



AB KLAIPĖDOS NAFTA

# UNAUDITED FINANCIAL RESULTS OF KN GROUP FOR 2021 Q1

*April 30, 2021*



**DARIUS ŠILENSKIS**  
CHIEF EXECUTIVE OFFICER



**JONAS LENKŠAS**  
CHIEF FINANCIAL OFFICER



SHIFT IN MISSION AND VISION



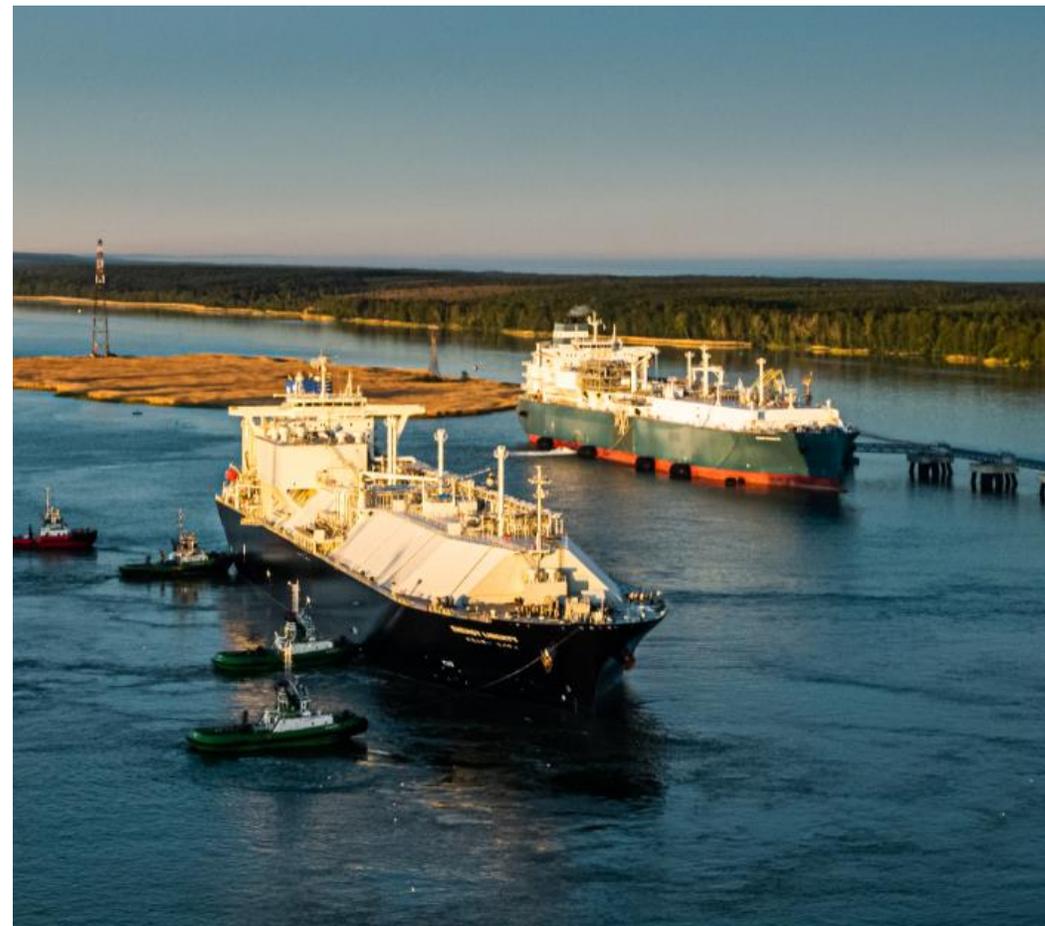
COVID-19 IMPACT



2021 Q1 HIGHLIGHTS



FINANCIAL RESULTS





# BRIDGING ENERGY MARKETS

## MISSION

---

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

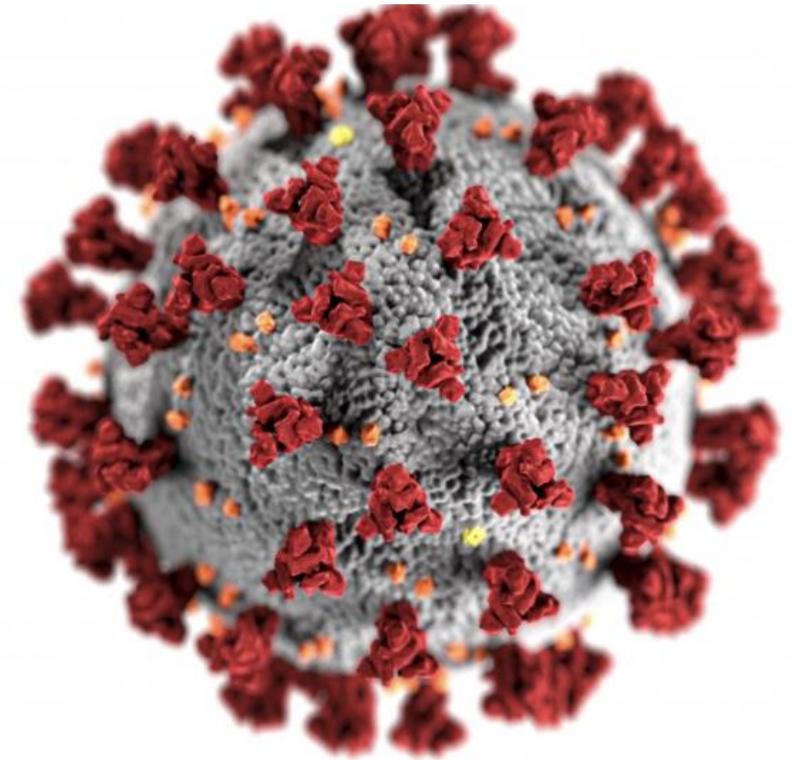
## VISION

---

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

## Covid-19 impact management measures taken:

- As of today, KN has managed to ensure business continuity and mitigate major COVID-19 related risks. All KN terminals are fully operational and from KN perspective all contractual commitments against the clients across the markets the company operates have been ensured.
- The Company applies various preventive measures to ensure safety of Group's and Company's employees and continuity of business operations. The employees of the Company, whose work specifics allow, work remotely. For the employees, who cannot work remotely, health safety measures are provided and health safety related practices in the terminals of the Company are implemented. All measures are being reviewed regularly.
- At the beginning of 2021, there was a COVID-19 outbreak in one the divisions of the company, but due to the preventive measures and established practices, it didn't have impact on business continuity. Other than that, there were no other significant COVID-19 outbreaks or fatalities with the KN group. Majority of KN employees in Lithuania got vaccinated with their first COVID-19 vaccine dose in April.
- With further uncertainty surrounding COVID-19 and respective economic impact globally, safety of KN personnel, efficiency and sustainability of KN terminals operations and prudent international projects development in line with KN Strategy 2030 remain the core items of the Company's continuity and risk mitigation plan.
- In 2021, KN results will be further impacted by global pandemics, which is still influencing oil business segment.
- Considering the high liquidity of the Group and the Company, the preventive measures taken, activated business continuity and risks mitigation plan, from a cash flows point of view the Group and the Company are in a secure position to continue their business operations in this unfavourable situation.



### APRIL 7

The Government of the Republic of Lithuania adopted a resolution which provides, inter alia, that the LNG operator shall calculate the share of profits to be paid for **dividends for 2020-2024 by eliminating unrealized impact of changes in foreign currency exchange rates and other amounts of unrealized gains (losses).**

### APRIL 20

KN and the Swedish company AFRY have signed an **agreement on the long-term capacity allocation and pricing model study** of the Lithuanian LNG terminal. The results of the study should be presented in the second half of this year.

### APRIL 30

KN holds a **General Meeting of Shareholders**. Agenda of the meeting: **approval of the audited Financial Statements** of the Company for the year 2020, approval of the **appropriation of profit (loss) for the year 2020**, approval of Report on the remuneration, and election of audit firm for 2021 and 2022.

### JANUARY 11

The new wording of Articles of Association of AB Klaipėdos nafta were registered within the Register of Legal Entities of the Republic of Lithuania following **the decrease of the authorized capital of the Company (by 190 TEUR)**, which is now equal to EUR 110 315 009 and divided into 380 396 585 units of shares.

### APRIL 8

KN announced a **consultation** with market participants **regarding the purchase of floating storage and regasification unit (FSRU)** for Klaipėda LNG terminal. The purchase of the FSRU is planned for the second half of this year.

### APRIL 29

**European Court of Justice (ECJ) has adopted the decision**, by which **State aid** granted in 2013 by the Republic of Lithuania to Klaipėdos Nafta AB for implementation of the Klaipėda LNG terminal, **is declared compatible with the internal market of EU**. ECJ's decision is final and indisputable.

## Speak Up



**January.** KN renewed a “whistleblowing” reporting channel “Speak-up”, which is important tool for the prevention of violations and promotion of transparency. KN is the first among Lithuanian state-owned enterprises, where speak-up channel will be supervised by an Internal Audit and collegial supervisory bodies.

**February.** KN was announced as one of the top ten investor relations companies in the Baltic market that have created the greatest added value for shareholders. This nomination was earned in the traditional awards of market participants organized by the Nasdaq Baltic exchange.

**March and April.** As speakers at the conferences “Global LNG Bunkering Experience” and “Cool Gas as an Energy Source for Shipping”, we further promote LNG, which is especially relevant in the context of green economies.

**April.** The one-year anniversary of LEAN at KN. During the year, savings of more than 186 tEUR were generated. At the same time during the year, workplaces were reorganized and the company's processes were improved.



NASDAQ  
BALTIC  
AWARDS  
2021



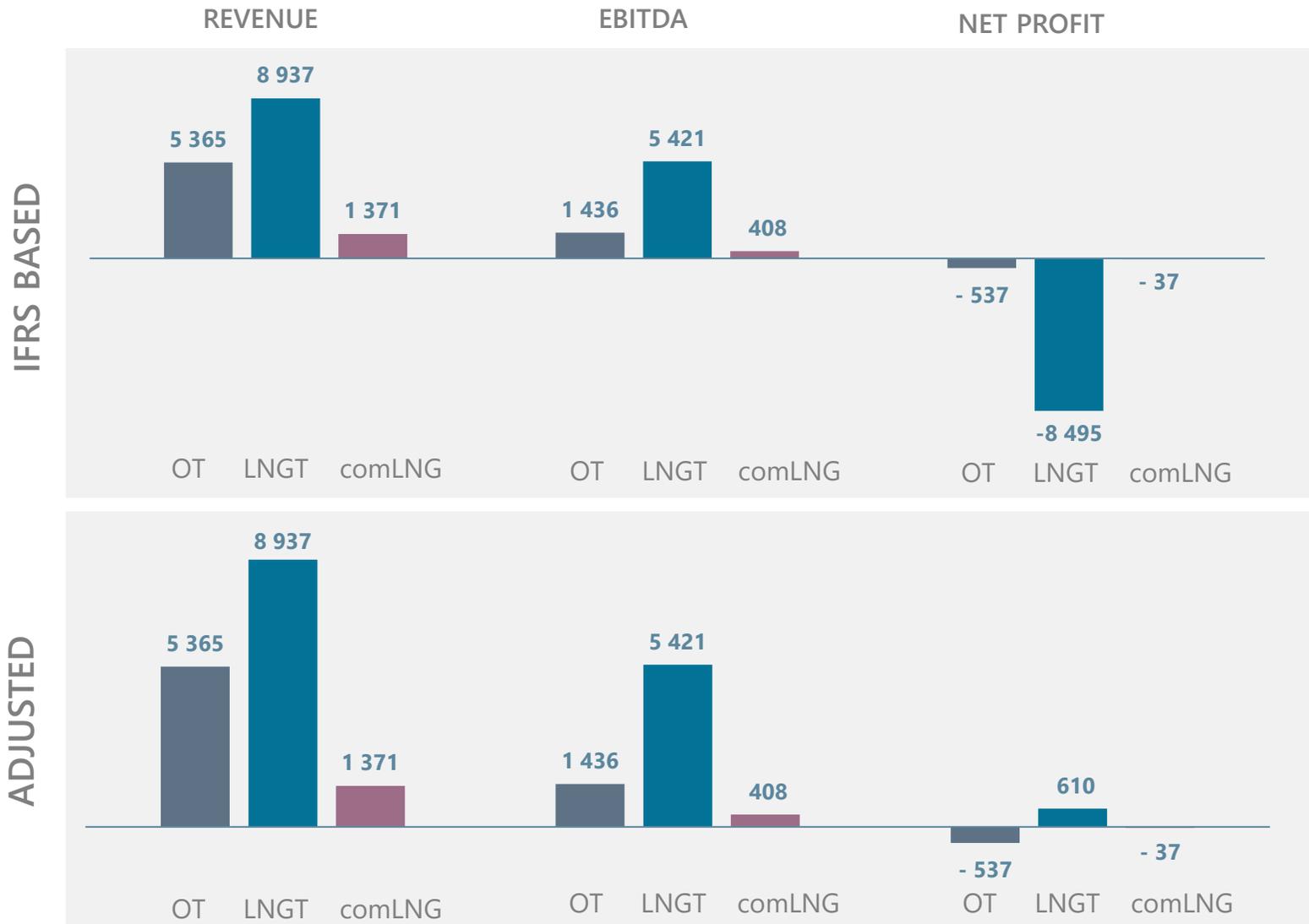
# FINANCIAL RESULTS



# CONSOLIDATED KN FINANCIAL RESULTS (UNAUDITED) FOR 2021 Q1, MEUR

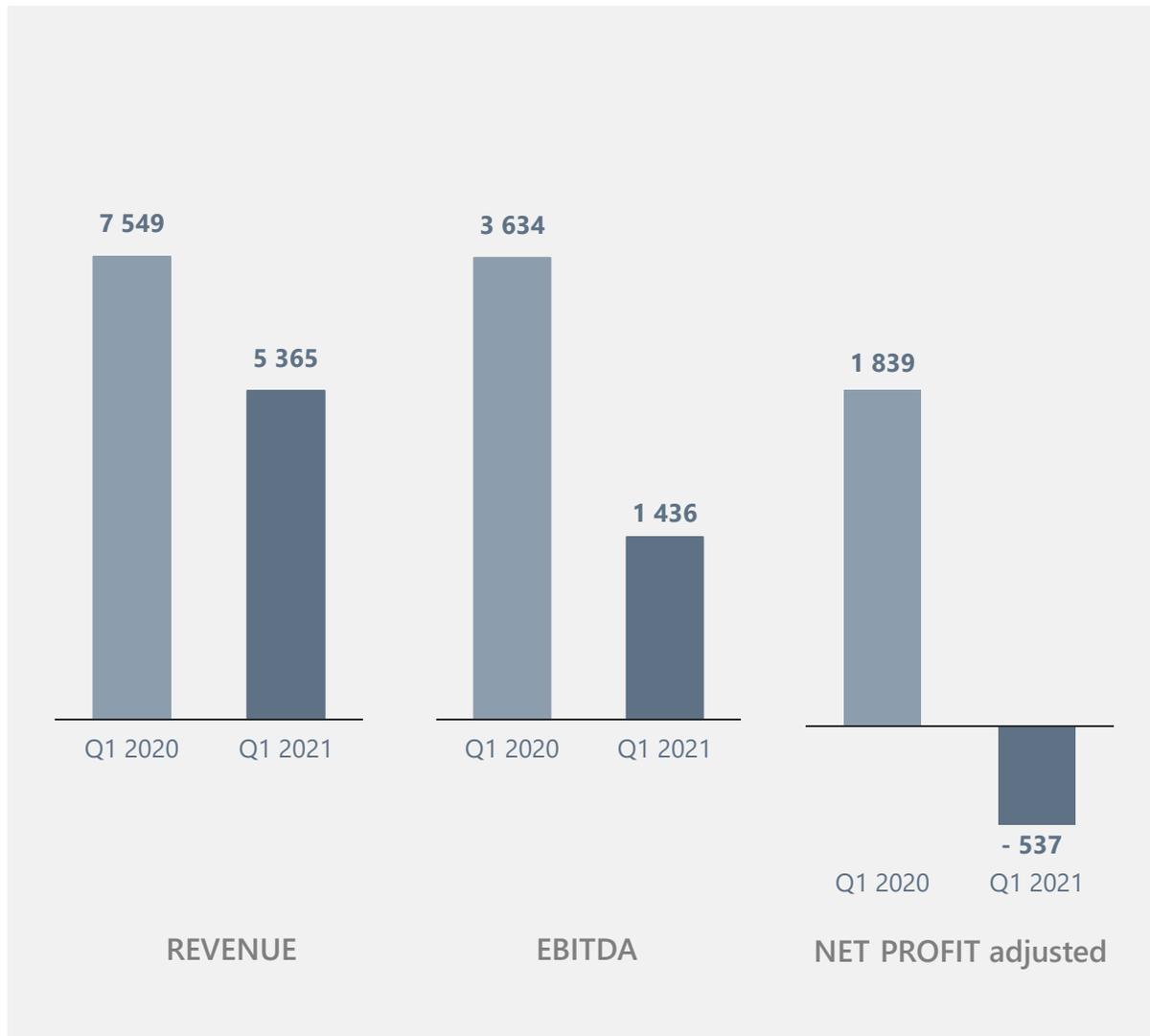


# FINANCIAL RESULTS BY SEGMENTS (UNAUDITED) FOR 2021 Q1, TEUR



## SEGMENTS EXPLANATION:

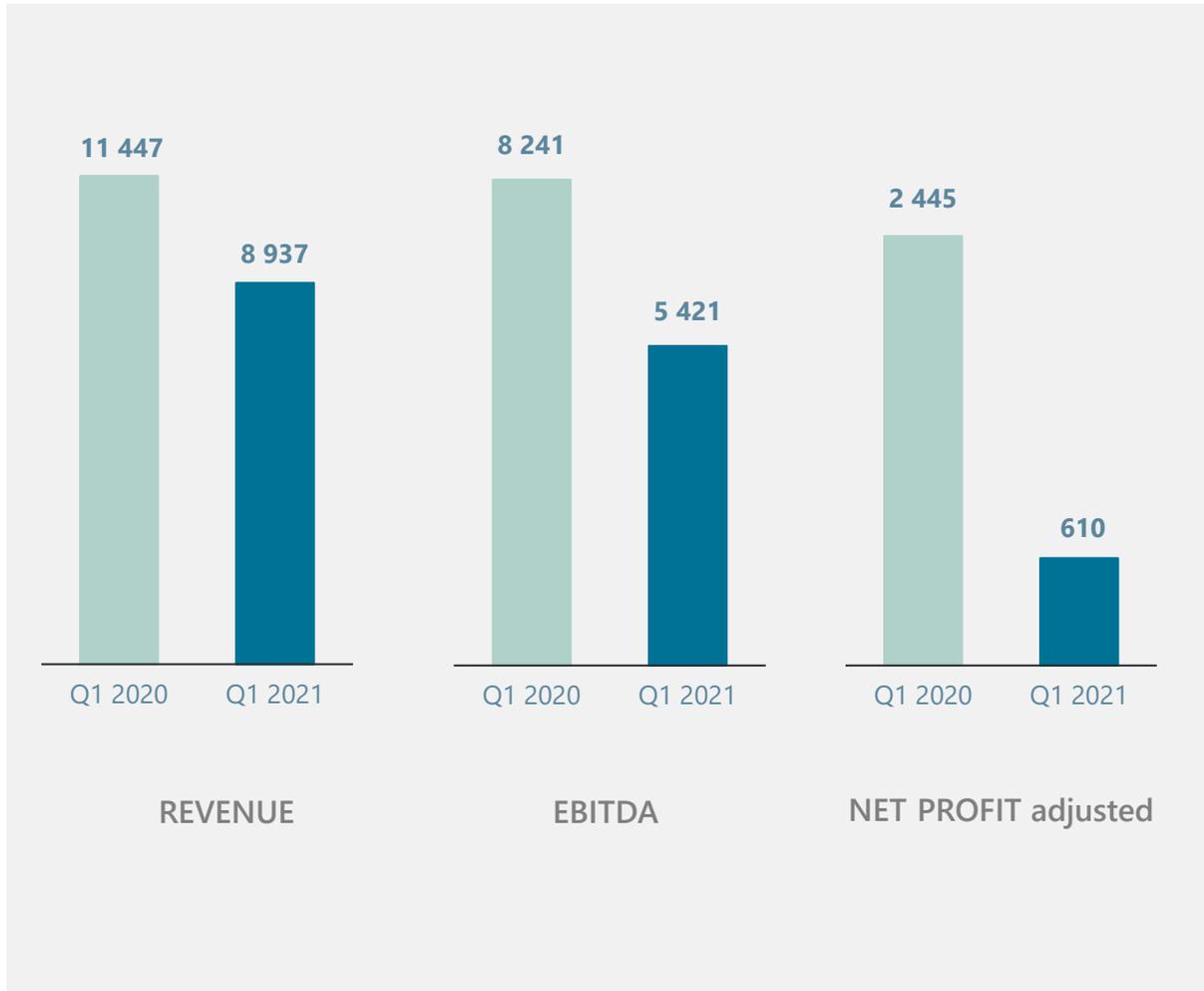
- **Oil Terminals (OT) – include:**
  - Klaipėda Oil Terminal and
  - Subačius Oil Terminal
- **Regulated LNG activities (LNGT):**
  - Klaipėda LNG Terminal
- **Commercial LNG activities (comLNG):**
  - small-scale LNG reloading station in Klaipėda
  - operation of LNG terminal in Açu port in Brazil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



## BUSINESS FACTORS:

Year 2020 was full of challenges which put significant pressure on oil products' demand in general and KN's oil business operations and results as well. In 2021 Q1 demand for light petroleum products kept a slow pace upwards, despite that, it wasn't enough for refineries to increase their refining capacities. The main factors that had the greatest impact in Q1 of 2021 were:

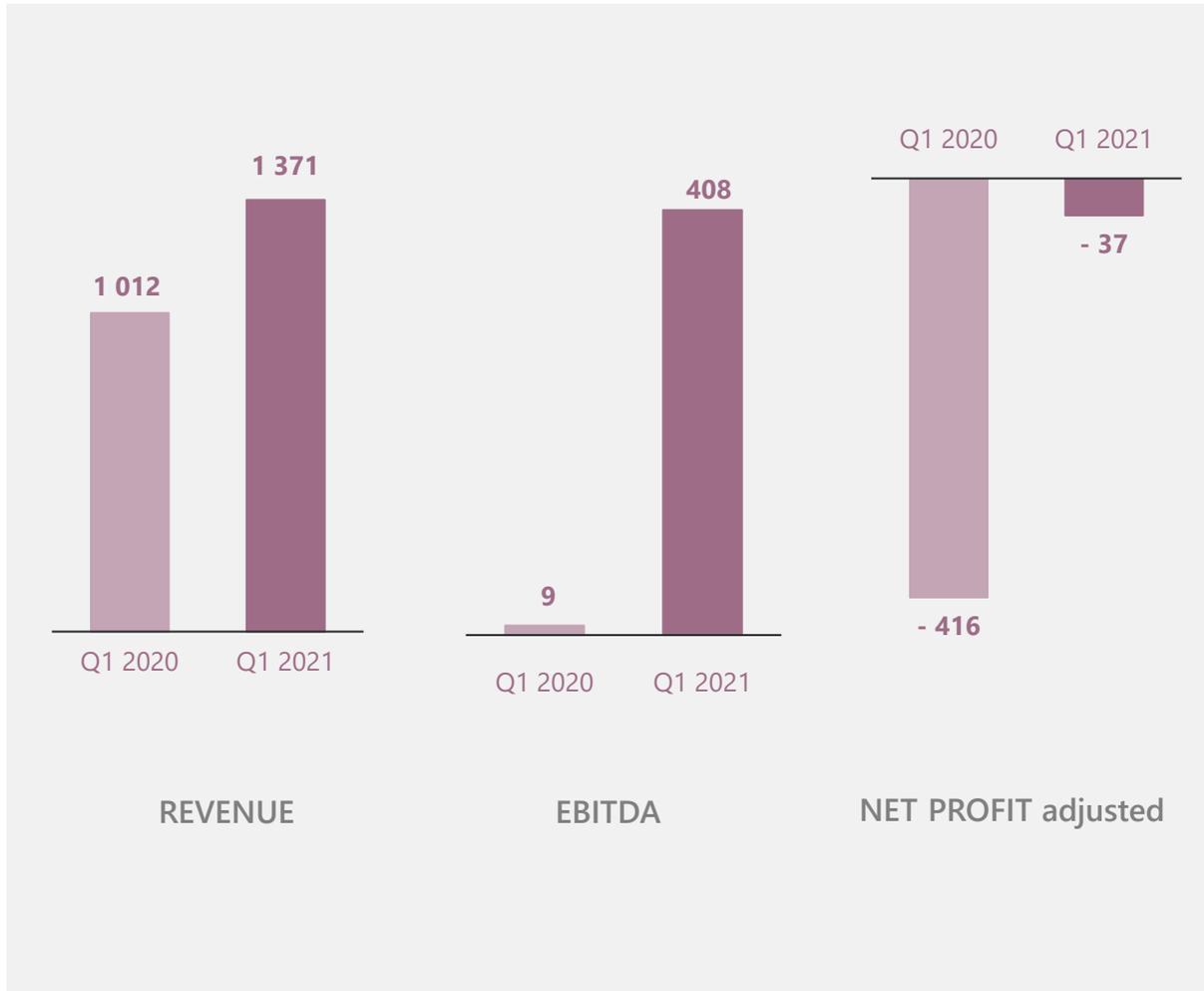
- The increase of vacant tanks volumes supply in Q1 intensified competition in oil products storage (especially dark heated) market.
- Ongoing restrictions in European countries due to COVID-19 pandemic continued to affect volumes of oil product handled via Klaipėda terminal during Q1 2021.
- KN's client BNK (UK) Limited suspended loading oil products which have been contracted before transshipment suspension through the port of Klaipėda. No new requests from BNK for oil product loading were received in FEB and MAR Q1 2021.
- KN has offered market participants available tanks for other services and products.
- Part of KN oil terminal's spare capacities were rented for light products storage
  - KN clients continued to import, blend and handle biofuels on a planned level.
- KN has extended cooperation in the field of biofuel handling during 2021 and rented part of spare tank capacities for ethanol storage.
- KN has signed contracts for RRME (biodiesel) import, which is planned to start in May.
- Q1 2021 was characterized with higher feedstock import flows for local refiners.



## BUSINESS FACTORS:

- LNG security supplement reduction impact – 6,7 MEUR for Q1 2021.
- In Q1 2021, 4 large scale and 11 small scale cargoes were accepted.
- As of 19 April 2021, the YTD utilization of Klaipėda’s LNG terminal was 39%.
- Due to high demand many LNG cargoes were delivered to Asia; nevertheless, March data showed that more LNG cargoes started coming back to Europe.
- In Q1 2021, natural gas consumption in Lithuania increased by +28% YoY (up to 8,7 TWh vs 6,8 TWh year ago) due to cold winter; imports via the LNG terminal accounted for 44% of supplies.
- In Q1 2021, the average Dutch TTF Natural Gas Index was equal to 18,1 EUR/MWh in comparison to 11,6 EUR/MWh in Q1 2020 (source: ICE).





## BUSINESS FACTORS:

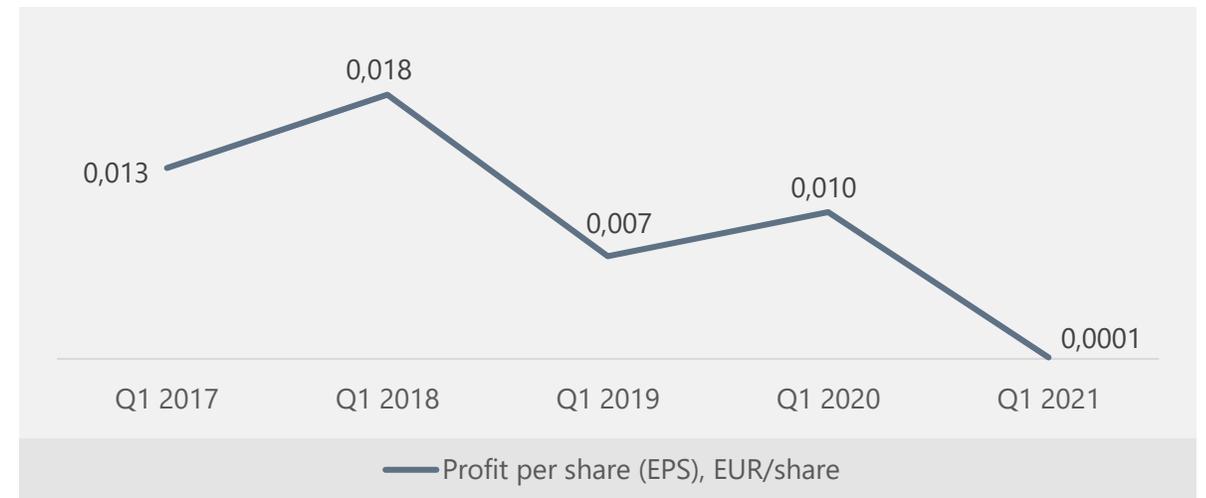
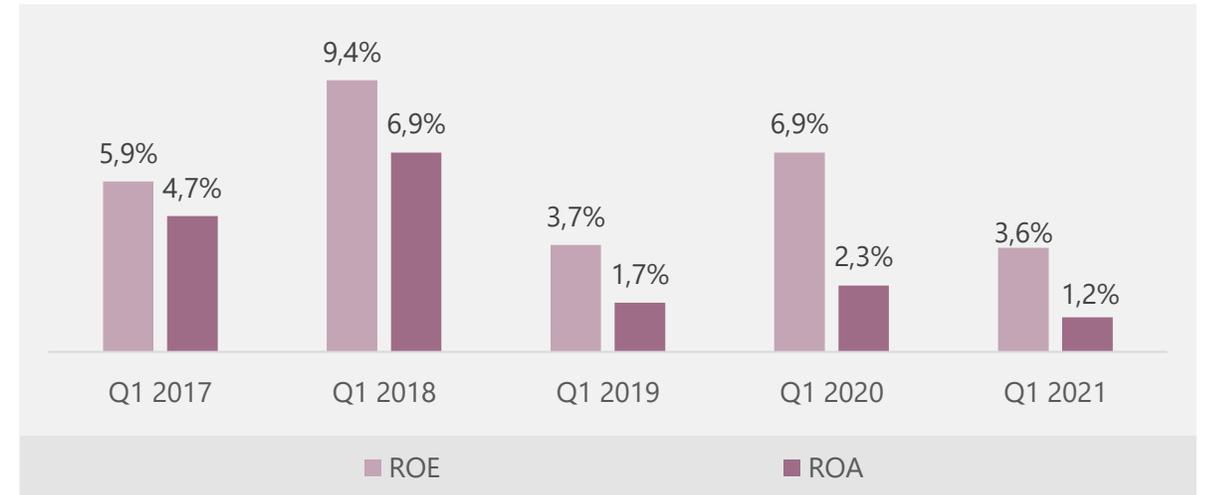
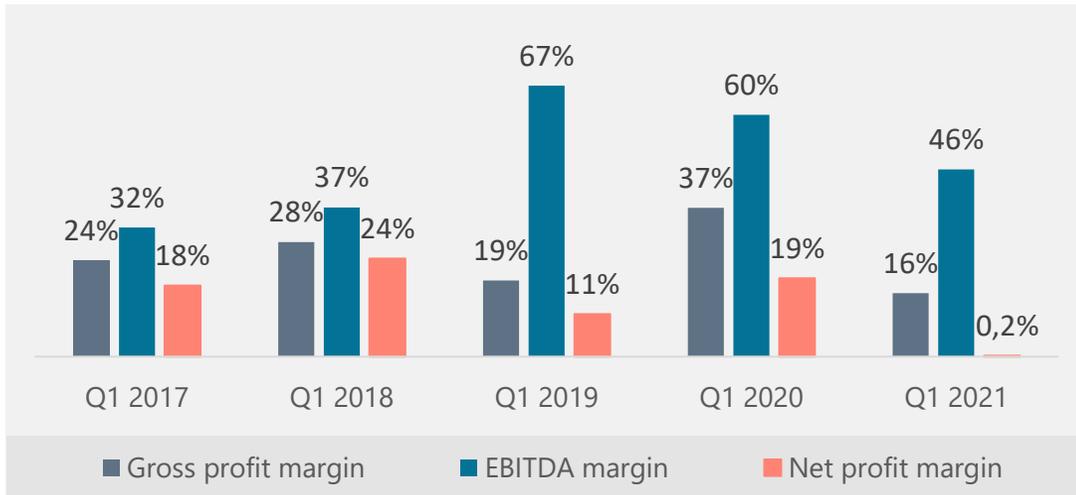
- KN, together with its subsidiary KN Açu Serviços de Terminal de GNL Ltda., provide services to UTE GNA I Geração de Energia S.A. in accordance to the Operation and Maintenance Services Agreement.
- KN and PGNiG signed a five-year agreement regarding the use of the LNG reloading station at the end of 2019. At the beginning of April PGNiG received the fifth cargo of liquefied natural gas (LNG) at the Klaipėda LNG reloading station during the first full year of its use.
- KN follows public and private floating LNG terminal tenders globally and currently assesses business development opportunities in Europe, Southeast Asia, Middle East, and South America.

## Commercial LNG activities include:

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

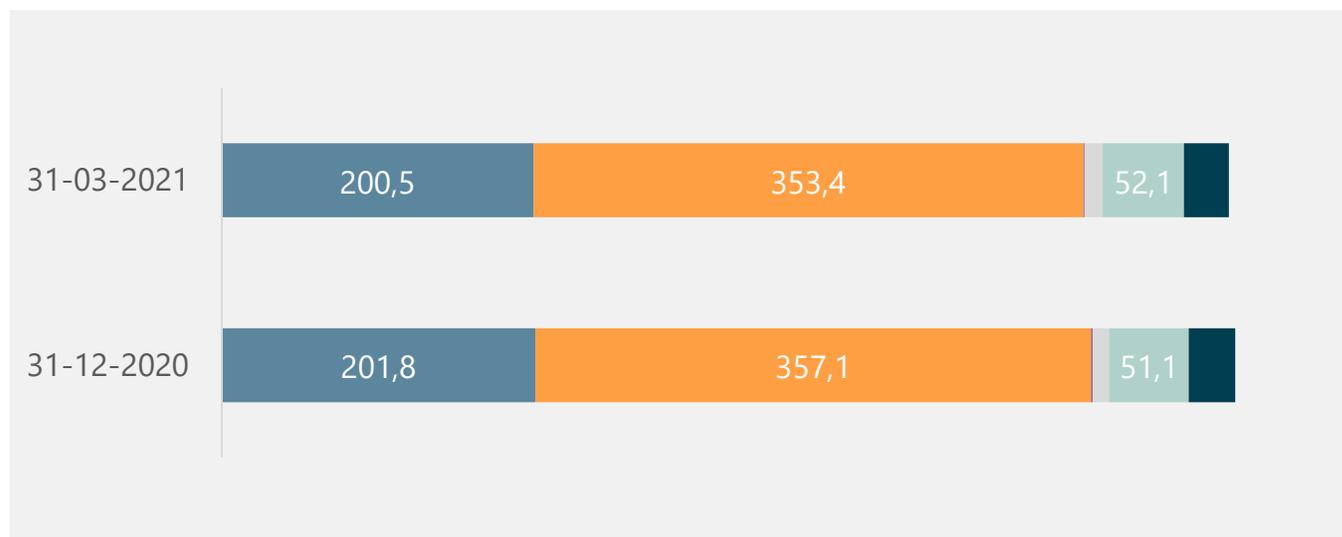
# PROFITABILITY AND MARKET VALUE RATIOS FOR Q1 OF 2021

ALL RATIOS ARE CALCULATED BASED ON ADJUSTED FIGURES



ASSETS			
MEUR	31-03-2021	31-12-2020	
■ PPE	200,5	201,8	
■ Right to lease property	353,4	357,1	
■ Other non-current assets	0,9	1,1	
■ Trade receivables	11,7	10,6	
■ Cash and cash equivalents	52,1	51,1	
■ Other current assets	28,9	30,0	
<b>TOTAL</b>	<b>647,5</b>	<b>651,7</b>	

LIABILITIES & EQUITY			
MEUR	31-03-2021	31-12-2020	
■ Non-current lease liabilities	266,2	265,3	
■ Loans (non-current + current)	102,8	96,5	
■ Other non-current liabilities	12,8	15,0	
■ Current lease liabilities	42,1	40,3	
■ Other current liabilities	16,4	18,3	
■ Equity	207,2	216,3	
<b>TOTAL</b>	<b>647,5</b>	<b>651,7</b>	



# Q&A



1

Updated dividends' calc. (without FX gain/loss): where reserves of profit will be used. How management sees next 12/24 months?



## AB KLAIPĖDOS NAFTA

Registered address:  
Burių str. 19,  
LT-91003, Klaipėda  
Lithuania

Tel. +370 46 391772  
E-mail: [media@kn.lt](mailto:media@kn.lt)  
[www.kn.lt](http://www.kn.lt)

**THANK YOU FOR  
YOUR ATTENTION**