



PRESS RELEASE

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Financial results for 1st Quarter 2020

Despite the sales volume over-performance, the effect of the collapse of international fuel prices led to negative profit levels

(In million MKD)	3M 2020	3M 2019	% difference
Sales revenue	4,932	5,613	-12%
Gross Margin	-133	232	
Profit before tax	-323	29	

OKTA entered 2020 with an over – performance in sales volumes on both markets that the company operates, adversely affected by the collapse of the international fuel prices due to the COVID 19 pandemic. Hence, sales revenue standing at MKD 4,932 million, compared to MKD 5,613 million in the same period last year. Gross Margin followed an analogous trend, reaching negative levels in amount of MKD 133 million, being notably lower than the MKD 232 million for the same period last year, mainly due to the aforementioned collapse of the international fuel prices which led to an impairment of OKTA's inventory in amount of MKD 171,3 million and a negative inventory effect of MKD 166 million. Profit before tax has reached negative MKD 323 million for the first quarter of 2020, compared to the profit before tax in amount of MKD 29 million for the same period last year.

Covid-19 impact and response – Key developments

The outbreak of the pandemic and the measures implemented globally are having a significant impact on the economy, affecting the international energy sector. It is estimated that world demand decline, during restrictions on mobility and economic activity will reach or even exceed 20% in 2Q20, leading to a significant drop and volatility in crude oil and product prices; combined with the inability of existing storage capacity to absorb the supply surplus, resulted in an agreement from oil producing countries for a c.10mbpd output reduction from May, while many refineries internationally are reducing runs or shutting down in 2Q20. The North Macedonian market is also affected, with the decline in auto-fuels demand during April.

The Company proceeded with a series of measures to manage the crisis, already from end of February, with key priorities the health and safety of all staff and contractors, the smooth operation of facilities for uninterrupted market supply, ensuring sufficient liquidity and managing risks. Understanding our position as essential for functioning of the economy and institutions in the Emergency State, OKTA has maintained its operation with downscaled personnel utilization and presence at the plant, creating a reserve team of employees staying safe



at home, ready to be utilized in case of potential Covid-19 incident within the active team, which luckily did not occur up to now. Acting in this way, and finding cooperation of the authorities in creating conditions for truck drivers to safely cross the borders, OKTA have ensured uninterrupted imports and supply of the market with oil derivatives during whole this period. Furthermore, a new tele-working model (WFH) was adopted for the vast majority of head-office staff, utilizing digital technologies.

At the same time, as a socially responsible company, OKTA has provided its support to the health sector in the country, with a donation of medical equipment in the amount of 50.000 EUR, intended for the University Clinic for Infectious Diseases and Febrile State Skopje.

OKTA has managed to maintain its strong financial position that gives the company the possibility to tackle any consequences derived from the COVID 19 crisis in course of returning to the normal everyday operation.

In this challenging environment, OKTA's management will maintain as priorities the health and safety of its employees and customers, continuous supply of the country with fuel derivatives, and will closely monitor the developments in the local and international market, and seize any upcoming opportunities.

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