



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 SIX MONTHS PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

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STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		30-06-2022 <i>(unaudited)</i>	31-12-2021 <i>(audited)</i>	30-06-2022 <i>(unaudited)</i>	31-12-2021 <i>(audited)</i>
ASSETS					
Non-current assets					
Intangible assets		859	456	683	279
Property, plant and equipment	3	148,233	150,686	148,101	150,565
Right-of-use assets	3	335,198	338,256	335,173	338,232
Investment in subsidiaries		-	-	4,578	4,578
Investment in associates		234	226	234	226
Deferred income tax asset		5,486	3,616	5,486	3,616
Total non-current assets		490,010	493,240	494,255	497,496
Current assets					
Inventories	5	2,197	1,798	2,197	1,796
Trade receivables and other receivables	6	14,237	11,643	13,228	10,636
Contract assets	7	348	612	348	612
Prepaid income tax		13	-	-	-
Other financial assets	8	3,271	3,271	3,271	3,271
Cash and cash equivalents	9	63,468	61,517	58,240	57,148
Total current assets		83,534	78,841	77,284	73,463
Total assets		573,544	572,081	571,539	570,959

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Explanatory notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (CONT'D)

	Notes	Group		Company	
		30-06-2022 <i>(unaudited)</i>	31-12-2021 <i>(audited)</i>	30-06-2022 <i>(unaudited)</i>	31-12-2021 <i>(audited)</i>
EQUITY AND LIABILITIES					
Equity					
Share capital	1	110,315	110,315	110,315	110,315
Share premium		4,002	4,002	4,002	4,002
Reserve		29,633	94,604	29,633	94,604
Foreign currency translation reserve		182	(82)	-	-
Retained earnings		(12,982)	(64,126)	(14,287)	(64,971)
Total equity		131,150	144,713	129,663	143,950
Non-current amounts payable and liabilities					
Non-current employee benefits		670	707	670	707
Loans	10	126,747	116,044	126,747	116,044
Deferred government grants	11	5,564	5,771	5,564	5,771
Lease liabilities	10	241,215	243,430	241,207	243,412
Total non-current amounts payable and liabilities		374,196	365,952	374,188	365,934
Current amounts payable and liabilities					
Current employee benefits		29	49	29	49
Loans	10	4,904	3,879	4,904	3,879
Lease liabilities	10	47,220	43,675	47,203	43,668
Trade payables and other liabilities	12	6,702	3,695	6,451	3,513
Derivatives		-	15	-	15
Payroll related liabilities	13	2,361	2,669	2,119	2,517
Provisions		2,936	3,596	2,936	3,596
Contract liabilities		4,046	3,838	4,046	3,838
Total current amounts payable and liabilities		68,198	61,416	67,688	61,075
Total equity and liabilities		573,544	572,081	571,539	570,959

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Group	
		For the six months period ended 30 June 2022 <i>(unaudited)</i>	For the three months period ended 30 June 2022 <i>(unaudited)</i>	For the six months period ended 30 June 2021 <i>(unaudited)</i>	For the three months period ended 30 June 2021 <i>(unaudited)</i>
Revenue from contracts with customers	14	35,976	18,096	31,629	15,956
Cost of sales	15	(26,958)	(13,296)	(26,887)	(13,679)
Gross profit		9,018	4,800	4,742	2,277
Operating expenses	16	(3,812)	(1,992)	(3,539)	(1,642)
Other income and (expenses)		367	21	21	13
Profit from operating activities		5,573	2,829	1,224	648
Income from financial activities	17	128	6	1,264	(616)
Expenses from financial activities	17	(21,183)	(15,577)	(10,343)	3,211
Share of the associate's profit or (loss)		8	-	(53)	-
Profit (loss) before tax		(15,474)	(12,742)	(7,908)	3,243
Income tax (expenses)		1,626	1,700	1,144	(938)
Profit (loss) for the year		(13,848)	(11,042)	(6,764)	2,305
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Actuarial gain (losses)		25	(43)	-	-
Exchange differences on translation of foreign operations		264	(38)	67	103
Related taxes		(4)	6	-	-
Total comprehensive income, net of tax		(13,563)	(11,117)	(6,697)	2,408
Profit attributable to:					
The shareholders of the Company		(13,848)	(11,042)	(6,764)	2,305
Non-controlling interests		-	-	-	-
Total comprehensive income attributable to:					
The shareholders of the Company		(13,563)	(11,117)	(6,697)	2,408
Non-controlling interests		-	-	-	-
Basic and diluted earnings (losses) per share, in EUR	18	(0.036)	(0.029)	(0.018)	0.006

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Notes	Company		Company	
		For the six months period ended 30 June 2022 <i>(unaudited)</i>	For the three months period ended 30 June 2022 <i>(unaudited)</i>	For the six months period ended 30 June 2021 <i>(unaudited)</i>	For the three months period ended 30 June 2021 <i>(unaudited)</i>
Revenue from contracts with customers	14	34,458	17,336	30,090	15,130
Cost of sales	15	(26,454)	(13,015)	(26,386)	(13,408)
Gross profit		8,004	4,321	3,704	1,722
Operating expenses	16	(3,416)	(1,801)	(3,087)	(1,415)
Other income and (expenses)		367	21	21	13
Profit from operating activities		4,955	2,541	638	320
Income from financial activities	17	28	7	1,215	(665)
Expenses from financial activities	17	(21,172)	(15,561)	(10,311)	3,188
Share of the associate's profit or (loss)		8	-	(53)	-
Profit (loss) before tax		(16,181)	(13,013)	(8,511)	2,843
Income tax (expenses)		1,873	1,797	1,272	(887)
Profit (loss) for the year		(14,308)	(11,216)	(7,239)	1,956
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss		-	-	-	-
Items that may be subsequently reclassified to profit or loss		-	-	-	-
Actuarial gain (losses)		25	(43)	-	-
Exchange differences on translation of foreign operations		-	-	-	-
Related taxes		(4)	6	-	-
Total comprehensive income, net of tax		(14,287)	(11,253)	(7,239)	1,956
Basic and diluted earnings (loss) per share, in EUR		-	-	-	-

Explanatory notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Group

	Notes	Share capital	Share premium	Own shares (-)	Legal reserve	Reserve for own shares	Other reserves	Foreign currency translation reserve	Retained earnings	Total
Balance as of 31 December 2020 (audited)		110,505	4,002	(267)	11,048	15,929	41,970	(72)	33,211	216,326
Net profit (loss) for the six months		-	-	-	-	-	-	-	(6,764)	(6,764)
Other comprehensive income		-	-	-	-	-	-	67	-	67
Total comprehensive income		-	-	-	-	-	-	67	(6,764)	(6,697)
Dividends declared		-	-	-	-	-	-	-	(7,538)	(7,538)
Decrease in share capital	1	(190)	-	267	-	-	-	-	(77)	-
Transfers between reserves		-	-	-	3	-	25,654	-	(25,657)	-
Balance as of 30 June 2021 (unaudited)		110,315	4,002	-	11,051	15,929	67,624	(5)	(6,825)	202,091
Balance as of 31 December 2021 (audited)		110,315	4,002	-	11,051	15,929	67,624	(82)	(64,126)	144,713
Net profit (loss) for the six months		-	-	-	-	-	-	-	(13,848)	(13,848)
Other comprehensive income		-	-	-	-	-	-	264	21	285
Total comprehensive income		-	-	-	-	-	-	264	(13,827)	(13,563)
Transfers between reserves		-	-	-	-	-	(64,971)	-	64,971	-
Balance as of 30 June 2022 (unaudited)		110,315	4,002	-	11,051	15,929	2,653	182	(12,982)	131,150

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 of 31 December 2020 (audited)		110,505	4,002	(267)	11,048	15,929	41,970	33,272	216,459
Net profit (loss) for the six months		-	-	-	-	-	-	(7,239)	(7,239)
Total comprehensive income		-	-	-	-	-	-	(7,239)	(7,239)
Dividends declared		-	-	-	-	-	-	(7,538)	(7,538)
Transfers between reserves		-	-	-	3	-	25,654	(25,657)	-
Decrease in share capital	1	(190)	-	267	-	-	-	(77)	-
Balance as of 30 June 2021 (unaudited)		110,315	4,002	-	11,051	15,929	67,624	(7,239)	201,682
Balance as of 31 December 2021 (audited)		110,315	4,002	-	11,051	15,929	67,624	(64,971)	143,950
Net profit (loss) for the six months		-	-	-	-	-	-	(14,308)	(14,308)
Other comprehensive income		-	-	-	-	-	-	21	21
Total comprehensive income		-	-	-	-	-	-	(14,287)	(14,287)
Transfers between reserves		-	-	-	-	-	(64,971)	64,971	-
Balance as of 30 June 2022 (unaudited)		110,315	4,002	-	11,051	15,929	2,653	(14,287)	129,663

Explanatory notes are an integral part of these financial statements.

CASH FLOW STATEMENT

	Notes	Group		Company	
		For the six months period ended 30 June 2022 <i>(unaudited)</i>	For the six months period ended 30 June 2021 <i>(unaudited)</i>	For the six months period ended 30 June 2022 <i>(unaudited)</i>	For the six months period ended 30 June 2021 <i>(unaudited)</i>
Cash flows from operating activities					
Net profit (loss)		(13,848)	(6,764)	(14,308)	(7,239)
Adjustments for non-cash items					
Depreciation and amortization	3	11,286	13,375	11,264	13,340
Change in vacation reserve	13	87	(87)	45	(102)
Change in provisions		(660)	80	(660)	80
Change in non-current liabilities for employees		(32)	(43)	(32)	(43)
Contract assets	7	264	628	264	628
Income tax expenses		(1,626)	(1,144)	(1,873)	(1,272)
Share of (profit) or loss of equity-accounted investees		(8)	53	(8)	53
Change in allowance for doubtful trade and other receivables		-	(391)	-	(391)
Interest income		(3)	(13)	(3)	(13)
Interest expenses	17	1,214	1,117	1,213	1,116
Other financial expenses		(15)	(1,609)	(15)	(1,609)
Currency impact from lease liabilities	17	19,869	9,182	19,869	9,182
Other non-cash adjustments		394	30	96	(38)
		16,922	14,414	15,852	13,692
Changes in working capital					
(Increase) decrease in inventories	5	(67)	535	(69)	541
Decrease (increase) in trade and other accounts receivable	6	(2,515)	(1,317)	(2,576)	(923)
Increase (decrease) in trade and other payables	12	7,358	(549)	7,432	(437)
Increase (decrease) in contract liabilities		208	(104)	208	(104)
Increase (decrease) in payroll related liabilities	13	(839)	(643)	(853)	(750)
		21,067	12,336	19,994	12,019
Income tax (paid)		(177)	-	-	-
Interest received		3	13	3	13
Net cash flows from (used in) operating activities		20,893	12,349	19,997	12,032
Cash flows from investing activities					
(Acquisition) of property plant equipment and intangible assets	4	(3,148)	(3,683)	(3,114)	(3,632)
Income from sales of non-current assets		90	27	90	27
Short term deposits (placed)/received		-	24,000	-	24,000
(Acquisition) of other investments		-	-	-	(25)
Grants, subsidies received		-	77	-	77
Net cash flows from (used in) investing activities		(3,058)	20,421	(3,024)	20,447

CASH FLOW STATEMENT (CONT'D)

Cash flows from financing activities

Loans received	10	13,414	6,707	13,414	6,707
Loans (paid)		(1,693)	(1,693)	(1,693)	(1,693)
Interest and fee related to loans (paid)		(225)	(172)	(225)	(172)
Guarantee fees paid		(84)	(56)	(84)	(56)
Dividends paid		-	(7,538)	-	(7,538)
Lease liabilities (paid)	10	(26,303)	(20,380)	(26,301)	(20,380)
Interest on lease liabilities (paid)		(993)	(981)	(992)	(981)
Net cash flows from (used in) financing activities		(15,884)	(24,113)	(15,881)	(24,113)
Net increase (decrease) in cash flows		1,951	8,657	1,092	8,366
Cash and cash equivalents on 1 January	9	61,517	51,076	57,148	47,433
Cash and cash equivalents on 30 June	9	63,468	59,733	58,240	55,799

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.

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 Company has not acquired any own shares and has arranged no deals regarding acquisition or transfer of its own shares during the six months of the year 2022 and 2021.

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

As of 30 June 2022 and 30 June 2021 the shareholders of the Company were:

	30 June 2022		30 June 2021	
	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	275,687	72.47
Concern UAB Achemos grupė (Vykinto str. 14, Vilnius, 156673480)	39,663	10.43	39,663	10.43
Other (less than 5 per cent each)	65,047	17.10	65,047	17.10
Total	380,397	100.00	380,397	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 30 June 2022 was 364 (396 on - 30 June 2021).

The average number of employees of the Company on 30 June 2022 was 332 (364 – on 30 June 2021).

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 2021. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2021.

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's and the Company's property, plant and equipment with the acquisition cost of EUR 40,818 thousand as of 30 June 2022 was completely depreciated (EUR 40,537 thousand on 31 December 2021), however, it was still in operation.

The Group's and the Company's depreciation of property, plant and equipment amounts to EUR 4,192 thousand and EUR 4,186 thousand for the six months of 2022, respectively (EUR 6,172 thousand and EUR 6,137 thousand for the six months of 2021). EUR 3,953 thousand of Group's and EUR 3,922 thousand of Company's depreciation charge has been included into cost of sales (EUR 6,206 thousand and EUR 6,171 thousand for the six months of 2021), EUR 207 thousand was reimbursement of the costs according to the grant agreement (EUR 176 thousand for the six months of 2021) and the remaining amount EUR 57 thousand (EUR 172 thousand for the six months of 2021) has been included into operating expenses in the Statement of comprehensive income of both, the Group and the Company.

The Group's and the Company's depreciation of right-of-use asset amounts to EUR 7,159 thousand and EUR 7,156 thousand for the six months of 2022, respectively (EUR 7,203 thousand for the six months of 2021). EUR 7,044 thousand of depreciation charge has been included into cost of sales of both, the Group and the Company (EUR 7,050 thousand for the six months of 2021) and the remaining amount of EUR 115 thousand and EUR 112 thousand has been included into operating expenses in the Statement of comprehensive income of the Group and the Company, respectively (EUR 153 thousand for the six months of 2021).

Impairment of property, plant and equipment and right of use asset attributed to Klaipėda oil terminal assets

At each reporting date, the Group and the Company makes assessments in order to determine whether there is any indication that the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets recorded at acquisition cost could possibly be impaired.

If any indications exist, the Group and the Company estimates the recoverable amount of such property, plant and equipment and non-current assets to assess impairment. For impairment assessment purposes, assets are grouped at the lowers separate business segment levels for which separate cash flows could be identified and estimated (cash-generating units, CGU).

As at 30 June 2022 the management of the Group and the Company did not identify indications for additional impairment of Klaipėda oil terminal's assets.

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;

4 OPERATING SEGMENTS (CONT'D)

- comLNG – LNG commercial activities - includes LNG reloading station and execution of other LNG projects.

Main indicators of the business segments of the Group included into the statement of comprehensive income for the six months of 2022 and statement of financial position as of 30 June 2022, are described below:

Group

For the six months period ended 30 June 2022	LNGT	OT	comLNG	Total
Revenues from contracts with customers	21,841	11,616	2,519	35,976
Profit before income tax	(16,529)	884	171	(15,474)
Segment net profit (loss)	(14,387)	623	(84)	(13,848)
Interest revenue	3	-	104	107
Loan interest expense	299	-	-	299
Interest on financial lease liabilities	712	181	21	914
Depreciation and amortisation	1,240	2,287	626	4,153
Depreciation of right-of-use-assets	6,867	210	82	7,159
Acquisitions of tangible and intangible assets	26	2,532	13	2,571
Segment total assets*	371,535	112,152	26,389	510,076
Loan and related liabilities	131,713	(20)	(42)	131,651
Lease liabilities	268,177	18,188	2,070	288,435
Segment total liabilities	411,668	22,416	8,310	442,394

Main indicators of the business segments of the Group included into the statement of comprehensive income for the six months of 2021 and statement of financial position as of 30 June 2021, are described below:

Group

For the six months period ended 30 June 2021	LNGT	OT	comLNG	Total
Revenues from contracts with customers	17,937	10,784	2,908	31,629
Profit (loss) before income tax	(7,453)	(719)	264	(7,908)
Segment net profit (loss)	(6,258)	(635)	129	(6,764)
Interest revenue	-	13	-	13
Loan interest expense	212	-	-	212
Interest on lease liabilities	750	152	4	906
Depreciation and amortisation	1,623	3,829	720	6,172
Depreciation of right-of-use-assets	6,874	275	54	7,203
Acquisitions of tangible and intangible assets	19	3,034	28	3,081
Segment total assets*	385,712	154,584	26,299	566,595
Loan and related liabilities	101,568	(20)	(42)	101,506
Lease liabilities	278,896	15,177	345	294,418
Segment total liabilities	401,401	21,600	1,236	424,237

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	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Oil products for sale	355	23	355	23
Diesel fuel for the LNG Terminal purpose	323	234	323	234
Liquefied natural gas	47	47	47	47
Fuel for transport and other equipment	46	48	46	48
Spare parts, construction materials and other inventories	1,426	1,446	1,426	1,444
Total inventories	2,197	1,798	2,197	1,796

As at 30 June 2022 and 31 December 2021 the Group and the Company did not have any inventory items that needed impairment allowance.

6 TRADE RECEIVABLES AND OTHER RECEIVABLES

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Trade receivable	12,100	9,411	11,558	8,939
Prepayments	761	553	715	523
Other receivable	1,376	1,679	955	1,174
Total	14,237	11,643	13,228	10,636

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

Trade receivable disclosed below:

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Receivables from LNG terminal activities	9,740	7,435	9,739	7,435
Receivables for transhipment of oil products and other related services	3,216	2,902	3,216	2,902
Receivable for operating and management services	655	585	114	113
Less: impairment allowance	(1,511)	(1,511)	(1,511)	(1,511)
Total	12,100	9,411	11,558	8,939

The Group and the Company has recognized impairment allowance in the amount of EUR 1,511 thousand as at 30 June 2022 (EUR 1,511 thousand on 31 December 2021).

No change in allowance for trade receivables for six months of 2022 and 2021 accounted.

Other receivables disclosed below:

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Excise duty receivable	955	354	955	354
Other receivable taxes (1)	421	505	-	-
VAT receivable	-	820	-	820
Total	1,376	1,679	955	1,174

- (1) Other receivable taxes related to subsidiary KN Acu Servicos de Terminal de GNL Ltda receivable social security taxes (INSS). Any employee on a Brazilian payroll is subject to social security contributions. According to the current legislation, the monthly social security contribution in Brazil is due on the total amount of the remuneration at rates of 7.5% up to 14%.

7 CONTRACT ASSETS

The Group and the Company

	30-06-2022	31-12-2021
Current contract assets:		
Accrued rent income (1)	87	349
Accrued income (2)	261	263
	348	612

- (1) As of 30 June 2022 and 31 December 2021 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 all agreement term (10 years).

Balances as of 30 June 2022 and 31 December 2021 respectively amounted to EUR 87 thousand and EUR 349 thousand. Total amount of the accrued income is presented under short-term contract assets.

7 CONTRACT ASSETS (CONT'D)

- (2) Accrued income for storage of oil products as of 30 June 2022 and 31 December 2021 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 OTHER FINANCIAL ASSETS

The Group and the Company

	30-06-2022	31-12-2021
Excise duty guarantee receivable	3,271	3,271
	<u>3,271</u>	<u>3,271</u>

In 2020 the Group and the Company paid a guarantee to the Excise Administration Department for tax which may arise from the movement of excise goods under suspension of excise duty. The additional excise duty guarantee paid in September 2021 for the amount of EUR 2,000 thousand. The guarantee agreement is without a fixed term.

In 2020 the Group and the Company signed a performance guarantee agreement with SEB bank by depositing amount of USD 729 thousand in favour of Brazil subsidiary's KN Açu Serviços de Terminal de GNL Ltda. client UTE GNA I GERACAO DE ENERGIA S.A. As of 1 January 2021, the amendment signed to reduce the guarantee amount to USD 665 thousand, the deposit was returned and guarantee issued from the Company's credit limit. The maturity term of guarantee agreement is 31 December 2022.

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Cash at bank	63,468	61,517	58,240	57,148

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

Currency	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
EUR	58,188	60,827	53,401	57,145
USD	4,839	3	4,839	3
BRL	441	687	-	-
	<u>63,468</u>	<u>61,517</u>	<u>58,240</u>	<u>57,148</u>

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	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
A+	11,701	6,061	6,915	2,379
A-	22,759	-	22,759	-
AA-	28,567	27,337	28,566	27,337
BBB+	-	27,432	-	27,432
BB-	441	687	-	-
	<u>63,468</u>	<u>61,517</u>	<u>58,240</u>	<u>57,148</u>

10 LOANS AND LEASE LIABILITIES

Loans

The Group and the Company

	30-06-2022	31-12-2021
Nordic Investment Bank's loan	83,391	70,733
European Investment Bank's loan	48,196	49,175
Guarantee payment to the Ministry of Finance to the Republic of Lithuania	(131)	(132)
Payable loan interest	195	147
	<u>131,651</u>	<u>119,923</u>

10 LOANS AND LEASE LIABILITIES (CONT'D)

Lease liabilities

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Lease liabilities	288,435	287,105	288,410	287,080

Lease liabilities as at 30 June 2022 can be specified as follows:

Group

	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	216,475	19,434	4,972	334	241,215
Short term lease liabilities	46,577	438	76	129	47,220
	263,052	19,872	5,048	463	288,435

Company

	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	216,475	19,434	4,972	326	241,207
Short term lease liabilities	46,577	438	76	112	47,203
	263,052	19,872	5,048	438	288,410

Lease liabilities as of 31 December 2021 can be specified as follows:

Group

	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	222,380	15,966	5,011	73	243,430
Short term lease liabilities	43,119	352	75	129	43,675
	265,499	16,318	5,086	202	287,105

Company

	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	222,380	15,966	5,011	55	243,412
Short term lease liabilities	43,119	352	75	122	43,668
	265,499	16,318	5,086	177	287,080

* Other comprises of transport vehicles, office rent.

11 DEFERRED GOVERNMENT GRANTS

The Group and the Company

	30-06-2022	31-12-2021
Balance at the beginning of the period	5,771	5,817
Received during the period	-	302
Amortisation	(207)	(348)
Balance at the end of the period	5,564	5,771

12 TRADE PAYABLES AND OTHER LIABILITIES

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Trade payables	1,181	3,053	1,129	3,045
Other payables and current liabilities	5,521	642	5,322	468
	6,702	3,695	6,451	3,513

12 TRADE PAYABLES AND OTHER LIABILITIES (CONT'D)

Trade payables disclosed below:

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Payable for rent of land	459	257	459	257
Payable for gas services	80	313	80	313
Payable to contractors	50	740	50	740
Other payments related FSRU	-	322	-	322
Payable for railway services	-	86	-	86
Other trade payables	592	1,335	540	1,327
	<u>1,181</u>	<u>3,053</u>	<u>1,129</u>	<u>3,045</u>

On 30 June 2022 there were no trade payables denominated in USD (EUR 3 thousand – on 31 December 2021).

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

Other payables and current liabilities disclosed below:

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Accrued expenses related to FSRU rent	3,928	-	3,928	-
Accrued expenses and liabilities	563	327	563	327
Other taxes payable	432	205	233	31
Accrued expenses related to other FSRU expenses	286	-	286	-
Real estate tax payable	-	90	-	90
Other liabilities	312	20	312	20
	<u>5,521</u>	<u>642</u>	<u>5,322</u>	<u>468</u>

13 PAYROLL RELATED LIABILITIES

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Accrued vacation reserve	904	818	803	759
Accrual of annual bonuses	516	977	481	930
Salaries payable	475	451	439	450
Social insurance payable	286	262	217	217
Income tax payable	177	158	176	158
Other deductions	3	3	3	3
	<u>2,361</u>	<u>2,669</u>	<u>2,119</u>	<u>2,517</u>

14 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021
Sales of oil transshipment services	10,772	9,332	10,772	9,332
Income from LNGT services regulated by NERC	10,768	14,055	10,768	14,055
Income from LNGT regasification services	10,722	3,836	10,722	3,836
Other sales related to LNG terminals activity	2,855	2,561	1,334	1,022
Sales of oil products	-	1,061	-	1,061
Other sales related to transshipment	848	389	848	389
Sales of consulting services	11	395	14	395
Total	<u>35,976</u>	<u>31,629</u>	<u>34,458</u>	<u>30,090</u>

15 COST OF SALES

	Group		Company	
	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021
Depreciation of right-of-use asset	(7,044)	(7,050)	(7,044)	(7,050)
Depreciation and amortisation (incl. amortisation of grants)	(4,081)	(6,030)	(4,037)	(5,995)
Wages, salaries and social security	(3,928)	(3,686)	(3,580)	(3,372)
Expenses related to FSRU rent (OPEX element, management, crew cost)	(3,256)	(2,858)	(3,256)	(2,858)
Tax on environmental pollution and Emission allowances	(2,924)	(2,448)	(2,924)	(2,448)
Natural gas	(1,916)	(655)	(1,916)	(655)
Port charges	(766)	(776)	(766)	(776)
Electricity	(735)	(529)	(735)	(529)
Railway services	(587)	(387)	(587)	(387)
Repair and maintenance of assets	(318)	(384)	(291)	(362)
Insurance	(305)	(205)	(275)	(178)
Tax on real estate	(252)	(245)	(252)	(245)
Contribution for National Energy Regulatory Council (NERC)	(239)	(297)	(239)	(297)
Work safety costs	(134)	(128)	(132)	(128)
Services for tankers	(100)	(73)	(100)	(73)
Cleaning expenses	(76)	(168)	(76)	(168)
Transport	(59)	(61)	(51)	(52)
Other expenses related to FSRU	(53)	(78)	(53)	(78)
Cost of oil products sold	-	(599)	-	(599)
Other	(185)	(230)	(140)	(136)
	<u>(26,958)</u>	<u>(26,887)</u>	<u>(26,454)</u>	<u>(26,386)</u>

16 OPERATING EXPENSES

	Group		Company	
	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021
Wages, salaries and social security	(2,449)	(2,548)	(2,272)	(2,334)
Consulting and legal costs	(250)	(328)	(209)	(297)
Telecommunication and IT expenses	(167)	(186)	(152)	(174)
Administration of bank accounts	(154)	(107)	(149)	(104)
Depreciation of right-of-use asset	(115)	(153)	(112)	(153)
Salaries and other related expenses to governing bodies	(81)	(82)	(81)	(82)
Depreciation and amortization	(72)	(142)	(72)	(142)
Operating tax expense	(70)	(179)	(38)	-
Expenses for refresher courses	(48)	(31)	(48)	(27)
Expenses for business trips	(46)	(10)	(46)	(10)
Expenses for utilities	(44)	(44)	(42)	(43)
Advertising and external communication	(26)	(8)	(22)	(8)
Impairment of assets	(15)	-	(15)	-
Reversal of trade debtors impairment	-	391	-	391
Other	(275)	(112)	(158)	(104)
	<u>(3,812)</u>	<u>(3,539)</u>	<u>(3,416)</u>	<u>(3,087)</u>

17 INCOME (EXPENSES) FROM FINANCIAL AND INVESTMENT ACTIVITIES

	Group		Company	
	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021
Interest income	107	13	3	13
Fines income	12	10	12	10
Income from derivatives	-	1,188	-	1,188
Other financial income	9	53	13	4
Financial income, total	128	1,264	28	1,215
Losses from currency exchange on the lease liabilities	(19,869)	(9,182)	(19,869)	(9,182)
Interest on the lease liabilities	(914)	(906)	(913)	(906)
Interest expenses	(299)	(213)	(299)	(212)
Loss from financial derivatives	(72)	-	(72)	-
Losses from currency exchange	(24)	(42)	(19)	(11)
Other financial activity expenses	(5)	-	-	-
Financial activity expenses, total	(21,183)	(10,343)	(21,172)	(10,311)

18 EARNINGS (LOSS) PER SHARE, BASIC AND DILUTED

Basic earnings per share are calculated by dividing net profit (loss) of the Group 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 six months period ended 30 June 2022	For the six months period ended 30 June 2021
Net profit (losses) attributable to shareholders	(13,848)	(6,764)
Weighted average number of ordinary shares (thousand)	380,397	380,477
Earnings (loss) and reduced earnings (loss) (in EUR)	(0.036)	(0.018)

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 six months of 2022 and 2021 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	2022 six months	1,231	-	-	459
	2021 six months	1,176	-	-	230
AB "Amber Grid"	2022 six months	-	10,768	4,021	-
	2021 six months	-	11,775	6,129	-
UAB „Ignitis“	2022 six months	-	2,633	800	-
	2021 six months	4	806	87	-
Public Institution Lithuanian Energy Agency	2022 six months	-	1,682	339	-
	2021 six months	-	1,664	336	-
Energijos skirstymo operatorius, AB	2022 six months	117	-	-	-
	2021 six months	207	-	-	-
AB LTG CARGO	2022 six months	587	-	-	-
	2021 six months	364	-	-	-
Other related parties	2022 six months	23	-	-	6
	2021 six months	16	-	-	3
Transactions with related parties, in total:	2022 six months	1,958	15,083	5,160	465
	2021 six months	1,767	14,245	6,552	233

Company

		Purchases	Sales	Receivable	Payables
State Enterprise Klaipeda State Seaport Authority	2022 six months	1,231	-	-	459
	2021 six months	1,176	-	-	230
AB "Amber Grid"	2022 six months	-	10,768	4,021	-
	2021 six months	-	11,775	6,129	-
UAB „Ignitis“	2022 six months	-	2,633	800	-
	2021 six months	4	806	87	-
Public Institution Lithuanian Energy Agency	2022 six months	-	1,682	339	-
	2021 six months	-	1,664	336	-
Energijos skirstymo operatorius, AB	2022 six months	117	-	-	-
	2021 six months	207	-	-	-
AB LTG CARGO	2022 six months	587	-	-	-
	2021 six months	364	-	-	-
KN Acu Servicios de Terminal de GNL Ltda	2022 six months	-	35	18	-
	2021 six months	-	239	2	-
Other related parties	2022 six months	9	-	-	6
	2021 six months	16	-	-	3
Transactions with related parties, in total:	2022 six months	1,944	15,118	5,178	465
	2021 six months	1,767	14,484	6,554	233

19 RELATED PARTY TRANSACTIONS (CONT'D)

Management salaries and other payments

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

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

	Group		Company	
	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021	For the six months period ended 30 June 2022	For the six months period ended 30 June 2021
Payroll related costs	402	323	356	286
Number of managers	10	10	6	6

During the six months of 2022 and the six months of 2021 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

No significant events have occurred after the date of financial statements.

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, Mindaugas Kvekšas, 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 six months period ended on 30 June 2022, 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

Mindaugas Kvekšas

Chief Accountant

Rasa Tamaliūnaitė



2022

AB KLAIPĒDOS NAFTA CONSOLIDATED INTERIM REPORT

FOR THE SIX MONTHS PERIOD ENDING ON 30 JUNE 2022

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Abbreviations:

BDP – Segment of LNG related business development and consulting

comLNG – commercial LNG activities

EIB – European Investment Bank

HFO – Heavy Oil Products

KN – AB Klaipėdos nafta

KOT – Klaipėda oil terminal

LNG terminal – Klaipėda LNG terminal

LNGT – regulated LNG activities

LP – Light Products

NERC – National Energy Regulatory Council

NIB – Nordic Investment Bank

OP – Oil Products

OT – Oil terminals

O&M – Operations and Maintenance

SOT – Subačius oil terminal

GENERAL INFORMATION ABOUT THE GROUP AND THE COMPANY

1. REPORTING PERIOD

AB Klaipėdos nafta Consolidated Interim Report for the year 2022 is prepared for the period from 1 January 2022 until 30 June 2022.

2. CONFIRMATION OF RESPONSIBLE PERSONS

Referring to the 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 Bank of Lithuanian, Responsible Persons Darius Šilenskis, Chief Executive Officer of AB Klaipėdos nafta, Mindaugas Kvekšas, Chief Financial Officer of AB Klaipėdos nafta, and Rasa Tamaliūnaitė, Chief Accountant of

AB Klaipėdos nafta, hereby confirm that to the best of our knowledge the Consolidated Interim Report of AB Klaipėdos nafta for 2022 includes a fair review of the development and performance of the business and the present state of the Company together with the description of the main risks and uncertainties that are encountered.

3. PERSONS RESPONSIBLE FOR THE INFORMATION SUBMITTED IN THE ANNUAL REPORT

JOB TITLE	FULL NAME	TELEPHONE NUMBER
AB Klaipėdos nafta, Chief Executive Officer	Darius Šilenskis	+370 52 127 733
AB Klaipėdos nafta, Chief Financial Officer	Mindaugas Kvekšas	+370 46 391 772
AB Klaipėdos nafta, Chief Accountant	Rasa Tamaliūnaitė	+370 61 888 260

4. ISSUER INFORMATION AND CONTACT DETAILS

Name of the Company:	AB Klaipėdos nafta (hereinafter – the Company, KN or Issuer)
Legal status:	Stock Company
Authorized share capital:	110,315,009 EUR
Date and place of registration:	27 September 1994, State Enterprise Centre of Registers
Company code:	110648893
Address:	Burių street 19, 92276 Klaipėda
Register of the Company:	State Enterprise Centre of Registers
Telephone number:	+370 46 391772
Fax number:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

5. INFORMATION ON SUBSIDIARIES AND CONTACT DETAILS:

Name of the Company:	UAB SGD terminalas
Legal status:	Private Limited Liability Company
Authorized share capital:	37,500 EUR
Date and place of registration:	27 December 2018, State Enterprise Centre of Registers
Company code:	304977459
Address:	Burių street 19, 92276 Klaipėda
Register of the Company:	State Enterprise Centre of Registers
Telephone number:	+370 46 391772
Fax number:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

Name of the Company:	UAB SGD logistika
Legal status:	Private Limited Liability Company
Authorized share capital:	4,540,000 EUR
Date and place of registration:	20 November 2015, State Enterprise Centre of Registers
Company code:	304139242
Address:	Burių street 19, 92276 Klaipėda
Register of the Company:	State Enterprise Centre of Registers
Telephone number:	+370 46 391772
Fax number:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

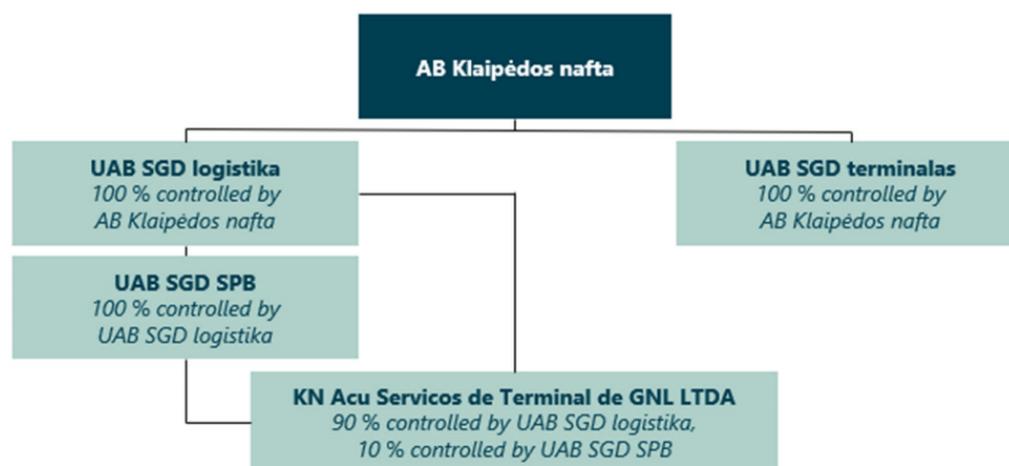
6. INFORMATION ON SUBSIDIARIES OF UAB SGD LOGISTIKA AND CONTACT DETAILS:

Name of the Company:	UAB SGD SPB
Legal status:	Private Limited Liability Company
Authorized share capital:	25,000 EUR
Date and place of registration:	9 October 2019, State Enterprise Centre of Registers
Company code:	305278800
Address:	Burių street 19, 92276 Klaipėda
Register of the Company:	State Enterprise Centre of Registers
Telephone number:	+370 46 391772
Fax number:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

Name of the Company:	KN Acu Servicos de Terminal de GNL LTDA
Legal status:	Limited Liability Company
Authorized share capital:	642,600 BRL (Brazilian reals)
Date and place of registration:	13 December 2019, State Register of Legal Entities of Rio de Janeiro
Company code:	NIRE 33.210.894.765; CPNJ 35.785.170/0001-03
Address:	F66 Fazenda Saco Dantas s/n, Distrito Industrial, Area 1 and Area 2, 28200-000 São João da Barra, State of Rio de Janeiro
Register of the Company:	State Register of Legal Entities of Rio de Janeiro
Telephone number:	+370 46 391772
Fax number:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

7. GROUP STRUCTURE AND MAIN TYPES OF ACTIVITY

Structure of the AB Klaipėdos nafta Group (hereinafter – Group) on 30 June 2022:



The Group's Capital on 30 June 2022:

NAME OF THE COMPANY	TYPE OF SHARE	NUMBER OF SHARES (UNIT)	SHARE FACE VALUE	TOTAL FACE VALUE
AB Klaipėdos nafta	Common registered shares	380,396,585	0.29 EUR	110,315,009 EUR
UAB SGD terminalas	Common registered shares	37,500	1.00 EUR	37,500 EUR
UAB SGD logistika	Common registered shares	4,540,000	1.00 EUR	4,540,000 EUR
UAB SGD SPB	Common registered shares	25,000	1.00 EUR	25,000 EUR
KN Açu Servicos de Terminal de GNL LTDA	Common registered shares	642,600	1.00 BRL ¹⁾	642,600 BRL ¹⁾

¹⁾ BRL – Brazilian real.

The companies of the Group and their main activities:

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART, %	ACTIVITIES
AB Klaipėdos nafta	Burių street 19, 92276 Klaipėda	100	The business activity of AB Klaipėdos nafta can be divided into three segments: oil terminals, regulated LNG activities, and commercial LNG activities. Oil terminals include activities of Klaipėda Oil terminal and Subačius Oil terminal. Regulated LNG activities stand for Klaipėda LNG terminal. Commercial LNG activities include small-scale LNG station in Klaipėda, operation of LNG terminal in Açu port in Brazil, and other business development projects.
UAB SGD terminalas	Burių street 19, 92276 Klaipėda	100	Operation (management) and development of the infrastructure of the liquefied natural gas terminal in Klaipėda, other economic activities. The subsidiary is currently not operating.
UAB SGD logistika	Burių street 19, 92276 Klaipėda	100	Expansion of operation of international LNG terminal activities, LNG transportation activities, other economic activities.
UAB SGD SPB	Burių street 19, 92276 Klaipėda	100 owned by UAB SGD logistika	Expansion of operation of international LNG terminal activities by investing and establishing project companies in Lithuania and foreign countries (holding activities).
KN Açu Serviços de Terminal de GNL LTDA (KN Açu)	F66 Fazenda Saco Dantas s/n, Distrito Industrial, Area 1 and Area 2, 28200-000 São João da Barra, State of Rio de Janeiro	90 owned by UAB SGD logistika and 10 owned by UAB SGD SPB	LNG terminal operation and maintenance services in the port of Açu, Brazil, including the technical and commercial operation of the installation of the quay and its facilities, gas pipeline and gas metering stations.

8. AGREEMENTS WITH INTERMEDIARIES OF PUBLIC SECURITIES TRADING

The Company has an agreement with Financial Markets Department of AB SEB Bankas for accounting of the Company's securities and related services.

AB SEB BANK FINANCIAL MARKETS DEPARTMENT:	
Company code	112021238
Address	J. Balčikonis street 7, LT-08247 Vilnius, Lithuania
Telephone	1528
E-mail	info@seb.lt
Website	www.seb.lt

9. AGREEMENTS WITH BROKERAGES FOR PUBLIC ISSUE

The Company's shares are traded on the regulated market; they are listed in the Baltic Main List of the Stock Exchange of AB NASDAQ Vilnius.

THE MAIN DATA ABOUT THE SHARES OF THE COMPANY:	
ISIN code	LT0000111650
Abbreviation	KNF1L
Share emission	380,396,585

The Company's shares have been listed on the Nasdaq Vilnius Secondary List since 16th January of 1996 and since 4th April of 2016 the Company's shares are listed on the Nasdaq Vilnius Main List.

The securities of the subsidiary companies are not publicly traded.

Details of the shares and shareholders are provided in 2022 Interim Report's chapter "Information about the shareholders and shares" of the Company".

A FOREWORD OF THE CEO

Dears,

On February 24, 2022, the biggest war of the last decades started in Europe, in Ukraine, which pushed the pandemic and the challenges of growing inflation to the background and at the same time brought new ones that no one had thought about at the start of 2022. The war caused by Russia is accompanied by another, extremely painful for the economy, energy "war". Its impact is felt not only by businesses, industries, but also by every household, especially as winter is approaching, there is concern about rising energy prices and business continuity.

In this unpredictable situation, the only thing that pleases me is that, compared to some other EU countries, we are secure in Lithuania in a sense that we will not run out of energy on a cold winter day, and in the face of war, we are the only ones in the region who have secured complete energy independence from Russian gas. Since the beginning of war, the LNG terminal which is managed by KN in Klaipėda has become one of the main, and not too long ago, the only natural gas import channel not only for Lithuania, but also for other Baltic countries.

Looking at KN's results for the first half of the year, the feelings are mixed. On one hand, the results show a positive direction and recovery. Previously made strategic decisions to diversify the product portfolio at the oil terminals are paying off over and above - we are loading significantly more diverse oil and petrochemical products. We have become more flexible and faster in developing and offering services to our clients. After the liquid fuel import alternatives have reduced, mainly due to stopped import of fuel from Belarus, we are recording previously unseen activity at the KN truck loading station. After starting to load bitumen at the beginning of the year, we can be happy to have taken a quarter of the bitumen loading market share between the Baltic countries and the Gulf of Finland terminals. Klaipėda's LNG terminal is working at full capacity, proving its strategic importance in the region. During the first half of the year, we took decisions to enable new possibilities for the future - we signed a letter of intent regarding the possibility of cooperation in providing operation and maintenance (O&M) services for wind farms in the Baltic Sea in Lithuania with the Orlen Group, and we also agreed with

industrial companies on the assessment of the applicability of liquefied CO2 capture technology in Lithuania. These are all great results that I am proud of. On the other hand, the hard-to-manage energy costs prevent us from celebrating these achievements - our activity is energy resources intensive, and despite all our efforts to make it more efficient and minimize energy consumption, we are vulnerable to unprecedented energy resource prices. I am happy with the team's efforts to make operational processes more efficient by saving to the maximum the electricity and gas used in the day-to-day activities. Although we understand that due to unpredictable price fluctuations, it is currently extremely difficult to assess the actual effect of these operational improvements, they undoubtedly create a sustainable basis for operations in the long-term. Nevertheless, in the second half of 2022, we will continue paying attention to managing variable costs, looking for alternatives to the types of energy used, and implementing already started renewable energy generation projects.

As in the first six months of operation, during the second half of the year the importance of business continuity will remain in our sights. Both physical and cyber security will remain high on the agenda. As well as further containment of a possible pandemic wave.

The second half of 2022 is also important for us because of the ongoing process of developing a new corporate strategy. Since February 2020, when the Company's current strategy was approved, both the world and the environment in which KN operates have changed dramatically. We must take this into account when thinking about a new activity horizon and drawing new directions of activity. Some of them are already slowly materializing, so now is the right time to focus and plan how we will turn challenges into new sustainable opportunities.

Sincerely,
Darius Šilenskis
Chief Executive Officer

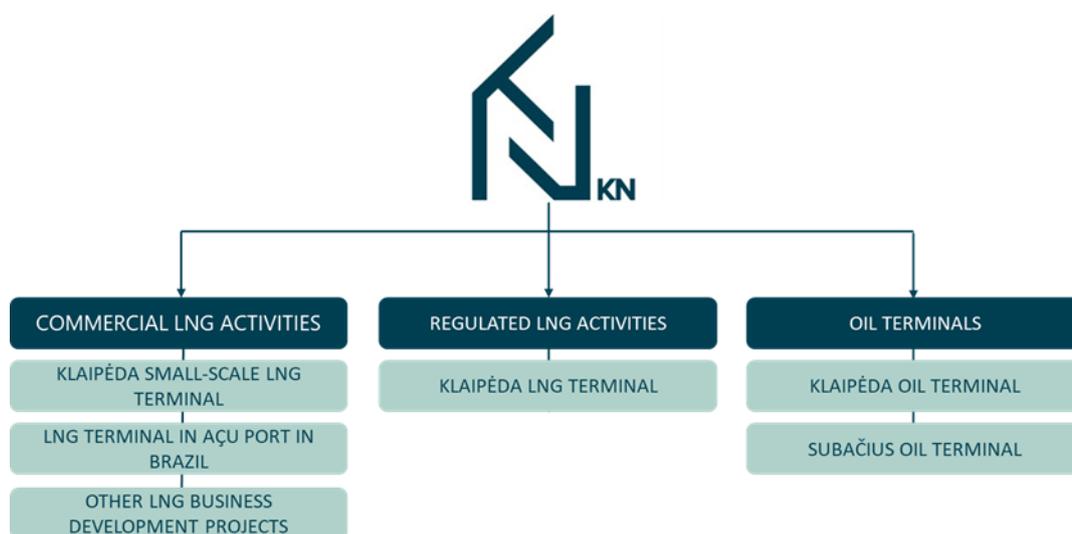
INFORMATION ABOUT THE GROUP AND THE COMPANY AND ITS ACTIVITIES

AB Klaipėdos nafta is the Company of strategic importance for the energy security of Lithuania and the surrounding region, which ensures the import of liquefied natural gas into Lithuania and neighbouring countries, the storage of the obligatory oil product reserve of the Republic of Lithuania, as well as reliable and efficient transshipment of oil products in Klaipėda port. Besides the activities mentioned above, the Company has started small scale LNG activities in 2017 and in 2020 became the

operator of LNG terminal in Açu Port in Brazil, becoming the Group.

Currently, the Group's activities can be divided into three main segments: commercial LNG activities, regulated LNG activities, and oil terminals. The Management of the Group and the Company evaluates the financial results of each segment and sets separate strategic goals.

MAIN ACTIVITIES:



INFORMATION ABOUT INVESTMENT INTO ASSOCIATES

The Company has investments into the following associate companies as of 30 June 2022:

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART, %	ACTIVITIES
UAB BALTPPOOL	9 A. Juozapavičiaus str., LT-09311, Vilnius	33	Development of activity of energy resources (biofuel, gas) exchange, administration of Public Interest Services (PIS) funds.
Sarmatia Sp. z o.o.	ul. Nowogrodzka 68, Prima court, 02-014 Warsaw, Poland	1	Analysis and engineering of possibilities to construct oil pipeline between Asian states and the Baltic Sea.

OIL TERMINALS

Oil terminals segment (OT) includes activities of Oil Terminal in Klaipėda and Oil Terminal in Subačius which are providing services of oil products transshipment,

long-term storage of oil products, and other services related to oil products transshipment.

KLAIPĖDA OIL TERMINAL

The Company is one of the largest oil transshipment terminals in the Baltic States. The terminal's main activity is to transship oil products delivered by rail tanks into tankers.



The Company's Oil Terminal handles these oil and chemical industry products:

- Light Products (hereinafter – LP):
 - Different types of diesel fuel.
 - Different types of gasoline.
 - Jet fuel.
- Heavy Oil Products (hereinafter – HFO):
 - Different types of fuel oil.
 - Technological fuel.
 - Vacuum gas oil (VGO).
 - Crude oil.
 - Bitumen.
- Bio-fuels:
 - Ethanol.
 - Fatty acid methyl ester.
 - Hydrotreated vegetable oil.
- Other products of the chemical industry:
 - Monoethylene glycol.

CHARACTERISTICS OF KLAIPĖDA OIL TERMINAL

Location	Territory of AB Klaipėdos nafta oil terminal, address: Burių street 19, Klaipėda
Oil product tanks	51 tanks
Volume of the tanks	571 thousand m ³ total volume
The capacity of the oil terminal	8-10 million t / year
Jetty berths	2 (modernization of the jetty berths and construction of an additional multi-functional berth started in 2019. After the completion of reconstruction the terminal will be capable to service three oil tankers simultaneously instead of two. The total length of all three berths after reconstruction will be about 750 m)
Harbour entrance depth:	14.5 m
Max. draught at the jetty	13.5 m
Max. length of serviced tankers	Up to 275.0 m
Railway	Two double-track rail tank loading racks: <ul style="list-style-type: none"> • Two tracks for petroleum products that do not require maintaining of specific temperature conditions (up to 2 x 30 tank wagons can be serviced simultaneously); • Two tracks for oil products that require maintaining of specific temperature conditions (up to 2 x 32 tank wagons can be serviced simultaneously); • One of the tracks is adapted to oil products of all types; • 124 tank wagons can be loaded at the same time.
Tank truck loading	4 loading points at the same time
Modern laboratory	Equipped to inspect main quality parameters of oil products
Total capacity of three boilers of own boiler station	100 MWh

The processes of oil products transshipment service in the Company's oil terminal mainly include the following operations: i) reloading of oil products from rail tanks, ii) temporary storage of oil products in the terminal's shore tanks and iii) loading oil products into tankers.

To supply the clients with imported oil products delivered to Klaipėda seaport by tankers, the Company is using trucks loading station located in its terminal.

Klaipėda Oil terminal provides the following services:

- Transshipment of crude oil and oil products from rail tanks into tankers.

- Transshipment of crude oil and oil products from tankers into rail tanks.
- Reloading of crude oil and oil products into trucks.
- Accumulation and storage of crude oil and oil products.
- Acceptance of contaminated wastewaters from sea vessel.
- Mooring services.
- Inspection of quality parameters of oil products.
- Adding bio-additives and marking substances to oil products.
- Blending of heavy and light products.
- Supply of fuel and water to vessels.
- Transshipment of bitumen.

SUBAČIUS OIL TERMINAL

After the approval of the share emission agreement with the Republic of Lithuania on 11 June 2012, the Company has started to manage Subačius oil terminal (hereinafter – SOT). After the takeover of Subačius oil terminal infrastructure the Company's activity and services have been diversified and expanded including services of long-term oil product storage.



SUBAČIUS OIL TERMINAL'S CHARACTERISTICS

Location	In Kunčiai village, Kupiškis district
Volume of the tanks	Total 66 tanks
Volume of the tanks	Almost 338 thousand m ³ total volume
Railway	The rail trestle which can simultaneously handle 14 rail tanks
Road trucks loading	Modern loading station of tanker trucks
Modern laboratory	Able to detect the main quality parameters of oil products

Subačius oil terminal provides the following services:

- Storage of oil product (fuel) stocks of the Lithuanian State to ensure the national energy security under the relevant legal acts.
- Long-term storage of oil products (gasoline, diesel fuel).
- Short-term storage and handling of oil products (gasoline and diesel fuel) to the customers.

- Adding bio-additives and marking substances to oil products.

The infrastructure of Subačius oil terminal is continuously upgraded to ensure proper provision of high-quality services to customers, as well as safe and reliable operation of the facility.

REGULATED LNG ACTIVITIES

Regulated LNG activities (LNGT) segment includes activity of LNG terminal in Klaipėda which receives, and stores

KLAIPĖDA LNG TERMINAL

Ensuring long-term operation of Klaipėda LNG terminal

At the end of 2019 Board of KN took necessary decisions regarding implementation of measures for ensuring long-term (until 2044) activities of the Klaipėda LNG Terminal, including principal decision on the FSRU acquisition after 2024. At the end of 2019, Parliament approved state guarantee for Stage I (optimization of LNG security supplement) and Stage II (purchase of FSRU) of the long-term LNG supply project, which enabled AB Klaipėdos nafta to sign agreement with NIB on the loan for the purpose of Stage I. Consequently, security supplement reduction (by almost 40% since 2020) was proposed to National Energy Regulation Council (NERC). Based on NERC decision security supplement has been reduced and is applicable to all gas consumers starting January 2020.

Loan agreement for Stage II (FSRU acquisition) has been signed with NIB on 2020-03-09. On 2020-11-20 the European Commission (EC) approved the state aid to be provided in the form of state guarantee for the FSRU acquisition loan. By this, principal issues related to FSRU acquisition financing are solved. Preparatory work for FSRU selection and purchase has been started.

In accordance with the Law on LNG Terminal, which provides that LNG activities must be carried out until at least 2044-12-31 and the LNG terminal operator acquires FSRU and becomes an operator no later than 2024-12-31. In accordance with the Law on LNG Terminal, which provides that LNG activities must be carried out until at least 2044-12-31 and the LNG terminal operator acquires FSRU and becomes an operator no later than 2024-12-31. The market research, the market consultations, and the results of public tender organised by KN in 2021 have clearly shown that the existing purchase option to acquire FSRU "Independence" is the most economically advantageous solution for KN. By December 2022, KN must inform the Norwegian company Høegh LNG of its decision to execute the right of FSRU Independence buy-out option as indicated in the time charter agreement. After the decision to purchase the FSRU "Independence" was made, KN is intensively preparing to

Infrastructure of the Liquefied Natural Gas Terminal

LNG Terminal of AB Klaipėdos nafta is based on a Floating Storage with Regasification Unit (FSRU) technology. The terminal is connected to the gas transmission network of the natural gas transmission system operator AB Amber Grid by an 18-kilometre-long connecting gas

liquefied natural gas, regasifies, and supplies it to main gas pipeline.

ensure the uninterrupted operation of the FSRU "Independence", therefore it plans to launch a tender for the purchase of FSRU operation and maintenance services this year.

During the first 6 months of 2022, the LNG terminal in Klaipėda had five active users: one – from Estonia, one – from Poland and three – from Lithuania. 23 LNG carriers arrived at the LNG Terminal and 13.01 TWh of LNG was regasified (vs 9.36 TWh year ago); in addition, 3 vessels have arrived for reloading operations (2 vessels during the first 6 months of 2021).

In March 2022, due to Russian invasion in Ukraine, Lithuania has stopped LNG imports from Russia. Usually, 4-6 small scale cargoes (up to 10 thousand m³) were delivered to the terminal per month. Since April, Lithuania has halted natural gas imports from Russia via the pipeline. Due to the reduction of Russian gas supply, the Klaipėda's LNG Terminal has become a very important access point to the gas market for the Baltic States and Finland.

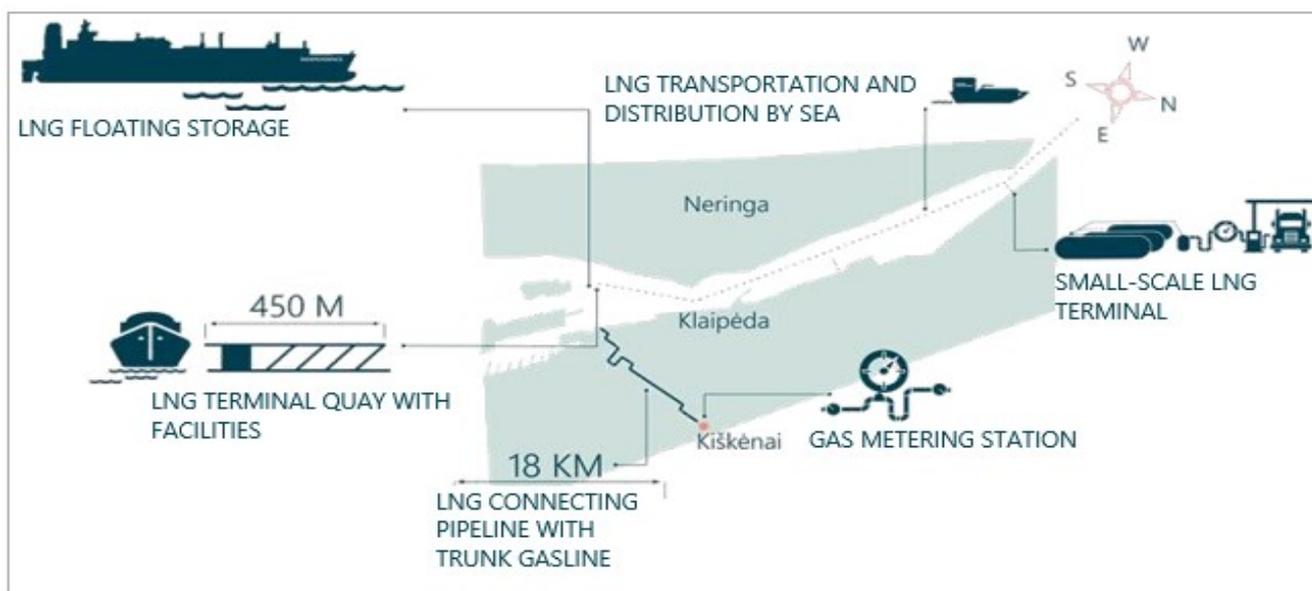
As a result of high global gas prices, Lithuania's natural gas consumption was 35% lower compared to the same period in 2021 and amounted to 9.6 TWh.

The utilization of European LNG terminals increased; due to lower Russian gas imports more LNG was coming to Europe YoY. The average utilization of Klaipėda's LNG terminal was 59% (vs 42% year ago); in comparison, based on data from GIE ALSI, the average utilization of European LNG terminals was 61% (vs 42% year ago).

The LNG Terminal complements and extends the existing natural gas supply infrastructure of the country, creates opportunities for supply diversification, eliminates dependence on the only external natural gas supplier, ensures the security of natural gas supply and fulfils the EU Directive N-1 Infrastructure Standard, i.e., creates preconditions for Lithuania to independently supply itself with the natural gas needed to meet the demand of the first necessity.

pipeline. LNG Terminal functions – receive liquefied natural gas from LNG carriers, store them, regasify and supply regasified liquefied natural gas to transmission network or reload into other LNG carriers.

LNG terminal infrastructure



LNG Floating Storage with Regasification Unit

The LNG floating storage with regasification unit is an LNG tanker (Independence), located at the Klaipėda Seaport which receives liquefied natural gas from the LNG vessels – LNG carriers, moored at the FSRU. According to the schedules of the Terminal users, LNG is passed through special equipment in order to return the LNG to a gaseous

state and supply it to the gas transmission system. In 2012 10-year lease (with purchase option) of LNG floating storage with gasification unit has been signed with Norwegian company Höegh LNG Ltd. The builder of this ship is South Korean shipyard Hyundai Heavy Industries Co. Ltd.

TECHNICAL CHARACTERISTICS OF THE FSRU INDEPENDENCE*

Klaipėda seaport jetty	157
The volume of the tanks	170,000 m ³
Maximum LNG filling level	98% at 70 kPag
Maximum LNG loading capacity	9,000 m ³ /h LNG
Maximum LNG reloading capacity	5,000 m ³ /h LNG when LNG regasification is performed during LNG reloading
FSRU capabilities	3.75 billion m ³ of natural gas per year (10.24 million m ³ per day)
Minimum operative LNG heel	3,500 m ³ LNG
Maximum gas flow into the gas pipeline	10.24 million m ³ per day

*Terminal's technical specifications are given according to the current normative conditions: combustion/measurement temperature - 25/0 °C, pressure - 1.01325 bar.

Jetty and its facilities

There is a permanently moored FSRU at the jetty, which receives LNG from the LNG carriers delivering them. Special offshore equipment includes high pressure platform, service platform, mooring and berthing dolphins, catwalks, fire extinguishing towers, control room, fire protection equipment, service cranes and high-pressure gas loading arms, and other necessary equipment and systems.



Connecting pipeline of the LNG terminal

The terminal is connected to the gas transmission network of the natural gas transmission system operator Amber Grid SC by an 18-kilometre-long and 700 mm

diameter connecting pipeline. A gas metering station is built at the point of connection to the transmission network.

Services of the LNG terminal

The Terminal provides the following services: i) LNG regasification, ii) LNG reloading. The LNG regasification service consists of the following related services:

- Acceptance of LNG cargo from the arriving LNG carriers, physical (up to 60 days) and virtual (up to 12 months) storage of the cargo and LNG regasification in the rate specified in the Terminal user schedule.

The LNG reloading service consists of the following related services:

- Acceptance of LNG cargo from the arriving LNG carriers, physical and virtual storage of the cargo and reload (re-export) of LNG to an LNG carrier of not less than 5,000 m³.

The following prices apply to the services provided by the terminal:



- LNG regasification and reloading service prices are set by the Operator and approved by the National Energy Regulatory Council on a yearly basis.

SERVICES OF THE TERMINAL	SERVICE PRICE	NERC DECREE
LNG regasification service price* (2021)	0.41 EUR/MWh excluding VAT	23 November 2020 No. O3E-1207
LNG regasification service price* (2022)	0.41 EUR/MWh excluding VAT	16 November 2021 No. O3E-1496
LNG regasification service price* (from May 2022)	1.19 EUR/MWh excluding VAT	31 March 2022 No. O3E-437
LNG regasification service price* (from 2023)	1.41 EUR/MWh excluding VAT	31 May 2022 No. O3E-799
LNG reloading service price* (2021):		
- Small scale LNG cargo, up to 15,000 m ³	0.53 EUR/MWh excluding VAT	
- Medium scale LNG cargo, from 15,000 m ³ to 50,000 m ³ inclusive	0.41 EUR/MWh excluding VAT	23 November 2020 No. O3E-1206
- Large scale LNG cargo, from 50,000 m ³	0.30 EUR/MWh excluding VAT	
LNG reloading service price* (2022):		
- Small scale LNG cargo, up to 15,000 m ³	0.56 EUR/MWh excluding VAT	
- Medium scale LNG cargo, from 15,000 m ³ to 50,000 m ³ inclusive	0.44 EUR/MWh excluding VAT	16 November 2021 No. O3E-1495
- Large scale LNG cargo, from 50,000 m ³	0.31 EUR/MWh excluding VAT	
* Terminal users transporting natural gas through the internal outlet of the natural gas transmission system shall also pay the additional security component of the natural gas supply price to the natural gas transmission price set by the NERC.		

The LNG terminal fully ensures the third-party access requirements in accordance with EU laws. The terminal's activities are organized in observance with the Regulations for Use of the Liquefied Natural Gas Terminal (hereinafter – Regulations), adopted after public consultations with

market parties and agreed by NERC. The terminal's Acapacities are provided to the potential users on the same conditions in the way of public and transparent annual capacity allocation procedure or during the ongoing period if there are any free capacities left. LNG terminal can be used by multi users.

COMMERCIAL LNG ACTIVITIES

Commercial LNG activities (comLNG) segment includes activities of small-scale LNG reloading station in Klaipėda,

operation of LNG terminal in Açu port in Brazil, and other business development projects and consultations.

KLAIPĖDA SMALL SCALE LNG TERMINAL

During the 6 months of 2022, 4 cargoes were delivered to Klaipėda small-scale LNG terminal (hereinafter – LNG reloading station or ssLNG). The entire LNG cargo was loaded to LNG trucks and distributed to consumers in Lithuania, Latvia, and Poland. A total of 355 LNG trucks were loaded at Klaipėda Small scale terminal (43% more compared to the same period a year ago).

On April 1st, 2020, the Polish state oil and gas company PGNiG commences commercial operations at KN operated Klaipėda Small scale LNG terminal. The capacities of the station were allocated to PGNiG for a five-year period.

AB Klaipėdos nafta has opened an onshore LNG reloading station in the autumn of 2017. The purpose of the LNG reloading station project is to develop small-scale LNG infrastructure in the Baltic States and Poland, which not only increases energy security for areas that are further away from the gas pipeline, but also provides the benefits of alternative and clean energy to a significant number of consumers. This infrastructure also contributes to ensuring the availability of LNG as a clean fuel for shipping and heavy road transport.

The LNG reloading station is designed to receive cargo from small-scale LNG carriers, store LNG, load LNG into LNG trucks, ISO containers or bunker LNG-powered vessels.

The LNG reloading station is a commercial project of the Company financed by the Company and partly by the European Union support funds under the CEF-Transport program for the implementation of the HEKLA¹⁾ and Blue Baltics²⁾ projects.

¹⁾ Completion of the project – 30 June 2018.

²⁾ Completion of the project – 16 April 2020.



TECHNICAL CHARACTERISTICS OF THE LNG RELOADING STATION	
Klaipėda seaport jetty	2
Technology	Five pressure tanks
Volume of the tanks	5 x 1,000 m ³
Fill level	86%
LNG receiving speed (from ship)	up to 1,250 m ³ /h
Daily loading capacity for LNG trucks	24 trucks
Loading of LNG trucks	2 LNG Truck loading bays (possible simultaneous loading)
LNG truck loading speed	up to 100 m ³ /h
Bunkering speed	up to 500 m ³ /h
Utilization of boil of gas	Gas pipeline connection to the Company's boiler house

LNG TERMINAL IN AÇU PORT IN BRAZIL

In 2020 KN became the operator of liquefied natural gas (LNG) terminal at Açu Port, Brazil. Under the contract concluded with Gas Natural Açu (GNA), a joint venture of Prumo Logística, BP and Siemens, KN as the operator of the LNG Terminal is responsible for the smooth operation of the LNG Terminal, including the technical and commercial operation of the installation of the quay and its facilities, gas pipeline and gas metering stations. KN established a company KN Açu Serviços de Terminal de GNL Ltda., which is responsible for the execution of this project in Brazil, has gathered a team of local professionals, and has begun the activities in 2020. The contract is concluded for a period of 13 years and can be extended with a mutual agreement.



FSRU AT THE PORT OF AÇU. COURTESY BY GNA

THE CORPORATE STRATEGY

On 13 February 2020, the Supervisory Council of the Company approved the corporate strategy of KN until 2030, which analysed the Company's business environment factors and established common strategic goals for the entire Group. However, shortly after, the environment, in which the Group operates, began to change significantly starting October 2020, when the EU imposed several packages of sanctions on Belarus. On June 24, 2021, the Council Regulation (EU) 2021/1030 was introduced, due to which no more transit of oil product flows from Belarus were possible. The Company started to adapt the oil business segment to the changing environment, acting with no Belarus cargoes from the beginning of 2021. Moreover, current worldwide climate is leading to further transformation which should also be reflected in strategic goals.

Due to aforementioned geopolitical circumstances, some of the goals, in particular for the oil business segment of the Group, are no longer relevant and need revision. Accordingly, the Group's management started a revision of the strategy in 2021 and continues to revise it throughout 2022. Meanwhile, in this interim report we present KN's progress based on the goals laid out in the corporate strategy approved on 13 February 2020.

The mission of the Group and the Company remains to ensure safe, reliable, and efficient access to global energy markets by sustainable development, investment, and operation of multi-functional liquid energy terminals worldwide.

Changing energy markets and energy transition also acquired new competencies in management of LNG floating terminal in Klaipėda has led to the major change in the Company's vision and mission. From being local and regional player, providing one type of service, the Company for 2020-2030 is targeting to diversify its activities, to expand provided services and be less dependent on one source of income. As a result, the

Company will continue to develop four business lines: international LNG projects, oil and refined products handling services, management of Klaipėda LNG floating terminal and small-scale LNG reloading services.

The Company sees the biggest potential for growth and net profit generation in LNG business development and investments into LNG import terminals internationally. AB Klaipėdos nafta believes that floating LNG import-based solutions will account for almost a half of the new regasification capacity in the decade ahead and sees the possibility to achieve that by 2030 the profit from oil product handling services is identical to that from LNG business development projects.

Company's vision for the oil business segment is to expand the range of products that can be handled and increase the operational excellence through investing in environmentally sustainable and more efficient technologies as well as digitization. Increased capacities will enable the Company to meet changing demands and improve quality of services provided.

The strategy of state-regulated Klaipėda LNG terminal activity is to maintain operation after 2024 ensuring long-term access to LNG import for the country and constantly increase flexibility of the usage of the terminal in order to increase the net value for gas consumers.

The growing demand for LNG which is transported by road and ships to the off-grid locations in the Baltics and northern Poland, the growing pressure to reduce global emissions and the promotion of LNG as a cleaner energy source give the LNG reloading station a significant role in the Company's portfolio. AB Klaipėdos nafta together with its strategic partners has an aim to stimulate small-scale LNG market creation and to increase share of this much cleaner fuel consumption in marine and heavy transport as well as off-grid industry within a region.

The Strategy foresees that significant attention of the Company's management will also be dedicated to the key asset of the Company – people, focus on direct and

indirect business impact on the society – social responsibility, major digitization, and innovation directions of activities, carried out by the Company.

MAIN BUSINESS LINES BY 2030

OIL TERMINALS	KLAIPĖDA LNG HUB	INTERNATIONAL LNG PROJECTS
<ul style="list-style-type: none"> Handle any oil product without limitation to transshipment mode, provide smart throughput, storage and blending services. Be fully capable of working with products that go beyond traditional oil or petroleum products range. Invest in sustainable and more efficient technologies and processes to reduce emissions from our activities. 	<ul style="list-style-type: none"> Assure the region's access to the global LNG market at least till 2044 and benefit for Lithuanian consumers through commercial activities. Assure highest quality bunkering and truck loading services, contribute to innovation development through the LNG cluster. 	<ul style="list-style-type: none"> See the net profit from international LNG projects higher than from oil products transshipment services, which is the largest portion today. Become the preferred partner for new LNG import terminal projects globally. Be within the top three leading floating LNG import terminal companies.
		

OIL BUSINESS

By 2030 we aim to become the region's top and most efficient oil throughput and storage hub of liquid petroleum, petrochemical products, and refining feedstock for regional and global refineries, traders, and other customers.

WHAT WE PLAN TO ACHIEVE BY 2030:

- A.** Sustain and increase volumes and profitability of oil terminals under consideration of changes to the market structure.
- B.** Enter market for transshipment of petrochemicals and other new products.
- C.** Ensure environmentally sustainable activities of KN oil infrastructure.
 - Full compliance with environmental regulations and reduction of emissions
- D.** Ensure secure, reliable, and efficient operation of oil terminal.
 - No critical accidents.



STRATEGIC DIRECTIONS OF OIL BUSINESS

Oil business strategy is to ensure high rate of profitability and attractiveness by:

- Investing into expansion of technological capacities, acceptance of larger tankers, and ship to ship loading and blending operations.
- Reducing the number of personnel and related costs by automatization and digital measures.
- Handling niche products like petrochemicals, alcohols, octane boosters, and other.

KLAIPĖDA LNG HUB

We aim to provide access to global LNG markets and competitive gas prices for traders and consumers in the Baltic Sea region and beyond, and to become the main small-scale LNG import terminal in the Baltic States and Poland.

WHAT WE PLAN TO ACHIEVE BY 2030:

- A.** To become regional LNG hub that increases liquidity and flexibility of the interconnected natural gas systems.
 - Ownership of FSRU, full O&M.
 - Implemented long term LNG import solution.
 - >30% FSRU revenues from international counterparties.
 - Provision of quality LNG services under the sustainable business model and for the benefit of the whole region.
- B.** Profitable small-scale terminal with a proven value in the growing regional small-scale LNG (ssLNG) market.

ACTIONS TO BE MADE

KN will continue growing its market share and make impact by:

- Generating revenue from long-term agreements to small-scale terminal by upstream partnering with strong players in the market who could ensure stable supplies to the reloading station on competitive prices.
- Becoming effective and efficient terminal for the partners, being available when necessary and capable to do significant number of loads.
- Improving business environment in Lithuanian LNG market by continuing to spread awareness in the market, cooperating with institutions and other players, promoting LNG-in-favour legislations, cooperating with Port Authorities to improve bunkering conditions and start bunkering operations in the Port of Klaipėda.



INTERNATIONAL LNG PROJECTS

We aim to become the preferred partner for new LNG import terminal projects globally and be within the top three leading floating LNG import terminal companies by 2030.

WHAT WE PLAN TO ACHIEVE BY 2030:

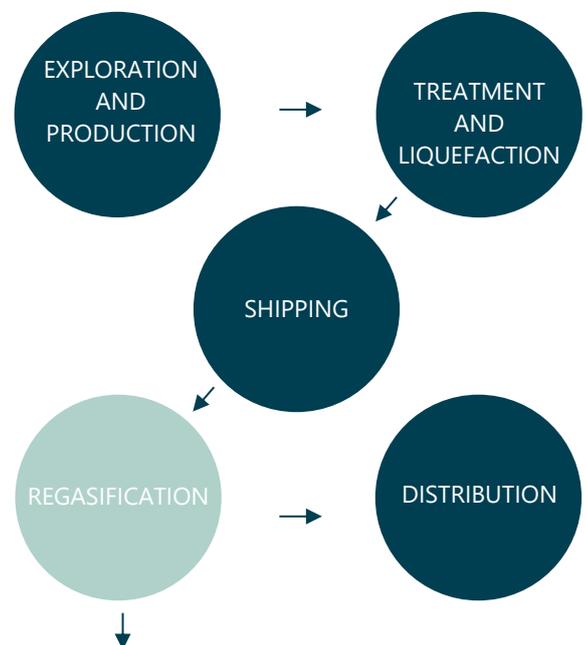
- A.** Operator of at least 5 LNG terminals by 2030
- B.** Shareholder in at least 4 LNG terminals by 2030

LNG VALUE CHAIN AND KN BUSINESS

While natural gas is globally abundant cleanest burning fossil fuel and a highly competitive source of energy, many energy-hungry countries are at a considerable distance from the extraction locations.

KN draws on the experience in developing and advising more than ten new LNG import projects in Europe, Latin America, and Asia since 2015 and has a track record of on-time and on-budget delivery of floating LNG terminal. Company seeks to:

- Engage in early development to capture new projects.
- Monitor and respond to public and private tenders for LNG import terminal development and O&M services.
- Develop and strengthen partner network of FSRU owners, LNG traders, suppliers, and other relevant counterparties.



- Develop market facing innovative solutions and concepts.
- Actively seek and evaluate acquisition opportunities.

STATUS OF ACHIEVEMENT OF STRATEGIC GOALS

The view of the management and evaluation of possibilities to achieve 2020-2030 strategic goals based on assumptions as at 30 June 2022:

STRATEGIC GOALS	STATUS
OIL TERMINALS	
Increase volumes and profitability of oil terminals.	⊘ At risk for non-achievement*
Enter the market for transshipment of petrochemicals and other new products and increase their share from overall oil business revenue	✓ In line with expectations
Full compliance with environmental regulations and reduction of emissions	✓ In line with expectations
No critical accidents, secure, reliable, and efficient operations	✓ In line with expectations
KLAIPĖDA LNG HUB	
Ownership of FSRU, full O&M	✓ In line with expectations
Implemented long term LNG import solution	✓ In line with expectations
>30% FSRU revenues from international counterparties	✓ In line with expectations
Provision of quality LNG services	✓ In line with expectations
Profitable small-scale terminal	✓ In line with expectations
INTERNATIONAL LNG PROJECTS	
Operator of at least 5 LNG terminals by 2030	✓ In line with expectations
Shareholder in at least 4 LNG terminals by 2030	✓ In line with expectations

*Achievement of this goal is at risk due to changes in business environment.

SIGNIFICANT EVENTS OF THE REPORTING PERIOD

5th January 2022. AB Klaipėdos nafta received a formal notice by the independent Board member Bjarke Pålsson regarding his resignation from the position as the Board member of KN from 1st February 2022.

5th January 2022. The Supervisory Council elected Guy Mason, Edvinas Katilius, Alfonso Morriello, and Jūratė Lingienė as independent Board members for a new four-year term of office. New Board will take office on 25th of April 2022.

7th January 2022. KN successfully transshipped the first bulk bitumen from storage tanks to a tanker. Arranging the transshipment of bulk bitumen from storage tanks to a tanker is a novelty in the Port of Klaipėda. Tanker BITHAV, moored at the Company's berth, was loaded with almost 5,000 t of bitumen used in construction and road paving.

11th February 2022. Laura Garbenčiūtė-Bakienė has submitted a notice of resignation from the Audit Committee of the Company as of 25 February 2022.

25th February 2022. Extraordinary General Meeting of Shareholders of the Company approved the decision by KN to acquire the floating storage regasification unit (FSRU) Independence. The price for the FSRU Independence shall be 153.5 million USD, excluding VAT. The agreement of FSRU Independence purchase shall be accomplished no later than 6th December 2024.

3rd March 2022. KN informed that acceptance of Novatek cargoes at the LNG terminal is suspended from the end of March.

17th March 2022. Customers have fully booked the LNG terminal's regasification capacity for the current gas year, i.e., until 30 September 2022. According to the latest customer requests, a total of 23.9 TWh of Klaipėda LNG terminal capacity has been allocated for the current gas year.

31st March 2022. National Energy Regulatory Council set prices for fixed and variable components of liquefied natural gas regasification services effective from the 1st of May 2022: 1.19 EUR/MWh for the variable tariff component and 0 EUR/(MWh/day/year) for the fixed tariff component.

4th April 2022. Lithuania renounces Russian gas imports meaning that all Lithuanian gas demand will be satisfied through the Klaipėda LNG terminal.

7th April 2022. KN published the Social Responsibility Report of 2021. Report is prepared following the international Global Reporting Standards (GRI).

8th April 2022. Šiauliai Regional Court dismissed a civil claim of the prosecutor of the Klaipėda Regional Prosecutor's Office in a civil case regarding the shares of AB Klaipėdos nafta granted to employees. On 11 May, an appeal in a civil case has been lodged by the prosecutor.

25th April 2022. Newly elected independent Board members of AB Klaipėdos nafta started a four-year term of office.

6th May 2022. The first delivery of liquefied natural gas for PGNiG, which is the leader of the Polish gas market, via Klaipėda LNG terminal. Delivery of almost 150,000 m³ of LNG is a step forward to strengthen national energy security and build partnerships.

11th May 2022. Karolis Švaikauskas is elected as a Board Member of the Company. Karolis Švaikauskas also serves as the Head of the Energy Competitiveness Group of the Lithuanian Ministry of Energy of the Republic and is a Board member of Amber Grid.

12th May 2022. National Energy Regulatory Council set the upper limit for the revenue of liquefied natural gas for 2023. The upper limit is EUR 45.3 million and is 44.3% higher than the upper limit of year 2022 (EUR 31.4 million).

13th May 2022. National Energy Regulatory Council approved amendments to the Regulations of use of LNG Terminal applicable from 2023.

13th May 2022. Edvinas Katilius becomes the Chairman of the Board.

25th May 2022. KN has completed the annual LNG terminal capacity allocation for the last quarter of 2022. During the period from 1 October to 31 December 2022, five customers will use the booked 9.66 TWh of LNG terminal regasification capacity.

31st May 2022. National Energy Regulatory Council set the price of 1.41 EUR/MWh for the variable component of liquefied natural gas regasification service for 2023.

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE REPORTING PERIOD

8th July 2022. KN and the companies of the largest Polish oil group ORLEN, ORLEN Neptun I and Energa Wytwarzanie, signed a letter of intent on the possibility of cooperation in the provision of operation and maintenance (O&M) services for wind farms in the Baltic Sea.

1st August 2022. National Energy Regulatory Council (NERC) has published updated data for the natural gas sector for calculation of weighted average cost of capital, i. e. rate of return on investments of regulated activities (WACC). According to NERC data, the WACC calculated for the Company in 2023 will be 4.16 percent (4.14 percent during 2022).

INFORMATION ABOUT PUBLIC ANNOUNCEMENTS

Following the requirements of the Law of the Republic of Lithuania, all main events concerning the Company and information about the time and venue of the General Meeting of Shareholders are published on the website of

the Company www.kn.lt and in AB NASDAQ Vilnius (www.nasdaqomxbaltic.com) Stock Exchange.

BUSINESS ENVIRONMENT AND MARKET

OIL TERMINALS' BUSINESS ENVIRONMENT AND MARKET

The Company's oil products' transshipment activities are mostly affected by:

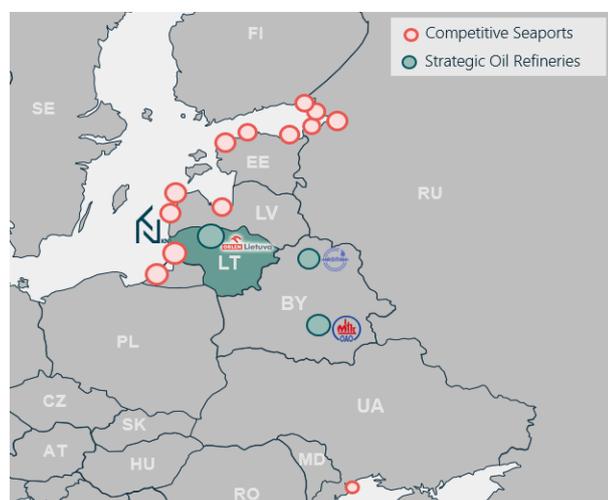
- Company's infrastructure (number of jetties, water depth at jetties) and suprastructure for transshipment and storage of oil products (number of tanks, pipelines, trestles, etc.).
- Oil terminals' economic attractiveness from logistical point of view (both transshipment tariffs and costs of the entire logistic chain).
- Macroeconomic, geopolitical environment in the regional and global oil refining and trade markets, overall market situation.

Main KN Oil business clients – crude oil refineries and traders operating in the regional and global oil and petroleum product markets. Strategic oil refinery (hereinafter – Refinery) in the region, part of which oil products are transshipped through Company's oil terminals are located in southeast direction – it is Mažeikiai plant in Lithuania (managed by AB ORLEN Lietuva, hereinafter – Orlen).

Main Company's competitors are oil terminals operating along the eastern coast of the Baltic Sea and those located at Odesa (Ukraine) port. Company's oil terminals activity results for the 6 months of 2022 were affected by geopolitical factors as well as by gradual easing of restrictions for traveling (settled due to COVID-19 pandemic) in major part of the countries:

- Robust demand for fuels (global consumption for the 6 months of 2022 was at ~99% of pre-pandemic level).
- Lowering oil product (OP) availability in the market from one of the key suppliers – Russia (caused by restrictions due to war in Ukraine) led to regional and global OP tightness (esp. diesel with its inventories

reaching multiyear lows), soaring OP prices and increasing European refiners' production demand, refining margins growing to new post-pandemic highs.



These factors had a positive impact on OP transshipment volumes in Klaipėda oil terminal and led to its increase by 20% for the 6 months of 2022 (compared to the same period in 2021).

According to the statistical data, for the 6 months of 2022, ports of the eastern Baltic Sea coast transshipped approximately 45.5 million tons of oil products, i.e., 1.9 million tons or 4.2% less compared to the same period in 2021.

For the 6 months of 2022, port of Klaipėda handled about 2.3 million tons of oil products, i.e., 0.3 million tons or 13.5% more than in 2021.

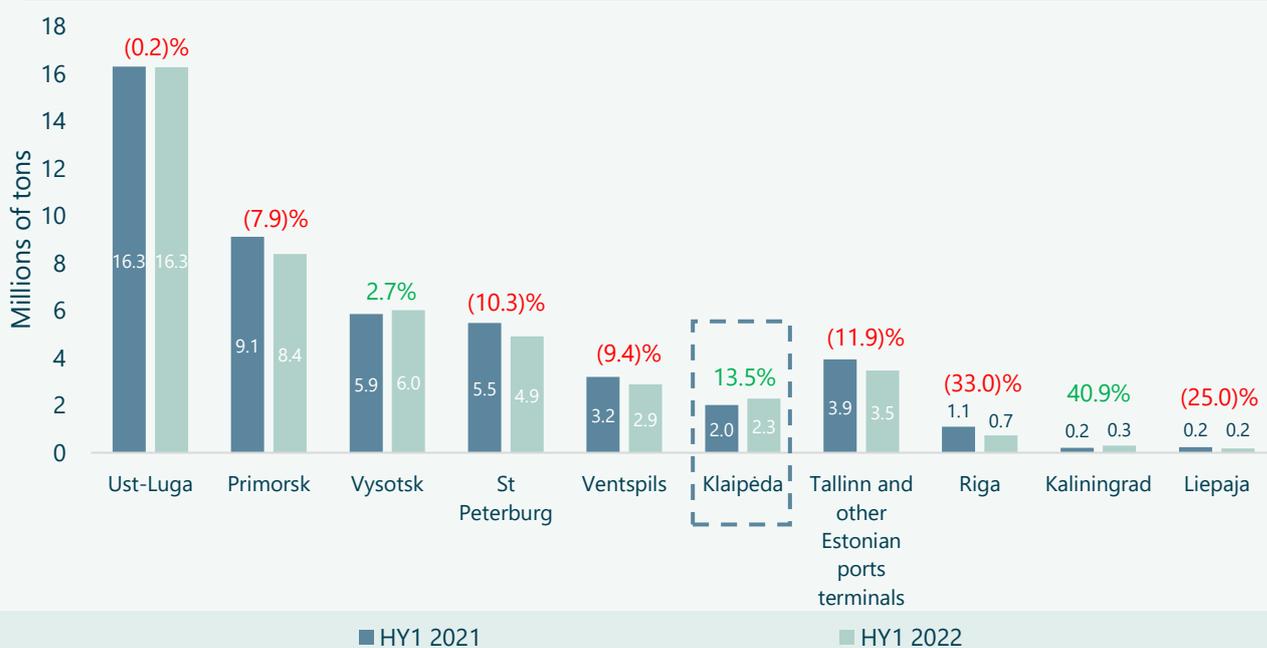
Russian's ports share in total eastern Baltic Sea coast oil product transshipment market increased from 78% to 79%, the share of Klaipėda port increased from 4% to 5%.

DYNAMICS OF OIL PRODUCTS TRANSSHIPMENT AT THE EASTERN BALTIC SEA COAST PORTS IN HY1 OF 2019 – 2022



* Figures are based on Klaipėda Port Authority data

DYNAMICS OF OIL PRODUCTS TRANSSHIPMENT AT THE EASTERN BALTIC SEA COAST PORTS IN HY1 OF 2021 – 2022



* Figures based on Klaipėda Port Authority data

TRANSSHIPMENT OF OIL PRODUCTS

During the 6 months of 2022 Company's Klaipėda and Subačius Oil terminals transshipped 1,967 thousand t of oil products compared to 1,612 thousand t during the respective period of 2021. The transshipment of both terminals for the 6 months of 2022 is 22.0% higher compared to the same period in 2021. The increase was a result of the global and regional factors mentioned in the section "Oil Terminals' Business Environment and Market".

In the first half of 2022, bitumen handling operations started and successfully implemented using tanks which were reconstructed in 2021 (a total of 8.4 thousand m³). As a result, Klaipėda oil terminal took about 26.0% of the bitumen transshipment market in the terminals of the Baltic countries and the Gulf of Finland (Russia) and became the second terminal in terms of transshipped bitumen volumes for the 6 months of 2022.

The diversification of oil products transshipped via Klaipėda oil terminal was also expanded with the start of the loading of Lithuanian crude oil during the 6 months of 2022.

Transshipment of biofuels and petrochemical products in KOT continued to grow. During the 6 months of 2022 KN loaded about 93 kt of biofuels and petrochemical products or 31% higher compared to same period in 2021.

During the first 6 months of 2022, the import of light oil products into the Company's tanks dedicated for the tank trucks was 218 thousand t and was 48.9% higher compared to the same period in 2021.

In order to further expand the scope of activities and diversify product portfolio in Klaipėda and Subačius Oil terminals, the Company continues to develop business relationships with international and regional market players.



* Figures based on KN data

OVERVIEW OF KLAIPĖDA LNG TERMINAL OPERATING ENVIRONMENT

LNG terminal capacity allocated for the gas year 2022 (period from 1 October 2021 to 30 September 2022):

ALLOCATED CAPACITY	AMOUNT OF ALLOCATED CAPACITY, GWh*	PERIOD
LNG regasification capacity**	8,892	From 1 October 2021 to 30 September 2022
	62	From 1 October 2021 to 31 October 2021
	62	From 1 October 2021 to 30 November 2021
	62	From 1 October 2021 to 31 October 2021
	122	From 1 November 2021 to 31 December 2021
	31	From 1 November 2021 to 31 December 2021
	79	From 1 November 2021 to 30 November 2021
	113	From 5 January 2022 to 28 February 2022
	63	From 15 February 2022 to 31 March 2022
	10	From 9 January 2022 to 28 January 2022
	309	From 1 February 2022 to 31 March 2022
	949	From 15 February 2022 to 12 April 2022
	105	From 15 April 2022 to 2 May 2022
	20	From 20 February 2022
	21	1 April 2022
	1,000	From 7 March 2022 to 30 April 2022
	4,000	From 1 April 2022 to 30 September 2022
	998	From 1 May 2022 to 31 May 2022
	2,000	From 1 July 2022 to 31 August 2022
4,968	From 1 June 2022 to 24 September 2022	

*Combustion / measurement temperature 25/0 °C, pressure 1.01325 bar, natural gas gross calorific value 11.90 kWh/nm³, expansion factor 1: 578 m³ LNG / nm³ of gas).

**During Gas Year LNG regasification capacity may be changed to LNG reloading capacity.

LNG terminal capacity allocated for the last three months of calendar year 2022 (in accordance with the latest version of the Regulations, the period of gas year will be switched from October-October to January-January):

ALLOCATED CAPACITY	AMOUNT OF ALLOCATED CAPACITY, GWh*	PERIOD
LNG regasification capacity**	9,596	From 1 October 2022 to 31 December 2022

*Combustion / measurement temperature 25/0 °C, pressure 1.01325 bar, natural gas gross calorific value 11.90 kWh/nm³, expansion factor 1: 578 m³ LNG / nm³ of gas).

**During Gas Year LNG regasification capacity may be changed to LNG reloading capacity.

In total, 23,865 GWh LNG regasification capacities of the LNG terminal were allocated for the gas year 2022. In addition, there are no available capacities left for the calendar year 2022.

During the first 6 months of 2022, the LNG terminal:

- Performed 26 ship-to-ship operations (37 ship-to-ship operations during the same period in 2021).
- 892.3 thousand tonnes of LNG were received (669.0 thousand tonnes during the same period in 2021).
- 1,148.4 million nm³ of natural gas were regasified and supplied to the natural gas transmission system

- (820.8 million nm³ during the same period in 2021).
 - 4.2 thousand tonnes LNG was reloaded into small scale LNG carriers (5.6 thousand tonnes during the same period in 2021).
 - Origin of LNG cargoes at the terminal: 86% from the United States, 8% from Egypt, and 6% from Russia.
- The need for LNG terminal capacity depends on several key criteria:

- Joint gas demand of Lithuania and other Baltic States.
- Pricing offered by competing natural gas supply sources (gas supplied by pipeline) and quantity of gas supplied.
- Limitations of the Lithuanian natural gas infrastructure (transmission system capacity);
- Supply of LNG in the global market.
- LNG prices in the region and worldwide.
- Duration and terms of gas supply contracts.
- Availability and freight costs of LNG carriers.



GAS PIPELINES PROJECTS IN THE BALTIC STATES

Energy projects in the Baltic region enable the development of the LNG market and more efficient use of the available capacity of the LNG terminal. From 1 May 2022, the gas transmission pipeline between Lithuania and Poland (GIPL) has started operations; the new pipeline allows market participants to import gas into Poland via the Klaipėda's LNG terminal.

UPDATE ON KLAIPĖDA LNG TERMINAL CAPACITY ALLOCATION AND TARIFFICATION MODEL

The Company has evaluated results of the study which was prepared by Swedish company AFRY (2nd half of 2021) as well as recommendations received from NERC in 1st quarter of 2022 and fundamentally revised tariffication model of LNG terminal activities. After changes in LNG terminal price setting methodology, NERC approved LNG terminal cost-based tariffication principles and

corresponding size of the price of LNG regasification variable part for 2022 on 31st March 2022 (tariff for 2023 was approved on 31st May 2022). Updated principles for setting LNG regasification tariff resulted in significant decrease in fixed part of LNG regasification price, i. e. KN part in security supplement for upcoming period decreased to 0 EUR/MWh/day/year.

Currently, Company implements changes of main terms and conditions of Regulations which will ensure a possibility to book LNG terminal capacity also for long-term period of 5 years or 10 years counting from 2023. Amendments to Regulations were submitted to NERC and were approved after public market consultation on 5th August 2022. Respectively, capacity allocation procedures for the year 2023 and for long-term period at Klaipėda LNG terminal will be carried out in September 2022, after the decision of NERC regarding the approval of the Regulations will enter into force.

CONSOLIDATION

The financial results of the Group consist of the financial results of the parent company AB Klaipėdos nafta and its directly and indirectly controlled subsidiaries. According to IFRS 10, the parent company controls an entity when the parent company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is generally obtained by holding more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The financial statements of subsidiaries have been prepared using uniform accounting policies and for the

same reporting period as that covered by the financial statements of the Group. On consolidation, all inter-company transactions, balances, and unrealized gains and/or losses on transactions among the Group companies are eliminated.

On consolidation, the revenue and expenses are translated into euros at an average exchange rate observed during reporting period. The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

CONSOLIDATED FINANCIAL RESULTS OF THE GROUP INCLUDE THE FOLLOWING COMPANIES:

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART, %
AB Klaipėdos nafta	Burių street 19, 92276 Klaipėda	100
UAB SGD terminalas	Burių street 19, 92276 Klaipėda	100
UAB SGD logistika	Burių street 19, 92276 Klaipėda	100
UAB SGD SPB	Burių street 19, 92276 Klaipėda	100 owned by UAB SGD logistika
KN Açu Serviços de Terminal de GNL LTDA (KN Acu)	F66 Fazenda Saco Dantas s/n, Distrito Industrial, Area 1 and Area 2, 28200-000 São João da Barra, State of Rio de Janeiro	90 owned by UAB SGD logistika and 10 owned by UAB SGD SPB

More information about the structure of the Group and its subsidiaries can be found in the Consolidated Interim Report section "General Information About the Group and the Company".

FINANCIAL RESULTS OF THE GROUP'S AND THE COMPANY'S ACTIVITY

THE KEY FINANCIAL RATIOS OF THE GROUP (IN EUR THOUSAND, IF NOT INDICATED OTHERWISE)

* adj. - 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.

THE GROUP	HY1 2022	HY1 2022 adj. *	HY1 2021	HY1 2021 adj. *	HY1 2020	HY1 2020 adj. *	HY1 2019	HY1 2019 adj. *	HY1 2018
Transshipment of oil products, thousand t	1,967	1,967	1,612	1,612	2,592	2,592	2,926	2,926	3,594
LNG regasification and reloading, GWh	13,171	13,171	9,511	9,511	11,046	11,046	6,419	6,419	4,519
Investments of non-current assets	2,521	2,521	3,056	3,056	2,513	2,513	15,622	15,622	6,313
FINANCIAL FIGURES									
Sales	35,976	35,976	31,629	31,629	40,737	40,737	51,244	51,244	52,739
Gross profit	9,018	9,018	4,742	4,742	15,643	15,643	8,683	8,683	12,687
EBITDA (APM)	16,899	16,899	14,209	14,209	25,075	25,075	34,233	34,233	16,948
EBIT (APM)	5,573	5,573	1,224	1,224	10,944	10,944	5,212	5,212	10,262
Financial and investment activities	(21,047)	(1,106)	(9,132)	(1,139)	1,215	(1,327)	(2,912)	(1,144)	(43)
Profit before income tax (EBT)	(15,474)	4,467	(7,908)	85	12,159	9,617	2,300	4,068	10,219
Net profit (loss)	(13,848)	3,112	(6,764)	(227)	9,412	7,251	2,542	4,045	10,210
Current assets	83,534	83,534	77,124	77,124	89,373	89,373	77,752	77,752	89,952
Non-current assets	490,010	490,010	549,204	549,204	569,797	569,797	470,291	470,291	203,564
Total assets	573,544	573,544	626,328	626,328	659,170	659,170	548,043	548,043	293,516
Equity	131,150	147,609	202,091	191,373	192,070	195,079	185,688	187,191	193,523
PROFITABILITY									
Return on assets (ROA) (APM)	(11.9)%	(7.3)%	2.8%	0.6%	2.4%	2.6%	0.9%	1.3%	7.4%
Return on equity (ROE) (APM)	(42.7)%	(25.9)%	9.0%	2.1%	7.6%	8.3%	2.1%	2.8%	10.3%
Return on Capital Employed (ROCE) (APM)	2.1%	2.0%	0.3%	0.3%	4.2%	4.1%	2.1%	2.1%	3.7%
Gross profit margin (APM)	25.1%	25.1%	15.0%	15.0%	38.4%	38.4%	16.9%	16.9%	24.1%
EBITDA margin (APM)	47.0%	47.0%	44.9%	44.9%	61.6%	61.6%	66.8%	66.8%	32.1%
EBIT margin (APM)	15.5%	15.5%	3.9%	3.9%	26.9%	26.9%	10.2%	10.2%	19.5%
EBT margin (APM)	(43.0)%	12.4%	(25.0)%	0.3%	29.8%	23.6%	4.5%	7.9%	19.4%
Net profit margin (APM)	(38.5)%	8.7%	(21.4)%	(0.7)%	23.1%	17.8%	5.0%	7.9%	19.4%
FINANCIAL STRUCTURE									
Debt ratio (D/E) (APM)	337%	300%	210%	222%	243%	239%	195%	194%	52%
Debt ratio (D/E) – excluding IFRS 16 liabilities (APM)	117%	104%	64%	68%	60%	59%	55%	55%	52%
Debt to EBITDA (APM)	26	26	30	30	19	19	11	11	6
Debt (excluding IFRS 16) to EBITDA (APM)	9	9	9	9	5	5	3	3	6
Debt service coverage ratio (DSCR) (APM)	3	3	3	3	4	4	8	8	11
Leverage ratio (D/A) (APM)	0.77	0.77	0.68	0.68	0.71	0.71	0.66	0.66	0.34
Leverage ratio (D/A) (excluding IFRS 16) (APM)	65%	65%	47%	47%	39%	39%	35%	35%	34%
Interest coverage ratio (EBITDA/interest expense)	14	14	13	13	20	20	29	29	165
Effective tax rate	11%	30%	14%	274%	23%	25%	(11)%	1%	0%
Capital to assets ratio (APM)	23%	26%	32%	31%	29%	30%	34%	34%	66%
Gross liquidity ratio (current ratio) (APM)	1.22	1.22	1.28	1.28	1.40	1.40	1.13	1.13	4.62
Quick ratio (APM)	1.19	1.19	1.25	1.25	1.36	1.36	1.10	1.10	4.56
Quick ratio (excluding IFRS 16) (APM)	3.88	3.88	4.08	4.08	4.29	4.29	2.97	2.97	4.56
MARKET VALUE RATIOS									
Price-Earnings Ratio (P/E)	(1.4)	(2.3)	7.2	32.4	9.7	8.8	36.4	26.3	9.9
Earnings per share (EPS)	(0.036)	0.008	(0.018)	(0.001)	0.025	0.019	0.007	0.011	0.027

THE KEY FINANCIAL RATIOS OF THE COMPANY (IN EUR THOUSAND, IF NOT INDICATED OTHERWISE)

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Investments of non-current assets	2,521	2,521	3,056	3,056	2,513	2,513	15,622	15,622	6,313
FINANCIAL FIGURES									
Sales	34,458	34,458	30,090	30,090	39,654	39,654	51,244	51,244	52,739
Gross profit	8,004	8,004	3,704	3,704	14,851	14,851	8,683	8,683	12,687
EBITDA (APM)	16,234	16,234	13,587	13,587	24,927	24,927	34,233	34,233	16,948
EBIT (APM)	4,955	4,955	638	638	10,799	10,799	5,212	5,212	10,262
Financial and investment activities	(21,136)	(1,195)	(9,149)	(1,156)	1,267	(1,275)	(2,912)	(1,144)	(43)
Profit before income tax (EBT)	(16,181)	3,760	(8,511)	(518)	12,066	9,524	2,300	4,068	10,219
Net profit (loss)	(14,308)	2,652	(7,239)	(703)	9,320	7,159	2,542	4,045	10,210
Current assets	77,284	77,284	72,068	72,068	85,299	85,299	77,752	77,752	89,952
Non-current assets	494,255	494,255	553,432	553,432	574,142	574,142	470,291	470,291	203,564
Total assets	571,539	571,539	625,500	625,500	659,441	659,441	548,043	548,043	293,516
Equity	129,663	146,122	201,682	190,964	192,546	195,555	185,688	187,191	193,523
PROFITABILITY									
Return on assets (ROA) (APM)	(12.0)%	(7.5)%	2.6%	0.5%	2.4%	2.7%	0.9%	1.3%	7.4%
Return on equity (ROE) (APM)	(43.5)%	(26.6)%	8.6%	1.6%	7.8%	8.5%	2.1%	2.8%	10.3%
Return on Capital Employed (ROCE) (APM)	1.9%	1.8%	0.1%	0.1%	4.1%	4.1%	2.1%	2.1%	3.7%
Gross profit margin (APM)	23.2%	23.2%	12.3%	12.3%	37.5%	37.5%	16.9%	16.9%	24.1%
EBITDA margin (APM)	47.1%	47.1%	45.2%	45.2%	62.9%	62.9%	66.8%	66.8%	32.1%
EBIT margin (APM)	14.4%	14.4%	2.1%	2.1%	27.2%	27.2%	10.2%	10.2%	19.5%
EBT margin (APM)	(47.0)%	10.9%	(28.3)%	(1.7)%	30.4%	24.0%	4.5%	7.9%	19.4%
Net profit margin (APM)	(41.5)%	7.7%	(24.1)%	(2.3)%	23.5%	18.1%	5.0%	7.9%	19.4%
FINANCIAL STRUCTURE									
Debt ratio (D/E) (APM)	341%	302%	210%	222%	242%	239%	195%	194%	52%
Debt ratio (D/E) – excluding IFRS 16 liabilities (APM)	118%	105%	64%	68%	60%	59%	55%	55%	52%
Debt to EBITDA (APM)	27	27	31	31	19	19	11	11	6
Debt (excluding IFRS 16) to EBITDA (APM)	9	9	10	10	5	5	3	3	6
Debt service coverage ratio (DSCR) (APM)	3	3	3	3	4	4	8	8	11
Leverage ratio (D/A) (APM)	0.77	0.77	0.68	0.68	0.71	0.71	0.66	0.66	0.34
Leverage ratio (D/A) (excluding IFRS 16) (APM)	65%	65%	47%	47%	39%	39%	35%	35%	34%
Interest coverage ratio (EBITDA/interest expense)	13	13	12	12	20	20	29	29	165
Effective tax rate	12%	29%	15%	(20)%	23%	25%	(11)%	1%	0%
Capital to assets ratio (APM)	23%	26%	32%	31%	29%	30%	34%	34%	66%
Gross liquidity ratio (current ratio) (APM)	1.14	1.14	1.21	1.21	1.34	1.34	1.13	1.13	4.62
Quick ratio (APM)	1.11	1.11	1.18	1.18	1.30	1.30	1.10	1.10	4.56
Quick ratio (excluding IFRS 16) (APM)	3.67	3.67	3.90	3.90	4.13	4.13	2.97	2.97	4.56
MARKET VALUE RATIOS									
Price-Earnings Ratio (P/E)	(6.9)	37.3	7.2	38.9	9.5	8.7	36.4	26.3	9.9
Earnings per share (EPS)	(0.038)	0.007	(0.019)	(0.002)	0.024	0.019	0.007	0.011	0.027

ALTERNATIVE PERFORMANCE MEASURES

MEASURE	CALCULATION
Capital to assets ratio	total capital at the end of the period / total assets at the end of the period
Adjusted capital to asset ratio	total adjusted capital at the end of the period / total assets at the end of the period
Debt (excluding IFRS 16) to EBITDA	(total current and non-current liabilities at the end of the period – current and non-current IFRS lease liabilities) / EBITDA
Debt ratio (D/E)	total current and non-current liabilities at the end of the period / total equity at the end of the period
Adjusted debt ratio (D/E)	(total current and non-current liabilities) / total adjusted equity at the end of the period
Debt ratio (D/E) – excluding IFRS 16 liabilities	(total current and non-current liabilities at the end of the period – total current and non-current IFRS 16 lease liabilities) / total equity at the end of the period
Adjusted Debt ratio (D/E) – excluding IFRS 16 liabilities	(total current and non-current liabilities at the end of the period – total current and non-current IFRS 16 lease liabilities) / total adjusted equity at the end of the period
Debt service coverage ratio (DSCR)	EBITDA / (total current loan obligations at the end of the period + interest expenses of the period)
Debt to EBITDA	total current and non-current liabilities at the end of the period / EBITDA
EBIT	earnings before taxes – financial activity income + financial activity expenses
EBIT margin	EBIT / revenue
EBITDA	earnings before taxes – financial activity income + financial activity expenses + depreciation and amortization expenses + impairment expenses and reversals
EBITDA margin	EBITDA / revenue
EBT margin	(earnings before taxes) / revenue
Adjusted EBT margin	(earnings before taxes – unrealised foreign exchange rates impact – impact of financial derivatives) / revenue
Gross liquidity ratio (current ratio)	total current assets at the end of the period / total current liabilities at the end of the period.
Gross profit margin	(revenue – COGS) / revenue * 100
Leverage ratio (D/A)	total current and non-current liabilities at the end of the period / total assets at the end of the period
Leverage ratio (D/A) (excluding IFRS 16)	(total current and non-current liabilities at the end of the period – current and non-current IFRS lease liabilities) / (total assets at the end of the period – right of use assets)
Net profit margin	net profit (loss) for the period / revenue
Adjusted net profit margin	adjusted net profit (loss) for the period / revenue

ALTERNATIVE PERFORMANCE MEASURES (CONT.)

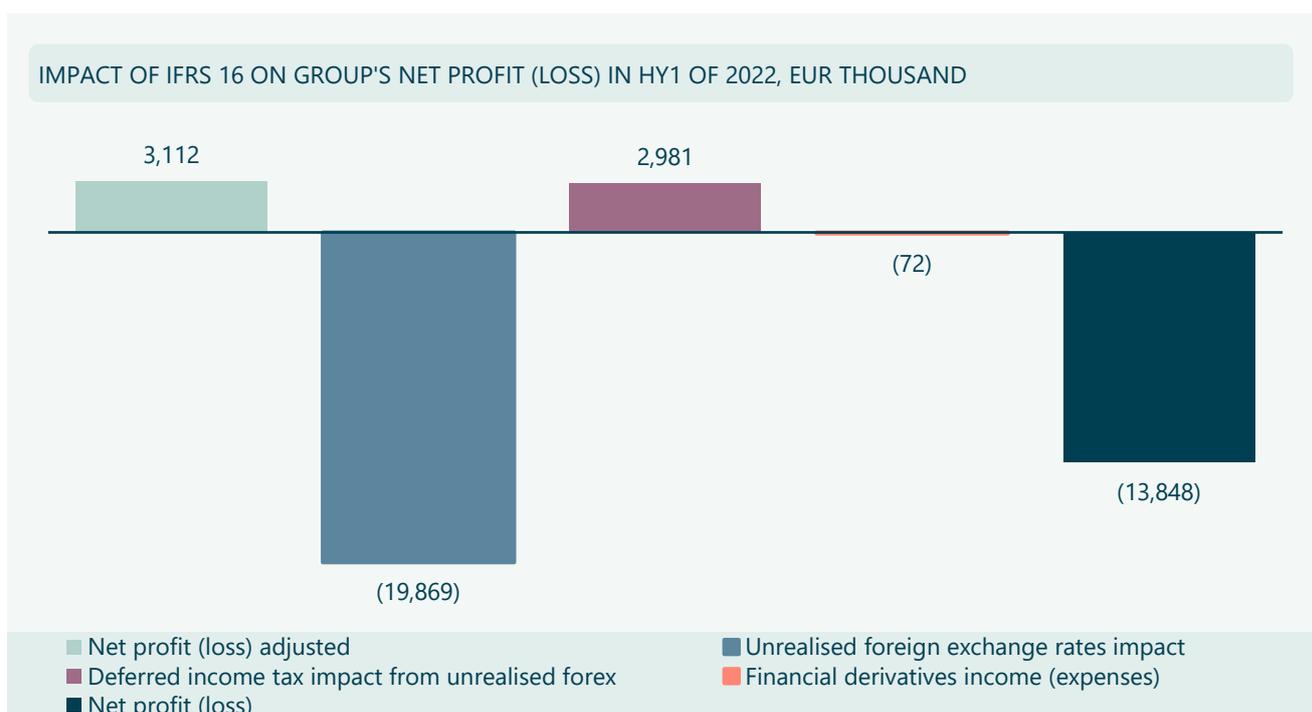
MEASURE	CALCULATION
Quick ratio (excluding IFRS 16)	$(\text{total current assets at the end of the period} - \text{inventories at the end of the period}) / (\text{total current liabilities at the end of the period} - \text{total current IFRS 16 lease liabilities})$
Return on assets (ROA)	$\text{net profit (loss) of the last twelve months} / (\text{assets at the end of the period} + \text{assets at the beginning of the period}) / 2$
Adjusted return on assets	$\text{adjusted net profit (loss) of the last twelve months} / (\text{assets at the end of the period} + \text{assets at the beginning of the period}) / 2$
Return on Capital Employed (ROCE)	$(\text{EBITDA} - \text{depreciation and amortization expenses}) / (\text{total equity} + \text{total long-term loans and deferred government grants at the end of the period})$
Return on equity (ROE)	$\text{net profit (loss) of the last twelve months} / (\text{equity at the end of the period} + \text{equity at the beginning of the period}) / 2$
Adjusted return on equity	$\text{adjusted net profit (loss) of the last twelve months} / (\text{adjusted equity at the end of the period} + \text{adjusted equity at the beginning of the period}) / 2$
Quick ratio	$(\text{total current assets at the end of the period} - \text{inventories at the end of the period}) / \text{total current liabilities at the end of the period}$

FINANCIAL RESULTS

KN uses alternative performance measures (APM) in order to provide a better understanding of the Group's and the Company's business operations. Currently, net profit (loss) of the Group and the Company is affected by material non-cash items. Therefore, the adjusted financial indicators 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.

KN's financial results for the 6 months of 2022 and 2021 have mainly been affected by IFRS 16 "Leases" - a new standard which came into effect on 1 January 2019 and by the reduction of LNG security supplement from 1 January 2020 by EUR 26.8 million per annum (EUR 13.4 million for the 6 months of 2022). These changes have significantly

affected KN's statement of financial position, statement of comprehensive income, and financial indicators. When the standard has become effective, the lease obligations are recognized in the statement of financial position as an asset and a liability (right-of-use assets and a lease liability). As most lease payments are denominated in USD, the negative impact of unrealized USD/EUR exchange rate in amount of EUR 19,869 thousand has been recognized in the statement of comprehensive income for the 6 months of 2022 (for the 6 months of 2021 – negative impact of EUR 9,182 thousand). However, it is a non-cash item, which has no impact to the Group's and the Company's actual earnings. The reduction of the LNG security supplement reduced revenue of the Group and the Company by EUR 13.4 million for the 6 months of 2022 and 2021. The LNG security supplement reduction is financed by NIB loans; therefore, the cash flows of the Group and the Company are not affected.



The calculation of net profit (loss) adjusted of the Group and the Company is presented below:

INCREASE/(DECREASE) IN EUR THOUSAND	30-06-2022	30-06-2022
	THE GROUP	THE COMPANY
Net profit (loss)	(13,848)	(14,308)
Unrealised foreign exchange rates impact	19,869	19,869
Deferred tax impact from unrealised forex	(2,981)	(2,981)
Financial derivatives income (expenses)	72	72
Adjusted net profit (loss)	3,112	2,652

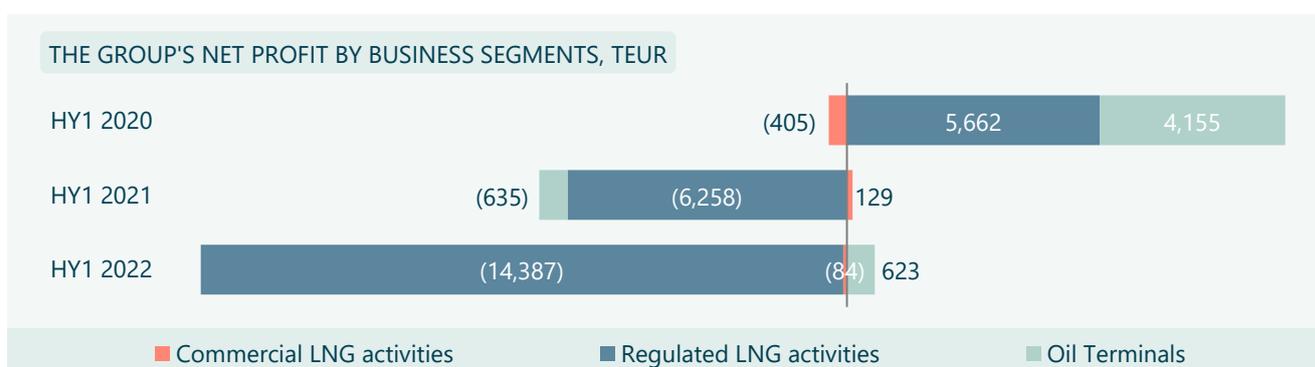
During the 6 months of 2022 the main KN financial indicators have changed compared to the 6 months of 2021 as follows:

	HY1 2022	HY1 2022 adj.	HY1 2021	HY1 2021 adj.	CHANGE, 2022 adj. VS 2021 adj. +/- %	
GROUP						
Gross profit	9,018	9,018	4,742	4,742	4,276	90.2%
Net profit (loss)	(13,848)	3,112	(6,764)	(227)	3,339	1,470.9%
EBITDA (APM)	16,899	16,899	14,209	14,209	2,690	18.9%
Gross profit margin (APM)	25.1%	25.1%	15.0%	15.0%	10.1%	67.3%
Net profit margin (APM)	(38.5)%	8.7%	(21.4)%	(0.7)%	9.4%	1,342.9%
EBITDA margin (APM)	47.0%	47.0%	44.9%	44.9%	2.1%	4.7%
Earnings per share (EPS)	(0.036)	0.008	(0.018)	(0.001)	0.009	900.0%
Financial activity result	(21,047)	(1,106)	(9,132)	(1,139)	33	2.9%
Return on assets (ROA) (APM)	(11.9)%	(7.3)%	2.8%	0.6%	(7.9)%	(1,316.7)%
Return on equity (ROE) (APM)	(42.7)%	(25.9)%	9.0%	2.1%	(28.0)%	(1,333.3)%
COMPANY						
Gross profit	8,004	8,004	3,704	3,704	4,300	116.1%
Net profit (loss)	(14,308)	2,652	(7,239)	(703)	3,355	477.2%
EBITDA (APM)	16,234	16,234	13,587	13,587	2,647	19.5%
Gross profit margin (APM)	23.2%	23.2%	12.3%	12.3%	10.9%	88.6%
Net profit margin (APM)	(41.5)%	7.7%	(24.1)%	(2.3)%	10.0%	434.8%
EBITDA margin (APM)	47.1%	47.1%	45.2%	45.2%	1.9%	4.2%
Earnings per share (EPS)	(0.038)	0.007	(0.019)	(0.002)	0.009	450.0%
Financial activity result	(21,136)	(1,195)	(9,149)	(1,156)	-39	(3.4)%
Return on assets (ROA) (APM)	(12.0)%	(7.5)%	2.6%	0.5%	(8.0)%	(1,600.0)%
Return on equity (ROE) (APM)	(43.5)%	(26.6)%	8.6%	1.6%	(28.2)%	(1,762.5)%

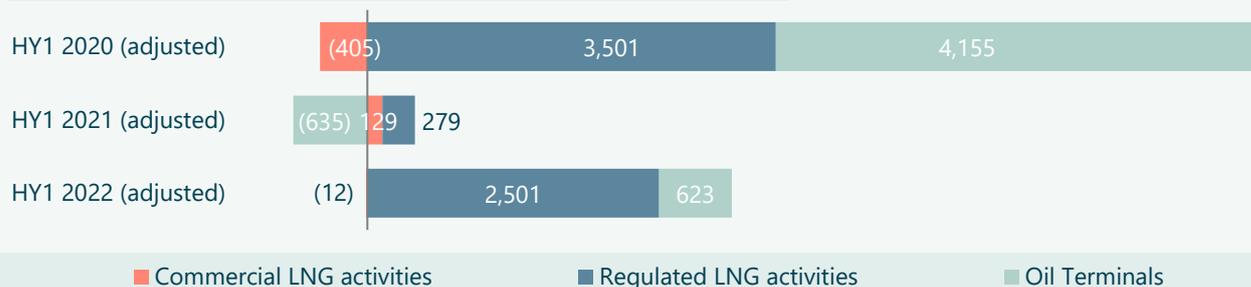
For the 6 months of 2022 **the Group's adjusted net profit (loss)** is EUR 3,112 thousand and is EUR 3,339 thousand higher compared to the adjusted net profit (loss) for the 6 months of 2021 (EUR (227) thousand).

The Group's adjusted net profit margin (APM) for the 6 months of 2022 is 8.7%, the adjusted gross profit margin (APM) is 25.1% (for the 6 months of 2021 respectively (0.7)% and 15.0%). The adjusted profit (loss) per one share amounts to EUR 0.008/share for the 6 months of 2022 (EUR (0.001)/share for the 6 months of 2021).

For the 6 months of 2022 **the Company's adjusted net profit (loss)** is EUR 2,652 thousand and is EUR 3,355 thousand higher compared to the 6 months of 2021 (EUR (703) thousand). The Company's adjusted net profit margin (APM) for the 6 months of 2022 is 7.7%, the adjusted gross profit margin (APM) reached 23.2% (for the 6 months of 2021 respectively (2.3)% and 12.3%). The adjusted profit (loss) per one share amounts to EUR 0.007/share for the 6 months of 2022 (EUR (0.002)/share for the 6 months of 2021).



THE GROUP'S ADJUSTED NET PROFIT BY BUSINESS SEGMENTS, TEUR



The main reasons for the higher Group's adjusted net profit (loss) by EUR 3,339 thousand compared to the 6 months of 2021 are: EUR 1,258 thousand higher adjusted net profit (loss) from Oil terminals, commercial LNG activities net profit (loss) was EUR 141 thousand lower, and EUR 2,222 thousand higher adjusted net profit (loss) of regulated LNG activities. For detail explanations see below:

- Adjusted net profit (loss) of Oil terminals is higher by EUR 1,258 thousand mainly due to higher revenue from oil product transshipment and storage services. Oil Terminal segment expenses are EUR 377 thousand lower. Higher variable costs (natural gas, electricity, railway services, other) are partially amortized by lower depreciation expenses due to Klaipėda Oil Terminal asset impairment recognized in 2021.
- The adjusted net profit (loss) from commercial LNG activities is EUR 141 thousand lower. In the beginning of 2020, the Company has signed a long-term contract with the Polish state gas company PGNiG to reserve capacity of Klaipėda small-scale LNG station for the next 5 years, starting from Q2 2020. Furthermore, on 16 September 2021 Gas Natural Açu (GNA) LNG-to-power project in port of Açu, Brazil has launched commercial operations.
- Adjusted net profit (loss) of regulated LNG activities (EUR 2,501 thousand) is higher by EUR 2,222 thousand due to (i) higher revenue - main reasons: (1) higher regasification revenue by EUR 6.9 million due to increased demand and regasification tariff from 0.41 EUR/MWh to 1.19 EUR/MWh; (2) received revenue related to the natural gas consumer's liability for previous periods after the court decision in amount of EUR 1.1 million; (3) higher revenue from

AB Amber Grid by EUR 0.5 million due to recalculated actual consumption capacities of previous period (2022 – EUR 1.1 million, 2021 – EUR 0.6 million); (4) lower revenue from the fixed part of LNG regasification service fee by 4.6 MEUR due to implemented LNG terminal capacity allocation and tariffication model when KN part in security supplement from May 2022 was decreased to 0 EUR/MWh/day/year; (ii) higher expenses of tax on environmental pollution expenses by EUR 0.9 million and other expenses higher by EUR 0.1 million; and (iii) changes in deferred income tax balance have a EUR 0.7 million negative impact on adjusted net profit (loss) of LNGT.

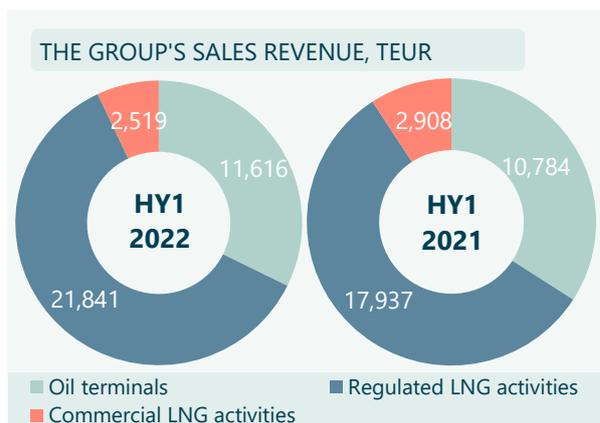
For the 6 months of 2022 the **Group's EBITDA (APM)** is EUR 16,899 thousand and is higher by 18.9% or by EUR 2,690 thousand compared to the 6 months of 2021 (EUR 14,209 thousand). EBITDA margin (APM) for the 6 months of 2022 is 47.0% (for the 6 months of 2021 – 44.9%).

For the 6 months of 2022 the **Company's EBITDA (APM)** is EUR 16,234 thousand and is 19.5% or EUR 2,647 thousand higher compared to the 6 months of 2021 (EUR 13,587 thousand). EBITDA margin (APM) for the 6 months of 2022 is 47.1% (for the 6 months of 2021 – 45.2%).

The **adjusted Group's return on assets (ROA) (APM)** for the 6 months of 2022 is (7.3)% (0.6% for the 6 months of 2021), the **Company's adjusted return on assets (ROA)** for the 6 months of 2022 (APM) is (7.5)% (0.5% for the 6 months of 2021).

For the 6 months of 2022 the **Group's adjusted annual return on equity (ROE) (APM)** is (25.9)% (2.1% for the respective period in 2021), the **Company's adjusted annual return on equity (ROE) (APM)** is (26.6)% (1.6% for the respective period in 2021).

SALES REVENUE



The **Group's sales revenue** for the 6 months of 2022 (EUR 35,976 thousand) is 13.7% or EUR 4,347 thousand higher compared to the 6 months of 2021 (EUR 31,629 thousand).

The Company's **sales revenue** for the 6 months of 2022 (EUR 34,458 thousand) is 14.5% or EUR 4,368 thousand higher compared to the 6 months of 2021 (EUR 30,090 thousand).

thousand). The main reason is 7.7% or EUR 832 thousand higher revenue from sales of oil terminals operations and 21.8% or EUR 3,904 thousand higher revenue from regulated LNG activities.

The total **revenue of the regulated LNG activities** for the 6 months of 2022 amounts to EUR 21,841 thousand and is EUR 3,904 thousand or 21.8% higher compared to the same period in 2021. The activity of LNG terminal is regulated and has a price cap; therefore, return from LNG activity does not depend on regasification volume.

Sales revenue from oil terminals for the 6 months of 2022 amounts to EUR 11,616 thousand and is EUR 832 thousand or 7.7% higher compared to the same period in 2021 (EUR 10,784 thousand). Revenue was influenced by increase in transshipment quantities and increased revenue from oil storage.

Sales revenue from **commercial LNG activities** for the 6 months of 2022 (EUR 2,519 thousand) is 13.4% or by EUR 389 thousand lower than for the same period in 2021 (EUR 2,908 thousand).

EXPENSES

For the 6 months of 2022 and 2021 cost of sales and operating expenses for the Group and the Company:

	HY1 2022	HY1 2021	CHANGE 2022 VS 2021		HY1 2022	HY1 2021	CHANGE 2022 VS 2021	
	GROUP	GROUP	+/-	%	COMPANY	COMPANY	+/-	%
Cost of sales	26,958	26,887	71	0.3%	26,454	26,386	68	0.3%
Operating expenses	3,812	3,539	273	7.7%	3,416	3,087	329	10.7%
Total costs	30,770	30,426	344	1.1%	29,870	29,473	397	1.3%

Total **cost of sales of the Group** for the 6 months of 2022 comprise of EUR 26,958 thousand and is higher by 0.3% or by EUR 71 thousand compared to the same period in 2021 (EUR 26,887 thousand). Higher salary, emission allowances, FSRU related expenses, and variable costs (natural gas, electricity, railway services, and other) were partially amortized by lower depreciation expenses due to Oil Terminal asset impairment in 2021. Total **cost of sales of the Company** for the 6 months of 2022 comprise of EUR 26,454 thousand and is higher by 0.3% or by EUR 68 thousand compared to the same period in 2021 (EUR 26,386 thousand). The main reasons and the figures are the same as per above explanation for the Group's cost of sales.

The **Group's operating expenses** for the 6 months of 2022 comprise EUR 3,812 thousand and are 7.7% or EUR

273 thousand higher compared to the same period in 2021 (EUR 3,539 thousand). For the reporting period, the wages and salaries expenses, consulting, telecommunication, depreciation and operating tax expenses were EUR 414 thousand lower compared to the same period in 2021. For the 6 months of 2021 the operating expenses were reduced by reversal of trade debtors' impairment by EUR 391 thousand. No such reversals occurred during the 6 months of 2022.

The Company's operating expenses for the 6 months of 2022 comprise EUR 3,416 thousand and are 10.7% or EUR 329 thousand higher compared to the same period in 2021 (EUR 3,087 thousand). The main reasons and the figures are the same as per above explanations for the Group's operating expenses.

The listing of **the Group's** major expenses is presented below:

	HY1 2022				HY1 2021				CHANGE 2022 VS 2021	
	OT	LNGT	comLNG	TOTAL	OT	LNGT	comLNG	TOTAL	+/-	%
Wages, salaries, and social security	3,800	1,451	1,126	6,377	3,684	1,288	1,262	6,234	143	2.3%
Depreciation and amortization	2,287	1,240	626	4,153	3,829	1,623	720	6,172	(2,019)	(32.7)%
Depreciation of right-of-use asset	210	6,867	82	7,159	275	6,874	54	7,203	44	(0.6)%
Expenses related to FSRU rent (OPEX element, management, crew cost)	-	3,309	-	3,309	-	2,936	-	2,936	373	12.7%
Variable costs (natural gas, electricity, railway services, other)	3,310	14	14	3,338	1,621	12	13	1,646	1,692	102.9%
Emission allowances and tax on environmental pollution	68	2,856	-	2,924	453	1,995	-	2,448	476	19.4%
Port charges	-	766	-	766	-	776	-	776	(10)	(1.3)%
Repair and exploitation expenses	191	88	39	318	277	77	30	384	(66)	(17.2)%
Cost of oil products sold	-	-	-	-	599	-	-	599	(599)	(100.0)%
Work safety costs	107	25	2	134	112	11	5	128	6	4.7%
Contribution for National Energy Regulatory Council (NERC)	-	239	-	239	-	297	-	297	(58)	(19.5)%
Reversal of trade debtors impairment	-	-	-	-	(391)	-	-	(391)	(391)	(100.0)%
Other cost of sales and operating expenses	970	621	462	2,053	861	636	497	1,994	59	2.9%
Total costs	10,943	17,476	2,351	30,770	11,320	16,525	2,581	30,426	344	1.1%

For the 6 months of 2022 **regulated LNG activity expenses** amount to EUR 17,476 thousand and are higher by EUR 951 thousand or by 5.8% compared to the 6 months of 2021 (EUR 16,525 thousand). Major part of regulated LNG activity expenses is depreciation of right-of-use asset expenses, which amount to EUR 6,867 thousand and are lower by EUR 7 thousand compared to the 6 months of 2021. Expenses related to FSRU rent (OPEX element, management, crew cost) amount to EUR 3,309 thousand that are higher by 12.7% or by EUR 373 thousand comparing to the 6 months of 2021, emission allowances and tax on environmental pollution amount to EUR 2,856 thousand and are higher by 43.2% or by EUR 861 thousand. Contribution for National Energy Regulatory Council expenses decreased by EUR 58 thousand.

For the 6 months of 2022 the total amount of **Oil terminal's** expenses is EUR 10,943 thousand (for the 6 months of 2021 – EUR 11,320 thousand) and is lower by

3.3% or by EUR 377 thousand. The depreciation and amortization expenses are 40.3% or EUR 1,542 thousand lower due to impairment of Klaipėda Oil Terminal which was recognized in 2021. Oil terminals variable costs (natural gas, electricity, and railroad costs, vessel service expenses and other) are higher by 104.2% or by EUR 1,689 thousand. Emission allowances and tax on environmental pollution expenses are 85.0% or EUR 385 thousand lower: for the 6 months of 2022 less emission allowances were purchased as on 31 January 2022 the Ministry of Environment assigned free emission allowances for the year 2021. 50% of such free emission allowances were included in the results for the 6 months of 2022.

For the 6 months of 2022 the total amount of **commercial LNG activity expenses** amounted to EUR 2,351 thousand (for the 6 months of 2021 – EUR 2,581 thousand) and are lower by EUR 230 thousand mainly due to lower subsidiary's KN Acu Servicos de Terminal activity expenses.

INVESTMENTS

The most important investment projects for the 6 months of 2022:

NO.	PROJECT	INVESTMENTS DURING THE 6 MONTHS OF 2022 (INCL. PREPAYMENTS)	PROJECT DESCRIPTION
1.	Modernization of jetty No. 1 and No. 2	EUR 1.7 million	Reconstruction of berth No. 1 phase I construction works have been completed.
2.	Bitumen storage and handling reconstruction project	EUR 0.1 million	Reconstruction and adaptation of two existing storage tanks for bitumen loading have been completed. Infrastructure up and running.
3.	Tanker truck loading bay reliability and safety improvement	EUR 0.1 million	All civil and piping works are completed. Equipment delivery and electrical and automation discipline works tender negotiations are ongoing.

INFORMATION ABOUT THE SHAREHOLDERS AND SHARES OF THE COMPANY

SHAREHOLDERS AND SHARES OF THE COMPANY

THE MAIN DATA ABOUT SHARES OF THE COMPANY:

ISIN code	LT0000111650
Abbreviation	KNF1L
Share emission	380,396,585

The Company's shares are traded on the regulated market; they are listed in the Baltic Main List of the Stock Exchange of AB NASDAQ Vilnius.

SHAREHOLDERS OF THE COMPANY

As at 30 June 2022 all the shares of the Company were owned by 5,085 shareholders (on 31 December 2021 – 4,926)¹. All shares of the Company are of one class ordinary registered shares granting their owners (shareholders) equal rights. One ordinary registered share of the Company grants one vote in the General meeting of Shareholders.

An ordinary registered share of the Company shall grant the following economic rights to its owners (shareholders):

1. To receive a part of the Company's profit (dividends);
2. To receive funds of the Company in the event the Authorized Capital of the Company is being reduced in order to pay funds of the Company to the shareholders;
3. To receive a part of the assets of the Company in case of liquidation;
4. To receive shares free of charge if the Authorized Capital is increased out of the funds of the Company (except in the cases specified by the imperative norms of the valid laws);
5. To have the preferential right in acquiring shares or convertible bonds issued by the Company except in cases when the General Shareholders' Meeting by a qualified majority of votes that shall not be less than 3/4 of the participating and voting shares for solution of this matter, resolves to withdraw the preferential right in acquiring the Company's newly issued shares or convertible bonds for all the shareholders;
6. To lend to the Company in the manner provided by law, however, when borrowing from its shareholders the Company has no right to pledge its assets to the shareholders. When the Company borrows from its shareholder, the interest rate may not be higher than the average

interest rate offered by commercial banks of the location where the Lender has his place of residence or business, which was in effect on the day of conclusion of the Loan Agreement. In such a case the Company and its shareholders shall be prohibited from negotiating a higher interest rate;

7. Other economic rights established by the laws.

An ordinary registered share of the Company shall grant the following non-economic rights to its owner (shareholder):

1. To attend the General Shareholders' Meetings and to vote according to voting rights carried by their shares (unless otherwise provided for by the laws);
2. To receive information on the Company to the extent allowed by the imperative norms of the valid laws;
3. To file a claim with the court for reparation of damage resulting from misconduct by the Manager of the Company and Board members or noncompliance with their obligations prescribed by the laws and the Articles of Association of the Company as well as in other cases laid down by laws.
4. The right to vote at General Shareholders' Meetings may be withdrawn or restricted in cases established by laws, also in case share ownership is contested;
5. Other non-economic rights established by the laws and the Articles of Association of the Company.

The Company has not been informed about mutual agreements of its shareholders which could limit the transfer of securities and (or) right of vote.

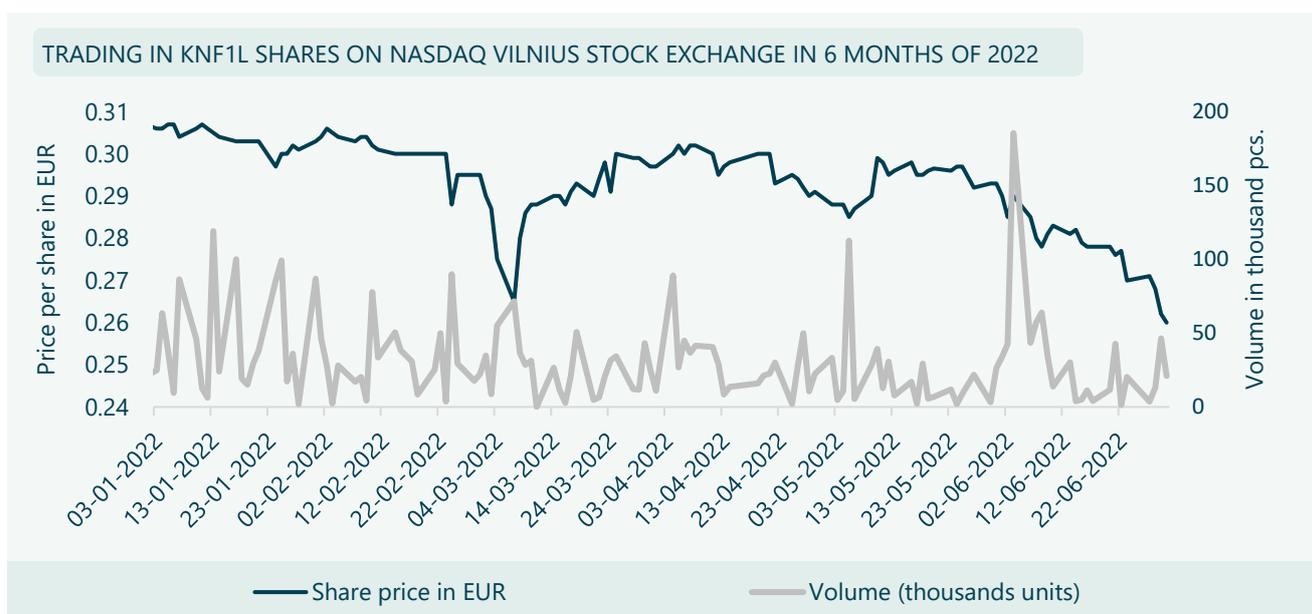
¹ According to AB SEB bankas data.

Major shareholders of the Company having more than 5% of shares (each) of the Company as at 30 June 2022 and 31 December 2021:

SHAREHOLDER'S NAME (COMPANY'S NAME, ADDRESS, COMPANY CODE OF REGISTRATION)	30 JUNE 2022		31 DECEMBER 2021	
	NUMBER OF OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)	NUMBER OF OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania (Gediminas Ave. 38/2, Vilnius, 302308327)	275,687,444	72.47%	275,687,444	72.47%
UAB koncernas "ACHEMOS GRUPĖ" (Vykinto st. 14, Vilnius, 156673480)	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%

Dynamics of KNF1L share price at NASDAQ Vilnius during 2018 – 2021 and 6 months of 2022:

	HY1 2022	2021	2020	2019	2018
Highest share price in EUR	0.250	0.359	0.414	0.444	0.574
Lowest share price in EUR	0.308	0.298	0.301	0.357	0.386
Price per share at the end of the period in EUR	0.260	0.307	0.320	0.362	0.410
Average share price in EUR	0.293	0.320	0.331	0.393	0.502
Traded volume, pcs.	3,808,305	19,004,133	23,934,244	5,908,666	6,936,769
Turnover in EUR thousand	1,120	6,110	7,928	2,296	3,552
Capitalisation in EUR thousand	98,903	116,782	121,920	137,875	156,049



KNF1L SHARE PRICE COMPARISON WITH OMX VILNIUS AND OMX BALTIC BENCHMARK GI IN 6 MONTHS OF 2022



DIVIDENDS

On 22 April 2022, the Ordinary General Meeting of Shareholders has been held which approved the audited financial statements and the appropriation of profit (loss)

of 2021. In 2022 the Company has not paid any dividends for the results of 2021 (in 2021 the Company paid EUR 7,538 thousand dividends or EUR 0.0198 for one share).

Below is the historical information about dividends paid in the period for the prior financial year:

	2022	2021	2020	2019	2018
Dividends paid in EUR thousand	-	7,538	7,947	11,577	17,031
Dividends per one share in EUR	-	0.0198	0.0209	0.0304	0.0447
Net profit (loss) per 1 share in EUR	(0.13)	0.03	0.02	0.03	0.04
Dividends for net profit (of previous FY), %	-	70%	100%	100%	100%

DIVIDEND POLICY

On 28 July 2021 the Board of AB Klaipėdos nafta has approved the renewed Dividend Policy. The Dividend Policy provides that the Board of the Company shall, in accordance with the Company's audited financial statements which are prepared in accordance with IFRS, present the draft decision of dividends allocation to the Company's shareholders for approval. The amount of dividends is proposed taking into account the Company's return on equity for the reporting period.

The Company sets the goal to increase the shareholders' value and pay stable dividends. The main objectives for a Dividend Policy are:

- compliance with the applicable laws of the Republic of Lithuania, secondary legislation, the Articles of Association, and internal documents of the Company.
- assurance of the Company's shareholders interests.
- commitment to high corporate governance standards.
- enhance of the Company's market value.
- definition of the Company's procedures relating to transparent publication and payment of dividends.

AB Klaipėdos nafta Dividend Policy is based on the existing legislation of the Republic of Lithuania (regulation effective starting since 28th December 2021 (Lithuanian

Government Resolution of 6th June, 2012 No. 655 on approval of the description of the procedure for the exercise of the state property and non-property rights in state-owned entities (hereinafter - the Resolution) – the regulation has replaced the Lithuanian Government Resolution of 14th January, 1997 No. 20 on the dividends for the state-owned shares, however all the principles and regulations on dividends allocation are valid and have been placed into Resolution), the Company's Articles of Association and other Company's internal documents.

According to the art. 4.4. of the Company's Dividend Policy the amount of dividends for the years 2021-2024 is calculated by eliminating from the Company's distributable net profit (loss) unrealised foreign exchange rates impact and other unrealised gains (losses). The Company's return on equity is calculated based on the data of the set of audited annual financial statements, net profit (loss) of the reporting period by eliminating the impact of unrealised foreign exchange rates and other unrealised gains (losses) divided by the average equity at the beginning and end of this period. Equity at the beginning of the reporting period is adjusted by estimating the impact of unrealised foreign exchange rates and other unrealised gains (losses) accumulated before the reporting period. Equity at the end of the reporting period is adjusted by estimating the impact of unrealised foreign exchange rates and other unrealised gains (losses) of the reporting period and those accumulated before the reporting period.

According to the art. 4.5 of the Company's Dividend Policy, the Board of the Company shall consider the following on a yearly basis:

- the financial indicators for assessment of the Company's current financial position (net debt / EBITDA, DSCR, ISCR, Equity ratio).
- the Company's performance of the current period, in order to ensure the scope of funds needed for the smooth operation.
- the scope of equity and loan necessary for strategic and investment projects' implementation.

- any financial and non-financial liabilities for the Company investors.
- the stock market situation related to dividend income.
- implementation of the Company's Strategy;
- a change in plans of strategic, investment projects, their scope or their financing.

According to the art. 4.7. of the Company's Dividend Policy dividends for the financial year should be allocated as follows:

- Not lower than 85 per cent from the Company's distributable profit if ROE of the financial reporting year is not higher than 1 per cent.
- Not lower than 80 per cent from the Company's distributable profit if ROE of the financial reporting year is higher than 1 per cent but not higher than 3 per cent.
- Not lower than 75 per cent from the Company's distributable profit if ROE of the financial reporting year is higher than 3 per cent but not higher than 5 per cent.
- Not lower than 70 per cent from the Company's distributable profit if ROE of the financial reporting year is higher than 5 per cent but not higher than 10 per cent.
- Not lower than 65 per cent from the Company's distributable profit if ROE of the financial reporting year is higher than 10 per cent but not higher than 15 per cent.
- Not lower than 60 per cent from the Company's distributable profit if ROE of the financial reporting year is higher than 15 per cent.

Dividend rate, as a rule, should not be less than presented in the article 4.7. of the Company's Dividend Policy, however, based on criteria in article 4.5., lower dividend rate could be proposed.

The full Company's Dividend Policy is available on Company's website.

AGREEMENTS WITH INTERMEDIARIES OF PUBLIC SECURITIES TRADING

The Company has an agreement with Financial Markets Department of AB SEB Bankas for accounting of the Company's securities and related services.

AB SEB BANK FINANCIAL MARKETS DEPARTMENT:

Company code	112021238
Address	J. Balčikonis street 7, LT-08247 Vilnius, Lithuania
Telephone	1528
E-mail	info@seb.lt
Website	www.seb.lt

INFORMATION ABOUT THE EMPLOYEES OF THE GROUP

PERSONNEL

The Company's main asset is its employees who are the most important link to the achievement of Company's goals. Company's personnel policy is focused on the development of teamwork, constant progress in professional development and process efficiency, the

optimal use of work resources, training of qualified staff, and development of the Company's culture that empowers personal growth, succession planning, and creates additional value for the company and its stakeholders.

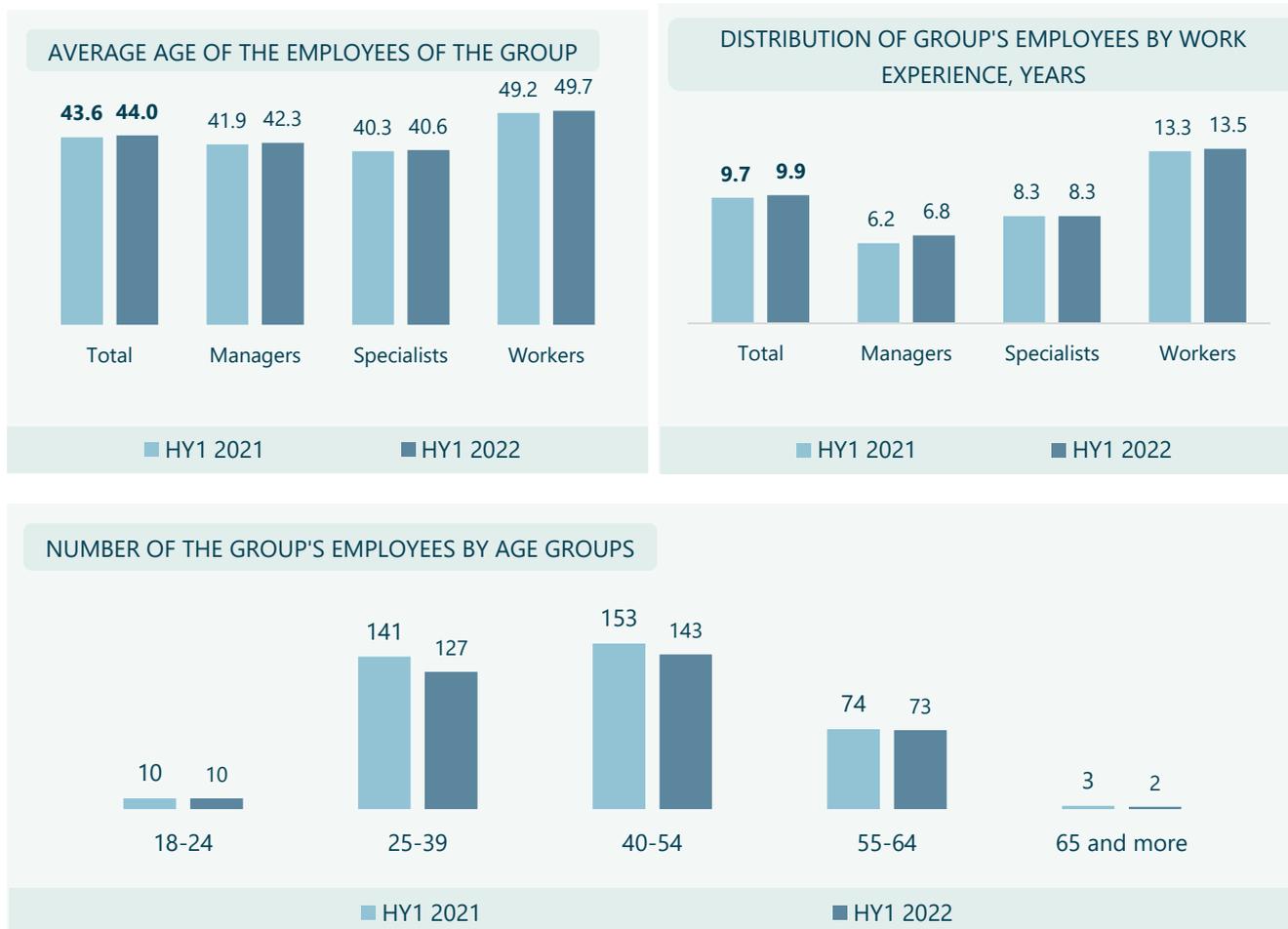
Number of the Group employees as at 30 June 2022:

	30-06-2022	30-06-2021	CHANGE, %
AB Klaipėdos nafta	326	348	(6.3)
UAB SGD terminalas	2	2	-
UAB SGD logistika	2	2	-
UAB SGD SPB	2	2	-
KN Acu Servicios de Terminal de GNL LTDA	23	27	(14.8)
Total	355	381	(6.8)
Remarks:	- The number of employees does not include employees on maternity/paternity leave.		

The breakdown of the number of the Group and the Company employees by gender as at 30 June 2022:

	FEMALES	%	MALES	%
AB Klaipėdos nafta	81	24.8%	245	75.2%
UAB SGD terminalas	1	50.0%	1	50.0%
UAB SGD logistika	1	50.0%	1	50.0%
UAB SGD SPB	1	50.0%	1	50.0%
KN Acu Servicios de Terminal de GNL LTDA	6	26.0%	17	74.0%
Total	90	25.4%	265	74.6%

The average age of the Group's employees – 44 years. Detailed information about employees' age, work experience, and education are provided in figures below in years.



Education of the Group's employees by categories:

EMPLOYEE CATEGORY	EMPLOYEES ON 30-06-2022	UNIVERSITY	VOCATIONAL	SECONDARY AND OTHER	EMPLOYEES ON 30-06-2021	UNIVERSITY	VOCATIONAL	SECONDARY AND OTHER
Managers ¹⁾	55	53	2	-	57	55	2	-
Specialists	176	154	15	7	196	174	14	8
Workers	124	11	42	71	128	11	43	74
Total	355	218	59	78	381	240	59	82

1) The managers of the Company include: Chief Executive Officer (CEO), Directors and Heads of Divisions

PAYROLL SYSTEM AND REMUNERATION POLICY

The Company seeks to create motivating, efficient, fair, transparent, and easy to understand compensation system which aims to attract, retain, and motivate employees whose skills and work results help the Company to successfully develop and implement its mission and achieve strategic business objectives. Therefore, in September of 2016 the Employee Remuneration Policy has been formed and approved, on September of 2017 The Procedure of Remuneration System Formation has been approved.

The Employee Remuneration Policy defines the principles of determination and payment of remuneration as well as the incentives of employees. The Remuneration policy applies to all employees of the Company.

The goals of the Remuneration Policy are to:

- Establish clearly understandable, fair, and transparent procedures for the determination and payment of remuneration as well as the incentives of employees, aiming at ensuring the Company's competitiveness in the labour market;
- Encourage the employees to achieve the objectives set in the corporate strategy, to create value added and increase the returns to shareholders while fostering the values of the Company.

The remuneration of the employee may consist of the following components: a fixed component, i. e. a monthly salary (or a wage) and a variable component payable for either short-term performance results or the annual results of the Company's/the employee's performance.

The Company's remuneration system is based on job structure framework, created using the Hay Methodology by determining the weight of each position (to ensure fair remuneration for work within the Company). The amount of the monthly remuneration for the position is determined by assessing the level of knowledge and work experience required to perform the functions of each position, the complexity of the functions, the degree of responsibility and management level, the impact / risk on the Company's performance, working conditions. In order to ensure the competitiveness of the remuneration of the Company's employees and to promote the achievement of results, the remuneration (fixed and variable remuneration components) focuses on the range of the 50th and 75th per centiles of the remuneration market of foreign capital companies operating in Lithuania. Employees in the same position can receive different monthly pay depending on qualifications, experience, capabilities, and functions and responsibilities assigned to the employee. The variable component is set according to the procedure laid down in the Remuneration Policy.

Employee's base salaries are usually reviewed once a year taking into account: Lithuanian labour market trends; the Company's performance results; The results of the evaluation of the Company's employees; demand - supply situation for jobs important to the company in the labour market.

The breakdown of employee related expenses (EUR thousand) of the Group:

	HY1 2022	HY1 2021	CHANGE, %
AB Klaipėdos nafta	5,852	5,704	2.6
UAB SGD terminalas	2	2	-
UAB SGD logistika	2	2	-
UAB SGD SPB	2	2	-
KN Acu Servicos de Terminal de GNL LTDA	519	524	(1.0)
Total	6,377	6,234	2.3

Average number of employees according to categories:

EMPLOYEE CATEGORY	AVERAGE NUMBER OF EMPLOYEES					
	GROUP HY1 2022	GROUP HY1 2021	CHANGE, %	COMPANY HY1 2022	COMPANY HY1 2021	CHANGE, %
Managers ¹⁾	57	57	-	46	46	-
Specialists	182	206	(11.7)	161	185	(13.0)
Workers	125	133	(6.0)	125	133	(6.0)
Total	364	396	(8.1)	332	364	(8.8)

¹⁾ The managers of the Company include: Chief Executive Officer (CEO), Directors and Heads of Divisions

Average monthly salary (gross) of employees according to categories, EUR:

EMPLOYEE CATEGORY	AVERAGE MONTHLY SALARY (GROSS), EUR					
	GROUP HY1 2022	GROUP HY1 2021	CHANGE, %	COMPANY HY1 2022	COMPANY HY1 2021	CHANGE, %
Managers ¹⁾	5,277	5,052	4.5	5,571	5,506	1.2
Specialists	2,569	2,452	4.8	2,690	2,570	4.7
Workers	1,741	1,596	9.1	1,741	1,596	9.1
Total	2,649	2,493	6.3	2,711	2,568	5.6

1) The Company's managers include: Chief Executive Officer (CEO), Directors and Heads of Divisions.
2) The average monthly salary is calculated according to the average monthly wage calculation procedure as stated in the State companies' employees' average monthly salary calculation procedure approved by the Government of Lithuania on 23 August 2002, resolution No. 1341 and its subsequent changes.

Average monthly salary (gross) of employees by gender, EUR:

EMPLOYEE CATEGORY	GROUP HY1 2022			COMPANY HY1 2022		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Managers ¹⁾	5,277	5,241	5,403	5,571	5,631	5,403
Specialists	2,569	2,676	2,403	2,690	2,837	2,472
Workers	1,741	1,769	1,203	1,741	1,769	1,203
Total	2,649	2,632	2,730	2,711	2,679	2,805

1) The Company's managers include: Chief Executive Officer (CEO), Directors and Heads of Divisions.
2) The average monthly salary is calculated according to the average monthly wage calculation procedure as stated in the State companies' employees' average monthly salary calculation procedure approved by the Government of Lithuania on 23 August 2002, resolution No. 1341 and its subsequent changes.

EMPLOYEE PERFORMANCE EVALUATION AND ANNUAL BONUS ALLOCATION

The Company has implemented the procedures for annual employee performance evaluation and annual bonus allocation. These bonuses depend on the achievement of the goals set directly for the person, service director or for the Company. Annual employee performance review together with periodic and frequent one to one meetings throughout the year are one of the most effective management and leadership techniques that increase employee engagement and help to achieve the organizational goals. Such practice creates collaborative and positive relationships between managers and their subordinates that allow to make it clear with employees while planning their careers,

increasing their motivation, and promoting continuous improvement in their professional field.

Employees of all categories - workers, specialists, and managers - are assessed and rewarded annual bonus for achieving pre-set annual goals (WHAT) and evaluation on their compliance to Company's values (HOW). In 2020 implementation of Asaichi methodology being one of the three LEAN tools initiated in the Company brought even better performance management when KPIs have been reviewed and actioned with personal accountability daily. Annual performance review meetings, on the other hand, allow to reflect on entire year through the lens of competence development, safety-minded behaviour,

learning opportunities, career-advancement, and aspirations.

EMPLOYEE SELECTION AND RECRUITMENT

Since April 2020 the Company implemented Employee Selection and Recruitment procedure whose purpose is to standardize the employee selection process and ensure efficient and effective procedures for organizing the selection of KN personnel (employees and trainees) in order to successfully achieve the objectives of KN - to select employees who recognize the values of KN and have the greatest potential to achieve the objectives set for them.

In order to ensure that the objectives set out in KN's strategy are met, an assessment and planning of staffing

needs is carried out. Each year management of the Company draws up a staffing plan for the upcoming year. The plan takes into account the workload of staff, the need for new posts (due to organizational changes or legal requirements), staff mobility (transition from one staff post to another) and natural change (retirement, parental leave, etc). The main steps of the recruitment process include the evaluation of need for employee, determination of required competencies, search and attraction of potential candidates, job interviews, final decision, and preparation of the offer.

EMPLOYEE SATISFACTION AND ENGAGEMENT

For the last seven years the Company conducts personnel surveys to determine the level of employee satisfaction with the work environment and the Company and the level of engagement as well as to improve relevant areas and working conditions of employees. The personnel surveys in 2021 revealed that 61% of employees (in 2020 – 67%) are fully satisfied with their work environment, the Company, and its culture. This indicator exceeds average result of Lithuania organizations employee satisfaction of satisfaction with the work (59%).

The Company is measuring the level of engagement as it believes that colleagues who are engaged in their job, are more likely to do it easier, feel happier, are more innovative and accordingly generate greater returns to shareholders by effectively implementing corporate strategy and achieving the goals. Engagement level went down (from 75% to 69%) and returned to the same level as in 2019. The result of KN still exceeds the average level of work engagement in Lithuanian organizations (63%) in 2021 and the same time indicates that reduction of employees and other organizational challenges during the year did have the effect on employee engagement.

PRINCIPLES OF EMPLOYEE COMPETENCE DEVELOPMENT

KN education system is designed to promote the development of employees both independently and through the learning processes of strategically important knowledge and skills that are part of the curricula. All employees are given the opportunity to participate in the programs. The implementation of KN education system is based on 6 principles: link with business strategy, cooperation between departments, identification of needs based on assessment of employees' competencies, measurement of learning effectiveness, integration of education with other processes and selection of appropriate educational tools.

Up to 15% of annual learning and development budget is allocated to fund employees with various formal studies at different Universities.

For the last three years Company conducts 360-degree feedback study for managers. Following the method, KN Managers receive feedback on their behaviour according to the Company's values and leadership competencies from people who work with them. Based on survey results Managers create their Personal development plans and thus grow to be even better leaders for their teams. In 2021 the Company launched internal Mentoring Program, which aims to find competencies within the company and share them with those who need them. 17 pairs were formed, which worked according to the proposed model for several months - setting goals, looking for ways to achieve them and measuring progress together.

RISK FACTORS AND RISK MANAGEMENT

The Company's Board has approved Risk Management Policy that regulates risk management, defines risk management principles and responsibilities, functions and responsibilities of the Chief Risk Officer as well as sets risk appetite and tolerance limits. The risk management system is developed in accordance with the ISO 31000 guidelines. The list of principal risks and the risk management plan are provided to and approved by the Company's Board each quarter. The Board actively participates in the principal risk management process by continuously monitoring the risk level changes and the risk management measures' action plans. The Company's high-level management is responsible for shaping the personnel's attitude towards risk management, setting the risk management goals in the managed area, implementation of the control measures, implementation and monitoring the efficiency of the risk management measures. The medium level managers are responsible for implementation of the risk management process and provision of the results, as well as for reliability, correctness, and impartiality of information.

The Audit Committee reviews financial reporting process as well as audit execution process and oversees internal control environment, risk management and internal audit framework.

Primary risk categories that the Group and the Company are exposed to while conducting business:

- **Business risk.** It is a risk category that is generally related with the environment where the Group and the Company operate and has an impact on financial results: competitiveness of the Group and the Company comparing with other players in the market of oil products transshipment, economic viability of the key customers of the Group and the Company, political and economic environment in the neighbouring countries, changes in legal regulation of the LNG related activities etc.
- **Operational risk** is probably the widest risk category covering potential loss resulting from inadequate or failed procedures, systems or policies, employee errors, systems failures, fraud, or other criminal activity, as well as any event that disrupts business processes.
- **Reputational risk.** It is a risk mostly related with the decisions of the Group and the Company and behaviour of the employees.
- **Project risks.** The Company is engaged in several large investment projects; therefore, effective risk management throughout the whole lifecycle is critical when achieving goals.

COMMENTS ON THE RISK CATEGORIES OF THE GROUP AND THE COMPANY ARE PROVIDED BELOW:

Business risk

In order to manage its business risks and dependence on key clients, the Company diversifies its sources of income and works to expand the range of services it provides, develops cooperation with existing and potential customers who are interested in product mixing services, storage and transshipment of petrochemical products such as monoethylene glycol, ethanol, methanol, and bitumen. More detailed information about products and volumes transshipped during the 6 months of 2022 can be found in chapter "[Business environment and market](#)".

The main external factors that influenced the Company's business environment during the 6 months of 2022:

- gradual easing of restrictions for traveling (settled due to COVID-19 pandemic) in major part of the countries,
- robust demand for fuels (global consumption during the 6 months of 2022 was at ~99% of pre-pandemic level),
- lowering oil product (OP) availability in the market from one of the key suppliers - Russia (caused by restrictions due to war in UA)

All the above-mentioned factors led to regional and global OP tightness (esp. diesel with its inventories reaching multiyear lows), soaring OP prices and increasing European refiners' production demand, refining margins growing to new post-pandemic highs.

Operational risk

Operational risk is considered as risk directly related to the increase of losses, caused by the external factors (for example, natural disasters, illegal acts of the third parties, etc.) or internal factors (for example, ineffective activity and management, improper and inefficient utilization of funds, internal control deficiencies, ineffective procedures, human error, malfunctions of information systems, cyber security control gaps, unduly allocation of functions or responsibilities, etc.).

In view of the increased geopolitical threats due to the war in Ukraine, the Company increased the level of preparedness and conducted an extraordinary risk assessment of all security functions (physical, cyber and corruption prevention). An internal working group has been initiated to ensure timely decision-making regarding the progress, control and additional funding required in these areas. As the prices of energy resources increase, KN initiates internal efficiency improvement projects. One example is the installation of a solar power plant at the Subačius Oil Terminal, ensuring the supply of electricity from green energy.

Reputational risks related to relations with Russia have been managed and currently KN does not load any gas cargoes from Russia at the LNG terminal.

To manage internal operational risk, the Company implemented required organizational measures and procedures as well as information systems to be used for support of business processes that collectively ensure proper functioning of internal control system and duly cooperation with the third parties concerned. The Company applies the following means of internal control: separation of decision making and controlling functions, control of transactions and accountancy, limitation of decision-making powers and control of their execution, collegial decision making in crucial issues, etc.

Internal operational risk management is significantly influenced by the standards, which are implemented and maintained in the Company - Quality ISO 9001:2015, Environmental Protection ISO 14001:2015, Occupational Health and Safety ISO 45001:2018. These standards impose requirements for the control of processes according to the most significant risks and management system audits, which ensure that the described controls and processes operate in practice. The Company strives to minimize legal compliance risk and assure that its operations are compliant with the applicable legal requirements and standards. Infrastructure, as well as management and safety processes, cooperation with the third parties and control system has been positively evaluated by the representatives of potential clients of the terminals.

In order to manage better operational risks, KN has established a compliance function, which is controlled by compliance of risk assessment.

Reputational risk

KN cherishes its reputation and good name and employs risk mitigation means. KN culture is based on Company's values – respect, cooperation, professionalism, and improvement, which are the basis for our decisions and actions with customers, employees, shareholders, and other stakeholders. The Company strives to ensure good employee experience through the entire journey with KN (from the attraction stage to the exit one). Each candidate is treated as a potential ambassador of the Company; therefore, communication is led as with a future client or partner. Despite the challenges brought by the business environment, in 2022 KN was announced among the top 20 of the best employers.

The Company continuously invests in professional development of employees in order to ensure business continuity and good reputation. Accordingly, employees are provided with training that allows to fulfil Company needs, succession is planned, which helps to ensure

business continuity and develops the competencies of employees.

KN fosters a value-based culture and has been electing employees of the quarter on a quarterly basis for many years. In 2021 KN began to nominate the "Values Hero of the Quarter". The "Employee of the Quarter" nomination is awarded for outstanding quarterly achievements in the Company and personal qualities, behavioural characteristics, thanks to which colleagues manage to achieve excellent results as well as for initiatives that create benefits for the business, employees, clients, and implementation of KN values in daily work. At the time of the nomination of a colleague for the nomination of "Values Hero of the Quarter", colleagues are invited to nominate the colleague who lives the values especially strongly and goes the "extra mile" every day in an effort to be professional, cooperative, respectful and self-improving. This promotes values-based behaviour and strengthens the sense of gratitude in the Company, which directly influences the work atmosphere and employee productivity. As in previous years, in 2022 the Company did not miss a chance and arranged interactive learning session – Dialogue of Values for employees from the entire Company. Colleagues took part in the discussions on how they should behave in different situations taking into consideration KN values. Such initiatives, as well as additional internal training sessions strengthen psychological and emotional resilience, help to ensure that employee behaviour is in line with the values and Code of Conduct of KN and make employees feel psychologically and emotionally safe in the workplace.

The Company pays special attention to the stakeholders. It openly provides information to the institutions, public organizations and the general society, and has been focusing on strengthening relations with communities for years.

In the first half of 2022, the Company carried out materiality assessment and involved stakeholders to provide feedback on aspects of its operations to be improved in the areas of environment, social responsibility and governance. This helps the Company to shape its sustainability and social responsibility orientation and reputation accordingly.

The Company continues to engage actively with representatives of neighbouring communities, hold meetings to present the progress of the ongoing Environmental Action Plan and to respond to relevant questions of concern to communities. KN also openly shares environmental data with the public – KN website provides environmental monitoring data of Klaipėda Oil Terminal, information on the progress of the environmental action plan. With a consistent focus on the environment and open dialogue with communities, KN has achieved a steady annual decline in requests from communities and institutions on environmental issues, and no such requests were received in the first half of

2022 (12 complaints in the first half of 2021). The consistent mutual dialogue was celebrated in May 2022 by the planting of pine trees in the Vite neighbourhood on the occasion of the Neighbours' Day, which contributed to a more pleasant and healthy landscape of the neighbourhood.

Also, taking into account the concerns and fears of the neighbouring communities, especially in the context of the war in Ukraine, KN invited the communities to a civil safety training in the KN oil terminal in 2022.

The Company is also involved in educational initiatives, such as hosting company tours at KN Oil terminal for students, presenting its operations and providing knowledge related to petroleum products, logistics, shared its LEAN experience with other organizations.

The Company's efforts were recognised with a new achievement in early 2022. KN has risen from 33rd place the previous year to 9th place in the TOP 500 Lithuanian Business Leaders ranking compiled annually by the Lithuanian business daily "Verslo žinios".

Project risk

Investment project management is an important part of the Company's business. To effectively manage projects, the implementation of the project management methodology and project monitoring was initiated according to the PRINCE2 standard. The Company is looking for opportunities in international LNG investment projects. Also, Company is involved in the analysis and search of carbon capture and storage technologies and is actively participating in the development of hydrogen platform technologies. To attain the economic value that investment projects are supposed to generate it is important to assure that the projects are implemented within the defined budget and timeframe. Company's Board has set 10 % tolerance limit for deviations; therefore, Company's management constantly monitors implementation statuses of the important projects, related risks, and their mitigation measures.

FINANCIAL RISK MANAGEMENT

Foreign Exchange Rate Risks

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 and to the risk of EUR/BRL foreign exchange rate due to activity of subsidiary KN Acu in Brazil. During the 6 months of 2022, KN used financial instruments to hedge against changes in exchange rate. When such instruments are realized, the result is recorded in the profit (loss) statement of each calendar month. For the 6 months of 2022 the Group and the Company accounted

EUR 72 thousand loss on the fair value change of derivatives. For the 6 months of 2021 the Group and the Company accounted EUR 1,188 thousand income on the fair value change of derivatives. The fair value as at the end of reporting period is confirmed by SEB bank. As at 30 June 2022 the Group and the Company had no open derivative contracts.

Credit Risks

A possible credit risk of the Group's and the Company's customers is managed by a continuous monitoring of outstanding balances. The Group's and the Company's procedures are in force to ensure on a permanent basis that services are provided to reliable customers and do not exceed an acceptable credit exposure limit. The Company trades only with reputable third parties, so there is no requirement for collateral.

Interest Risks

The Group's and the Company's income and operating cash flows are influenced by changes in market interest rates, which are linked to EURIBOR base.

The Group's and the Company's excess liquidity in forms of money and time deposits are distributed across the accounts of major Lithuanian banks, which are granted with Standard Poor's or equivalent long-term term borrowing BBB- or better external rating according to the foreign rating agencies. Partner bank's rating is assessed either on a stand-alone or applying a bank group logic into which exposure is present. Also, the Group and the Company is monitoring recommendation of the Central Bank of Lithuania.

Liquidity Risks

The Company's and the Group's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans.

The Group's gross liquidity (APM) and quick ratios (APM) as of 30 June 2022 are 1.22 and 1.19, respectively (1.28 and 1.25 as at 30 June 2021).

The Company's gross liquidity (APM) and quick ratios (APM) as of 30 June 2022 are 1.14 and 1.11, respectively (1.21 and 1.18 as at 30 June 2021).

The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility. The Group's and the Company's activities generate sufficient amount of cash; therefore, the Management's main responsibility is to monitor that the liquidity ratio of the Company is close to or higher than 1.

MANAGEMENT OF THE COMPANY

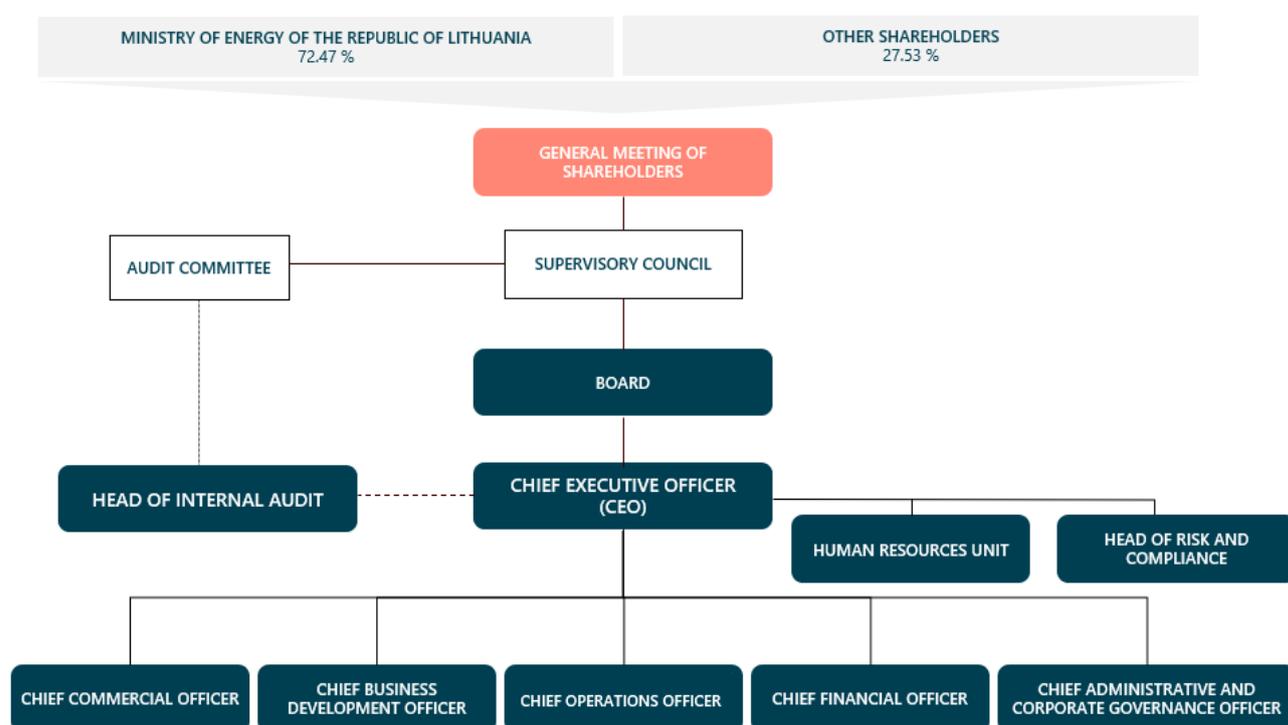
MANAGEMENT STRUCTURE

The Company follows the Law on Stock Companies, the Law on Securities, Articles of Association of the Company, and other legal acts of the Republic of Lithuania during its operation.

The Company's Articles of Association are registered in the Register of Legal Entities and indicate the following management bodies:

- The General Meeting of Shareholders
- The Supervisory Council
- The Board
- Chief Executive Officer (CEO, General Manager)

ORGANIZATIONAL AND MANAGEMENT STRUCTURE OF THE COMPANY:



The **General Meeting of Shareholders** is the supreme management body of the Company. Competences of the General Meeting of Shareholders of the Company, Shareholders' rights, their implementation are identified in the Law on Stock Companies and in the Article of Association of the Company.

The Company's CEO or authorised Head of any other department of the Company always participates in the Shareholders Meetings while the member of the Supervisory Council and the CFO participate depending on the questions addressed.

In the last ordinary general meeting of Shareholders of the Company the following representatives of the Company took part: chairman of the Supervisory Council, chairman of the Board, two Board members, Chief

Financial Officer, Chief Administrative and Corporate Governance Officer, Head of Accounting Unit.

The **Supervisory Council** is a collegial supervisory body which consists of 3 (three) members (at least 2 (two) being independent), elected for the period of four years in the General Meeting of Shareholders according to the procedure established by the Law on Stock Companies. The number of the terms of office a member may serve on the Supervisory Council is not limited. The CEO of the Company, a member of the Board of the Company and a person, who under the legal acts is not entitled to serve in this office, shall not serve on the Supervisory Council. The Supervisory Council is a collegial body supervising the activities of the Company, its status, competence, and functions have been defined by the Law on Stock Companies and the Articles of Association of the

Company. Functions, rights and duties of the Supervisory Council are detailed in the Rules of Procedure of the Supervisory Council.

The Supervisory Council by its decision has formed an **Audit Committee**, which consists of 3 (three) members elected for the office term of the Supervisory Council. The Rules of formation and conduct of the Audit Committee of AB Klaipėdos nafta, approved by the Company's Supervisory Council, regulate functions, rights, and duties of the Audit Committee. The key responsibilities of the Committee are to assist the Supervisory Council in fulfilling its oversight responsibilities in relation to financial reporting, the effectiveness of the system of risk management and internal control, monitoring the independence of both the internal and external auditors and assessing their performance and effectiveness. The Company's head of internal audit is functionally subordinate to the Audit Committee and administratively subordinated to the CEO. By the decision of the Supervisory Council of the Company the members of Audit committee have been elected until the end of office of the current Supervisory Council.

The Board is a collegial management body of the Company consisting of 5 (five) members, who are elected by the Supervisory Council for the period of 4 (four) years with the requirement that at least 3 (three) members are

independent. The number of the terms of office a member may serve on the Board is not limited. A person who is a member of the Supervisory Council of the Company or who under the legal acts may have no right to be elected, cannot serve as a member of the Board. The mandate of the Board members has been determined by the Law of Stock Companies and the Articles of Association of the Company. The tenure of all Board members of AB Klaipėdos nafta has been extended based on the 24 April 2019 decision of the Supervisory Council of AB Klaipėdos nafta which extended the tenure of the Board members of the Company until the respective separate decision of the Supervisory Council, on 2 July 2019 the Supervisory Council of the Company decided to further extend the tenure of all Board members of the Company for three years until 24 April 2022. On 25 April 2022, 4 new independent Board members started their term of office for the period of 4 years.

The Chief Executive Officer (CEO) is a single person managing body of the Company. The CEO is the main person managing and representing the Company. The duties and competence of the CEO have been determined by the Law on Stock Companies and the Articles of Association of the Company.

SUPERVISORY COUNCIL

NAME	POSITION IN THE COMPANY	THE INDEPENDENCE CRITERIA	CADENCE COMMENCEMENT DATE
Eimantas Kiudulas	Chairman of the Supervisory Council	Independent	From the 27 April 2018 until 27 April 2022
Karolis Švaikauskas	Member of the Supervisory Council	-	From the 10 April 2020 until 27 April 2022
Žaneta Kovaliova	Member of the Supervisory Council	Independent	From the 20 November 2020 until 27 April 2022

AUDIT COMMITTEE

NAME	POSITION IN THE COMPANY	THE INDEPENDENCE CRITERIA	CADENCE COMMENCEMENT DATE
Žaneta Kovaliova	Chairperson of Audit Committee	Independent	From the 8 December 2020 until 27 April 2022
Laura Garbenčiūtė-Bakienė	Member of Audit Committee	Independent	From the 21 August 2018 until 25 February 2022
Žana Kraučenkienė	Member of Audit Committee	Independent	From the 3 December 2018 until 27 April 2024

BOARD OF THE COMPANY

NAME	POSITION IN THE COMPANY	THE INDEPENDENCE CRITERIA	BOARD MEMBER FROM THE DATE
Giedrius Dusevičius	Chairman of the Board	Independent	From the 30 December 2016 until 27 April 2022
Dainius Bražiūnas	Member of the Board	-	From the 25 July 2014 until 27 April 2022
Mantas Bartuška	Member of the Board	-	From the 25 September 2014 until 27 April 2022
Bjarke Pålsson	Member of the Board	Independent	From the 24 January 2017 until 1 February 2022
Guy Mason	Member of the Board	Independent	From the 1 December 2021 until 25 April 2026
Edvinas Katilius	Chairperson of the Board	Independent	From the 25 April 2022 until 25 April 2026
Jūratė Lingienė	Member of the Board	Independent	From the 25 April 2022 until 25 April 2026
Alfonso Morriello	Member of the Board	Independent	From the 25 April 2022 until 25 April 2026
Karolis Švaikauskas	Member of the Board	-	From the 11 May 2022 until 25 April 2026

OTHER INFORMATION

The activity of the Company is based on the Articles of Association, Civil Code and other laws and sub legislative acts of the Republic of Lithuania. Changes in the Articles

of Association can be made by the General Meeting of Shareholders.

TRANSACTIONS WITH RELATED PARTIES

The Company did not have any transactions or agreements with the members of its Supervisory Council and the Board. More information regarding transactions with related Parties is presented in the Explanatory notes to the Company's financial statements for the 6 months of 2022. During 6 months of 2022 there were no changes

in type of transactions with related parties, which could have made impact on the financial activity of the Group and the Company. All transactions with the related parties have been performed under market conditions (following the arm's length principle).

PARTICIPATION IN ASSOCIATIONS

The Company has been acting as a member of the following associations as at the end of the year:

- Klaipėda Chamber of Commerce, Industry and Crafts, <http://www.kcci.lt/>
- Association of Lithuanian Stevedoring Companies, www.ljkka.lt
- Lithuanian Confederation of Industrialists, www.lpk.lt
- Gas Infrastructure Europe (GIE) association Gas LNG Europe (GLE) group, www.gie.eu.com

- Lithuanian LNG cluster, www.lngcluster.eu
- Lithuanian Shipowners Association, www.llsa.lt
- Lithuanian Hydrogen Platform
- LNG platform, www.sgdplatforma.lt
- Baltic Innovation Hub, <https://baltictechpark.com>
- The American Chamber of Commerce in Lithuania, www.amcham.lt
- Klaipėda Association of Industrialists, www.kpa.lt

INFORMATION ABOUT THE AUDIT

30th April 2021. Extraordinary General Meeting of Shareholders of the Company adopted the following resolutions: UAB KPMG Baltics has been elected as an auditor for the Financial Statements and Regulated Activities Statements of the Company and assessment of its Annual Report for the years 2021 and 2022. The shareholders authorized the General Manager of the Company to conclude the Agreement for provision of 2 years auditing services (financial audit of both the Company and the subsidiary KN Acu Servicos de Terminal

de GNL LTDA) and regulated gas activity report for total amount of EUR 164 thousand (excl. VAT). UAB Ernst & Young Baltic performed the audit for the years 2014-2018. UAB KPMG Baltics performed the audit for the years 2008-2013, 2019-2020.

The proposal regarding approval of the audit company is provided by the Board of the Company to the General Meeting of Shareholders based on the public procurement procedures.