



Unaudited financial results of KN group for 6 months of 2024

August 14th, 2024

Topics



Highlights



Market & Business overview



Financial results



Other information

Presenter:

Tomas Tumėnas

Chief Financial Officer



Highlights

Key performance indicators:

- **42.6 MEUR.** Group revenue in HY1 2024 was in the same level as respective period in 2023 (42.4 MEUR).
- **21.7 MEUR.** Group EBITDA 30% higher than for the respective period in 2023 (16.7 MEUR).
- **6.3 MEUR.** Group adjusted net profit was 4.4 MEUR higher, than for the respective period in 2023 (1.9 MEUR).

Business indicators:

- **2 Global LNG contracts.** In January, KN executed a contract with DET. In May, KN was awarded with a service contract of the LNG terminal in Germany.
- **CCS.** The EC has granted the status of PCI to the CO2 capture and transportation project in Lithuania and Latvia developed by the CCS Baltic Consortium.
- **FSRU Independence.** KN signed a contract with UAB Hoegh LNG Klaipėda, according to which this company becomes the technical operator of the FSRU Independence.
- **Dry-Dock.** During May, an inspection and repair of the FSRU was successfully executed in the dry dock in Denmark.

After the end of the reporting period:

- **WACC 6.54%.** NERC has published the rate of return on investments of regulated activities (WACC). The WACC calculated for the Company in 2025 will be 6.54 percent (5.06 percent in 2024).

Market & Business Overview

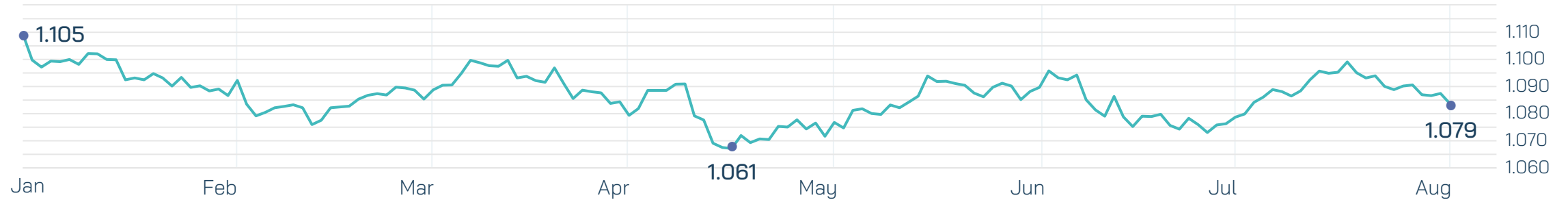
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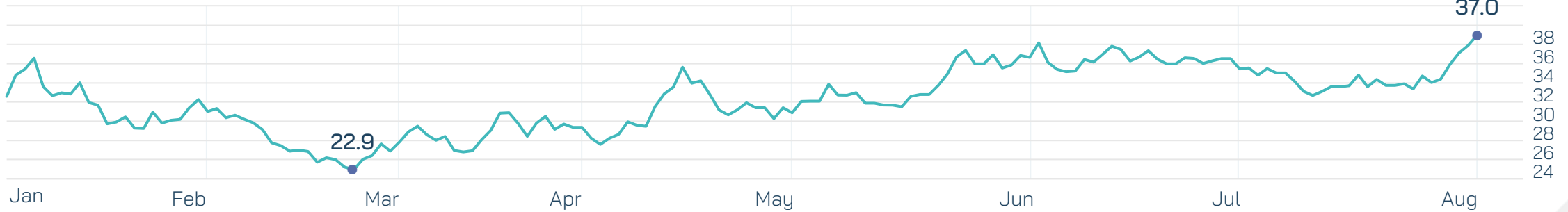
Key market's indicator's

Major energy and financial market's indicator's affecting KN performance on macro level (1-7 months of 2024).

EUR vs US dollar exchange rate fluctuation



Gas EU fluctuation, EUR/MWh



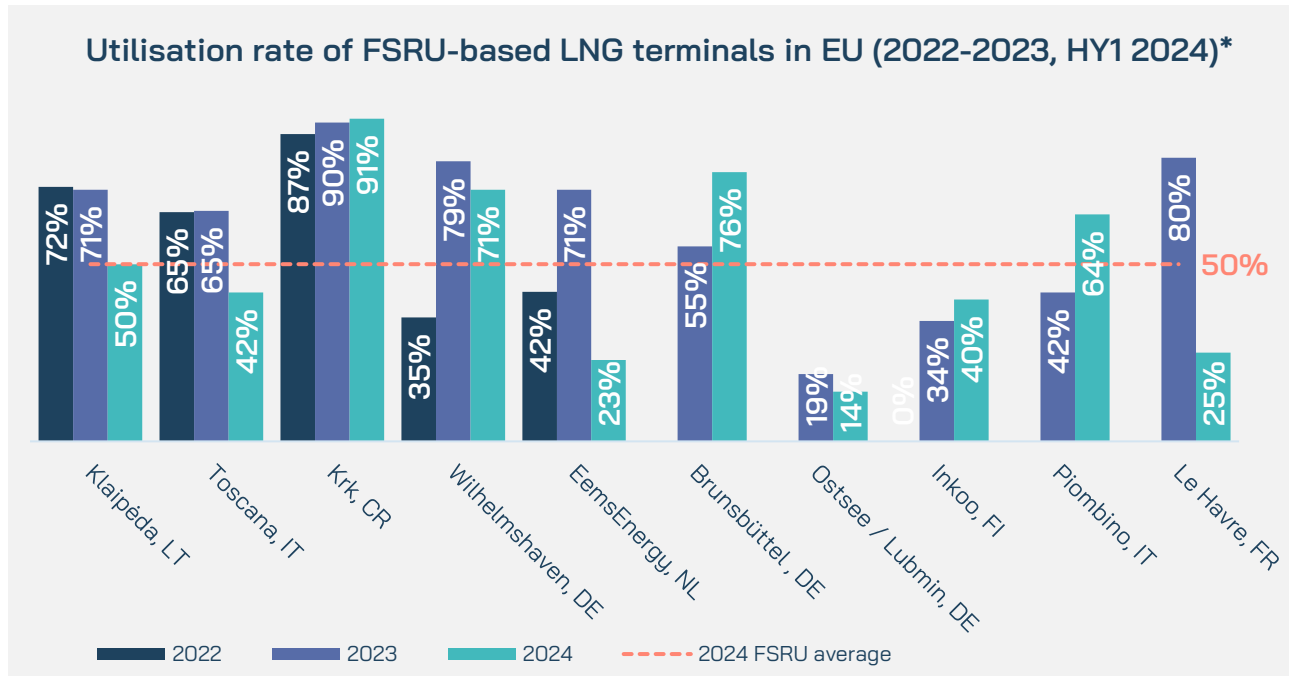
EU carbon permits fluctuation, EUR



LNG market overview

In January-June 2024, the average utilisation rate of Klaipėda LNG terminal was **50%**

The average utilisation rate of LNG terminals in Europe was 50% in 2024 first six months.



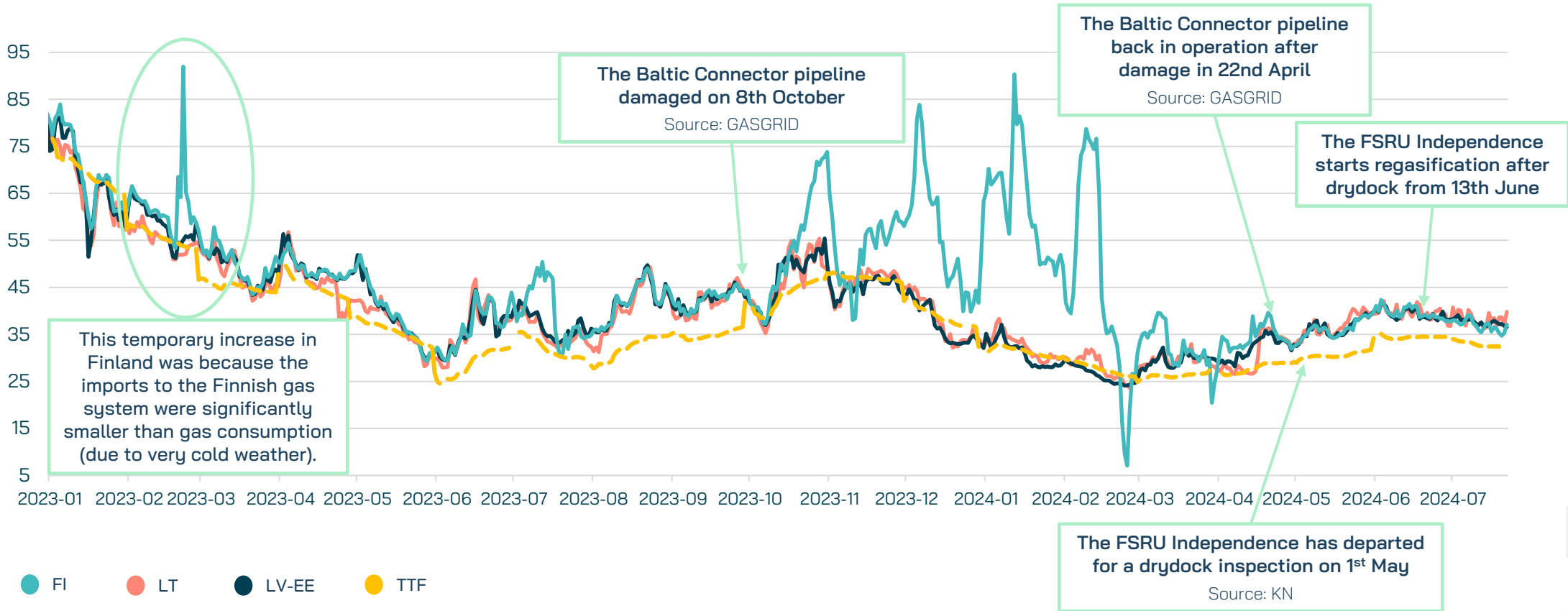
LNG terminal	2020	2021	2022	2023	2024
Adriatic, IT	86%	92%	88%	88%	89%
Barcelona, ES	22%	15%	23%	19%	13%
Bilbao, ES	71%	56%	76%	77%	79%
Brunsbüttel, DE	-	-	-	55%	76%
Cartagena, ES	24%	21%	37%	25%	27%
Dunkirk, FR	24%	27%	75%	61%	66%
EemsEnergy, NL	-	-	42%	71%	23%
Fos Cavaou, FR	43%	53%	92%	72%	52%
Fos Tonkin, FR	49%	43%	51%	52%	54%
Gate, NL	46%	49%	92%	89%	90%
Le Havre, FR	-	-	-	80%	25%
Huelva, ES	34%	30%	39%	31%	30%
Inkoo, FI	-	-	-	34%	40%
Klaipėda, LT	49%	36%	72%	71%	50%
Krk, CR	-	60%	87%	90%	91%
Montoir-de-Bretagne, FR	68%	46%	86%	70%	68%
Mugaros, ES	51%	55%	55%	66%	62%
Ostsee / Lubmin, DE	-	-	-	19%	14%
Panigaglia, IT	61%	26%	54%	62%	48%
Piombino, IT	-	-	-	42%	64%
Revithoussa, GR	33%	25%	39%	45%	42%
Sagunto, ES	18%	22%	46%	36%	23%
Sines, PT	81%	84%	82%	68%	60%
South Hook, UK	n/a	n/a	n/a	n/a	n/a
Swinoujscie, PL	67%	68%	80%	84%	65%
Toscana, IT	57%	25%	65%	65%	42%
Wilhelmshaven, DE	-	-	35%	79%	71%
Zeebrugge, BE	29%	22%	61%	61%	49%
Average	45%	39%	62%	59%	51%

Notes:

- Calculations are based on data from GIE ALSI database;
- 10 terminals are floating type and have FSRU/FSU (LT, IT, CR, DE, FI and NL), marked
- Send-out capacity is based on daily send-out capacity reported by operators of terminals; actual capacity could be lower.

LNG market overview

Baltic Natural Gas and TTF Price Index, Eur/MWh



BGSI – daily transaction price, TTF – front month price



Regulated LNG

During the first half of 2024 the Klaipėda LNG terminal:

- Performed **30** ship-to-ship operations (32 in HY1 2023).
- **686** thousand tonnes of LNG were received (1,130 in HY1 2023).
- **795** billion nm³ of natural gas were regasified and supplied to the natural gas transmission system (1.403 billion nm³ in HY1 2023).

FSRU dry-dock:

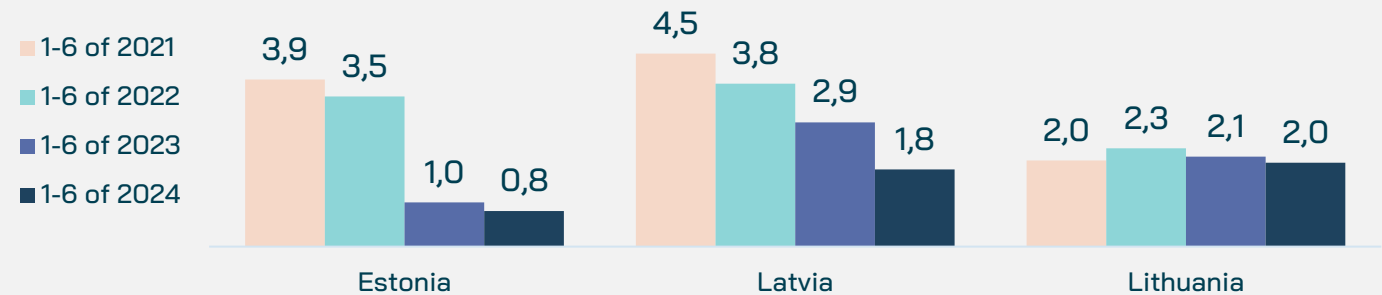
- During May 2024, an inspection and repair of the FSRU was successfully executed in the dry dock in Denmark. During the inspection of Independence in the dry dock, anti-corrosion coating of the Independence hull was renewed, periodic maintenance works were performed.
- Due to planned periodic dry dock, FSRU Independence had not performed regasification until mid-June which has led to lower revenues. During this period, Lithuania had been supplied with natural gas through the Inkoo and GIPL gas interconnection between Lithuania and Poland and from the Inčukalns natural gas storage in Latvia

Liquid energy market overview

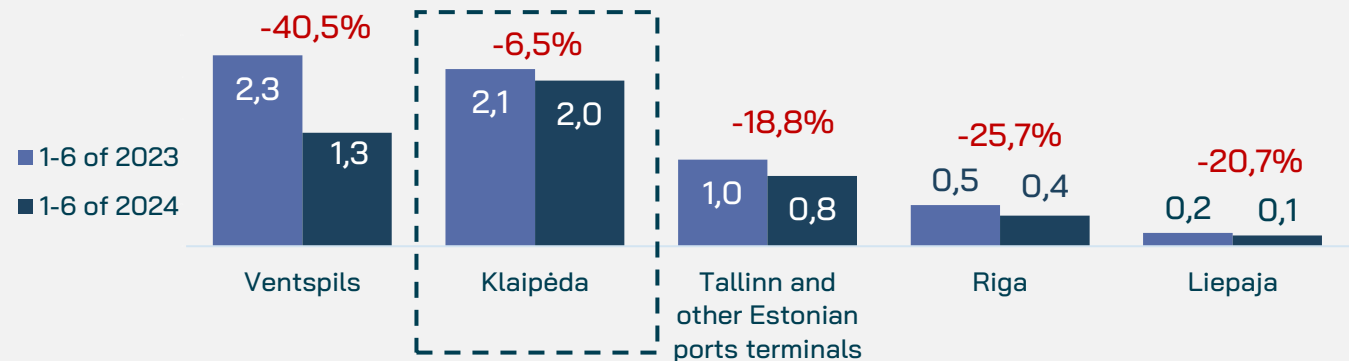
Remained stable

- Despite the challenging market conditions in the eastern Baltic Sea ports, which loaded 27% less liquid energy products in 1-6 months of 2024 than in the same period of 2023, **KN Energies' liquid energy terminals' loading rates remained stable** (HY1 2024: 1.9 million t of liquid energy; HY1 2023: 1.95 million t of liquid energy products).
- During 1-6 months of 2024, port of Klaipėda handled about 1.96 million tons of oil products, i.e., 6.5% less than in the same period of 2023. Due to decreased transshipment volumes in Latvia and Estonia ports, **Klaipėda port takes approximately 42% share in total Baltic states** liquid energy products transshipment market

Dynamics of oil products transshipment in the ports of the eastern coast of the Baltic Sea (Millions of tons)



Dynamics of oil product transshipment in the ports of the eastern coast of the Baltic Sea (Millions of tons)



Liquid Energy Terminals

Transshipment activity

- Liquid energy terminals **revenues** in the first half of 2024 **remained stable** and close to the results of the same period in 2023, with increasing share of biofuels, light oil products (gasoline, diesel) and bitumen in it.
- **Bitumen** transshipment dynamics **maintained its upward trend**. For 6 months of 2024 its volumes (65 kt) exceeded the result of the same period in 2023 last year by 17%. In response to market participants' growing demand of bitumen handling services KN is undertaking upgrades to the equipment and infrastructure specifically allocated for the product transshipment in 2024, which would enable to attract higher volumes of the cargo next year.
- During first half of 2024 **biofuels transshipment remained stable**, slightly increasing by ~ 4% in comparison with first half of 2023. The potential of biofuels transshipment is planned to be further expanded by preparations to service SAF (Sustainable Aviation Fuel) cargo flows from 2026 and other types of biofuels.
- Intensified activity of the clients involved in storage and transshipment of biofuels and light oil products during last couple of years resulted in increasing share of these cargoes in total revenue, i.e. ~ 9% up in first half of 2024 (comparing with same period of 2023), while dark oil products share decreased in ~ 10%.



Commercial LNG

New projects secured abroad, operations in Brazil and the development of the Klaipėda LNG value chain led to an **increase** in the segment's **revenues by more than 50%**.

Global LNG projects:

- The company started the year by winning the tender for the commercial operation of four floating LNG terminals on the German North Sea coast, and in May KN Energies won the tender issued by the German state-owned terminal operator Deutsche Energy Terminal GmbH and will provide O&M services for the LNG terminal Wilhelmshaven 2.

ssLNG:

- **118,121** tonnes LNG were reloaded into small scale LNG carriers (59,648 tonnes were reloaded in HY1 2023).



New Energies

CCS initiatives:

- Participation in the regional CO2 Baltic Carbon Forum conference held in Latvia, which focused on regional efforts and innovations in carbon capture and storage.
- CCUS Forum conference in Denmark, where leading experts discussed advancements and strategies in carbon capture, utilization, and storage technologies.
- KN engaged in a detailed review of the most advanced Norwegian CO2 project, gaining insights into cutting-edge practices and technologies being implemented.

New partnerships:

- To enhance our understanding of the latest advancements in energy storage technology, **KN partnered with Kaunas University of Technology** to conduct a comprehensive study exploring the potential of flow battery technologies.



Sustainability

- During first half of 2024 we deep dived into our preparations for the implementation of CSRD (EU) 2022/2464 requirements to report Sustainability performance according to European Sustainability Reporting Standards (ESRS).
- KN is obliged to start reporting in 2026, however efforts are directed to ensure readiness for the next year already.
- KN obtained “**ESG Transparency partner**” badge from Nasdaq and **9.8 Sustainability index** from Verslo žinios and Rekvizitai.lt platform.

CSRD readiness



Finished Double materiality assessment

Safety



TRCF 0.61
vs Goal of 0.73

CO2 emissions



Scope 1 and Scope 2
HY1 2024: 2,837 t/m
2023 fact: 6,623 t/m

Sustainability ratings



Data provided and ratings obtained
Nasdaq & Rekvizitai.lt / Vž
ESG Transparency partner
9.8 Sustainability index

Financial Results



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Consolidated financial results (unaudited), MEUR

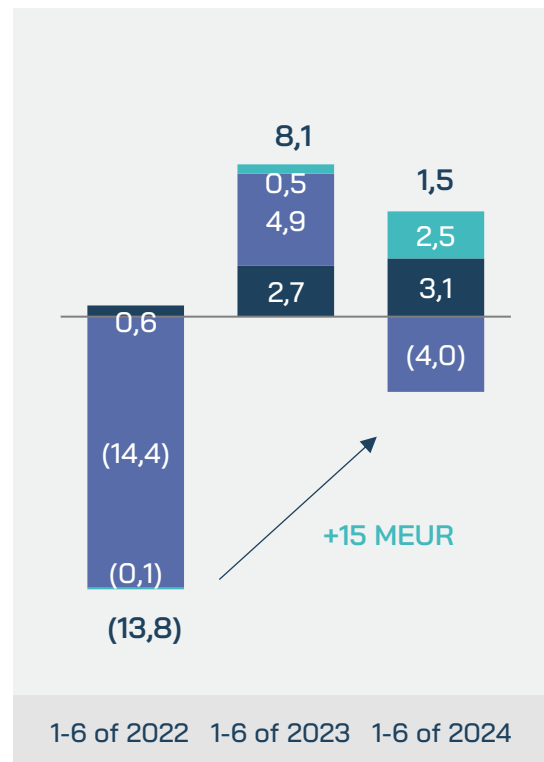
Revenue



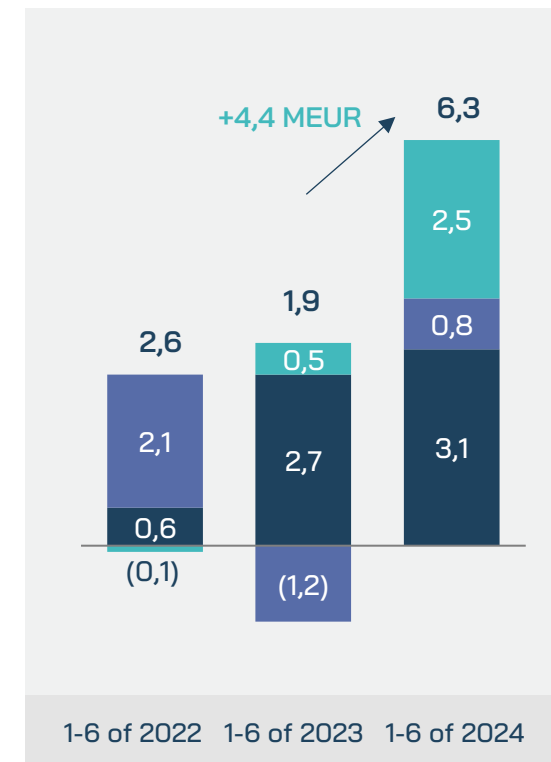
EBITDA



Net profit (loss)



Adjusted net profit (loss)



Segments explanation

● Liquid energy terminals

- Klaipėda Liquid Energy Terminal
- Subačius Liquid Energy Terminal

● Regulated LNG activities (LNGT)

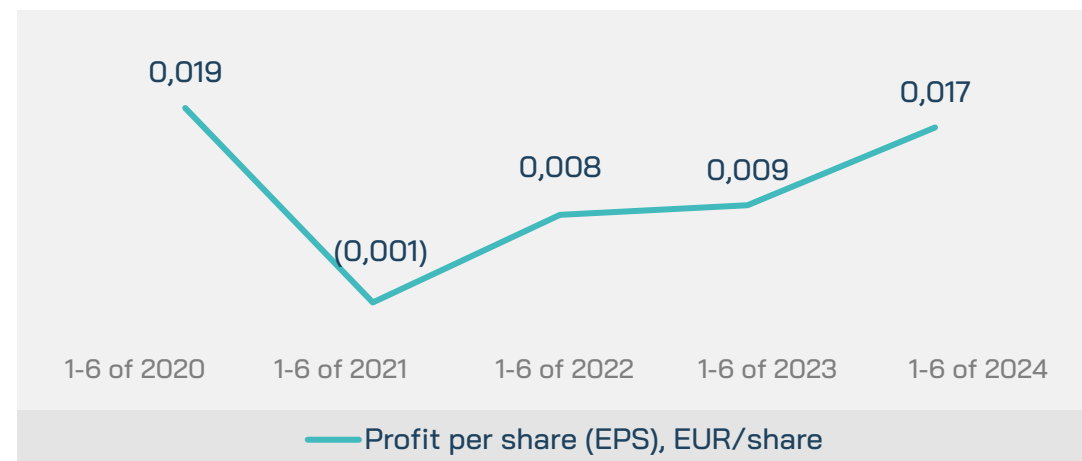
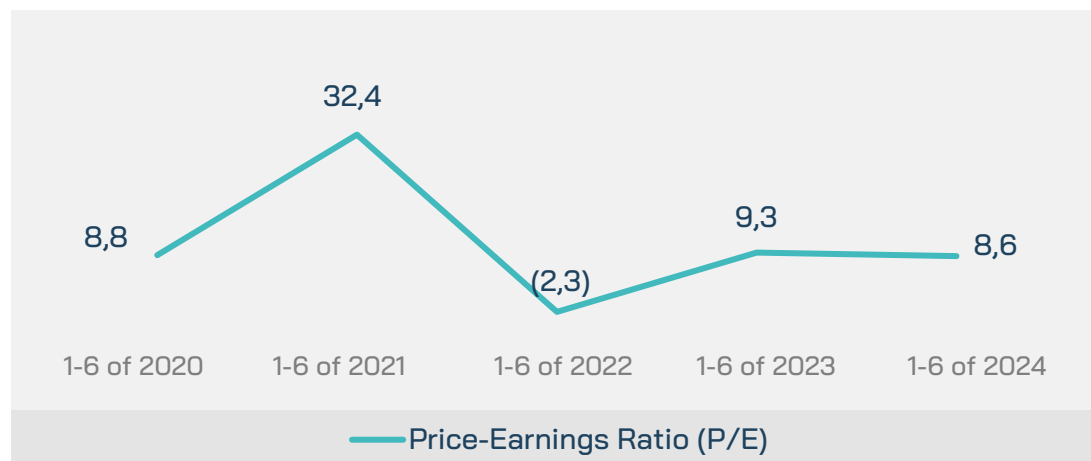
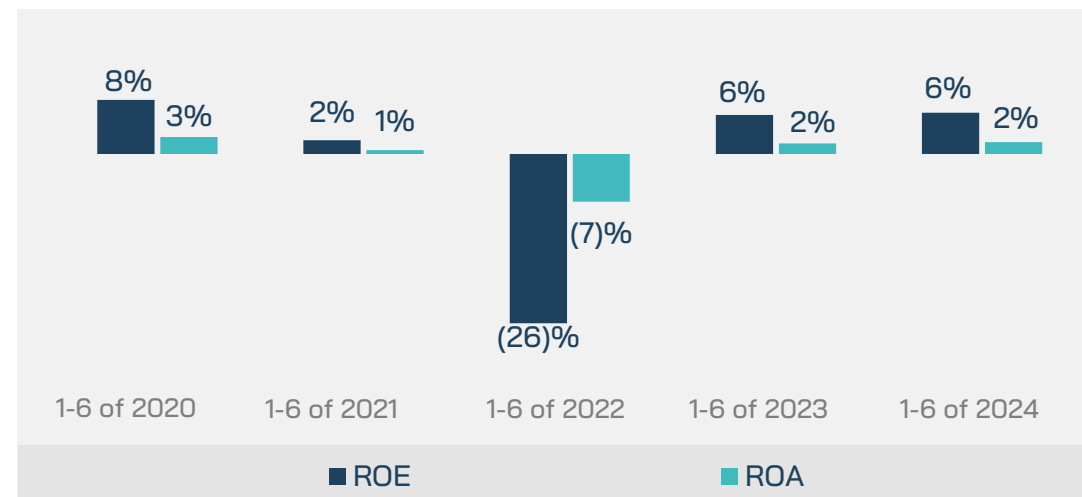
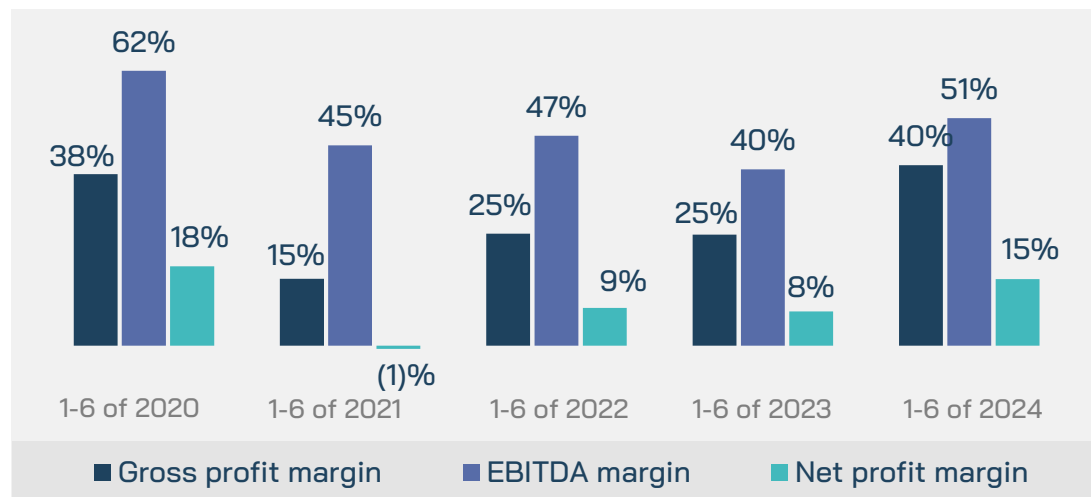
- Klaipėda LNG Terminal

● Commercial LNG activities (comLNG)

- Small-scale LNG reloading station in Klaipėda
- Operation of LNG terminals in Brazil and Germany
- Business development projects and consultations.

Profitability and Market Value Ratios

* Net profit margin, ROE, ROA, EPS and P/E ratios are calculated based on adjusted profit (loss) and adjusted equity figures.

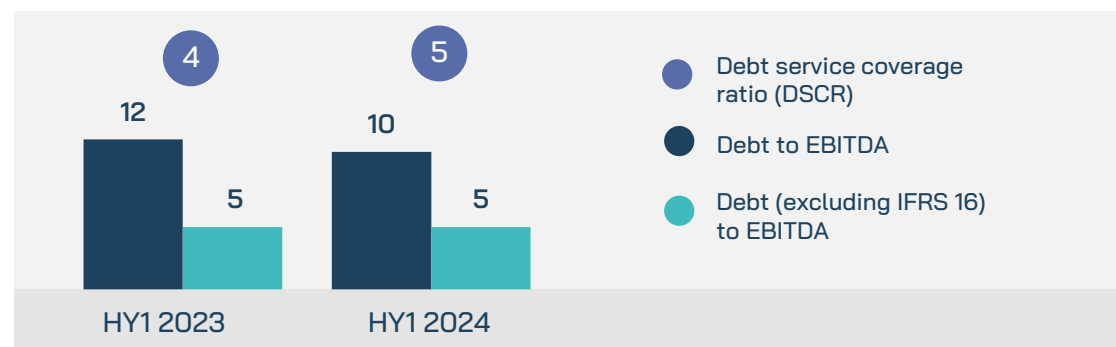


Leverage Metrics

Net debt (MEUR)

MEUR	30.06.2024	31.12.2023	Change
Cash and cash equivalents	19.0	19.5	(0.5)
Short-term deposits	48.2	57.5	(9.3)
Loans	175.1	164.4	(10.7)
Lease liabilities	195.7	213.2	17.5
Net Debt	303.6	300.5	(3.1)

DEBT to EBITDA and DSCR *

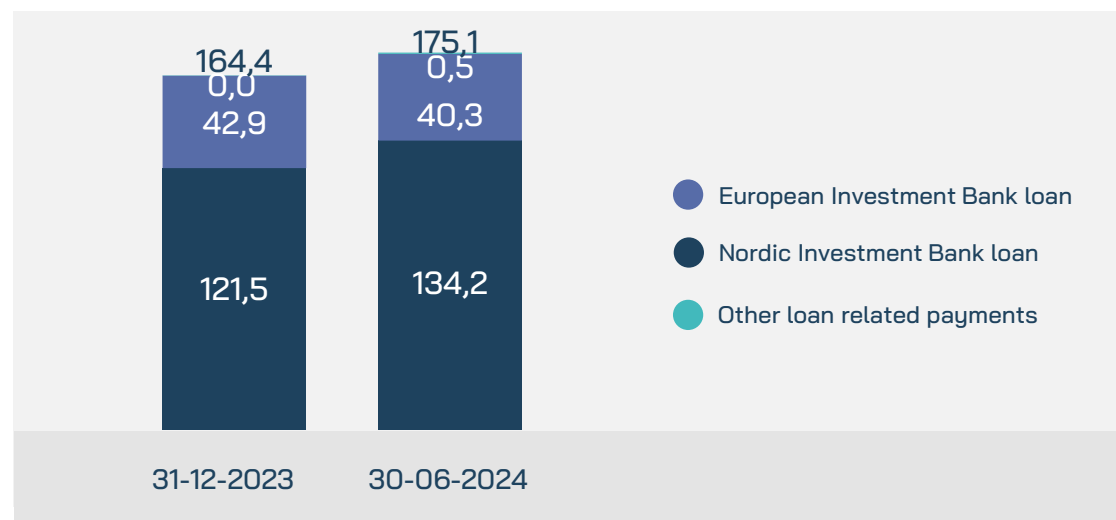


* Calculated using indicators for the last twelve months

Free cash flow (FCF), (MEUR)



Loans (MEUR)



Other Information

Vision

KN envisions a world where sustainable liquid energy as well as chemicals and feedstock solutions empower industries and communities, creating a cleaner, safer, and more prosperous future for all.

We strive to be at the forefront of this transformation, continuously innovating and expanding our portfolio of services to support the global energy transition and achieve climate neutrality by 2050.

Mission

Enabling safe and reliable liquid energy as well as chemicals and feedstock flows for customers in the Baltic Sea region by

- Offering storage and transshipment solutions for a variety of liquid energy products, chemicals, and feedstocks for consumption in the region and export into the global market
- Enabling the decarbonization of the region by focusing on sustainable solutions and energy carriers
- Providing national energy security to the Lithuanian state for both liquid energy and electricity

Supporting customers globally with knowledge and capabilities in the development and operations of LNG or other sustainable energy infrastructure projects.

Alternative Performance Measures

Measure	Explanation*
EBITDA	Earnings before taxes – Financial activity income + Financial activity expenses + Depreciation and amortization expenses + Impairment expenses and reversals
EBITDA margin	EBITDA / Revenue
Gross profit margin	(Revenue – COGS) / Revenue x 100
Net profit margin	Adjusted profit (loss) for the period / Revenue
ROE	Adjusted profit (loss) of the last twelve months / (Equity at the end of Q of the reporting year + Equity at the end of Q of the prior reporting year) / 2
ROA	Adjusted profit (loss) of the last twelve months / (Total assets at the end of the period + Total assets at the beginning of the period) / 2
Price / earnings ratio	Average share price for the period / (Adjusted profit (loss) of the last twelve months / Total number of shares at the end of the period)
Net Debt	Cash and cash equivalents – long-term and short-term loans – long-term and short-term lease liabilities
Net Debt / EBITDA	Net Debt / EBITDA for the last twelve months
Earnings per share	Adjusted profit (loss) for the period / total number of shares at the end of the period

* Adjusted financial indicators/data are recalculated and presented by eliminating from net profit (loss) 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.

Shareholders and Shares

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

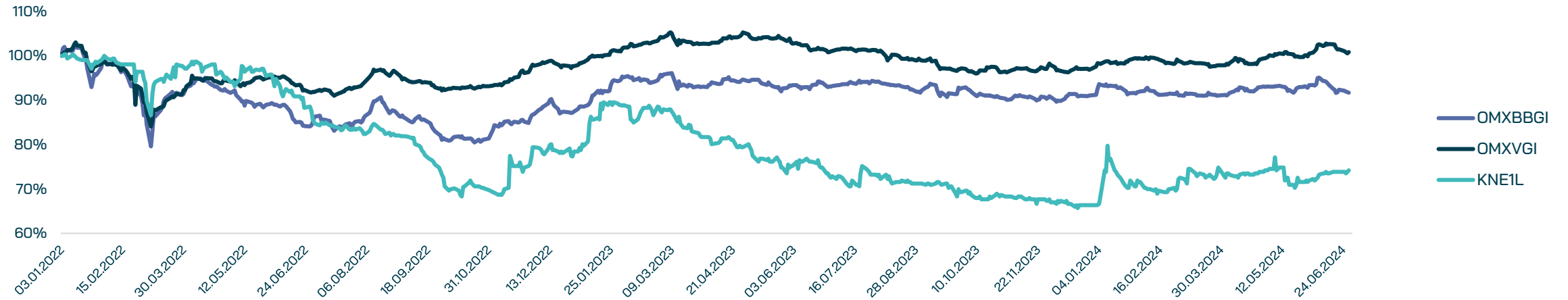


ISIN code – LT0000111650
Abbreviation – KNE1L

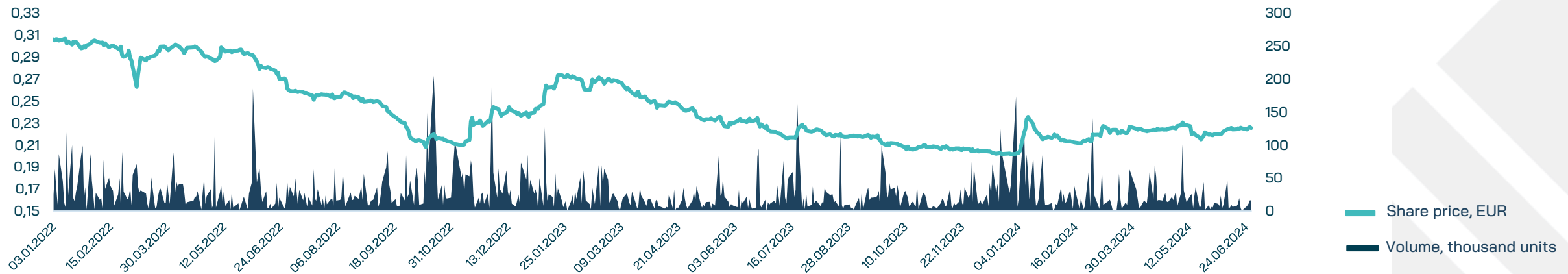
Shareholder's name (company's name, address)	30 June 2024		31 December 2023	
	Number owned shares (unit)	Part of authorized capital (%)	Number owned shares (unit)	Part of authorized capital (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	275,687,444	72.47	275,687,444	72.47
UAB koncernas "ACHEMOS GRUPĖ"	39,662,838	10.43	39,662,838	10.43
Other (each owning less than 5%)	65,046,303	17.10	65,046,303	17.10
Total	380,396,585	100.00	380,396,585	100.00

Shareholders and Shares

KNE1L share price comparison with OMX VILNIUS and OMX BALTIC benchmark GI:



Trading in KNE1L Shares on Nasdaq Vilnius stock exchange:





**Thank you for your
attention!**