INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS, PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION.

KN ENERGIES

2024

Interim Report and Financial statements

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024 (UNAUDITED)

CONTENTS

1. OVERVIEW

A FOREWORD OF THE CEO

Dears,

As we review KN Energies' performance in the first half of 2024, we have much to be pleased about. The first six months of this year have been not only active, exciting, and important for the future of the Group, but also financially stable.

As we continue to lay the foundations for tomorrow's needs and challenges, we have managed to operate profitably and efficiently.

The stability in financial performance was due to the successful implementation of KN's long-term strategy, including our efforts in the field of liquid energy products, offering the storage of strategic petroleum reserves and ensuring uninterrupted import and export. Additionally, our strategic expansion as a professional LNG terminal operator beyond our borders has turned our knowledge and expertise into new service contracts.

The first half of this year was marked not only by strong financial results, but also by the work we have done to ensure future success. A symbolic step reflecting our efforts was the change of the company's legal name at the beginning of the year. As KN Energies, we are turning a new page in the company's history, embarking on a new path from fossil fuels to sustainable energy forms, and we are ready to take advantage of all the opportunities on the international market.

Membership in Gas Infrastructure Europe (GIE) will also support us on this path. This year, we joined this association of 68 members from 25 countries, providing us with more opportunities to represent our interests and those of our country, and to contribute to the efficient management and adaptation of Europe's energy infrastructure for the future.

One of the most significant achievements of the first half of the year, reflecting our capabilities in the international market, is the growing role of KN Energies in the German LNG market. Last year, we became the commercial operator of two LNG terminals in Germany. This success paved the way for a new partnership, allowing us to take on the commercial operation of two more LNG terminals this year. Additionally, in the spring, we were entrusted with the technical operation and maintenance of the second LNG terminal in Wilhelmshaven (Wilhelmshaven 2). I am confident that taking on an even greater role in these German LNG terminal projects will further strengthen KN Energies' position in the European LNG terminal market.

The first half of the year was also special for the strategically important Klaipėda LNG terminal vessel, Independence, which marks a decade of operations and will be transferred to Lithuanian ownership in December. To ensure a smooth transition, extensive preparatory work has been done. The most significant of these efforts is the signing of a contract with the FSRU Independence new technical operator, the Norwegian capital company Hoegh LNG Klaipėda. Hoegh LNG Klaipėda, which won the tender announced last year, will manage the technical operations and maintenance of the storage vessel for at least five years.

We have also signed a tripartite agreement with Hoegh LNG Klaipėda and the Lithuanian Maritime University. This agreement will serve as a basis for developing the competencies of seafarers required for the servicing, management, and maintenance of LNG carriers in our country. This initiative is particularly important for further strengthening Lithuania's position as a regional LNG infrastructure and service centre.

As part of the preparations for Independence's transfer to Lithuanian ownership, the vessel underwent maintenance and repair work in dry dock for the first time in May this year. Following this, Independence returned from Denmark not only fully prepared for further operation but also adorned with a special symbol to mark the ship's tenth anniversary – a modern Curonian weathervane. This weathervane symbolizes Lithuania's path to independence and its milestones, including the berthing of Independence in the port of Klaipeda in 2014.

The first half of this year has also been a strong period for developing strategically important future projects. The carbon dioxide (CO_2) capture and transportation project, developed by KN and its partners, was granted PCI status by the European Commission in the spring. Together with our partners in the CCS Baltic Consortium, we are committed to developing a sustainable carbon capture and storage value chain, contributing to the EU's energy sustainability and climate goals.

For the third time, Klaipėda hosted the Baltic LNG & New Energies Forum, which has become an important platform for promoting regional cooperation on energy security and transformation.

These achievements, along with others in the first half of the year, inspire KN Energies for the journey ahead, which we believe will be equally interesting and meaningful. In the second half of 2024, we will bear witness to a new and, we believe, equally successful phase for the FSRU Independence as the flagship of energy independence. We will strive to exploit and consolidate our strengths and, by continuing to demonstrate our strong performance, confidently enter a new era of energy, to which we can certainly contribute through the development of our key strategic areas of activity.

Darius Šilenskis, CEO of KN Energies

SIGNIFICANT EVENTS OF THE REPORTING PERIOD

01

8th January 2024. KN secured the public tender for the commercial services of four German LNG terminals on the North Sea coast. The company has signed contract with Deutsche Energy Terminal GmbH (DET), the German state-owned company that operates state-controlled LNG terminals.

10th January 2024. AB Klaipėdos nafta rebranded to AB KN Energies, reflecting its shift towards sustainable energy. The company's Articles of Association were updated accordingly. The Nasdaq Vilnius Stock Exchange ticker changed from KNF1L to KNE1L, while the ISIN code remained as LT0000111650. The subsidiary UAB SGD logistika was renamed to UAB KN Global Terminals without altering its obligations.

15th January 2024. Tomas Tumėnas was appointed Chief Financial Officer (CFO) of KN Energies.

18th January 2024. AB KN Energies announced its membership in the Gas Infrastructure Europe (GIE) association.

19th January 2024. A record amount of 105 thousand cubic meters of liquefied natural gas (LNG) was transferred from the FSRU Independence to the conventionally sized Amur River LNG vessel.

03

29th March 2024. KN signed a contract with UAB Hoegh LNG Klaipėda, according to which this company becomes the technical operator of the FSRU Independence.

04

17th April 2024. KN, UAB Hoegh LNG Klaipėda, and the Lithuanian Maritime Academy (LAJM) signed a tripartite agreement, committing to developing and enhancing the competence of seafarers in the servicing, management, and maintenance of LNG floating storage and regasification units (FSRUs) and LNG carriers.

05

3rd May 2024. The Company has won a tender launched by Deutsche Energy Terminal GmbH (DET), the state-owned operator of Germany's floating LNG terminals, to provide technical operation and maintenance services for the LNG terminal Wilhelmshaven 2.

16th May 2024. The European Commission has granted the status of Project of Common Interest (PCI) to the carbon dioxide (CO_2) capture and transportation project in Lithuania and Latvia developed by the consortium named CCS Baltic Consortium. The consortium consists of Akmenės cementas AB, KN Energies, AB, Larvik Shipping AS, Mitsui O.S.K. Lines, Ltd. and SCHWENK Latvija SIA.

27th May 2024. This year marks the 10th anniversary of Lithuania's LNG terminal vessel, Independence, crucial for the country's energy independence. The ownership of this vital FSRU has been transferred to Lithuania. To celebrate these events and symbolize Independence as a beacon of Lithuania's freedom, the vessel now features a special weathervane, emphasizing key moments in Lithuania's independence history. This initiative was led by KN Energies.

AFTER THE END OF THE REPORTING PERIOD

07

3rd July 2024. Lithuanian Court of Appeal (Court) has examined the criminal case concerning Arturas Urbutis, Antanas Urbutis, Svetlana Popova, Andrejus Vaičiulis, former general manager of the Company Jurgis Aušra, former director of commerce of the Company Ričardas Milvydas and UAB Naftos grupė accused of illegal activities in which the Company has filed the claim for damages for the total amount of 20.9 MEUR caused by the illegal activities of the accused.

For more detailed information, please follow this link: [Regarding the civil claim by the Company under the judgment of the court of appeal instance in the criminal case (nasdaq.com)]

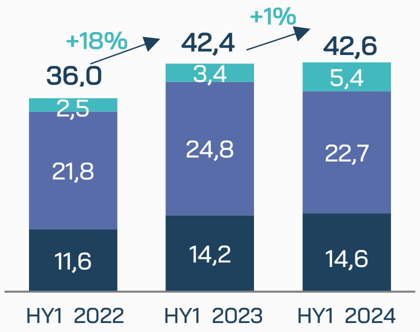
INFORMATION ABOUT PUBLIC ANNOUNCEMENTS

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.

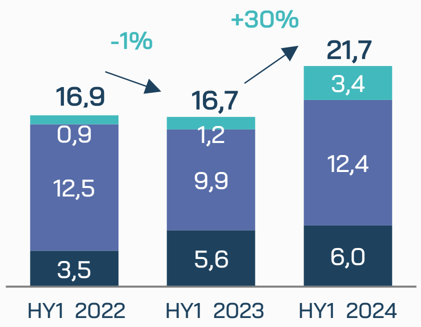
KN ENERGIES

FINANCIAL HIGHLIGHTS

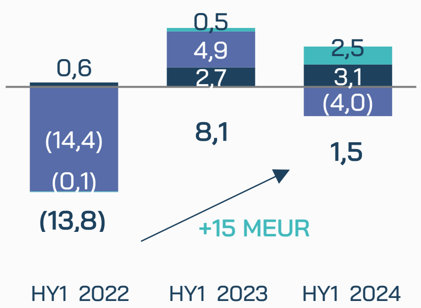
REVENUE



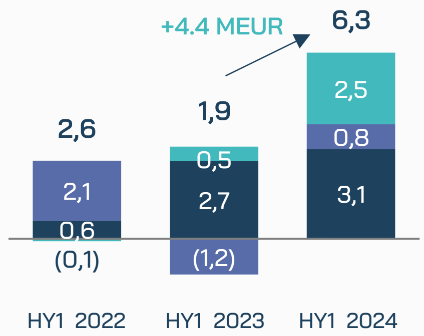
EBITDA



NET PROFIT (LOSS)



ADJUSTED NET PROFIT (LOSS)*



"The improvement in the first half of 2024 is significantly influenced by the growing of Global projects. New projects that were secured generated more than 50% revenue growth in the segment.

Due to the dry-dock of the FRSU in the first half of 2024, and the non-operation of the regasification and reloading at that time, a decrease in revenue from the LNGT activity can be seen, however, the technical inspection was necessary for the continued operation of the FSRU.

The LET segment remains stable, as transshipment remained at a similar level. Stable transshipment of liquid energy products is influenced by the global and regional factors mentioned in the section "Liquid energy Terminals' Business Environment and Market." comments Tomas Tumėnas, CFO of KN Energies.

According to unaudited data, in first half of 2024, KN Energies Group received EUR 42.6 million in revenue. The Group's adjusted net profit in first half of 2024 was EUR 6.3 million.

More detailed information about results provided in: Financial results.

*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.

SEGMENTS EXPLANATION

LIQUID ENERGY TERMINALS
- Klaipėda Liquid Energy Terminal
- Subačius Liquid Energy Terminal

REGULATED LNG ACTIVITIES (LNGT)
- Klaipėda LNG Terminal

COMMERCIAL LNG ACTIVITIES (comLNG)
- Small-scale LNG reloading station in Klaipėda
- Operation of LNG terminals in Brazil and Germany
- Business development projects and consultations.

ESG HIGHLIGHTS

During first half of 2024 we deep dived into our preparations for the implementation of CSRD (EU) 2022/2464 requirements to report Sustainability performance according to European Sustainability Reporting Standards (ESRS) which was finally incorporated in Lithuanian law in July. KN is obliged to start reporting in 2026, however efforts are directed to ensure readiness for the next year already. Major required steps for preparation such as ESG audit, stakeholders' revaluation and Double materiality assessment are finished. Goals and KPIs alignment with ESRS requirements are currently in progress with full involvement of management and internal team members that own different areas.

Furthermore, KN data was provided to several Sustainability rating platforms following high-performing market players practice to measure progress – KN obtained "ESG Transparency partner" badge from Nasdaq and 9.8 Sustainability index from *Verslo žinios* and *Rekvizitai.lt* platform.

In our operations we continued implementing activities for delivering on our sustainability goals in our impact ESG areas and building sustainability culture within Organisation: ensuring Safety culture and measures are our Top Priority, working on efficiency and paying attention to our emissions, preparing projects to invest in renewable solutions, implementing activities for communities' engagement (4 events took place) and continuing deeper exploring new energies field (e.g., Carbon Capture and Storage, CCS) that would strengthening our ability to capitalise on future opportunities.

STATEGIC COMMITMENT

ACHIEVE COMPLETE CLIMATE NEUTRALITY FOR KN'S OPERATIONS BY 2050

CSRD READINESS

Finished

Double materiality assessment

SAFETY

TRCF

0.61

Vs Goal of 0.73

CO2 EMISSIONS

Scope 1 and Scope 2
HY1 2024

2,837 t/m

2023 fact: 6,623 t/m

SUSTAINABILITY RATINGS

Data provided and ratings obtained
Nasdaq & Rekvizitai.lt / Vž

ESG Transparency partner
9.8 Sustainability index

INVESTOR INFORMATION

THE MAIN DATA ABOUT SHARES OF THE COMPANY:	
ISIN code	LT0000111650
Abbreviation	KNE1L
Share emission	380,396,585

As at 30 June 2024 all the shares of the Company were owned by 5,214 shareholders (on 30 June 2023 – 5,542). 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.

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

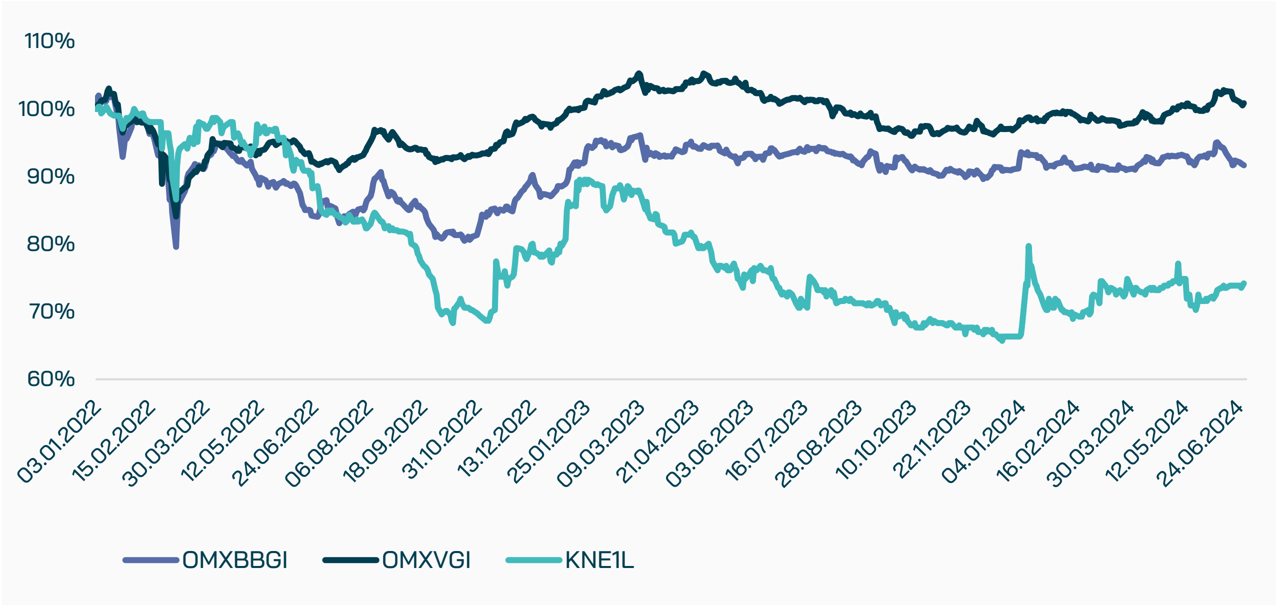
SHARE CAPITAL

The Company's authorized share capital did not change during first half of 2024 and amounted to EUR 110,315 thousand as at 30 June 2024. All the shares of the Company are fully paid. The authorized capital is divided into 380,396,585 ordinary shares with a nominal value of 0.29 Eur. During first half of 2024 the Company did not acquire any of its own shares.

DIVIDENDS

The General Meeting of the Shareholders held on 30 April 2024 approved allocation of profit (loss) for the year 2023 with EUR 5,000 thousand dividends.

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



Historical information about dividends paid in the period for the prior financial year:

	2024	2023	2022	2021	2020
Dividends paid in EUR thousand	5,000	-	-	7,538	7,947
Dividends per one share in EUR	0.0131	-	-	0.0198	0.0209
Net profit (loss) per 1 share in EUR	0.02	(0.02)	(0.17)	0.03	0.02
Dividends for net profit (of previous FY),%	82%	-	-	66%	100%

2. BUSINESS OVERVIEW

THE CORPORATE STRATEGY

In June 2023, the Supervisory Council of AB KN Energies approved a strategy centered around efficiency, energy transformation, and transitioning to new energy fields. The key goals include achieving complete climate neutrality by 2050, with emission reductions of over 30% by 2030 and approximately 70% by 2040. KN aims to contribute significantly to the future energy supply, enhance profitability, and ensure energy security. The strategy outlines three phases:

- 2023-2030: Increase profitability in existing activities and secure financing for sustainable energy investments.
- 2031-2040: Focus on LNG business development and diversify liquid energy transshipment.
- 2041-2050: Expand into new energy markets, including synthetic fuels, hydrogen, alternative energy carriers, and CCS.

KN envisions a cleaner, safer future where sustainable energy solutions empower industries and communities.

The new strategy sets a long-term target for a return on capital employed (ROCE) of approximately 8% (compared to 4.4% in 2022). It also aims to achieve an average revenue of EUR 172 million for the KN group of companies from 2041 to 2050, with revenue increasing by 122% in 2050 compared to 2022. The target for the KN group of companies is to achieve an average EBITDA of EUR 85 million from 2041 to 2050.

Starting in 2026, KN aims to pay annual dividends of at least EUR 5 million, targeting a dividend yield of approximately 5%. The total dividend payments are expected to reach at least EUR 240 million for the period of 2031-2050.

OPERATIONAL TARGETS IN KEY SEGMENTS:

- **Liquids Energy Terminals**: Diversify the product and customer portfolio, expand biofuel handling, and enter the chemical storage market (e.g., methanol). Focus on operational excellence and customer value.
- **LNG**: Continue value creation in the regional and global LNG market. Consider expanding Klaipėda LNG terminal capacities based on market demand. Global LNG business development is also planned.
- **New Energies**: Develop opportunities in hydrogen carrier handling and CO_2 storage. Pilot battery projects and explore alternative energy sources for a greener economy by 2030.

AB KN Energies allocates over 45% of capital investments to develop infrastructure and competences for handling and storing new energies. The strategy aligns with the Ministry of Energy's expectations, emphasizing energy independence, transformation, and international development.

For more detailed information about the KN strategy, please refer to the strategy summary following this link: KN Strategy 2050.

VISION

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

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

MISSION

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

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

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

LIQUID ENERGY TERMINALS

Liquid energy terminals segment includes activities of Liquid energy Terminal in Klaipėda and Liquid energy Terminal in Subačius which are providing services of liquid energy products transshipment, long-term storage of liquid energy products, and other services related to liquid energy products transshipment.

KLAIPĖDA LIQUID ENERGY TERMINAL

The Company, one of the largest liquid energy transshipment terminals in the Baltic States, primarily transships liquid energy products from rail tanks to tankers. It handles Light Products (LP), Heavy Oil Products (HFO), Biofuels, and other chemical industry products. The process includes reloading from rail tanks, temporary storage in shore tanks, and loading into tankers. A truck loading station is used to supply clients with imported products delivered to Klaipėda seaport.

Klaipėda liquid energy terminal provides the following services:

- Transshipment of liquid energy products from rail tanks into tankers and vice versa.
- Reloading of liquid energy products into trucks.
- Accumulation and storage of liquid energy products.
- Collection of wastewaters from sea vessels which is contaminated with oil products.
- Mooring services.
- Inspection of quality parameters of liquid energy products.
- Adding bio-additives and marking substances to liquid energy products.
- Blending of heavy and light liquid energy products.
- Supply of fuel and water to vessels.

SUBAČIUS LIQUID ENERGY 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 liquid energy terminal. After the takeover of Subačius liquid energy terminal infrastructure the Company's activity and services have been diversified and expanded including services of long-term liquid energy product storage.

Subačius liquid energy terminal provides the following services:

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

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

LNG

REGULATED LNG (KLAIPĖDA LNG TERMINAL)

In 2019, KN's Board decided on long-term activities for the Klaipėda LNG Terminal, including the acquisition of the FSRU after 2024. The Parliament approved state guarantees for the project stages, enabling AB KN Energies to sign a loan agreement with NIB. The security supplement was reduced by almost 40% since 2020. In 2020, the EC approved state aid for the FSRU acquisition loan. As per the Law on LNG Terminal, LNG activities must continue until at least 2044, and the operator must acquire the FSRU by 2024. In 2021, KN chose to acquire the FSRU "Independence" as the most economically advantageous solution. In 2023, KN appointed Hoegh LNG Klaipėda UAB as the technical manager of FSRU Independence for 5 years. FSRU "Independence" will be registered in Lithuanian seagoing vessel register and will fly the Lithuanian flag.

DELIVERIES TO KLAIPĖDA LNG TERMINAL

In the first half of 2024, five users from Estonia, Latvia, Norway, and Lithuania utilized Klaipėda's LNGT services. 12 LNG carriers arrived, and 9.24 TWh of LNG was regasified and reloaded. Meanwhile Lithuania's natural gas consumption was about 9.2 TWh. The average utilization of Klaipėda's LNGT was 50%, compared to the European average of 51%. Lower utilization resulted due to terminal unavailability performing dry-dock maintenance. The LNGT enhances Lithuania's natural gas supply infrastructure, diversifies supply, allows to cut Russian imports, ensures supply security, and meets the EU Directive N-1 Infrastructure Standard.

INFRASTRUCTURE OF LNGT

The LNG Terminal, based on FSRU technology, is connected to AB Amber Grid's gas transmission network via an 18-km pipeline. LNG Terminal functions – receive liquefied natural gas from LNG carriers, store them, regasify, and supply liquefied natural gas to transmission network or reload into other LNG carriers

KLAIPĖDA SMALL SCALE LNG TERMINAL (RELOADING STATION)

During the first half of 2024, 9 cargoes were delivered to Klaipėda small scale LNG terminal (hereinafter – LNG reloading station or ssLNG). The LNG was loaded to LNG Trucks and distributed to consumers in Lithuania, Poland, Latvia and Estonia. In total 659 LNG trucks were loaded at the LNG reloading station in the first half of 2024.

AB KN Energies 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.

On April 1st, 2020, Orlen S.A. commenced commercial operations at KN-operated LNG reloading station. The capacities of the LNG reloading station are allocated to Orlen S.A. for a five-year period until March 31, 2025.

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 HEKLA and Blue Baltics projects.

GLOBAL LNG PROJECTS

In the first half of 2024, KN has further expanded its portfolio of international LNG projects, reinforcing its position as one of the leading operators of floating LNG import terminals worldwide. KN has further enhanced its operational footprint in Germany, where it has been active since October 2022, by securing two additional contracts with Deutsche Energy Terminal GmbH (DET), the German state-owned company that operates state-controlled LNG import facilities. As a result, KN has been contracted to provide both commercial management services of four LNG terminals and technical operation and maintenance services of Wilhelmshaven-2. LNG terminal. Current scope of global operations includes four LNG terminals in Germany and one in Açu Port, Brazil since 2020.

COMMERCIAL OPERATIONS SERVICES FOR DET LNG TERMINALS IN GERMANY

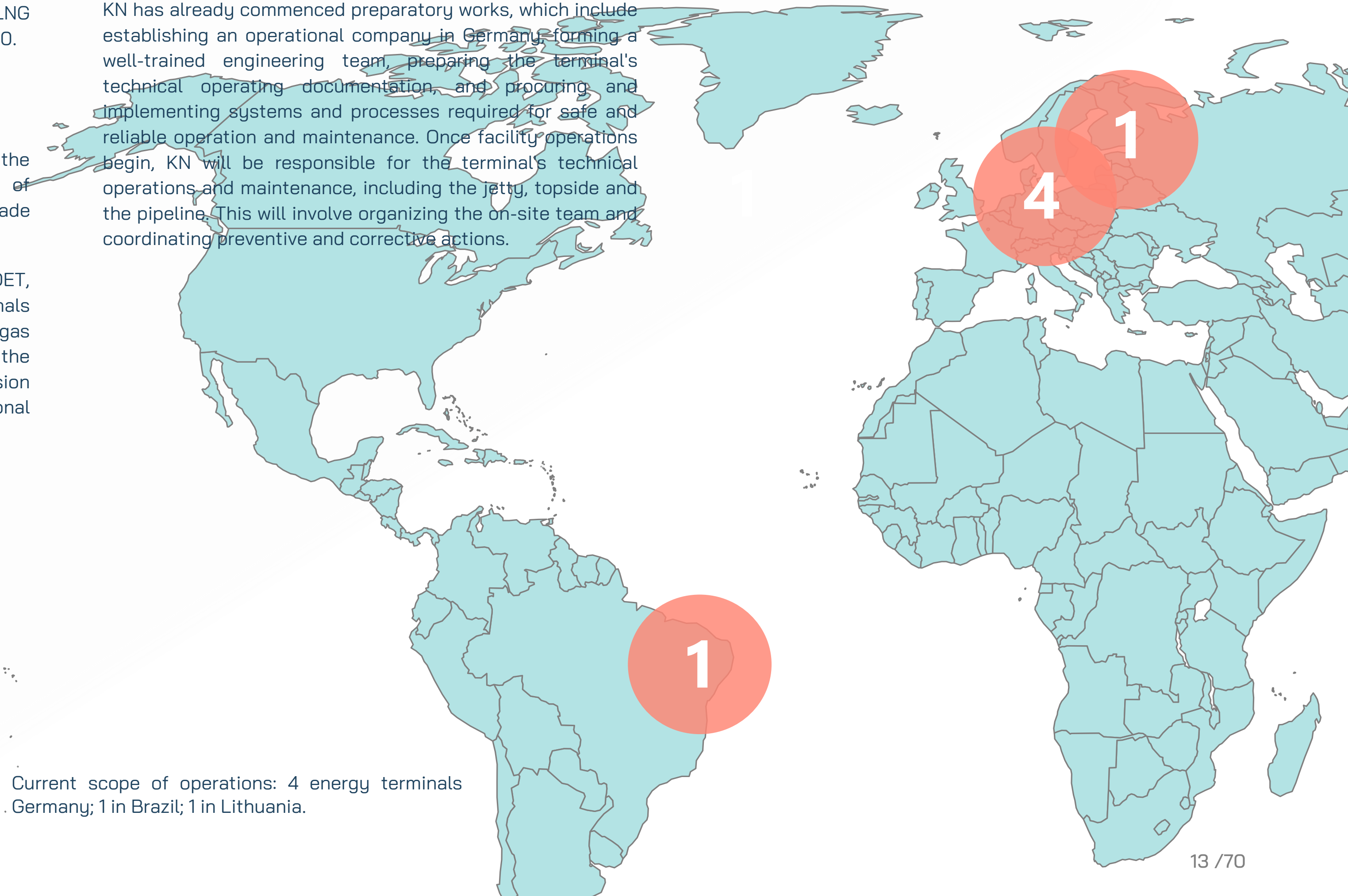
In January 2024 KN executed a contract with DET on the provision of commercial management services of Wilhelmshaven 1, Brunsbüttel, Wilhelmshaven 2, and Stade LNG terminals on the North Sea coast.

According to the agreement signed between KN and DET, commercial management services for all four LNG terminals include managing commercial and logistics operations, gas dispatching processes, accounting and reporting of the commercial activities to the DET, development and provision of IT systems and tools and other terminal operational services adapted to the customer's needs.

TECHNICAL OPERATION AND MAINTENANCE SERVICES FOR THE LNG TERMINAL WILHELMSHAVEN 2

In May 2024, KN was awarded with a service contract for the technical operation and maintenance of the LNG terminal facilities at the Wilhelmshaven-2 site in Germany. The agreement with DET covers the preparatory phase until the start of commercial operations and extends for a five-year operational phase, with the possibility of further extension.

KN has already commenced preparatory works, which include establishing an operational company in Germany, forming a well-trained engineering team, preparing the terminal's technical operating documentation, and procuring and implementing systems and processes required for safe and reliable operation and maintenance. Once facility operations begin, KN will be responsible for the terminal's technical operations and maintenance, including the jetty, topside and the pipeline. This will involve organizing the on-site team and coordinating preventive and corrective actions.



Current scope of operations: 4 energy terminals Germany; 1 in Brazil; 1 in Lithuania.

NEW ENERGIES

In 2023, KN committed to a net-zero goal by 2050 through its KN2050 strategy. This includes continuing current projects, expanding global FSRU-based LNG development, and investing in new energy sectors like hydrogen carriers, CCS, and energy balancing with flow batteries.

HYDROGEN CARRIERS

In June 2024, updated National Energy Independence Strategy has been approved. It was prepared to implement fundamental changes in the energy sector with a goal is to ensure that Lithuania produces as much energy as it consumes, and that energy sector becomes completely climate-neutral by 2050. It is planned that by 2030, Lithuania will have 1.3 GW of electrolysis equipment, with capacity increasing to 8.5 GW by 2050.

Production of new clean energy products, such as green hydrogen, methanol, ammonia, synthetic methane, and others, will be encouraged. The aim is to leverage cheaper electricity in the region and create value-added products that will enhance the competitiveness of Lithuania's economy and contribute to the export of energy sources, amounting to at least 9 TWh of various energy products per year. KN will continue to monitor market development, thoroughly analyse opportunities to expand its capabilities in hydrogen carriers and implement required midstream storage and transhipment infrastructure to enable trading and export. This includes not only pure hydrogen but also ammonia, methanol and various other liquid organic hydrogen carriers (LOHC). This proactive approach will enable the company to innovate and develop necessary solutions in hydrogen and LOHCs storage and transhipment, thereby contributing to the broader goal of sustainable energy development.

CCS (CARBON CAPTURE AND STORAGE)

Approved National Energy Independence Strategy emphasizes the pivotal role of Carbon Capture and Storage/Utilization (CCS/CCUS) in the nation's ambitious decarbonization efforts and including CCS Baltic infrastructure in the Strategy. In alignment with these national goals, KN is actively pursuing the establishment of such a value chain in the Baltic region.

Since 2022, KN and its partners have been coordinating the CCS Baltic Consortium project, which aims to establish a CO2 value chain in the Baltics. The primary goal is to capture 1.6 Mt of CO2 annually from "Akmenės cementas" and "SCHWENK Latvija", transport it to KN's Klaipėda terminal, and ship it to European storage sites.The value chain is being designed with open access, creating opportunities for other regional emitters to utilize the new infrastructure. This openness means that the amount of CO2 captured and transported could expand.

Courtesy of CCS Baltic Consortium

In 2024, the CCS Baltic Consortium was approved by the European Parliament and the European Council as a Project of Common Interest ("PCI") and listed as the 14th European project on CO2 networks in the 6th PCI list.

Currently, the project parties are focused on enhancing the project's maturity and considering to conducting detail technical and commercial studies Firstly, partners seek to refine the cost model for the entire value chain, ensuring that all aspects of capturing, transporting, and storing CO2 are economically viable and efficient. Secondly, the studies aim to evaluate the most advanced technologies available that align with the project's objectives. This includes assessing innovations in CO2 capture, transportation, and storage methods to enhance effectiveness and sustainability. Lastly, the studies aim to identify opportunities for optimizing the value chain, including potential improvements in operational efficiency. Being included on the PCI list has sparked significant interest among project developers, particularly CO2 storage operators. Therefore, project partners have signed a Memorandum of Understanding with a few CO2 sequestration developers in the North Sea region that covered last missing puzzle in the entire value chain.

The project is further attracting attention from regional industries, as Carbon Capture and Sequestration is highlighted as a primary decarbonization tool, for hard to abate industries, under the European Authorities' Net Zero Industry Act ("NZIA").

ENERGY STORAGE (FLOW BATTERIES)

The global network battery storage market is emerging and expanding with the rise of renewable energy. Energy storage, particularly expandable battery storage, is needed for effective use of renewables. KN prioritizes flow batteries due to infrastructure similarities but remains open to other technologies. Flow batteries offer a promising future solution and leverage KN's liquid product storage advantage.

BUSINESS ENVIRONMENT AND MARKET

LIQUID ENERGY TERMINALS' BUSINESS ENVIRONMENT AND MARKET

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

- Company's infrastructure (number of jetties, water depth at jetties) and suprastructure for transshipment and storage of liquid energy products (number of tanks, pipelines, trestles, etc.).
- Liquid energy 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 Liquid energy business clients – crude oil refineries, traders, and producers 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 liquid energy terminals are in southeast direction – it is Mažeikiai plant in Lithuania (managed by AB ORLEN Lietuva).

Main Company's competitors are oil terminals operating along the eastern coast of the Baltic Sea.

Company's liquid energy terminals activity results for the first half of the 2024 were mainly affected by global and European liquid fuels market demand/supply balance and mixed geopolitical factors - European refineries crude runs volumes, products output and refining margins remained under pressure due to:

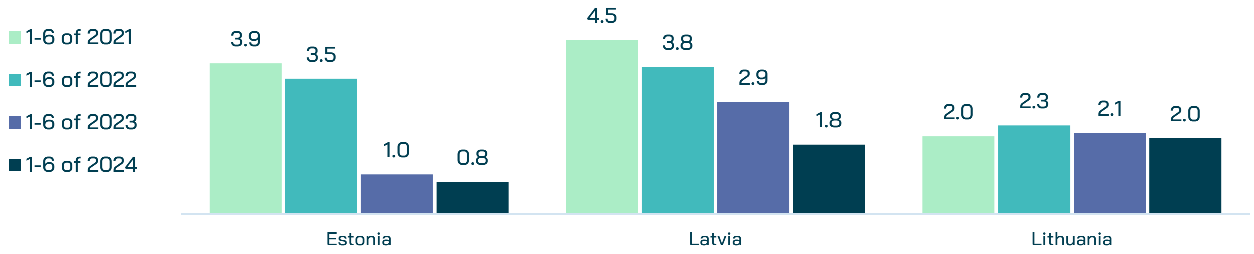
- Escalation of hostilities in the Red Sea threatened tankers movement, which raised concerns about possible shortages of diesel in EU, since after banning imports of Russian oil products, the substantial part of diesel and gasoil entering the EU and UK came through the Suez Canal, however,
- due to low economic activity of Europe's largest economies, Western European diesel demand stuck below pre-Covid levels, and the region remained well supplied with cargoes coming from Turkey, US, India, Saudi Arabia.
- US gasoline demand has lagged behind year-ago levels. Together with its ample supply on the US Gulf coast – with the region's refineries running at high utilisation rates – it has reduced the need for gasoline produced by European refineries for delivery to the Atlantic coast.

Despite the challenging conditions in the market, Company's Liquid energy terminals segment revenues in the first half of 2024 remained stable and close to the results of the same period in 2023, with increasing share of biofuels, light oil products (gasoline, diesel) and bitumen in it.

According to the statistical data, during 1-6 months of 2024 ports of the eastern Baltic Sea coast transshipped approximately 27.1 million tons of oil products, or 27% less compared to the same period of 2023. Transshipment volumes of liquid fuels in Baltic states dropped from 6.0 to 4.6 million tonnes due to decrease in Estonian and Latvian ports. Transshipment in Klaipėda port remained stable.

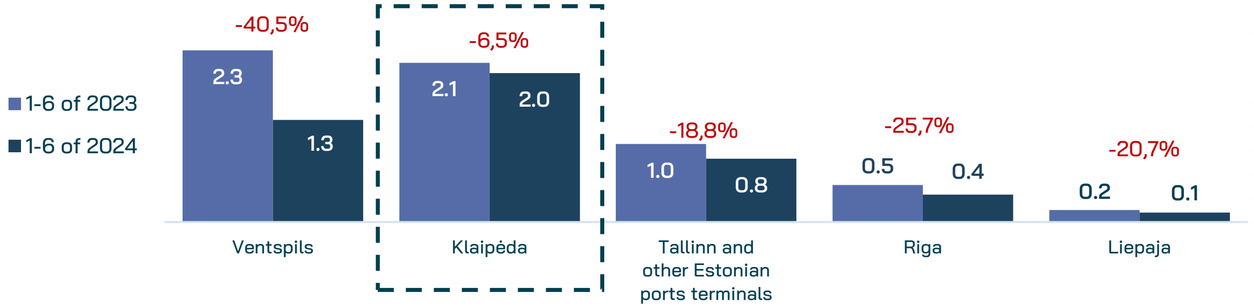
During 1-6 months of 2024, port of Klaipėda handled about 1.96 million tons of oil products, i.e., 6.5% less than in the same period of 2023. Due to decreased transshipment volumes in Latvia and Estonia ports, Klaipėda port takes approximately 42% share in total Baltic states liquid energy products transshipment market.

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



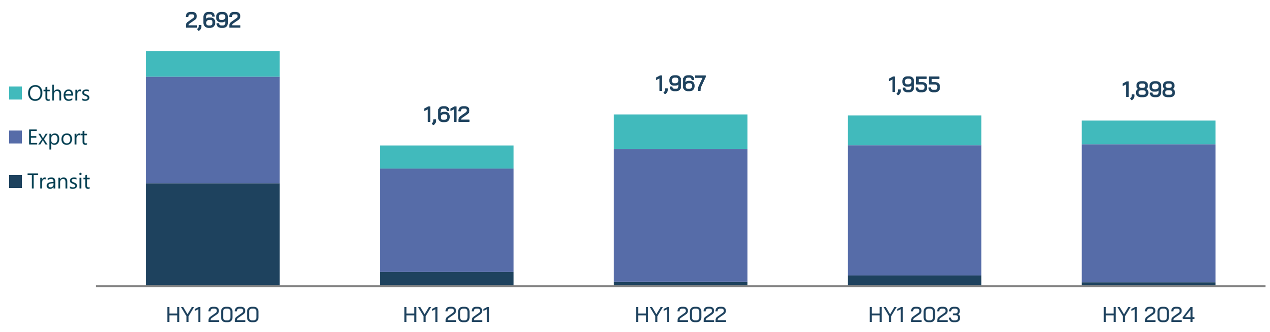
* Figures are based on Klaipėda Port Authority data

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



* Figures are based on Klaipėda Port Authority data

Transshipment in liquid energy terminals (thousand tones)



* Figures based on KN data

TRANSSHIPMENT OF LIQUID ENERGY PRODUCTS

During first half of 2024 the Company's Klaipėda and Subačius Liquid energy terminals transshipped 1,898 kt of liquid energy products compared to 1,955 kt during first half of 2023, i.e. 2.9% less. Stable transshipment of liquid energy products is influenced by the global and regional factors mentioned in the section "Liquid energy Terminals' Business Environment and Market".

Bitumen transshipment dynamics in KLET maintained its upward trend. For 6 months of 2024 its volumes (65 kt) exceeded the result of the same period in 2023 last year 17% and was 1,7x higher if compared with result of first half of 2022. In response to market participants' growing demand of bitumen handling services KN is undertaking upgrades to the equipment and infrastructure specifically allocated for the product transshipment in 2024, which would enable to attract higher volumes of the cargo next year.

During first half of 2024 biofuels transshipment in KLET remained stable, slightly increasing by ~ 4% in comparison with first half of 2023. The potential of biofuels transshipment is planned to be further expanded by preparations to service SAF (Sustainable Aviation Fuel) cargo flows from 2025 and other types of biofuels.

Intensified activity of the clients involved in storage and transshipment of biofuels and light oil products in Klaipėda liquid fuels terminal during last couple of years resulted in increasing share of these cargoes in total revenue, i.e. ~ 9% up in first half of 2024 (comparing with same period of 2023), while dark oil products share decreased in ~ 10%.

To further expand the scope of activities and diversify products portfolio in Klaipėda and Subačius Liquid energy terminals, the Company continues to develop business relationships with international and regional market players.

OVERVIEW OF KLAIPĖDA LNG TERMINAL OPERATING ENVIRONMENT

During the first half of 2024 NERC adopted the following resolutions related to the operating environment of Klaipėda LNGT:

- On 21 May 2024, decree No. O3E-713 NERC determined LNG regasification revenue cap for new regulatory period of 5 years starting from 1st of January 2025. Revenue cap of 59,6 MEUR for Y2025 is approved;
- On 31 May 2024, decree No. O3E-792 NERC approved variable component of the LNG regasification price (LNG regasification tariff) for the Y2025. LNG regasification tariff is set at 1.84 EUR/MWh;
- On 31 May 2024, decree No. O3E-791 NERC approved KN investments for Y2023-2026. Total value of investments reaches 2,117 MEUR;
- On 26 June 2024, decree No. O3E-911 NERC approved evaluation of financial capabilities of companies acting in natural gas sector, including KN Energies as sufficient to perform regulated activities.

In 2022 and 2023 KN has successfully allocated long-term capacity to the terminal users from Lithuania, Latvia, Estonia, Poland and Norway:

- Long-term capacity of 24 TWh (in 4 packages of 6 TWh) for the period starting from 2023 up until end of 2032;
- Long-term capacity of 9 TWh (in 3 packages of 3 TWh) for the period starting from 2025 up until end of 2032;
- Long-term capacity of 4 TWh (1 package of 4 TWh) for the period starting from 2033 up until end of 2044.

Starting from Y2025, the Company does not expect to organize Annual capacity allocation. The Company plans to allocate LNG regasification capacity for Spot cargoes during the Terminal Gas Year or in case of unused LNG regasification capacity, there might be available capacity on the Secondary market.

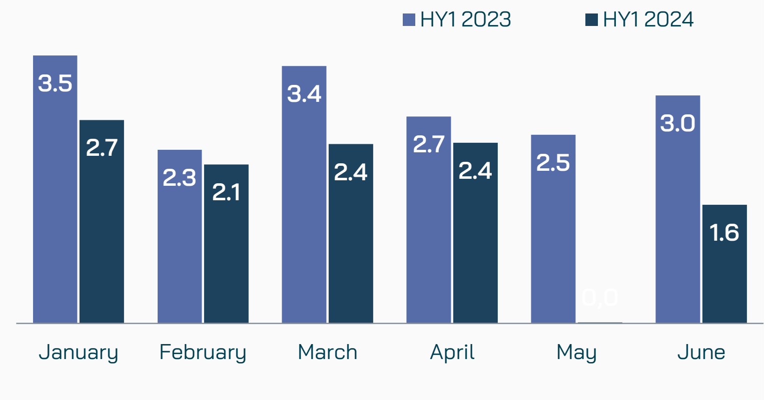
LNGT capacity allocated for the Terminal Gas Year 2024:

ALLOCATED CAPACITY	AMOUNT OF ALLOCATED CAPACITY, GWh*	PERIOD
LNG regasification capacity**	33,000	1 January 2024 – 31 December 2024
	373	27 January 2024 – 26 February 2024
	300	1 April 2024 – 30 April 2024
	95	1 April 2024 – 30 April 2024
	61	17 April 2024 – 30 April 2024
LNG reloading capacity (summed up in total)	1,544	4 January 2024 - 18 July 2024

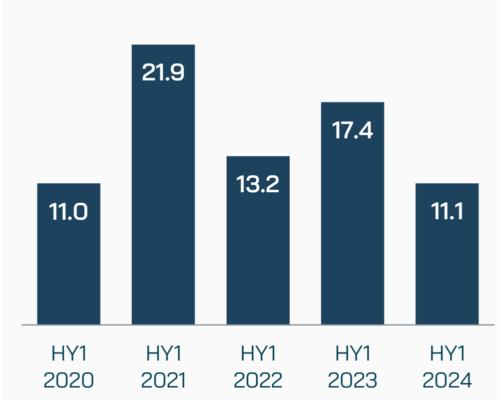
* Combustion / measurement temperature 25/0 °C, pressure 1.01325 bar, natural gas gross calorific value 11.35 kWh/nm3, expansion factor 1: 578 m3 LNG / nm3 of gas).
**During Gas Year LNG regasification capacity may be changed to LNG reloading capacity.

KN ENERGIES

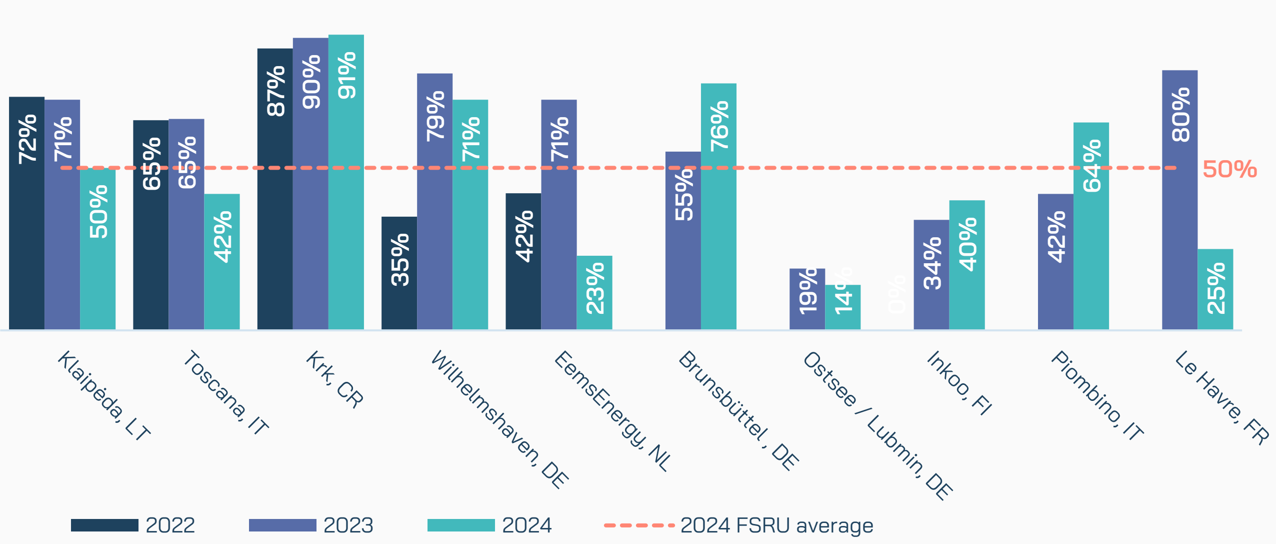
LNG regassification and reloading (TWh)



Total LNG regassification and reloading (TWh)



Utilisation rate of FSRU-based LNG terminals in EU (2022-2023, HY1 2024)*



* Based on data from GIE ALSI database.

During the first half of 2024 the Klaipėda LNGT:

- Performed 30 ship-to-ship operations (32 ship-to-ship operations in the first half of 2023).
- 686 thousand tonnes of LNG were received (1,130 thousand tonnes in the first half of 2023).
- 795 billion nm3 of natural gas were regasified and supplied to the natural gas transmission system (1.403 billion nm3 in the first half of 2023).
- 118,121 tonnes LNG were reloaded into small scale LNG carriers (59,648 tonnes were reloaded in the first half of 2023).
- Accepted LNG origin was 33% from USA, 67% from Norway.

The demand for LNG terminal capacity depends on several key criteria:

- Joint gas demand of Lithuania and other neighbouring countries.
- Pricing offered by competing natural gas supply sources (gas supplied by pipeline or other LNG terminals in the region) and quantity of gas supplied.
- Limitations of the Lithuanian natural gas infrastructure (transmission system capacity) and interconnections.
- 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.

INVESTMENTS

Major investment projects in first half of 2024:

NO.	PROJECT	AMOUNT OF INVESTMENT	DESCRIPTION
1.	Safety and maintenance investments in FSRU	1,930 TEUR	Deployment of technical measures for the protection of the underwater part of the FSRU and integration of backup heat exchangers.
2.	Investments in pipelines and tanks	316 TEUR	Investments have been made to ensure safety and expand infrastructure for loading.
3.	Investment in business continuity	267 TEUR	Electrical automation investment for business continuity.
4.	IT investments	63 TEUR	Upgrading IT equipment and software.
5.	Other investments	505 TEUR	Other investments related to maintenance, business continuity, compliance, cyber-security, and workplace safety.
	Total	**3,081 TEUR**	

At the end of 2024, the company will purchase FSRU Independence.

"Since the geopolitical situation has changed, the last couple of years have clearly shown that the Klaipėda LNG terminal is not only the main source of gas supply for Lithuania but also an infrastructure of regional importance, ensuring gas supply to other countries as well." said Darius Šilenskis, CEO.

3. FINANCIAL RESULTS

CONSOLIDATION

The financial results of the Group consist of the financial results of the parent company AB KN Energies 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.

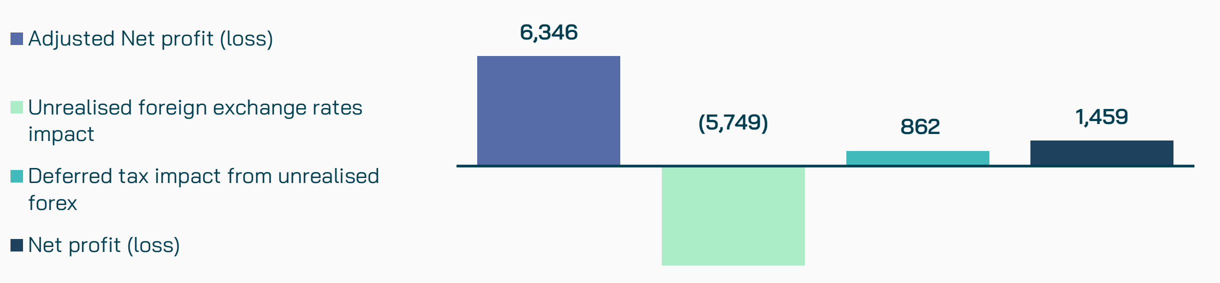
On consolidation, the revenue and expenses are translated into euros at an average exchange rate observed during reporting period. The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date. The exchange differences arising on translation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

FINANCIAL RESULTS

KN uses alternative performance measures (APM) to provide better understanding of the Group and the Company 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.

Since 2019, KN's financial results have 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. 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 5,749 thousand has been recognized in the statement of comprehensive income in the first half of 2024 (in first half of 2023 – a positive impact of EUR 5.666 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 for 2020-2024 in amount of EUR 26.8 million per annum. The LNG security supplement reduction is financed by NIB loans; therefore, the cash flows of the Group and the Company are not affected. The reduced revenue will be returned to the Company over the period of operation of the LNG terminal.

Impact of IFRS 16 on Group's Net profit (loss) in HY1 of 2024 (EUR thousand)

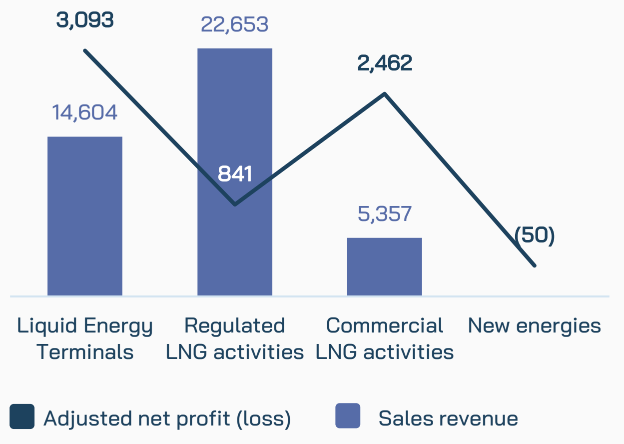


INCREASE/(DECREASE) IN EUR THOUSAND	30-06-2024 THE GROUP	30-06-2024 THE COMPANY
Net profit (loss)	**1,459**	**0,800**
Unrealised foreign exchange rates impact	5,749	5,749
Deferred tax impact from unrealised forex	(862)	(862)
Net profit (loss) adjusted	**6,346**	**5,687**

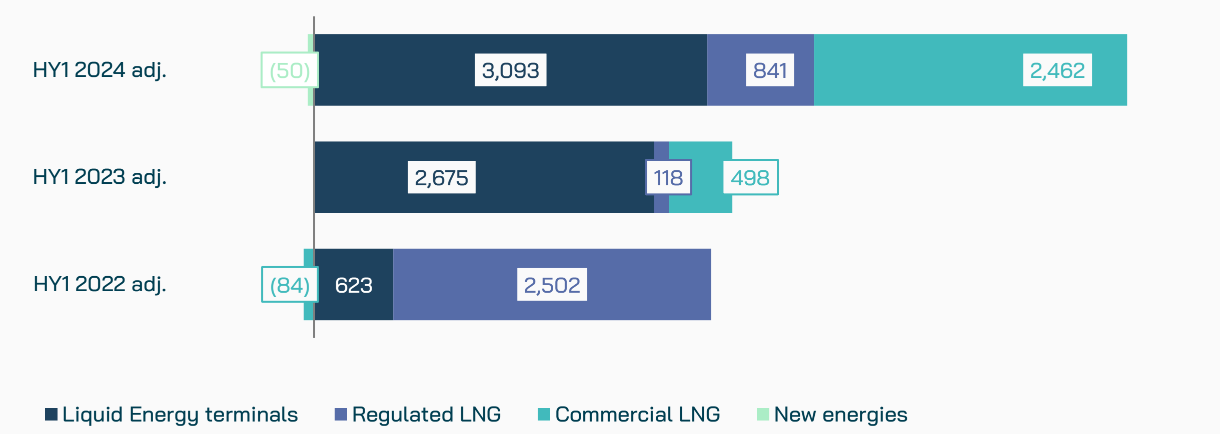
The main reasons for the decrease of the **Group's net profit** by EUR 6,641 thousand (net profit in first 6 months of 2024 stood at EUR 1,459 thousand versus EUR 8,400 thousand a year ago) compared to first half of 2023 are – EUR 4,046 thousand net loss from regulated LNG activities, however net profit from Liquid energy products terminals is higher by EUR 418 thousand and EUR 1,964 thousand higher net profit from commercial LNG activities. Also, in first half of 2024, Company has a loss from New energies segment (EUR 50 thousand), as the Company is committing resources to the development of this area.

Group's adjusted net profit increase by EUR 3,062 thousand, compared to first half of 2023, is due to EUR 723 thousand higher adjusted net profit from regulated LNG activities. For detailed explanations see below.

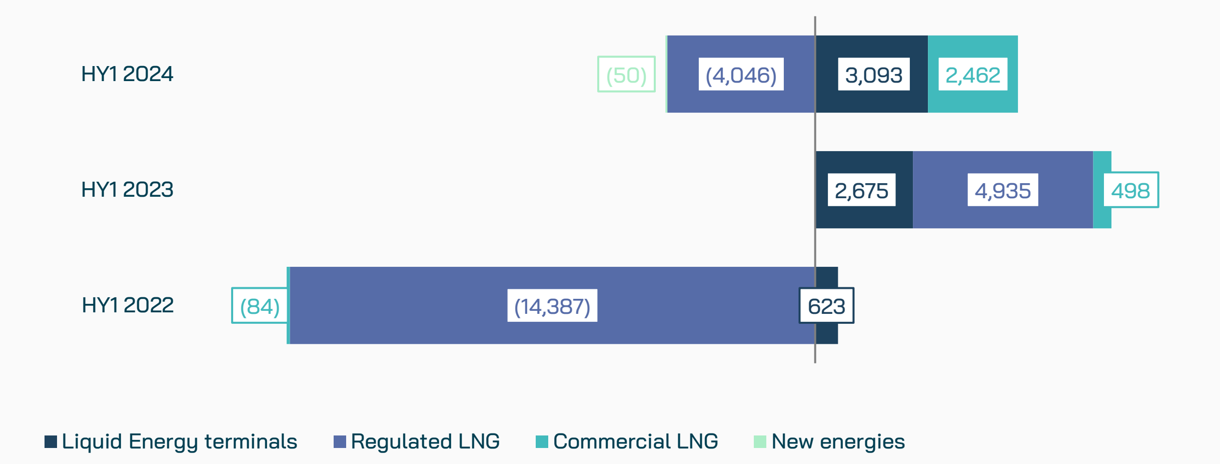
THE GROUP'S ADJUSTED NET PROFIT (LOSS) AND SALES REVENUE BY BUSINESS SEGMENTS (EUR thousand)



THE GROUP'S ADJUSTED NET PROFIT (LOSS) BY BUSINESS SEGMENTS (EUR thousand)



THE GROUP'S NET PROFIT (LOSS) BY BUSINESS SEGMENTS (EUR thousand)



RESULT BY SEGMENTS

Result of Liquid energy terminals:

Adjusted net profit from Liquid energy terminals is higher by EUR 418 thousand.

Although Liquid energy products transshipment was slightly lower in the first half of 2024 (1,898 thousand t in HY1 2024, 1,955 thousand t in HY1 2023) the segment's sales revenue was EUR 405 thousand higher mainly due to increase in storage services.

"Despite the challenging conditions in the market, Company's 2024 1H Liquid energy terminals segment transshipment volumes and revenues remained stable and close to the results of the same period in 2023, with increasing share of biofuels, light oil products (gasoline, diesel) and bitumen in it." comments Mindaugas Navikas, CCO of KN Energies.

The segment's variable costs in the first half of 2024 were EUR 0.8 million lower compared to the first half of 2023, mainly due to lower gas and electricity prices, as well as the Company's internal initiatives to reduce heat and electricity consumption.

Result of regulated LNG activities:

During May 2024 an inspection and repair of the FSRU was successfully executed in the dry dock in Denmark. During the inspection of Independence in the dry dock, anti-corrosion coating of the Independence hull was renewed, periodic maintenance works were performed.

Due to planned periodic dry dock, FSRU Independence had not performed regasification until mid-June which has led to lower revenues. During this period, Lithuania had been supplied with natural gas through the Inkoo and GIPL gas interconnection between Lithuania and Poland and from the Inčukalns natural gas storage in Latvia.

Although the revenue of regulated LNG terminal is lower by EUR 2,151 thousand, lower expenses by EUR 2,874 thousand caused higher adjusted net profit (loss) in HY1 2024 by EUR 723 thousand compared to the same period of 2023.

Main reasons of lower revenue: (1) lower regasification revenue by EUR 2.6 million due to the dry-dock of the FSRU when the activity was not carried out; (2) higher LNG reloading revenue by EUR 0.4 million.

Main reasons of lower expenses: (1) lower emission allowances' expenses by EUR 3.6 million due to lower price; (2) lower customers' compensation expenses by EUR 1.5 million; (3) other opex expenses are higher by EUR 0.6 million; (4) negative impact by EUR 0.5 million from financial activities; (5) changes in deferred income tax balance have a EUR 1.1 million negative impact on adjusted net profit (loss) of LNGT comparing to 2023.

Result of commercial LNG activities:

Adjusted net profit from commercial LNG activities is higher by EUR 1,964 thousand due to EUR 1.6 million higher revenue from global LNG projects and other commercial LNG activities in the first half of 2024, compared to the same period of 2023.

In the first half of 2024, the KN continued its successful Global projects activities (In January 2024 KN executed a contract with DET on the provision of commercial management services of Wilhelmshaven 1, Brunsbüttel, Wilhelmshaven 2, and Stade LNG terminals on the North Sea coast, in May 2024, KN was awarded with a service contract for the technical operation and maintenance of the LNG terminal facilities at the Wilhelmshaven-2 site in Germany).

Expenses from commercial LNG activities are slightly lower, due to lower depreciation and lower other operating expenses, however, wages, salaries and social security expenses remained at similar level.

Result of New energies segment:

The Company had a loss of EUR 50 thousand from New energies segment, because the Company devotes resources to exploring new opportunities and analysing the market.

During the first half of 2024, a number of business trips were made to various events which provided valuable opportunities for networking, collaboration, and staying updated with the latest developments in the field. Additionally, KN took an active role in several significant conferences and forums. This included participation in the regional CO2 Baltic Carbon Forum conference held in Latvia, which focused on regional efforts and innovations in carbon capture and storage. KN also attended the CCUS Forum conference in Denmark, where leading experts discussed advancements and strategies in carbon capture, utilization, and storage technologies. Furthermore, KN engaged in a detailed review of the most advanced Norwegian CO2 project, gaining insights into cutting-edge practices and technologies being implemented.

"Participation in these and similar events allowed KN to remain at the forefront of industry developments, fostering strategic partnerships and enhancing their expertise in carbon management and sustainability initiatives." comments Linas Kilda, CBDO of KN Energies.

In addition, resources has been allocated to the CCS Baltic Consortium, coordinated by KN, for activities aimed at advancing the project's maturity and laying the groundwork for subsequent technical and commercial studies. These efforts include seeking additional financial support, which is crucial for accelerating the development and implementation of CCS value chain in the Baltic region. The consortium's activities encompass a range of strategic initiatives designed to enhance project readiness and secure the necessary funding to drive forward CCS advancements. By focusing on these preparatory measures, the consortium aims to create a robust foundation for the successful deployment of CCS technologies, which are vital for reducing carbon emissions and promoting sustainable development in the Baltics.

Furthermore, the company is actively assessing the potential roles it could play within the hydrogen value chain. It is recognized that further technical studies need to be undertaken to assess the company's infrastructure needs to meet the developing sector's demands and the scale of development required. KN continues to evaluate technological advancements, market trends, and regulatory frameworks that influence the sector.

To enhance our understanding of the latest advancements in energy storage technology, KN partnered with Kaunas Technological University to conduct a comprehensive study exploring the potential of flow battery technologies. This research provided valuable insights into the capabilities and applications of flow batteries, highlighting their advantages and efficiency while identifying potential barriers. The study yielded crucial information that will inform and advance KN's development efforts in this area.

SALES REVENUE

The Group's sales revenue in first half of 2024 (EUR 42,614 thousand) is 0.5% or EUR 216 thousand higher compared to the first half of 2023 (EUR 42,398 thousand). Sales revenue from Liquid energy terminals is 2.9% or EUR 405 thousand higher, 57,8% or EUR 1,962 thousand higher revenue from commercial LNG activities and 8.7% or EUR 2,151 thousand lower revenue from regulated LNG activities. The activity of LNG terminal is regulated and has a price cap thus activity does not depend on regasification volume. For more information, concerning regulated revenues refer to the article "Regulated profit of LNG terminal". More information about result of each business segment is provided in article "Result by segments".

The Company's sales revenue in first half of 2024 (EUR 40,766 thousand) is almost at the same level compared to first half of 2023 (EUR 40,946 thousand).

EXPENSES

Total cost of the Group for the first half of 2024 comprises EUR 32,659 thousand and is lower by 12.2% or by EUR 4,517 thousand comparing to the first half of 2023 (EUR 37,176 thousand).

In the first half of 2024, expenses of LNGT decreased by 19.8% mainly due to (1) 24% lower emission allowances (EA) price and 33% lower EA quantities, (2) variable costs were also lower due 56% lower gas price and 32% lower electricity price. Expenses in LET remained in the same level.

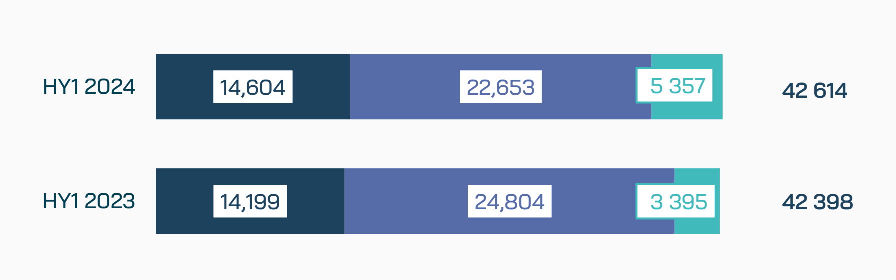
Detailed expenses by segments provided in the next page.

Total cost of the Company for the first half of 2024 comprises EUR 31,709 thousand and is lower by 12.4% or by EUR 4,474 thousand compared to the first half of 2023 (EUR 36,183 thousand). The main reasons and the figures are the same as per above explanation for the Group's cost.

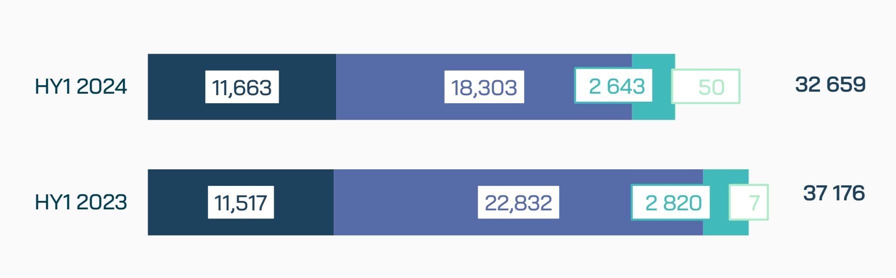
HY1 2024 and HY1 2023 cost of sales and operating expenses for the Group and the Company:

	HY1 2024 GROUP	HY1 2023 GROUP	Change 2024vs2023 +/-	Change 2024vs2023 %	HY1 2024 COMPANY	HY1 2023 COMPANY	Change 2024vs2023 +/-	Change 2024vs2023 %
Cost of sales	25,382	31,824	(6,442)	(20.2%)	24,929	31,373	(6,444)	(20.5%)
Operating expenses	7,277	5,352	1,925	36.0%	6,780	4,810	1,970	41.0%
Total costs	**32,659**	**37,176**	**(4,517)**	**(12.2%)**	**31,709**	**36,183**	**(4,474)**	**(12.4%)**

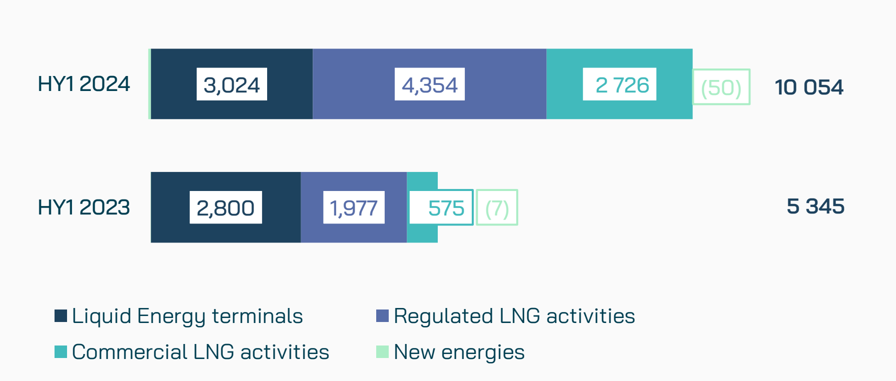
THE GROUP'S SALES REVENUE BY SEGMENTS (EUR thousand)



THE GROUP'S COSTS BY SEGMENTS (EUR thousand)



THE GROUP'S EBIT BY SEGMENTS (EUR thousand)



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

	HY1 2024				TOTAL HY1 2024	HY1 2023				TOTAL HY1 2023	Change 2024vs2023	
	LET	LNG		New energies		LET	LNG		New energies			
		LNGT	comLNG				LNGT	comLNG			+/-	%
Wages, salaries and social security	4,715	1,988	1,231	46	**7,980**	4,050	1,688	1,221	-	**6,959**	1,021	14.7%
Depreciation of right-of-use asset	265	6,899	75	-	**7,239**	229	6,871	63	-	**7,163**	76	1.1%
Depreciation and amortization	2,757	1,112	560	-	**4,429**	2,542	1,089	607	-	**4,238**	191	4.5%
Expenses related to FSRU rent (OPEX element, management, crew cost)	-	3,799	-	-	**3,799**	-	3,722	-	-	**3,722**	77	2.1%
Other cost of sales and operating expenses	1,060	881	578	4	**2,523**	970	2,040	658	-	**3,668**	(1,145)	(31.2%)
Emission allowances and tax on environmental pollution	130	1,669	-1	-	**1,798**	178	5,236	-	-	**5,414**	(3,616)	(66.8%)
Variable costs (natural gas, electricity, railway services)	1,591	7	18	-	**1,616**	2,424	11	16	-	**2,451**	(835)	(34.1%)
Port charges	-	762	-	-	**762**	-	766	-	-	**766**	(4)	(0.5%)
Repair and exploitation expenses	518	142	56	-	**716**	318	119	91	-	**528**	188	35.6%
Consulting and legal costs	159	300	111	-	**570**	356	419	149	7	**931**	(361)	(38.8%)
Insurance expenses	159	356	6	-	**521**	143	522	6	-	**671**	(150)	(22.4%)
Contribution for National Energy Regulatory Council (NERC)	-	334	-	-	**334**	-	306	-	-	**306**	28	9.2%
Tax on real estate	210	36	6	-	**252**	210	36	6	-	**252**	0	-
Work safety costs	99	18	3	-	**120**	97	7	3	-	**107**	13	12.1%
Total costs	**11,663**	**18,303**	**2,643**	**50**	**32,659**	**11,517**	**22,832**	**2,820**	**7**	**37,176**	**(4,517)**	**(12.2%)**

In the first half of 2024, the total amount of Liquid Energy terminal's expenses amounts to EUR 11,663 thousand (first half of 2023 – EUR 11,517 thousand) and are 1.3% or EUR 146 thousand higher versus 2023 same period. In the first half of 2024 regulated LNG activity expenses amounted to EUR 18,303 thousand and are lower by EUR 4,529 thousand or by 19.8% compared to 2023 same period (EUR 22,832 thousand). Expenses from commercial LNG activities amounts to EUR 2,643 thousand and are 6.3% or EUR 177 thousand lower than first half of 2023 (EUR 2,820 thousand).

LNG REGULATED ACTIVITY TEMPORARY REGULATORY DIFFERENCES

	2014-2019 surplus	2020	2021	2022*	2023*	2024
Regulated Asset Base (RAB)		47,047	44,176	41,304	38,912	36,808
Weighted Average Cost of Capital (WACC)		2.90%	3.46%	4.14%	4.16%	5.06%
Return on Investments (ROI) (RAB x WACC)		**1,364**	**1,528**	**1,710**	**1,619**	**1,862**
Total temporary regulatory adjustment		**(7,526)**	**2,646**	**807**	**2,132**	**5,361**
1) adjustment related to prior years: payback of excess net income / (compensation of excess net cost)		(130)	2,254	7,105	568	(3,427)
2) adjustment related to the current year: (excess net income) / excess net cost	(2,459)	(7,395)	392	(6,299)	4,219	7,461
3) adjustment related to the upcoming year: (excess net income) / excess net cost					(2,654)	1,327
Payback / (compensation) in:						
Year 2020	(130)					
Year 2021	2,589	(335)				
Year 2022		7,105				
Year 2023		625	(392)			
Year 2024				(6,855)		
Year 2025				356	(6,458)	
Year 2026						381
Year not specified				12,797	2,239	(7,842)
Settlement of advances received in year 2024					2,654	(1,327)
Contingent asset / (liability) from other temporary regulatory differences as at the end of the period	**(2,459)**	**(9,984)**	**(7,339)**	**(6,532)**	**(4,399)**	**961**
Contingent asset from security supplement reduction as at the end of the period		**26,829**	**53,658**	**80,487**	**107,316**	**120,731**

* NERC evaluated the results for 2022-2023 and the amount of payback (compensation) in 2025

LNG terminal costs are part of the natural gas transmission service price, as per NERC rules and Lithuanian energy laws. NERC confirms LNG terminal revenue, calculated from estimated costs and return on investment. Revenue is recognized when services are provided per NERC-approved tariffs.

NERC annually sets the LNG Security Supplement tariff based on estimated LNG terminal revenue and forecasted gas consumption. It's paid by natural gas transmission system users, collected by the transmission service operator (hereinafter – TSO). Actual contributions may vary due to consumption differences

Net profit of the LNG terminal and regulated activity profit are calculated differently, with financial accounting following IFRS and regulated activities following NERC methodology. LNG operating expenses are recognized when incurred. Regulated profit adjusts the return on investment by non-regulated income and expenses.

NERC calculated surpluses in the 1st (2014-2019) and 2nd (2020-2024) regulatory periods, reducing LNG terminal revenue for certain years. Specifically, the 2019 revenue was reduced by EUR 787 thousand, 2021 by EUR 2,589 thousand, 2023 by EUR 568 thousand, and 2022 by EUR 7,105 thousand due to significant net excess income in 2020. In May 2024 NERC evaluated the surplus for 2022-2023 and will reduce the revenue level for 2025 by EUR 530 thousand.

According to the changes of Methodology, Company accumulates collected additional income from variable and fixed parts of LNG regasification price to reduce the security supplement in the future periods when costs of LNG terminal will not be collected directly by LNG terminal users and accordingly KN part of the security supplement will be positive. In 2024, the Company plans to not reach the set revenue level due to the "dry-dock", services were unavailable for approximately 1 month, which results the shortfall of revenue and will be covered by collected income of previous years.

Assess the impact of regulated activities, the Company in management accounting calculates normalized profit. Normalized profit is adjusted for temporary regulatory differences.

4. GOVERNANCE INFORMATION & EMPLOYEES

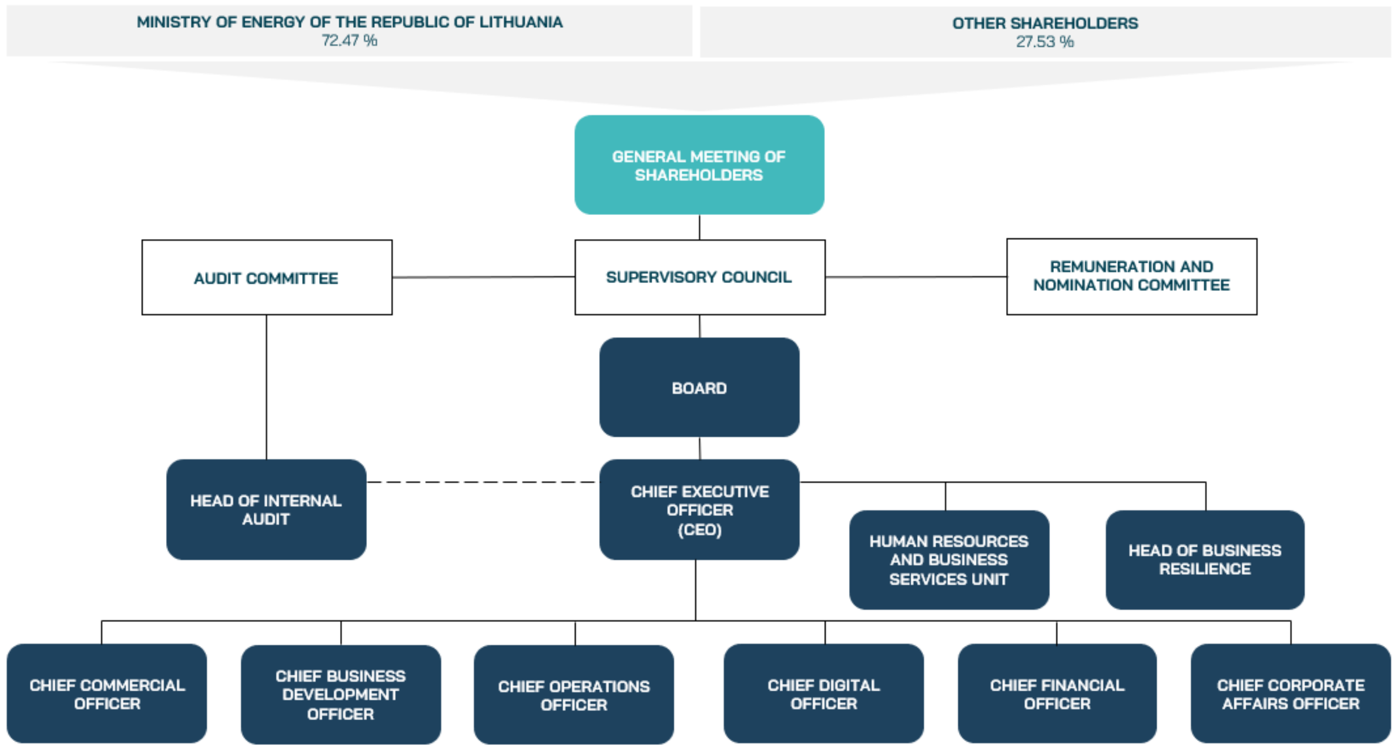
MANAGEMENT OF THE COMPANY

MANAGEMENT STRUCTURE

The Company follows the Law on 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)



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 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.

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 Companies. The number of the terms of office a member may serve on the Supervisory Council is not limited. 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 Companies and the Articles of Association of the Company. Functions, rights, and duties of the Supervisory Council are detailed in the Corporate Governance Policy of the Company, Decision Making Matrix of the Company and 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 of which 1 (one) is independent and 2 (two) are delegated members of the Supervisory Council. The Regulation of the Audit Committee of the Company, regulates functions, rights, and duties of the Audit Committee. The key responsibilities of the Audit 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 and the approval of the General Meeting of Shareholders the members of the Audit Committee have been elected until the end of office of the current Supervisory Council.

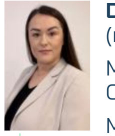
MEMBERS OF THE NON-EXECUTIVE MANAGEMENT AS AT 30 JUNE 2024

Robertas Vyšniauskas
(independent member)

Chairperson of the Supervisory Council

Member of Audit Committee

Member of the Remuneration and Nomination Committee



Dovilė Kavaliauskienė
(member)

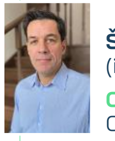
Member of the Supervisory Council

Member of the Remuneration and Nomination Committee

Mantas Šukevičius
(independent member)

Member of the Supervisory Council

Member of Audit Committee

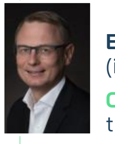


Šarūnas Radavičius
(independent member)

Chairperson of the Audit Committee

Živilė Valeišienė
(independent member)

Chairperson of the Remuneration and Nomination Committee

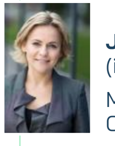


Edvinas Katilius
(independent member)

Chairperson of the Board of the Company

Alfonso Morriello
(independent member)

Member of the Board of the Company



Jūratė Lingienė
(independent member)

Member of the Board of the Company

Karolis Švaikauskas
(member)

Member of the Board of the Company

Guy Mason
(independent member)

Member of the Board of the Company

The Supervisory Council by its decision has formed **Remuneration and Nomination Committee**, which consists of 3 (three) members of which 1 (one) is independent and 2 (two) are delegated members of the Supervisory Council, elected for the office term of the Supervisory Council. The Regulation of the Remuneration and Nomination Committee of the Company, regulates functions, rights, and duties of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee acts as an advisory body to the Company's Supervisory Council, making recommendations on the Company's remuneration policy, proposing to the Company the criteria for assessing the performance of its executives, and making other recommendations relating to remuneration. The Remuneration and Nomination Committee, among other functions, provides opinions to the Supervisory Council on the selection procedure of collegial bodies (excluding the Supervisory Council), provides recommendations regarding candidates for vacant positions in the management bodies, pays attention to the Company's continuity planning. The members of the Remuneration and Nomination Committee are appointed by the decision of the Supervisory Council until the end of the term 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. The mandate of the Board members has been determined by the Law on Companies and the Articles of Association of the Company, the Corporate Governance Policy of the Company and Decision-Making Matrix of the Company.

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 Companies and the Articles of Association of the Company, the Corporate Governance Policy of the Company, Decision-Making Matrix of the Company.

MANAGEMENT OF THE COMPANY AS AT 30 JUNE 2024

Darius Šilenskis
Chief Executive Officer (CEO)

Linas Kilda
Chief Business Development Officer (CBDO)

Mindaugas Navikas
Chief Commercial Officer (CCO)

Dainius Čiuta
Chief Operations Officer (COO)

Tomas Tumėnas
Chief Financial Officer (CFO)

Martynas Žiedas
Chief Digital Officer (CDO)

Simona Kutelienė
Chief HR Officer (CHRO)

Akvilė Šneiderė
Chief Resilience Officer (CRO)

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.

Risk impact:	Risk probability:	Risk level:
Low – risk could have impact to operations without impact to yearly plans.	**Low** – there should be several unrelated events for risk to materialize.	**Low** – risk managed if cost of management does not outweigh possible impact.
Medium – risk could have impact to company's short-term plans implementation.	**Medium** – there is 50% chance of risk to materialize.	**Medium** – in most cases risk managed or monitored, but there could be decision to monitor risk.
High – risk could have major impact to company's strategy implementation.	**High** – almost certain that risk will materialize in 3-year period.	**High** – risk actively manged with possible exception made by the Board (In some cases strategy review process could be initiated to reduce level of risk).

RISK MATRIX

Impact			
	Medium	High	High
	Low	Medium	High
	Low	Low	Medium
	Probability		

RISK HEAT MAP

Impact			
		R1, R2, R3, R4, R6	
	R5	R7, R8, R9	
	Probability		

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

Risk No 1. Business risk – client concentration risk

Risk impact:	Risk probability:	Risk level:
High	Medium	High

The Company works with several big clients in the area of liquid energy products transshipment. One of the clients contributes a significant portion of liquid energy product transshipment via operated liquid energy terminals and income flows.

The Company continuously looks for other potential clients, flows of shipments and alternative activities. Also, the Company reviews existing expenses and constantly searches for costs optimization possibilities.

The company mitigates risks by diversifying income, expanding services, and engaging with clients interested in petrochemical storage and transshipment. The Company also operates an LNG terminal, consults and participates in global LNG projects, and provides small scale LNG services.

During 2020 political risk materialized, and one of the largest clients BNK (UK) Limited, announced a temporary suspension of transshipment. Moreover, starting from 24th June 2021, sanctions on Belarus were introduced by Council Regulation (EU) 2021/1030 – no more transit of oil product flows from Belarus are possible and are not expected in the future. Due to these external operational risks, KN has to implement long-term strategic decisions to adapt to new geopolitical circumstances. Consequently, a long-term 2050 corporate strategy has been prepared.

Risk No 2. Operational risk – major incidents causing environmental and infrastructure damage

Risk impact:	Risk probability:	Risk level:
High	Medium	High

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

Due to the nature of high-risk activities, risk could not be considered low impact.

To manage the internal operational risk, the Company implemented required organizational measures and procedures and information systems to support business processes that ensure the proper functioning of the 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, management of transactions and accountancy, limitation of decision-making powers and authority of their execution, collegial decision-making in crucial issues, and other.

In addition, KN constantly updates and reviews its insurance program in order to ensure loss minimization in case of an accident.

Internal operational risk management is significantly influenced by the standards 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 rules and procedures operate in practice.

The company works to reduce legal risks, ensure compliance, and has received positive evaluations from potential clients. It has a compliance function to manage operational risks and regularly updates its status.

Risk No 3. Physical security risk

Risk impact:	Risk probability:	Risk level:
High	Medium	High

Considering increased level of espionage activities in Lithuania and other Baltic countries there could be increased activities to obtain information or organize sabotage activities regarding strategic Lithuanian objects using contractors, civilians, and existing employees. Physical entrance barriers are important in order preventive hybrid threats - cyber-attacks by accessing critical infrastructure. Company constantly investing into physical security measures to increase resilience against increasing sabotage activities probability in European countries including physical barriers (project implemented last year were underwater LNG terminal surveillance equipment and drone capture equipment) and personnel resilience.

Risk No 4. Cyber risk

Risk impact:	Risk probability:	Risk level:
High	Medium	High

Cyber risk refers to the potential for unauthorized access, use, disclosure, disruption, modification, or destruction of information and systems by cybercriminals or malicious actors. Due to the geopolitical situation company initiated additional measures to strengthen detection and recovery capabilities. In addition, KN actively participate in National and regional level exercises.

The company's regular activities include increased capabilities in cyber incidents detection and recovery, vulnerability management, conducting regular security assessments and penetration testing, and providing employee training on the best practices of cybersecurity.

Risk No 5. Fraud prevention and sanctions controls

Risk impact:	Risk probability:	Risk level:
Medium	Low	Low

The Company pays substantial attention to minimizing corruption risk and implements relevant internal processes. Taking into account the geopolitical context, in 2024 the company continued to strengthen controls related to the verification of suppliers, customers and contractors. One of the instruments for the prevention of infringements is the Whistleblowing channel, which is open to all natural persons and legal entities: both existing and former KN employees, former and potential KN clients, contractors, suppliers, and the community. It provides a possibility to inform the collegial managing bodies of KN directly.

In addition, due to sector specifics, the company has greater exposure to clients who could have connections to sanctioned companies or persons. For this reason, the company performs rigorous due diligence to avoid any possible connections and puts extra effort into performing due diligence for clients and suppliers in order to avoid reputational damage or indirect exposure. In addition, there are requirements to perform due diligence for suppliers that implement IT or OT projects, or critical infrastructure projects to provider information for national security commission.

Risk No 6. Foreign Exchange Rate Risks

Risk impact:	Risk probability:	Risk level:
High	Medium	High

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 Açu in Brazil. Whereas NERC compensates FSRU lease payments as to regulated activity principles, the impact is considered high. KN Açu's exposure to currency risk is also regarded as low due to insignificant related transaction amounts.

Risk No 7. Credit Risks

Risk impact:	Risk probability:	Risk level:
Medium	Low	Medium

Possible credit risk of the Group's and the Company's customers is managed by 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, collateral is not required.

Risk No 8. Interest Risks

Risk impact:	Risk probability:	Risk level:
Medium	Low	Medium

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. Overall, about half of the loan portfolio is exposed to floating interest rate risk; no hedging derivative instruments were used. Thus, such standing has implications to financial results.

EIB facility with three tranches is exposed to 3 months EURIBOR with zero-floor applicable on EURIBOR base. In contrast, NIB facilities are exposed to 6 months EURIBOR with no zero-floor applicable on EURIBOR base.

The Group and the Company are constantly assessing its possibilities to hedge interest rate risks on its loans. Thus, the loans related to long-term LNG terminal solution with high probability in future are expected to be with partially or fully fixed interests.

The Group's and the Company's excess liquidity in the forms of money and time deposits are distributed across the accounts of principal commercial banks in Lithuania, 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 the recommendation of the Central Bank of Lithuania.

Risk No 9. Liquidity Risks

Risk impact:	Risk probability:	Risk level:
Medium	Low	Medium

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) as of 30 June 2024 was 0.43 (1.27 as of 30 June 2023). The Company's gross liquidity (APM) as of 30 June 2024 was 0.39 (1.18 as of 30 June 2023).

The decrease in the liquidity ratios at the end of the year formed due to the change (increase) in short-term liabilities. KN Energies has the obligation to acquire the FSRU by the end of 2024. For the acquisition, the Company has secured a loan from NIB. The maximum amount of the loan is up to EUR 160 million. The Government of the Republic of Lithuania is a guarantor of the loan.

INFORMATION ABOUT THE EMPLOYEES

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, cooperation, succession planning, and creates additional value for the company and its stakeholders.

Number of the Group employees as at 30 June 2024:

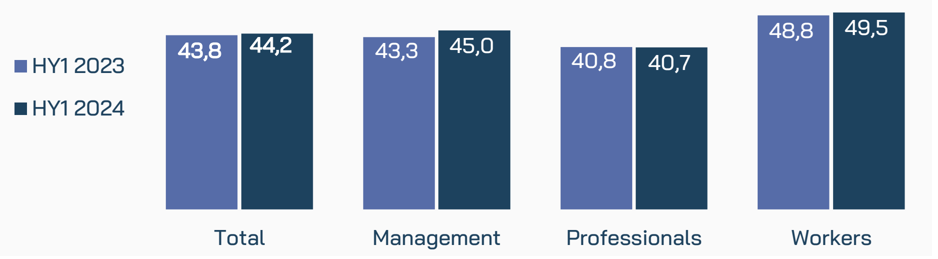
	30-06-2024	30-06-2023	CHANGE,%
AB KN Energies	343	326	5.2%
UAB SGD terminalas	2	2	-
UAB KN Global Terminals	2	2	-
UAB SGD SPB	2	2	-
KN Açu Serviços de Terminal de GNL LTDA	28	22	27.3%
Total	**377**	**354**	**6.5%**

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 2024:

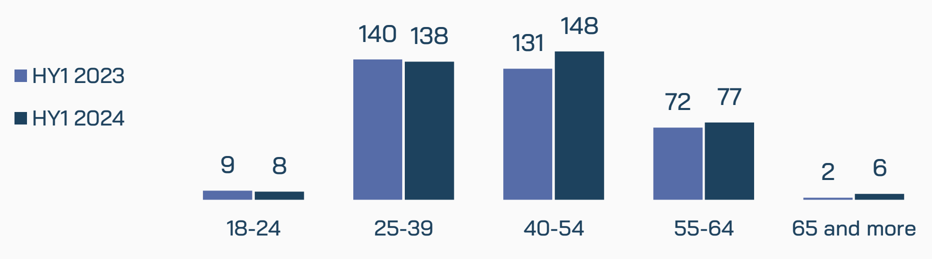
	FEMALES	%	MALES	%
AB KN Energies	91	26.5%	252	73.5%
UAB SGD terminalas	1	50.0%	1	50.0%
UAB KN Global Terminals	1	50.0%	1	50.0%
UAB SGD SPB	1	50.0%	1	50.0%
KN Açu Serviços de Terminal de GNL LTDA	4	14.3%	24	85.7%
Total	**98**	**26.0%**	**279**	**74.0%**

AVERAGE AGE OF THE EMPLOYEES OF THE GROUP



DISTRIBUTION OF GROUP'S EMPLOYEES BY WORK EXPERIENCE, (YEARS)

NUMBER OF THE GROUP'S EMPLOYEES BY AGE GROUPS



Education of the Group's employees by categories:

EMPLOYEE CATEGORY	EMPLOYEES ON 30-06-2024	UNIVERSITY	VOCATIONAL	SECONDARY AND OTHER	EMPLOYEES ON 30-06-2023	UNIVERSITY	VOCATIONAL	SECONDARY AND OTHER
Management	56	56	-	-	50	50	-	-
Professionals	190	180	13	6	188	173	173	7
Workers	122	22	40	60	116	23	23	60
Total	**377**	**258**	**53**	**66**	**354**	**246**	**246**	**67**

* The management of the Company include Chief Executive Officer (CEO), Top managers, Middle managers (C-2) and Functional managers.

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. The Company is constantly reviewing remuneration competitiveness and motivational system. As a result, in the beginning of January 2024 The Employee Remuneration Policy and The Procedure of Remuneration System Formation have been updated for motivational system to work even more effectively. The Company introduced quarterly short-term incentives system to C-2 level and lower positions in the organization. Accordingly, employee's bonus structure currently includes annual bonuses for all employees that focus on consistent alignment of the team towards the mutual annual objectives and also acknowledges short-term performance results on a monthly or quarterly basis.

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 to ensure 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 all 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 2024	HY1 2023	CHANGE,%
AB KN Energies	7,576	6,566	15.4%
UAB SGD terminalas	2	2	-
UAB KN Global Terminals	2	2	-
UAB SGD SPB	2	2	-
KN Açu Serviços de Terminal de GNL LTDA	398	387	2.8%
Total:	**7,980**	**6,959**	**14.7%**

Employees according to categories:

EMPLOYEE CATEGORY	AVERAGE NUMBER OF EMPLOYEES					
	HY1 2024 GROUP	HY1 2023 GROUP	CHANGE,%	HY1 2024 COMPANY	HY1 2023 COMPANY	CHANGE,%
Executives	5	5	-	1	1	-
Top Management	6	5	20.0%	6	5	20.0%
Middle Management	46	50	(8.0%)	42	47	(10.6%)
Professionals	192	174	10.3%	169	155	9.0%
Workers	121	117	3.4%	121	117	3.4%
Total:	**370**	**351**	**5.4%**	**339**	**325**	**4.3%**

The Company's average monthly salary of all employees in the first half of 2024 is 9.4% higher compared to same period of 2023:

EMPLOYEE CATEGORY	AVERAGE MONTHLY SALARY (GROSS), EUR					
	HY1 2024 GROUP	HY1 2023 GROUP	CHANGE,%	HY1 2024 COMPANY	HY1 2023 COMPANY	CHANGE,%
Executives	8,482	8,877	(4.4%)	13,372	12.795	4.5%
Top Management	10,360	10,871	(4.7%)	10,360	10.871	(4.7%)
Middle Management	6,093	5,359	13.7%	6,264	5.642	11.0%
Professionals	3,212	2,894	11.0%	3,435	3.041	13.0%
Workers	2,179	1,966	10.8%	2,179	1.966	10.8%
Total:	**3,336**	**3,050**	**9.4%**	**3,449**	**3.152**	**9.4%**

* 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. On-call payments included.

** On 1 January 2024, a new remuneration system was introduced in the Company: a part of the variable pay component previously paid once a year was added to a monthly remuneration. In 2024 this change does not apply to the Company CEO, to Top managers, to Middle managers (C-2) and Functional managers.

*** The monthly salary of the CEO of the Company since May of 2024 is EUR 10.300 (until April of 2024 was set to EUR 9,600). Following the Remuneration policy, the CEO is also eligible for receiving annual bonus depending on the results of the Company and achievement of the annual goals. The maximum bonus in case all goals are achieved consists of 4 monthly salaries. In 2024 variable pay for the CEO, was EUR 3,040 (monthly equivalent of yearly bonus) (2023 – EUR 2,960 (monthly equivalent of yearly bonus).

The Company's and Group's structure of average monthly salary in HY1 2024 and HY1 2023, EUR:

EMPLOYEE CATEGORY		STUCTURE OF AVERAGE MONTHLY SALARY (GROSS), EUR					
		HY1 2024 GROUP	HY1 2023 GROUP	CHANGE,%	HY1 2024 COMPANY	HY1 2023 COMPANY	CHANGE,%
Executives	AMS without annual bonus	7,313	7,694	(5.0%)	10,332	10,105	2.2%
	Annual bonus	1,169	1,183	(1.2%)	3,040	2,690	13.0%
	Executives total:	**8,482**	**8,877**	**(4.4%)**	**13,372**	**12,795**	**4.5%**
Top Management	AMS without annual bonus	8,266	8,550	(3.3%)	8,266	8,550	(3.3%)
	Annual bonus	2,094	2,321	(9.8%)	2,094	2,321	(9.8%)
	Top Managers total:	**10,360**	**10,871**	**(4.7%)**	**10,360**	**10,871**	**(4.7%)**
Middle Management	AMS without annual bonus	5,289	4,671	13.2%	5,418	4,926	10.0%
	Annual bonus	804	688	16.9%	846	716	18.2%
	Middle Managers total:	**6,093**	**5,359**	**13.7%**	**6,264**	**5,642**	**11.0%**
Professionals	AMS without annual bonus	2,891	2,576	12.2%	3,084	2,697	14.3%
	Annual bonus	321	318	0.9%	351	344	2.0%
	Professionals total:	**3,212**	**2,894**	**11.0%**	**3,435**	**3,041**	**13.0%**
Workers	AMS without annual bonus	2,081	1,871	11.2%	2,081	1,871	11.2%
	Annual bonus	98	95	3.2%	98	95	3.2%
	Workers total:	**2,179**	**1,966**	**10.8%**	**2,179**	**1,966**	**10.8%**
Total	AMS without annual bonus	3,002	2,726	10.1%	3,098	2,813	10.1%
	Annual bonus	334	324	3.1%	351	339	3.5%
	Total:	**3,336**	**3,050**	**9.4%**	**3,449**	**3,152**	**9.4%**

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

EMPLOYEE CATEGORY	HY1 2024 GROUP			HY1 2024 COMPANY		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Executives	8,482	8,482	-	13,372	13,372	-
Top Management	10,360	10,459	6,510	10,360	10,459	6,510
Middle Management	6,093	6,023	6,231	6,264	6,194	6,399
Professionals	3,212	3,371	2,938	3,435	3,700	3,028
Workers	2,179	2,208	1,504	2,179	2,208	1,504
Total	**3,336**	**3,310**	**3,416**	**3,449**	**3,432**	**3,500**

* 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. On-call payments included.

** AMS – average monthly salary.

*** On 1 January 2024, a new remuneration system was introduced in the Company: a part of the variable pay component previously paid once a year was added to a monthly remuneration. In 2024 this change does not apply to the Company CEO, to Top managers, to Middle managers (C-2) and Functional managers.

EMPLOYEE PERFORMANCE EVALUATION AND ANNUAL BONUS ALLOCATION

The Company has completed a research and updated the procedures for annual employee performance evaluation and bonus allocation on a monthly, quarterly, and annual basis. These bonuses depend on the achievement of the goals set directly for the person, his/ her service director or for the Company. Monthly, quarterly and annual employee performance reviews brought more frequent one to one meetings throughout the year between manager and subordinates and have served to be one of the most effective management and leadership techniques that increase employee engagement, aligns resources, improves planning and thus help to achieve the organizational goals in a more efficient manner. Such practice creates collaborative and positive relationships between managers and their subordinates that enables employees to proactively plan their careers, increases their motivation, and promotes 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). Workers, specialists and 1st level managers are assessed on a monthly or quarterly basis additionally enabling them to adapt KPIS faster if needed and plan more responsibly. In 2020 implementation of Asaichi methodology being one of the three LEAN tools initiated in the Company strengthened performance management further when KPIs have been reviewed and actioned with personal accountability daily. Monthly, quarterly and annual performance review meetings, on the other hand, allow to reflect on the entire month, quarter or year through the lens of competence development, process safety, continuous learning opportunities, career-advancement, and aspirations.

EMPLOYEE SELECTION AND RECRUITMENT

The Teamtailor platform (Applicant tracking system) was implemented to ensure a more efficient recruitment of employees as well as more convenient tool for hirings managers. 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 positions (due to organizational changes or legal requirements), staff mobility (transition from one staff position 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.

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.

In 2023 no less than 15% of annual learning and development budget was allocated to fund employees with various formal studies at different universities.

For the last five 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 2023 KN leadership competencies were developed further by gathering talent pool and starting long-term leadership program which kicked of with 9 months of learning sessions and continues further through personal career plan implementation. Also, in 2023 the Company continued investments into development skills of sales and negotiation, project management competencies, client centricity, Emotional Intelligence (EQ) and employee resilience.

5. ADDITIONAL INFORMATION

GENERAL INFORMATION ABOUT THE GROUP AND THE COMPANY

REPORTING PERIOD

AB KN Energies Consolidated Interim Report for the year 2024 is prepared for the period from 1 January 2024 until 30 June 2024.

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 KN Energies, Tomas Tumėnas, Chief Financial Officer of AB KN Energies, and Rasa Tamaliūnaitė, Chief Accountant of AB KN Energies, hereby confirm that to the best of our knowledge the Consolidated Interim Report of AB KN Energies for 2024 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.

PERSONS RESPONSIBLE FOR THE INFORMATION SUBMITTED IN THE ANNUAL REPORT

JOB TITLE	FULL NAME	TEL. NUMBER
AB KN Energies, Chief Executive Officer	Darius Šilenskis	+370 52 127 733
AB KN Energies, Chief Financial Officer	Tomas Tumėnas	+370 68 236 616
AB KN Energies, Chief Accountant	Rasa Tamaliūnaitė	+370 61 888 260

ISSUER INFORMATION AND CONTACT DETAILS

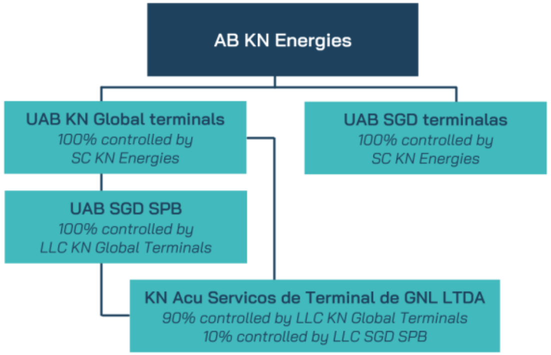
Name of the Company:	AB KN Energies (hereinafter – the Company, KN or Issuer)
Legal status:	Stock Company
Authorized share capital:	110,315,009 EUR
Date and place of registration:	27 September 1994, State Enterprise Centre of Registers
Company code:	110648893
Address:	Burių street 19, 92276 Klaipėda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

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 numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

GROUP STRUCTURE

Structure of AB KN Energies Group (hereinafter – Group) on 30 June 2024:



INFORMATION ON SUBSIDIARIES AND CONTACT DETAILS

Name of the Company:	UAB KN Global Terminals
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 numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

INFORMATION ON SUBSIDIARIES OF UAB KN GLOBAL TERMINALS 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 numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

Name of the Company:	KN Açu Serviços 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 numbers:	+370 46 391772
Fax numbers:	+370 46 311399
E-mail address:	info@kn.lt
Internet site:	www.kn.lt

GROUP STRUCTURE AND MAIN TYPES OF ACTIVITY

The Group's Capital on 30 June 2024:

NAME OF THE COMPANY	TYPE OF SHARE	NUMBER OF SHARES (UNIT)	SHARE FACE VALUE	TOTAL FACE VALUE
AB KN Energies	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 KN Global Terminals	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 Serviços 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 KN Energies	Burių street 19, 92276 Klaipėda	100	The business activity of AB KN Energies can be divided into three segments: Liquid energy terminals, LNG, and New energies. Liquid energy terminals include activities of Klaipėda liquid energy terminal and Subačius liquid energy terminal. LNG activities stand for Klaipėda LNG terminal, small-scale LNG station in Klaipėda, and Global LNG activities. New energies segment includes investments in new energy sources like synthetic fuels, hydrogen and hydrogen carriers, other alternative energy carriers, and carbon capture and storage (CCS).
UAB SGD terminalas	Burių street 19, 92276 Klaipėda	100	Operation (management) and development of LNG terminal infrastructure in Klaipėda. The company is currently inactive.
UAB KN Global Terminals	Burių street 19, 92276 Klaipėda	100	Participation in the international LNG and energy projects, providing project development or terminal operation services or investing into them, and all other related activities and provision of any other relevant services
UAB SGD SPB	Burių street 19, 92276 Klaipėda	100 owned by UAB KN Global Terminals	International development of LNG terminal operating services by investing and establishing other project companies in Lithuania and abroad.
KN Açu Serviços de Terminal de GNL LTDA	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 KN Global Terminals 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.

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

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	KNE1L
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.

INFORMATION ABOUT INVESTMENT INTO ASSOCIATES

The Company has investments into the following associate companies as at 30 June 2024:

NAME OF THE COMPANY	ADDRESS	OWNERSHIP PART,%	ACTIVITIES
UAB BALTPOOL	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.

FIVE-YEAR SUMMARY OF FINANCIAL RATIOS

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

THE GROUP	HY1 2024	HY1 2023	HY1 2022	HY1 2021	HY1 2020
Transshipment of liquid energy products, thousand t	1,898	1,955	1,967	1,612	2,592
LNG regasification and reloading, GWh	11,068	17,391	13,171	9,511	11,046
Investments of non-current assets	10,388	892	2,521	3,056	2,513
FINANCIAL FIGURES					
Sales	42,614	42,398	35,976	31,629	40,737
EBITDA (APM)	21,721	16,746	16,899	14,209	25,075
EBITDA (for the last twelve months) (APM)	40,613	34,834	28,798	37,302	61,821
EBIT (APM)	10,054	5,345	5,588	832	11,853
Net profit (loss)	1,459	8,100	(13,848)	(6,764)	9,412
Adj. Net profit (loss)	6,346	3,284	3,040	(227)	7,251
PROFITABILITY					
Return on assets (ROA) (APM)	1.2%	2.8%	(11.9%)	2.8%	2.4%
Adj. Return on assets (ROA) (APM)	1.8%	1.6%	(7.3%)	0.6%	2.6%
Return on equity (ROE) (APM)	4.5%	11.5%	(42.7%)	9.0%	7.6%
Adj. Return on equity (ROE) (APM)	6.3%	6.0%	(25.9%)	2.1%	8.3%
Return on Capital Employed (ROCE) (APM)	3.1%	1.8%	2.1%	0.3%	4.2%
Adj. Return on Capital Employed (ROCE) (APM)	3.0%	1.7%	2.0%	0.3%	4.1%
EBITDA margin (APM)	51.0%	39.5%	47.0%	44.9%	61.6%
EBIT margin (APM)	23.6%	12.6%	15.5%	2.6%	29.1%
Net profit margin (APM)	3.4%	19.1%	(38.5%)	(21.4%)	23.1%
Adj. Net profit margin (APM)	14.9%	7.7%	8.5%	(0.7%)	17.8%
FINANCIAL STRUCTURE					
Debt ratio (D/E) (APM)	265%	281%	337%	210%	243%
Adj. Debt ratio (D/E) (APM)	243%	264%	300%	222%	239%
Debt ratio (D/E) - excluding IFRS 16 liabilities (APM)	133%	120%	117%	64%	60%
Adj. Debt ratio (D/E) - excluding IFRS 16 liabilities (APM)	122%	113%	104%	68%	59%
Debt to EBITDA (APM)	18	25	26	30	19
Debt (excluding IFRS 16) to EBITDA (APM)	9	11	9	9	5
Net Debt/EBITDA (APM)	17	23	22	26	16
Net Debt/EBITDA (for the last twelve months) (APM)	9	11	13	10	7
Net Debt (excluding IFRS 16) to EBITDA (APM)	8	9	5	5	2
Net Debt (excluding IFRS 16) to EBITDA (for the last twelve months) (APM)	4	4	3	2	1
Debt service coverage ratio (DSCR) (APM)	3	4	4	8	12
Debt service coverage ratio (for the last twelve months) (DSCR) (APM)	5	4	5	8	10
Gross liquidity ratio (APM)	0.43	1.27	1.22	1.28	1.40
MARKET VALUE RATIOS					
Price-Earnings Ratio (P/E)	13.1	5.3	(1.4)	7.2	9.7
Adj. Price-Earnings Ratio (P/E)	8.6	9.3	(2.3)	32.4	8.8
Earnings per share (EPS)	0.004	0.021	(0.036)	(0.018)	0.025
Adj. Earnings per share (EPS)	0.017	0.009	0.008	(0.001)	0.019

*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.

KN ENERGIES

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

THE COMPANY	HY1 2024	HY1 2023	HY1 2022	HY1 2021	HY1 2020
Transshipment of liquid energy products, thousand t	1,898	1,955	1,967	1,612	2,592
LNG regasification and reloading, GWh	11,068	17,391	13,171	9,511	11,046
Investments of non-current assets	10,388	892	2,521	3,056	2,513
FINANCIAL FIGURES					
Sales	40,766	40,946	34,458	30,090	39,654
EBITDA (APM)	20,761	16,237	16,234	13,587	24,927
EBITDA (for the last twelve months) (APM)	38,870	33,699	27,229	35,951	62,090
EBIT (APM)	9,144	4,887	4,970	246	11,708
Net profit (loss)	800	7,695	(14,308)	(7,239)	9,320
Adj. Net profit (loss)	5,687	2,879	2,581	(702)	7,159
PROFITABILITY					
Return on assets (ROA) (APM)	1.0%	2.7%	(12.0%)	2.6%	2.4%
Adj. Return on assets (ROA) (APM)	1.6%	1.5%	(7.5%)	0.5%	2.7%
Return on equity (ROE) (APM)	3.8%	11.1%	(43.5%)	8.6%	7.8%
Adj. Return on equity (ROE) (APM)	5.7%	5.6%	(26.6%)	1.6%	8.5%
Return on Capital Employed (ROCE) (APM)	2.9%	1.6%	1.9%	0.1%	4.1%
Adj. Return on Capital Employed (ROCE) (APM)	2.7%	1.6%	1.8%	0.1%	4.1%
EBITDA margin (APM)	50.9%	39.7%	47.1%	45.2%	62.9%
EBIT margin (APM)	22.4%	11.9%	14.4%	0.8%	29.5%
Net profit margin (APM)	2.0%	18.8%	(41.5%)	(24.1%)	23.5%
Adj. Net profit margin (APM)	14.0%	7.0%	7.5%	(2.3%)	18.1%
FINANCIAL STRUCTURE					
Debt ratio (D/E) (APM)	270%	285%	341%	210%	242%
Adj. Debt ratio (D/E) (APM)	248%	268%	303%	222%	239%
Debt ratio (D/E) - excluding IFRS 16 liabilities (APM)	135%	122%	118%	64%	60%
Adj. Debt ratio (D/E) - excluding IFRS 16 liabilities (APM)	124%	114%	105%	68%	59%
Debt to EBITDA (APM)	19	25	27	31	19
Debt (excluding IFRS 16) to EBITDA (APM)	9	11	9	10	5
Net Debt/EBITDA (APM)	18	24	24	27	17
Net Debt/EBITDA (for the last twelve months) (APM)	10	12	14	10	7
Net Debt (excluding IFRS 16) to EBITDA (APM)	9	9	6	5	3
Net Debt (excluding IFRS 16) to EBITDA (for the last twelve months) (APM)	5	4	3	2	1
Debt service coverage ratio (DSCR) (APM)	3	4	4	8	12
Debt service coverage ratio (for the last twelve months) (DSCR) (APM)	4	4	4	7	10
Gross liquidity ratio (APM)	0.39	1.18	1.14	1.21	1.34
MARKET VALUE RATIOS					
Price-Earnings Ratio (P/E) (APM)	107.5	11.0	(6.9)	7.2	9.5
Adj. Price-Earnings Ratio (P/E)	15.1	29.3	38.3	38.9	8.7
Earnings per share (EPS) (APM)	0.002	0.020	(0.038)	(0.019)	0.024
Adj. Earnings per share (EPS)	0.015	0.008	0.007	(0.002)	0.019

*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.

ALTERNATIVE PERFORMANCE MEASURES (APM)

In addition to financial performance measures prepared according to International Financial Accountability Standards (IFAS), KN Energies also provides alternative financial performance measures in its financial statements that are not indicated in IFAS. The company provides the calculation methodology of alternative performance measures, which may differ from methodologies used by other companies.

MEASURE	CALCULATION
Debt ratio (D/E)	total current and non-current liabilities at the end of the period / total 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
Debt ratio (D/E) – excluding IFRS 16 liabilities (adjusted)	(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 ratio (D/E) (ajusted)	(total current and non-current liabilities) / total adjusted equity at the end of the period
Debt service coverage ratio (DSCR)	EBITDA of the period / (total current loan obligations at the end of the period + interest expenses of the period)
Debt service coverage ratio (for the last twelve months) (DSCR)	EBITDA of the last twelve months / (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 of the period
Debt to EBITDA – excluding IFRS 16	(total current and non-current liabilities at the end of the period – current and non-current IFRS lease liabilities) / EBITDA of the period
Earnings per share (EPS)	net profit (loss) for the period/ total number of shares at the end of the period
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 (for the last twelve months)	earnings before taxes – financial activity income + financial activity expenses + depreciation and amortization expenses + impairment expenses and reversals (calculated using result for the last twelve months)
EBITDA margin	EBITDA / revenue

MEASURE	CALCULATION
Gross liquidity ratio (current ratio)	total current assets at the end of the period / total current liabilities at the end of the period.
Net Debt/ EBITDA – excluding IFRS 16	(total current and non-current liabilities at the end of the period - cash and cash equivalents – current and non-current IFRS lease liabilities) / EBITDA for the period
Net Debt/EBITDA	total current and non-current liabilities at the end of the period - cash and cash equivalents/ EBITDA for the period
Net Debt/EBITDA (for the last twelve months)	total current and non-current liabilities at the end of the period - cash and cash equivalents/ EBITDA of the last twelve months
Net Debt/EBITDA (for the last twelve months) – excluding IFRS 16	(total current and non-current liabilities at the end of the period - cash and cash equivalents – current and non-current IFRS lease liabilities) / EBITDA of the last twelve months
Net profit margin	net profit (loss) for the period / revenue
Net profit margin (adjusted)	adjusted net profit (loss) for the period / revenue
Price-Earnings Ratio (P/E)	average share price for the period / (net profit (loss) of the last twelve months/ total number of shares at the end of the period)
Return on assets (ROA)	net profit (loss) of the last twelve months / (assets at the end of the period + assets at the beginning of the period) / 2
Return on assets (ROA) (adjusted)	adjusted net profit (loss) of the last twelve months / (assets at the end of the period + assets at the beginning of the period) / 2
Return on Capital Employed (ROCE)	EBIT / (total equity + total long-term loans and deferred government grants at the end of the period)
Return on Capital Employed (ROCE) (adjusted)	EBIT / (total adjusted equity + total long-term loans and deferred government grants at the end of the period)
Return on equity (ROE)	net profit (loss) of the last twelve months / (equity at the end of the period + equity at the beginning of the period) / 2
Return on equity (ROE) (adjusted)	adjusted net profit (loss) of the last twelve months / (adjusted equity at the end of the period + adjusted equity at the beginning of the period) / 2

CHARACTERISTICTS OF COMPANY'S TERMINALS

CHARACTERISTICS OF KLAIPĖDA LIQUID ENERGY TERMINAL:	
Location	Territory of AB KN Energies Klaipėda terminal, address: Burių street 19, Klaipėda
Liquid energy product tanks	51 tanks
Volume of the tanks	571 thousand m³ total volume
The capacity of the terminal	8 - 10 million t / year
Jetty berths	3
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)	▪ Two tracks for liquid energy products that do not require maintaining of specific temperature conditions (up to 2 x 30 tank wagons are services simultaneously); ▪ Two tracks for liquid energy products that require maintaining of specific temperature conditions (up to 2 x 32 tank wagons are services simultaneously); ▪ One of the tracks is adapted to liquid energy products of all types; ▪ 124 tank wagons can be loaded at the same time.
Road tanker loading	4 loading points at the same time
Modern laboratory	Equipped to inspect main quality parameters of liquid energy products
Total capacity of three boilers of own boiler station	100 MWh

CHARACTERISTICS OF SUBAČIUS LIQUID ENERGY TERMINAL:	
Location	In Kunčiai village, Kupiškis district
Volume of the tanks	Total 66 tanks
Volume of the tanks	Almost 338 m³ thousand total volume
Railway	The rail trestle which can simultaneously handle 14 rail tanks
Road trucks loading	Modern loading station of auto trucks
Modern laboratory	Able to detect the main quality parameters of liquid energy products

TECHNICAL CHARACTERISTICS OF THE LNG RELOADING STATION:	
Klaipėda seaport jetty	2
Technology	Five pressure tanks
Volume of the tanks	5 x 1,000 m³
Fill level	86%
LNG receiving speed (from ship)	up to 1,250 m³/h
Daily loading capacity for LNG Trucks	32
Loading of LNG Trucks	2 LNG Truck loading bays (possible simultaneous loading)
LNG Truck loading speed	up to 100 m³/h
Bunkering speed	up to 500 m³/h
Utilization of boil of gas	Gas pipeline connection to the Company's boiler house

TECHNICAL CHARACTERISTICS OF THE FSRU INDEPENDENCE*:	
Klaipėda seaport jetty	157
The volume of the tanks	170,000 m³
Maximum LNG filling level	98% at 70 kPag
Maximum LNG loading capacity	9,000 m³/h LNG
Maximum LNG reloading capacity	5,000 m³/h LNG when LNG regasification is performed during LNG reloading
FSRU capabilities	3.75 billion m³ of natural gas per year (10.24 million m³ per day)
Minimum operative LNG heel	3,500 m³ LNG
Maximum gas flow into the gas pipeline	10.24 million m³ per day

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

SERVICES OF THE LNG TERMINAL

The Terminal provides the following services:

- LNG regasification - Acceptance LNG loading from an LNG carrier to the Terminal, physical and virtual temporary storage of the cargo in the Terminal and LNG regasification.
- LNG reloading - Acceptance of LNG cargo from the LNG carrier that arrived, physical and virtual storage of the cargo and reload (re-export) of LNG to an LNG carrier of not less than 5,000 m3.

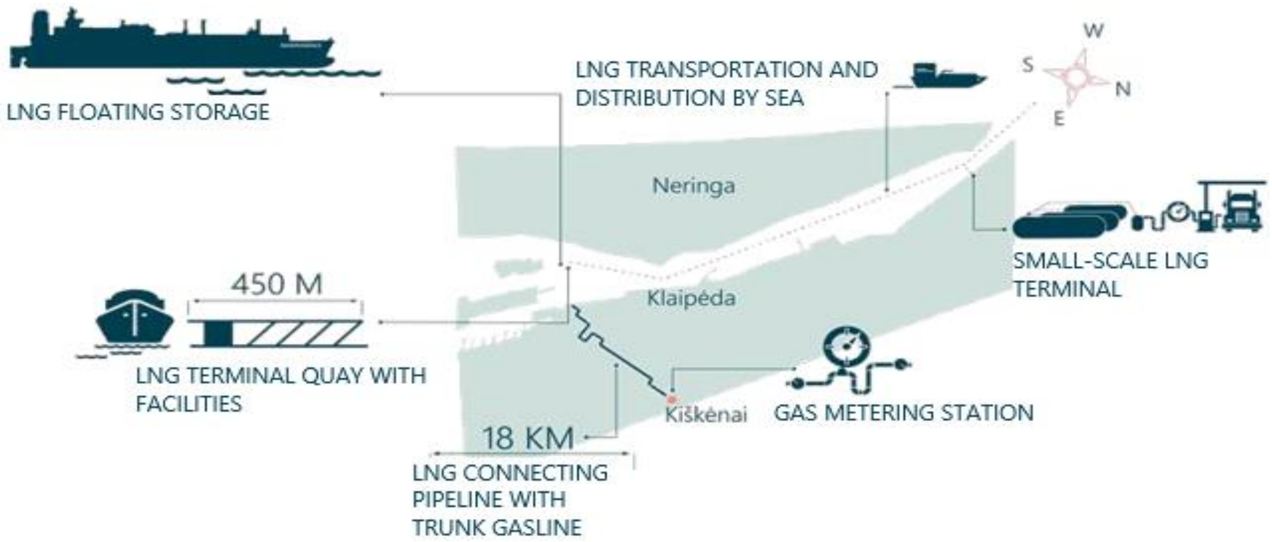
The following prices apply to the services provided by the terminal:

- The fixed part of the price of the LNG regasification service is approved annually by the National Energy Regulatory Council. This part of the price is included in the additional component of the natural gas supply security to the transmission price, whether the Company is not able to collect the set revenue level from LNG regasification service price variable part directly from LNG terminal users.
- The variable part of the price of the LNG regasification service is paid by the users of the LNG terminal for the regasified gas volume. Tariffs are approved annually by NERC. LNG regasification service price variable part is calculated based on the upper limit of LNG revenue divided by LNG terminal capacity per unit.

SERVICES OF THE TERMINAL	SERVICE PRICE	NERC DECREE
LNG regasification service price (2024)	1.83 EUR/MWh	29 May 2023 No. O3E-715
LNG regasification service price (2025)	1.84 EUR/MWh	31 May 2024 No. O3E-792
LNG reloading service price (2024): - Small scale LNG cargo, up to 15,000 m^3 - Medium scale LNG cargo, from 15,000 m^3 to 50,000 m^3 inclusive - Large scale LNG cargo, from 50,000 m^3	0.72 EUR/MWh excl. VAT 0.56 EUR/MWh excl. VAT 0.40 EUR/MWh excl. VAT	17 November 2023 No. O3E-1688

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 – Terminal regulations), adopted after public consultations with market participants and approved by NERC.

Detailed information on LNGT services and operating model could be found in the Terminal regulations or on www.kn.lt.



IMPACT OF IFRS 16 AND CAPITALISATION OF PURCHASE OPTION

As at 31 December 2019 the Group and the Company has capitalized purchase option under the lease agreement. According to IFRS 16 requirements, lessee should remeasure lease liability of each agreement upon the occurrence of either a significant event or a significant change in circumstances at each financial statements' date. It is the duty of the management to re-evaluate the probability to realise the purchase option at each financial statements' date in the upcoming reporting periods and in circumstances if any changes occur, it must be reflected in the financial statements respectively. During the year 2022 no significant events and circumstances have occurred that would have the impact and respectively no changes in finance lease accounting under IFRS 16 requirements have been made as at 31 December 2022.

During the year of 2019 the following significant events have happened that determined the need to reassess the probability of realizing the purchase option:

- On 1st March 2019 amendments of the Republic of Lithuania Law on Liquefied Natural Gas Terminal No XI-2053 Article 5 and 9 (further – the Law) entered into force stipulating obligation to the Company as a Liquefied Natural Gas terminal operator to acquire ownership of FSRU (by selecting the most economic option) not later than by 31st December 2024;
- On 19th September 2019 European Commission has approved state aid consent regarding LNG security supplement reduction;
- On 24th October 2019 the Board of the Company has adopted a decision to acquire FSRU no later than by 31 December 2024 with the conditions that 1) loan to finance the purchase is arranged and 2) Parliament approves the State guarantee for the loan;
- On 19th December 2019 a binding offer from NIB to finance the 100% purchase price of FSRU (up to 160 MMEUR) has been received;
- On 19th December 2019 Parliament has approved granting State guarantees for NIB loans for LNG security supplement reduction and purchase of FSRU;
- On 20th December 2019 a loan agreement with NIB has been signed for the LNG security supplement reduction.

While evaluating the probability to realize the purchase option the management of the Company has considered different economic, commercial and FSRU technological circumstances, which has shown that:

- Currently used FSRU is economically most favourable when compared to the 1) availability; 2) price factors of the same size and functionality of new and used FSRUs and conversions of LNG carriers and 3) possible additional investments needed for any other FSRU;
- In terms of size the industry is currently being equipped by modern 170-180 tm3 FSRUs and LNG carriers, enabling to unload to FSRU full cargo of conventional size LNG carriers (140-180 tm3) and not limiting LNG suppliers' interest in using the terminal;
- Current terminal size and parameters are needed in order to meet N-1 criteria for energy security, i.e. to ensure gas supply in the event of failure of the largest supply infrastructure during highest daily demand;
- Technologically currently used FSRU has the technology that is still regarded as advanced/not obsolete in comparison with other developments and can easily accept "green gases" and remain functional in the context of the EU "green policy" decisions in a long term;
- In 2020 implemented dry-dock has confirmed that currently used FSRU is in good condition and is designed to be operative for at least 25 more years.
- On 20th November 2020 European Commission has approved state aid consent regarding acquisition of LNG floating and storage unit. The decision of the European Commission secures Company's ability to make a withdrawal of funds under the Loan agreement concluded between the Company and Nordic Investment Bank on 9 March 2020.
- During 2021, KN, as part of a project of long-term LNG import infrastructure solution, organised intensive discussions with market participants, a market consultation on the procurement documents and launched a public international tender for the acquisition of the FSRU in mid-year.
- In February 2022 the Board of KN has taken a decision on the acquisition of the FSRU Independence at the end of its lease agreement.
- On 25th of February 2022 Extraordinary General Meeting of Shareholders has adopted the resolution and approved the decision of the AB KN Energies Board to acquire the FSRU Independence.
- Company has notified Höegh group companies that KN exercises an option right to acquire Independence. After fulfilling all the option conditions specified in the Time Charter Party, the Company will acquire the FSRU no later than 6 December 2024. Until then the Company will continue to lease the FSRU under the same conditions.

FURTHER INVESTOR RELATED INFORMATION

SHAREHOLDERS OF THE COMPANY

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):

- To receive a part of the Company's profit (dividends);
- 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;
- To receive a part of the assets of the Company in case of liquidation;
- 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);
- 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;
- 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;
- 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):

- To attend the General Shareholders' Meetings and to vote according to voting rights carried by their shares (unless otherwise provided for by the laws);
- To receive information on the Company to the extent allowed by the imperative norms of the valid laws;
- 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.
- 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;
- 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.

MAJOR SHAREHOLDERS OF THE COMPANY HAVING MORE THAN 5% OF SHARES (EACH) OF THE COMPANY AS AT 30 JUNE 2024 AND 31 DECEMBER 2023:

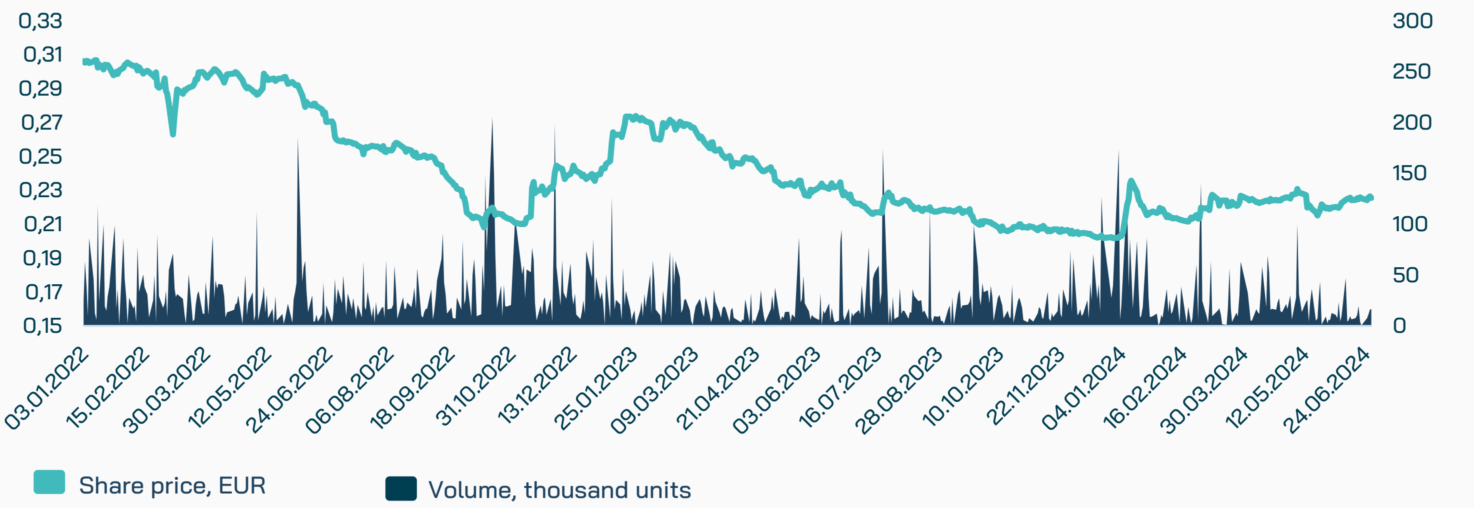
SHAREHOLDER'S NAME (COMPANY'S NAME, ADDRESS, COMPANY CODE OF REGISTRATION)	30 JUNE 2024		31 DECEMBER 2023	
	NUMBER OF OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)	NUMBER OF OWNED SHARES (UNIT)	PART OF AUTHORIZED CAPITAL (%)
The Republic of Lithuania, represented by the Ministry of Energy of the 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 KNE1L SHARE PRICE AT NASDAQ VILNIUS DURING 2020 – HY1 2024:

	HY1 2024	2023	2022	2021	2020
Highest share price in EUR	0.244	0.280	0.308	0.359	0.414
Lowest share price in EUR	0.202	0.200	0.203	0.298	0.301
Price per share at the beginning of the period in EUR	0.202	0.241	0.308	0.322	0.361
Price per share at the end of the period in EUR	0.226	0.202	0,240	0.307	0.320
Average share price in EUR	0.221	0.231	0.265	0.320	0.351
Traded volume, pcs.	2,994,179	5,872.655	8,541,326	19,004,133	23,934,244
Turnover in EUR thousand	661	1,351	2,220	6,110	7,928
Capitalisation in EUR thousand	85,970	76,840	91,295	116,782	121,920
Earnings per share (EPS)*	0.004	0.018	0.023	(0.124)	0.030

* Calculated using adjusted net profit (loss).

TRADING IN KNE1L SHARES ON NASDAQ VILNIUS STOCK EXCHANGE



DIVIDEND POLICY

On 28th July 2021 the Board of AB KN Energies 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 KN Energies 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% from the Company's distributable profit if ROE of the financial reporting year is not higher than 1 per cent.
- Not lower than 80% from the Company's distributable profit if ROE of the financial reporting year is higher than 1% but not higher than 3% .
- Not lower than 75% from the Company's distributable profit if ROE of the financial reporting year is higher than 3% but not higher than 5%.
- Not lower than 70% from the Company's distributable profit if ROE of the financial reporting year is higher than 5% but not higher than 10%.
- Not lower than 65% from the Company's distributable profit if ROE of the financial reporting year is higher than 10% but not higher than 15%.
- Not lower than 60% from the Company's distributable profit if ROE of the financial reporting year is higher than 15%.

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.

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 note to the Company's financial statements for six months of 2024. In first half of 2024 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

Information on the Company's membership of associations can be found on the KN website: KN memberships

INFORMATION ABOUT THE AUDIT

6th October 2023. An Annual General Meeting of Shareholders of the Company was convened. Annual General Meeting of Shareholders has adopted the following resolutions: 1) to elect "KPMG Baltics", UAB as the Company's audit firm to perform the audit of the statutory separate and consolidated Financial Statements, to verify Regulated Activities report of the Company, to assess its Annual Report for the years 2023 and to issue the Audit highlights memorandum. 2) o set the following payment conditions for the audit services: audit fee that should be paid for the audit services is EUR 77 500 excluding 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, 2021-2023.

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.

ABBREVIATIONS

ABBREVIATION	MEANING
APM	Alternative performance measures
CCS	Carbon capture and storage
CEO	Chief Executive Officer
CO2	Carbon dioxide
comLNG	Commercial LNG activities
D/E	Debt ratio
DSCR	Debt service coverage ratio
EC	European Commission
ESG	Environmental, social, and governance
EU	European Union
FSRU	Floating Storage with Regasification Unit
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HFO	Heavy oil products
IR	Frequency of near misses or potential safety incidents
KLET	Klaipėda Liquid Energy Terminal
KN, Company	AB KN Energies
LET	Liquid Energy Terminals

ABBREVIATION	MEANING
LNG	Liquified Natural Gas
LNGT	Klaipėda LNG Terminal
LP	Light oil products
LTIR	Occupational accident frequency rate
NERC	National Energy Regulation Council
O&M	Operations and Maintenance
OHS	Occupational Health and Safety Management System
PCI	Project of Common Interest
RAB	Regulated asset base
ROA	Return on assets
ROCE	Return on Capital Employed
ROE	Return on equity
SLET	Subačius Liquid Energy Terminal
ssLNG	Small-scale LNG terminal
TRCF	Total recordable case frequency
USA	United States of America
VAT	Value Added Tax
VOC	Volatile organic compound
WACC	Rate of return on investments of regulated activities

6. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS, PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EUROPEAN UNION.

STATEMENT OF FINANCIAL POSITION

	Notes	Group		Company	
		30-06-2024 (unaudited)	31-12-2023 (audited)	30-06-2024 (unaudited)	31-12-2023 (audited)
ASSETS					
Non-current assets					
Intangible assets		530	643	466	545
Property, plant and equipment	3	146,579	140,709	146,520	140,623
Right-of-use assets	3	307,718	314,927	307,707	314,908
Investment in subsidiaries		-	-	4,578	4,578
Investment in associates		138	207	138	207
Deferred tax asset		2,647	2,832	2,647	2,832
Total non-current assets		**457,612**	**459,318**	**462,056**	**463,693**
Current assets					
Inventories	5	1,796	1,608	1,796	1,608
Trade receivables and other receivables	6	13,866	13,807	12,850	12,862
Contract assets	7	530	556	530	556
Other financial assets	8	48,234	61,286	44,434	56,786
Cash and cash equivalents	9	19,009	19,535	15,496	17,405
Total current assets		**83,435**	**96,792**	**75,106**	**89,217**
Total assets		**541,047**	**556,110**	**537,162**	**552,910**

	Notes	Group		Company	
		30-06-2024 (unaudited)	31-12-2023 (audited)	30-06-2024 (unaudited)	31-12-2023 (audited)
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
Reserves		30,171	22,979	30,171	22,979
Foreign currency translation reserve		26	194	-	-
Retained earnings		3,906	14,721	718	12,192
Total equity		**148,420**	**152,211**	**145,206**	**149,488**
Non-current amounts payable and liabilities					
Non-current employee benefits		775	694	775	694
Loans	10	169,533	158,827	169,533	158,827
Deferred government grants	11	5,113	5,115	5,113	5,115
Lease liabilities	10	24,013	24,459	24,007	24,450
Total non-current amounts payable and liabilities		**199,434**	**189,095**	**199,428**	**189,086**
Current employee benefits		137	122	137	122
Loans	10	5,535	5,556	5,535	5,556
Lease liabilities	10	171,672	188,707	171,663	188,697
Trade payables and other liabilities	12	6,603	5,435	6,113	5,144
Derivatives		2	-	2	-
Payroll related liabilities	13	2,913	3,568	2,747	3,401
Provisions		2,262	7,363	2,262	7,363
Contract liabilities		4,069	4,053	4,069	4,053
Total current amounts payable and liabilities		**193,193**	**214,804**	**192,528**	**214,336**
Total equity and liabilities		**541,047**	**556,110**	**537,162**	**552,910**

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Group	
		1-6 months 2024 *(unaudited)*	4-6 months 2024 *(unaudited)*	1-6 months 2023 *(unaudited)*	4-6 months 2023 *(unaudited)*
Revenue from contracts with customers	14	42,614	18,179	42,398	20,248
Cost of sales	15	(25,382)	(11,767)	(31,824)	(16,190)
Gross profit (loss)		**17,232**	**6,412**	**10,574**	**4,058**
Operating expenses	16	(7,277)	(4,744)	(5,352)	(2,885)
Other income and (expenses)		99	64	158	70
Profit (loss) from operating activities		**10,054**	**1,732**	**5,380**	**1,243**
Income from financial activities	17	1,243	617	6,318	1,406
Expenses from financial activities	17	(9,309)	(3,489)	(2,657)	(1,456)
Share of the associate’s profit or (loss)		16	-	-	-
Profit (loss) before tax		**2,004**	**(1,140)**	**9,041**	**1,193**
Income tax (expenses)		(545)	8	(941)	308
Profit (loss) for the year		**1,459**	**(1,132)**	**8,100**	**1,501**
Other comprehensive income					
Actuarial gain (loss)		(96)	(115)	(57)	(62)
Exchange differences on translation of foreign operations		(168)	(151)	80	48
Related taxes		14	17	8	9
Total other comprehensive income		**(250)**	**(249)**	**31**	**(5)**
		1,209	**(1,381)**	**8,131**	**1,496**
Profit attributable to:					
The shareholders of the Company		1,459	(1,132)	8,100	1,501
Non-controlling interests		-	-	-	-
Total comprehensive income (loss) attributable to:					
The shareholders of the Company		1,209	(1,381)	8,131	1,496
Non-controlling interests		-	-	-	-
Basic and diluted earnings (losses), in EUR	18	0.004	(0.003)	0.021	(0.003)

Explanatory notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	Notes	Company 1-6 months 2024 *(unaudited)*	4-6 months 2024 *(unaudited)*	Company 1-6 months 2023 *(unaudited)*	4-6 months 2023 *(unaudited)*
Revenue from contracts with customers	14	40,766	17,154	40,946	19,523
Cost of sales	15	(24,929)	(11,543)	(31,373)	(16,015)
Gross profit (loss)		**15,837**	**5,611**	**9,573**	**3,508**
Operating expenses	16	(6,780)	(4,433)	(4,810)	(2,530)
Other income and (expenses)		87	52	158	70
Profit (loss) from operating activities		**9,144**	**1,230**	**4,921**	**1,048**
Income from financial activities	17	1,060	533	6,261	1,373
Expenses from financial activities	17	(9,222)	(3,407)	(2,674)	(1,473)
Share of the associate's profit or (loss)		16	-	-	-
Profit (loss) before tax		**998**	**(1,644)**	**8,508**	**948**
Income tax (expenses)		(198)	222	(813)	336
Profit (loss) for the year		**800**	**(1,422)**	**7,695**	**1,284**
Other comprehensive income					
Actuarial gain (loss)		(96)	(115)	(57)	(62)
Related taxes		14	17	9	10
Total other comprehensive income		**(82)**	**(98)**	**(48)**	**(52)**
Total comprehensive income (loss), net of tax		**718**	**(1,520)**	**7,647**	**1,232**
Basic and diluted earnings (losses), in EUR		-	-	-	-

Explanatory notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Share premium	Legal reserve	Reserve for own share	Other reserves	Foreign currency translation reserve	Retained earnings	**Total**
Balance as at 31 December 2022 (audited)	**110,315**	**4,002**	**11,051**	**15,929**	**2,653**	**131**	**(4,981)**	**139,100**
Net profit (loss) for the period	-	-	-	-	-	-	8,100	8,100
Other comprehensive income (loss)	-	-	-	-	-	80	(49)	31
Total comprehensive income (loss)	-	-	-	-	-	80	8,051	8,131
Transfers between reserves	-	-	35	(4,001)	(2,653)	-	6,619	-
Balance as at 30 June 2023 (unaudited)	**110,315**	**4,002**	**11,086**	**11,928**	**-**	**211**	**9,689**	**147,231**
Balance as at 31 December 2023 (audited)	**110,315**	**4,002**	**11,051**	**11,928**	**-**	**194**	**14,721**	**152,211**
Net profit (loss) for the period	-	-	-	-	-		1,459	1,459
Other comprehensive income (loss)	-	-	-	-	-	(168)	(82)	(250)
Total comprehensive income (loss)	-	-	-	-	-	(168)	1,377	1,209
Dividends declared	-	-	-	-	-	-	(5,000)	(5,000)
Transfers between reserves	-	-	-	-	7,192	-	(7,192)	-
Balance as at 30 June 2024 (unaudited)	**110,315**	**4,002**	**11,051**	**11,928**	**7,192**	**26**	**3,906**	**148,420**

COMPANY	Share capital	Share premium	Legal reserve	Reserve for own share	Other reserves	Retained earnings	**Total**
Balance as at 31 December 2022 (audited)	**110,315**	**4,002**	**11,051**	**15,929**	**2,653**	**(6,654)**	**137,296**
Net profit (loss) for the period	-	-	-	-	-	7,695	7,695
Other comprehensive income (loss)	-	-	-	-	-	(48)	(48)
Total comprehensive income (loss)	-	-	-	-	-	7,647	7,647
Transfers between reserves	-	-	-	(4,001)	(2,653)	6,654	-
Balance as at 30 June 2023 (unaudited)	**110,315**	**4,002**	**11,051**	**11,928**	**-**	**7,647**	**144,943**
Balance as at 31 December 2023 (audited)	**110,315**	**4,002**	**11,051**	**11,928**	**-**	**12,192**	**149,488**
Net profit (loss) for the period	-	-	-	-	-	800	800
Other comprehensive income (loss)	-	-	-	-	-	(82)	(82)
Total comprehensive income (loss)	-	-	-	-	-	718	718
Dividends declared						(5,000)	(5,000)
Transfers between reserves					7,192	(7,192)	-
Balance as at 30 June 2024 (unaudited)	**110,315**	**4,002**	**11,051**	**11,928**	**7,192**	**718**	**145,206**

CASH FLOW STATEMENT

	Notes	Group		Company	
		6 months of 2024 *(unaudited)*	6 months of 2023 *(unaudited)*	6 months of 2024 *(unaudited)*	6 months of 2023 *(unaudited)*
Cash flows from operating activities					
Net profit (loss)		1,459	8,100	800	7,695
Adjustments for non-cash items:					
Depreciation and amortization	3	11,668	11,404	11,616	11,350
Change in vacation reserve	13	238	215	230	173
Change in provisions		(5,101)	258	(5,101)	258
Change in non-current liabilities for employees		-	13	-	13
Contract assets	7	26	50	26	50
Income tax expenses		545	941	198	813
Share of (profit) or loss of equity-accounted investees		(16)	-	(16)	-
Interest income	17	(1,212)	(407)	(1,035)	(382)
Interest expenses	17	3,457	2,485	3,455	2,485
Other financial expenses		-	111	-	111
Currency impact from lease liabilities	17	5,749	(5,666)	5,749	(5,666)
Other non-cash adjustments		406	836	534	939
		17,219	**18,340**	**16,456**	**17,839**
Changes in working capital					
(Increase) decrease in inventories	5	(188)	89	(188)	89
Decrease (increase) in trade and other accounts receivable	6	(553)	1,043	(674)	1,271
Increase (decrease) in trade and other payables	12	2,880	2,129	3,083	1,648
Increase (decrease) in contract liabilities		16	(372)	16	(372)
Increase (decrease) in payroll related liabilities	13	(1,457)	(1,637)	(1,424)	(1,533)
		17,917	**19,592**	**17,269**	**18,942**
Cash collateral repayment	8	-	2,500	-	2,500
Cash collateral (payment)	8	(635)	(2,550)	(635)	(2,550)
Income tax (paid)		(62)	(50)	-	-
Interest received		1,823	98	1,715	72
Net cash flows from (used in) operating activities		**19,043**	**19,590**	**18,349**	**18,964**

	Notes	Group		Company	
		6 months of 2024 *(unaudited)*	6 months of 2023 *(audited)*	6 months of 2024 *(unaudited)*	6 months of 2023 *(audited)*
Cash flows from investing activities					
(Acquisition) of property, plant, equipment and intangible assets	3	(7,468)	(1,460)	(7,468)	(1,460)
Income from sales of non-current assets		22	64	22	64
Short term deposits (placed)/received	8	13,700	(44,500)	13,000	(40,000)
Dividends received		83	150	83	150
Grants, subsidies received		170	-	170	-
Net cash flows from (used in) investing activities		**6,507**	**(45,746)**	**5,807**	**(41,246)**
Cash flows from financing activities					
Dividends paid		(5,000)	-	(5,000)	-
Loans received		13,415	13,415	13,415	13,415
Loans paid		(2,722)	(2,722)	(2,722)	(2,722)
Interest and fee related to loans (paid)		(2,710)	(1,566)	(2,710)	(1,566)
Guaratee fees paid		(59)	(74)	(59)	(74)
Lease liabilities (paid)	10	(28,295)	(26,699)	(28,284)	(26,482)
Interest on leasing liabilities paid		(705)	(1,148)	(705)	(1,148)
Net cash flows from (used in) financing activities		**(26,076)**	**(18,794)**	**(26,065)**	**(18,577)**
Net increase (decrease) in cash flows		**(526)**	**(44,950)**	**(1,909)**	**(40,859)**
Cash and cash equivalents on 1 January	9	19,535	72,423	17,405	66,848
Cash and cash equivalents on 30 June	9	19,009	27,473	15,496	25,989

EXPLANATORY NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AB KN Energies (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 KN Global Terminals, a subsidiary (hereinafter "the subsidiary UAB KN Global Terminals"). 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 KN Global Terminals (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 liquid energy products terminal, transshipment services and other related services, as well as operation of the liquefied natural gas terminal (hereinafter referred to as "LNGT") primarily dedicated to accept and store liquefied natural gas. Activity also includes regassification of LNG for gas supply into Gas Grid.

National Energy Regulatory Council (hereinafter referred to as "NERC") issued Natural Gas Regasification License to the Company on 27 November 2014.

The authorised capital of the Company is equal to EUR 110,315,009.65, divided into 380,396,585 units of shares, each carrying one vote.

The Company has not acquire any of its own shares has arranged no deals regarding acquisition or transfer of its own shares during the six months of the year 2024 and 2023.

The Company's shares are listed on the Baltic Main List on the NASDAQ Vilnius Stock Exchange (ISIN code LT0000111650, abbreviation KNE1L).

As at 30 June 2024 and 31 December 2023 the shareholders of the Company were:

	30 June 2024		31 December 2023	
	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 (Gedimino av. 38/2, Vilnius, 302308327)	275,687	72.47	275,687	72.47
UAB koncernas Achemos grupė (Vykinto st. 14, Vilnius, 156673480)	39,663	10.43	39,663	10.43
Other (less than 5% each)	65,047	17.10	65,047	17.10
Total	**380,397**	**100.00**	**380,397**	**100.00**

The Parent Company controls subsidiary UAB KN Global Terminals, which activities are these: a participation in the international LNG and energy projects, providing project development or terminal operation services or investing into them, and all other related activities and provision of any other relevant services. The Company owns 100% of voting rights of this subsidiary.

The Parent Company also controls subsidiary UAB SGD terminalas. The purpose of this entity 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 KN Global Terminals.

On 13 December 2019 the subsidiary of UAB KN Global Terminals (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 in six months of 2024 was 370 (351 in six months of 2023).

The average number of employees of the Company in six months of 2024 was 339 (325 in six months of 2023).

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 apply the same accounting policies and calculation methods in preparing Interim Financial Statements as they have been used for the Annual Financial Statements of the year 2023. The principles used in preparation of financial statements were presented in more detail in the Notes to the Financial Statements for 2023.

These financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below.

The financial year of all Group companies 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 39,027 thousand as of 30 June 2024 was completely depreciated (EUR 43,150 thousand on 31 December 2023), however, it was still in operation.

The Group's and the Company's depreciation of property, plant and equipment amounts to EUR 4,487 thousand and EUR 4,437 thousand for the six months of 2024, respectively (EUR 4,212 thousand and EUR 4,171 thousand for the six months of 2023). The depreciation EUR 169 thousand was reduced by amortization of related grant the six months of 2024 (EUR 174 thousand for the six months of 2023). EUR 4,198 thousand of depreciation charge has been included into cost of sales of the Group and the Company, respectively (EUR 4,031 thousand and EUR 3,993 thousand for the six months of 2023). The remaining amount EUR 119 thousand and EUR 69 thousand, respectively (EUR 73 thousand for the six months of 2023) 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 assets amounts to EUR 7,239 thousand for the six months of 2024 (EUR 7,163 thousand for the six months of 2023). EUR 5,483 thousand of depreciation charge has been included into cost of sales of both, the Group and the Company (EUR 7,044 thousand for the six months of 2023) and the remaining amount of EUR 1,756 thousand has been included into operating expenses in the Statement of comprehensive income of the Group and the Company (EUR 119 thousand for the six months of 2023).

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

At each reporting date, the Group and the Company makes assessments 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 lowest separate business segment levels for which separate cash flows could be identified and estimated (cash-generating units, CGU).

As of 30 June 2024 the management of the Group and the Company did not identify any indications for additional impairment of Klaipėda liquids terminal's assets.

4 OPERATING SEGMENTS

The management of the Group and the Company has identified the following segments:

- LET – Liquid energy terminals in Klaipėda and Subačius, offering transshipment services for liquid energy products, long-term storage solutions for such products, and other related services;
- LNG business that includes LNGT and comLNG segments:
  - LNGT – LNG terminal in Klaipėda which receives, and stores liquefied natural gas, regasifies and supplies it to Gas Main pipeline;
  - comLNG – LNG commercial activities – includes LNG reloading station and execution of other global LNG projects.

Main indicators of the business segments of the Group included into the statement of comprehensive income for the six months of 2024 and statement of financial position as of 30 June 2024, are presented below:

GROUP **For the six months period ended 30 June 2024**	**LET**	**LNG** LNGT	 comLNG	**Total**
Revenues from contracts with customers	14,604	22,653	5,357	**42,614**
Profit (loss) before income tax	3,388	(4,154)	2,770	**2,004**
Segment net profit (loss)	3,093	(4,046)	2,412	**1,459**
Interest revenue	977	58	177	**1,212**
Loan interest expense	-	2,761	1	**2,762**
Interest on financial lease liabilities	182	492	20	**694**
Depreciation and amortisation	2,757	1,112	559	**4,428**
Depreciation of right-of-use-assets	265	6,899	75	**7,239**
Acquisitions of tangible and intangible assets	1,109	9,251	32	**10,392**
Segment total assets*	107,357	346,707	24,174	**478,238**
Loan and related liabilities	(20)	175,130	(42)	**175,068**
Lease liabilities	18,271	175,424	1,990	**195,685**
Segment total liabilities	23,022	361,876	7,729	**392,627**

Main indicators of the business segments of the Group included into the statement of comprehensive income for the six months of 2023 and statement of financial position as of 30 June 2023, are presented below:

GROUP **For the six months period ended 30 June 2023**	**LET**	**LNG** LNGT	 comLNG	**Total**
Revenues from contracts with customers	14,199	24,804	3,395	**42,398**
Profit (loss) before income tax	2,994	5,416	631	**9,041**
Segment net profit (loss)	2,675	4,935	490	**8,100**
Interest revenue	358	24	58	**440**
Loan interest expense	-	1,679	2	**1,681**
Interest on financial lease liabilities	182	603	20	**805**
Depreciation and amortisation	2,542	1,090	606	**4,238**
Depreciation of right-of-use-assets	229	6,871	63	**7,163**
Acquisitions of tangible and intangible assets	254	4	66	**324**
Segment total assets*	104,857	354,953	29,645	**489,455**
Loan and related liabilities	(20)	154,073	(42)	**154,011**
Lease liabilities	18,567	216,992	2,058	**237,617**
Segment total liabilities	23,328	381,586	7,823	**412,737**

*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	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Spare parts, construction materials and other inventories	1,110	1,082	1,110	1,082
Emission allowances	310	359	310	359
Diesel fuel for the LNG Terminal purpose	204	8	204	8
Fuel for transport and other equipment	126	113	126	113
Liquefied natural gas	46	46	46	46
	1,796	**1,608**	**1,796**	**1,608**

As at 30 June 2024 and 31 December 2023 the Group and the Company did not have any inventory items that needed impairment allowance.

6 TRADE RECEIVABLES AND OTHER RECEIVABLES

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Trade receivables	9,842	10,556	9,047	9,830
Prepayments	1,067	810	1,067	810
Other receivables	2,957	2,441	2,736	2,222
	13,866	**13,807**	**12,850**	**12,862**

Trade and other receivables are non-interest bearing and are generally settled on 2 - 20 days payment terms.

Trade receivable disclosed below:

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Receivables from LNG terminal activities	7,013	7,854	7,013	7,855
Receivables for transshipment of liquid energy products and other related services	3,242	3,410	3,242	3,410
Receivable for operating and management services	1,099	804	304	77
Less: impairment allowance	(1,512)	(1,512)	(1,512)	(1,512)
	9,842	**10,556**	**9,047**	**9,830**

The Group and the Company has recognized impairment allowance in the amount of EUR 1,512 thousand on 30 June 2024 (EUR 1,512 thousand on 31 December 2023).

Other receivables disclosed below:

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Receivable interests from short-term deposits	1,404	214	1,404	214
Excise duty receivable	977	979	977	979
Other receivable taxes (1)	389	1,037	345	1,029
VAT receivable	177	211	-	-
Other receivables	10	-	10	-
Total	**2,957**	**2,441**	**2,736**	**2,222**

(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

GROUP and COMPANY	30-06-2024	31-12-2023
Current contract assets:	**530**	**556**
Accrued income	530	556

Accrued income for storage of liquid energy products as of 30 June 2024 and 31 December 2023 calculated as percentage of completion based on expenses incurred from the total estimated cost of contracted services. Upon completion of transshipment of liquid energy products and acceptance by the customer, the amounts initially recognized as contract assets are reclassified as trade receivables.

8 OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Short-term deposits (1)	43,800	57,500	40,000	53,000
Deposit for tax obligations (2)	3,321	3,321	3,321	3,321
Other guarantees (3)	1,107	465	1,107	465
Derivatives	6	-	6	-
Total	**48,234**	**61,286**	**44,434**	**56,786**

(1) As at 30 June 2024, the Group had 4 short-term deposits at banks, amounted to EUR 43,800 thousand, with maturity of more than 3 months, the Company had had 2 short-term deposits at banks, amounted to EUR 40,000 thousand, with maturity of more than 3 months. Annual interest rate was from 3.00% to 3.75% for agreements signed.

(2) In 2020-2023 the Group and the Company made a deposit to the State tax inspection for tax which may arise from the movement of excise goods under suspension of excise duty. The additional excise duty cash collateral in 2023 for EUR 2,550 thousand, from which EUR 2,500 thousand was recovered in May 2023. The use of the deposit is indefinite (returned within 5 working days from the submission of the request).

(3) On 12 July 2022 the Company had paid the deposit amounted to EUR 465 thousand as guarantee to supplier for rented ISO containers, which were shipping to the war zone in Ukraine. This deposit will expire on 1 August 2024. Also, on 29 March 2024 the Company had provided credit support (bank guarantees) on behalf of KN Acu Servicos de Terminal de GNL LTDA to its clients UTE GNA I GERAÇÃO DE ENERGIA S.A. and UTE GNA II GERAÇÃO DE ENERGIA S.A.. As of 30 June 2024 aggregated amount of credit support is EUR 641 thousand (USD 687 thousand). The guarantees were issued from deposited funds.

9 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Cash at banks	19,009	19,535	15,496	17,405

Cash and cash equivalents are not pledged as at 30 June 2024 and 31 December 2023.

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

	GROUP		COMPANY	
Currency	30-06-2024	31-12-2023	30-06-2024	31-12-2023
EUR	12,816	14,049	10,708	12,628
USD	4,788	4,777	4,788	4,777
BRL	1,405	709	-	-
	19,009	**19,535**	**15,496**	**17,405**

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	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
A+	7,558	7,276	5,450	5,855
A-	4,428	5,962	4,428	5,962
AA-	5,618	5,588	5,618	5,588
BB-	1,405	709	-	-
	19,009	**19,535**	**15,496**	**17,405**

Based on management's assessment performed and best estimate cash and its equivalents are presented at fair value and no indications of cash impairment exist as at 30 June 2024 and 31 December 2023.

10 LOANS AND LEASE LIABILITIES

Loans

GROUP and COMPANY	30-06-2024	31-12-2023
Nordic Investment Bank's loan	134,235	121,525
European Investment Bank's loan	40,326	42,853
Guarantee payment to the Ministry of Finance to the Republic of Lithuania	(123)	(126)
Payable loan interest	630	131
	175,068	**164,383**

Lease liabilities

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Cash at banks	195,685	213,166	195,670	213,147

Lease liabilities as at 30 June 2024 can be specified as follows:

GROUP	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	-	18,623	4,816	574	24,013
Short term lease liabilities	170,460	665	123	424	171,672
	170,460	**19,288**	**4,939**	**998**	**195,685**

COMPANY	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	-	18,623	4,816	568	24,007
Short term lease liabilities	170,460	665	123	415	171,663
	170,460	**19,288**	**4,939**	**983**	**195,670**

Lease liabilities as at 31 December 2023 can be specified as follows:

GROUP	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	-	18,851	4,856	752	24,459
Short term lease liabilities	187,510	661	122	414	188,707
	187,510	**19,512**	**4,978**	**1,166**	**213,166**

COMPANY	FSRU lease	Land rent	Jetty rent	Other*	Total
Long term lease liabilities	-	18,851	4,856	743	24,450
Short term lease liabilities	187,510	661	122	404	188,697
	187,510	**19,512**	**4,978**	**1,147**	**213,147**

* Other comprises of lease of transport vehicles, office rent.

11 DEFERRED GOVERNMENT GRANTS

GROUP and COMPANY	30-06-2024	31-12-2023
Balance at the beginning of the period	5,115	5,468
Received during the year	170	-
Compensations of costs	(3)	(9)
Amortization	(169)	(344)
Balance at the end of the period	**5,113**	**5,115**

12 TRADE PAYABLES AND OTHER LIABILITIES

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Trade payables	2,725	4,779	2,235	4,521
Other payables and current liabilities	3,878	656	3,878	623
Total	**6,603**	**5,435**	**6,113**	**5,144**

Trade payables disclosed below:

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Other payments related FSRU	1,420	2,030	1,420	2,030
Payable to contractors	74	274	74	274
Payable for gas services	31	255	31	255
Payable for railway services	-	79	-	79
Other trade payables	1,200	2,141	710	1,883
Total	**2,725**	**4,779**	**2,235**	**4,521**

On 30 June 2024 trade payables of EUR 1,420 thousand were denominated in USD (on 31 December 2023 – EUR 2,030 thousand).

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

Other payables and current liabilities disclosed below:

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Accrued expenses related to FSRU	2,841	-	2,841	-
Accrued expenses and liabilities	839	411	839	411
Payable for insurance	156	35	156	35
Real estate tax payable	-	126	-	126
Other taxes payable	-	10	-	-
Other liabilities	42	74	42	51
Total	**3,878**	**656**	**3,878**	**623**

13 PAYROLL RELATED LIABILITIES

	GROUP		COMPANY	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Accrual of annual bonuses	1,119	881	1,058	829
Accrued vacation reserve	564	1,577	541	1,517
Salaries payable	639	589	614	589
Social insurance payable	303	268	292	258
Income tax payable	286	251	240	206
Other deductions	2	2	2	2
Total	**2,913**	**3,568**	**2,747**	**3,401**

14 REVENUE FROM CONTRACTS WITH CUSTOMERS

	GROUP		COMPANY	
	6 months of 2024	6 months of 2023	6 months of 2024	6 months of 2023
Income from LNGT regasification services collected directly from LNGT users (1)	17,908	23,589	17,908	23,589
Sales of liquid energy products transshipment services	14,027	13,222	14,027	13,222
Other sales related to LNG terminals activity	7,635	3,823	5,758	2,209
Sales of consulting services	2,453	779	2,482	940
Other sales related to transshipment	591	985	591	985
Total	**42,614**	**42,398**	**40,766**	**40,945**

(1) Income from LNGT services contains income from LNG regasification service and LNG reloading service. The tariffs of this services are adjusted annually and regulated by NERC. Regasification and reloading income are collected directly from the clients after services are provided based on quantities.

15 COST OF SALES

	GROUP		COMPANY	
	6 months of 2024	6 months of 2023	6 months of 2024	6 months of 2023
Depreciation of right-of-use asset	(5,483)	(7,044)	(5,483)	(7,044)
Wages, salaries and social security	(4,812)	(4,053)	(4,541)	(3,863)
Depreciation and amortisation (incl. amortisation of grants)	(4,260)	(4,165)	(4,260)	(4,114)
Expenses related to FSRU rent (OPEX element, management, crew cost)	(3,799)	(3,722)	(3,799)	(3,722)
Tax on environmental pollution and Emission allowances	(1,798)	(5,414)	(1,798)	(5,414)
Port charges	(762)	(766)	(762)	(766)
Repair and maintenance of assets	(716)	(528)	(709)	(494)
Railway services	(572)	(583)	(572)	(583)
Insurance	(571)	(1,235)	(571)	(1,235)
Other	(2,609)	(4,314)	(2,434)	(4,138)
Total	**(25,382)**	**(31,824)**	**(24,929)**	**(31,373)**

16 OPERATING EXPENSES

	GROUP		COMPANY	
	6 months of 2024	6 months of 2023	6 months of 2024	6 months of 2023
Wages, salaries and social security	(3,168)	(2,906)	(3,035)	(2,703)
Depreciation of right-of-use asset	(1,756)*	(119)	(1,756)*	(119)
Consulting and legal costs	(570)	(931)	(496)	(844)
Telecommunication and IT expenses	(379)	(237)	(364)	(220)
Salaries and other related expenses to governing bodies	(184)	(171)	(184)	(171)
Depreciation and amortization	(168)	(73)	(116)	(73)
Expenses for business trips	(81)	(141)	(73)	(120)
Advertising and external communication	(80)	(42)	(80)	(42)
Other	(891)	(732)	(676)	(518)
Total	**(7,277)**	**(5,352)**	**(6,780)**	**(4,810)**

* Due to the major repairs of FSRU on dry dock, FSRU was not performing its usual activity for one and half month. According to these circumstances, the depreciation for dry-dock period amounted to EUR 1,579 thousand was accounted on operating expenses instead of cost of sales.

17 INCOME (EXPENSES) FROM FINANCIAL AND INVESTMENT ACTIVITIES – NET

	GROUP		COMPANY	
	6 months of 2024	6 months of 2023	6 months of 2024	6 months of 2023
Interest income	1,212	440	1,035	382
Fines income	16	14	16	14
Income from derivatives	4	-	4	-
Income from currency exchange on the lease liabilities	-	5,666	-	5,666
Other financial income	11	198	5	199
Financial activity income, total	**1,243**	**6,318**	**1,060**	**6,261**
Losses from currency exchange on the lease liabilities	(5,749)	-	(5,749)	-
Interest expenses	(2,762)	(1,681)	(2,761)	(1,680)
Interest on the lease liabilities	(694)	(805)	(694)	(805)
Losses from currency exchange	(15)	(71)	(9)	(92)
Fines and penalties expenses	(10)	-	(9)	-
Loss from financial derivatives	-	(97)	-	(97)
Other financial activity expenses	(79)	(3)	-	-
Financial activity expenses, total	**(9,309)**	**(2,657)**	**(9,222)**	**(2,674)**

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	
	6 months of 2024	6 months of 2023
Net profit (loss) attributable to shareholders	1,459	8,100
Weighted average number of outstanding ordinary shares (thousand)	380,397	380,397
Earnings and reduced earnings (in EUR)	**0.004**	**0.021**

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 2024 and 2023 were as follows:

Transactions with Lithuanian State controlled enterprises and institutions, and other related parties:

GROUP		Purchases	Sales	Receivables	Payables
AB Klaipeda State Seaport Authority	2024 six months	1,147	-	-	305
	2023 six months	1,270	-	-	459
AB "Amber Grid"	2024 six months	-	-	3,975	-
	2023 six months	-	-	3,975	-
UAB „Ignitis"	2024 six months	-	4,387	931	-
	2023 six months	-	5,328	1,616	-
Public Institution Lithuanian Energy Agency	2024 six months	-	2,020	416	-
	2023 six months	-	1,680	339	-
Energijos skirstymo operatorius, AB	2024 six months	160	-	-	28
	2023 six months	578	-	-	20
AB LTG CARGO	2024 six months	595	-	-	(17)
	2023 six months	655	-	-	29
Other related parties	2024 six months	24	-	-	5
	2023 six months	28	-	-	1
Transactions with related parties, in total:	**2024 six months**	**1,926**	**6,407**	**5,322**	**321**
	2023 six months	**2,531**	**7,008**	**5,930**	**509**

COMPANY		Purchases	Sales	Receivables	Payables
AB Klaipeda State Seaport Authority	2024 six months	1,147	-	-	305
	2023 six months	1,270	-	-	459
AB "Amber Grid"	2024 six months	-	-	3,975	-
	2023 six months	-	-	3,975	-
UAB „Ignitis"	2024 six months	-	4,387	931	-
	2023 six months	-	5,328	1,616	-
Public Institution Lithuanian Energy Agency	2024 six months	-	2,020	416	-
	2023 six months	-	1,680	339	-
Energijos skirstymo operatorius, AB	2024 six months	160	-	-	28
	2023 six months	578	-	-	20
AB LTG CARGO	2024 six months	595	-	-	(17)
	2023 six months	655	-	-	29
KN Acu Servicos de Terminal de GNL Ltda	2024 six months	-	41	3	-
	2023 six months	-	215	17	-
Other related parties	2024 six months	24	-	-	5
	2023 six months	28	-	-	1
Transactions with related parties, in total:	**2024 six months**	**1,926**	**6,448**	**5,325**	**321**
	2023 six months	**2,531**	**7,223**	**5,947**	**509**

Management salaries and other payments

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

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

	GROUP		COMPANY	
	6 months of 2024	6 months of 2023	6 months of 2024	6 months of 2023
Payroll related costs	643	581	591	532
Number of management	11	10	7	6

During the six months of 2024 and the six months of 2023 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

On 3 July 2024 the Court of Appeal of Lithuania (hereinafter – Court) has examined the criminal case in which the Company has filed the claim for damages for the total amount of EUR 20,9 million. The Court adopted judgement in the criminal case and amended the judgement of 27 December 2017 of Klaipėda Regional Court by awarding the Company damages in the amount of EUR 603 thousand jointly and severally. The Court has annulled the part of the judgement regarding Company's civil claim on the award of damages for the amount of EUR 20,9 million. This judgement of the Court of Appeal of Lithuania may be appealed to the Supreme Court of Lithuania within three months after its announcement.

No other significant events have occurred after the date of financial statements that would require disclosure or amendment in the financial statements.

CONFIRMATION OF RESPONSIBLE PERSONS

In accordance with the Law on Securities of the Republic of Lithuania, and the Rules on the Disclosure of Information by the Bank of Lithuania we, Darius Šilenskis, Chief Executive Officer of AB KN Energies, Tomas Tumėnas, Chief Financial Officer of AB KN Energies, 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 KN Energies for the six months period ended on 30 June 2024 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 KN Energies.

Chief Executive Officer	Darius Šilenskis
Chief Financial Officer	Tomas Tumėnas
Chief Accountant	Rasa Tamaliūnaitė