



PRESS RELEASE

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Financial results for 2nd Quarter/1st Half 2020

Q2 profits showing signs of recovery, partially offsetting the strong impact of oil prices collapse and an extended period of reduced demand that led First half results at negative levels.

2Q 2020	2Q 2019	% difference	(In million MKD)	1H 2020	1H 2019	% difference
2,846	7,026	-59%	Sales revenue	7,778	12,639	-38%
224	232	-3%	Gross Margin	91	464	-80%
135	130	3%	Operating costs*	264	262	1%
139	99	41%	Adjusted EBITDA*	257	157	63%
96	10		Profit before tax	-227	39	

* Excluding one-off items

The current COVID-19 pandemic has tested businesses around the world including the oil sector; with the country imposing restrictive measures to protect against the COVID – 19 epidemic spread the impact to fuel demand was immediate. However, as restrictions loosen, demand in the last month of the semester is already showing signs of recovery.

Resilience and business continuity have been the cornerstones of OKTA's strategy, supported by strong supply chain partners and the deep commitment from each member of the team. OKTA have thus managed to grow its adjusted EBITDA vs last year and returned fast on Q2 to profits during an extremely challenging time. All of this has been possible while upholding stringent health and safety standards, ensuring that customer service remains unimpeded. Prudent financial management and effective cost control measures across all business areas enabled the Company to gradually offset the effects of margin pressures.

Adjusted EBITDA, which reflects the operational profitability of OKTA, amounts to 257 million MKD for the first half of 2020, higher than the 157 million MKD for the same period last year. The Company's EBITDA over performance is driven by its ability to further support its sales by properly managing its stock, in a period of heavily volatile prices; and the State Reserves supply tenders won during the period, coupled with the positive effect from the continuous optimization of the indirect expenses. Q2 2020 follows an analogous trend, reaching 139 million MKD, comfortably surpassing the 99 million MKD of the second quarter of 2019, due to the same as above elaborated reasons. On the other hand, Sales revenue amounted 7,778 million MKD for the first half of 2020, still trailing behind the 12,639 million MKD of the same period last year. Gross margin being on the same pace, reached 91 million MKD in the first six months of this year, significantly lagging behind the 464 million MKD of the same period LY, negatively affected by the collapse of the international fuel prices during the first four months of 2020. Profit before tax generated 96 million MKD during the second quarter of 2020, surpassing the 10 million MKD for the same period last year, harvesting the positive effect from the sales to State Reserves, following the won tenders during the period, and the enhanced operational efficiencies achieved. Despite the over – performance during the second quarter of 2020 which had to a certain extend remedial effects, Profit before tax for the first half of 2020 still standing at negative levels of 227 million MKD, adversely affected by the aforementioned collapse of the international fuel prices, which led to an impairment of OKTA's inventory in amount of 171,3 million MKD and a negative inventory effect of 175,3 million MKD.



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 € 380 k, 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 July 2020, the Authorities issued new decisions for the fiscal year 2015, imposing additional amounts of € 1,438 k. The Company will file lawsuits, within the relevant deadlines, 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.

During the second quarter, OKTA continued to support the health sector in the country. As part of these activities, the company together with its employees donated air purifiers to the hemato-oncology department at the Children's Clinic in Skopje. The funds for this donation were provided through an eco-action for collecting and recycling old electrical and electronic devices from the employees' homes. The employees of OKTA once more have demonstrated their humanism through the participation in a blood donation action which was organized by the Red Cross of OKTA, even in times of crisis.

OKTA 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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