



PRESS RELEASE

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Financial results for 3rd Quarter/9 Months 2020

Positive operational performance and efficient stock management amid significant deterioration of the oil market due to COVID-19

3Q 2020	3Q 2019	% difference	(In million MKD)	9M 2020	9M 2019	% difference
3,693	7,655	-52%	Sales revenue	11,472	20,294	-43%
443	229	48%	Gross Margin	534	763	-30%
122	127	-4%	Operating costs*	387	389	-1%
253	192	32%	Adjusted EBITDA*	507	350	45%
306	149	106%	Profit before tax	79	187	-58%

* Excluding one-off items

The lingering effects from the perpetual crisis of COVID – 19, which lead to a significant decline in the global economic activities over the last several months, continue to challenge all areas of the business world, with oil sector being no exception. Mobility cross border restriction measures imposed as a response to COVID -19 spread had as a result the reduction of fuel demand. In particular, the transit tourists traffic that use to seasonally peak in Q3 has totally disappeared while also the aviation sector was severely affected having air traffic significantly declining.

OKTA has managed to successfully overcome the challenges faced in the uncertain market environment as it evolves, yielding the positive outcomes of the strategy in place, while continues to uphold stringent health and safety standards, ensuring that customer service remains unimpeded. Prudent financial management and effective cost control measures across all business areas enabled OKTA to gradually offset the effects of margin pressures.

Hence, OKTA has entered the third quarter of 2020, with notable improved profitability, mainly driven by the proactive cost control management, harvesting the positive effect from the sales to State Reserves, following the won tenders during the period, and the enhanced operational efficiencies achieved.

Key highlights in 3Q & YTD 2020

- Adjusted EBITDA reached 253 million MKD comfortably overlapping the 192 million MKD generated in the same period last year. Backed by the prudent management of its stocks allowing uninterrupted sales to its customers, in a period with many uncertainties; and the State Reserves supply tenders won during the period, coupled with the positive effect from the continuous optimization of the indirect expenses.
- On YTD level, EBITDA follows a similar pattern, amounting 507 million MKD, notably exceeding the 350 million MKD generated in the nine months of 2019, as result of the aforementioned reasons.
- Sales revenue amounting 11,472 million MKD for the nine months of 2020, still trailing behind the 20,294 million MKD of the same period last year being the result of decreased demand in volumes and the decline of international fuel prices.
- Gross margin on YTD, follows an analogous trend, standing at 534 million MKD, still lagging behind the 763 million MKD of the same period LY, adversely affected by the residual effect from the collapse of the international fuel prices during the first four months of 2020.



- Profit before tax has reached 306 million MKD during 3Q of 2020, significantly surpassing the 149 million MKD generated during for the same period last year. Excelled by the positive effect from the sales to State Reserves, the storage fee deriving from the incremental state reserves volumes accommodated at the company's facilities, and the enhanced operational efficiencies achieved, coupled by the positive effect from the upward movement of the international fuel prices in amount of 11,771 million MKD.
- On YTD level, Profit before tax has marked a complete recovery from the negative levels generated for the first half of the year amounting 79 million MKD, significantly narrowing the gap from the 187 million MKD of the same period last year. Absorbing the positive effect of the upward movement of the international prices during Q3, coupled with the previously mentioned sales to State Reserves, their relevant storage fee and the enhanced operational efficiencies achieved.

OKTA's strong opening cash position allowed the company to successfully mitigate the adverse effects deriving as results of the COVID – 19 crises on its cash flow, while at the same time allowed the company to undertake commercial opportunities and support the company's strategy without utilizing any credit lines.

In 2019, the Customs Authorities in North Macedonia, conducted an audit in OKTA, with regards to excise duties of eurodiesel imports, for the fiscal years 2014 - 2018. They are of the opinion that, excise duties related to these imports, were not correctly calculated and they issued relevant decisions for the fiscal year 2014, imposing additional amounts of €380k, which were paid in 2020.

The Company filed lawsuits within 2019, initiating administrative disputes, seeking full annulment, on grounds of substantial violations of procedural rules from the Customs Authorities' side, their failure to completely and correctly establish the facts of the case and to correctly apply substantive laws.

In third quarter of 2020, the Authorities issued new decisions for the fiscal year 2015 & 2016, imposing additional amounts of €2,8m. The Company filed lawsuits seeking full annulment, for the same reasons. The Company expects that the case will have a positive outcome, when the legal procedure will be concluded.

OKTA as a long-term partner of the local community, donated 30 laptops and 10,000 protective masks in order to assist the uninterrupted education in the primary schools within the territory of Municipality of Ilinden, in conditions of pandemic. In August, the company signed a Memorandum of Cooperation with the "Ss. Cyril and Methodius" University in Skopje according to which OKTA will award scholarships for postgraduate studies to the most talented students, for fourth consecutive year. During the third quarter, the fourth photovoltaic power plant of OKTA was put into operation on the rooftop of Nova International School, that is part of the company's strategy to continuously increases its capacities and presence in the renewable energy market.

OKTA being one of the cornerstones of the economy, remains devoted to the fair and transparent collaboration with all its partners, suppliers and customers, in order to ensure regular and uninterrupted supply with the highest quality of fuels in the local and neighboring markets, while it continues to grow and to contribute to the society.

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