



The
**SOCIO-
ECONOMIC
IMPACT**
of
**PIVARA SKOPJE
IN NORTH
MACEDONIA
2023**



Coca-Cola HBC

THE *Coca-Cola* COMPANY

★ **HEINEKEN**

CONTENT

1. **INTRODUCTION** AND KEY FINDINGS
2. **SCOPE** AND METHODOLOGY
3. **ABOUT** PIVARA SKOPJE
4. **ECONOMIC** IMPACT
5. **COMMUNITY** PARTNERSHIPS

EXECUTIVE SUMMARY: '23 ECONOMIC IMPACT OF PIVARA SKOPJE IN NORTH MACEDONIA

INTRODUCTION

What is the purpose of this study?



Pivara Skopje, a joint venture between **Coca-Cola HBC** and **HEINEKEN**, supports the economy of North Macedonia by producing, distributing, and selling beverages. Its activities generate significant direct and indirect impacts in the local economy in the form of employment and contribution to the Gross Domestic Product.

This Economic Impact Study quantifies the impact in terms of employment and value added supported by Pivara Skopje directly or indirectly throughout its value chain. Value added is the sum of salaries, taxes, profits.

THE SUM OF



SALARIES



TAXES



PROFITS

INTRODUCTION AND KEY FINDINGS

RESULTS

What are the main findings?



IN 2023, PIVARA SKOPJE SUPPORTED APPROXIMATELY



EUR 139 million
IN VALUE ADDED

including EUR 28 M in direct value added from its own operations,

EUR 35 M upstream at its suppliers and suppliers' suppliers, and

EUR 76 M downstream at its trade partners and their suppliers.

INCLUDED IN THIS VALUE ADDED SUPPORT ARE



EUR 37 million
IN WAGES
for workers across its value chain and



EUR 71 million
IN TAXES that it supports, too.

IN TOTAL, PIVARA SKOPJE CONTRIBUTED



1.0% OF NORTH MACEDONIA'S GDP in 2023.

The most value added is supported in the trade and manufacturing sectors, including in Food & Beverages.

PIVARA SKOPJE SUPPORTED ESTIMATED



8,700 JOBS
in 2023

including 399 jobs in its own operations;

2,600 jobs upstream at its suppliers and suppliers' suppliers, and

5,700 jobs downstream at its trade partners and their suppliers.

SOME



1,100
MANUFACTURING

&



4,800
TRADE SECTOR JOBS

(direct, indirect) are supported by Pivara Skopje across the country.

PIVARA SKOPJE SUPPORTS

1.3%
OF NATIONAL EMPLOYMENT

EVERY

1 PERSON

EMPLOYED DIRECTLY BY PIVARA SKOPJE

SUPPORTS

21 JOBS

ELSEWHERE IN NORTH MACEDONIA.

CONCLUSION

What can we take away from this?



These results show the depth and breadth of Pivara Skopje's positive economic contributions.

The study lays out - using robust quantitative figures - the extent to which

PIVARA SKOPJE IS AN ESSENTIAL PLAYER IN NORTH MACEDONIA'S SERVICES, TRADE, AND MANUFACTURING SECTORS,

driving economic growth and supporting employment around the country.

KEY FINDINGS ON PIVARA SKOPJE'S IMPACT IN 2023

**PIVARA SKOPJE
ADDS VALUE
TO THE ECONOMY
OF NORTH MACEDONIA,
AND SUPPORTS
QUALITY
EMPLOYMENT
OPPORTUNITIES**



**€124
MILLION**

in net sales revenues (NSR) reported by Pivara Skopje. This consists of €104 M local NSR, €3 M in exports and €17 M in intercompany sales



**200
MILLION LITRES**

sold by Pivara Skopje. This consists of 151 M litres of local sales, 6 M litres of exports, and 43 M litres of intercompany sales



**€46
MILLION**

worth of goods and services purchased from domestic suppliers



**€139
MILLION**

value added supported in the economy across the value chain



**1.0%
CONTRIBUTION**

to the Gross Domestic Product of North Macedonia



**€71
MILLION**

supported in tax payments across the value chain



**399
PEOPLE**

employed directly by Pivara Skopje in North Macedonia



**8,310
EMPLOYMENT**

opportunities indirectly supported in the value chain



1:21

for each direct job at Pivara Skopje, there are 21 others supported elsewhere in North Macedonia



SCOPE AND METHODOLOGY




THE STUDY QUANTIFIES PIVARA SKOPJE'S IMPACT ALONG ITS VALUE CHAIN, DERIVING THREE LEVELS OF RESULTS

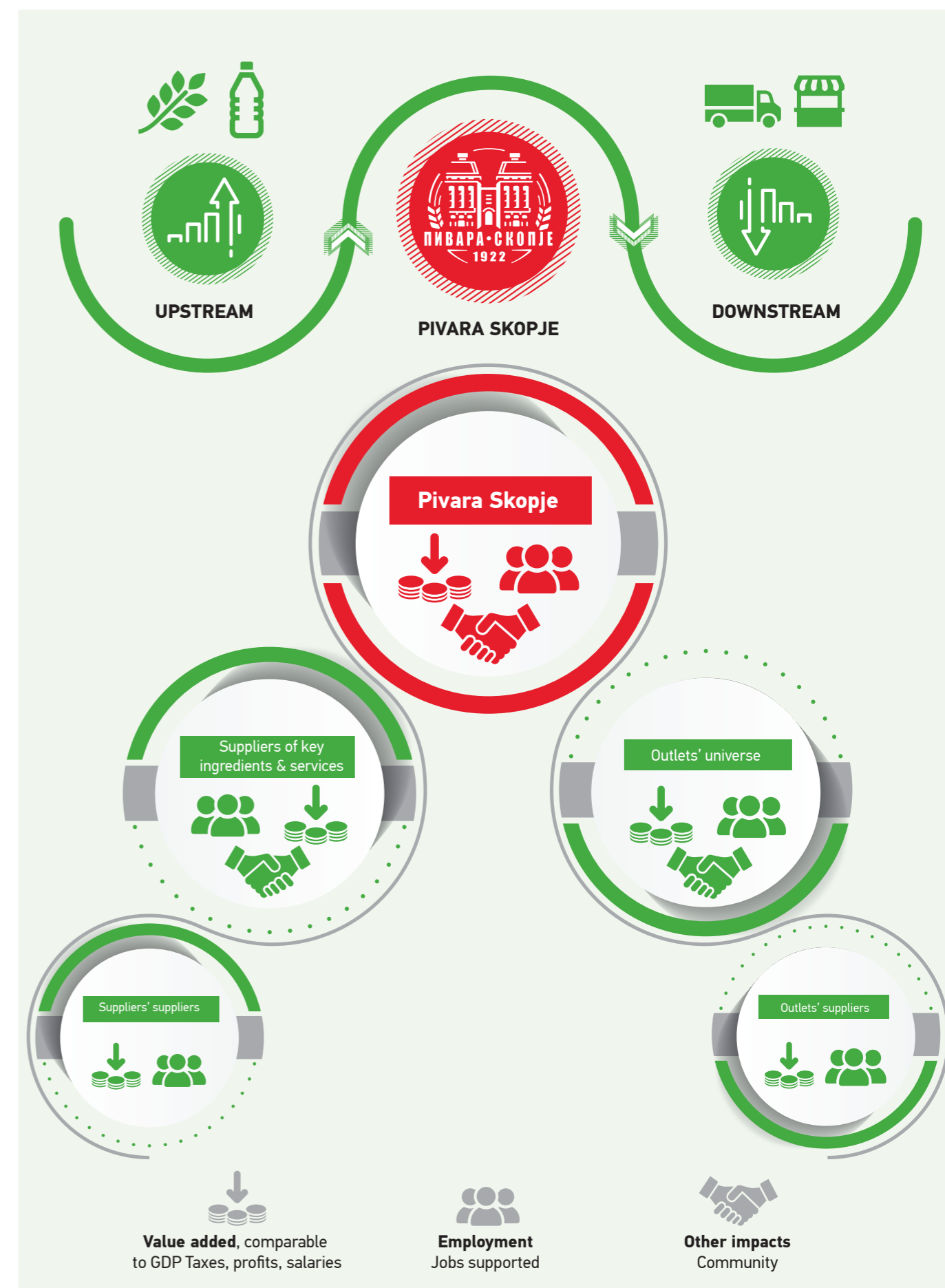
SCOPE

The scope of this study covers the 2023 economic impact of Pivara Skopje in North Macedonia



THE THREE RESULT LEVELS INCLUDE

DIRECT RESULTS:	UPSTREAM RESULTS:	DOWNSTREAM RESULTS:
 <p>those related to the direct operations of Pivara Skopje, including own employees and value added contributions. The latter consists of salaries paid to employees, local profits and taxes paid</p>	 <p>those driven by Pivara Skopje's domestic procurement of goods and services; it leverages procurement data by Pivara Skopje (and The Coca-Cola Company) to follow spending on goods and services purchased from North Macedonia's suppliers across Pivara Skopje's upstream supply chain</p>	 <p>those driven by the distribution and sales of Pivara Skopje's beverages; it leverages margins generated on the sales of Pivara Skopje's beverages in the country</p>



WE ESTIMATE PIVARA SKOPJE'S IMPACT BY TRACING MONEY FLOWS

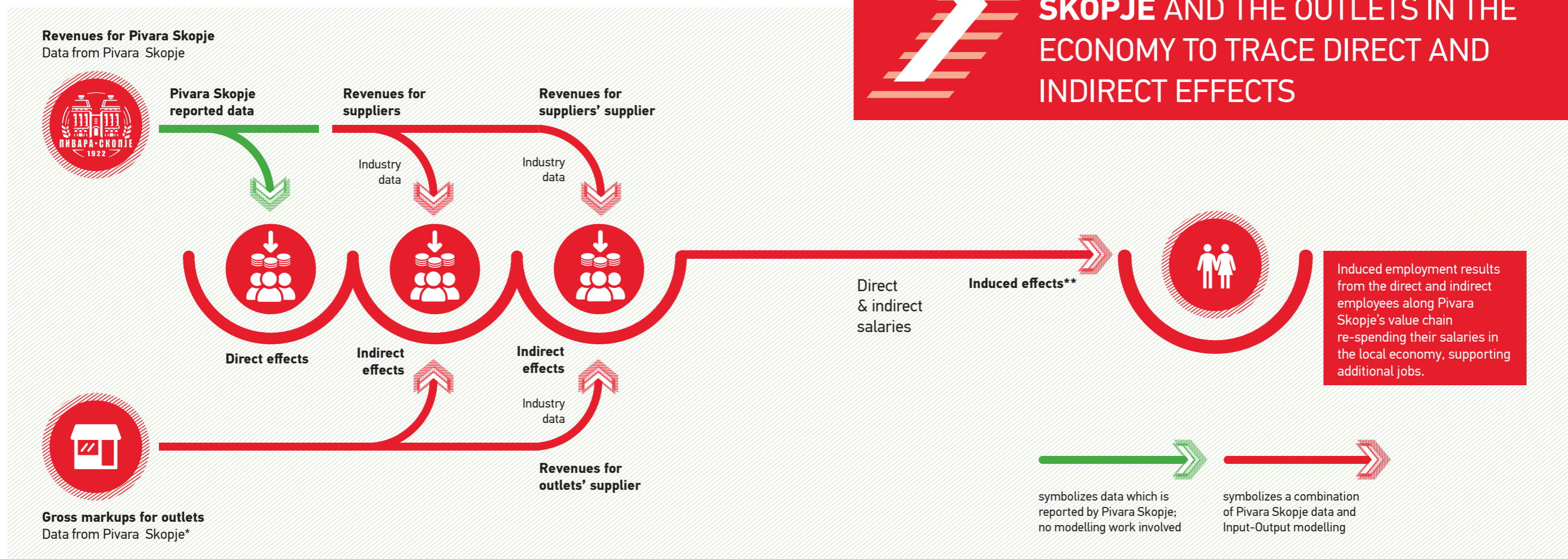
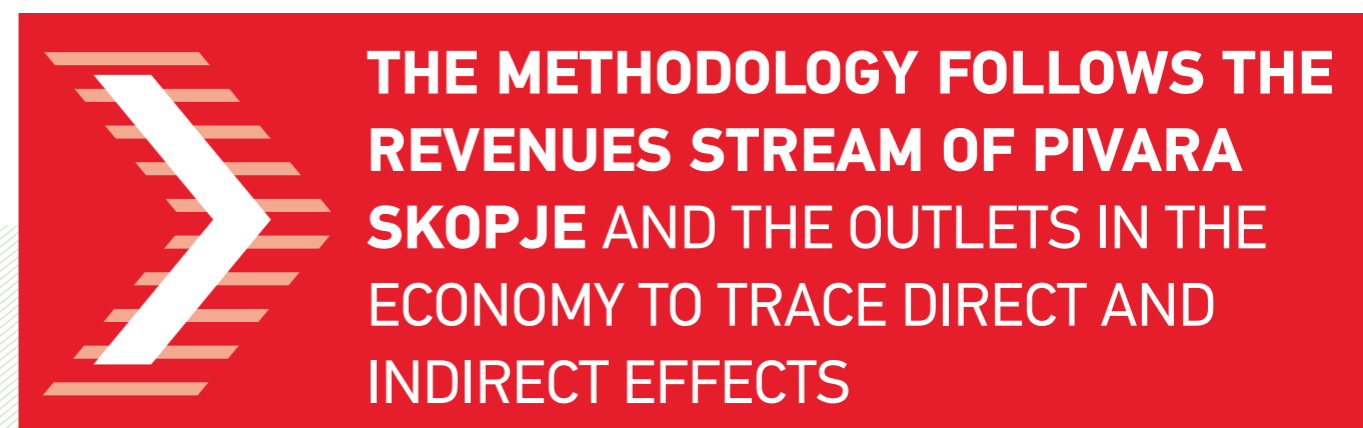
METHODOLOGY

To measure the economic effects of the company, we trace how consumer spending on its beverages circulate in the economy



The study was conducted by **Steward Redqueen**, an independent consultancy, between January 2024 and July 2024. Data was collected directly from Pivara Skopje on the company's **Profit & Loss Statement** (including sectoral vendor spending), **headcount, salaries, taxes, and sales volumes and retail values**, among other things. Macroeconomic data from Eurostat, the State Statistical Office, the Global Trade Analysis Project of Purdue University are used in the assessment.

Results are calculated using an **input-output model**, a commonly applied method developed by **Nobel Prize-winning economist Wassily Leontief** that is used by academics and government officials around the globe to measure economic impacts. The model reflects **all gross economic activity** in the country related to **operations, production, and sales** of Pivara Skopje's beverages.



*Data limited to recommended prices and publicly available information on average prices

** Induced effects are calculated only for employment (and not for value added), as that would be double counting of salaries

THE MAGNITUDE OF IMPACT IS DRIVEN BY THE COMPANY'S STRUCTURE, ITS DOMESTIC PROCUREMENT, AND THE MARGINS IT ACTIVATES FOR OUTLETS

UPSTREAM

The indirect upstream impact is driven by domestic procurement

- **Buying from domestic suppliers means money stays in the local economy**
- Suppliers pay salaries, earn profits, generate taxes, and employ workers
- Suppliers also purchase materials and services in order to produce the products they supply to Pivara Skopje, in turn activating more salaries, taxes, profits and employment at the level of their own suppliers



PIVARA SKOPJE

Pivara Skopje's direct impact depends on its size and characteristics

- Pivara Skopje's size (production and office facilities) affects its direct impact
- Other defining factors include its decisions on workforce (payroll employees versus outsourced services); profitability; national taxation levels



DOWNSTREAM

The indirect downstream impact is driven by sales volumes and margins for outlets

- Retailers and distributors earn margins for placing beverages on the market.
- Margins vary by type of retailer; on-trade has higher margins than off-trade outlets; on-trade is also more labour-intensive
- The more they sell, and the more margins they make, the larger retailers' incomes and employment results
- With the generated margins, retailers also purchase materials and services, in turn activating more salaries, taxes, profits and employment at the level of their own suppliers



ABOUT PIVARA SKOPJE

ABOUT PIVARA SKOPJE

A joint venture between **Coca-Cola HBC** and **HEINEKEN**, combining international expertise with local heritage.



Founded in 1922, Pivara Skopje is the leading beverage company in North Macedonia.

It continuously develops its portfolio to offer beverages for every occasion throughout the day and to be a 24/7 beverage partner for buyers and consumers, which is also one of the company's most important strategic commitments. Its portfolio includes non-alcoholic beverages, beer and premium spirits.

The company's local sales are 151 million liters of beverages annually (2023), of which 105 million liters non-alcoholic beverages, 46 million liters beer and 0.1 million liters of spirits. Additionally, 6 million liters of beer were exported, and 43 million liters represent intercompany sales.

Pivara Skopje produces, markets, and distributes the renowned Coca-Cola & HEINEKEN branded beverages mostly produced locally in North Macedonia, using, to the extent possible, locally sourced materials and services.

Pivara Skopje celebrated its 100th anniversary in 2022,

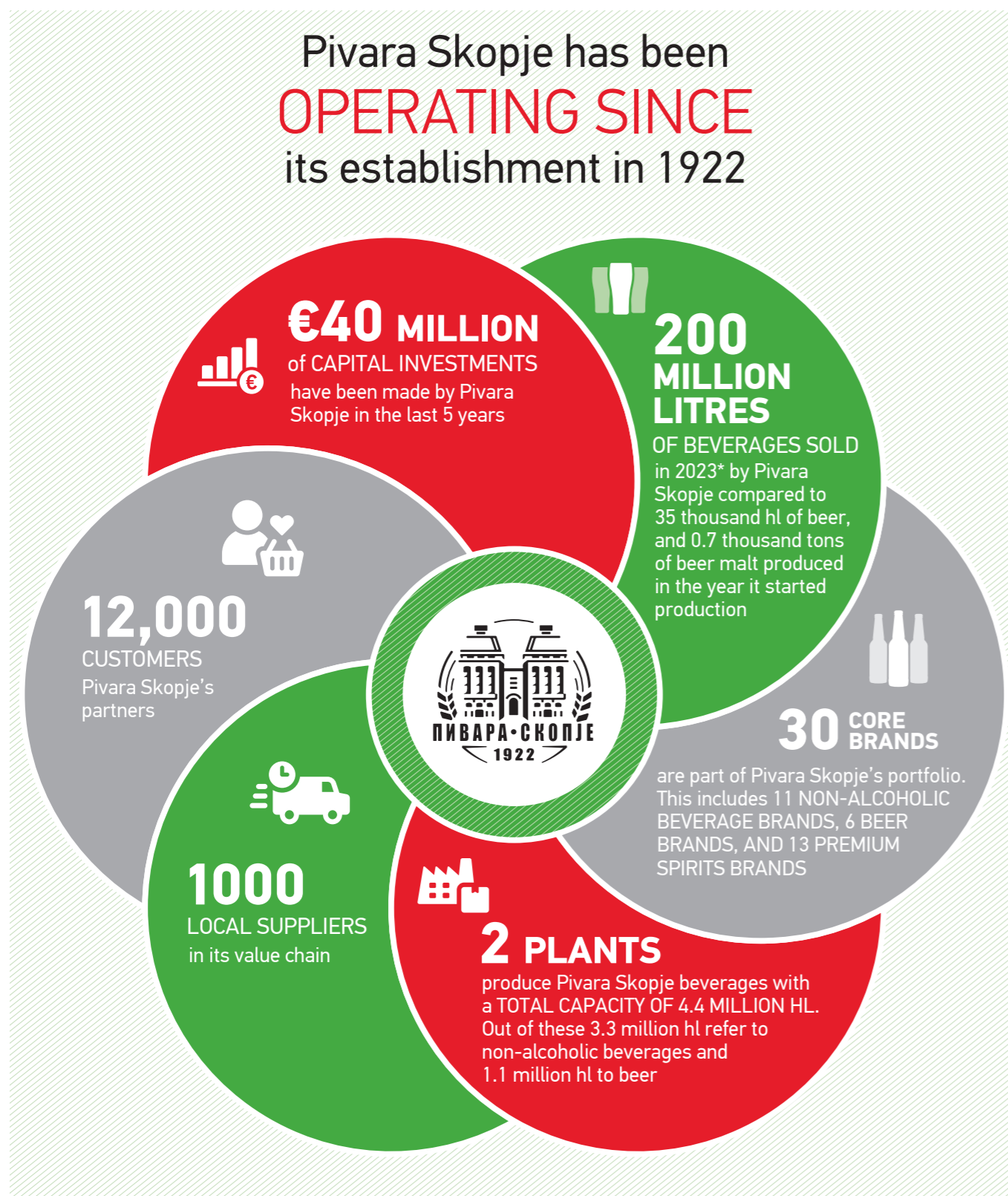
marking a century of tradition, development, and partnership with the community.

This year, the company celebrates the 100th anniversary of its iconic beer brand SKOPSKO.

The company is dedicated to sustainable development, focusing on education, environmental protection, and community support.

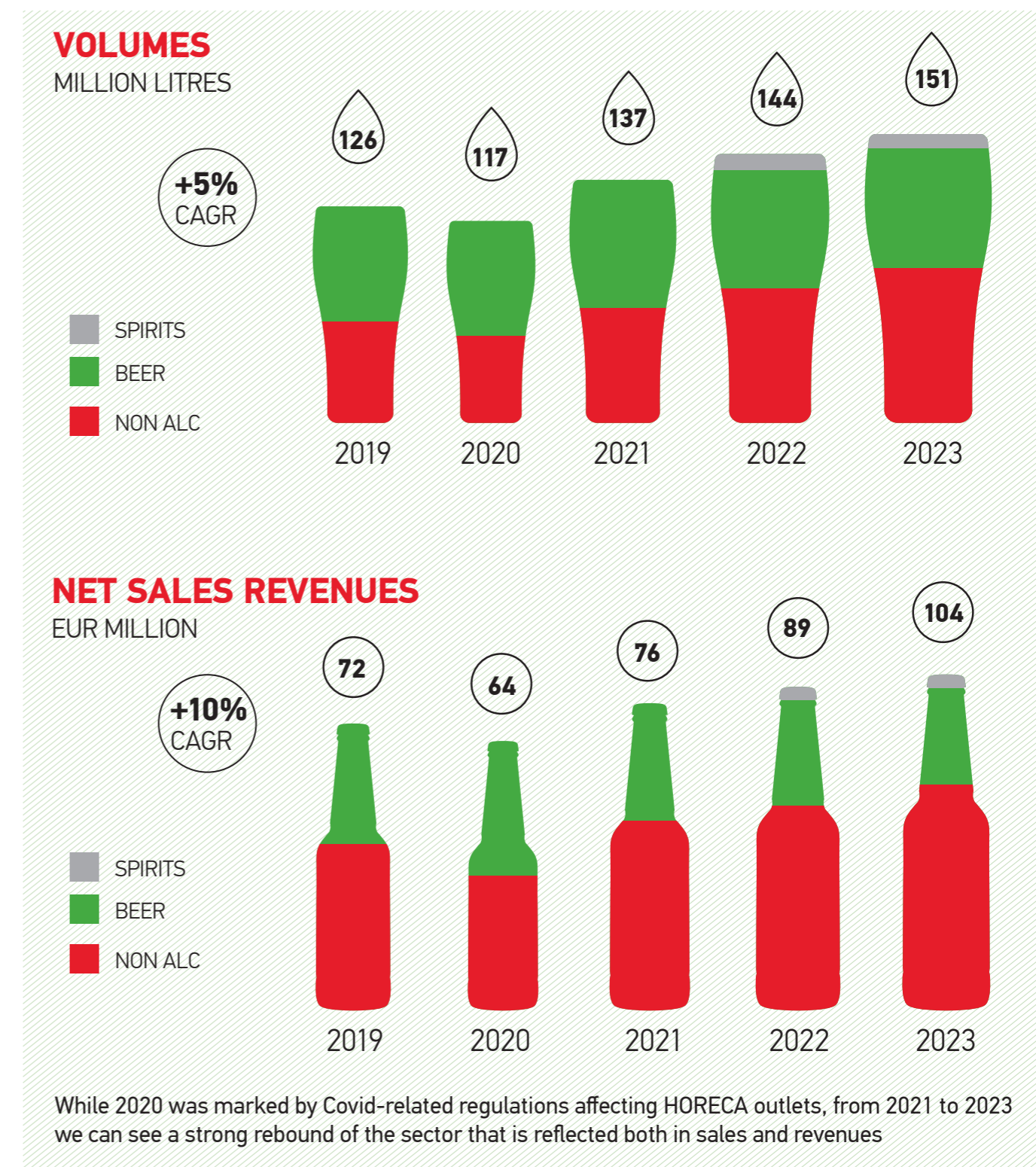


PIVARA SKOPJE AT A GLANCE



*This consists of 151M litres of local sales, 6M litres of exports and 43M litres of intercompany sales.

SINCE 2019, PIVARA SKOPJE HAS GROWN IN TERMS OF **VOLUMES** AND **REVENUES**



*These are volumes and revenues related to sales in North Macedonia, thus excluding volumes and revenues from exports

IN 2023, CONSUMERS IN NMK SPENT EUR 206 MILLION ON PIVARA SKOPJE'S PRODUCTS

In 2023, consumers spent

EUR 206 MILLION*

on

151 MILLION LITRES**

of Pivara Skopje' beverages

This includes



EUR 118 M ON
105 M LITRES
OF NON-ALCOHOLIC
BEVERAGES



EUR 71 M ON
46 M LITRES
OF BEER



EUR 2 M ON
0.1 M LITRES
OF SPIRITS



EUR 29 M
Value added tax on
final product price



EUR 59 M
Markups for outlets
and distributors***



EUR 14 M
Excise duties



EUR 104 M
Pivara Skopje local
net sales revenues

Additional

EUR 3 M IN EXPORT SALE,
EUR 19 M IN INTERCOMPANY SALE AND
EUR 1.8 M IN THE COCA-COLA COMPANY
EXPENDITURES

Drivers of downstream impact

VAT on the final consumer price is collected by the government

The money trade partners make allow them to make/generate profit, to hire people, to pay taxes and salaries, and to accumulate savings, and moreover, to purchase the goods and the services required for their own operations.

Drivers of upstream impact

Pivara Skopje pays taxes and salaries, makes profit and hires people in North Macedonia

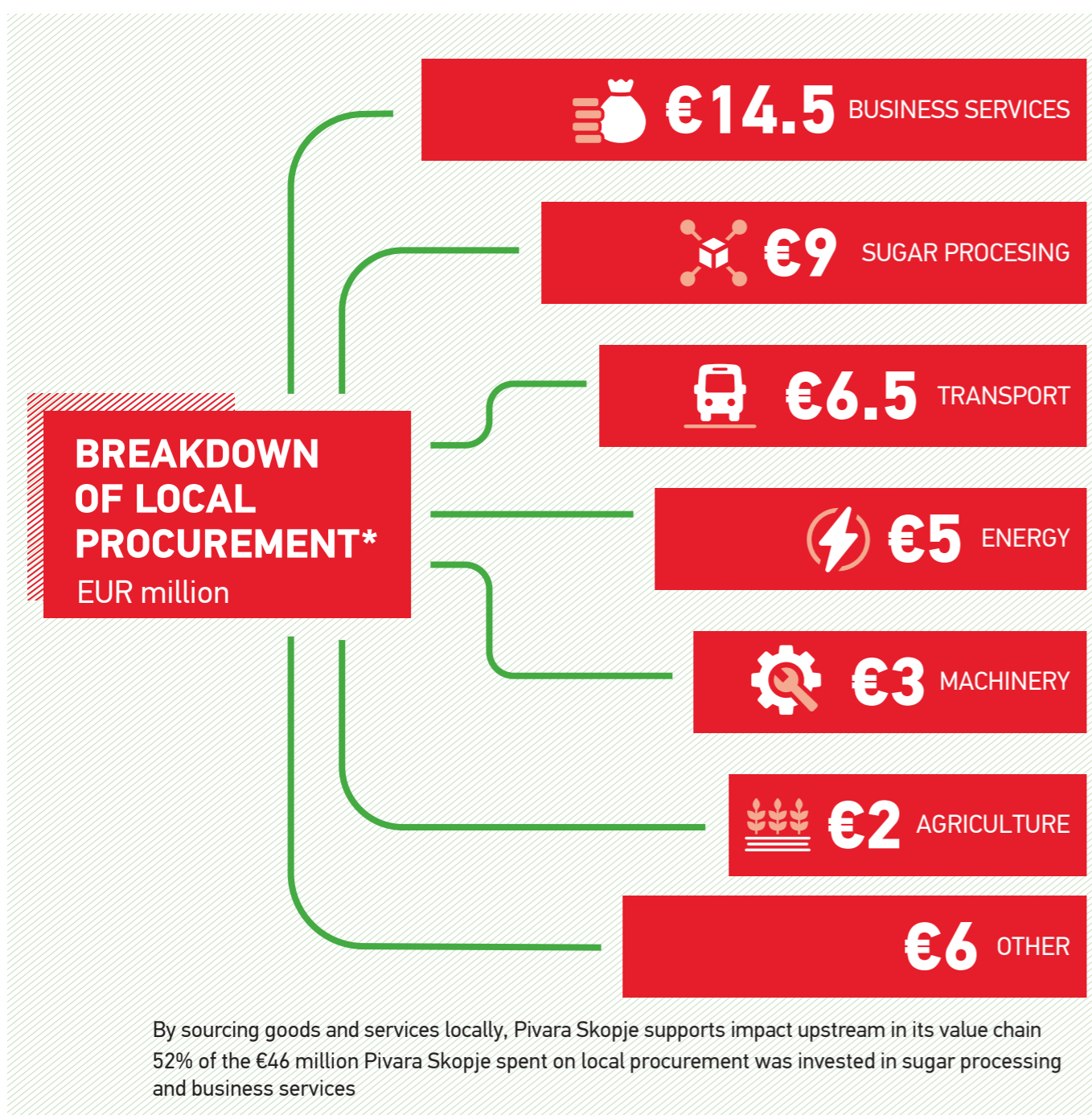
The money it spends on domestic vendors allows them to hire people, to pay taxes and salaries, to accumulate savings, and moreover, to purchase the goods and the services required for their own production.

* The amount includes excise taxes levied on Pivara's beverages

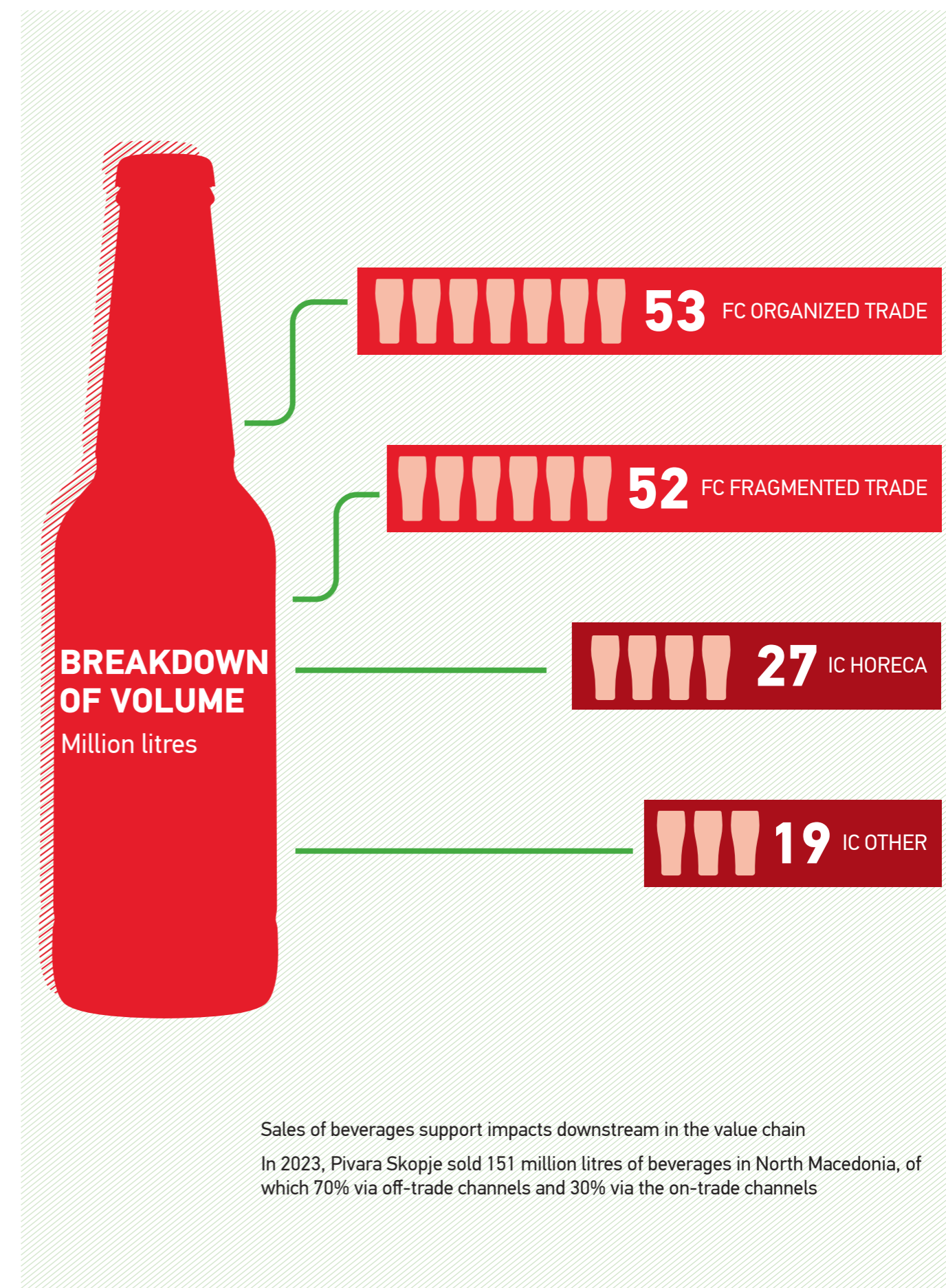
**Refers to volumes sold in North Macedonia, excluding exports and intercompany sales. While the production of volumes for exports and intercompany sale is included in the upstream impacts, their sale is out of scope as it takes place outside of NMK

***Data limited to recommended prices and publicly available information on average prices

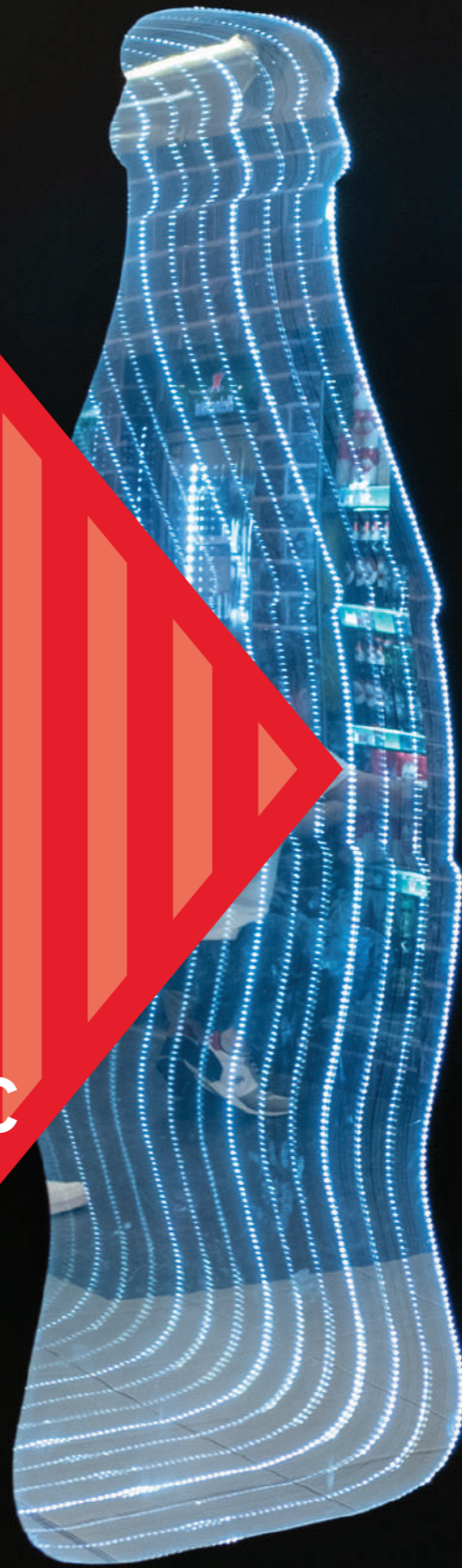
IN 2023, PIVARA SKOPJE SPENT €46 MILLION TO PURCHASE GOODS AND SERVICES FROM DOMESTIC SUPPLIERS AND SOLD 151 MILLION LITERS OF BEVERAGES IN THE COUNTRY



*Procurement includes procurement budget from The Coca-Cola Company to be spent in North Macedonia.

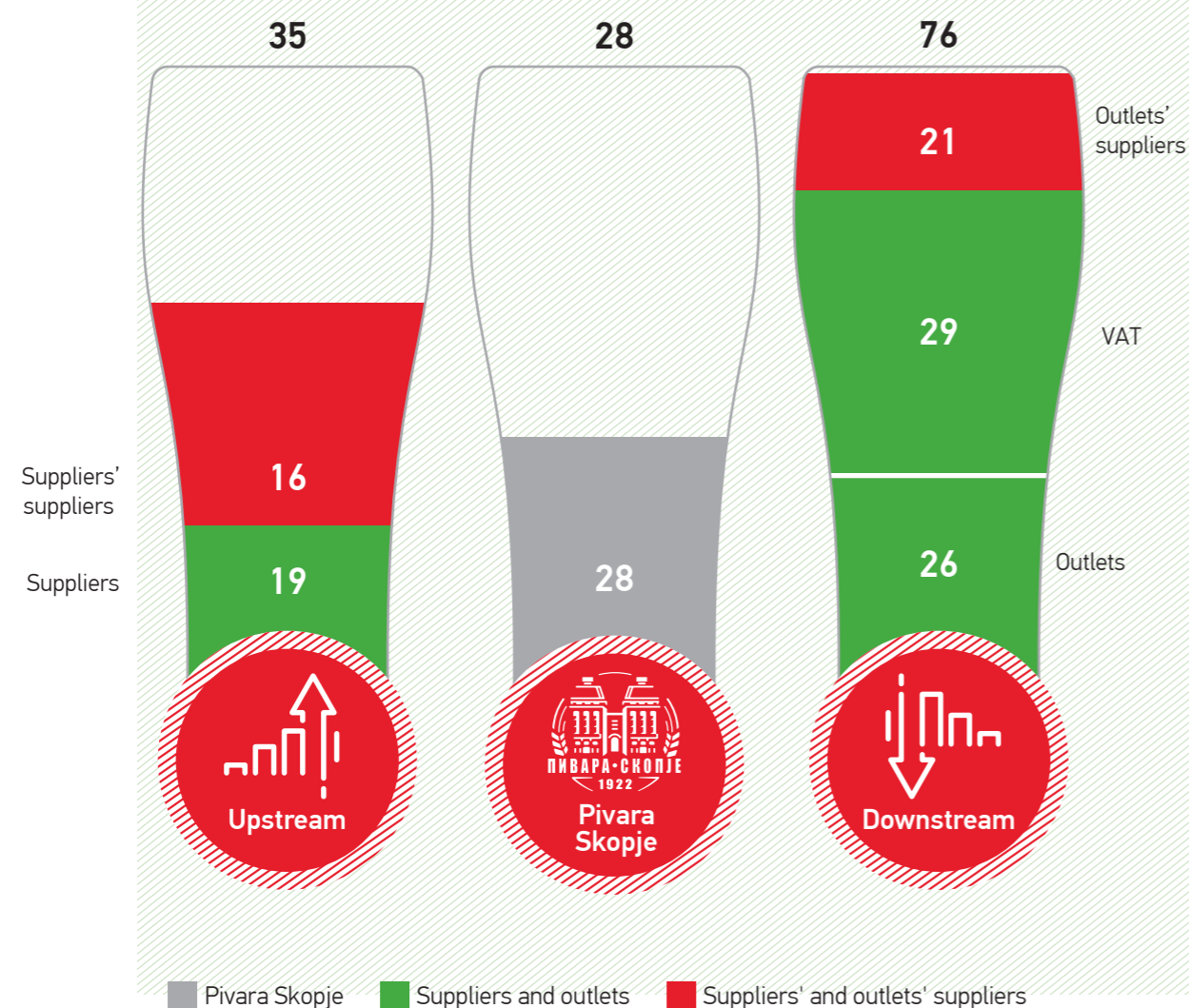


ECONOMIC
IMPACT



PIVARA SKOPJE SUPPORTS €139 MILLION IN VALUE ADDED ACROSS ITS VALUE CHAIN

Value added supported
EUR million



Pivara Skopje directly generated
€28 million in incomes

These include the salaries paid, profits earned and the taxes borne by Pivara Skopje

Indirectly, Pivara Skopje supported **€111 MILLION**

The predominant impact is downstream



€76 MILLION

where Pivara Skopje's sales enable VAT of €29 million,

OUTLET PARTNERS BENEFIT

€26 MILLION

OUTLETS' SUPPLIERS BENEFIT

€21 MILLION

Another



€35 MILLION

in value is supported upstream, at the level of its first-tier suppliers and at the level of their suppliers.

These figures only capture the incomes attributable to Pivara Skopje (and not all the incomes at their suppliers and partnering outlets)

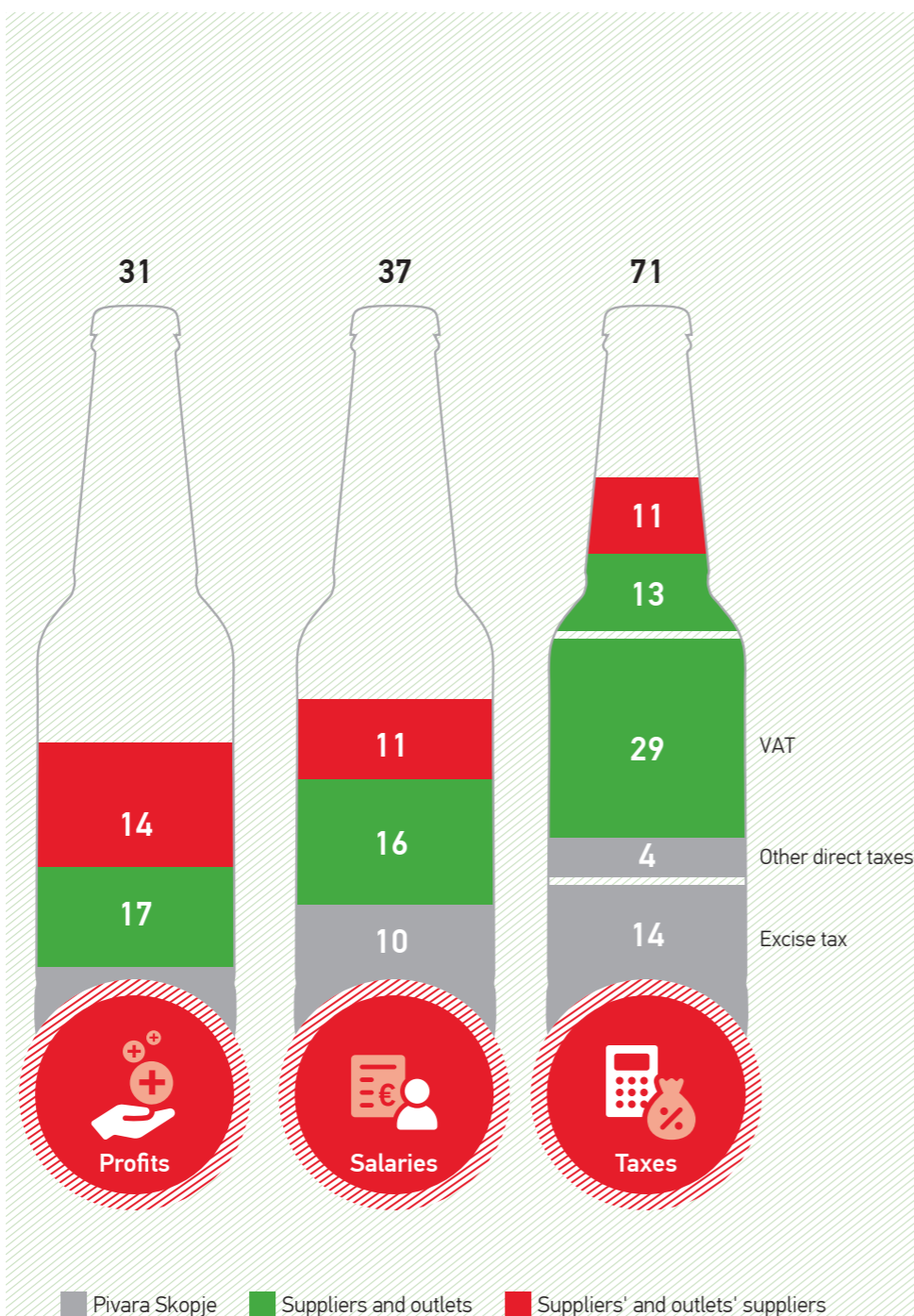
The total value added is equivalent to 1% of the country's GDP*

Each €1 spent by consumers on Pivara Skopje's beverages in North Macedonia adds 68 cents in value to the economy

*With a GDP of €13.7 billion for 2023 (Eurostat)

THE BIGGEST SHARE OF THE VALUE ADDED IS TAXES FOR THE STATE

Value added supported
EUR million



The total value added of €139 million can also be broken down by beneficiary



Tax payments supported by Pivara Skopje throughout the value chains equal to €71 million, making the state of North Macedonia the biggest beneficiary from Pivara Skopje's activities in the country.

TAXES PAID BY THE PIVARA SKOPJE ARE MADE UP OF

EXCISE TAX	79%	CORPORATE INCOME TAX	13%	PAYROLL TAX	3%
IMPORT DUTIES	2%	NON-REFUNDABLE VAT	1%	PERSONAL INCOME TAX	1%
PROPERTY TAX	0,4%*				

From the €42 million first round taxes, €29 million is VAT related to the sales of Pivara Skopje's beverages; the other €13 million is taxes paid by Pivara Skopje's vendors and partner outlets

The €18 million taxes paid by Pivara Skopje make up 1,0% of North Macedonia's total tax revenue; while the total value chain tax of €71 million equals 3.8% of North Macedonia's tax revenue**



Households across the value chain benefited €37 million, of which €10 million was earned by Pivara Skopje's own employees

The reported direct salaries include net salaries, social security contributions and other employee benefits



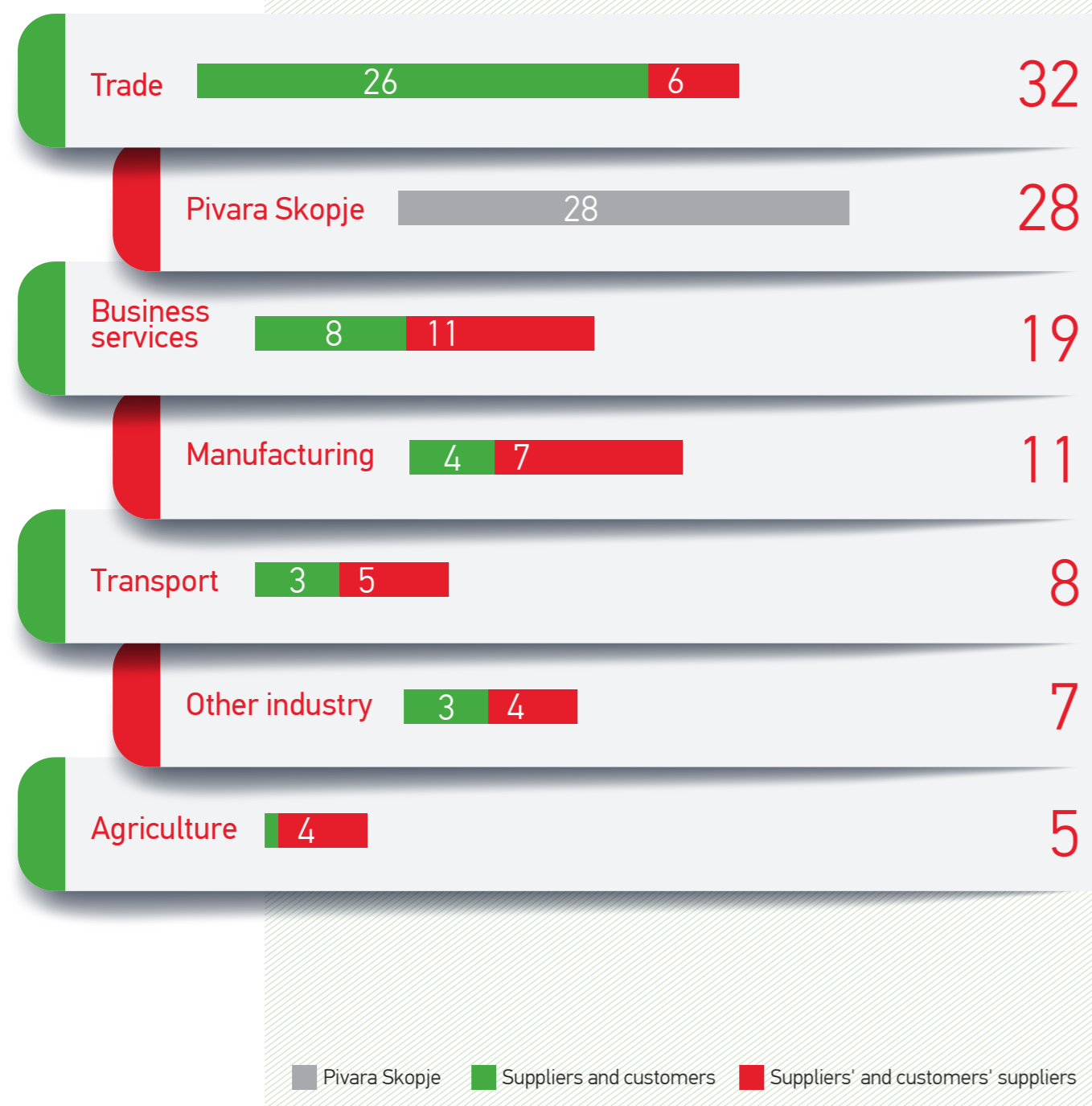
Pivara Skopje and the companies across its value chain made an estimated €31 million in profits, €1 million of these were earned by Pivara Skopje directly

*This only includes property tax paid as of 31.12.2023

**Total tax revenue of €1.9 billion for 2023 in North Macedonia is given as MKD 114 billion (Public Revenue Office of the Republic of North Macedonia) with an exchange rate from Bloomberg

THE IMPACT OF THE PIVARA SKOPJE IS SPREAD ACROSS MANY SECTORS

Value added supported
EUR million



The trade sector is one of the biggest beneficiaries of Pivara Skopje's activities, with €32 million in value added



The business services sector benefited **€19 million**, of this **€8 million** was at the level of the Pivara Skopje's domestic vendors in the areas of marketing, advertising, and other professional services



The manufacturing sector benefited **€11 million**, of which **€4 million** for Pivara Skopje's first-round suppliers of goods such as sugar, packaging materials, machinery parts



The transport sector benefited **€8 million**; these can be split up in **€3 million** value-added through Pivara Skopje's suppliers such as trucking or logistic companies, and €5 million through their respective suppliers

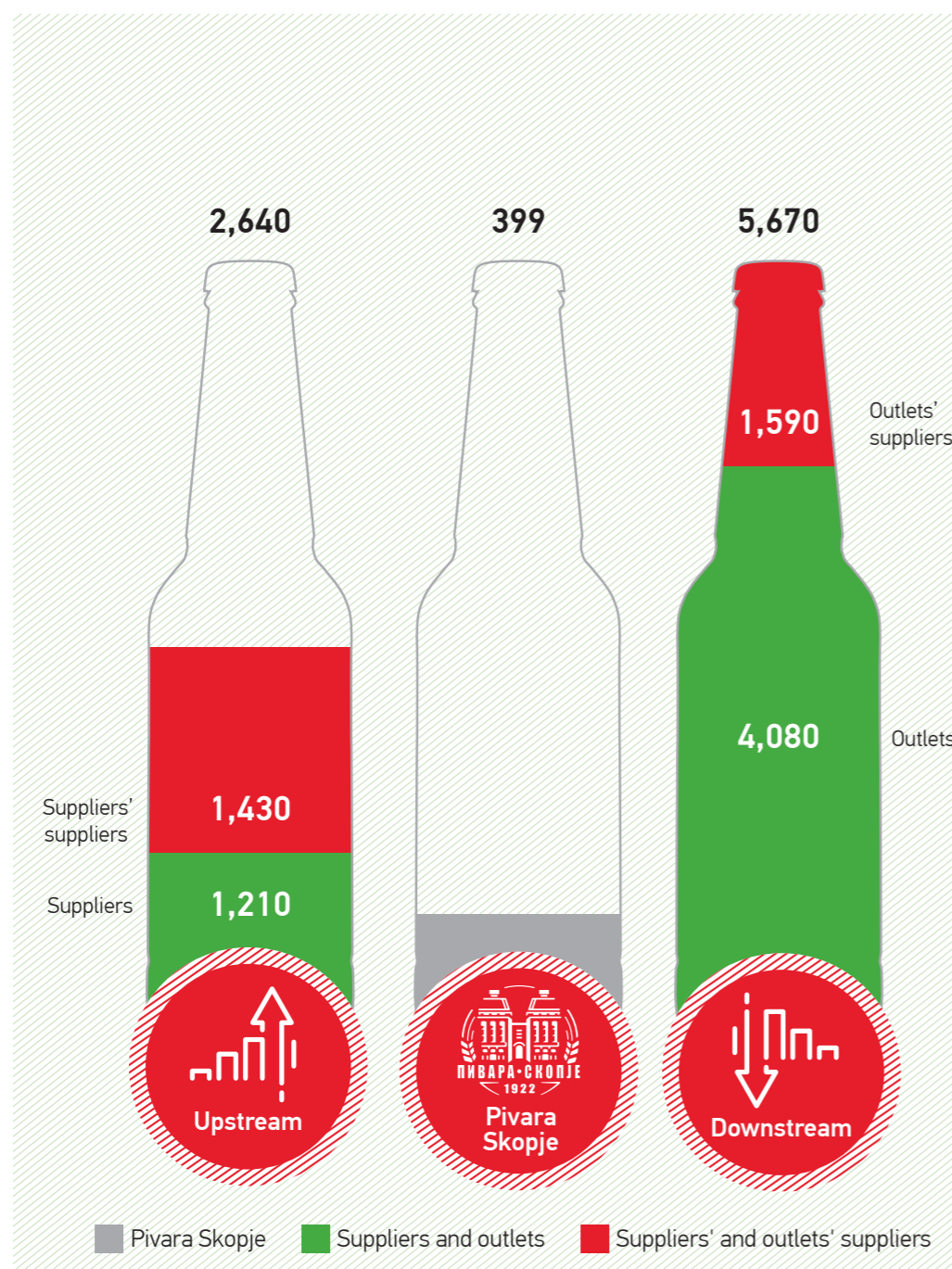


The agriculture sector benefited **€5 million**, mostly indirectly, due to the sourcing of agriculture products from Pivara Skopje's supply chain partners; these are, for example, farmers supported by the procurement of agricultural goods by outlets or other value chain partners

*This graph visualises the €142 million of total value added excluding VAT split by economic sector; all impacts regarding suppliers & outlets and suppliers' & outlets' suppliers include upstream and downstream impact

PIVARA SKOPJE SUPPORTED MORE THAN 8,700 EMPLOYMENT OPPORTUNITIES THROUGHOUT ITS VALUE CHAIN

Employment
of people



The value chain employment of Pivara Skopje is estimated at close to **8,700**, representing **1.3% of total employment in North Macedonia***



Pivara Skopje **directly generated 399 jobs**. **Indirectly**, it **supported an estimated 8,310 employment opportunities**, of which



- 2,640 upstream (1,210 across its own domestic suppliers, and 1,430 at the level of the suppliers of its suppliers)



- 5,670 downstream (4,080 across the outlets selling its beverages, and 1,590 across outlets' suppliers)



- These figures only capture the value chain jobs attributable to Pivara Skopje (and not all the jobs at Pivara Skopje's suppliers and partnering outlets)



For each direct job at Pivara Skopje, there were 21 jobs supported elsewhere across the North Macedonia economy, of which 7 upstream via local procurement, and 14 downstream via sales

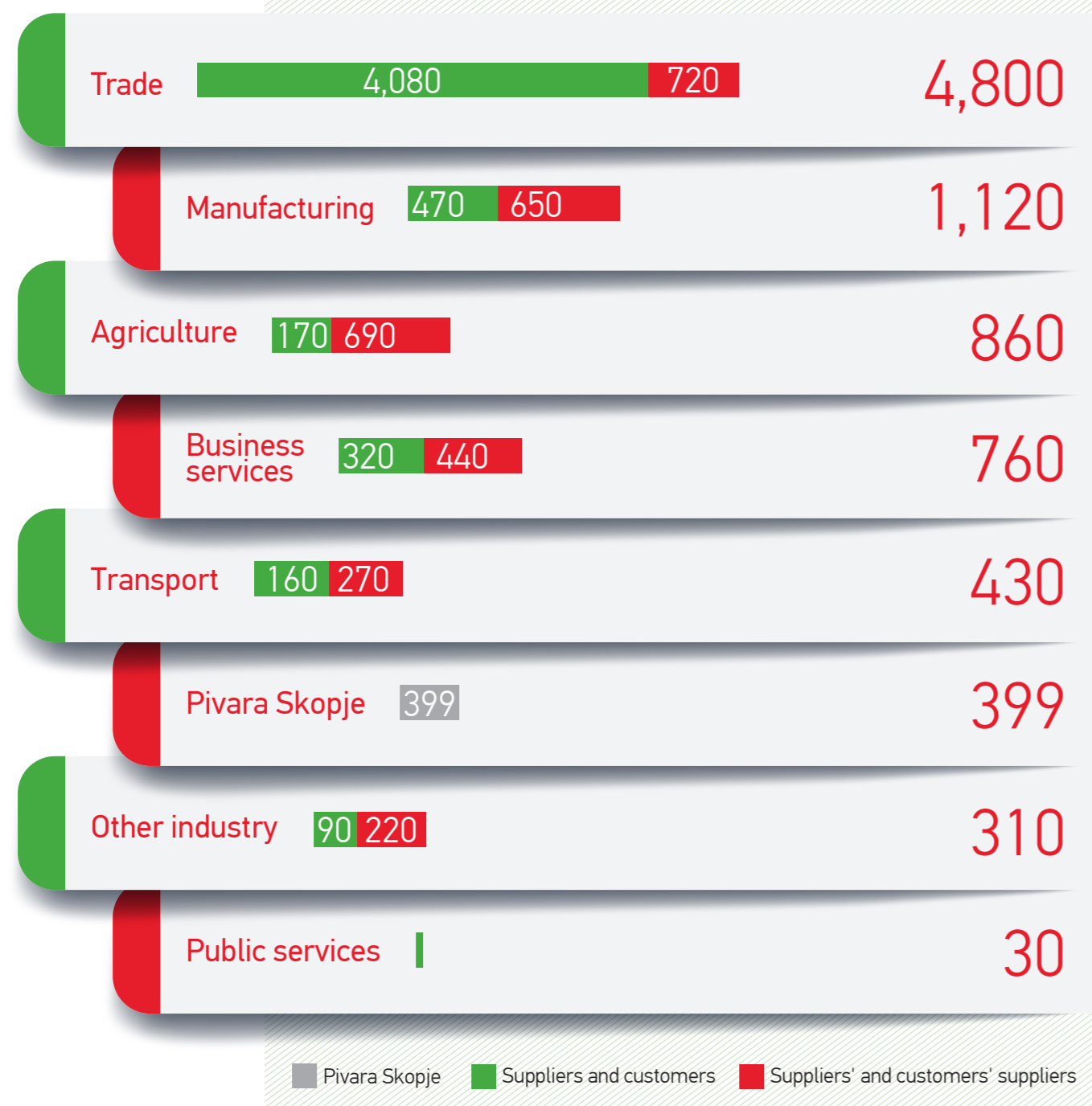


Due to the additional spending of Pivara Skopje's and their suppliers' employees another **2,000 jobs can be attributed to induced impact**

*Total employed population of North Macedonia is estimated at 680,174 for 2023 according to the National Statistics office

MOST JOBS ARE SUPPORTED IN THE TRADE SECTOR

Employment
of people



The largest impact in terms of employees is in the trade sector



In total, some **4,800 jobs** were supported in the sector, or **3.6%** of the total people employed in the **trade sector** in the country*

4,080 jobs were spread across the outlets selling Pivara Skopje beverages; 350 of these jobs are at distributors, 880 at off-trade channels (e.g. mom-and-pop stores, supermarkets), and 2,850 at on-trade channels (e.g. bars, hotels, restaurants)



At the **manufacturing sector** some **1,120 employment opportunities** were supported, with 470 of them at the level of suppliers



In the **agriculture sector** Pivara Skopje supported **860 jobs**; of these, 170 are directly related to Pivara Skopje's procurement (raw materials for the production of beer), and 690 are at the level of the suppliers of Pivara Skopje's domestic vendors



In the **business services and transport sector** **760 and 430 jobs** were supported. Among these are the people working on marketing and advertising materials for the company

*Total employed population in wholesale and retail trade & accommodation and food services in North Macedonia is estimated at 132,414 for 2023 according to the National Statistics office



COMMUNITY
PARTNERSHIPS

YOUTH DEVELOPMENT THROUGH THE YOUTH EMPOWERED PLATFORM



YOUTH EMPOWERED

We create additional opportunities and perspectives for young people and those from vulnerable categories, contributing to their employment and the development of entrepreneurship in the country.

In **2023**, over **100** free of charge "Skills for Success" training sessions have been held within the Youth Empowered platform of Pivara Skopje. Over **8,000** young people have completed the free training. During these training sessions, young people have the opportunity to improve their business and life skills, such as communication and sales skills, acquire knowledge in finance, learn how to manage projects and negotiate.

In 2023:

- More than **50%** of participants got a job or started their own business
- **98%** of participants are satisfied with the training
- **56%** of participants are women

Members of the management team of Pivara Skopje and other leading business representatives, experts from the academic community, public institutions, as well as from reputable international organizations share their experiences and knowledge in key areas of business operation through a mentoring approach.

27
years

OF TRADITION IN
YOUTH EDUCATION

8
years

OF FREE OF CHARGE
TRAINING "SKILLS FOR
SUCCESS"

SUMMER INTERNSHIP "COKE SUMMERSHIP"

The summer internship "Coke Summership," which started in 2020, is intended for all students who are in the final year of their studies. It offers opportunities for independent work as well as teamwork on projects that develop strategic thinking, research, creativity, as well as sales and negotiation skills. The internship lasts 4 weeks and each participant receives a mentor from the employees of Pivara Skopje.

This program, as of 2023:

60
students

participated

60
mentors

from Pivara Skopje
participated as
volunteers



INITIATIVES TO RAISE AWARENESS FOR ENVIRONMENTAL PROTECTION

CLEAN-UP ACTIONS AND PLANTING TREES

Pivara Skopje is a leading strategic partner together with Pakomak in the largest national ecological action, "Generalka Weekend," organized by Man & Mountain, as part of the long-term company strategy for sustainable development and **key strategic initiatives—"World Without Waste" and reduction of CO2 emissions in the atmosphere.**

Through volunteer cleaning and planting trees actions within the Generalka Weekend and Soncheva Gora, since the start of this initiative, so far:

- **440** tons of waste have been collected,
- Around **100,000** trees have been planted,
- **25,500** volunteers have participated.

Only in **2023**, over **252** tons of waste were collected, **50,000** trees were planted, and around **16,000** volunteers participated.



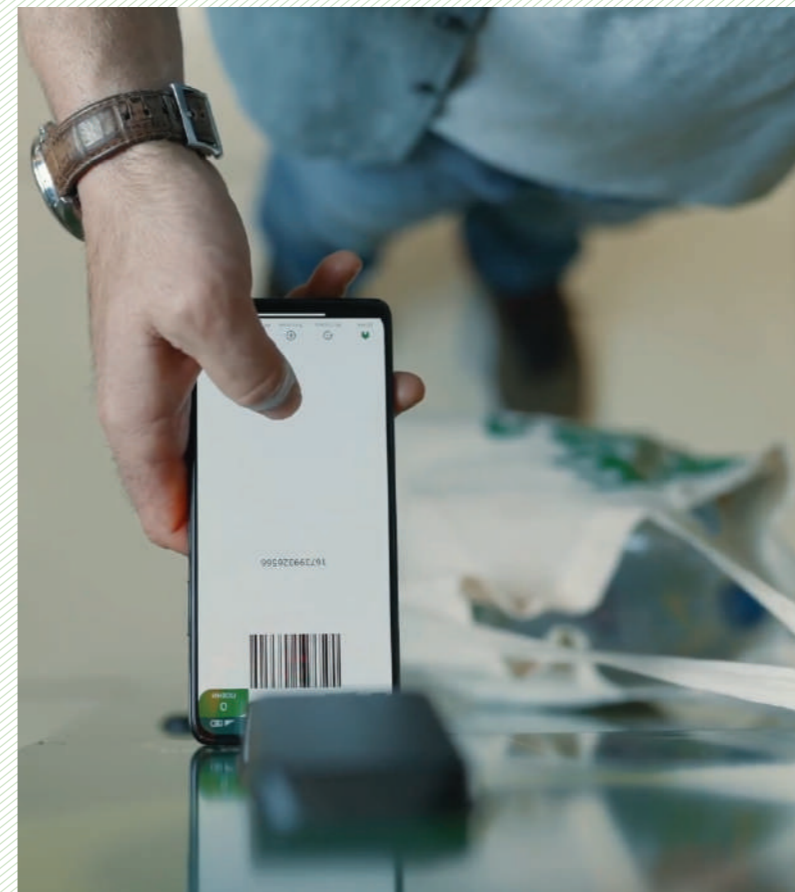
THE GENERALKA WEEKEND

initiative has been selected as the best social practice for 2023, in the category "Attitude towards the environment in large companies", by the Ministry of Economy and the Coordinating Body for Social Responsibility.



WASTE SELECTION THROUGH VENDING MACHINES

In order to fulfill the commitment to "World Without Waste" and to raise the awareness about environmental protection, Pivara Skopje, **as one of the largest founders of Pakomak**, is actively involved in a project with vending machines for collecting and selection of packaging waste. As of 2023, 56 vending machines have been installed for the selection of plastics and cans, while earning "green points". In 2023 Pivara Skopje also introduced caps attached to plastic packaging of the entire portfolio of non-alcoholic beverages, enabling them to be recycled together with the packaging after the consumption of the drink. With this innovation, Pivara Skopje is among the first companies in the country to implement such types of caps.

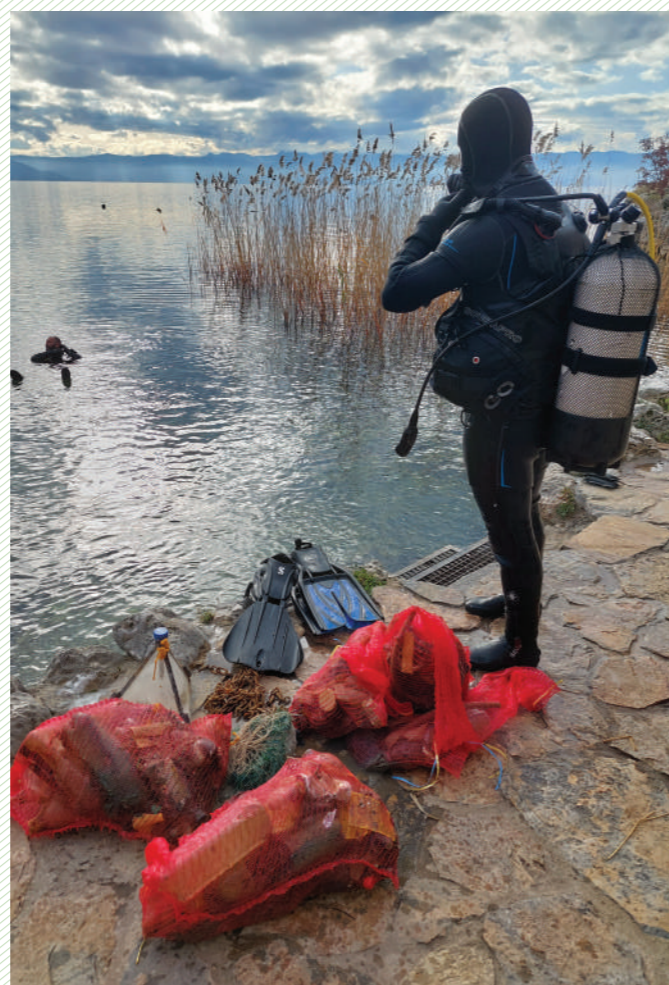




SKOPSKO PLATFORM “OUR PRIDE. OUR RESPONSIBILITY”

A long-term platform of “Skopsko” for social responsibility, dedicated to **preserving the natural beauty and cultural landmarks of our country.**

In 2023, through the campaign “**Together for a Clean Lake Ohrid,**” for every sold glass bottle of 0.5L Skopsko and Skopsko Smooth, 1 denar is allocated, and the funds are invested in activities dedicated to cleaning the coast and the bottom of Lake Ohrid and to installing floating obstacles at the mouth of the two biggest polluters of the lake - the Sateska and Daljan Rivers.



ROSA PLATFORM FOR SUPPORTING PARENTING AND BREASTFEEDING

A long-term platform, within which **Rosa Parenting Schools** and **Rosa Breastfeeding Schools** in partnership with the Ministry of health have been opened. Pivara Skopje supports the community and contributes to the proper care and growth of infants and the education of their parents through free professional help, advice on the breastfeeding process and parenting in general. Through the campaign, 1 denar is allocated from each sold Rosa bottle of 1.5 and 0.5 liters. In 2023, **2 breastfeeding schools were opened in Tetovo and at the Children’s Clinic in Skopje.** Since the launch of the platform in 2018, a total of **9 Rosa Parenting Schools** and **6 Rosa Breastfeeding Schools** have been opened.



SUPPORT FOR VULNERABLE CATEGORIES

SOS CHILDREN'S VILLAGE

The long-term partnership between Pivara Skopje and SOS Children's Village is proof of our active involvement in supporting **the most vulnerable categories**. In addition to financial support, we **organize volunteer actions** for the children from SOS Children's Village in which the employees of Pivara Skopje participate, on various topics, such as making Christmas decorations, reading books, planting flowers, making Christmas cookies. Additionally, **the youth from SOS Children's Village are also included in the free training "Skills for Success"**.



RED CROSS OF THE REPUBLIC OF NORTH MACEDONIA - RED CROSS OF THE CITY OF SKOPJE

One of the main strategic commitments of Pivara Skopje is providing help to those who need it the most. That commitment is confirmed through the **long-term partnership** with the Macedonian Red Cross, through **continuous support and logistics** in many humanitarian actions and during natural disasters.



LONG-TERM PARTNERSHIPS

Pivara Skopje annually supports a wide range of educational, sports, humanitarian and cultural events. This includes our partnership with one of the most famous weddings, the **Galichnik Wedding**, which lasts **50** years, with the aim of **protecting tradition, culture and heritage**. We have been supporting **Ohrid Summer Festival**, one of the most prestigious cultural event in the country for **35** years, **celebrating and preserving culture, art, and tradition**. The **Macedonian Handball Federation** has been our partner for **43** years, **supporting handball** as one of the most successful sports in the country.



50
years

Galichnik Wedding



35
years

Ohrid Summer Festival



43
years

Macedonian
Handball Federation





Pivara Skopje – leading beverage company in North Macedonia, serving its customers and bringing excitement to consumers for over 100 years.

You can learn more about our activity on:



polnacasa.mk



facebook.com/pivaraskopje



instagram.com/pivara.skopje



linkedin.com/company/pivara-skopje-ad



Coca-Cola HBC

THE *Coca-Cola* COMPANY

★ HEINEKEN

