



AB KLAIPĖDOS NAFTA

UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 2021

February 28, 2022



DARIUS ŠILENSKIS
CHIEF EXECUTIVE OFFICER



MINDAUGAS KVEKŠAS
CHIEF FINANCIAL OFFICER



MISSION AND VISION



HIGHLIGHTS



FINANCIAL RESULTS



BRIDGING ENERGY MARKETS

MISSION

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

VISION

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

LATEST RELEVANT ANNOUNCEMENTS

NOVEMBER 25

The Supervisory Council adopted a decision **to elect Guy Mason as an independent Board Member of the Company** to serve from 1st December 2021 until the term of office (24 April 2022). Guy Mason also will be elected as a Board member for the new term of office.

JANUARY 5

The Supervisory Council adopted a decision to elect **the independent Board members for a new four-year term of office**: Guy Mason, Edvinas Katilius, Alfonso Morriello, Jūratė Lingienė.

The new Board of the Company will take office from 25th April 2022, after the end of the term of office of the current Board of the Company.

FEBRUARY 11

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

JANUARY 5

The Company 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 of February 2022.

JANUARY 7

KN has successfully transhipped the **first bulk bitumen** from storage tanks to a tanker. The principle of arranging the transhipment of bulk bitumen from storage tanks to a tanker **is a novelty in the Port of Klaipėda**. The tanker BITHAV moored at the company's berth was loaded with almost 5,000 t of bitumen, which is used in construction, road paving.

FEBRUARY 25

Extraordinary General Meeting of Shareholders of the Company has adopted the resolution and approved of AB Klaipėdos nafta's Board **decision to acquire the floating storage regasification unit (FSRU) INDEPENDENCE**.

The price for the FSRU INDEPENDENCE shall be 153.5 million USD, excluding VAT.

The FSRU INDEPENDENCE sale and purchase agreement shall be signed no later than 6 December 2024

FINANCIAL RESULTS

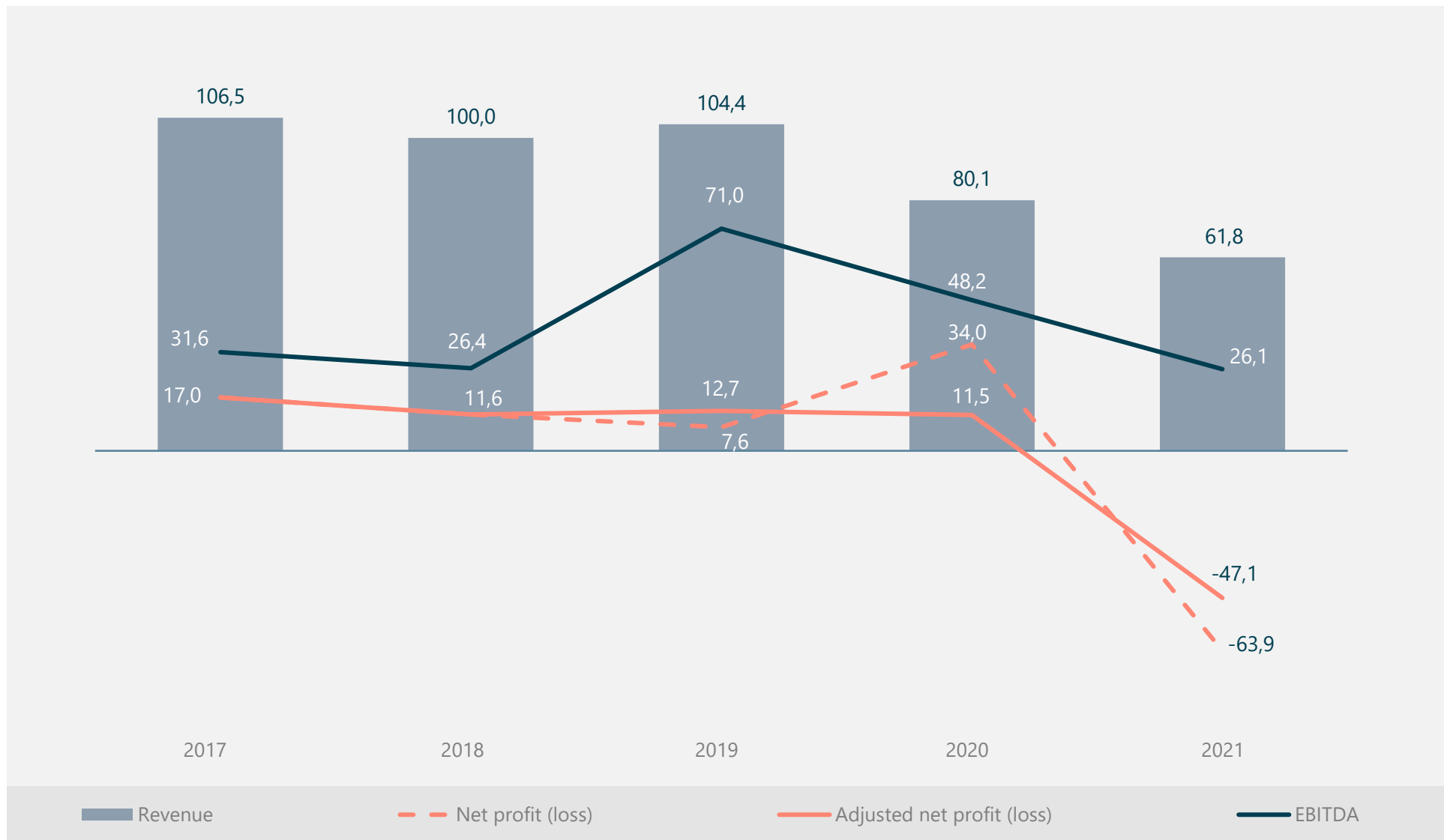


OIL SEGMENT – SIGNIFICANT IMPAIRMENT LOSS IN 2021

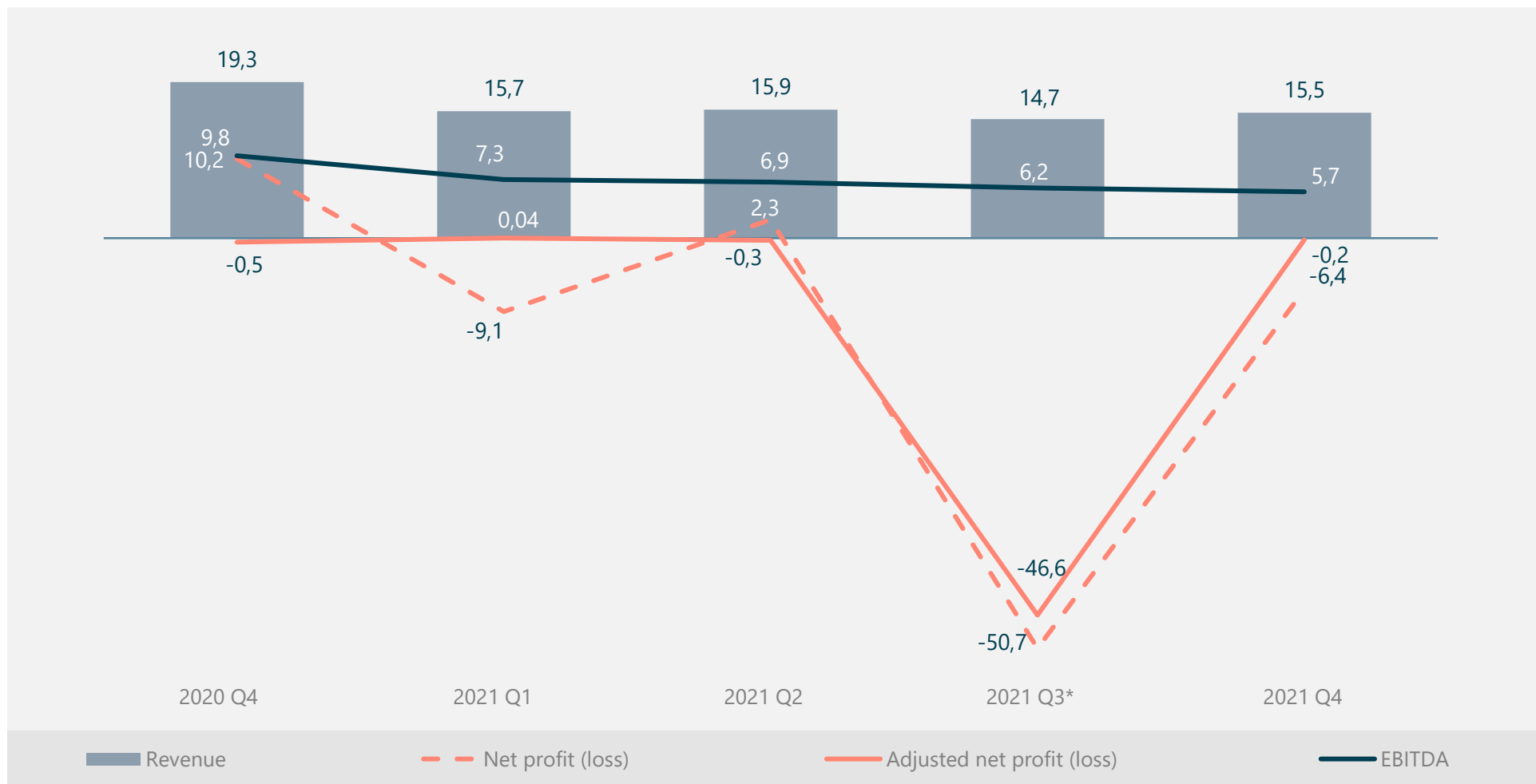
- In Q3 2021 KN performed an impairment test of Klaipėda's oil terminal assets (cash-generating unit, CGU).
- During Q4 impairment amount has been restated retrospectively as at 31 August 2021.
- Restated impairment for CGU of Klaipėda's oil terminal amounts to 54.2 MEUR and a respective deferred income tax asset impact of 8.1 MEUR as at 31 August 2021.
- Overall, the total impact from recognition of this impairment loss on net profit (loss) for the 12 months period ended 31 December 2021 amounts to 45.2 MEUR.
- No additional impairment has been recognized in Q4 2021.
- Further information about the impairment of Klaipėda's oil terminal assets has been disclosed in the interim financial statements for the 12 months ended 31 December 2021.

MEUR	Reported for 12 months ended 31 Dec 2021	Effect of impairment loss (net of impact on depreciation cost)	Results excluding effect of impairment loss for 12 months ended 31 Dec 2021
Profit (loss) before tax	- 75,8	- 53,2	- 22,6
Profit (loss) for the period	- 63,9	- 45,2	- 18,7
Adjusted profit (loss) for the period	- 47,1	- 45,2	- 1,9
EBITDA	26,1	0	26,1

CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR 12 MONTHS OF 2021, MEUR



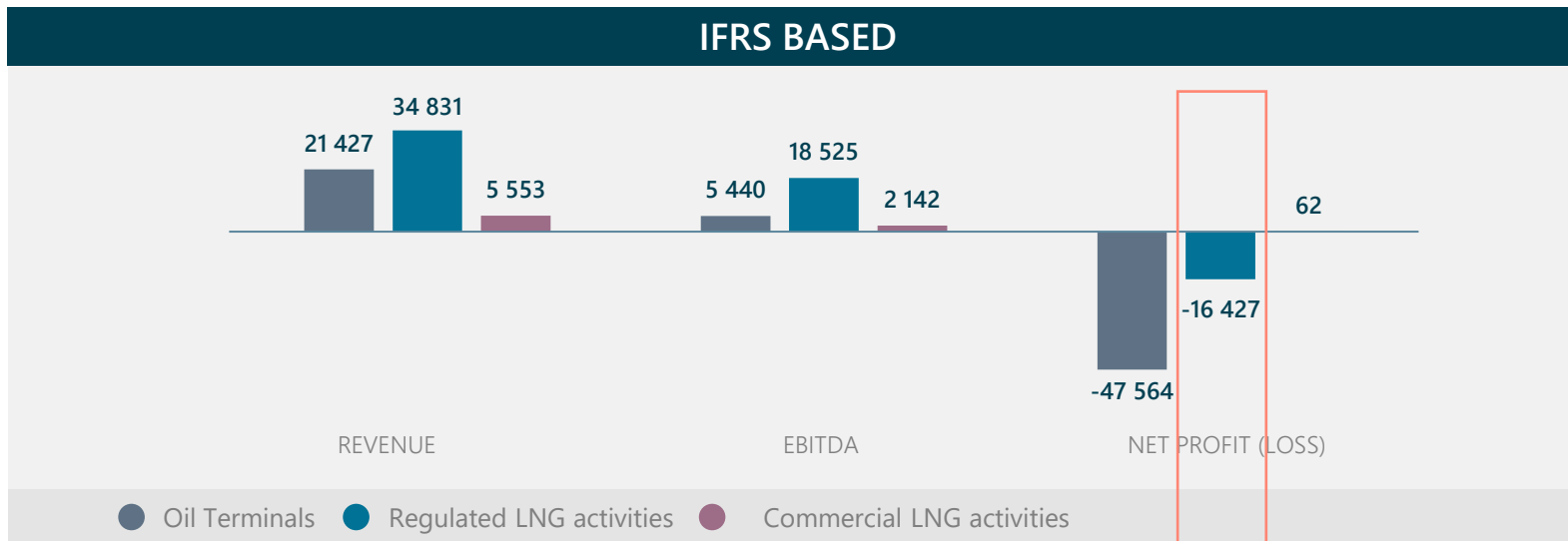
CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR Q4 OF 2021, MEUR



* Indicators of Q3 2021 has been renewed based on restated KOT impairment amount.

FINANCIAL RESULTS BY SEGMENTS (UNAUDITED) FOR 12 MONTHS OF 2021, TEUR

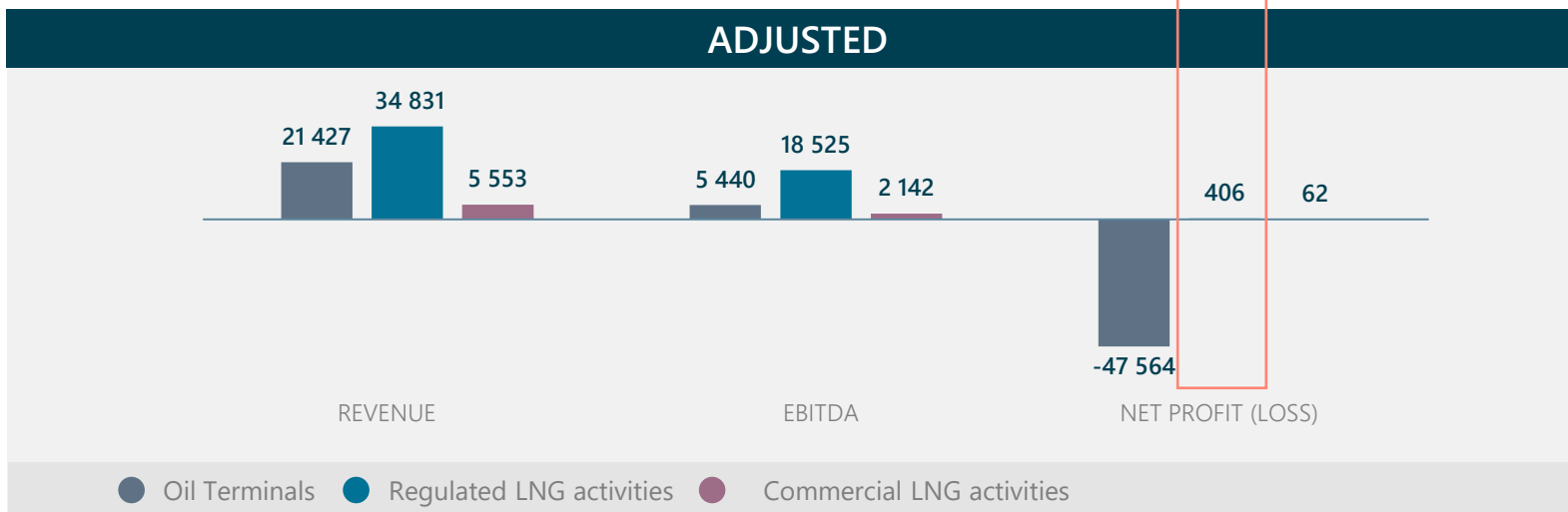
IFRS BASED



SEGMENTS EXPLANATION

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

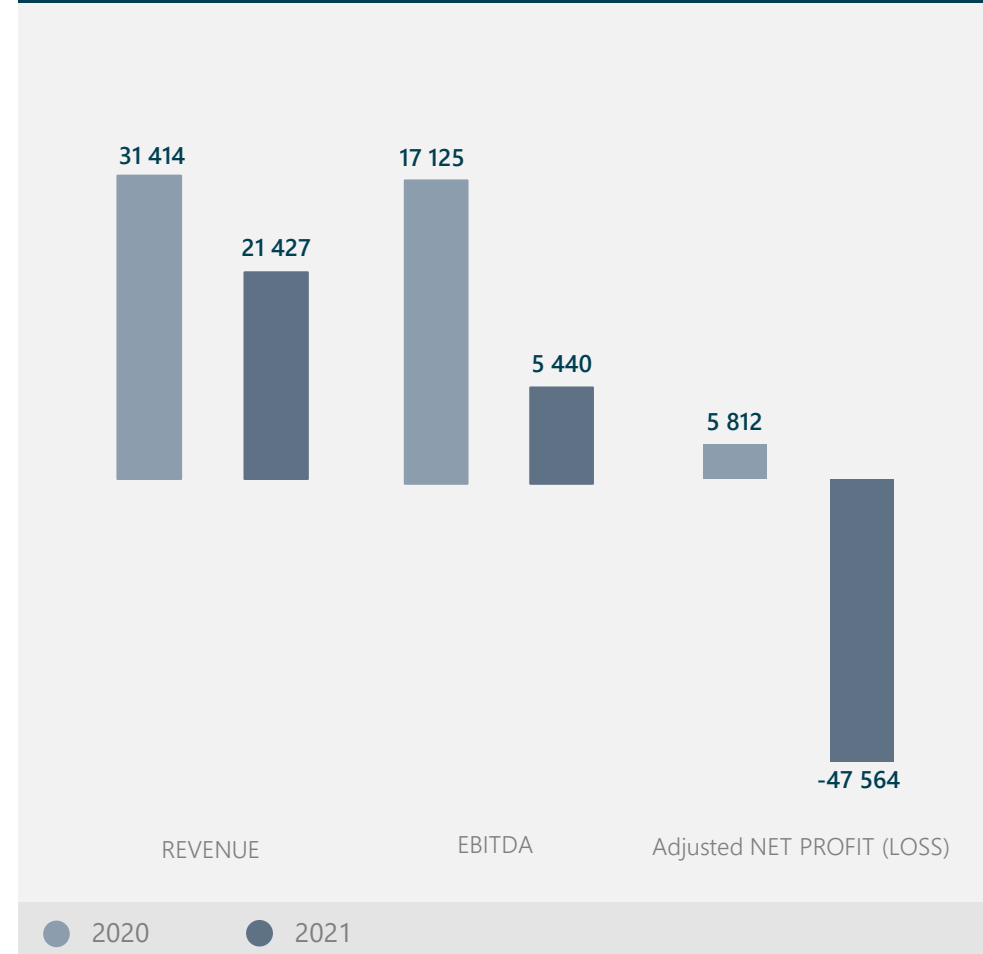
ADJUSTED



Business factors

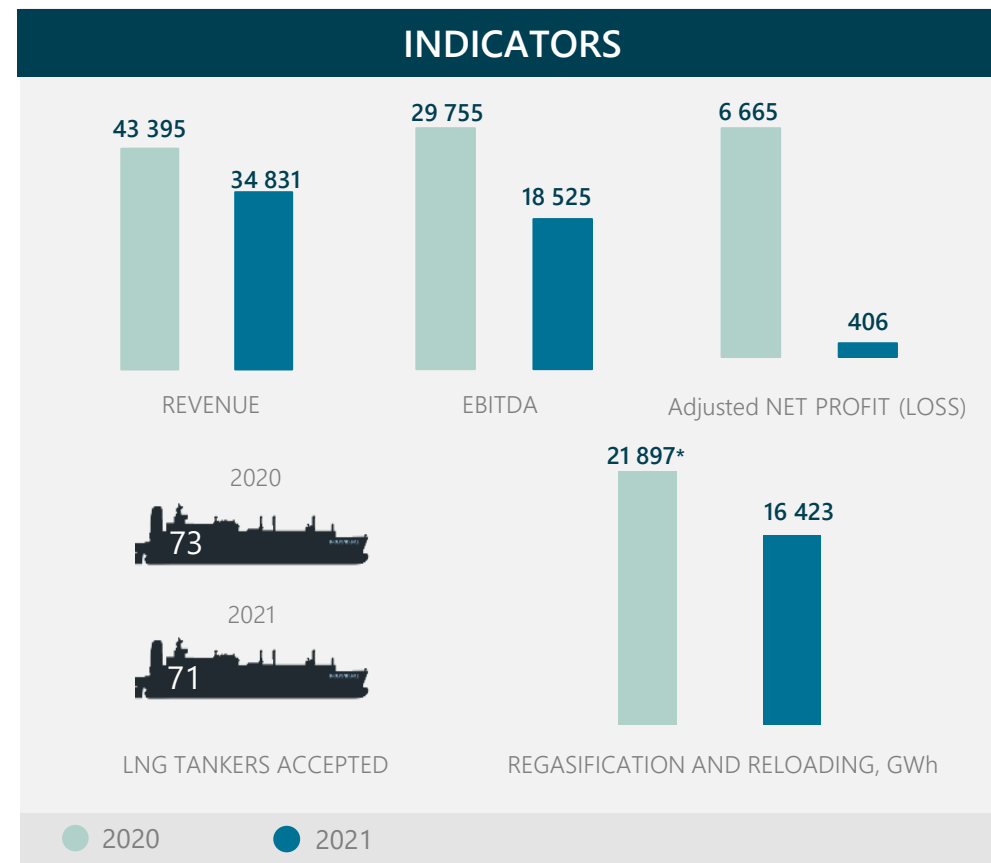
- KN has recognized an impairment for assets of Klaipėda's oil terminal in Q3 2021 and has made a retrospective restatement during Q4 2021, resulting impairment amount of 54.2 MEUR and a respective deferred income tax asset impact of 8.1 MEUR as at 31 August 2021. Overall, the total impact from recognition of this impairment loss on net profit (loss) for the 12 months period ended 31 Dec 2021 amounts to 45.2 MEUR.
- **i) Gradually increasing global liquid fuels consumption** (even despite renewal of travel restrictions due to outbreaks of the Omicron Covid-19 in Q4, in the end of 2021 the consumption almost reached pre-pandemic level), **ii) relatively low oil products inventory levels** due to refineries outages (seasonal regular maintenance works in autumn, challenges to bring idled capacities back online), **iii) processing rates cautiously managed by refiners to safeguard margins** led to fuel consumption outpacing production and growing refinery margins, especially in 2H of Y2021. These factors had a positive impact on oil product (OP) transshipment in KN, led to its **volumes increasing in Q3 and Q4 (+34% vs Q3), where December result was the best in Y2021.**
- **OP markets remained in backwardation** which resulted in very limited interest in tank storage until the end of the year.
- In Q3 and Q4 2021, the volume of **biofuels transshipped at KN continued to grow** and during Y2021 increased by 40% compared to Y2020.
- The **first bitumen cargo shipment** was successfully loaded from tank trucks in the shore tanks of the terminal in Q4, for its further handling to the ship in Q1 2022.
- In the end of Q4 **Company signed the contract for transshipment of one more new product – crude oil of Lithuanian origin in 2022.**

INDICATORS



Business factors

- In 2021, average utilization of Klaipeda's LNG terminal was 37% (vs 49% year ago); it correlated with average utilization rate of other European terminals which was ≈39% (vs ≈45% year ago). Average utilization of European LNG terminals decreased because less LNG was coming to Europe YoY.
- LNG security supplement reduction impact – 26,8 MEUR for both 12 months of 2021 and 2020.
- During 2021, 15 large scale and 54 small scale cargoes were accepted for loading and 2 cargoes for reloading operations.
- In 2021, natural gas consumption in Lithuania decreased by -4% YoY to 24 TWh (vs 25 TWh year ago); imports via the LNG terminal accounted for ≈62% of consumed gas.
- In Q4 2021, the average Dutch TTF Natural Gas Index was equal to 79,2 EUR/MWh versus 13,12 EUR/MWh in the same period year ago (source: ICE).



* No reloading operations took place

Business factors

- KN, together with its subsidiary KN Açú 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 Açú (GNA) LNG-to-power project in port of Açú, 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.**
- During 2021, PGNiG received 7 cargoes of liquefied natural gas (LNG) at the Klaipėda LNG reloading station, 10 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.

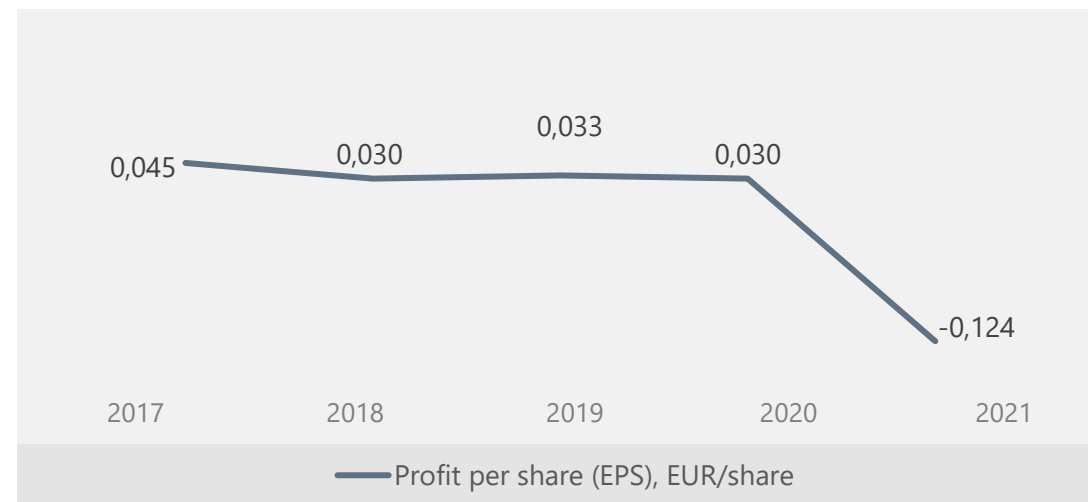
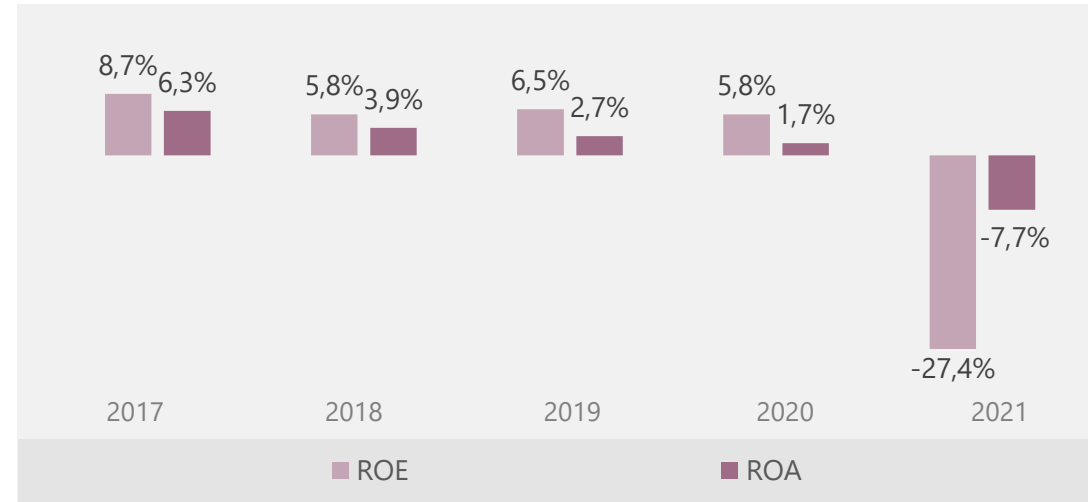
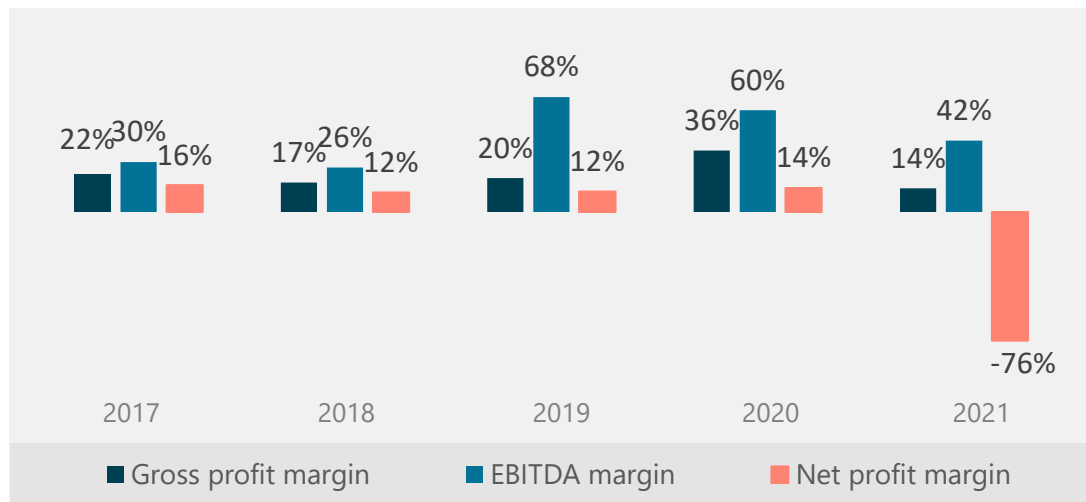
Commercial LNG activities include:

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

INDICATORS



PROFITABILITY AND MARKET VALUE RATIOS FOR 12 MONTHS OF 2021



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

ALTERNATIVE PERFORMANCE MEASURES

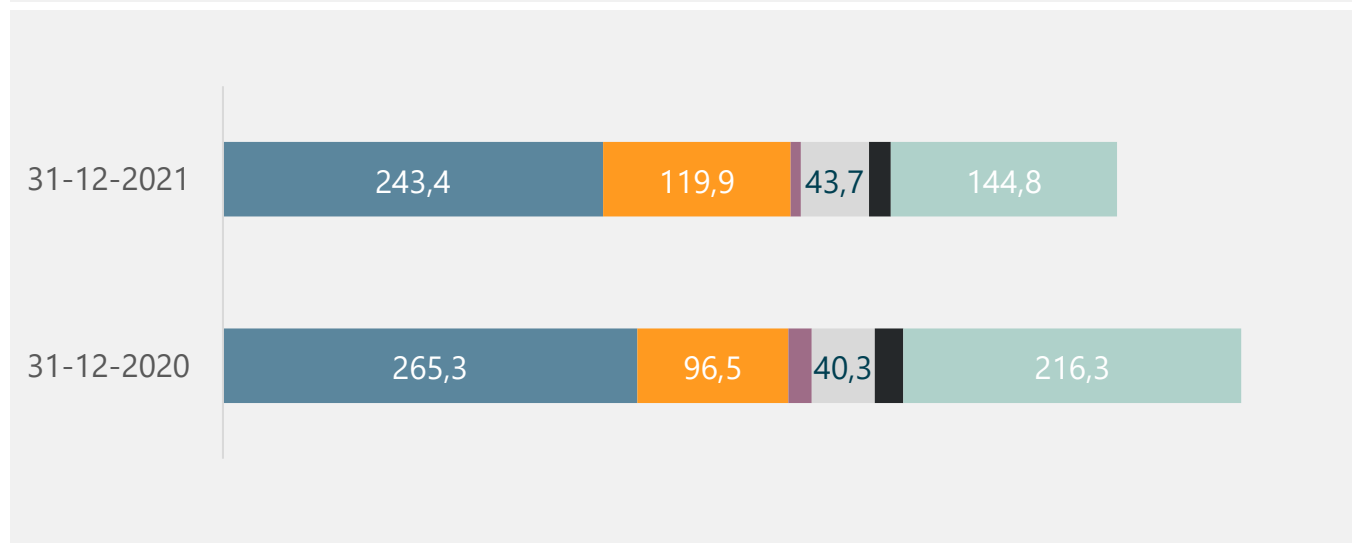
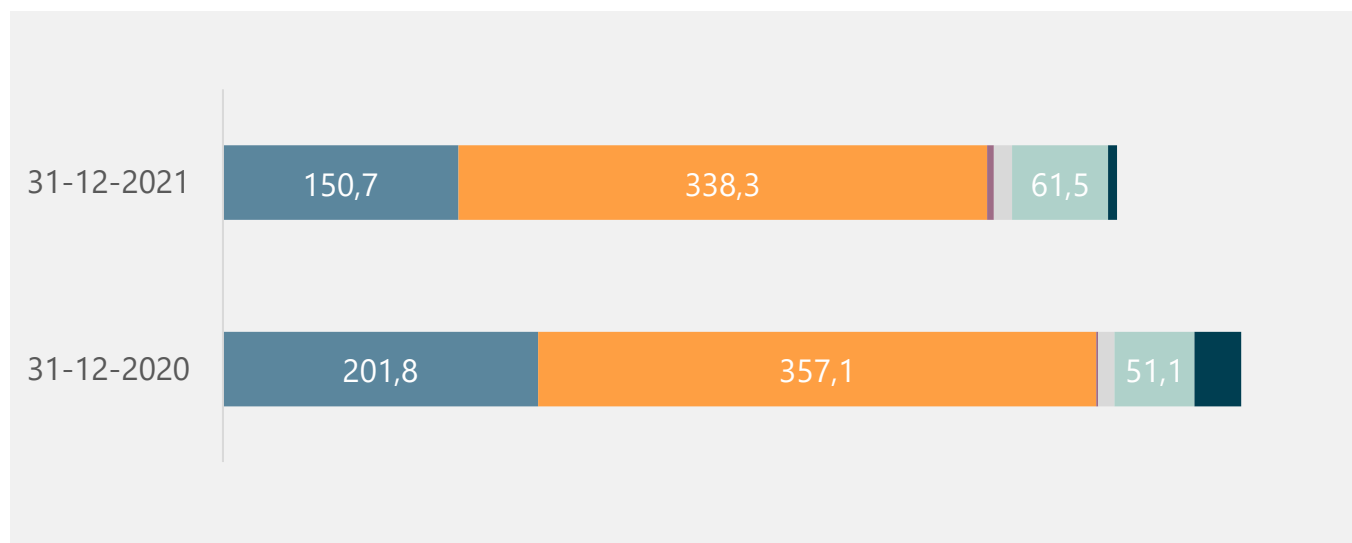
MEASURE	EXPLANATION *
EBITDA	Earnings before taxes – Financial activity income + Financial activity expenses + Depreciation and amortization expenses + Impairment expenses and reversals
EBITDA margin	EBITDA / Revenue
Gross profit margin	(Revenue – COGS) / Revenue x 100
Net profit margin	Adjusted profit (loss) for the period / Revenue
ROE	Adjusted profit (loss) of the last twelve months / (Equity at the end of the period + Equity at the beginning of the period) / 2
ROA	Adjusted profit (loss) of the last twelve months / (Total assets at the end of the period + Total assets at the beginning of the period) / 2
Price / earnings ratio	Average share price for the period / (Adjusted profit (loss) of the last 12 months / Total number of shares at the end of the period)
Earnings per share	Adjusted profit (loss) for the period / total number of shares at the end of the period

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

BALANCE SHEET, MEUR

ASSETS			
MEUR	31-12-2021	31-12-2020	
■ PPE	150,7	201,8	
■ Right to lease property	338,3	357,1	
■ Other non-current assets	4,4	1,1	
■ Trade receivables	11,6	10,6	
■ Cash and cash equivalents	61,5	51,1	
■ Other current assets	5,7	30,0	
TOTAL	572,2	651,7	

EQUITY & LIABILITIES			
MEUR	31-12-2021	31-12-2020	
■ Non-current lease liabilities	243,4	265,3	
■ Loans (non-current + current)	119,9	96,5	
■ Other non-current liabilities	6,5	15,0	
■ Current lease liabilities	43,7	40,3	
■ Other current liabilities	13,9	18,3	
■ Equity	144,8	216,3	
TOTAL	572,2	651,7	





THANK YOU FOR YOUR ATTENTION

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