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30.05.2023

Item 2/2
33rd Annual General Assembly meeting, 30/05/2023

Proposal

According to Article 25 paragraph 1 item 2 of the Charter of OKTA AD - Skopje, Article 383 paragraph 1 item 2 and Article 384 paragraph 2 item 2 of the Law on Trade Companies, and Article 483 of the same Law, the Assembly of Shareholders of OKTA AD – Skopje, on its 33rd Annual General Assembly meeting held on 30.05.2023, passed the following

DECISION
for the allocation of the net profit presented in the Annual Account
and audited Financial statements for 2022

Article 1

OKTA AD – Skopje realised net profit (profit after taxation) for the year ended on 31 December 2022 in the amount of 545,996,565.00 MKD.

Article 2

The net profit will be allocated in the following manner:

- The net profit, in the amount of 545,996,565.00 MKD will be used for investment (reinvested profit).

Article 3

The Directorate for Finance and Administration is obliged to undertake all necessary activities for the implementation of this Decision and conduct the respective record pursuant to this Decision in the accounting records immediately.

Article 4

This Decision enters into force on the day it is passed.

Annual General Assembly of Shareholders
Chairman

Rationale

According to Article 383 paragraph 1 item 2 and Article 483 paragraph 1 of the Law on trade companies (LTC), as well as according to Article 25 paragraph 1 item 2 of the Charter of the Company, it is within the competence of the Assembly of Shareholders to decide on the allocation of the net profit. According to Article 384 paragraph 2 item 2 of the LTC, on the Annual Assembly, the shareholders decide on the use of the net profit or the covering of the loss from the previous business year.

According to Article 483 paragraph 2 of the LTC, in the decision on the distribution of the profit, each separate purpose of the profit shall be stated, and in particular:

the amount of the profit to cover the losses from the past years (provided that there are any);

2) the amounts to be entered into the legal and statutory reserves of the company;

3) the amount to be paid as a dividend;

4) the additional expenses based on the decision;

5) the eventual transfer of the profit into the next year (retained earnings), and

6) the amount of the profit to be used to increase the basic capital of the company and the amount of the profit for investments

According to Article 28 paragraph 1 of the Income Tax Law, the tax base can be reduced by the amount of investments made from the profit of the previous year (reinvested profit). According to Article 28 paragraph 2, reinvested profit refers to, investment made from the profit for development purposes, i.e. the investment in tangible assets (real estate, plants and equipment) and in intangible assets (computer software and patents) for the expansion of the activity of the taxpayer.

As part of the long-term business strategy of the Company for the transition to green energy business activities, OKTA already has investments in photovoltaic power plants serving the needs of specific customers, while also selling produced electricity to traders. For such investments OKTA already possess a license for performing energy activities for production of electricity, and a special license for performing energy activities – trade of electricity. Following the defined strategy, the Company intends to significantly enhance its production capabilities and electricity sales by investing in the construction of a 12mW photovoltaic powerplant on its own land, for the production and sale of electricity obtained from solar energy, intended for sale to its clients, and a smaller part for satisfying its own needs for consumption of electricity. For this purpose, the Company has already started a procedure for collecting of bids. The estimated cost of the project is anticipated to be 9 million EUR. The proposed investment in constructing a 12 MV photovoltaic plant will allow OKTA to diversify from its core activity, increasing its electricity production and trade while also achieving significant operating expense efficiencies, maximizing the company's shareholders' return on such investment.

OKTA AD – Skopje finished the business year 2022 with a realized net profit in the amount of 545,996,565.00 denars.

Based on the aforementioned, and after consultations with its tax advisors and the Public Revenue Office, the Board of Directors, on its 204th meeting held on 26.04.2023, determined this draft of the Decision to the Annual Assembly of Shareholders, with a proposal for the net profit realized in 2022 to be used for investment in the 12mW photovoltaic powerplant, aiming by such Decision to achieve an estimated benefit in the amount of 54,599,656.00 denars as tax reduction.