



AB KLAIPĖDOS NAFTA

UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 9 MONTHS OF 2021

November 30, 2021



DARIUS ŠILENSKIS
CHIEF EXECUTIVE OFFICER



MINDAUGAS KVEKŠAS
CHIEF FINANCIAL OFFICER



MISSION AND VISION



2021 Q3 HIGHLIGHTS



FINANCIAL RESULTS



OTHER INFORMATION



BRIDGING ENERGY MARKETS

MISSION

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

VISION

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

JULY 9

To ensure long-term operation of the LNG terminal in Lithuania **KN announced the public procurement of a FSRU** (floating storage and regasification unit).

AUGUST 19

The Company by the decision of the Supervisory Council of the Company **announced a selection of candidates for independent Board members** of the Company. After the selection procedures are performed, a decision regarding election of Board members will be made by the Supervisory Council.

SEPTEMBER 16

Gas Natural Açú (GNA) LNG-to-power project in port of Açú, Brazil has launched commercial operations and **KN became an operator of the two fully operational LNG terminals worldwide.**

NOVEMBER 16

National Energy Regulatory Council **adopted decisions on fixed and variable components of liquefied natural gas regasification and reloading services prices.** More information about the prices can be found [here](#).

AUGUST 3

AB Klaipėdos nafta informed that, according to the information published on the website of the National Energy Regulatory Council on 3 August 2021, **the rate of return on regulated asset base of the Company equals 4.14 percent for 2022 (3.46 percent for 2021).**

SEPTEMBER 10

KN received a formal **notice by the independent Board Member Ian Bradshaw regarding his resignation from the position as the Board member** of KN from 1st of October 2021. On the 25th of November 2021, the Supervisory Council adopted a decision **to elect Guy Mason as an independent Board Member of the Company.**

OCTOBER 1

New 2022 gas year of the liquefied natural gas (LNG) terminal operated by KN began with 6 terminal users from Lithuania and foreign countries who booked LNG terminal's capacities (totally 8 TWh) and 17 LNG carriers to be received.



JULY. KN became involved in the cycle of experiential activities of Klaipėda University (KU) dedicated to the 30th anniversary of the university. In this project the selected participants were invited by KN to get acquainted with the Klaipėda LNG terminal and its activities.

JULY. Representatives of the French Embassy in Lithuania visited the jetty of Klaipėda LNG terminal, who were interested in the activities of the Klaipėda LNG terminal, applied innovations and the KN's goal to expand the activities of LNG terminals operation and management worldwide.

AUGUST. The 2500th day without accidents or other critical safety incidents has been marked at the Klaipėda LNG terminal.

SEPTEMBER. In the hundred of the most valuable Lithuanian companies list compiled by the news portal 15min.lt annually, KN rose from 34th place to 24th this year.

NOVEMBER. In the latest index of good governance, Lithuanian Governance Coordination Center rated KN with one of the highest scores - **A**. In the field of good governance, KN maintains this high rating for several years.



FINANCIAL RESULTS

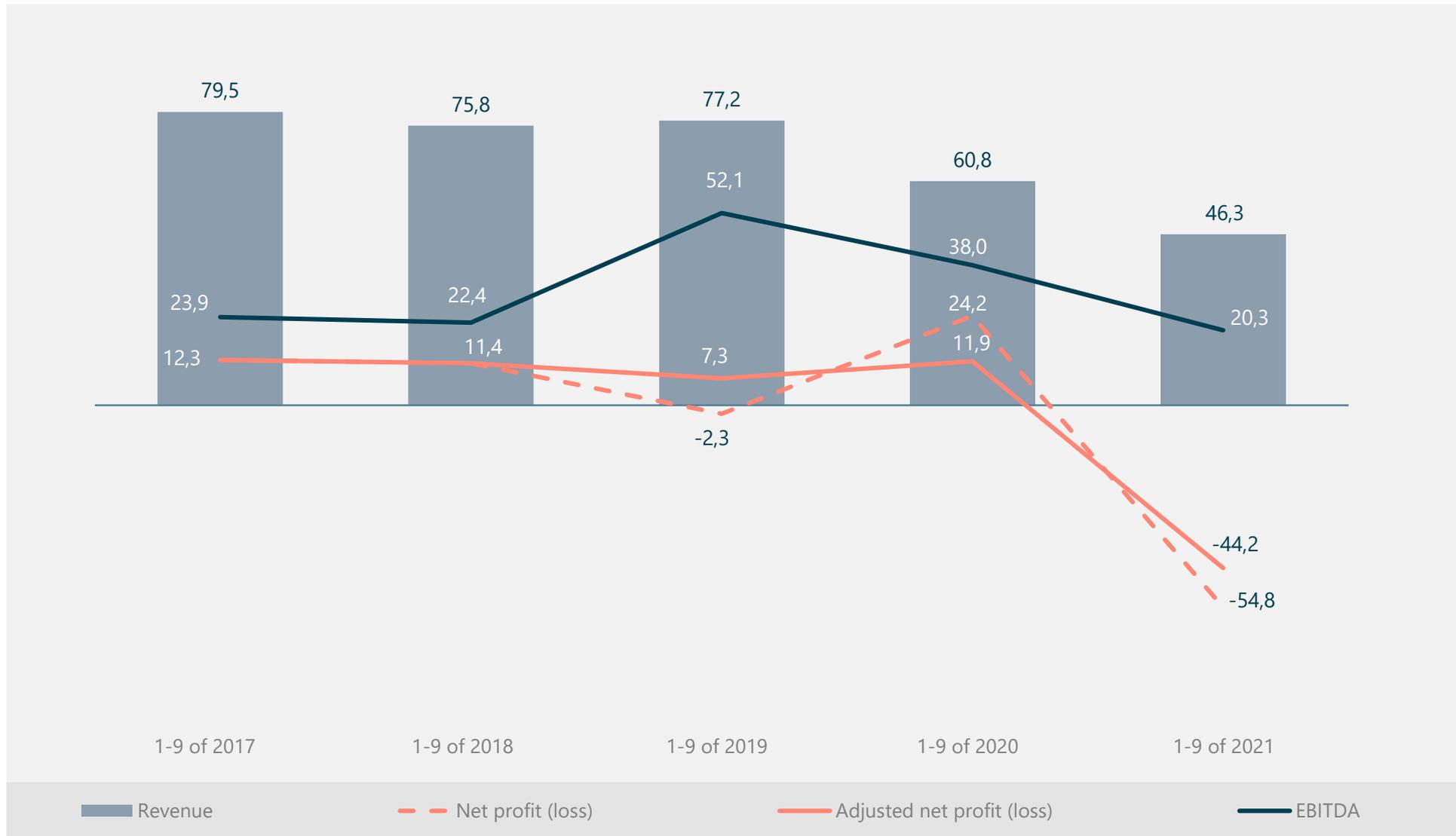


OIL SEGMENT – SIGNIFICANT IMPAIRMENT LOSS IN Q3 2021

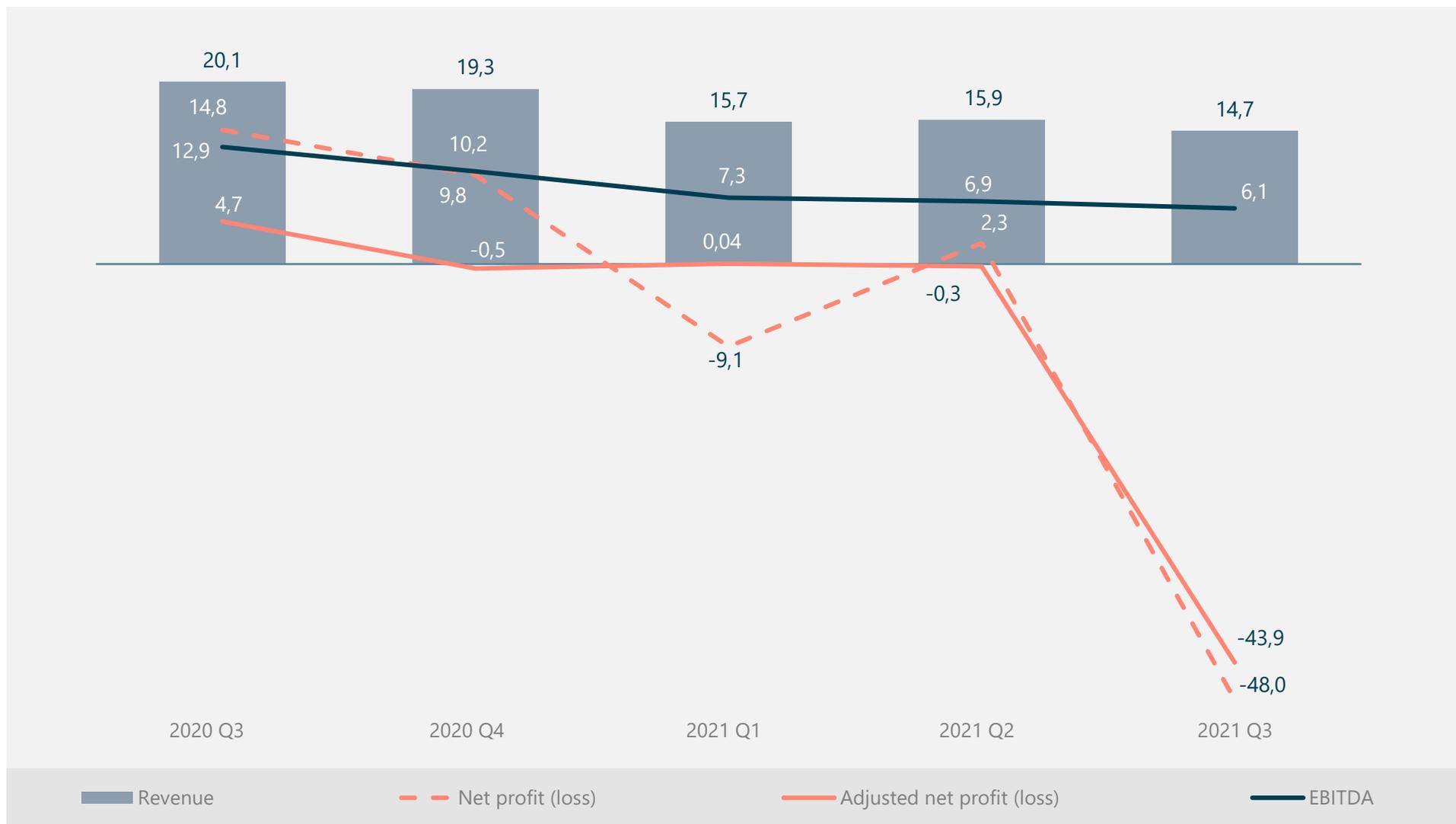
- In Q3 2021 KN performed an impairment test of Klaipėda’s oil terminal assets (cash-generating unit, CGU) in accordance with the requirements of International Financial Reporting Standards (IFRS), namely IAS 36.
- **Main indicators of impairment in oil segment related to anticipated:**
 - long-term decline in revenue as a result of sanctions on Belarusian clients and
 - lower transshipment of heavy fuel oil products in the future as a result of investment plans by KN’s customer in Lithuania.
- The recoverable amount of the CGU was determined as the higher of its fair value less costs of disposal and its value in use. Based on the impairment testing procedures performed it was identified that the value in use is higher and set as a recoverable amount.
- **KN has recognized an impairment for CGU of Klaipėda’s oil terminal in amount of 51 MEUR as at 31 August 2021 and a respective deferred income tax asset impact of 7.6 MEUR.**
- Further information about the impairment test has been disclosed in the interim financial statements for the 9 months ended 30 September 2021.

MEUR	Reported for 9 months ended 30 Sep 2021	Effect of impairment loss (net of impact on depreciation cost)	Results excluding effect of impairment loss
Profit (loss) before tax	- 64,4	- 50,7	- 13,6
Profit (loss) for the period	- 54,8	- 43,1	- 11,7
Adjusted profit (loss) for the period	- 44,2	- 43,1	- 1,1
EBITDA	20,3	0	20,3

CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR 9 MONTHS OF 2021, MEUR

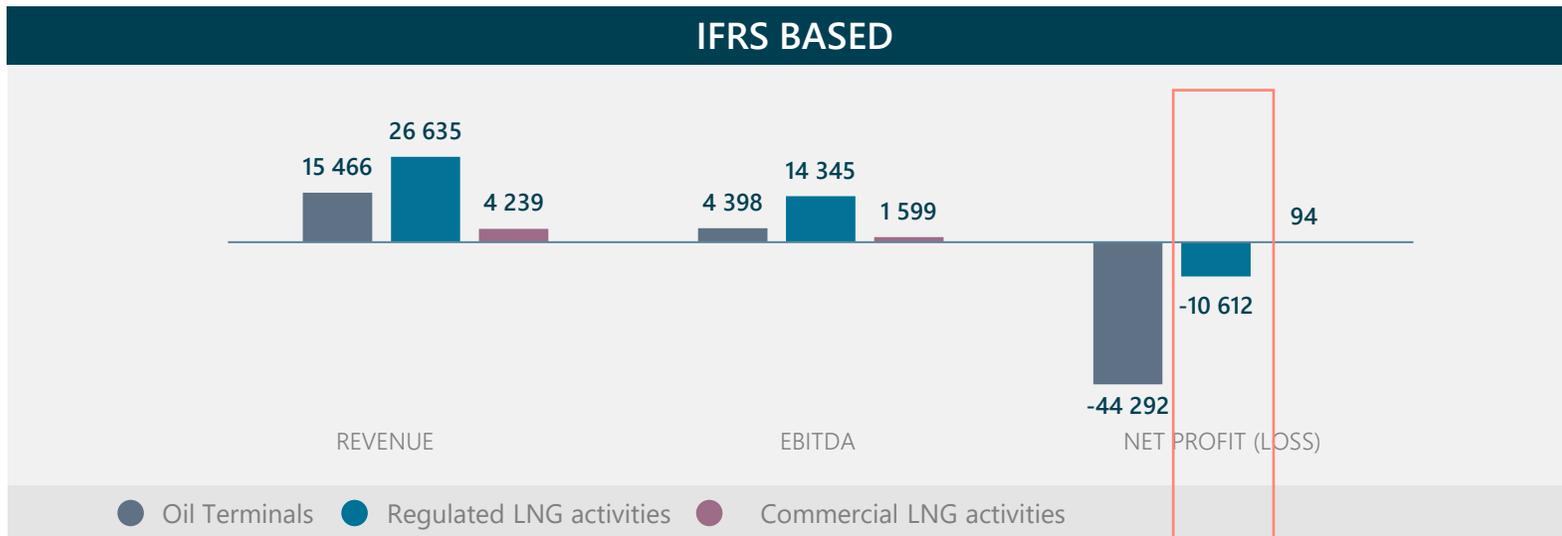


CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR Q3 OF 2021, MEUR



FINANCIAL RESULTS BY SEGMENTS (UNAUDITED) FOR 9 MONTHS OF 2021, TEUR

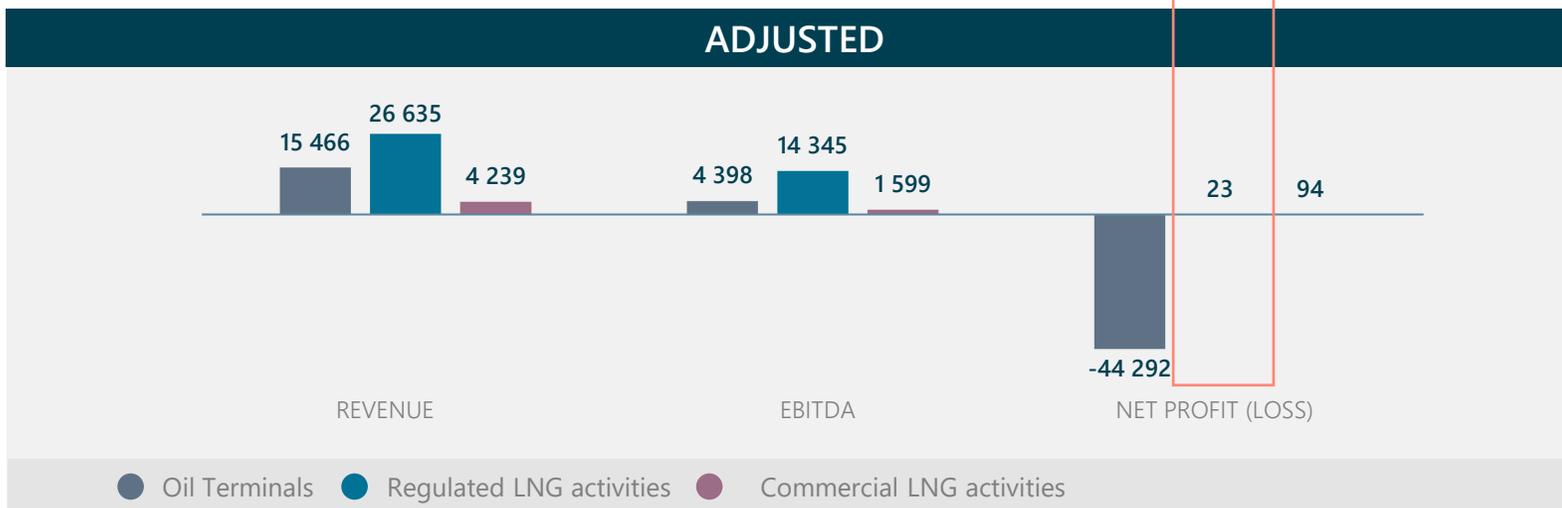
IFRS BASED



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.

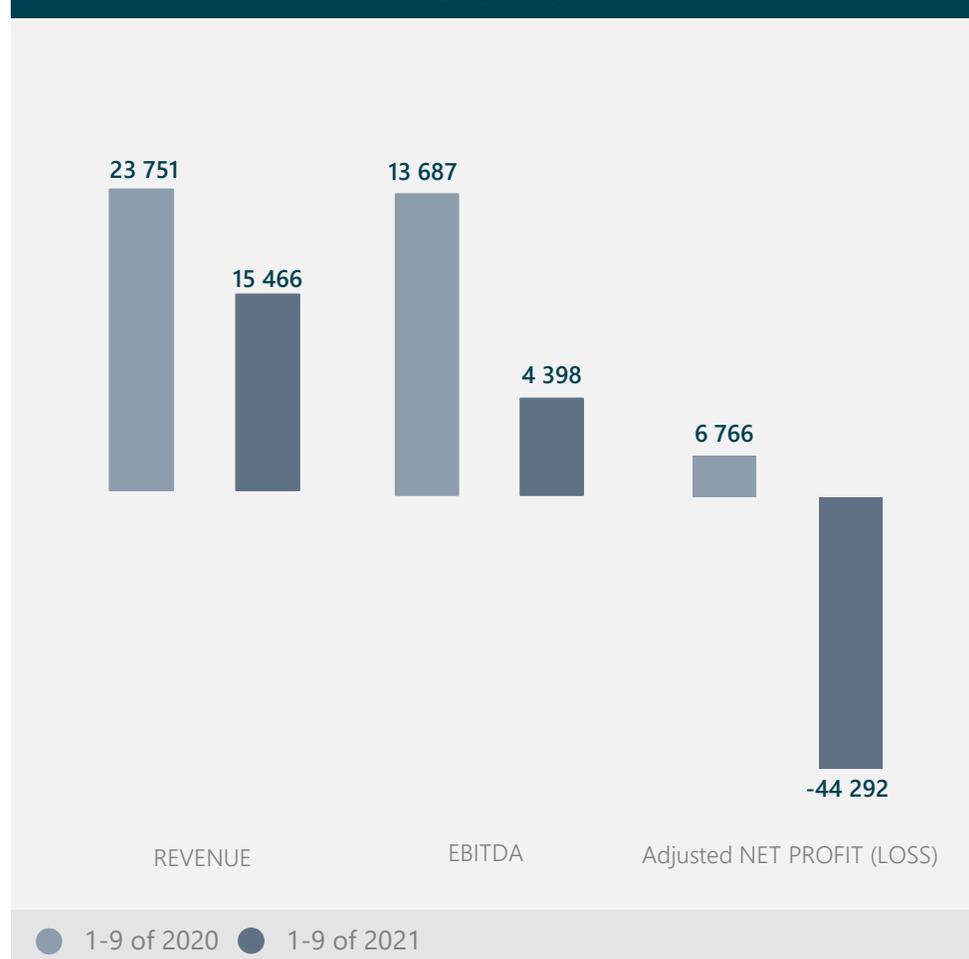
ADJUSTED



Business factors

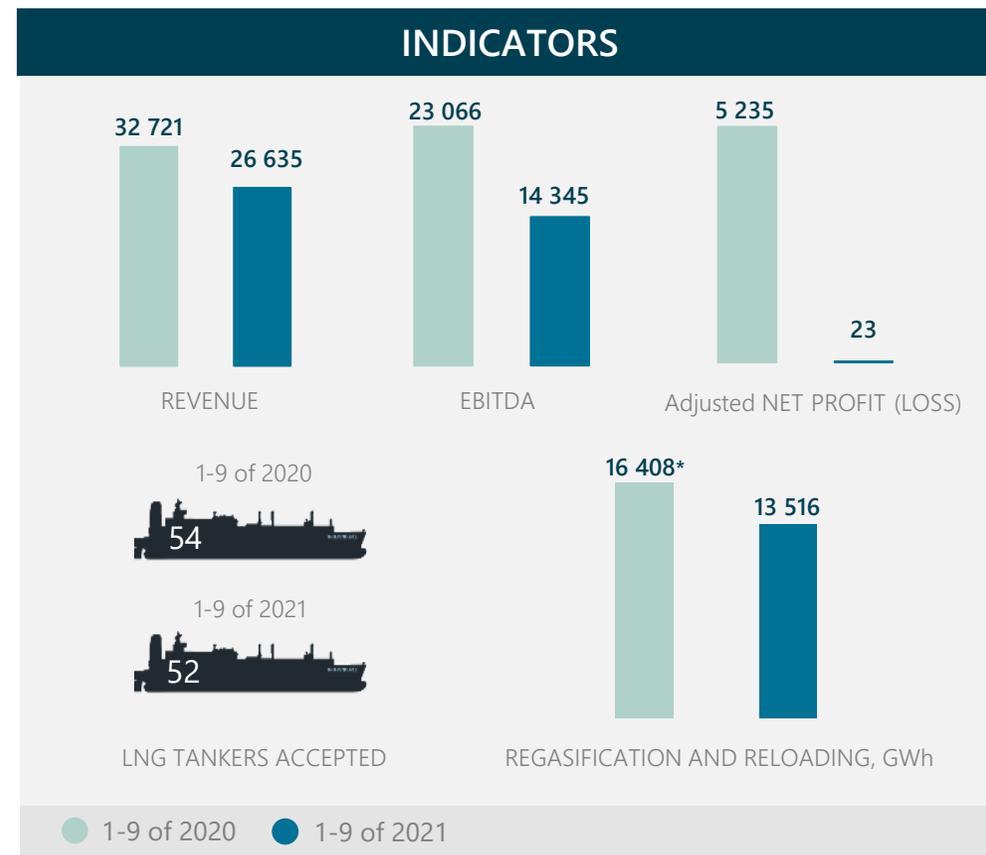
- KN has recognized an impairment for assets of Klaipėda's oil terminal in amount of 51 MEUR as at 31 August 2021 and a respective deferred income tax asset impact of 7.6 MEUR. Overall, the total impact from recognition of this impairment loss on net profit (loss) for the 9 months period ended 30 Sep 2021 amounts to 43.1 MEUR.
- Reduction of travelling restrictions imposed by the EU due to the COVID-19 pandemic, increasing fuel consumption (coming back to the level of 2019 in the same period in main European countries) and growing refinery margins in Q3 2021 had a positive impact on oil product (OP) handling in KN.
- OP stocks in the main European OP storages in August reached pre-pandemic levels while stocks of oil products at independent storage in the ARA (Amsterdam-Rotterdam-Antwerp) region in August reached its lowest level during last five years. The storage market is expected to remain highly competitive until the end of the year.
- In Q3 2021, the volume of biofuels transshipped at KN continued to grow successfully - in 1-9 months, handling increased by 38% compared to the same period last year.
- In Q3 2021, the Company extended the existing fuel oil storage contracts and concluded new ones for the storage of ethanol.
- The testing of bitumen transshipment has been successfully performed in Klaipėda oil terminal. The first bitumen cargo is planned to be loaded to ship during Q4 2021.
- Significant negative effect in 2021, compared to the same period in 2020, due to record high prices of emission allowances and sharp increase in cost of electricity.

INDICATORS



Business factors

- In the first 9 months of 2021, utilization of Klaipeda's LNG terminal was 40%; it correlates with the average utilization rate of other European terminals (38%). Due to the strong Asian and Latin American LNG demand, less LNG is coming to Europe this year.
- LNG security supplement reduction impact – 20,1 MEUR for both 9 months of 2021 and 2020.
- In the first 9 months of 2021, 13 large scale and 37 small scale cargoes were accepted for loading and 2 cargoes for reloading operations.
- In the first 9 months of 2021, natural gas consumption in Lithuania increased by +5% YoY (up to 18,6 TWh vs 17,7 TWh year ago); imports via the LNG terminal accounted for ~66% of consumed gas.
- In Q3 2021, the average Dutch TTF Natural Gas Index was equal to 36,1 EUR/MWh versus 6,2 EUR/MWh in the same period year ago (source: ICE).



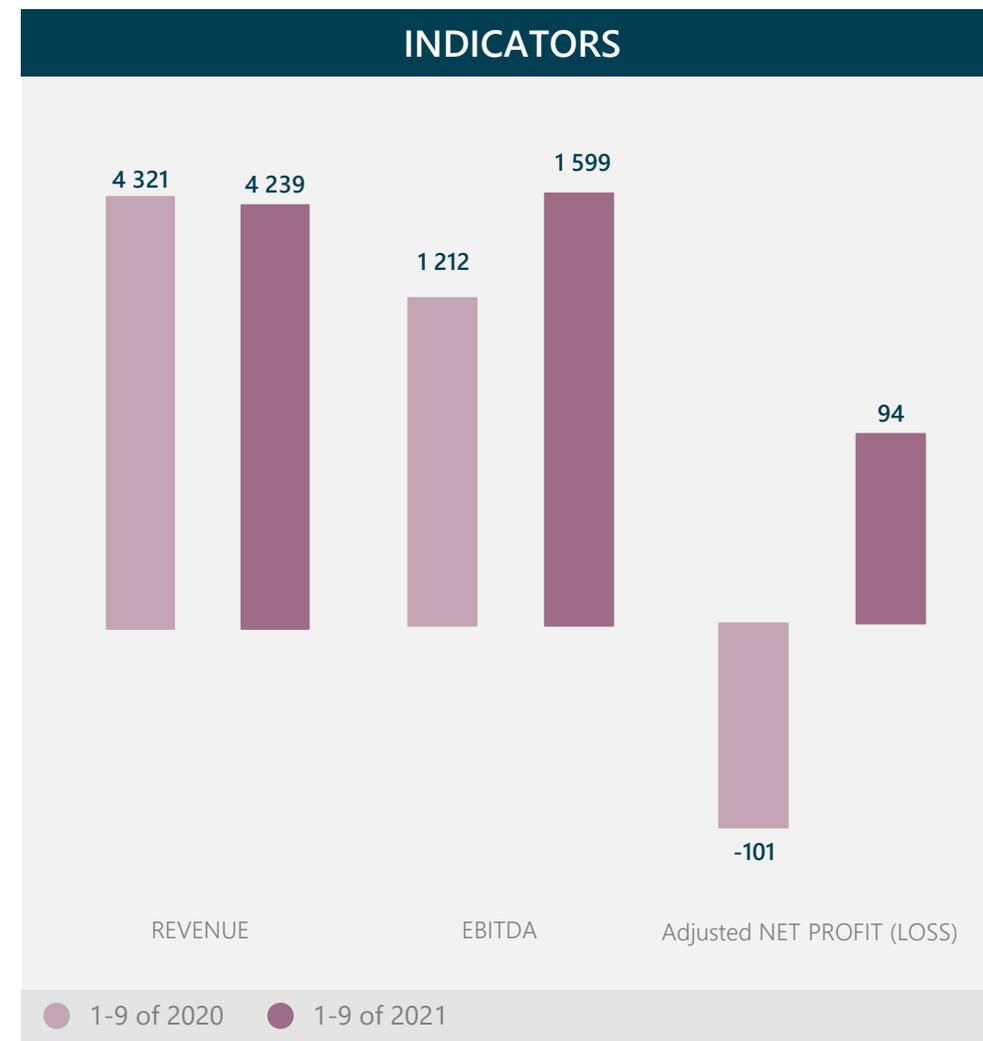
* No reloading operations took place

Business factors

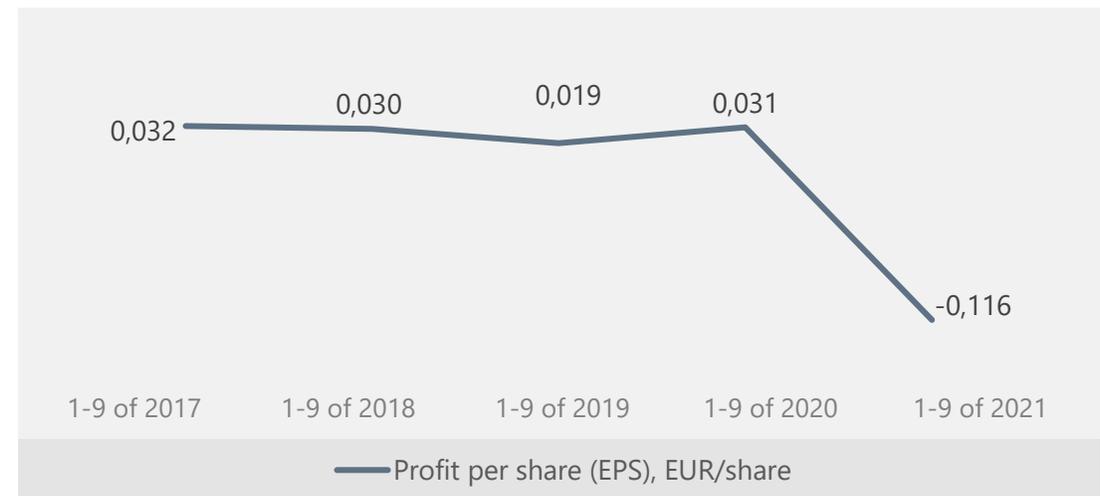
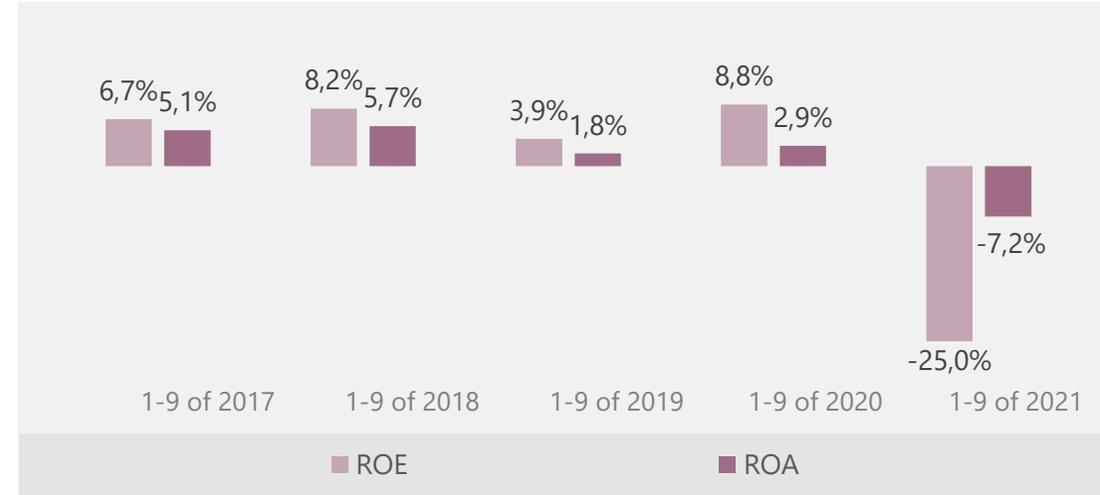
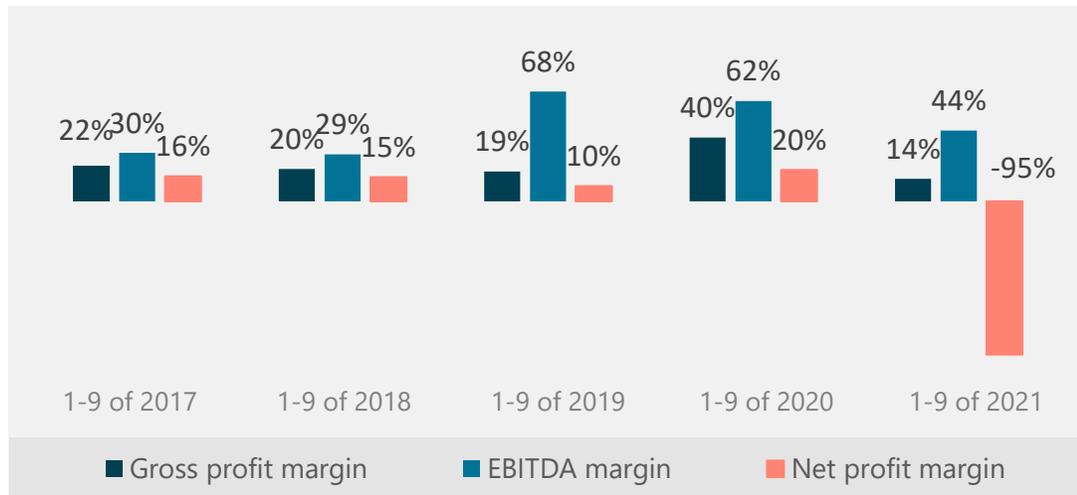
- KN, together with its subsidiary KN Açú Serviços de Terminal de GNL Ltda., provide services to UTE GNA I Geração de Energia S.A. in accordance to the Operation and Maintenance Services Agreement. On September 16th, Gas Natural Açú (GNA) LNG-to-power project in port of Açú, Brazil launched commercial 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 the first 9 months of 2021, PGNiG received 5 cargoes of liquefied natural gas (LNG) at the Klaipėda LNG reloading station, 9 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.



PROFITABILITY AND MARKET VALUE RATIOS FOR 9 MONTHS OF 2021



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

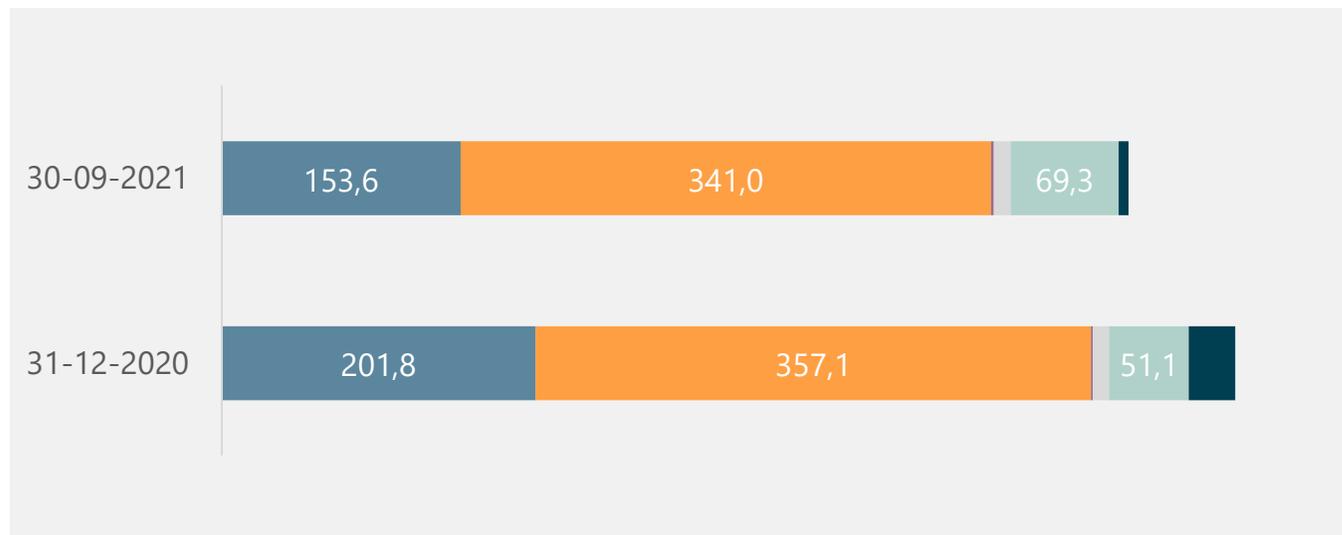
ALTERNATIVE PERFORMANCE MEASURES

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	30-09-2021	31-12-2020	
■ PPE	153,6	201,8	
■ Right to lease property	341,0	357,1	
■ Other non-current assets	1,8	1,1	
■ Trade receivables	10,9	10,6	
■ Cash and cash equivalents	69,3	51,1	
■ Other current assets	6,5	30,0	
TOTAL	583,1	651,7	
LIABILITIES & EQUITY			
MEUR	30-09-2021	31-12-2020	
■ Non-current lease liabilities	247,0	265,3	
■ Loans (non-current + current)	114,5	96,5	
■ Other non-current liabilities	6,2	15,0	
■ Current lease liabilities	42,4	40,3	
■ Other current liabilities	19,0	18,3	
■ Equity	154,0	216,3	
TOTAL	583,1	651,7	



The background image shows a complex industrial facility, likely a refinery or chemical plant. In the foreground, numerous large, parallel pipes run across the ground. In the mid-ground, there are several tall, vertical yellow cranes or distillation columns. The background features more industrial structures, including a white building with a green sign that has a white letter 'S' on it. The name 'KAIROS' is visible on a structure in the upper left. The overall scene is captured in a slightly desaturated, blue-tinted style.

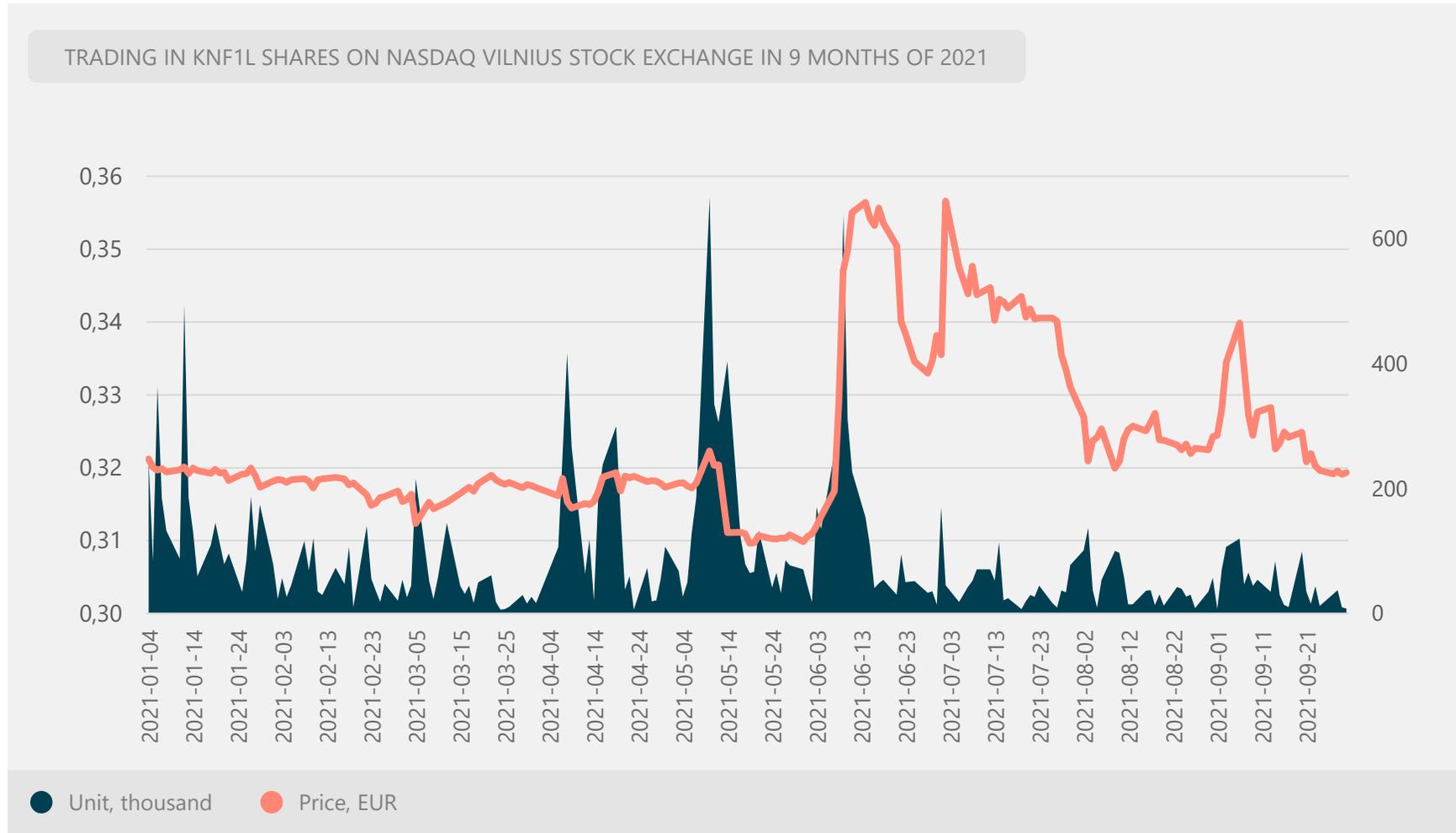
OTHER INFORMATION



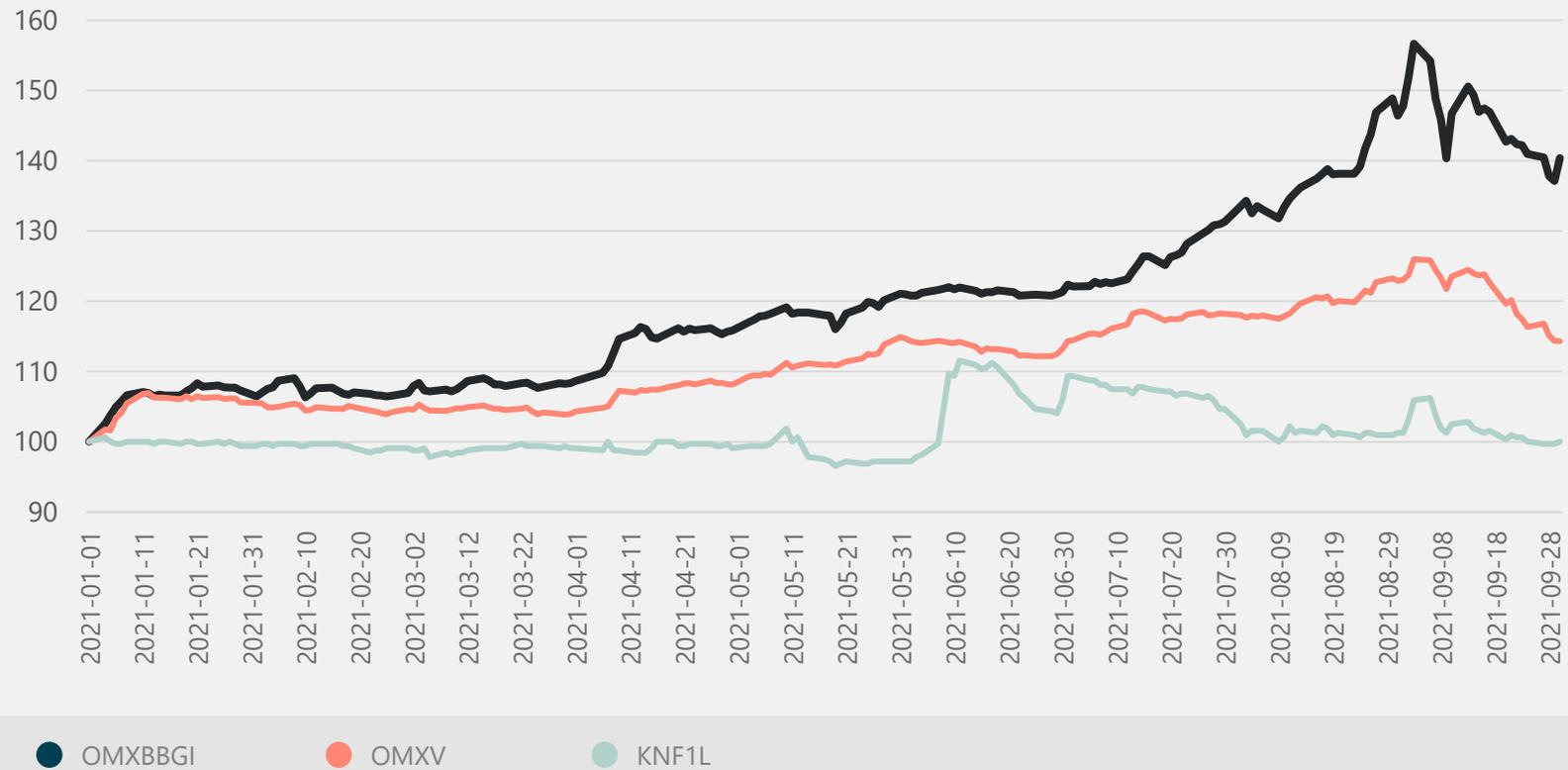
Since 2003 the shares of the Company are listed on NASDAQ OMX Vilnius stock exchange.

ISIN code – LT000011650
Abbreviation – KNF1L

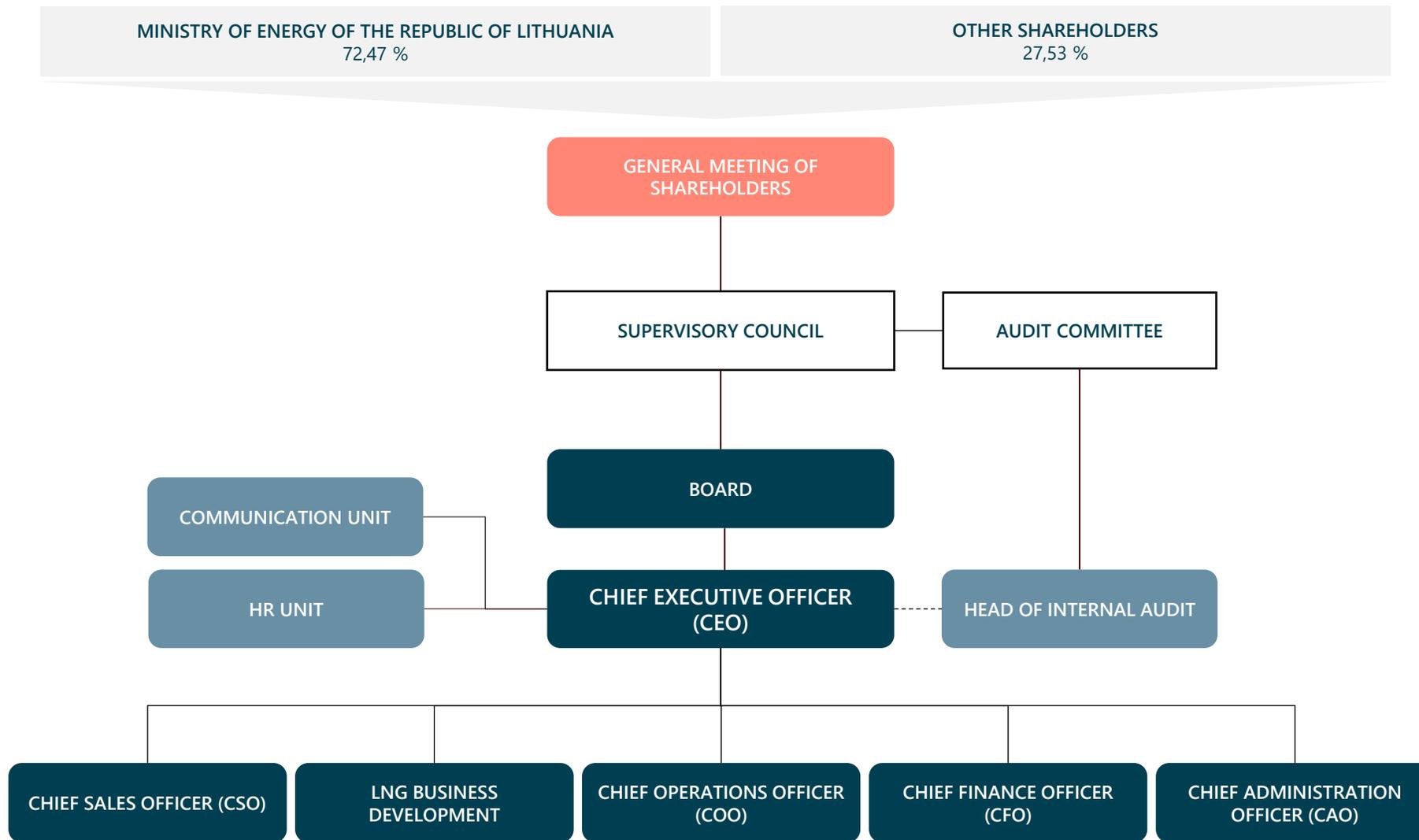
SHAREHOLDER'S NAME (company's name, address, company code of registration)	30 SEPTEMBER 2021		31 DECEMBER 2020	
	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)	NUMBER OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)
The Republic of Lithuania, represented by the Ministry of Energy of the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



KNF1L SHARE PRICE, NASDAQ VILNIUS AND BALTIC BENCHMARK GI INDEXES COMPARISON IN 9 MONTHS OF 2021



ORGANIZATIONAL STRUCTURE



BOARD MEMBERS

- Giedrius Dusevičius
- Dainius Bražiūnas
- Mantas Bartuška
- Bjarke Pålsson
- Ian Bradshaw (until 01-10-2021)

AUDIT COMMITTEE MEMBERS

- Žaneta Kovaliova
- Laura Garbenčiūtė-Bakienė
- Žana Kraučenkienė

SUPERVISORY COUNCIL MEMBERS

- Eimantas Kiudulas
- Karolis Švaikauskas
- Žaneta Kovaliova



THANK YOU FOR YOUR ATTENTION

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