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30.05.2024

Item 2/4
35th Annual General Assembly meeting, 30/05/2024

Proposal

According to Article 25 of the Charter of OKTA AD – Skopje and Article 383 of the Law on Trade Companies, the Assembly of Shareholders of OKTA AD – Skopje, on its 35th Annual General Assembly meeting held on 30.05.2024, passed the following

DECISION
for the allocation of the unutilized reinvested profit realized in 2022
into retained earnings

Article 1

The amount of 530,995,758.00 denars, which remains unutilized from the reinvested profit from 2022, is allocated into the retained earnings of the Company.

Article 2

The Directorate for Finance 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 3

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, with the aim to significantly enhance its production capabilities and electricity sales, in 2023 the Company started 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.

By a Decision passed by the Assembly of Shareholders on the session held on 30.05.2023, it was decided that the net profit determined in the Annual Account and the audited Financial Statements for 2022, in the amount of 545,996,565.00 denars, should be used for investments (reinvested profit). Out of these funds, a total of 15,000,807.00 denars were used during 2023 for the construction of the photovoltaic powerplant. An amount of 530,995,758.00 remains unutilized. Given that the reinvested profit may be used for investments made solely during the year following the year in which the reinvested profit was realized, this remaining unutilized amount should be allocated into retained earnings of the Company.

Based on the aforementioned, the Board of Directors, on its 213th meeting held on 26.04.2024, determined this draft of the Decision to the Annual Assembly of Shareholders, with a proposal for the unutilized reinvested profit from 2022 to be allocated into retained earnings.