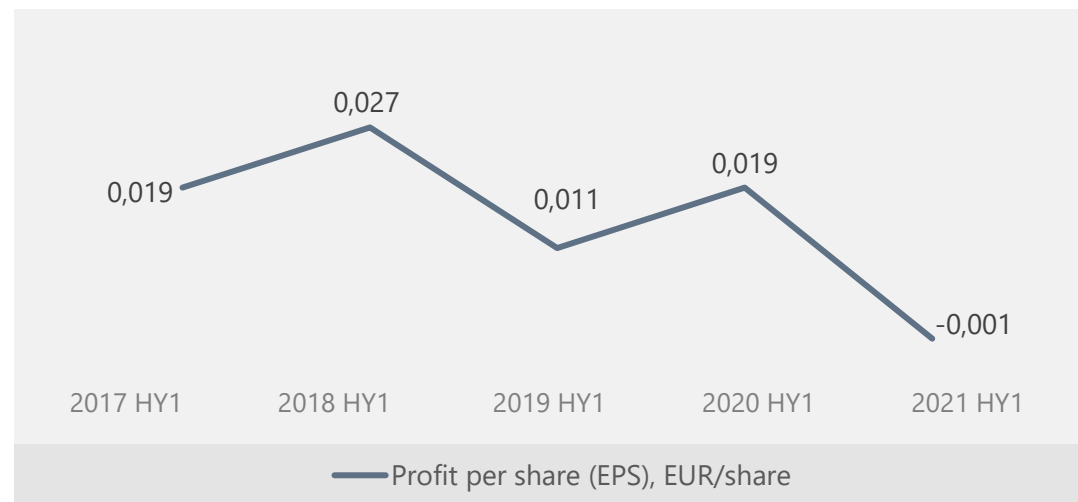
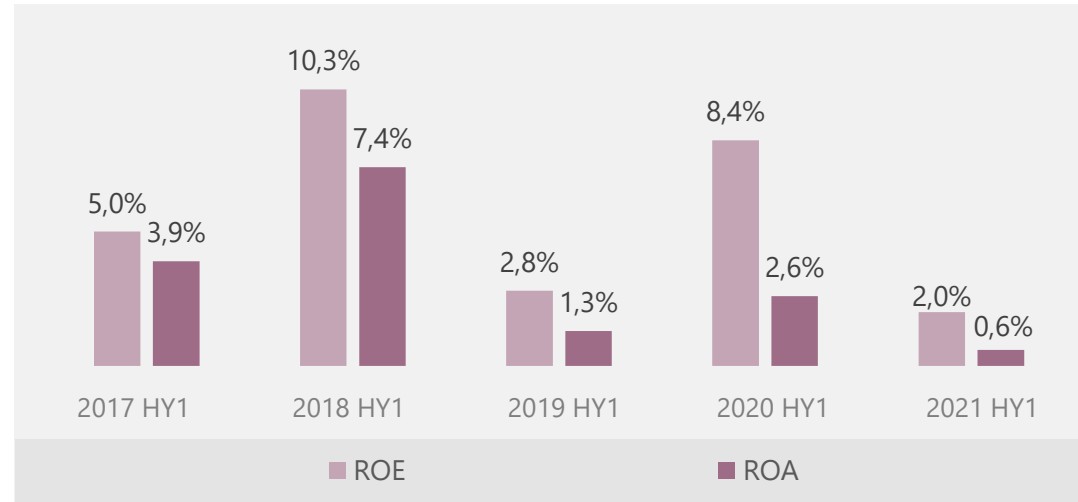
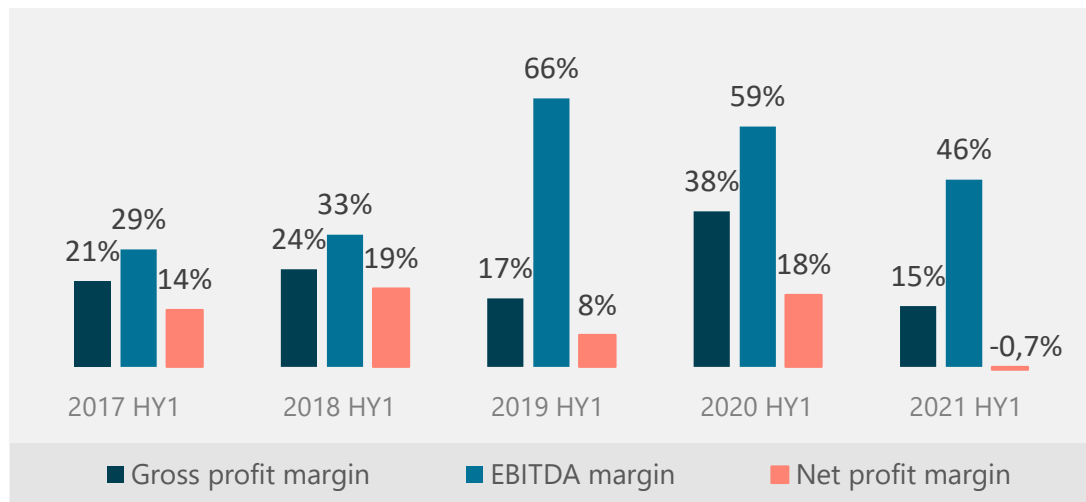
- KN, together with its subsidiary KN Açu Serviços de Terminal de GNL Ltda., provide services to UTE GNA I Geração de Energia S.A. in accordance to the Operation and Maintenance Services Agreement.
- In HY1 2021 PGNiG received 3 cargoes of liquefied natural gas (LNG) at the Klaipėda LNG reloading station, 7 cargoes of LNG since the beginning of use of Klaipėda LNG reloading station in April 2020. June 2021 became a record month from the beginning of Klaipėda LNG reloading station operation at the end of 2017 – a total of 72 LNG trucks were loaded.
- KN follows public and private floating LNG terminal tenders globally and currently assesses business development opportunities in Europe, Southeast Asia, Middle East, and South America.

Commercial LNG activities include:

- small-scale LNG reloading station in Klaipėda,
- operation of LNG terminal in Açu port, and
- Business Development Projects and other LNG Consultancy Services.



PROFITABILITY AND MARKET VALUE RATIOS FOR HY1 OF 2021



* All ratios are calculated based on adjusted figures

ALTERNATIVE PERFORMANCE MEASURES

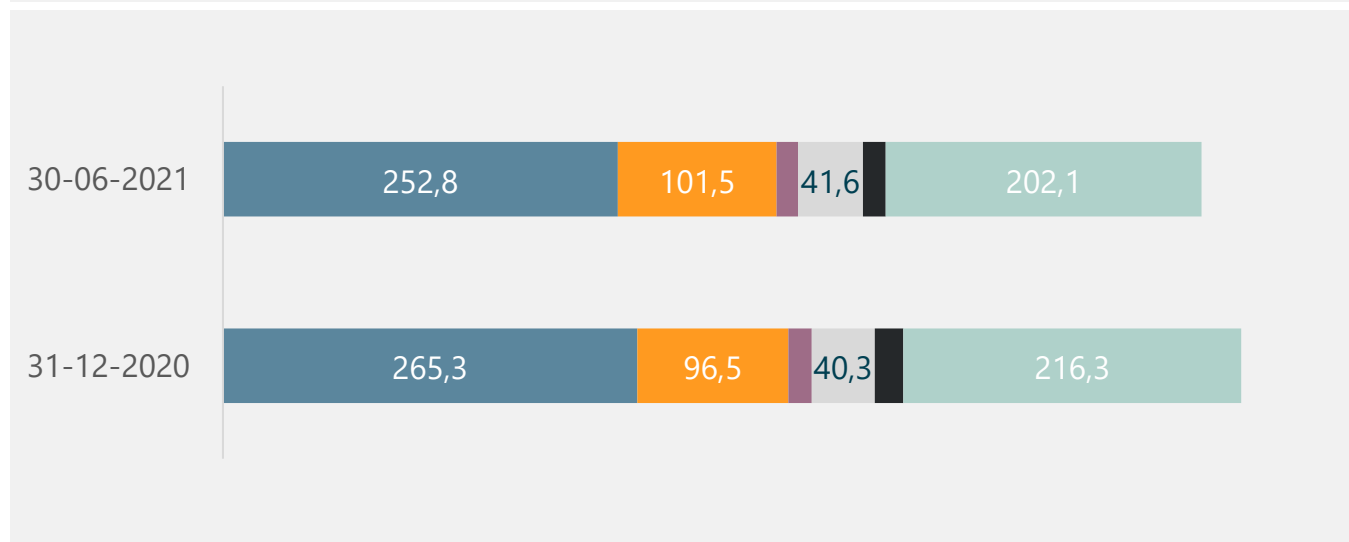
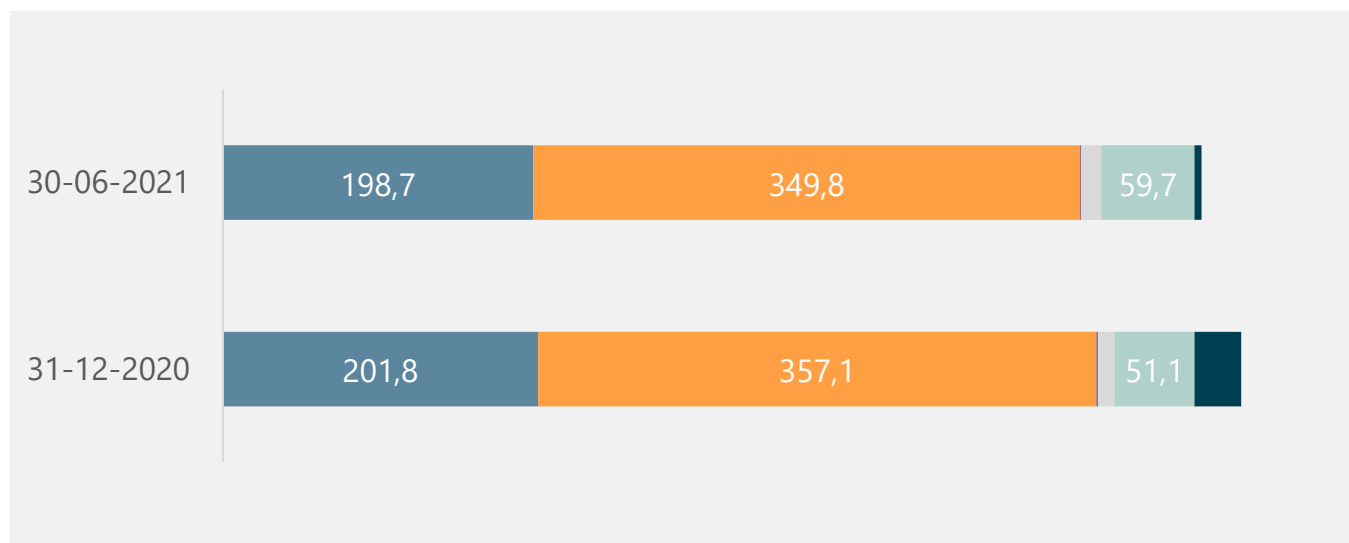
MEASURE	EXPLANATION
EBITDA	earnings before taxes – financial activity income + financial activity expenses + depreciation and amortization expenses
EBITDA margina	EBITDA / revenue
Gross profit margin	(revenue – COGS) / revenue * 100
Net profit margin	net profit adj. / revenue
ROE	net profit adj. of the last twelve months / (total average equity at the end of the period + total average equity at the beginning of the period) / 2
ROA	net profit adj. of the last twelve months / (total average assets at the end of the period + total average assets at the beginning of the period) / 2
Price / earnings ratio	average share price for the period / (net profit adj. of the last 12 months / total number of shares at the end of the period)
Earnings per share	net profit adj. for the reporting period (HY1 2021) / total number of shares at the end of the period

* adj. - adjusted financial indicators/data are recalculated and presented by eliminating from net profit the following amounts: (1) the impact of unrealised foreign currency exchange rates (forex) arising from IFRS 16 requirements, (2) respective impact of deferred income tax arising from forex and (3) impact of financial derivatives. As the Company has changed adjusted figures calculation method in 2020, comparative figures are adjusted accordingly.

BALANCE SHEET, MEUR

ASSETS			
MEUR	30-06-2021	31-12-2020	
■ PPE	198,7	201,8	
■ Right to lease property	349,8	357,1	
■ Other non-current assets	0,7	1,1	
■ Trade receivables	12,9	10,6	
■ Cash and cash equivalents	59,7	51,1	
■ Other current assets	4,5	30,0	
TOTAL	626,3	651,7	

LIABILITIES & EQUITY			
MEUR	30-06-2021	31-12-2020	
■ Non-current lease liabilities	252,8	265,3	
■ Loans (non-current + current)	101,5	96,5	
■ Other non-current liabilities	13,7	15,0	
■ Current lease liabilities	41,6	40,3	
■ Other current liabilities	14,6	18,3	
■ Equity	202,1	216,3	
TOTAL	626,3	651,7	



The background image shows an industrial facility, possibly a refinery or chemical plant. In the foreground, there are several large, parallel pipes running horizontally. In the middle ground, there are more pipes and structures. In the background, there are tall yellow cranes and a white structure with the name 'KAIROS' and a logo. The sky is overcast. A dark teal overlay covers the left side of the image, containing the text 'OTHER INFORMATION'.

OTHER INFORMATION



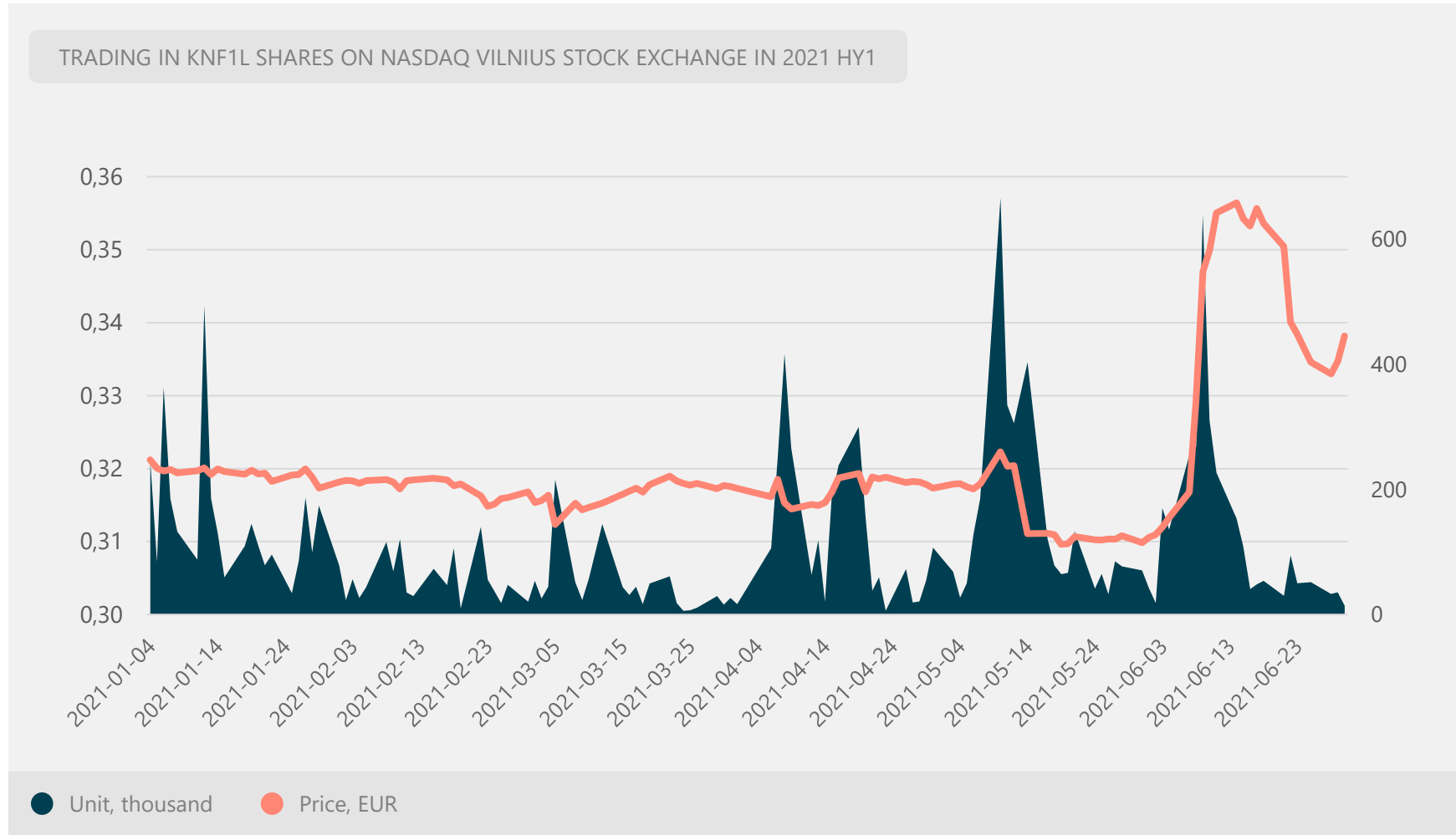
Since 2003 the shares of the Company are listed on NASDAQ OMX Vilnius stock exchange.

ISIN code – LT000011650
Abbreviation – KNF1L

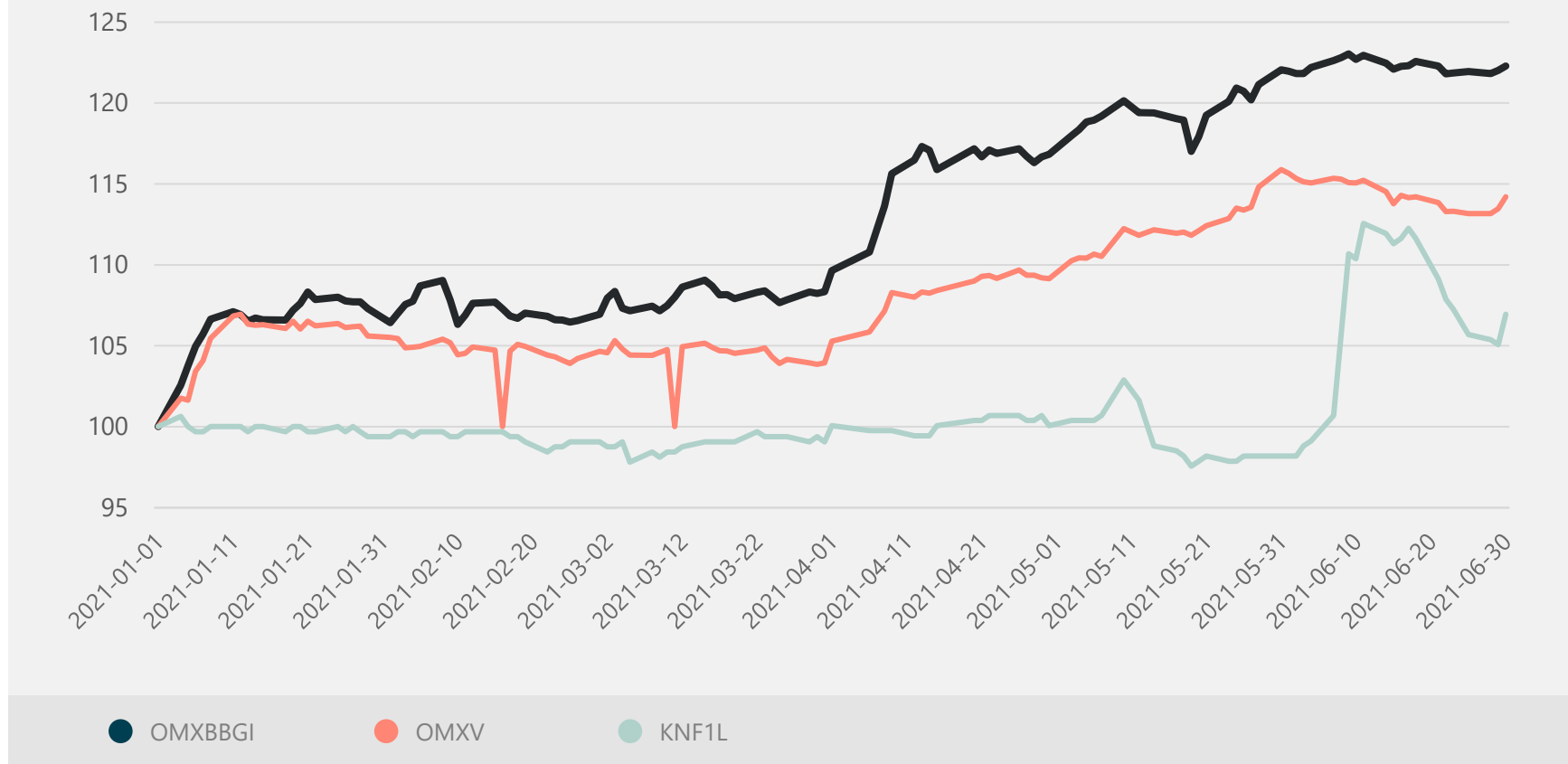
As at 30 June 2021, all the shares of the Company were owned by 4 037 shareholders (as at 31 December 2020 – 3 444).

SHAREHOLDER'S NAME (company's name, address, company code of registration)	30 JUNE 2021		31 DECEMBER 2020	
	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	275 687 444	72,47	275 687 444	72,35
Concern UAB Achemos grupe	39 662 838	10,43	39 662 838	10,41
Other (each owning less than 5%)	65 046 303	17,10	65 702 111	17,24
Total	380 396 585	100,00	381 052 393	100,00

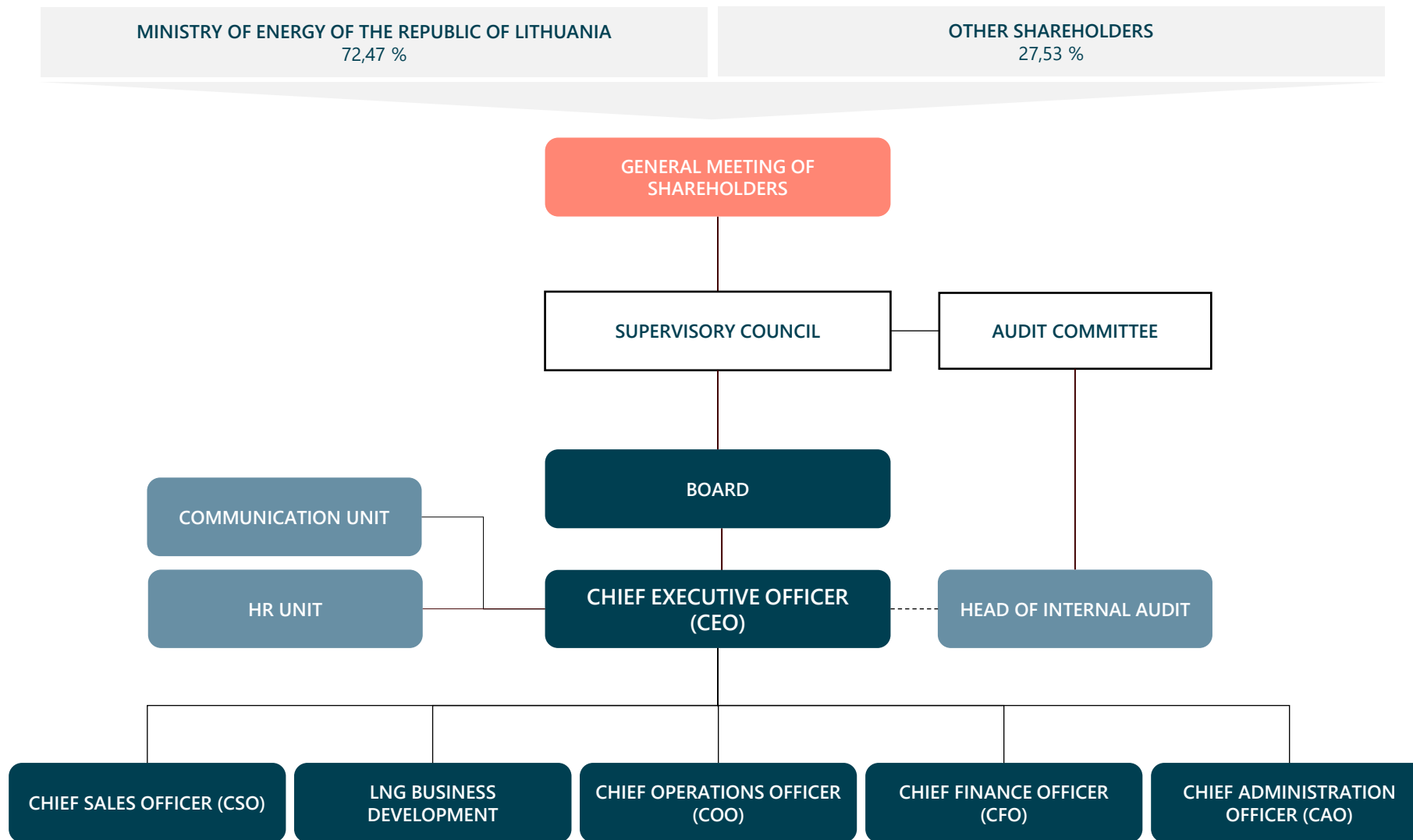
SHAREHOLDERS AND SHARES



KNF1L SHARE PRICE, NASDAQ VILNIUS AND BALTIC BENCHMARK GI INDEXES COMPARISON IN HY1 OF 2021



ORGANIZATIONAL STRUCTURE



BOARD MEMBERS

- Giedrius Dusevičius
- Dainius Bražiūnas
- Mantas Bartuška
- Bjarke Pålsson
- Ian Bradshaw

AUDIT COMMITTEE MEMBERS

- Žaneta Kovaliova
- Laura Garbenčiūtė-Bakienė
- Žana Kraučenkienė

SUPERVISORY COUNCIL MEMBERS

- Eimantas Kiudulas
- Karolis Švaikauskas
- Žaneta Kovaliova



THANK YOU FOR YOUR ATTENTION

AB KLAIPĖDOS NAFTA

Registered address:
Burių str. 19,
LT-91003, Klaipėda
Lithuania

Tel. +370 46 391772
E-mail: media@kn.lt
www.kn.lt