

О К Т А Рафинерија на нафта
Акционерско друштво
Бр. 05-771/23
28.03.20023 год.
Скопје 1

OKTA AD - SKOPJE

Financial Statements

For the year ended 31st December 2022

With Report of the Auditor Thereon

Content

	Page
Annual report	
Independent auditor's report	1-2
Financial statements	
- Statement of comprehensive income	1
- Statement of financial position	2
- Statement of changes in equity	3
- Statement of cash flows	4
- Notes to the financial statements	5 – 39
Annual account	

Annual Report of OKTA AD Skopje for the year ended 31st of December 2022

Key achievements

2022 was marked by a geopolitical tension that has intensified the energy crisis in Europe, with a further increase in natural gas and electricity prices, leading to an increased inflationary pressure which negatively impacted consumers and industry. The gradual imposition of sanctions by the EU and the oil embargo, have led most European countries to reduce or even suspend imports of Russian oil and gas products, resulting in a demand-supply imbalance. Those developments contributed to the significant rise in crude oil and gas prices. Against this backdrop, the State brought back from cold reserve electricity producing units operating on fuel oil. Despite the regional shortages, OKTA continues to be a cornerstone of the fuel supply in the county and the region during this challenging time, perpetually monitoring the situation in order to ensure regular and unimpeded supply with the highest quality of fuels in local and neighboring markets, while it continues to grow and to contribute to the society.

OKTAs robust performance for the year ended fully validates the strategy the Company has been implementing with determination and discipline for many years. While successfully delivering growth on full-year volume, top-line growth and higher profitability, the Company progress with its automation initiatives that will make its organization more efficient, reducing its cost base, creating solid grounds for its future performance.

Despite the challenging and competitive environment in which OKTA operates in North Macedonia and Kosovo, OKTA managed to increase its leadership position in the local market with an approximated 71 percent market share and similarly Kosovo with 36 percent market share at year end 2022, leading to a 28 percent increase in the sales at yearend in comparison to 2021.

The main projects in 2022 were:

- Fuel storage maintenance and improvements;
- Unloading and Loading Installation upgrades;
- Renewable energy plant project design and tender preparation;
- Applied all developed health and safety measures and procedures for protection from the Covid-19;
- Managed to renew the COVID Shield certificate;
- Laboratory upgrades;
- Management Information System (SAP) improvements;
- Cash and treasury management optimization;
- Further cost optimizations through automation initiatives;
- Environmental protection;
- Improvement of risk management process and introduction of a specialized platform for this purpose

OKTAs purpose is to responsibly provide high-quality products to clients in the markets where it operates for its communities and stakeholders

Doing business with integrity, ethically and safely is the company's priority. OKTA also sees reporting transparently as important. The Company's corporate responsibility is integrated within the business and focuses on four key areas; Its People and Communities, Health and Safety, Environment, and Values and Governance.

OKTA is committed to conducting its operations in a safe and responsible manner to deliver long term growth, while complying with all applicable laws and regulations and limiting its environmental impact. Contribute to the country's development goals and support the local communities.

Our people

OKTA is committed to creating a safe work environment. Being an equal opportunity employer promoting diversity and treating all employees with respect and fairness. The Company has technical, finance, commercial, investor relations and administrative teams. Our employees have a diverse range of skillsets, backgrounds and expertise which help deliver our strategy. We have a culture conducive to working cross functionally and encouragement of constructive debates.

Community and social investment

Our social investments have been based on the needs of the local community. The Company believe social investment is part of being a good corporate citizen where stakeholders can benefit from OKTA's business activities.

In 2022, OKTA made significant contributions to the society in which it operates, by implementing the meaningful CSR initiatives, such as:

- Awarding of scholarships for postgraduate studies to students from different faculties at the St. Cyril and Methodius University in Skopje;
- Main sponsor of the men's senior national basketball team in the qualifications for 2023 FIBA Basketball World Cup;
- Support of cultural activities by sponsoring the renowned music festivals such as Ohrid Summer Festival, Skopje Jazz Festival and OFFest;
- Support of the International Conference Energetika 2022;
- Donation for the vulnerable groups of citizens through a cooperation with the Red Cross of the City of Skopje;
- Donation to the Citizens' Association that supports people with rare disease Wilson in order to support the organization of the humanitarian relay race "Give a hand 2022";
- Donated of 6.000 liters of heating fuel for the needs of SOS Children Village;
- Donation of New Year gifts for the children from the elementary schools located in OKTA's surrounding;
- Donation to the Association for orphaned children For You (4U) for obtaining drivers licenses for 10 persons
- Red Cross organization within OKTA organizes blood donation actions three times a year where a large number of company's employees participate.

Health and Safety

OKTA is focused on ensuring that all employees have awareness, information, and resources to be able to prioritize health and safety and implement best practice to ensure that the chances of any incidents are minimized. Our Health and Safety policy commits us to: protecting the health and safety of our employees; providing a workplace free of discrimination where diversity is valued and to ensuring that

we consult and engage with our employees. In response to the continuing pandemic, the Company has taken steps throughout 2022 to ensure the safety of our staff and the continued delivery of our business-critical activities.

Environment

OKTA places great importance on limiting the impact its activities have on the environment. The Company complies with all of the environmental regulatory requirements in the country to ensure that all activity is undertaken safely and contributes financially for the support of the activities of the Ministry of Environment and Physical Planning aimed towards the encouragement, preservation, sustainable use, protection and improvement of the environment, as well as for the preparation, implementation and development of programs and projects for the protection and improvement of the environment. During 2022 OKTAs Laboratory received an appreciation award by the Accreditation Institute for the long-term cooperation and contribution to the national quality infrastructure.

Values/Governance

OKTA is committed to operating responsibly and ethically across our business activities and does not tolerate bribery or corruption. The company has established the proper processes to prevent and report such activities. The Company expect its employees to adhere to high ethical standards.

Company operations and market environment

The full Year results show OKTA continuing to execute its disciplined financial frame. The Company is investing with discipline continuing to perform while transforming, remain focused on providing the fuel products the Country needs today – while at the same time – preparing for investments that aim in accelerating the energy transition.

The company marked a profitable 2022, yielding the positive effect the sales over-performance both on domestic and export market coupled with sales of Fuel Oil to the power plants, complemented by the increased international oil prices.

Key highlights in 2022

- EBITDA reached 910 million MKD overpassing the 839 million MKD generated in the same period last year, driven by the increased sales performance, the efficient inventory management allowing uninterrupted sales to its customers, in a period with many uncertainties and the record high international oil prices.
- Sales revenue standing at 59,964 million MKD for the 12 months of 2022, significantly exceeding the 26,136 million MKD of the same period last year mostly driven by increased sales on both markets, with full recovery of Diesel and Jet sales, the supply of power plants with FO and that sales to State Reserves.
- Gross profit being on the same pace, reached 1,517 million MKD during 2022, overlapping the 1,377 million MKD of the same period LY, positive affected by the volumes increase the rise of the international fuel prices the increased income from sale of Electricity and increased State Reserves Storage Fee.
- Profit before tax, on a YTD level reached 618 million MKD, overlapping the 453 million MKD generated during the same period last year. A performance increase driven by increased sales volumes, increased income from state reserves volumes accommodated at the company's

facilities, coupled by the positive effect from the upward movement of the international fuel prices during H1 of 2022.

- The Company, following on its strategic priorities, invested 48,348 million MKD during 2022 in maintenance of its storage capacities and health and safety initiatives.

Custom Case update

As regards to the audit conducted during 2019 by the customs authorities in North Macedonia for the fiscal years 2014 – 2018, the amount imposed on OKTA as of 31 Dec 2022 is MKD 1.106 million and has been fully paid.

On 21 September 2022 OKTA received a customs notification with regards to the period January – May 2019, mentioning that similar tax assessment will be imposed to the company. Until 31 December 2022, the customs authorities issued additional decisions amounting to MKD 25 million which OKTA has paid. Additionally, a provision was included in the consolidated statement of financial position, amounting to MKD 59 million corresponding to the amount that is expected to be further imposed by the relevant customs authorities for 2019.

The Company retains its position that it has acted in full compliance with all relevant laws, also as per expert opinion received and intends to contest such decisions to the ultimate judicial level.

Company Outlook for 2023

The long-term goal of OKTA is to remain the market leader by providing high-quality products to clients in the markets where it operates and execute with discipline its investments plan that aim in accelerating the energy transition.

The Company's strategic plan for 2023 focuses on sustaining the sale performance on both markets, while continuing digitalization projects with the goal of increasing operational efficiency through automation, cost optimization measures, and operational improvements. The company will revisit its further opportunities both domestically and within the region, in the event the pipeline re-opens.

The Company's priorities in 2023 are:

- Maintain strict health and safety standards, given the ongoing presence of a pandemic resurrection risk, reinforcing its commitment to protect its staff, and customers while also ensuring that customer service is unaffected.
- Ensure supply stability amid the geopolitical situation in Eastern Europe and the ongoing energy crisis.
- Maintaining its domestic and export market share in a highly competitive environment;
- Strengthening of the co-operation with key customers;
- Ensure availability of needed tank capacities to foster for increasing state reserves tenders;
- Refurbish of existing tank infrastructure and continue with Health & safety improvements;
- Maintaining the New Pricing Policy and focusing on customer's volume consistency;
- Increasing return on capital employed;
- Build a 12MV Photovoltaic Plant, that will create a new revenue stream, while providing OPEX efficiencies;

- Continuous training and creating of new development opportunities for the company's employees;
- Be the best place to work in the North Macedonian Market, hiring and developing talents for the future;
- Further optimization of the organizational structure;
- Cultivating Future Leaders;
- Exploring Retail Network Development opportunities;
- Implement impactful CSR strategy with focus on green energy projects
- Continue to push for the deployment of new technologies and automations, promoting efficiency gains by leveraging the HELLENIQ ENERGY group's resources; Increase value of the shareholders;
- Maximize synergies being a member of a leading Energy group in the region.

Any macro-environmental circumstances, such as the reopening of the pipeline and the implementation of the new energy law, could, nevertheless, have an impact on the aforementioned goals.

Furthermore, OKTA's management perpetually monitors the challenging environment and, through proactive planning, moves the company forward by seizing the various opportunities that arise with a view to the further enhancement of its business performance and improvement of its efficiency.

During 2022 OKTA:

- Invested a total of MKD 62.5 million - MKD 29 million was directed into installations infrastructure, MKD 1.6 million into renewable energy related projects, MKD 5.7 million into IT and ERP related projects, MKD 19.6 million into Security & Firefighting safety upgrades, MKD 3 million into laboratory related projects and MKD 3.6 million related to investments in our retail network;
- Entered into transactions with related parties, as presented in Note 28 of the Financial Statements for the year ended 31 December 2022;
- Did not enter into any interested party transactions as of year ended 31 December 2022;
- Did not have any long term debt, therefore applied no policy that links long term debt and share capital;
- Has not adopted any dividend policy. The issue of dividend distribution and the amount of dividend to be paid to the shareholders is decided on an ad hoc basis annually pursuant to a decision of the General Assembly of Shareholders and approved thereon, upon proposal of the Board of Directors, which is based on several factors, only regarding the relevant year and after the year-end closing.
- Has not acquired any own (treasury) shares.
- Followed its risk management policy as depicted in Note 3 of the yearly Financial Statements and faced no significant issues;
- On 31st of May 2021 the General Assembly of OKTA's Shareholder approved the distribution of dividend of a total amount of 61,784,280 MKD or 73 MKD (in absolute amount) per share;
- Paid to the executive Board member the amount of MKD 7.2 million in the form of gross salaries and other benefits in amount of MKD 1.3 million. It also paid the non-executive Board members the total amount of MKD 4.4 million, 746.1k MKD to each member, as compensation approved of by the Company's shareholders and by the BoD respectively.
- Has appointed, for audit and bookkeeping consulting and services, Ernst & Young Certified Auditors Ltd. – Skopje as the authorized Auditor of the Annual Account and the Financial Statements of OKTA for the year 2022, which has not been engage directly or through its affiliated companies to provide any other services to the Company.

During the year there were eight (8) scheduled meetings of OKTA's Board Of directors. A detailed list of the members of OKTA's Board of Directors and the attendance to the scheduled meetings that took place during the year follows below:

Supervisory Board table	Meeting Attendance
Dionysious Routsis, Chairman	Present on 8 out of 8 scheduled meetings in 2022
Vuk Radovic, executive member and CEO	Present on 8 out of 8 scheduled meetings in 2022
Andreas Triantopoulos	Present on 8 out of 8 scheduled meetings in 2022
Daniil Antonopoulos	Present on 8 out of 8 scheduled meetings in 2022
Vasilios Bagiokos	Present on 7 out of 8 scheduled meetings in 2022
Alexandros Tzadimas	Present on 8 out of 8 scheduled meetings in 2022
Panos Shiatis	Present on 8 out of 8 scheduled meetings in 2022

Enclosure: *Statement according to Article 384-a of the Law on trade companies*

Vuk Radovic

Chief Executive Officer



Statement on the compliance with the Corporate Governance Code

We, the members of the Board of Directors of the company OKTA Crude oil Refinery Shareholding Company - Skopje (hereinafter: *the Company*), declare that in its operations, the Company applies the Code of Corporate Governance of the shareholding companies of the Macedonian Stock Exchange AD Skopje, published on the website of the Stock Exchange www.mse.mk.

The Company applies the principles and best practices of corporate governance provided for in the Code according to the "apply or explain" principle, by filling in questionnaires whose form and content are prescribed by the Code.

With this Statement, we confirm that the questionnaires have been published on SEI-NET and on the Company's website and that the answers therein are correct and true and reliably reflect the application of the principles and best practices of corporate governance by the Company prescribed by the Corporate Governance Code.

Date 28.02.2023

**In the name and on behalf of the Board of Directors
Dionysios Routsis
Chairman**





Ernst & Young
Certified Auditors Ltd - Skopje
bul. 8 Septemvri, 18-3/4
1000 Skopje,
Republic of North Macedonia

Tel: (+389 2) 311 33 10
Fax: (+389 2) 311 34 38
www.ey.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OKTA Crude Oil Refinery A.D. – Skopje

Report on Financial Statements

We have audited the accompanying financial statements of OKTA AD Skopje ("the Company") which comprise the Company's statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards accepted in Republic of North Macedonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing accepted in Republic of North Macedonia and published in the Official Gazette no. 79 dated 11 June 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

1/ Following the provisions of the Share Purchase and Concession Agreement dated 8 May 1999 concluded between EL.P.ET Balkanike S.A (the parent company of OKTA Crude Oil Refinery AD Skopje) and the Government of Republic of North Macedonia, the Company has recognized receivables in the period from 2000 to 2004 in amount of MKD 769.497 thousand as at 31 December 2022 (31 December 2021: MKD 769.497 thousands) relating to the period prior to acquisition. We were unable to obtain sufficient appropriate audit evidence to assess whether the Company will be able to recover these receivables. In addition, the Company has reported trade payables relating to the period prior to acquisition in amount of MKD 185.044 thousand as at 31 December 2022 (31 December 2021: MKD 174.752 thousand) with no movement since 2005 except for foreign exchange differences. We were unable to obtain sufficient appropriate audit evidence to assess whether the Company is still obliged to settle this amount. Consequently, we were unable to determine whether any adjustments to the stated amounts as at 31 December 2022 and 31 December 2021 were necessary. Our audit opinion on the financial statements for the year ended 31 December 2021 was modified accordingly.


2/ As disclosed in Note 11. Other operating expenses, the Company has recognized an expense of MKD 103 million and a provision of MKD 58 million for the period ended/as at 31 December 2022, including fines and penalties, representing the Company's best estimate of the aggregated future cash outflows for an ongoing litigation with the customs authorities, related to the years up to 2019. The Company has not restated the comparative information in the 2022 financial statements as required by IAS 8 Accounting Policies, Change in Accounting Estimates and Errors ("IAS 8") with respect to retrospective correction of an error and has not reported the respective effects on equity as of 1 January 2021, 31 December 2021 and on the financial result of the Company for 2021 and has not included the related disclosures as required by IAS 8 and IAS 1 Presentation of Financial Statements ("IAS 1"). Had the Company applied IAS 8 and IAS 1, equity as of 1 January 2021 and 31 December 2021 and expenses for 2022 would have been reduced by MKD 103 million, and financial result for 2022 would have been increased by the same amount. Our opinion on the financial statements for the year ended 31 December 2021 was modified accordingly.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with accounting standards accepted in Republic of North Macedonia.

Report on Other Legal and Regulatory Matters

Management is also responsible for preparation of the annual report in accordance with article 384 of the Macedonian Company Law. Our responsibility in accordance with the Audit Law is to report whether the annual report is consistent with the annual account and audited financial statements of the Company for the year ended 31 December 2022. Our work regarding the annual report is performed in accordance with ISA 720 accepted in Republic of North Macedonia and published in the Official Gazette no. 79 dated 11 June 2010 and limited to assessing whether the historical financial information of the annual report is consistent with the annual account and audited financial statements of the Company. The annual report is consistent, in all material respects, with the annual account and audited financial statements of the Company for the year ended 31 December 2022 on which we expressed a qualified opinion in the above section "Report on the Financial Statements".


Vladimir Sokolovski
General Manager




Danica Ganceva
Certified Auditor

Ernst & Young Certified Auditors Ltd.
Skopje, March 27, 2023

(all amounts are in thousands of MKD unless otherwise stated)

Statement of comprehensive income

	Note	Year ended 31 st December	
		2022	2021
Sales	5	59.964.450	26.135.989
Cost of goods sold	6	(58.447.272)	(24.759.288)
Gross profit		1.517.178	1.376.701
Operations and logistics expenses	7	(472.808)	(434.833)
Administrative expenses	8	(190.976)	(174.587)
Sales and distribution expenses	9	(95.088)	(84.971)
Other operating income	10	26.715	21.950
Change in value of assets held for sale	22	(1.434)	-
Other operating expenses	11	(131.139)	(228.886)
Operating profit/(loss)		652.448	475.374
Finance income	12	2.533	3.665
Finance costs	12	(36.941)	(25.562)
Finance income/(costs) – net		(34.408)	(21.897)
Profit/(Loss) before income tax		618.040	453.477
Income tax expense	13	(72.043)	(75.284)
Profit/(Loss) for the year		545.997	378.193
Other comprehensive income			
Change in employee benefits obligations		(455)	(1.372)
Change in value of available-for-sale financial assets		(2.200)	1.093
Total other comprehensive profit		(2.655)	(279)
Total comprehensive profit/(loss) for the year		543.342	377.914
Earnings per share information:			
Basic and diluted profit per share	14	0.64	0.45

Notes are integral part of these financial statements

OKTA AD – SKOPJE

Financial Statements for the year ended 31st December 2022

(all amounts are in thousands of MKD unless otherwise stated)

Statement of financial position

		As at 31 st December	
	Note	2022	2021
ASSETS			
Non-current assets			
Intangible assets	15	36.471	42.886
Property, plant and equipment	16	1.187.209	1.267.431
Available-for-sale financial assets	17	14.004	16.204
Deferred tax assets	18	6.405	5.557
Total non-current assets		1.244.089	1.332.078
Current assets			
Inventories	19	1.075.430	668.446
Trade receivables	20	224.820	180.944
Other receivables	20	910.849	868.687
Cash and cash equivalents	21	3.019.423	3.527.750
Assets held for sale	22	2.021	3.455
Total current assets		5.232.543	5.249.282
TOTAL ASSETS		6.476.632	6.581.360
EQUITY AND LIABILITIES			
Equity			
Share capital		2.472.820	2.472.820
Statutory reserves		494.718	494.718
Revaluation and other reserves		421.478	424.133
Retained earnings		1.455.867	971.654
Total equity	23	4.844.883	4.363.325
Non-current liabilities			
Provision for employee benefit obligations	24	13.420	14.982
Total non-current liabilities		13.420	14.982
Current liabilities			
Trade payables	25	926.567	727.364
Other current liabilities including provisions	25	659.007	1.437.817
Current income tax payable	25	32.755	37.872
Total current liabilities		1.618.329	2.203.053
TOTAL LIABILITIES AND EQUITY		6.476.632	6.581.360

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 23th February 2023 and will be subject of approval by the Board of Directors on 28th February 2023. These financial statements are subject to approval from Company's Shareholders Assembly as well.
Signed on behalf of the Management of OKTA AD - Skopje:

Vuk Radovic
Chief Executive Officer



Dimitrios Paschos
Finance and Administration
Director

Notes are integral part of these financial statements

(all amounts are in thousands of MKD unless otherwise stated)

Statement of changes in equity

	Share capital	Statutory reserves	Revaluation and other reserves	Retained Earnings	Total
Balance at 1st January 2021	2.472.820	494.718	424.412	655.246	4.047.196
Net profit for 2021	-	-	-	378.193	378.193
Valuation of AFS	-	-	1.093	-	1.093
Comprehensive income	-	-	(1.372)	-	(1.372)
Total comprehensive income	2.472.820	494.718	424.133	1.033.439	4.425.110
Dividend declared	-	-	-	(61.785)	(61.785)
Balance at 31st December 2021	2.472.820	494.718	424.133	971.654	4.363.325
Net profit for 2022	-	-	-	545.997	545.997
Valuation of AFS	-	-	(2.200)	-	(2.200)
Comprehensive income	-	-	(455)	-	(455)
Total comprehensive income	2.472.820	494.718	421.478	1.517.651	4.906.667
Dividend declared	-	-	-	(61.784)	(61.784)
Balance at 31st December 2022	2.472.820	494.718	421.478	1.455.867	4.844.883

(all amounts are in thousands of MKD unless otherwise stated)

Statement of cash flows

	Year ended 31 st December	
	2022	2021
Operating activities		
Profit/(Loss) before tax	618.041	453.476
<i>Adjustments for:</i>		
Depreciation and amortization	149.212	155.153
Impairment charges and provisions	(1.434)	(14.256)
Disposal of assets	-	-
Interest income	(2.533)	(3.665)
Interest expense and bank charges	16.684	13.033
Cash generated from operations before changes in working capital	779.970	603.741
Cash flow from operating activities		
(Increase) in inventories	(406.984)	(153.971)
(Increase)/Decrease in receivables	(86.038)	47.951
(Decrease)/Increase in income tax payables	(5.117)	69.947
Increase/(Decrease) in payables and other liabilities	(584.724)	525.710
Cash generated from operations	(302.893)	1.093.378
Interest and bank charges paid	(16.684)	(13.033)
Income taxes paid	(78.009)	(6.481)
Net cash generated from/(used in) operating activities	(397.586)	1.073.864
Cash flow from investing activities		
Acquisition of property, plant and equipment	(52.470)	(37.362)
Sales of property, plant and equipment	-	81.949
Interest received	2.533	3.665
Net cash used in investing activities	(49.937)	48.252
Cash flow from financing activities		
Paid dividends	(61.425)	(61.445)
Received dividends	621	414
Net cash used in financing activities	(60.804)	(61.031)
Net increases in cash and cash equivalents	(508.327)	1.061.085
Cash and cash equivalents at 1 st January	3.527.750	2.466.665
Cash and cash equivalents at 31st December (note 21)	3.019.423	3.527.750

1. General information

OKTA AD - Skopje (hereinafter "the Company") is a joint stock company established on 26 March 1980. The Company is owned 81.51% by EL.P.ET Balkaniki S.A., a company controlled by Hellenic Petroleum S.A. The parent company is incorporated in Greece.

The Company's main activities are trade, import, production and blending of oil derivatives. Major oil derivatives are Gasoline, Diesels, Fuel oil, LPG and Kerosene-Jet Oil. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the installation infrastructure in Skopje for, import, storage and sale of oil derivatives.

Starting from July 2013 OKTA is listed company on Macedonian Stock Exchange.

As of 31st December 2022, the Company had 262 employees (2021: 268 employees).

The address of the Company is as follows:

Street 1 no.25
Miladinovci Ilinden
1000 Skopje
Macedonia

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 23th February 2023 and will be subject of approval by the Board of Directors on 28th February 2023. These financial statements are subject to approval from Company's Shareholders Assembly, as well.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

These financial statements are prepared, in all material respects, in accordance with the Company Law (published in Official Gazette No. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 187/2013, 38/2014, 41/2014, 138/2014, 6/2016, 30/2016, 61/2016, 88/2017, 192/2017, 64/2018, 120/2018, 290/2020 and 215/2021) and the Rule Book for Accounting (published in Official Gazette No. 159/2009, No. 164/2010 and No. 107/2011), whereby the International Financial Reporting Standards (IFRS) were published. This Rule Book of Accounting comprise International Financial Reporting Standards (IFRS) - IFRS 1 to IFRS 8, International Accounting Standards (IAS) - IAS 1 to IAS 41, International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 1 to IFRIC 17 and Standing Interpretations Committee (SIC) Interpretations comprising SIC 7 to SIC 32.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.1. Basis of preparation (continued)

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRS 15, IFRS 16, IFRIC 18, IFRIC 19, IFRIC 20 and IFRIC 21 are not included in the Rule Book for Accounting and are not applied by the Company.

IFRS standards (including IFRS 1) were initially published in the Official Gazette in 1997, and since then several updates have followed. The last update was in December 2010. The Company applies all relevant standards and the amendments and interpretations which were published in the Official Gazette.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and depreciation and available for sale financial assets.

The financial statements are presented in thousands Macedonian Denars – MKD, unless otherwise stated.

The geopolitical situation in Eastern Europe intensified on February 24, 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Further risks to economic prospects and expected recovery may inter-alia arise from, rising inflation and monetary policies implemented by central banks impacting interest and exchange rates expectations, prolongation of global supply issues and the European energy crisis. Conversely the higher demand for energy, particularly in Europe, is considered a key factor for the increase in the price of natural gas, electricity and the cost of CO2 emissions rights which are significant cost components in the refining process.

Consistency

The presentation and classification of items in the financial statements is retained from one period to the next unless it is apparent that due to the change in the nature of the entity's operations or a review of its financial statements that another presentation or classification would be more appropriate. However, such reclassifications have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

2.2. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') which is Macedonian denars (MKD).

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into Macedonian denars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation monetary assets and liabilities denominated in foreign currencies at year-end are recognised in the Statement of comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated according the middle exchange rates from the National Bank of the Republic of Macedonia valid at the date of the financial statements.

Foreign exchange gains and losses are presented in the Statement of comprehensive income within "finance income/ costs (net)".

The foreign currency deals of the Company are predominantly EURO (EUR) and United States Dollars (USD) based. The exchange rates used for translation at 31st December 2022 and 31st December 2021 were as follows:

Exchange rate:	31 st December 2022	31 st December 2021
	MKD	MKD
EUR	61.49	61.63
USD	57.65	54.37
GBP	69.33	73.43

2.3. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Up to 2003 they have been revaluated at the year-end by applying official revaluation coefficients based on the general manufactured goods price index. Such coefficients have been applied to historical cost or later valuation and to accumulated depreciation. The effect of the revaluation of property, plant and equipment has been credited to the revaluation reserve. Additions are recorded at cost. Cost includes the invoiced value and the expenditure that is directly attributable to the acquisition of the items.

Disposal of property, plant and equipment represents expense or technology obsolescence or other type of elimination of property, plant and equipment, including the accumulated provision. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

A) Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of comprehensive income, during the financial period in which they are incurred.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.3. Property, plant and equipment (continued)

B) Depreciation

Depreciation of property, plant and equipment is charged using rates not lower than those prescribed by the law and is designed to allocate the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives.

The depreciation of property, plant and equipment shall start after expiration of the month of the start-up in the year in which the utilization of the property, plant and equipment has started. The following represent the range of the estimated useful lives applied to items of property, plant and equipment:

	2022	2021
Buildings	20 - 40 years	20 - 40 years
Computers	4 - 5 years	4 - 5 years
Equipment	Up to 20 years	Up to 20 years
Other equipment and vehicles	8 years	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.4. Intangible assets

An intangible asset is measured initially at cost. Acquisition costs include acquisition price (including import duties and non-recoverable taxes, after deducting trade discounts and rebates) and all directly attributable costs which are incurred to prepare the asset for its intended use. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and less any impairment loss. All intangible assets with a finite useful life are amortised over their useful lives using the straight-line method.

Amortisation begins when the asset is available for use and ends when the asset is classified as held for sale or is derecognised. Amortisation is recognised in the income statement as incurred. Estimated useful life over which company's intangible assets are being amortised is 4-5 years.

2.5. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available for sale investments are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of comprehensive income as 'gains and losses from investment securities'.

Dividends on available-for-sale financial assets are recognised in the Statement of comprehensive income as part of other income when the Company's right to receive payments is established.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.5. Available-for-sale financial assets (continued)

The company assesses at the end of each reporting period whether there is objective evidence for impairment of an available for sale financial asset. Significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Statement of comprehensive income – is removed from equity and recognised in the Statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in Statement of comprehensive income, the impairment loss is reversed through the Statement of comprehensive income.

2.6. Assets held for sales

The Company classifies non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental cost directly attributed to the disposal of an asset. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition or after completion of other process which are considered standard for such types of sales.

2.7. Inventories

Inventories are stated at lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred bringing the inventories to their present location and condition. Cost of crude oil and cost of other raw materials, spare parts and tools and consumable stores, finished and trading goods is determined on a weighted average cost basis.

The cost of purchase of inventories comprises of the purchase price, import duties, other non-recoverable taxes and other costs, which can be directly attributed to the procurement of the inventories (e.g. transportation costs). Trade discounts, rebates and other similar items are deducted in determining the purchase cost of inventories.

The costs of conversion of inventories comprise those costs that are directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable production overheads. The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Any unallocated fixed production overheads are recognised as an expense in the period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.8. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise bank balances in local and foreign currency, cash in hand and deposits in banks with original maturity with less than 3 months.

2.10. Share capital

Ordinary and preference shares are classified as equity.

2.11. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12. Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. Summary of significant accounting policies (continued)

2.12. Provisions and contingent liabilities (continued)

Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision charge is recognized in the Income Statement within the expense corresponding to the nature of the provision.

No provision is recognized for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.13. Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Balance Sheet date in the country where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

B) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.14. Employees Benefits

A) Pension and other short-term liabilities to employees

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated on the basis on gross salaries and wages according to the legislation. The Company makes these contributions to the Governmental health and retirement funds as well to private retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

B) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

C) Retirement benefits and jubilee awards

Pursuant to the Labour law prevailing in the Republic of Macedonia, the Company is obliged to pay retirement benefits in an amount equal to two average monthly salaries, at their retirement date, for which appropriate liability is recognized in the balance sheet measured at the present value of two average monthly salaries with adjustments incorporated in the actuarial calculation. According to the Collective agreement, the Company is obliged to pay jubilee anniversary awards that correspond to the total number of years of service of the employee. These employee benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The actuarial valuation involves making assumption about discount rates, expected rates of return on assets, future salary increased, mortality increases and future pension increased. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Company is not obligated to provide further benefits to current and former employees.

(all amounts are in thousands of MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.15. Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

2.16. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products, retail goods and services net of value-added tax, excise, rebates and discounts. Sales of products and retail goods are recognised when the Company has delivered it to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products or retail goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Interest income is recognized in the Statement of comprehensive income on a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

2.17. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding.

2.19. Operating segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management and for which discrete financial information is available. The Management is the person or group of persons who allocates resources and assesses the performance for the entity.

The functions of the Management are performed by Board of the Directors the Company. The internal reporting within the Company presented to the Management is on a Company level and as one operating segment. The decisions brought by the Management are based on received reports presented as one operating segment.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management

3.1. Financial risk factors

The Company does not apply hedge accounting for its financial instruments. all gains and losses are recognized in the Statement of comprehensive income. The Company is exposed in particular to risks from movements in exchange rates and market prices that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Covid -19: In relation to the COVID-19 pandemic, the management of the Company continuously monitors and carefully evaluates the circumstances and the possible implications on the operations of the Company taking initiatives that tackle in the best possible manner the impact of the pandemic.

The Company immediately responded to the outbreak of the pandemic and already from March 2020, took various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all its stakeholders operating or visiting the Company's premises as well as the smooth operation of its activities and uninterrupted supply of our markets.

The gradual return to normality at the national and global levels has smoothed out the Company's financial results.

A) Market risk

Market risk is defined as the 'risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and other price risk. The majority of the revenues of the Company are generated in MKD and the remaining part mainly in EUR and small amount of USD.

Expenses of the Company that arise are mainly connected to EUR, partially in USD and the remaining part in MKD. As a result, the Company objective is to minimize the level of its financial risk in MKD terms. For the presentation of market risks according IFRS 7 sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity are required. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the balance sheet date. The balance at the balance sheet date is representative for the year as a whole.

The on-going global commodities in the constantly changing market resulted in, among other things, volatility of crude oil prices. The full extent of the impact of these market developments is proving to be impossible to anticipate or completely guard against.

Management believes that is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances. Nevertheless, future market fluctuations cannot be predicted with accuracy.

B) Foreign exchange risk

The Company's functional currency is the MKD. The foreign exchange risk exposure of the Company is related to holding foreign currency cash balances, and operating activities through revenues from and payments to international companies as well as capital expenditure contracted with vendors in foreign currency.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)**3.1 Financial risk factors (continued)****B) Foreign exchange risk (continued)**

The currency giving rise to this risk is primarily USD. The Company manages the foreign exchange risk exposure by striving to lower the number of contracts in USD and to introduce contracts in EUR. The Company has small cash reserves in USD currency and limited transactions in USD. The Company uses cash deposits in MKD or cash deposits in MKD indexed to EUR, to economically manage its foreign currency risk as well as local currency risk in accordance with the available banks offers.

The purchase of oil products from related parties are denominated in EUR, except one product which is denominated in USD but all products are connected to the price movement on the global movement in USD. Therefore there is associated inherent business risk with such transactions.

The Company's exposure to foreign currency risk was as follows:

2022	MKD	EUR	USD	GBP
Assets				
Cash and cash equivalents	2.877.681	122.040	19.702	-
Trade receivables and other current financial assets	962.992	136.661	36.016	-
Total assets	3.840.673	258.701	55.718	-
Liabilities				
Trade payables	299.409	406.827	220.331	-
Other current liabilities	691.762	-	-	-
Total liabilities	991.171	406.827	220.331	-
Net balance sheet exposure	2.849.502	(148.126)	(164.613)	-
2021	MKD	EUR	USD	GBP
Assets				
Cash and cash equivalents	3.470.626	35.968	21.156	-
Trade receivables and other current financial assets	920.146	83.026	46.459	-
Total assets	4.390.772	118.994	67.615	-
Liabilities				
Trade payables	421.345	126.734	179.092	193
Other current liabilities	1.475.689	-	-	-
Total liabilities	1.897.034	126.734	179.092	193
Net balance sheet exposure	2.493.738	(7.740)	(111.477)	(193)

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

B) Foreign exchange risk (continued)

The Company realized more purchases in USD than sales. At 31st December 2022, if USD would have been 1% (2021: 1%) weaker or stronger against MKD profit would have been MKD 1.646 thousand (2021: MKD 1.115 thousand) after tax in net balance higher or lower, respectively.

The Company realized more purchases in EUR than sales. At 31st December 2022, if EUR would have been 1% (2021: 1%) weaker or stronger against MKD profit would have been MKD 1.481 thousand (2021: MKD 77 thousand) after tax in net balance higher or lower, respectively.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

C) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Change in the interest rates and interest margins may influence financing costs and returns on financial investments.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31st December 2022, the Company has no time deposits (2021: nil).

D) Price risk

The Company's has commodity price exposures of oil products price levels. It affects the value of inventory and sales margins which in turn affect the future cash flows of the business. In the case of price risk the level of exposure is determined by the amount of priced inventory carried at each Balance Sheet date. The Company policy is to report its inventory at the lower of historic cost and net realisable value and the results are affected by the reduction in the carrying value of the inventory.

The extent of the exposure relates directly to the level of stocks and rate of price decrease. Sales margin exposure relates to the absolute level of margin generated by the operation of the refineries mainly driven by the regulated prices for domestic market by the Government Authorities and the Platts prices for foreign market. The Company is managing the risk of margin exposure with production and import optimisation in order to have favourable inventory level in order to control the sales margin.

E) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its operating activities and certain financing activities. The process of managing the credit risk from operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process, court proceedings, involvement of the executive unit and factoring. The overdue payments are followed through a debt escalation procedure based on customer's type, credit class and amount of debt. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customer's credit worthiness and through preventive barring – which determinates the credit limit based on the customer's previous revenues.

The Company's procedures ensure on a permanent basis that sales are made to customers with an appropriate credit history and not exceed acceptable credit exposure.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)**3.1 Financial risk factors (continued)****E) Credit risk (continued)**

The Company has collaterals from customers in bank guarantees, mortgages and promissory notes in order to ensure their collectability. The Company does not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Consequently, the Company considers that its maximum exposure is reflected by the amount of debtors net of provisions for impairment recognized and the amount of cash deposits in banks at the Balance Sheet date. Management is focused on dealing with most reputable banks in foreign and domestic ownership on the domestic market.

The following table represents Company's exposure to credit risk as at 31st December 2022 and 31st December 2021:

	2022	2021
Cash and cash equivalents	3.019.423	3.527.750
Trade receivables	224.820	180.944
Other receivables	910.849	868.687
	4.155.092	4.577.381

Cash and cash equivalents in the table above exclude cash on hand since no credit risk exists for this category.

The receivables are summarized as follows:

	31st December 2022		31st December 2021	
	Trade receivables - domestic	Trade receivables - foreign	Trade receivables - domestic	Trade receivables - foreign
Neither past due nor impaired	46.640	170.995	49.610	129.443
Past due but not impaired	5.833	1.352	1.849	42
Impaired	46.620	20.487	46.525	19.351
Gross	99.093	192.834	97.984	148.836
Less: allowance for impairment	(46.620)	(20.487)	(46.525)	(19.351)
Net	52.473	172.347	51.459	129.485

Trade receivables of MKD 7.185 thousand (2021: MKD 1.891 thousand) were past due but not impaired. Main part of these receivables is matured up to 30 days, with no recent history of default and is secured with collaterals. Further details are presented in Note 20.

F) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time. The Company's policy is to maintain sufficient cash and cash equivalents to meet its commitments in the foreseeable future. Any excess cash is mostly deposited in commercial banks.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

F) Liquidity risk (continued)

The Company's liquidity management process includes projecting cash flows by major currencies and considering the level of necessary liquid assets, considering business plan, historical collection and outflow data. Regular cash projections are prepared and updated by the Payment and Treasury Department.

The table below analyses Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 3 month	Between 3 months and 1 year	Over 1 year
At 31st December 2022			
	744.433	-	182.134
Trade payables			
Other current liabilities	691.762	-	-
	1.436.195	-	182.134
At 31st December 2021			
	564.594	-	162.770
Trade payables			
Other current liabilities	1.475.689	-	-
	2.040.283	-	162.770

The maturity analysis applies to financial instruments only and therefore statutory liabilities are not included.

3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management assessed the going concern principle and based on the current liquidity position of the Company and forecasted plans there is no going concern uncertainty.

(all amounts are in thousands of MKD unless otherwise stated)

3. Financial risk management (continued)

3.3. Fair value estimation

Cash and cash equivalents, trade receivables and other current financial assets mainly have short term maturity. For this reason, their carrying amounts at the reporting date approximate their fair values.

The table below shows the categorisation of financial assets as at 31st December 2022:

	Carrying amount	Fair Value
Cash and cash equivalents	3.019.423	3.019.423
Trade receivables	224.820	224.820
Other current financial assets	910.849	910.849
	4.155.092	4.155.092

The table below shows the categorisation of financial assets as at 31st December 2021:

	Carrying amount	Fair Value
Cash and cash equivalents	3.527.750	3.527.750
Trade receivables	180.944	180.944
Other current financial assets	868.687	868.687
	4.577.381	4.577.381

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical estimates and assumptions are discussed below.

A) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. In addition, as general guidance the Rule Book for depreciation rates prescribed by tax authorities is followed. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Further, due to the significant weight of depreciable assets in Company's total assets, the impact of any changes in these assumptions could be material to Company's financial position, and results of operations. If depreciation cost is decreased/increased by 10%, this would result in change of annual depreciation expense of approximately MKD 14.921 thousand (2021: MKD 15.515 thousand). The used depreciation rates are the best estimate of the useful life of the assets of the Company.

4.1. Critical accounting estimates and assumptions (continued)

B) Potential impairment of property, plant and equipment and intangibles

The Company (with support from the ultimate parent company) is assessing the impairment of identifiable property, plant, equipment and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The recoverable amounts are determined by value in use calculations, which use a broad range of estimates and factors affecting those.

Among others, the Company typically considers future revenues and expenses, macroeconomic indicators, technological obsolescence, discontinuance of operations and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Company also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged (if any). As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

C) Impairment of trade and other receivables

The Company calculates impairment for doubtful accounts based on estimated losses resulting from the inability of its customers to make required payments. For customers in bankruptcy and liquidation, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis, for which the Company bases its estimate on the aging of its account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms. These factors are reviewed periodically, and changes are made to calculations when necessary. The estimates involve assumptions about future customer behaviour and the resulting future cash collections. If the financial condition of its customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

D) Provisions

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Company assesses the probability of an adverse event as a result of a past event to happen and if the probability is evaluated to be more than fifty percent, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

(all amounts are in thousands of MKD unless otherwise stated)

5. Sales	2022	2021
Sales on domestic market	44.634.466	20.128.785
Sales on foreign market	15.329.984	6.007.204
	59.964.450	26.135.989

The sales on domestic and foreign market represent sale of oil derivatives.

6. Cost of goods sold	2022	2021
Cost of traded goods	58.308.499	24.733.736
Impairment of inventories	93.673	-
Manipulation and shrinkage expenses	45.100	25.552
	58.447.272	24.759.288

7. Operations and logistics expenses	2022	2021
Depreciation and amortization	128.073	137.816
Gross salaries and wages	154.727	150.703
Electricity	58.967	24.141
Other fixed cost	22.140	21.339
Insurance expenses	47.444	46.326
Maintenance expenses	12.446	13.393
Personnel related expenses	26.706	19.378
Own consumption of fuels	2.596	1.883
Miscellaneous expenses	15.081	17.892
Redundancy expenses	3.821	1.120
Telecommunication expenses	418	564
Office supplies expenses	389	278
	472.808	434.833

Other fixed costs include expenses for utility services, transportation and consumption of own products.

(all amounts are in thousands of MKD unless otherwise stated)

8. Administrative expenses

	2022	2021
Gross salaries and wages	65.121	62.912
Miscellaneous expenses	63.669	55.497
Depreciation and amortization	14.424	12.949
Other fixed cost	12.099	9.749
Public relation and advertising expenses	11.331	13.807
Rental expenses	6.353	5.913
Personnel related expenses	8.175	5.233
Insurance expenses	6.257	5.974
Maintenance expenses	1.180	982
Business travel	735	278
Redundancy expenses	-	-
Telecommunication expenses	1.370	1.115
Office supplies expenses	262	178
	190.976	174.587

The miscellaneous expenses include membership fees, management fees and expenses for audit and other third party fees and services. Other fixed costs include expenses for utility services and consumption of own products.

9. Sales and distribution expenses

	2022	2021
Gross salaries and wages	33.479	36.537
Miscellaneous expenses	21.480	20.708
Depreciation and amortization	6.715	4.388
Maintenance expenses	1.130	466
Other variable expenses	3.413	3.355
Personnel related expenses	2.434	1.780
Transportation expenses	1.869	1.676
Other fixed cost	15.659	9.012
Rental expenses	1.552	1.035
Public relation and advertising expenses	3.099	3.217
Redundancy expenses	1.519	-
Dues and subscriptions	8	8
Insurance expenses	2.088	2.030
Office supplies expenses	392	239
Telecommunication expenses	251	520
	95.088	84.971

The miscellaneous expenses are mainly related to cost for quality control for exports.

(all amounts are in thousands of MKD unless otherwise stated)

10. Other operating income	2022	2021
Income from prior years	2.990	16.633
Income from subventions	256	197
Income from sales of electricity	21.249	4.584
Collected written off receivables	1.599	122
Dividend income	621	414
	26.715	21.950

11. Other operating expenses	2022	2021
Provision for legal cases	103.114	199.412
Impairment of spare parts and consumables	136	
Impairment of bad and doubtful debts	95	-
Waste treatment expenses	1.518	4.433
Net book value of disposed fixed assets	24	-
Cost of traded electricity	14.479	5.714
COVID-19 related expenses	11.773	19.327
	131.139	228.886

The company has booked an expense and paid relating to customs audit cases relating to the years up to 2019 and in addition booked a provision on estimated additional liabilities to be expected for year 2019. Within 2022, the company recorded an expense of 103 mil. out of which 58 mil relate to the provision for expected 2019 additional fines.

The Coronavirus (COVID-19) was confirmed by the World Health Organization in the early 2020s and its variants thereon are spread in wave's worldwide, causing disruption to normal business activities. As the situation develops initially during 2020 and continuously thereon, the management of the company assess the development of the epidemic and in order to minimise the risk for the company, employees and business partners undertake special measure in order to minimise the risk. A detailed plan has been developed and executed during the years focused on reducing the number of people working in the company premises while also undertaking all measures that will ensure the non-spread of the virus (disinfection, personal protection measures etc). Due to this additional expenses in amount of 11.773 thousands of MKD (2021: 19.327) are recognised. These expenses include materials for safety, Covid tests, expenses for disinfection etc.

(all amounts are in thousands of MKD unless otherwise stated)

12. Finance income and costs

	2022	2021
Foreign exchange gain. net	-	-
Interest income	2.533	3.665
Finance income	2.533	3.665
Foreign exchange loss. net	(20.257)	(12.529)
Interest expenses	(29)	(576)
Bank charges	(16.655)	(12.457)
Finance costs	(36.941)	(25.562)
Net finance income / (costs)	(34.408)	(21.897)

13. Income tax expense

Recognized in the statement of comprehensive income:

	2022	2021
<i>Current tax expense</i>		
Current year	(72.891)	(44.354)
<i>Deferred tax expense</i>		
Increase/ (decrease) in deferred tax assets	848	(30.930)
Total income tax in the statement of comprehensive income	(72.043)	(75.284)

	2022	2021
Profit before tax/(Loss)	618.040	453.477
Expenses non tax deductible according to local regulations	111.491	311.861
Dividends received	(621)	(414)
Tax loss carries forward	-	(318.302)
	728.910	446.622
Tax charge at 10% before tax exemption	72.891	44.662
Tax exemption for donations in sport	-	(308)
Current year tax charge	72.891	44.354

As of 1 August 2014, new profit tax law came into force being applicable from 1 January 2014 for the net income for 2014. According to the provisions of this new law (and the amendments from 2015 till 2022) the tax base is the profit generated during the fiscal year increased for non-deductible expenses and reduced for deductible revenue (i.e. dividends already taxed at the payer), with profit tax at rate of 10%.

The tax authorities may at any time inspect the books and records within 5 to 10 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

(all amounts are in thousands of MKD unless otherwise stated)

14. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit for the year	545.997	378.193
Profit to ordinary equity holders	545.997	378.193
Weighted average number of ordinary shares in issue:	846.360	846.360

Weighted average shares of the Company during 2022 was 846.360 (2021: 846.360). OKTA has no preference shares.

15. Intangible Assets

	Software and other rights	
	2022	2021
Cost		
Balance as at 1 January	119.276	102.468
Additions	1.693	16.452
Software under construction	-	356
Balance as at 31 December	120.969	119.276
Accumulated Amortisation		
Balance as at 1 January	76.390	67.907
Amortisation	8.108	8.483
Balance as at 31 December	84.498	76.390
Net book value as at 31 December	36.471	42.886

(all amounts are in thousands of MKD unless otherwise stated)

16. Property Plant and Equipment

	Land	Buildings	Machinery and equipment	Construc- tion in progress	Total
At 1 January 2022					
Cost	247.319	3.243.105	6.396.559	70.907	9.957.890
Accumulated depreciation	-	(3.025.012)	(5.665.447)	-	(8.690.459)
Net book amount	247.319	218.093	731.112	70.907	1.267.431
Year ended 31 December 2022					
Opening net book amount	247.319	218.093	731.112	70.907	1.267.431
Additions	-	-	-	60.907	60.907
Disposals	-	(8.519)	(20.972)	-	(29.491)
Transfer from construction in progress	-	13.585	34.112	(47.697)	-
Disposals depreciation	-	8.519	20.947	-	29.466
Depreciation charge	-	(24.176)	(116.928)	-	(141.104)
Closing net book amount	247.319	207.502	648.271	84.117	1.187.209
At 31 December 2022					
Cost	247.319	3.248.171	6.409.699	84.117	9.989.306
Accumulated depreciation	-	(3.040.669)	(5.761.428)	-	(8.802.097)
Net book amount	247.319	207.502	648.271	84.117	1.187.209
Year ended 31 December 2021					
Opening net book amount	247.319	240.882	832.651	30.698	1.351.550
Additions	-	-	-	62.551	62.551
Disposals	-	(3.487)	(25.174)	-	(28.661)
Transfer from construction in progress	-	5.322	17.020	(22.342)	-
Disposals depreciation	-	3.487	25.174	-	28.661
Depreciation charge	-	(28.111)	(118.559)	-	(146.670)
Closing net book amount	247.319	218.093	731.112	70.907	1.267.431
At 31 December 2021					
Cost	247.319	3.243.105	6.396.559	70.907	9.957.890
Accumulated depreciation	-	(3.025.012)	(5.665.447)	-	(8.690.459)
Net book amount	247.319	218.093	731.112	70.907	1.267.431

Out of total depreciation and amortisation expense (of the tangible and intangible assets) amount of MKD 128.073 thousand (2021: MKD 137.816 thousand) has been charged in Operations and logistic expenses. MKD 14.424 thousand (2021: MKD 12.949 thousand) in administrative costs and MKD 6.715 thousand (2021: MKD 4.388 thousand) in selling and distribution expenses.

(all amounts are in thousands of MKD unless otherwise stated)

16. Property Plant and Equipment (continued)

Based on the change in the nature of entity's operations, management reassessed the valuation model of property, plant and equipment as at 31st December 2022. The recoverable amounts were assessed on basis on value in use treating the operational activities of trade and refining as one Cash generating unit. In determining value in use, the cash flows were discounted at a rate of 4.5% (4.5% for 2021) on a post-tax basis. The valuation model has not suggested any impairment and hence no impairments have been recorded as of 31st December 2022 or as at 31st December 2021. Management performed sensitivity analyses of the present market value of the entity using different discount rates and concluded that market value of the entity is higher than the net book value of the assets up to 7.93% WACC.

17. Available-for-sale financial assets

	2022	2021
At 1 st January	16.204	15.111
Additions	-	-
Disposals	-	-
Net (loss) gains transferred to revaluation reserves	(2.200)	1.093
At 31st December	14.004	16.204

Available-for-sale financial assets are denominated in Macedonian denars and include the following:

	2022	2021
Investments in companies	14.004	16.204
	14.004	16.204

18. Deferred income tax assets

Recognized deferred income tax assets are due to tax loss carried forward and different depreciation rates. The Company has not recognized any deferred tax liability.

	2022	2021
Deferred tax asset:		
Deferred income tax assets to be recovered after more than 12 months	6.405	5.557
Deferred income tax assets to be recovered within 12 months	-	-
Deferred income tax asset	6.405	5.557

(all amounts are in thousands of MKD unless otherwise stated)

18. Deferred income tax assets (continued)

Movement in temporary differences during the year

In thousands of denars	Balance 1 January 2022	Utilized Deferred income tax asset	Recognized in income	Balance 31 December 2022
Depreciation of assets	5.557	-	848	6.405
	5.557	-	848	6.405

The temporary differences relate to difference in Depreciation rates between used Group Rates and Official Rates published by the Public Revenue Office.

19. Inventories

	2022	2021
Trade goods	1.054.666	648.413
Spare parts and tools and consumables stores	20.764	20.033
	1.075.430	668.446

During 2022, MKD 93.673 thousand (2021: nil) was recognized as an expense for inventories carried at net realizable value. This is recognized in cost of sales.

20. Trade and other receivables

Carrying amount of trade receivables is presented as follows:

	2022	2021
Trade receivables domestic	99.093	97.984
Trade receivables foreign	192.835	148.836
Trade receivables – gross	291.928	246.820
Provision for impairment of trade receivables	(67.108)	(65.876)
Total trade receivables	224.820	180.944

(all amounts are in thousands of MKD unless otherwise stated)

20. Trade and other receivables (continued)

Carrying amount of trade and other receivables is presented as follows:

	2022	2021
Trade receivables - domestic	99.044	97.984
Trade receivables - foreign	192.786	148.705
Domestic receivables from related parties (note 28)	49	-
Foreign receivables from related parties (note 28)	49	131
Less: Provision for impairment	(67.108)	(65.876)
Trade receivables – net	224.820	180.944
Receivable from Escrow account	769.497	769.497
Prepaid expenses	55.545	83.126
Advance payments	8.797	15.985
Other short term receivables	8	78
VAT receivables	77.002	-
Other receivables	910.849	868.686
	1.135.669	1.049.631

Receivables from related parties represent receivables from Vardax, EKO Bulgaria and Jugopetrol (Note 28).

Following the provisions of the Share Purchase and Concession Agreement dated 8th May 1999 concluded between EL.P.ET Balkaniki S.A. (the parent company of OKTA AD - Skopje) and the Government of the Republic of Macedonia, the Company has recognized receivables in the period from 2000 to 2004 in the amount of approximately MKD 769.497 thousands relating to the period prior to the acquisition.

The ageing analysis of trade receivables is as follows:

	2022	2021
Not past due	218.612	179.046
less than 30 days	3.228	920
30 to 90 days	2.333	314
90 days to 1 year	647	664
Over 1 year	67.108	65.876
Total gross receivables	291.928	246.820

Movements on the provision for impairment of trade receivables are as follows:

	2022	2021
At 1 st January	65.876	64.441
Provision for receivables impairment	95	-
Collected receivables	-	-
Written off receivable	-	-
FX difference	1.137	1.435
At 31st December	67.108	65.876

(all amounts are in thousands of MKD unless otherwise stated)

20. Trade and other receivables (continued)

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The ageing analysis of provision for impairment is as follows:

	2022	2021
Over 1 year	67.108	65.876
Over 180 days	-	-
	67.108	65.876

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2022	2021
MKD	52.143	51.459
EUR	136.661	83.026
USD	36.016	46.459
	224.820	180.944

The carrying amounts of the Company's other receivables are denominated in the following currencies:

	2022	2021
MKD	910.849	868.687
	910.849	868.687

The fair value of the trade receivables and the other receivables at the balance sheet date is the same as their carrying value.

21. Cash and cash equivalents

	2022	2021
Bank accounts in domestic currency	2.876.365	3.470.915
Bank accounts in foreign currency	141.750	57.125
Cash on hand	-	7
Other cash and cash equivalents	4.495	4.487
Impairment of cash	(3.187)	(4.784)
	3.019.423	3.527.750

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2022	2021
MKD	2.877.681	3.470.626
EUR	122.040	35.968
USD	19.702	21.156
	3.019.423	3.527.750

(all amounts are in thousands of MKD unless otherwise stated)

22. Assets held for sale

	2022	2021
Property, plant and equipment	2.021	3.455
	<u>2.021</u>	<u>3.455</u>

The assets held for sale were written down to their fair value less estimated costs to sell during 2022. OKTA entered into a framework agreement for the refinement and sale of precious metals contained in the catalysts that were previously used for the refining of crude oil in 2018. The catalyst is classified as assets held for sales from the date the company entered into the framework agreement. The assessment of the fair value of the asset is done and the impairment loss of MKD 129.508 is recognized as of 31 December 2018. During 2020 and 2021, main part of the catalyst was sold, and reassessment of the sales value was performed as at 31 December 2022.

23. Capital and reserves**a) Shares**

The total authorised number of ordinary shares is 846.360 shares value of EUR 51.12 per share (2021: 846.360 ordinary shares with EUR 51.12 par value). All issued shares are fully paid.

The shareholders structure as at 31 December 2022 was as follows:

	Number of ordinary shares	Total shares	% of total share capital
EL.P.ET Balkaniki S.A.	689.875	689.875	81.51 %
Pucko - Petrol DOO	91.965	91.965	10.87 %
Other 1)	64.520	64.520	7.62 %
	<u>846.360</u>	<u>846.360</u>	<u>100 %</u>

1) Shareholders which individually hold less than 0.4% in share capital.

b) Dividends

The company dividend payments during 2022 is MKD 61.425 thousand (2021: 61.445). Dividends declared and paid for the year ended 31 December 2022 entirely relate to cash dividends on ordinary shares. There are no other declared dividends.

Declared and paid during the period ended 31 December 2022

Final dividend from retained earnings:

Declared:	61.784
Paid from declared dividend during 2022:	<u>61.263</u>
Paid from declared dividend in previous years:	162
Total paid	<u>61.425</u>

(all amounts are in thousands of MKD unless otherwise stated)

23. Capital and reserves (continued)

c) Reserves

Statutory reserves

According to Macedonian regulations, the Company is required to have compulsory statutory reserve established through appropriation of its net profits. With the changes of the Law on Trading Companies effective from 1st January 2013, the Company is required to set aside 5 percent of its net statutory profit for the year in a statutory reserve until the level of the reserve reaches 1/10 of the share capital. The Company has achieved the required minimum in prior years and consequently no appropriation in 2022 has been made.

Revaluation reserve

The revaluation reserve relates to: (i) property, plant and equipment and comprises the cumulative increased carrying value based on the increase of the producers' price index on the date of revaluation that was performed up to 2003; and (ii) effects of revaluation of available for sale financial assets.

24. Employee benefit obligations

	2022	2021
Retirement benefit obligations and jubilee awards	13.420	14.982
	13.420	14.982

Assumptions are set based on actuarial advice in accordance with published statistics and experience in the country. The employee benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Mortality rate:

From the study of the mortality rates in the past years the Company has determined a representation of the expected current mortality in Republic of Macedonia. Mortality standard table EVK2000 was used for 2022 and 2021.

(all amounts are in thousands of MKD unless otherwise stated)

24. Employee benefits obligations (continued)

	2022	2021
Amounts recognised in Balance sheet		
Present value of obligations	13.420	14.982
Fair value of plan assets	-	-
Net Liability/ (Asset) in Balance Sheet	13.420	14.982
Amounts recognized in Profit and Loss		
Service cost	952	734
Net interest on the net defined benefit liability/ (asset)	313	403
Recognition of actuarial (gain)/Loss	(591)	182
Regular P&L charge	674	1.319
Settlement/ Curtailment/ Termination loss/ (gain)	-	1.144
Total P&L Charge	674	2.463
Reconciliation of benefit obligation		
Defined Benefit Obligation at start period	14.982	14.220
Service cost	952	734
Interest cost	313	403
Past service cost	481	261
Benefits paid directly by the Company	(7.857)	(3.408)
Settlement/ Curtailment/ Termination loss (gain)	5.140	1.400
Actuarial (gain)/loss- experience	(591)	1.372
Defined benefit obligation at end of period	13.420	14.982
Movements in Net Liability/ (Asset) in Balance Sheet		
Net Liability/ (Asset) in Balance Sheet at the beginning of the period	14.982	14.220
Benefits paid directly	(7.857)	(3.408)
Total expense recognised in the income statement	454	1.372
Total amount recognised in the Other comprehensive income	5.841	2.798
Net Liability/ (Asset) in Balance sheet	13.420	14.982
Assumptions		
Discount rate	3.1%	2.2%
Price inflation	3.0%	2.5%
Rate of compensation increase	3.0%	2.5%
Plan duration	7.96%	6.22

(all amounts are in thousands of MKD unless otherwise stated)

25. Trade and other payables and provisions

Carrying amount of trade payables is presented as follows:

	2022	2021
Domestic trade payables	323.044	421.344
Foreign trade payables	603.523	306.020
	926.567	727.364

Carrying amount of trade and other payables is presented as follows:

	2022	2021
Domestic trade payables	323.044	421.344
Foreign trade payables	5.308	26.784
Foreign payables from related parties	416.081	116.466
Foreign trade payables prior acquisition	182.134	162.770
Trade payables	926.567	727.364
Advances received	196.900	193.283
Excise taxes payable	248.112	206.802
Salaries and wages	12.908	11.214
Personal income tax and contributions	6.669	5.727
Withholding tax	51	50
Provision for court cases	1.786	3.636
Accrued liabilities	134.460	58.474
Provisions on other litigations (Note 29)	58.121	953.733
Income tax payables	32.755	37.872
VAT liabilities	-	4.898
Other current liabilities	691.762	1.475.689
	1.618.329	2.203.053

Liabilities to related parties represent liabilities to Hellenic Petroleum S.A. Greece (Note 28).

The carrying amounts of the trade payables are denominated in the following currencies:

	2022	2021
MKD	299.409	421.344
GBP	-	193
USD	220.331	179.092
EUR	406.827	126.734
	926.567	727.363

The carrying amounts of the other payables are denominated in the following currencies:

	2022	2021
MKD	691.762	1.475.689
	691.762	1.475.689

(all amounts are in thousands of MKD unless otherwise stated)

26. Expenses by nature	2022	2021
Cost of traded goods	58.308.499	24.733.736
Gross salaries and wages	253.327	250.152
Provision for legal cases	103.114	199.412
Depreciation and amortization	149.212	155.153
Miscellaneous expenses	100.230	94.097
Insurance expenses	55.789	54.330
Other fixed cost	49.898	40.100
Personnel related expenses	37.315	26.391
Manipulation and shrinkage expenses	45.100	25.552
Electricity	58.967	24.141
COVID-19 related expenses	11.773	19.327
Public relation and advertising expenses	14.430	17.024
Maintenance expenses	14.756	14.841
Rental expenses	7.905	6.948
Cost of traded electricity	14.479	5.714
Waste treatment expenses	1.518	4.433
Other variable expenses	3.413	3.355
Telecommunication expenses	2.039	2.199
Own consumption of fuels	2.596	1.883
Transportation expenses	1.869	1.676
Redundancy expenses	5.340	1.120
Office supplies expenses	1.043	695
Business travel	735	278
Dues and subscriptions	8	8
Impairment of bad and doubtful debts	95	-
Impairment of inventory	93.673	-
Impairment of spare parts and consumables	136	-
Impairment of assets held for sale	1.434	-
Net book value of disposed fixed assets	24	-
	59.338.717	25.682.565
27. Employee related expenses	2022	2021
Salaries and wages	159.039	151.013
Contributions and taxes	79.888	76.329
Other benefits	14.400	22.810
	253.327	250.152
	2022	2021
Average number of employees	262	268

(all amounts are in thousands of MKD unless otherwise stated)

28. Related party transactions

The Company is controlled by EL.P.ET Balkaniki S.A. Greece, which owns 81.51% of the Company's shares. Ultimate parent is HelleniQ Energy S.A (former name: Hellenic Petroleum S.A.) incorporated in Greece. The remaining 7.62% of the shares are held by the minor shareholders and 10.87% of shares are held by DPTU Pucko Petrol Uvoz- Izvoz Doo - Makedonski Brod.

All transactions with related parties are conducted under normal trading and commercial terms at mutually agreed terms.

The following transactions were carried out with related parties, parent company, ultimate parent company (described above in the first paragraph of this Note) and other related parties which are members of Hellenic Petroleum Group of companies.

Sales of goods and services

<i>Sales of services</i>	2022	2021
Vardax	718	648
EKO Bulgaria	1.091	-
Jugopetrol A.D.	861	9.431
	2.670	10.080

Purchases of goods and services

<i>Purchases of trading goods</i>	2022	2021
Hellenic Petroleum S.A.	57.546.035	23.947.980
HFL S.A.	-	-
	57.546.035	23.947.980

<i>Purchases of services</i>	2022	2021
Hellenic Petroleum S.A.	372	17.476
Hellpe Digital	26.321	-
Asprofos S.A.	1.007	5.971
HFL S.A.	5.457	5.458
EKO Bulgaria	44	42
	33.201	28.947

(all amounts are in thousands of MKD unless otherwise stated)

28. Related party transactions (continued)

<i>Receivables arising from sale of services</i>	2022	2021
Vardax Branch Office	49	-
EKO Bulgaria	5	-
Jugopetrol A.D.	44	131
	98	131

Outstanding balances arising from purchase of goods/services

<i>Payables arising from purchase of raw materials and goods</i>	2022	2021
Hellenic Petroleum S.A.	411.597	109.654
	411.597	109.654

<i>Payables arising from purchase of services</i>	2022	2021
HFL S.A.	454	447
Hellenic Petroleum S.A.	561	3.247
Hellpe Digital	3.425	-
Asprofos S.A.	-	3.098
EKO Bulgaria	44	-
	4.484	6.792

Key management compensation

Key management includes members of the Board of Directors and Directors within the Company. The compensation paid or payable to key management for services is shown below:

	2022	2021
Salaries	27.209	28.327
Taxes and contributions	9.653	9.090
Other benefits	2.943	4.208
	39.805	41.625

(all amounts are in thousands of MKD unless otherwise stated)

29. Contingencies and litigations

Bank guarantees

The Company has contingent liabilities in respect of bank guarantees arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities. The Company has bank guarantees in the amount of MKD 979.241 thousand as at 31 December 2022 (2021: MKD 1.839.417 thousand). No additional payments are anticipated at the date of the financial statements.

Unused Credit Limits

The Company has contingent liabilities in respect of unused credit limits in the amount of MKD 1.287.668 thousand as at 31 December 2022 (2021: 440.450).

Legal proceedings

From time to time and in the normal course of the business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, the management of the Company is of the opinion that no material losses will be incurred in respect of claims which were not provided for. (Note 25).

30. Commitments

Operating lease commitments

The Company leases motor vehicles under operating lease agreements. The lease expenditure charged to the Statement of comprehensive income during the year is disclosed in Note 7, 8 and 9.

The future aggregate minimum lease payments under operating leases are as follows:

	2022	2021
No later than 1 year	10.903	12.810
Later than 1 year and no later than 5 years	13.217	15.639
Later than 5 years	-	-
	<u>24.120</u>	<u>28.449</u>

31. Events after the reporting period

There are no events after the reporting period that would have impact on the 2022 Statement of comprehensive income, Statement of financial position or Statement of cash flow.

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Income Statement 01.01.2022 - 31.12.2022

Ordinal No.	Position	AOP	Note No.	Amount	
				Current year	Previous year
1	2	3	4	5	6
1.	I. OPERATIONAL INCOME (202+203+206)	201		59,987,722,536	26,142,198,904
2.	Sale income	202	11	59,985,699,002	26,140,572,863
3.	Other income	203		2,023,534	1,626,041
4.	Change of the value of stock of finished products and unfinished production				
4.a.	Stock of finished products and unfinished production at the beginning of the year	204			
4.b.	Stock of finished products and unfinished production at the end of the year	205		0	0
5.	Capitalisation of own production and services	206			
6.	II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222)	207		59,355,371,626	25,695,022,706
7.	Raw materials expenses	208		86,920,191	47,314,375
8.	Purchase price of the goods sold	209		58,367,984,565	24,764,902,544
9.	Purchase price of materials, spare parts, small inventory, packaging and tyres	210			
10.	Services categorized as material expenses	211		80,702,405	71,550,458
11.	Other operational expenses	212		175,899,706	168,394,936
12.	Employees expenses (214+215+216+217)	213		295,919,362	288,075,248
12.a.	Net salaries	214		158,762,203	150,826,771
12.b.	Expenses for taxes and salaries contributions	215		14,670,401	13,777,583
12.c.	Mandatory social contribution expenses	216		65,217,814	62,551,226
12.d.	Other expenses for employees	217		57,268,944	60,919,668
13.	Depreciation of tangible and intangible assets	218		149,211,995	155,153,325
14.	Impairment of non-fixed assets	219			
15.	Impairment of fixed assets	220		95,339,253	
16.	Provisions for risks and expenses	221			
17.	Other operational expenses	222		103,394,149	199,631,820
18.	III. FINANCIAL INCOME (224+229+230+231+232+233)	223		50,731,057	31,693,454
19.	Financial income arising from related parties (225+226+227+228)	224		21,045,470	3,681,431
19.a.	Income from investment in related parties	225			
19.b.	Income from interests from related parties	226			
19.c.	Income from foreign exchange difference from related parties	227		21,045,470	3,681,431
19.d.	Other financial income from related parties	228			
20.	Income from investment in non-related parties	229		621,000	414,000
21.	Income from interests from non-related parties	230		2,401,942	2,847,978
22.	Income from foreign exchange difference from non-related parties	231		23,709,876	8,606,643
23.	Unrealised income from financial assets	232			
24.	Other financial income	233		2,952,769	16,143,402
25.	IV. FINANCIAL EXPENSES (235+239+240+241+242+243)	234		65,041,641	25,393,660
26.	Financial expenses with related parties (236+237+238)	235		16,409,760	3,975,157
26.a.	Expenses for interest payable to related parties	236			
26.b.	Expense for foreign exchange differences payable to related parties	237		16,409,760	3,975,157
26.c.	Other financial expenses payable to related parties	238			
27.	Expenses for interest payable to non-related parties	239		29,104	575,764
28.	Expense for foreign exchange differences payable to non-related parties	240		48,602,777	20,842,739
29.	Unrealised loss from financial assets	241			
30.	Impairment of financial assets and investment	242			
31.	Other financial expenses	243			
32.	Participation in the profit of associate entities	244			
33.	Participation in the loss of associate entities	245			
34.	Profit from regular operations (201+223+244)-(204-205+207+234+245)	246		618,040,326	453,475,992
35.	Loss from regular operations (204-205+207+234+245)-(201+223+244)	247			

36.	Net profit from interrupted work	248			
37.	Net loss from interrupted work	249			
38.	Profit before taxation (246+248) или (246-249)	250		618,040,326	453,475,992
39.	Loss before taxation (247+249) или (247-248)	251		0	0
40.	Corporate income tax	252		72,043,761	75,284,449
41.	Deferred tax assets	253			
42.	Deferred tax liabilities	254			
43.	NET PROFIT FOR THE CURRENT YEAR (250-252+253-254)	255		545,996,565	378,191,543
44.	NET LOSS FOR THE CURRENT YEAR (251+252-253+254)	256		0	0
45.	Average number of employees upon work hours	257		262	268
46.	Number of months of work	258		12	12
47.	PROFIT/LOSS FOR THE PERIOD	259		545,996,565	378,191,543
47.a.	Profit belonging to the shareholders in the parent company	260			
47.6.	Profit belonging to the uncontrollable participation	261			
47.b.	Loss belonging to the shareholders in the parent company	262			
47.r.	Loss belonging to the uncontrollable participation	263			
48.	EARNINGS PER SHARE	264			
48.a.	Total basic earnings per share	265		645	447
48.6.	Total diluted earnings per share	266			
48.b.	Basic earning per share from interrupted work	267			
48.r.	Diluted earnings per share from interrupted work	268			

REPORT FOR COMPREHENSIVE INCOME

Ordinal No.	Position	AOP	Note No.	Amount	
				Current year	Previous year
1.	Profit for the year	269		545,996,565	378,191,543
2.	Loss for the year	270			
3.	Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284)	271			
4.	Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283)	272		2,654,477	279,300
5.	Gains arising from translation of foreign operations	273			
6.	Loss arising from translation of foreign operations	274			
7.	Gains from re-assessment of financial assets available for sale	275			1,092,960
8.	Loss from re-assessment of financial assets available for sale	276		2,200,410	
9.	Effective portion of gains from hedging instruments for hedging of cash flows	277			
10.	Effective portion of losses from hedging instruments for hedging of cash flows	278			
11.	Changes of re-evaluation reserves for non-current assets (+)	279			
12.	Changes of re-evaluation reserves for non-current assets (-)	280			
13.	Actuarial gains on defined plans for employee benefits	281			
14.	Actuarial losses on defined plans for employee benefits	282		454,067	1,372,260
15.	Share in other comprehensive income of associates (just for the needs of consolidation)	283			
16.	Share in other comprehensive loss of associates (just for the needs of consolidation)	284			
17.	Corporate Income Tax in the components of the other comprehensive income	285			
18.	Net other comprehensive income (271-285)	286		0	0
19.	Net other comprehensive loss (285-271) или (272+285)	287		2,654,477	279,300
20.	Total comprehensive income for the year (269+286) или (286-270)	288		543,342,088	377,912,243
20.a.	Comprehensive income attributable to share holders of parent company	289		543,342,088	377,912,243
20.6.	Comprehensive income belonging to uncontrollable participation	290			
21.	Total comprehensive loss for year (270+287) or (270-286) or (287-269)	291			377,912,243
21.a.	Comprehensive loss attributable to share holders of parent company	292		0	377,912,243
21.6.	Comprehensive loss belonging to uncontrollable participation	293			

Name of the Company: OKTA Crude Oil Refinery AD Skopje

Address: Str. 1 No. 25, Miladinovci, Skopje

Unique ID number: 4074009

Balance Sheet 01.01.2022 - 31.12.2022

Position	AOP	Note No	Amount	
			Current year	Previous year
1	2	3	4	5
ASSETS: A. NON-FIXED ASSETS (002+009+020+021+031)	001		1,237,684,287	1,326,593,173
I. Intangible assets (003+004+005+006+007+008)	002	5	36,471,283	42,885,810
Expenditures for research and development	003			
Patents, license, concession and other rights.	004		36,471,283	42,530,223
Goodwill	005			
Advance payment for intangible assets	006			
Intangible assets in preparation	007			355,587
Other intangible assets	008			
II. Tangible assets (010+013+014+015+016+017+018+019)	009	6	1,187,209,454	1,267,430,745
Immovable property (real estate) (011+012)	010	6	454,821,513	465,411,966
Land	011	6	247,318,812	247,318,812
Buildings	012	6	207,502,701	218,093,154
Plant and equipment	013	6	605,603,478	686,721,240
Transport assets	014	6	344,138	6,775
Tools, office inventor, assets for transport	015	6	42,283,110	44,343,762
Biological assets	016			
Advance payment for tangible	017			
Tangible assets in preparation	018	6	84,117,458	70,907,245
Other tangible assets in preparation	019	6	39,757	39,757
III. INVESTMENT IN IMMOVABLE PROPERTY	020			
IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	021		14,003,550	16,276,618
Investment in branch offices	022			
Investment in associate entities and joint venture investments	023			
Receivables from long-term loans granted to related parties	024			
Receivables from long-term loans	025			
Investment in long-term securities (027+028+029)	026		14,003,550	16,203,960
Investment in securities held to maturity	027			
Investments in securities available for sale	028		14,003,550	16,203,960
Investments in securities at fair value through profit or loss	029			
Other long-term financial assets	030			72,658
V. LONG-TERM RECEIVABLES (032+033+034)	031		0	0
Receivables from related parties	032			
Receivables from customers	033			
Other long-term receivables	034			
VI. DEFERRED TAX ASSETS	035		6,404,739	5,557,474
VII. CURRENT ASSETS (037+045+052+059)	036		5,174,976,271	5,162,626,139
Stocks (038+039+040+041+042+043)	037		1,075,429,543	668,444,438
Stocks of raw materials	038		1,379,282	1,271,897
Stocks of spare parts, small inventory, packaging and tyres	039		19,384,484	18,761,320
Stock of unfinished products and semi-products	040			
Stock of finished products	041			
Stock of commercial products	042		1,054,665,777	648,411,221
Stock of biological products	043			

II. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS)	044		2,020,751	3,455,432
III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051)	045		1,080,123,911	966,431,380
Receivables from related parties	046	7	120,033	50,810
Trade accounts receivable	047	7	224,700,338	180,893,270
Advance payments	048		8,796,855	15,985,257
Receivables from the state upon taxes, social contribution, customs duties, excise and other duties towards the state	049		77,002,091	6
Receivables from the employees	050		7,683	5,126
Other short term receivables	051		769,496,911	769,496,911
V. SHORT-TERM FINANCIAL ASSETS (053+056+057+058)	052		0	0
Investment in securities (054+055)	053		0	0
Investment in securities held to maturity	054			
Investments in securities at fair value through profit or loss	055			
Receivables from short-term loans granted to related parties	056			
Receivables from short-term loans	057			
Other short-term financial assets	058			
VI. Cash and cash equivalents (060+061)	059	8	3,019,422,817	3,527,750,321
Cash	060		3,014,928,057	3,523,263,555
Cash equivalents	061		4,494,760	4,486,766
VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES	062		55,544,986	83,126,487
TOTAL ASSETS: ASSETS (001+035+036+044+062)	063		6,476,631,034	6,581,358,705
B. OUT-OF-BALANCE RECORDS - ASSETS	064			
LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	065		4,844,881,982	4,363,324,174
I. SHARE CAPITAL	066	9	2,472,819,516	2,472,819,516
II. Share premiums	067			
III. Own shares (-)	068			
V. Registered, not paid capital (-)	069			
V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit	070		104,076,515	106,730,992
VI. RESERVES (072+073+074)	071		812,119,797	812,119,797
Statutory reserves	072		494,718,176	494,718,176
Companies reserves (according to the Incorporation Act)	073			
Other reserves	074		317,401,621	317,401,621
VII. ACCUMULATED PROFIT	075		909,869,589	593,462,326
VIII. TRANSFERRED LOSS (-)	076			
IX. PROFIT FOR THE CURRENT YEAR	077		545,996,565	378,191,543
X. LOSS FOR THE CURRENT YEAR	078			
XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY	079			
XII. NON-CONTROLLABLE PARTICIPATION	080			
LIABILITIES (082+085+095)	081		1,498,198,284	2,158,260,326
LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084)	082		13,420,201	14,981,502
Provisions for pensions, severance payments and similar liabilities towards the employees	083		13,420,201	14,981,502
Other long-term provisions for risks and expenses	084			
LONG-TERM LIABILITIES (од 086 до 093)	085		0	0
Liabilities to related parties	086			
Trade payables	087			
Advance and deposit liabilities	088			
Liabilities upon loans and credits to related parties	089			
Liabilities upon loans and credits	090			
Liabilities upon securities	091			
Other financial liabilities	092			
Other long-term liabilities	093			
XI. DEFERRED TAX LIABILITIES	094			

IV. SHORT-TERM LIABILITIES (од 096 до 108)	095		1,484,778,083	2,143,278,824
Liabilities to related parties	096	10	415,885,742	116,419,368
Trade payables	097	10	510,681,491	610,944,378
Advance and deposit liabilities	098		196,900,100	193,283,728
Liabilities for taxes and social contribution upon salaries	099		6,669,189	5,726,763
Liabilities towards the employees	100		12,907,865	11,214,029
Current tax liabilities	101		280,917,324	249,621,992
Short-term provisions for risks and expenses	102			
Liabilities upon loans and credits to related parties	103			
Liabilities upon loans and credits	104		0	0
Liabilities upon securities	105			
Liabilities upon participation in the profits	106		2,694,977	2,336,037
Other financial liabilities	107			
Other long-term liabilities	108		58,121,395	953,732,529
V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS	109		133,550,768	59,774,205
VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK	110			
TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+094+109+110)	111		6,476,631,034	6,581,358,705
3. OUT-OF-BALANCE RECORDS - LIABILITIES	112			

Explanatory Notes

OKTA AD – SKOPJE**Notes to the financial statements for the year ended 31 December 2022**

(all amounts are in MKD unless otherwise stated)

1. General information

OKTA AD - Skopje (hereinafter "the Company") is a joint stock company established on 26 March 1980. The Company is owned 81.51% by EL.P.ET Balkaniki S.A., a company controlled by Hellenic Petroleum S.A. The parent company is incorporated in Greece.

The Company's main activities are trade, import, production and blending of oil derivatives. Major oil derivatives are Gasoline, Diesels, Fuel oil, LPG and Kerosene-Jet Oil. OKTA has a leading position in the supply and trading of oil derivatives. The company uses the installation infrastructure in Skopje for, import, storage and sale of oil derivatives.

Starting from July 2013 OKTA is listed company on Macedonian Stock Exchange.

As of 31st December 2022, the Company had 262 employees (2021: 268 employees).

The address of the Company is as follows:

Street 1 no.25
Miladinovci Ilinden
1000 Skopje
Macedonia

The financial statements of OKTA AD – Skopje were authorised for issue by the Management on 23th February 2023 and will be subject of approval by the Board of Directors on 28th February 2023. These financial statements are subject to approval from Company's Shareholders Assembly, as well.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

These financial statements are prepared, in all material respects, in accordance with the Company Law (published in Official Gazette No. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 187/2013, 38/2014, 41/2014, 138/2014, 6/2016, 30/2016, 61/2016, 88/2017, 192/2017, 64/2018 and 120/2018) and the Rule Book for Accounting (published in Official Gazette No. 159/2009, No. 164/2010 and No. 107/2011), whereby the International Financial Reporting Standards (IFRS) were published. This Rule Book of Accounting comprise International Financial Reporting Standards (IFRS) - IFRS 1 to IFRS 8, International Accounting Standards (IAS) - IAS 1 to IAS 41, International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 1 to IFRIC 17 and Standing Interpretations Committee (SIC) Interpretations comprising SIC 7 to SIC 32.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)**2.1. Basis of preparation (continued)**

IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, IFRS 15, IFRS 16, IFRIC 18, IFRIC 19, IFRIC 20 and IFRIC 21 are not included in the Rule Book for Accounting and are not applied by the Company.

IFRS standards (including IFRS 1) were initially published in the Official Gazette in 1997, and since then several updates have followed. The last update was in December 2010. The Company applies all relevant standards and the amendments and interpretations which were published in the Official Gazette.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and depreciation and available for sale financial assets.

The financial statements are presented in thousands Macedonian Denars – MKD, unless otherwise stated.

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. Further risks to economic prospects and expected recovery may inter-alia arise from, rising inflation and monetary policies implemented by central banks impacting interest and exchange rates expectations, prolongation of global supply issues and the European energy crisis. Conversely the higher demand for energy, particularly in Europe, is considered a key factor for the increase in the price of natural gas, electricity and the cost of CO2 emissions rights which are significant cost components in the refining process.

Consistency

The presentation and classification of items in the financial statements is retained from one period to the next unless it is apparent that due to the change in the nature of the entity's operations or a review of its financial statements that another presentation or classification would be more appropriate. However, such reclassifications have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

2.2. Foreign currency translation**a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') which is Macedonian denars (MKD).

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.2. Foreign currency translation (continued)

b) Transactions and balances

Foreign currency transactions are translated into Macedonian denars using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation monetary assets and liabilities denominated in foreign currencies at year-end are recognised in the Profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated according the middle exchange rates from the National Bank of the Republic of Macedonia valid at the date of the financial statements.

Foreign exchange gains and losses are presented in the Profit or loss within “finance income/ costs (net)”. The foreign currency deals of the Company are predominantly EURO (EUR) and United States Dollars (USD) based. The exchange rates used for translation at 31st December 2021 and 31st December 2022 were as follows:

Exchange rate:	31 st December 2022	31 st December 2021
	MKD	MKD
EUR	61.49	61.63
USD	57.65	54.37
GBP	69.33	73.43

2.3. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Up to 2003 they have been revaluated at the year-end by applying official revaluation coefficients based on the general manufactured goods price index. Such coefficients have been applied to historical cost or later valuation and to accumulated depreciation. The effect of the revaluation of property, plant and equipment has been credited to the revaluation reserve.

Additions are recorded at cost. Cost includes the invoiced value and the expenditure that is directly attributable to the acquisition of the items.

Disposal of property, plant and equipment represents expense or technology obsolescence or other type of elimination of property, plant and equipment, including the accumulated provision. Gains and losses on disposal of property, plant and equipment are recognised in the income statement.

a) Subsequent expenditure

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Profit or loss, during the financial period in which they are incurred.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.3. Property, plant and equipment (continued)

b) Depreciation

Depreciation of property, plant and equipment is charged using rates not lower than those prescribed by the law and is designed to allocate the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives.

The depreciation of property, plant and equipment shall start after expiration of the month of the start-up in the year in which the utilization of the property, plant and equipment has started.

The following represent the range of the estimated useful lives applied to items of property, plant and equipment:

	2022	2021
Buildings	20 - 40 years	20 - 40 years
Computers	4 - 5 years	4 - 5 years
Equipment	Up to 20 years	Up to 20 years
Other equipment and vehicles	8 years	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.4. Intangible assets

An intangible asset is measured initially at cost. Acquisition costs include acquisition price (including import duties and non-recoverable taxes, after deducting trade discounts and rebates) and all directly attributable costs which are incurred to prepare the asset for its intended use. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and less any impairment loss. All intangible assets with a finite useful life are amortised over their useful lives using the straight-line method.

Amortisation begins when the asset is available for use and ends when the asset is classified as held for sale or is derecognised. Amortisation is recognised in the income statement as incurred. Estimated useful life over which company's intangible assets are being amortised is 4 years.

2.5. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of available for sale investments are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of comprehensive income as 'gains and losses from investment securities'.

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.5. Available-for-sale financial assets (continued)

Dividends on available-for-sale financial assets are recognised in the Profit or loss as part of other income when the Company's right to receive payments is established.

The company assesses at the end of each reporting period whether there is objective evidence for impairment of an available for sale financial asset. Significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Statement of Comprehensive income– is removed from equity and recognised in the Statement of Comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in Profit or loss, the impairment loss is reversed through the Statement of Comprehensive income.

2.6. Assets held for sales

The Company classifies non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental cost directly attributed to the disposal of an asset. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition or after completion of other process which are considered standard for such types of sales.

2.7. Inventories

Inventories are stated at lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred bringing the inventories to their present location and condition. Cost of crude oil and cost of other raw materials, spare parts and tools and consumable stores, finished and trading goods is determined on a weighted average cost basis.

The cost of purchase of inventories comprises of the purchase price, import duties, other non-recoverable taxes and other costs, which can be directly attributed to the procurement of the inventories (e.g. transportation costs). Trade discounts, rebates and other similar items are deducted in determining the purchase cost of inventories.

The costs of conversion of inventories comprise those costs that are directly related to the units of production, such as direct labour and a systematic allocation of fixed and variable production overheads. The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Any unallocated fixed production overheads are recognised as an expense in the period in which they are incurred. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)**2.8. Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in Profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.9. Cash and cash equivalents

Cash and cash equivalents comprise bank balances in local and foreign currency, cash in hand and deposits in banks with original maturity with less than 3 months.

2.10. Share capital

Ordinary and preference shares are classified as equity.

2.11. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12. Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.12. Provisions and contingent liabilities (continued)

Provisions are measured and recorded as the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision charge is recognized in the Income statement within the expense corresponding to the nature of the provision.

No provision is recognized for contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.13. Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)

2.13. Income taxes (continued)

b) Deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14. Employees Benefits

a) Pension and other short-term liabilities to employees

The Company, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated on the basis on gross salaries and wages according to the legislation. The Company makes these contributions to the Governmental health and retirement funds as well to private retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

c) Retirement benefits and jubilee awards

Pursuant to the Labour law prevailing in the Republic of Macedonia, the Company is obliged to pay retirement benefits in an amount equal to two average monthly salaries, at their retirement date, for which appropriate liability is recognized in the balance sheet measured at the present value of two average monthly salaries with adjustments incorporated in the actuarial calculation. According to the Collective agreement, the Company is obliged to pay jubilee anniversary awards that correspond to the total number of years of service of the employee. These employee benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The actuarial valuation involves making assumption about discount rates, expected rates of return on assets, future salary increased, mortality increases and future pension increased. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. In addition, the Company is not obligated to provide further benefits to current and former employees.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

2. Summary of significant accounting policies (continued)**2.15. Leases**

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.16. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of products, retail goods and services net of value-added tax, excise, rebates and discounts. Sales of products and retail goods are recognised when the Company has delivered it to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products or retail goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Interest income is recognized in the Profit or loss on a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

2.17. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.18. Earnings per share

Basic earnings per share is calculated by dividing profit attributable to the equity holders of the Company for the period by the weighted average number of common stocks outstanding.

2.19. Operating segments

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management and for which discrete financial information is available. The Management is the person or group of persons who allocates resources and assesses the performance for the entity.

The functions of the Management are performed by Board of the directors the Company. The internal reporting within the Company presented to the Management is on a Company level and as one operating segment. The decisions brought by the Management are based on received reports presented as one operating segment.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

3. Financial risk management**3.1. Financial risk factors**

The Company does not apply hedge accounting for its financial instruments, all gains and losses are recognized in the income statement. The Company is exposed in particular to risks from movements in exchange rates and market prices that affect its assets and liabilities. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Covid -19: In relation to the COVID-19 pandemic, the management of the Company continuously monitors and carefully evaluates the circumstances and the possible implications on the operations of the Company taking initiatives that tackle in the best possible manner the impact of the pandemic.

The Company immediately responded to the outbreak of the pandemic and already from March 2020, took various initiatives to this end primarily focusing on ensuring the health and safety of its employees and all its stakeholders operating or visiting the Company's premises, as well as the smooth operation of its activities and uninterrupted supply of our markets.

The gradual return to normality at the national and global levels has smoothed out the Company's financial results.

3. Financial risk management (continued)**a) Market risk**

Market risk is defined as the 'risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices' and includes interest rate risk, currency risk and other price risk. The majority of the revenues of the Company are generated in MKD and the remaining part mainly in EUR and small amount of USD.

Expenses of the Company that arise are mainly connected to EUR, partially in USD and the remaining part in MKD. As a result, the Company objective is to minimize the level of its financial risk in MKD terms. For the presentation of market risks according IFRS 7 sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity are required. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments at the balance sheet date. The balance at the balance sheet date is representative for the year as a whole.

The on-going global commodities in the constantly changing market resulted in, among other things, volatility of crude oil prices. The full extent of the impact of these market developments is proving to be impossible to anticipate or completely guard against.

Management believes that is taking all the necessary measures to support the sustainability and growth of the Company's business in the current circumstances. Nevertheless, future market fluctuations cannot be predicted with accuracy.

(all amounts are in MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

b) Foreign exchange risk

The Company's functional currency is the MKD. The foreign exchange risk exposure of the Company is related to holding foreign currency cash balances, and operating activities through revenues from and payments to international companies as well as capital expenditure contracted with vendors in foreign currency.

The currency giving rise to this risk is primarily USD. The Company manages the foreign exchange risk exposure by striving to lower the number of contracts in USD and to introduce contracts in EUR. The Company has small cash reserves in USD currency and limited transactions in USD. The Company uses cash deposits in MKD or cash deposits in MKD indexed to EUR, to economically manage its foreign currency risk as well as local currency risk in accordance with the available banks offers.

The purchase of oil products from related parties are denominated in EUR, except one product which is denominated in USD but all products are connected to the price movement on the global movement in USD. Therefore there is associated inherent business risk with such transactions.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Change in the interest rates and interest margins may influence financing costs and returns on financial investments.

Changes in market interest rates affect the interest income on time deposits with banks. As of 31st December 2022, the Company has no time deposits (2021: nil).

d) Price risk

The Company's has commodity price exposures of oil products price levels. It affects the value of inventory and sales margins which in turn affect the future cash flows of the business. In the case of price risk the level of exposure is determined by the amount of priced inventory carried at each Balance Sheet date. The Company policy is to report its inventory at the lower of historic cost and net realisable value and the results are affected by the reduction in the carrying value of the inventory.

The extent of the exposure relates directly to the level of stocks and rate of price decrease. Sales margin exposure relates to the absolute level of margin generated by the operation of the refineries mainly driven by the regulated prices for domestic market by the Government Authorities and the Platts prices for foreign market. The Company is managing the risk of margin exposure with production and import optimisation in order to have favourable inventory level in order to control the sales margin.

(all amounts are in MKD unless otherwise stated)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

e) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its operating activities and certain financing activities. The process of managing the credit risk from operating activities includes preventive measures such as creditability checking and prevention barring, corrective measures during legal relationship for example reminding and disconnection activities, collaboration with collection agencies and collection after legal relationship as litigation process, court proceedings, involvement of the executive unit and factoring. The overdue payments are followed through a debt escalation procedure based on customer's type, credit class and amount of debt. The credit risk is controlled through credibility checking – which determines that the customer is not indebted and the customer's credit worthiness and through preventive barring – which determinates the credit limit based on the customer's previous revenues.

The Company's procedures ensure on a permanent basis that sales are made to customers with an appropriate credit history and not exceed acceptable credit exposure.

The Company has collaterals from customers in bank guarantees, mortgages and promissory notes in order to ensure their collectability. The Company does not guarantee obligations of other parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Consequently, the Company considers that its maximum exposure is reflected by the amount of debtors net of provisions for impairment recognized and the amount of cash deposits in banks at the Balance Sheet date. Management is focused on dealing with most reputable banks in foreign and domestic ownership on the domestic market.

f) Liquidity risk

Liquidity risk is defined as the risk that the Company could not be able to settle or meet its obligations on time. The Company's policy is to maintain sufficient cash and cash equivalents to meet its commitments in the foreseeable future. Any excess cash is mostly deposited in commercial banks.

The Company's liquidity management process includes projecting cash flows by major currencies and considering the level of necessary liquid assets, considering business plan, historical collection and outflow data. Regular cash projections are prepared and updated by the Payment and Treasury Department.

3.2. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3. Fair value estimation

Cash and cash equivalents, trade receivables and other current financial assets mainly have short term maturity. For this reason, their carrying amounts at the reporting date approximate their fair values.

(all amounts are in MKD unless otherwise stated)

4. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most critical estimates and assumptions are discussed below.

a) Useful lives of assets

The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technological development and changes in broad economic or industry factors. In addition, as general guidance the Rule Book for depreciation rates prescribed by tax authorities is followed. The appropriateness of the estimated useful lives is reviewed annually, or whenever there is an indication of significant changes in the underlying assumptions.

Further, due to the significant weight of depreciable assets in Company's total assets, the impact of any changes in these assumptions could be material to Company's financial position, and results of operations. If depreciation cost is decreased/increased by 10%, this would result in change of annual depreciation expense of approximately MKD 15,515 thousand (2021: MKD 17,659 thousand).

b) Potential impairment of property, plant and equipment and intangibles

The Company (with support from the ultimate parent company) is assessing the impairment of identifiable property, plant, equipment and intangibles whenever there is a reason to believe that the carrying value may materially exceed the recoverable amount and where impairment in value is anticipated. The recoverable amounts are determined by value in use calculations, which use a broad range of estimates and factors affecting those.

Among others, the Company typically considers future revenues and expenses, macroeconomic indicators, technological obsolescence, discontinuance of operations and other changes in circumstances that may indicate impairment. If impairment is identified using the value in use calculations, the Company also determines the fair value less cost to sell (if determinable), to calculate the exact amount of impairment to be charged (if any). As this exercise is highly judgmental, the amount of potential impairment may be significantly different from that of the result of these calculations.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

4. Critical accounting estimates and judgments (continued)**4.1. Critical accounting estimates and assumptions (continued)****b) *Impairment of trade and other receivables (continued)***

The Company calculates impairment for doubtful accounts based on estimated losses resulting from the inability of its customers to make required payments. For customers in bankruptcy and liquidation, impairment is calculated on an individual basis, while for other customers it is estimated on a portfolio basis, for which the Company bases its estimate on the aging of its account receivables balance and its historical write-off experience, customer credit-worthiness and changes in its customer payment terms. These factors are reviewed periodically, and changes are made to calculations when necessary. The estimates involve assumptions about future customer behaviour and the resulting future cash collections. If the financial condition of its customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

c) *Provisions*

Provisions in general are highly judgmental, especially in the cases of legal disputes. The Company assesses the probability of an adverse event as a result of a past event to happen and if the probability is evaluated to be more than fifty percent, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments, but due to the high level of uncertainty, in some cases the evaluation may not prove to be in line with the eventual outcome of the case.

d) *Contingent liabilities and legal proceeding*

From time to time and in the normal course of the business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, the management of the Company is of the opinion that no material losses will be incurred in respect of claims which were not provided for.

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

5. Intangible Assets

2022	<u>MKD</u>
Cost	
Balance as at 1 January 2022	119,276,161
Additions	1,692,537
Assets in construction	-
Balance as at 31 December 2022	<u>120,968,698</u>
Accumulated Amortisation	
Balance as at 1 January 2022	76,390,351
Amortisation	8,107,064
Balance as at 31 December 2022	<u>84,497,415</u>
Net book value as at 31 December 2022	<u>36,471,283</u>
2021	
Cost	
Balance as at 1 January 2021	102,468,335
Additions	16,452,239
Assets in construction	355,587
Balance as at 31 December 2021	<u>119,276,161</u>
Accumulated Amortisation	
Balance as at 1 January 2021	67,907,057
Amortisation	8,483,294
Balance as at 31 December	<u>76,390,351</u>
Net book value as at 31 December 2021	<u>42,885,810</u>

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

6. Property, plant and Equipment

Year ended on 31 December 2021	Land	Buildings	Machinery and equipment	Construction in progress	Total
Opening amount	247,318,812	3,243,105,402	6,396,558,798	70,907,245	9,957,890,257
Accumulated Depreciation	-	(3,025,012,248)	(5,665,447,264)	-	(8,690,459,512)
Net book value	247,318,812	218,093,154	731,111,534	70,907,245	1,267,430,745
Year ended on 31 December 2022					
Net book value	247,318,812	218,093,154	731,111,534	70,907,245	1,267,430,745
Additions	-	-	-	60,907,927	60,907,927
Transfer for construction in progress	-	13,585,391	34,112,323	(47,697,714)	-
Disposals NPV	-	(8,519,306)	(20,971,988)	-	(29,491,294)
Depreciation	-	(24,175,844)	(116,929,087)	-	(141,104,931)
Impairment of disposals	-	8,519,306	20,947,701	-	29,467,007
Net book value as at 31 December 2022	247,318,812	207,502,701	648,270,483	84,117,458	1,187,209,454

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

7. Trade receivables

	2022	2021
Trade receivables domestic	99,093,076	97,984,245
Trade receivables foreign	192,834,886	148,835,872
Provision for impairment of trade receivables	(67,107,591)	(65,876,037)
Total	224,820,371	180,944,080

8. Cash and cash equivalents

	2022	2021
Bank account in in domestic currency	2,876,365,130	3,470,915,070
Bank account in foreign currencies	141,749,824	57,124,757
Cash on hand - in domestic currency	156	7,430
Impairment of deposit	(3,187,053)	(4,783,858)
Cash equivalent	4,494,760	4,486,922
Total	3,019,422,817	3,527,750,321

9. Share Capital

The total authorised number of ordinary shares is 846,360 shares value of EUR 51,12 per share, All issued shares are fully paid,

The shareholders structure as at 31 December 2022 was as follows:

	Number of ordinary shares	Total shares	% of total share capital
EL,P,ET Balkaniki S,A, DPTU Pucko- Petrol Uvoz- Izvoz	689,875	689,875	81,51 %
Doo- Makedonski Brod	91,965	91,965	10,87 %
Other 1)	64,520	64,520	7,62 %
	846,360	846,360	100 %

1) Shareholders which individually hold less than 0,4% in share capital,

OKTA AD – SKOPJE

Notes to the financial statements for the year ended 31 December 2022

(all amounts are in MKD unless otherwise stated)

10. Trade payables

	2022	2021
Domestic trade payables	323,044,260	421,343,281
Foreign trade payables	603,522,973	306,020,465
Total	926,567,233	727,363,746

11. Sales

	2022	2021
Sales on domestic market	44,655,715,340	20,133,368,959
Sales on foreign market	15,329,983,662	6,007,203,904
Total Sales	59,985,699,002	26,140,572,863

*) include sales of electricity

Responsible person for general
information and explanatory notes

Legal representative person of the
company

