



AB KLAIPĖDOS NAFTA

# UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 2022 Q1

May 27, 2022



**DARIUS ŠILENSKIS**  
CHIEF EXECUTIVE OFFICER



**MINDAUGAS KVEKŠAS**  
CHIEF FINANCIAL OFFICER



MISSION AND VISION



2022 Q1 HIGHLIGHTS



FINANCIAL RESULTS



OTHER INFORMATION



## BRIDGING ENERGY MARKETS

### MISSION

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

### VISION

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

# 2022 ANNOUNCEMENTS SINCE LAST WEBINAR

## MARCH 3

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

## MARCH 25

Amendments to the Regulations for use of the LNG Terminal **approved by the National Energy Regulatory Council.**

The Amendments determine an **updated annual capacity allocation procedure and capacity allocation principles** applied for Klaipeda LNG terminal capacity allocation for the fourth quarter of 2022.

## APRIL 7

KN **published Social Responsibility Report of 2021.** Report is prepared following the international Global Reporting Standards (GRI).

## APRIL 25

The **term of office of the new independent Board members of AB “Klaipėdos nafta” started.** New Board members were elected for a four-year term of office. On May 13<sup>th</sup>, **Edvinas Katilius was elected as a Chairman of the Board.**

## MARCH 17

Klaipėda LNG terminal 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.

## MARCH 31

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

## APRIL 8

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 May 11, an **appeal in a civil case has been lodged** by the prosecutor.

## MAY 13

NERC **approved Amendments to the Regulations for use of LNG Terminal** applicable from year 2023. A long-term LNG terminal capacity allocation procedure will be announced in June 2022.

# 2022 HIGHLIGHTS SINCE LAST WEBINAR



**JANUARY.** 1500 LNG trucks have been loaded since the start of Klaipėda LNG reloading station's operation in 2017. Year 2021 was the most active year for the reloading station - just over half a thousand LNG trucks were loaded.



**MAY.** The Republic of Lithuania approved that when KN takes the ownership to FSRU Independence, the vessel will be registered at the Register of Seagoing Ships of the Republic of Lithuania and the Lithuanian flag will be hoisted on board of the vessel.

**MAY.** The Lithuanian-Polish gas pipeline GIPL, which started operating in May, gave an additional impetus to the Klaipėda LNG terminal. In May, the first large LNG cargo for the Polish energy group PGNiG was delivered to the Klaipėda LNG terminal.

**JANUARY.** KN has jumped from 33rd place last year to 9th place this year in the TOP 500 ranking of Lithuanian business leaders compiled annually by the Lithuanian business daily Verslo žinios. Companies were ranked on the basis of their business growth, operational efficiency, employee benefits, transparency and contribution to the development of the business community by communicating their experience.

**MARCH.** In Klaipėda oil terminal completion of large-scale works – Phase I reconstruction work of the first berth for handling of oil products – has been marked. More than EUR 25 million have been invested in this project. Phase I of the works involved construction of a new berth of more than 235 m length replacing the previous coastal armouring.





## STRATEGY UPDATE

The preparation of a new long-term strategy, defining KN's place in future energy world and a pathway towards net zero, is top priority for 2022. Process has already been initiated and agreed with newly selected Board of Directors.



## WAR IMPACT

1. No material impact. No indications of impairment, arising from revised business assumptions.
2. Measures to strengthen operational security and reliability are being implemented.
3. Management is actively working on commercial opportunities arising from an urgent need to build additional regasification capacities in Europe. A dozen of new LNG Projects became active in Europe since Russia started the war in Ukraine. On the other hand, the surge in LNG demand in Europe and record LNG prices in the market are curtailing the pace of the LNG project developments in the developing countries.



## REGIONAL DEVELOPMENT OF LNG

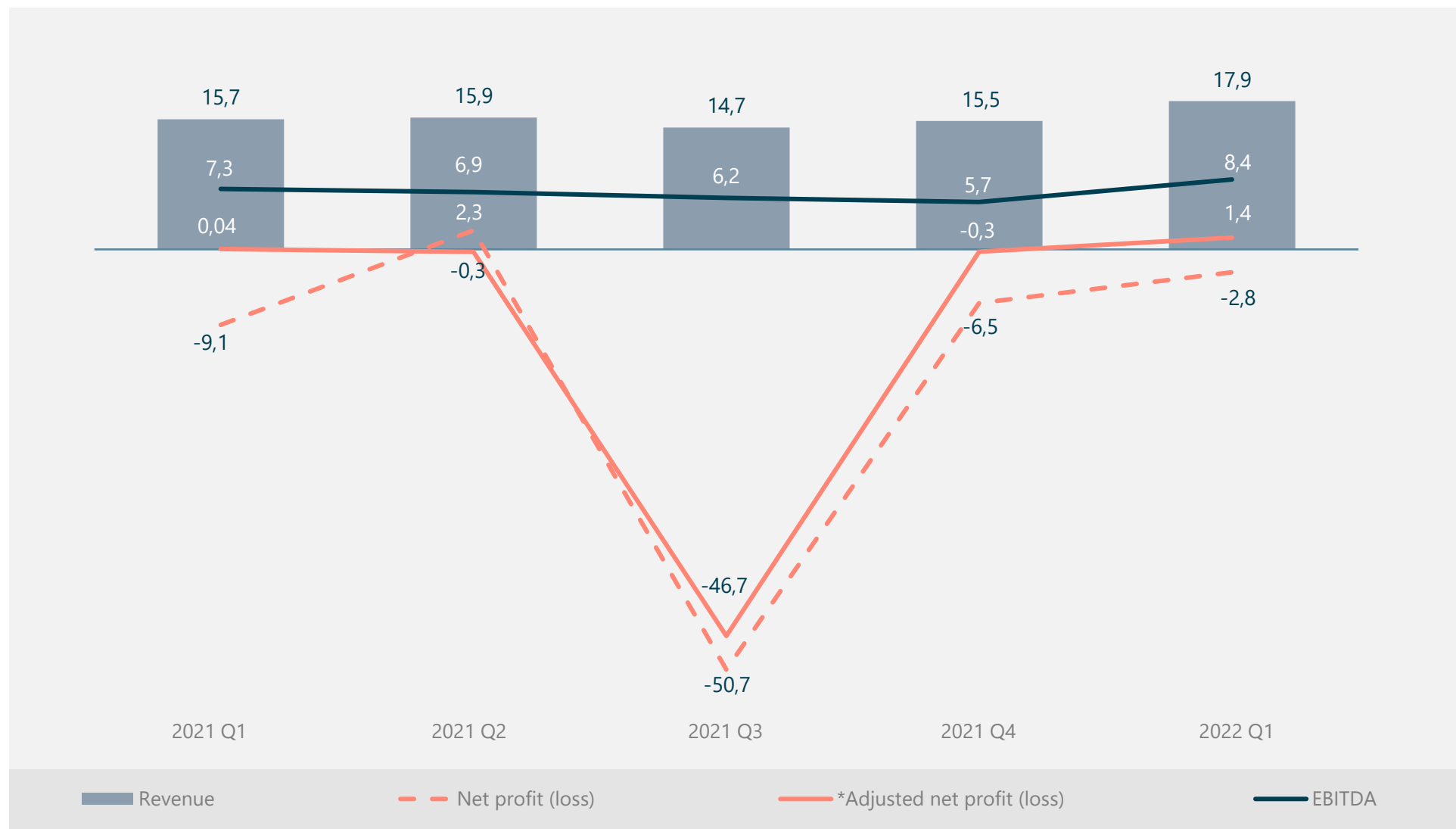
Observing disruptions in the gas supplies from RU to the Baltics, Finland, Poland and other countries shows that installation of new LNG regasification capacities in the region is important in the short as well as in the long-term perspective. Klaipėda LNG terminal operates in a regulated segment, therefore, under current regulation terminal's capacity utilization has no impact on this segment's financial performance, except for temporary regulatory differences.

# FINANCIAL RESULTS



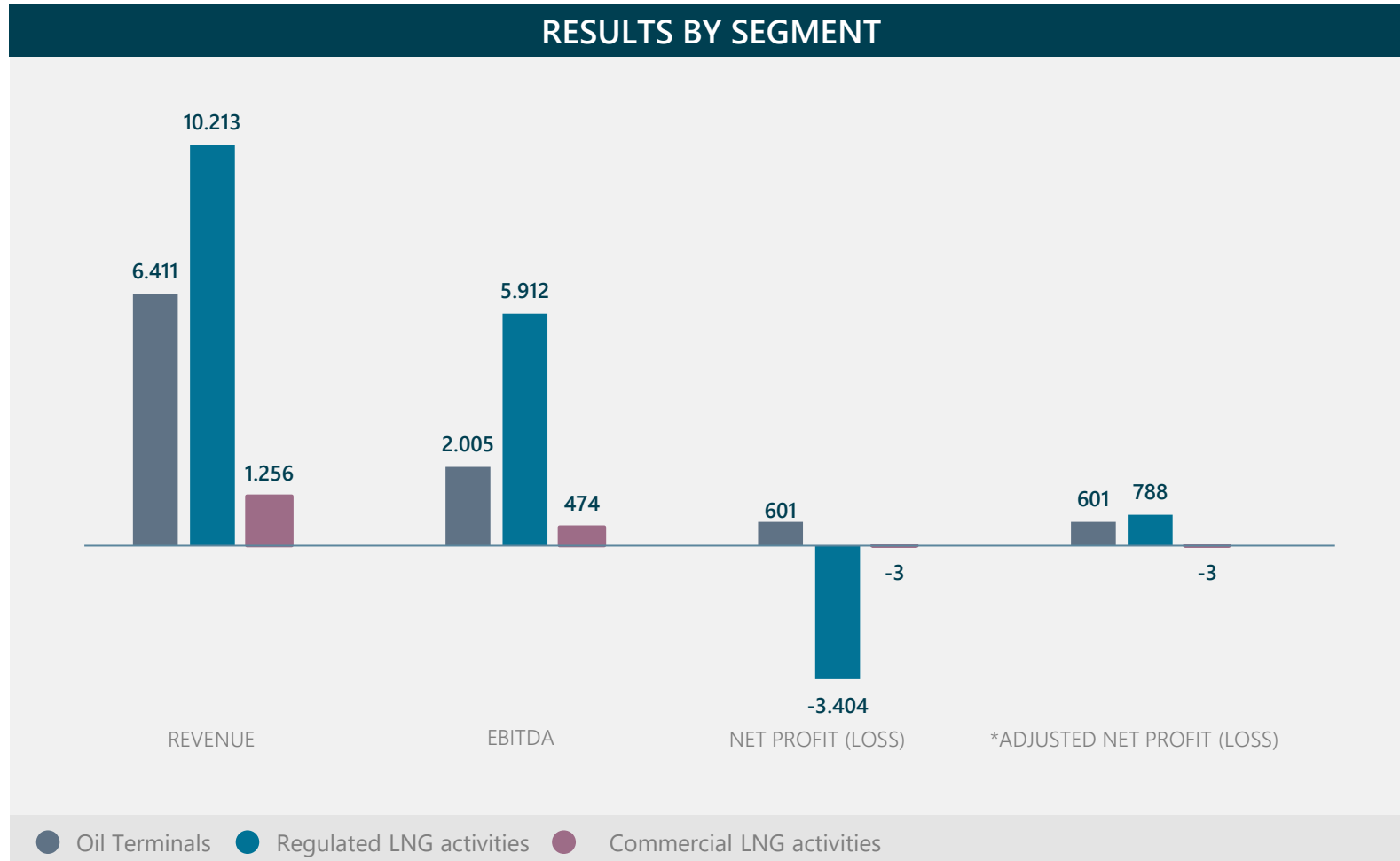


# CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR Q1 OF 2022, MEUR



\* Adjusted net profit (loss) is 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.

# FINANCIAL RESULTS BY SEGMENTS (UNAUDITED) FOR Q1 OF 2022, TEUR



## SEGMENTS EXPLANATION

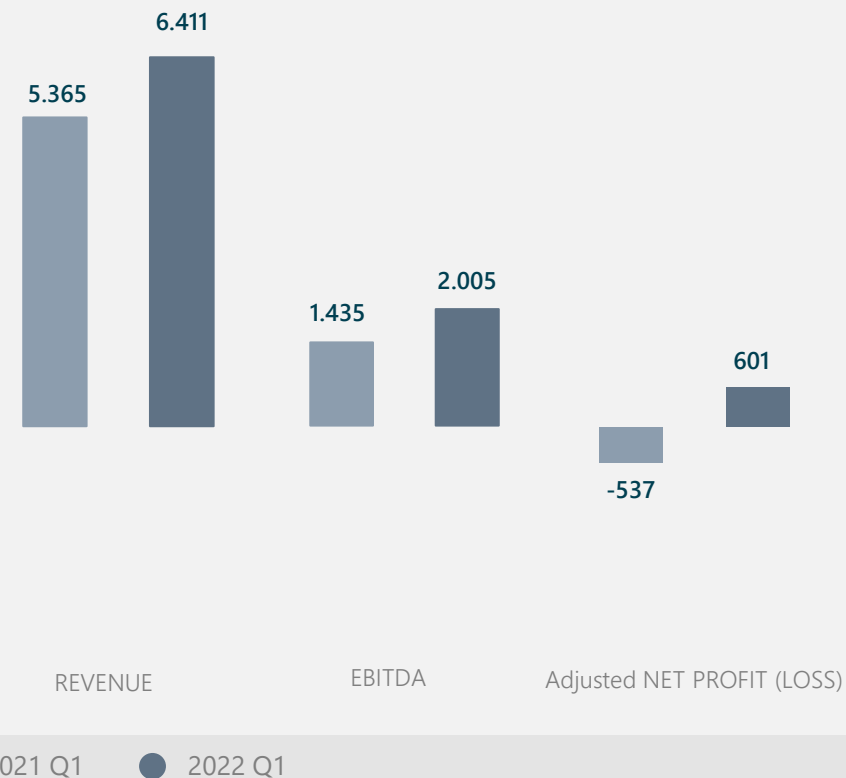
- **Oil Terminals (OT):**
  - Klaipėda Oil Terminal and
  - Subačius Oil Terminal
  
- **Regulated LNG activities (LNGT):**
  - Klaipėda LNG Terminal
  
- **Commercial LNG activities (comLNG):**
  - small-scale LNG reloading station in Klaipėda
  - operation of LNG terminal in Açu port in Brazil and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

\* Adjusted net profit (loss) is 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.

## Business factors

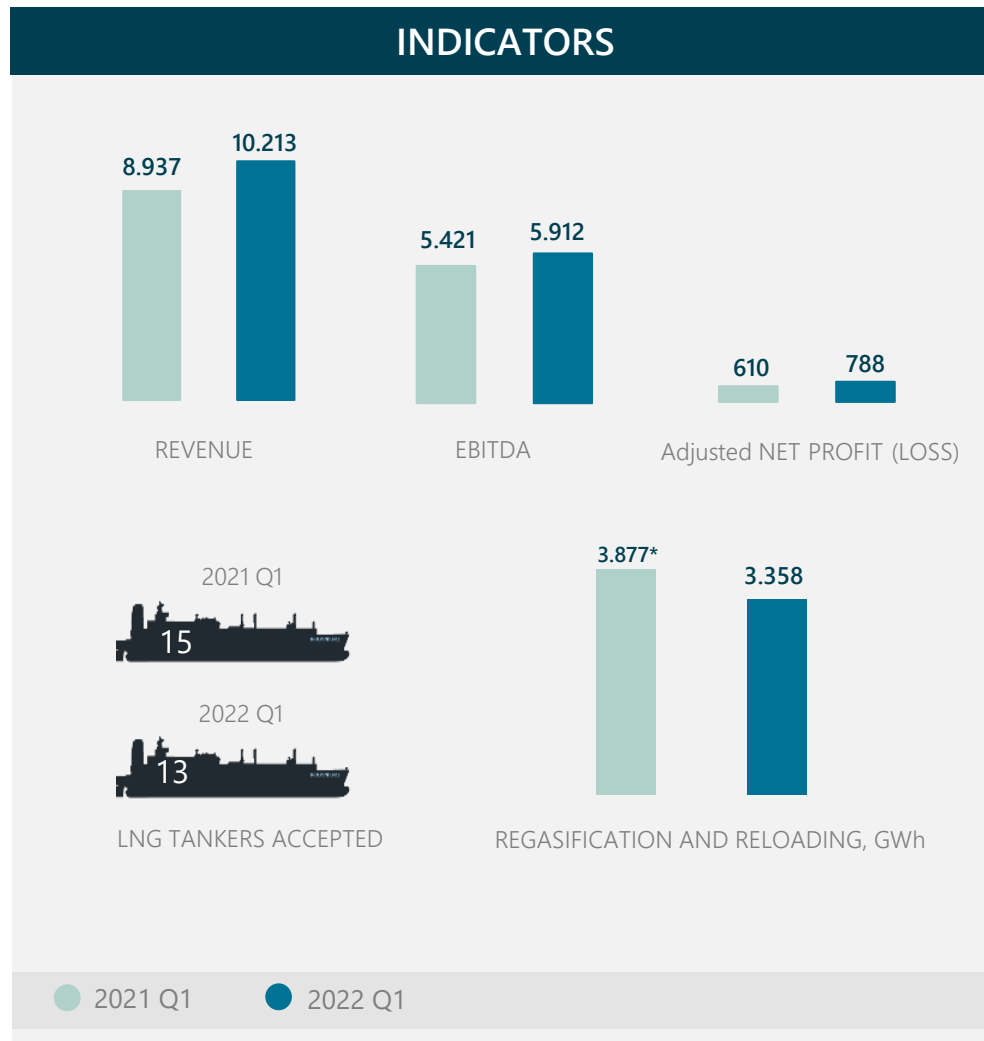
- **Robust demand for fuels** (global consumption in Q1 was at ~99% of pre-pandemic level), lowering oil product (OP) availability in the market from one of the key suppliers - Russia (caused by restrictions due to war in UA) led to: i) regional and global OP tightness, especially diesel with its inventories reaching multiyear lows, ii) soaring OP prices and increasing European refiners production demand, refining margins growing to new post-pandemic highs amid the issues with securing crude and feedstocks. These factors had a positive impact on OP transshipment in Klaipėda oil terminal and led to it's handled volumes further increasing in Q1 2022 (+5% vs Q4 2021).
- **Demand for OP storage services remained low** in Q1 2022 due to continuing backwardation tendencies in OP markets due to continued downward pressure on gasoline/diesel inventories levels in ARA region supported by i) higher mobility activities due to start of driving season, ii) the start of seasonal maintenance works in lots of European refineries, iii) restrictions to Russian diesel and gasoline supply to EU.
- **Transshipment of ethanol in Klaipėda oil terminal intensified** in Q1 and was ~ 5,5 times higher than in the same period of last year.
- **Bitumen transshipment started and successfully performed in Q1.** As a result, Klaipėda oil terminal took ~41% of bitumen transshipment market in Baltic states/RU ports in Gulf of Finland in Q1.
- **Transshipment of petrochemicals intensified** and in Q1 2022 reached ~ 48% of the total year 2021 volume.
- The **OP diversification** was further supported by transshipment of new product – crude oil of Lithuanian origin - the first cargo was accumulated and loaded to ship in Q1 2022.

## INDICATORS



## Business factors

- The average utilization of Klaipeda's LNG terminal was 31% (vs 35% year ago); in comparison, the average utilization rate of European LNG terminals was ≈58% (vs ≈36% year ago). The average utilization of European LGN terminals increased because more LNG was coming to Europe YoY.
- The available regasification capacity of Klaipeda's LNG terminal (23.9 TWh) has been fully booked for the current gas year (until 30 September 2022).
- In March, due to Russian invasion in Ukraine, Lithuania stopped LNG imports from Russia. Usually, 4-6 small scale cargoes (up to 10k m3) were delivered to the terminal per month.
- LNG security supplement reduction impact – 6,7 MEUR for both 3 months of 2022 and 2021.
- 4 large scale and 9 small scale cargoes were accepted for loading and 1 cargo for reloading operations.
- The average Dutch TTF Natural Gas Index was equal to 93,83 EUR/MWh versus 18,05 EUR/MWh in the same period year ago (source: ICE).

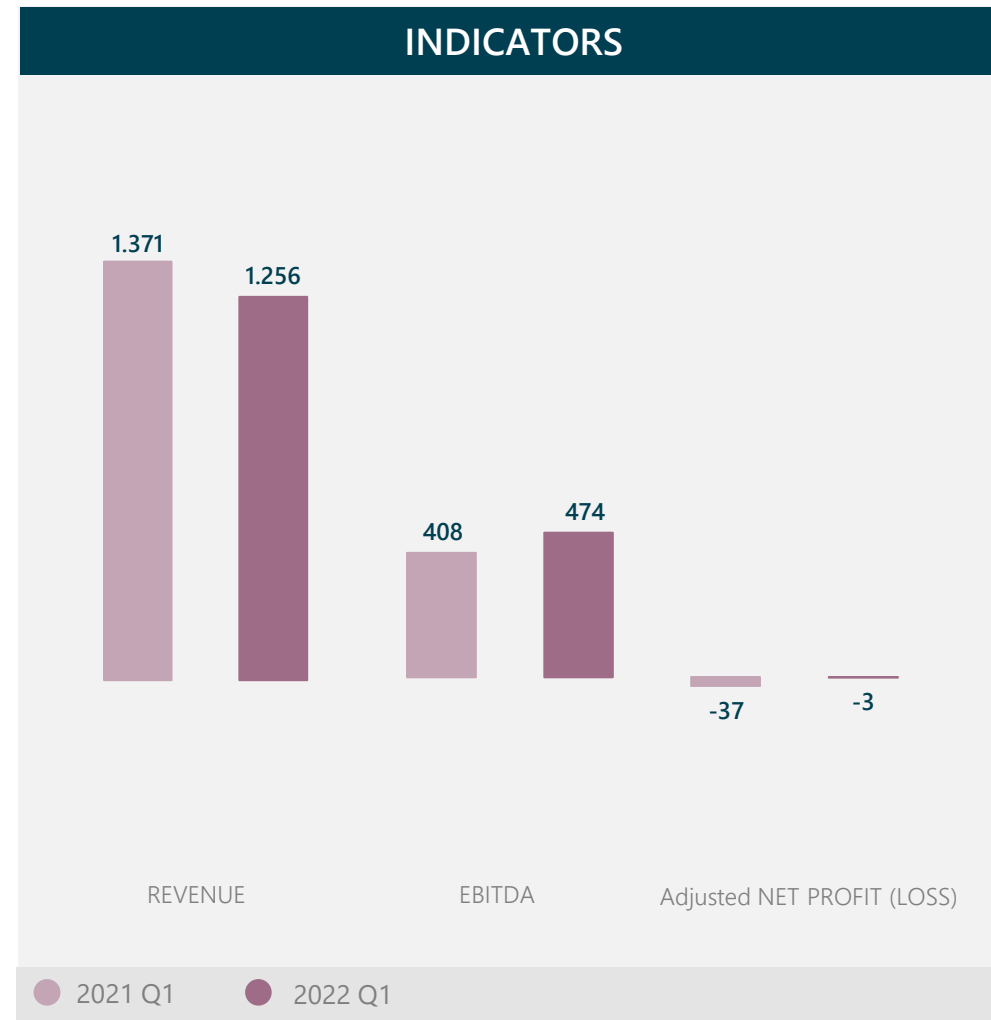


## Business factors

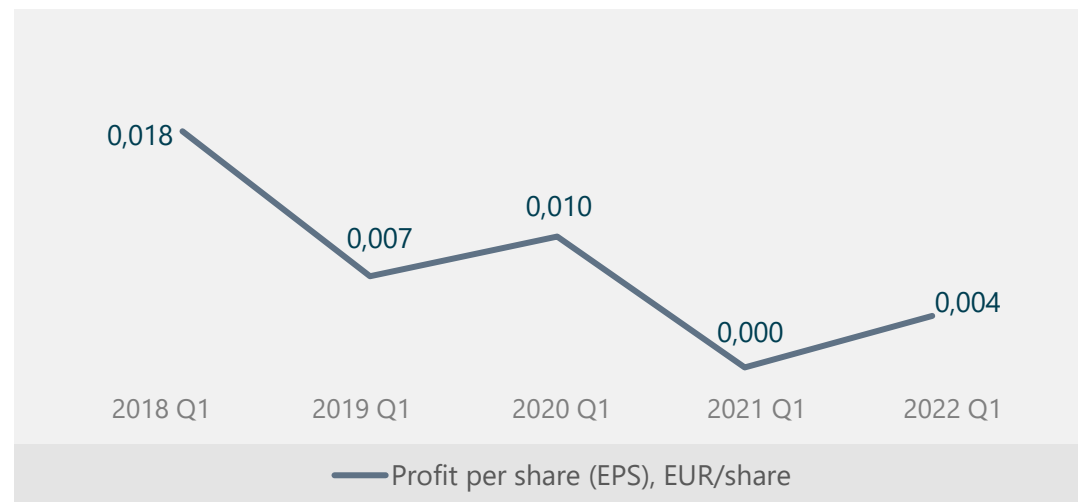
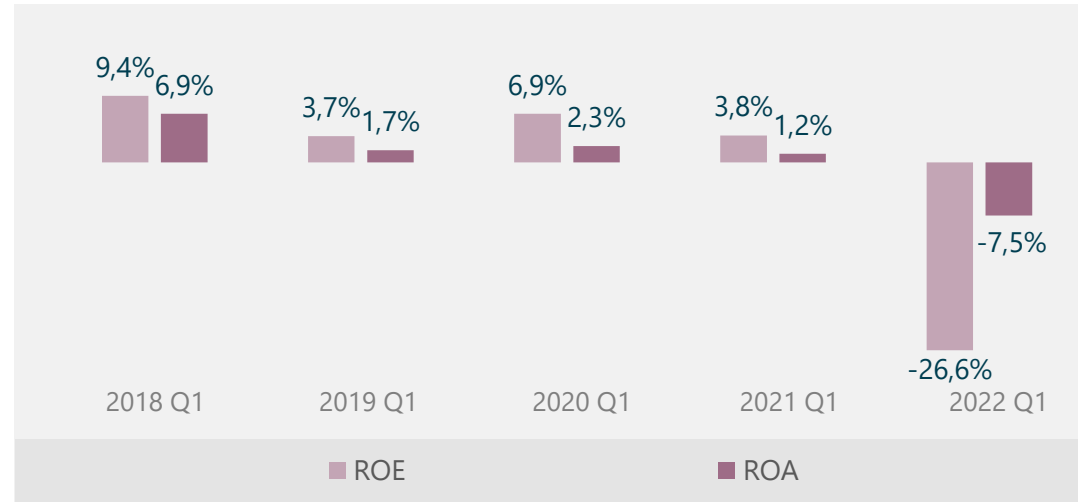
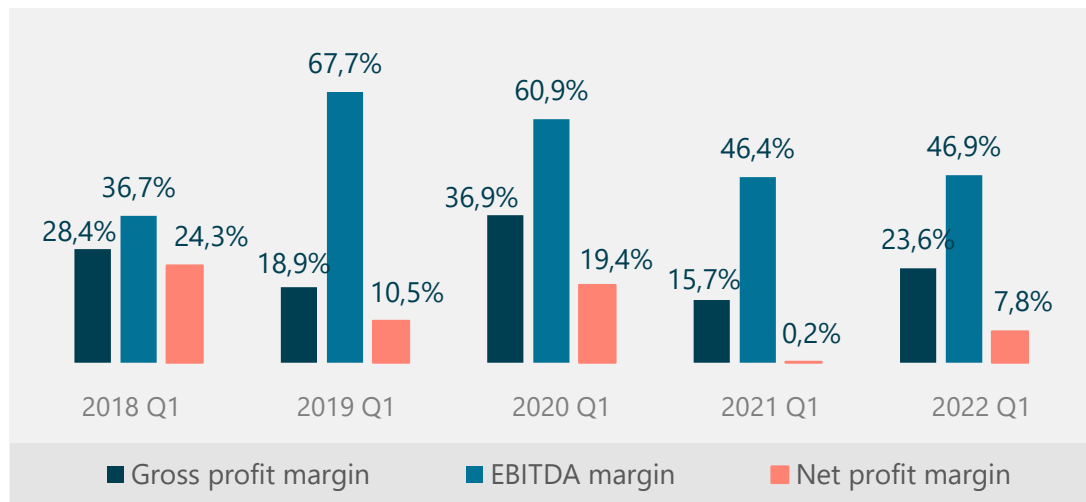
- KN, together with its subsidiary KN Açu Serviços de Terminal de GNL Ltda., provide services to UTE GNA I Geração de Energia S.A. in accordance to the Operation and Maintenance Services Agreement. On September 16th, Gas Natural Açu (GNA) LNG-to-power project in port of Açu, Brazil launched commercial operations and **KN became a company operating FSRU based LNG terminals on two continents and reaching important milestone in becoming the top floating LNG terminals operator worldwide.**
- **PGNiG received 2 cargoes** of liquefied natural gas (LNG) at the Klaipėda LNG reloading station, **12 cargoes of LNG since the beginning** of use of Klaipėda LNG reloading station in April 2020.
- KN follows public and private floating LNG terminal tenders globally and currently assesses business development opportunities in Europe, Southeast Asia, Middle East, and South America.

### Commercial LNG activities include:

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



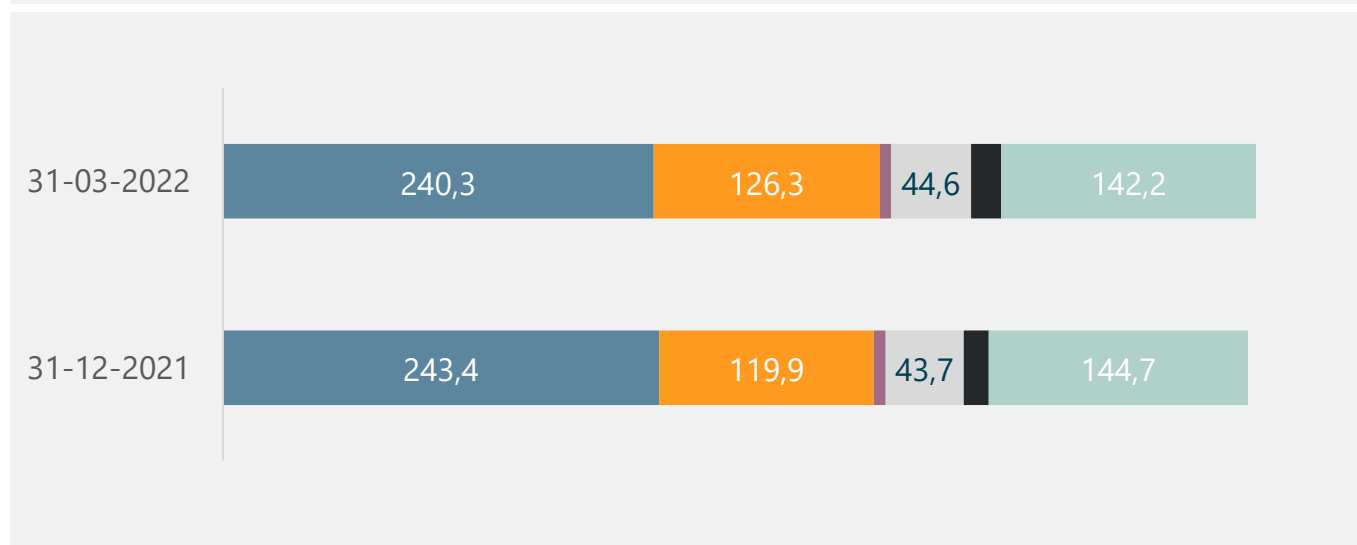
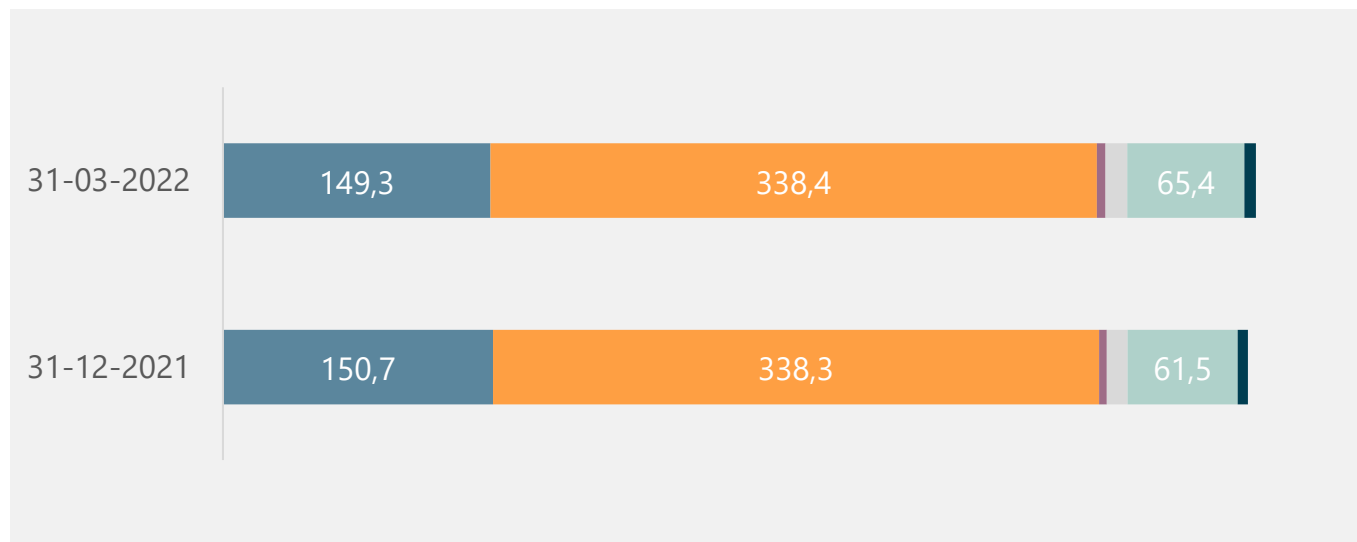
# PROFITABILITY AND MARKET VALUE RATIOS FOR Q1 OF 2022



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

# BALANCE SHEET, MEUR

ASSETS			
MEUR	31-03-2022	31-12-2021	
■ PPE	149,3	150,7	
■ Right to lease property	338,4	338,3	
■ Other non-current assets	4,9	4,3	
■ Trade receivables	12,2	11,6	
■ Cash and cash equivalents	65,4	61,5	
■ Other current assets	6,4	5,7	
<b>TOTAL</b>	<b>576,6</b>	<b>572,1</b>	
LIABILITIES & EQUITY			
MEUR	31-03-2022	31-12-2021	
■ Non-current lease liabilities	240,3	243,4	
■ Loans (non-current + current)	126,3	119,9	
■ Other non-current liabilities	6,3	6,5	
■ Current lease liabilities	44,6	43,7	
■ Other current liabilities	16,9	13,9	
■ Equity	142,2	144,7	
<b>TOTAL</b>	<b>576,6</b>	<b>572,1</b>	





# OTHER INFORMATION



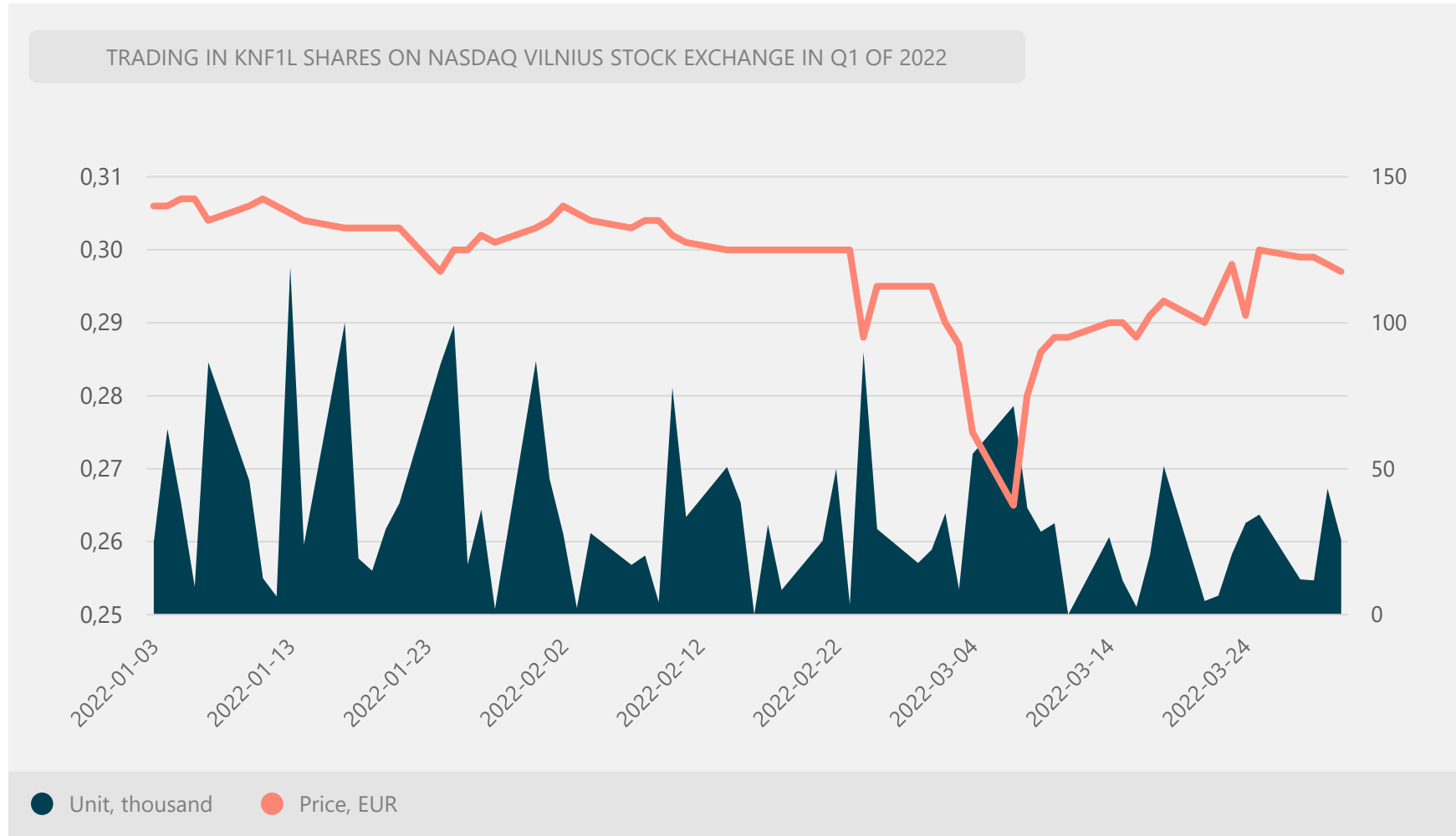


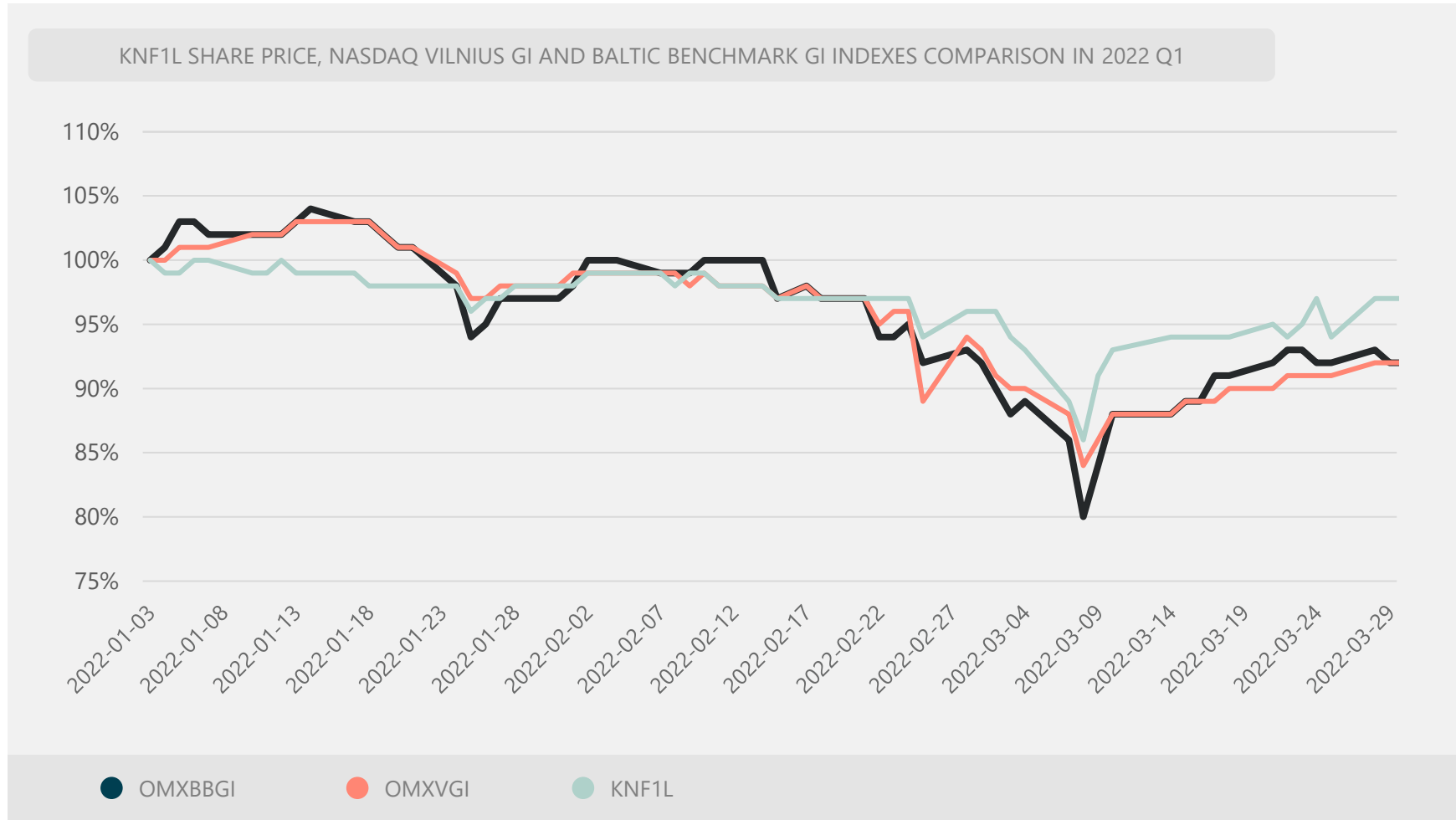


Since 2003 the shares of the Company are listed on NASDAQ OMX Vilnius stock exchange.

ISIN code – LT000011650  
Abbreviation – KNF1L

SHAREHOLDER'S NAME (company's name, address, company code of registration)	31 MARCH 2022		31 DECEMBER 2021	
	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	275.687.444	72,47	275.687.444	72,47
Concern UAB Achemos grupe	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
<b>Total</b>	<b>380.396.585</b>	<b>100,00</b>	<b>380.396.585</b>	<b>100,00</b>

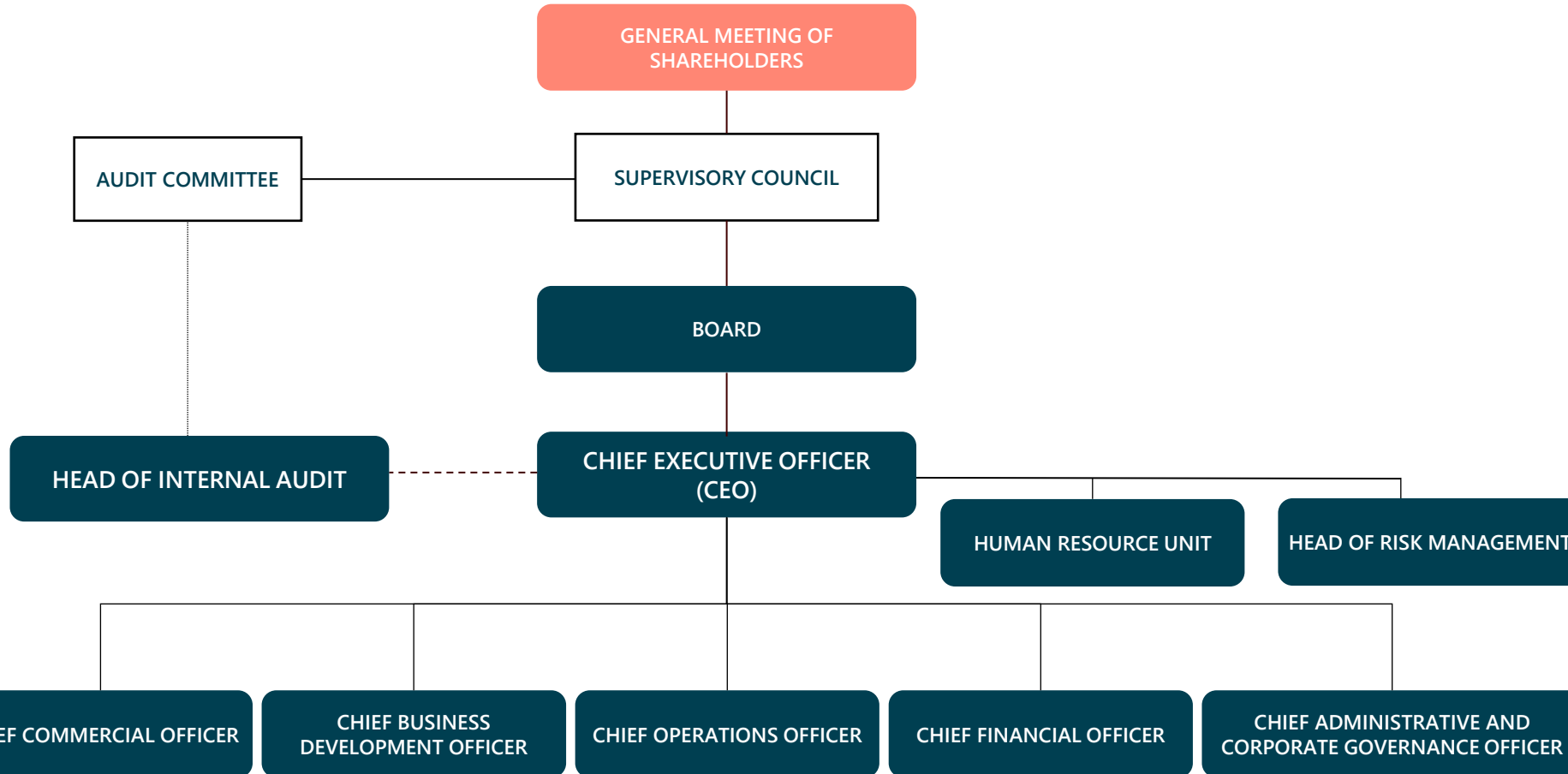




# ORGANIZATIONAL STRUCTURE DURING Q1 OF 2022

MINISTRY OF ENERGY OF THE REPUBLIC OF LITHUANIA  
72,47 %

OTHER SHAREHOLDERS  
27,53 %



## BOARD MEMBERS

- Giedrius Dusevičius
- Dainius Bražiūnas
- Mantas Bartuška
- Bjarke Pålsson (until 01-02-2022)
- Guy Mason
- Edvinas Katilius (from 02-02-2022)

## AUDIT COMMITTEE MEMBERS

- Žaneta Kovaliova
- Laura Garbenčiūtė-Bakienė (until 25-02-2022)
- Žana Kraučenkienė

## SUPERVISORY COUNCIL MEMBERS

- Eimantas Kiudulas
- Karolis Švaikauskas
- Žaneta Kovaliova



**THANK YOU FOR YOUR ATTENTION**

**AB KLAIPĖDOS NAFTA**

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