



TIKVEŠ

SINCE 1885

Annual report _____ 2022

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Introduction

TIKVEŠ | ANNUAL REPORT 2022

Introduction



MESSAGE FROM THE PRESIDENT OF THE MANAGEMENT BOARD

As we conclude another successful year, I am proud to present to you the Annual Report of Tikveš Winery. As the President of the Management Board, I have witnessed our resilience, determination, and unwavering commitment to excellence amidst an ever-changing landscape. In 2022, we faced unprecedented challenges posed by the pandemic, energy crisis, and the economic fallout of the war in Ukraine. However, our ability to adapt, transform, and invest in development has not only sustained us but propelled us forward.

One of our major achievements has been the initiation of the implementation of Geographical Indications and standards in Macedonian winemaking with the support of the German Society for International Cooperation (GIZ). Through my role as the president of Wines of Macedonia, I have been proud to see the development of a functional system of Protected Geographical Indications, in line with the EU's common agricultural policy. This initiative strengthens the technical and organizational capacities of the Macedonian wine sector, ensuring consistency in grape quality, and fostering partnerships between winegrowers, wine producers, and public institutions.

Regional cooperation has been essential to our success and self-dependency. We look beyond the usual theatrics of political leaders promoting regional cooperation as an answer to any and all economic woes and believe that regional cooperation can be a genuine crisis response tool that can help countries face and overcome problems together. It is, therefore, imperative to establish effective regional institutional and functional mechanisms to face global uncertainties, attract foreign investment, and strengthen our economies. We also recognize the potential of regional tourism and the benefits of its economies of scale, which contribute to our competitive advantage on the world stage.

Our commitment to environmental sustainability has driven us to launch our most ambitious initiative to date – becoming the first ESG-compliant winery in the region. As the first winery from the Balkans to apply for the International Wineries for Climate Action (IWCA), an initiative aiming to decarbonize the global wine industry all the way to Net Zero by 2050, we are committed to reducing carbon emissions across the board through a science-based approach. Our first wine from organic grapes is just the beginning, as we strive to become 100% dependent on renewable energy, having already installed a 1.6-Megawatt capacity. We have much work ahead in the vineyards and governance, but we are enthusiastic about the future.

Despite challenges such as brain drain, inflation, and the rising price of energy, Tikveš Winery continues to undertake structural and technological changes. We are committed to addressing regional challenges, such as migration of qualified personnel, and global challenges, including inflation and energy costs. Our adaptability and determination have positioned us to confidently face these challenges head-on.

In closing, I would like to express my gratitude to our shareholders, partners, and employees for your unwavering support and dedication. Together, we have navigated these challenging times and emerged stronger than ever. I look forward to the opportunities that lie ahead as we continue to uphold our tradition of excellence in winemaking and make a lasting positive impact on our industry, region, and planet.



Svetozar Janevski
*President of the Management Board,
Tikveš Winery*

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As we raise our glasses to celebrate another successful year, it is with great pride and gratitude that I share with you the highlights of our annual report for 2022, an integrated overview of our corporate governance and activities. Despite numerous challenges, our team's dedication and passion have propelled Tikveš to new heights in the world of winemaking, strengthening our position as "The beacon of Balkan excellence," as described by Caroline Gilby, Master of Wine and renowned wine critic, in her Decanter article from October 2018.

In 2022, we achieved a record-breaking production volume and continued our mission to lead the transformation of the Balkan wine industry. Our core values and purpose have remained steadfast while our business strategies and practices have adapted to an ever-changing world. This dynamic has allowed Tikveš to become an elite wine institution, continually reinventing itself and achieving superior long-term performance.

Our Environment, Social, and Governance (ESG) business framework is deeply embedded into our strategy and already informs our operational decision-making at every level. Tikveš is forming project teams responsible for involving employees in an extensive ESG analysis. This effort aims to build comprehensive awareness about the upcoming changes and the various benefits for different stakeholders. The company will experience improved efficiency, employees will enjoy greater equality and better pay, consumers will have access to organic and biodynamic products, and everybody will benefit from reduced CO2 emissions. As we work towards decarbonization, we are taking tangible steps to implement, measure, and report on our ESG objectives. Our next annual report will feature a complete Sustainability Report.

Our long-term goal is to reduce our dependency on the domestic market and substantially increase the percentage of exports in overall sales. We see the regional market as a territory with the highest potential for sustainable and fast growth, given our strong brand awareness and quality recognition. Our strategy of export market diversification has helped us navigate the negative impacts of the pandemic, energy crisis, and inflation more effectively than competitors focused on one or two markets.

The main tactics employed include increasing our regional footprint, effective promotional activations, focusing on core Tikveš brands, investing in partnerships with customers, and most importantly, investing in our team. Our collaborative efforts with wineries from Serbia and Albania have already borne fruit, with events like the Wine Vision fair in Belgrade and our joint stand at Vinitaly, the largest wine and spirits exhibition in the world.

Promoting our vineyards, tradition, and indigenous grape varieties, we aim to create more opportunities for winegrowers and agricultural workers in rural areas, directly contributing to the development of tourism and the traditional food production chain. As a united front, we can make a more significant impact on the global stage, showcasing the immense tourist potential of the region.

Together, we will continue to elevate the Tikveš brand and the regional wine industry as a whole. Thank you for your support, and here's to another year of growth, innovation, and excellence.

Radoš Vukićević
CEO, Tikveš Winery



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Our commitment to long-term healthy financial growth is evident through the robust performance we have demonstrated in the past year, despite the challenges posed by global supply chain disruption, energy price increases, and inflation.

Tikveš Winery experienced remarkable financial success and resilience in 2022, with total revenue growing by 39%, driven primarily by foreign market sales. The company's net profit before tax increased by 26.5%, and EBITDA saw a growth of 20.7%. The efficient use of capital led to improved returns on assets and capital employed, resulting in higher shareholder value. Debt levels remained low, with a high self-financing rate, further contributing to the company's financial security and creditworthiness. Although liquidity indicators saw a slight downward trend due to considerable investments made throughout the year, the cash conversion cycle was reduced, highlighting the more efficient management of assets. Liquidity indicators saw a slight downward trend due to significant investments made throughout the year, but overall, Tikveš Winery's financial performance remained strong.

Our strategy of prioritizing grower support and ensuring timely payments for high-quality grape production has enabled us to maintain liquidity and steady profit and sales through market and product portfolio diversification. We have recently completed payment for 32.2 million kilograms of grapes for 2022, representing a third of the overall annual harvest in Macedonia, before the legally determined deadline.

Moving forward, Tikveš Winery will continue to focus on optimizing its performance and maintaining financial stability. A key part of our strategy is fostering strong, long-term, and mutually beneficial relationships with strategically important suppliers. Tikveš Winery is prepared to pay premium prices but only for premium products, ensuring that we maintain the highest quality standards in our wines. By nurturing these relationships and investing in the best materials, we believe that our company will continue to thrive and create value for our stakeholders.

We appreciate your ongoing support and are confident in our ability to deliver sustainable value to our shareholders and partners in the years to come.

Jane Janevski
CFO, Tikveš Winery



MESSAGE FROM THE CHIEF ENOLOGIST

I am delighted to share with you the outstanding progress and achievements of the past year. 2022 was the largest harvest yet for Tikveš, but our unwavering commitment to quality and premiumization has resulted in the preservation of the exceptional standards of our produced vintages while achieving a 32% increase in total grapes purchased. Tikveš has for years now fostered an analytical approach to harvest decisions, an approach that ensures we base our actions on thorough vineyard monitoring, field reports, external conditions, forecasts, and laboratory and sensory analyses.

We modernized the structure of our viticulture sector within the company. Our dedicated team, under my direct leadership, is responsible for steering the development of viticulture, planning and implementation in new vineyards, and managing our vineyards strategically and operationally. Our goal is to synchronize the growth of our agricultural units with that of Tikveš to ensure the cultivation of grape varieties specifically intended for our expanding portfolio.

In 2022, Tikveš reached maximum capacity for receiving and processing grapes. To address this, we intend to expand vinification facility under our direct enological monitoring, while allocating our winery's capacity to our Classic and Brand lines, including Alexandria, Temjanika, T'ga za Jug, Luda Mara, and Alexandria Cuvee.

The harvest was marked by continuous warm days and moderately cool nights (18-20°C), which led to reduced deviations in the grape ripening process and the development of an aromatic profile without compromising acidity. Due to external factors such as rain, we purchased 25% less Vranec grapes than planned, but the grapes we did acquire were of excellent quality and thus compensated for the shortage by purchasing from carefully selected localities with favorable natural conditions. For Temjanika, Chardonnay, Sauvignon Blanc, and Traminer vintages, continuous rainfall immediately before and during the harvest period led to our decision to start harvesting earlier to maintain the health of the grapes. Consequently, we observed relatively lower sugar levels in these varieties compared to the 2021 harvest.

Our boutique wineries, Lepovo and Barovo, will follow a concept based on local variety, excellent terroir, and an artisanal approach to vinification. Lepovo will focus on organic grapes, fully certified from 2022, and native yeast vinification, while Barovo will concentrate on grape varieties suited to its altitude and the development of enotourism.

As we continue to innovate and expand our portfolio, we remain committed to maintaining the highest standards of quality and sustainability. Thank you for your support and we look forward to sharing more exciting developments in the world of Tikveš wines.

Marko Stojaković

Chief Enologist, Tikveš Winery



ABOUT THIS ANNUAL REPORT

In line with our dedication to stakeholder transparency, Tikveš consistently publishes an annual report, providing an integrated overview of the winery's financial performance and other essential aspects. The report highlights the material, economic, environmental, and social consequences of Tikveš Winery's business activities for the duration of January 1 to December 31, 2022. The previous report was published in April 2021.

To guarantee compliance with the highest standards, we adhere to the Companies Act of N. Macedonia and other pertinent domestic and international regulations. The report's scope is defined by the relevance of its subjects to the core business and the timely accessibility of information, encompassing content and locations directly controlled by the company. The table of contents at the beginning contains a comprehensive list of all topics discussed in the report.

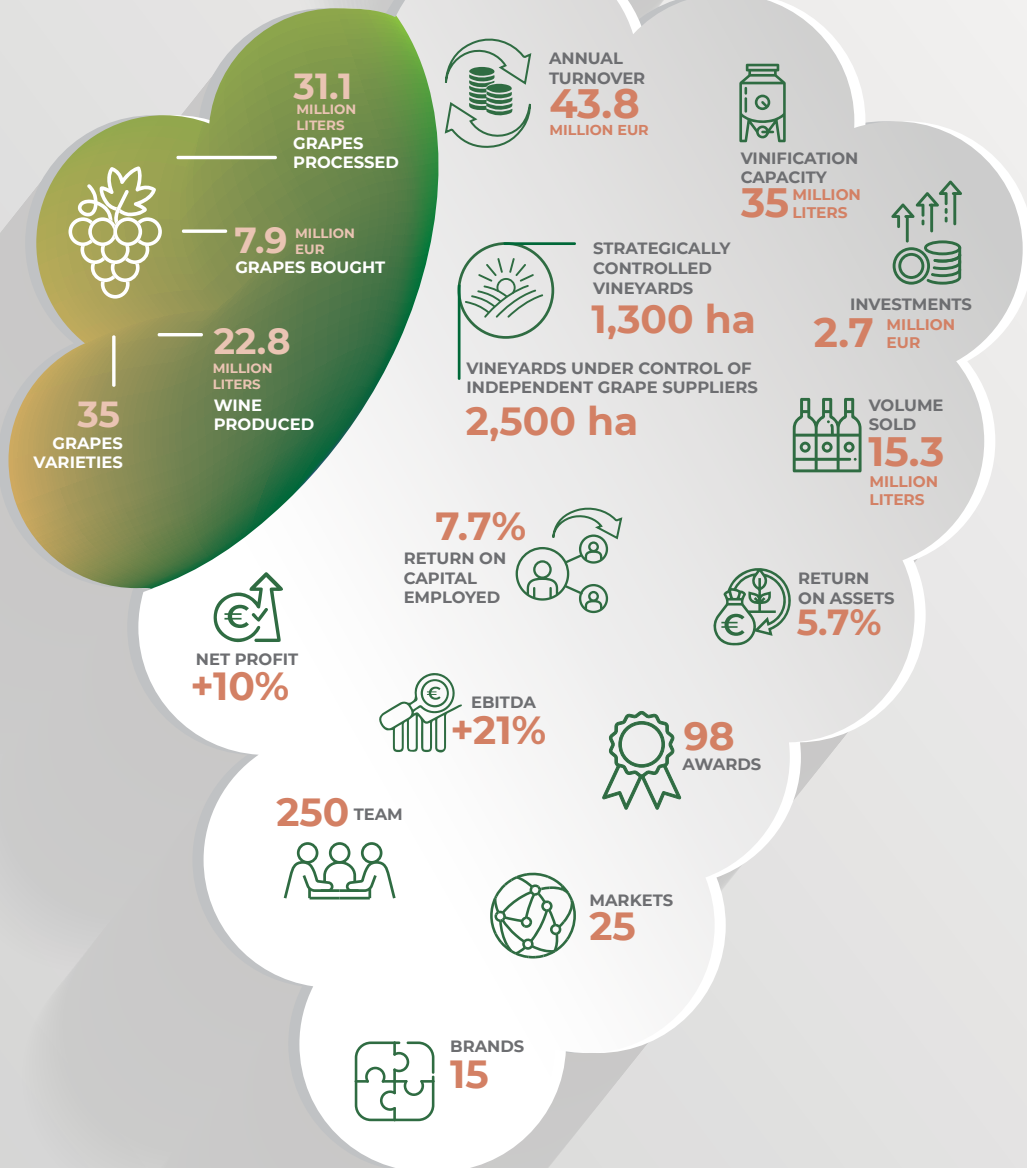
Parts of this report include information derived from projections, estimates and third-party surveys based on anticipated expectations, assumptions, and outcomes. Such future-oriented statements involve a variety of risk factors, and Tikveš advises against relying on such statements, particularly considering the present economic environment and potential influences on consumer demand, the effect of high inflation on business results, global supply chains challenges, currency exchange rate impacts, variations in vintages, and the changing nature of global geopolitical dynamics including the ongoing war in Ukraine. Although all the information contained within was prepared using current knowledge and understanding and in good faith, there are inherent risks and uncertainties that may cause actual results to deviate from projections.

We welcome any feedback on this report via email at contact@tikves.com.mk. This report can be accessed at any time at www.tikves.com.mk/annualReports. For further information on Tikveš Winery's history, products, personnel, and recent accomplishments, please visit our website at www.tikves.com.mk/en.



The report's scope is defined by the relevance of its subjects to the core business and the timely accessibility of information

TIKVEŠ BRIEFLY 2022 NUMBERS



SHORT STATEMENTS

5%
OF ALL WINE
CONSUMED IN
THE SEE REGION

2/3
OF ALL WINE
CONSUMED IN
N. MACEDONIA

15%
OF ALL WINE
CONSUMED IN
SERBIA

STRONG
PRESENCE IN
THE REGION
AND
IN **25**
MARKETS
GLOBALLY



TIKVEŠ

SINCE 1885



TRADITIONAL WINES



TIKVEŠKO



Classic



T'GA
za Jug



ALEXANDRIA



LUDA MARA



ALEXANDRIA
Cuvée



LR
TIKVEŠ





TIKVEŠ | 1885

CHÂTEAUX & DOMAINES



BAROVO
Domaine



BELAVODA
Domaine



**DOMAINE
LEPOVO**



CHÂTEAU DE
GOURDON





INTRODUCING TERRASSE AU SOLEIL A NOTABLE WINE FROM CHATEAU DE GOURDON

Founded in 1870 in the Southern Rhône region, Château de Gourdon's vineyards flourish on sandy soil, enjoying sunlight and the Mistral wind.

Here, we hand-harvest ripe grapes, producing aromatic wines with distinct and authentic flavors.

TERRASSE AU SOLEIL 2021 is a gold medal winner at this year's Mundus Vini Summer Tasting in Germany, praised by the jury for its character.

Savor a taste of France,
CHATEAU DE GOURDON



About the Company

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About the Company



COMPANY PROFILE

Tikveš Winery, established in 1885, is one of the largest and most awarded wineries in Southeastern Europe. It is located in the eponymous district of N. Macedonia, characterized by a Mediterranean climate and unique terroir. With a rich history and strong commitment to modernization, innovation, and environmental sustainability, Tikveš Winery has become a leader in the regional wine industry, boasting a presence in 25 global markets.

Tikveš is a fully integrated wine and spirits business, segmented into viticulture (grape growing and sourcing), winemaking, marketing, sales, and distribution. We source grapes from our own vineyards and carefully selected, continuously monitored independent local growers to ensure the highest standards for our produced vintages and the cultivation of grape varieties specifically intended for our expanding portfolio.

Tikveš has pioneered environmental sustainability in the region, aiming to become the first ESG-compliant winery and joining the International Wineries for Climate Action (IWCA) for a Net Zero wine industry by 2050, a goal that aligns with the United Nations' Race to Zero campaign. We have already installed a 1.6-megawatt renewable energy capacity and are working towards 100% reliance on clean energy sources. We introduced the first wine from organic grapes in the boutique winery Lepovo and continued our focus on indigenous varieties, excellent terroir, and an artisanal approach.

**Tikveš
introduced
the first wine
from organic
grapes in
2022**



Always mindful of our socio-economic environment, Tikveš aligns its investment strategies and development with its relationships with the workforce, the regions in which it operates, and the domestic and global political environment. Our ESG considerations are geared towards having a tangible impact on our risks and returns, substantially boosting levels of corporate responsibility, and improving the quality of life for our workforce, partners, and consumers. In practice, this means Tikveš continuously invests in education and development of its employees, promotes the communities it operates in, markets indigenous grape varieties to create opportunities for rural winegrowers, and fosters the development of regional tourism. We also regularly cooperate with regional wineries, resulting in successful collaboration events at international fairs. Mindful of its leadership in the Macedonian market, Tikveš Winery has launched an initiative to implement a functional system of Protected Geographical Indications, aligning the domestic wine sector with the European Union's common agricultural policy.

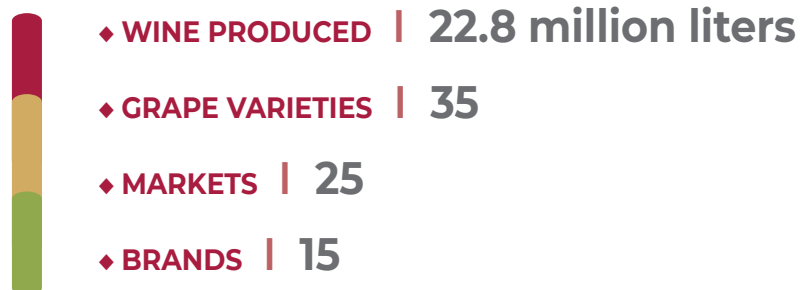
Today's growth in the global wine category is driven by premium and luxury price segments, including organically produced vintages, with strong consumer demand expected to continue in the following years. We are continuing to align our portfolio structure and premiumization strategy to benefit from these categories. Although Tikveš experienced its largest harvest in 2022, achieving a 32% increase in total grapes purchased, we managed to maintain the exceptional quality of our vintages through rigorous selection and a science-based approach to viticulture. Our aim is to further reduce dependency on the domestic market and increase the percentage of exports in overall sales.

Company Performance Overview for 2022:

- ◆ ANNUAL TURNOVER | 43.8 million EUR
- ◆ GRAPES HARVESTED | 32 million kg, 1/3 of all grapes harvested in N. Macedonia
- ◆ OPERATED VINEYARDS | 2,500 ha
- ◆ INVESTMENTS | 2.7 million EUR
- ◆ VOLUME SOLD | 15.3 million liters
- ◆ NET PROFIT | +10%
- ◆ EBITDA | +19%
- ◆ RETURN ON ASSETS | 5.7%
- ◆ RETURN ON CAPITAL EMPLOYED | 7.7%



Key Production Metrics in 2022:



Workforce:

Segment	Number employed	Share
Management	20	10%
Administration	44	21%
Production	106	52%
Laboratory	10	5%
Warehouses	25	12%
Total	205	

MISSION

We are committed to creating exquisite, sustainable, and memorable wines that honor the rich heritage of our winegrowing regions. Our devotion to attentive vineyard stewardship and environmentally responsible practices is matched only by our passion for innovation and scientific excellence in viticulture and vinification. As we strive to cultivate a spirit of innovation and collaboration within the region, our ambition is to lead the way in revolutionizing its winemaking practices, setting new benchmarks for excellence and sustainability.

VISION

Our vision is to become a premier winemaking force in Europe, ranking among the most distinguished wineries on the continent while establishing ourselves as a globally renowned brand. As we champion the art of winemaking in Southeastern Europe, we strive to lead as the region's foremost winery, transcending borders and capturing the imagination of wine lovers worldwide.

CORE VALUES

Excellence

Pursuing the highest quality in our wines and refining our craft, while upholding winemaking traditions.

Passion

Nurturing a love for winemaking and sharing it with customers, employees, and partners, inspiring appreciation for the art.

Collaboration

Fostering teamwork, open communication, and engagement with the community, partners, and stakeholders for mutual success.

Science-based Approach

Applying research, data-driven insights, and evidence-based practices to optimize quality, sustainability, and innovation.

Heritage

Honoring our region's history and traditions, blending them with modern techniques for unique, memorable wines.

Adaptability

Supporting local initiatives, promoting responsible consumption, and striving for a positive impact on people and the environment.

Social Responsibility

Supporting local initiatives, promoting responsible consumption, and striving for a positive impact on people and the environment.

Sustainability

Prioritizing eco-friendly practices across operations to protect the environment and preserve resources.

Integrity

Conducting business ethically and transparently, treating all stakeholders and the environment with respect and fairness.

Innovation

Embracing advanced techniques and technologies to drive continuous learning, development, and progress.

Sense of Ownership

Encouraging responsibility and accountability, empowering team members to contribute to the company's success as their own.

Customer Focus

Prioritizing customer needs and preferences, delivering exceptional experiences that surpass expectations.



LUDA  MARA

WHEREVER IT TAKES YOU



In our pursuit of authentic stories that capture the essence of our wines, we didn't have to look far.

Luda Mara, the river flowing through Tikveš Wine region for centuries, is deeply intertwined with the lives of those residing nearby. Its waters provide sustenance, yet its capricious nature has often brought devastating destruction, teaching locals that joy and sorrow are inseparable. The tales of Luda Mara encompass sacrifice, love, untamed beauty, courage, ingenuity, passion, vulnerability, and abundance – the very elements that constitute life itself.



Highlights

TIKVEŠ | ANNUAL REPORT 2022

Highlights



Tikveš Winery experienced a successful year in 2022, with overall sales growing by 38.8% and volume produced by 11%. The company was present in 25 markets globally and held strong market positions in the Adriatic region, maintaining the highest market share in N. Macedonia, Serbia, and Kosovo. The winery also expanded its presence in the region by accounting for 5% of its wine consumed. Exports grew by 18.2% in volume and 64.3% in value, contributing to the company's impressive performance.

Tikveš Winery's sales data in the Adriatic region reveals a substantial growth between 2021 and 2022. Overall sales rose by 43%, with total revenue reaching €40 million in 2022, up from €28 million in 2021. This represents an overall gain of €12 million. Serbia displayed the most remarkable growth rate at 119%. Other countries experienced growth as well: N. Macedonia (16%), Kosovo (31%), Montenegro (38%), Albania (13%), and Bosnia and Herzegovina (34%).

In Serbia, Tikveš Winery was the largest winery with a 14% market share, dominating the white and rosé wine categories, as well as the value-for-money segment. It also held the No. 1 market share position in N. Macedonia with 64% of all wine consumed and experienced 16.5% growth in value and 1.2% in volume in the Macedonian market. In Kosovo, Tikveš held the number 1 market share position as well.

Tikveš developed a home delivery platform for direct-to-consumer sales in Macedonia, Serbia, and Bosnia, and continued to focus on offering the best value for money in each price segment.

In the wider region, sales in the Bulgarian market grew by 23%, and T'ga za Jug remained the best-selling red wine in Croatia and the best-selling wine in Albania.

Strong sales growth in the Adriatic region

Country	2021	2022	22 vs '21	Trend %
North Macedonia	16,876,490 €	19,641,812 €	2,765,322 €	16% ▲
Serbia	6,479,302 €	14,199,886 €	7,720,584 €	119% ▲
Kosovo	1,105,139 €	1,449,417 €	344,278 €	31% ▲
Montenegro	385,398 €	533,236 €	147,838 €	38% ▲
Albania	326,794 €	368,521 €	41,727 €	13% ▲
Bosnia and Herzegovina	2,852,178 €	3,810,796 €	958,617 €	34% ▲
Croatia	1,720,000 €	1,853,000 €	133,000 €	8% ▲
Total	29,745,301 €	41,856,668 €	12,111,366 €	41% ▲

In 2022, exports exceeded domestic share in terms of value for the first time, aligning with the company's strategy to decrease dependence on the domestic market and disperse risk. The average price of wine per liter increased due to a higher participation of premium product lines in overall sales across all markets. After the marked slump in sales in the HoReCa segment during the pandemic years, regional markets experienced strong growth in 2022, consequently followed by a drop in sales in the retail segment, as less people enjoyed wine at home. The company managed to adapt its distribution channels and pricing strategy to the shifting market trends, increasing its overall market share in both value and volume.

Tikveš Winery experienced its largest harvest, with a 32% increase in total grapes purchased, prompting capacity expansion plans in 2023. It introduced the first wine from organic grapes through its boutique winery Lepovo, a process that started 5 years ago. This is especially important since global organic wine market is up 7.25%, and similar growth is expected until 2026.

New products were successfully launched in the affordable premium category, and the company modernized its viticulture sector to improve efficiency, transparency, and overall quality. Strategic cooperation with key suppliers and grape growers was implemented to ensure the production of high-quality products.

Tikveš Winery continued to spearhead environmental sustainability in the region by aiming to become one of the first ESG-compliant wineries and joining the International Wineries for Climate Action (IWCA) for a Net Zero wine industry by 2050. This commitment led to the introduction of the first wine from organic grapes in the boutique winery Lepovo, installation of a 1.6MW solar plant, with plans to increase capacity to 2.4MW in 2023, as well as the installation of a water treatment station in the vinification facilities to reduce the company's ecological footprint.

Despite global supply chain disruption, energy price increases, and inflation, Tikveš Winery showed remarkable resilience and managed to maintain steady profit and sales through market and product portfolio diversification. The company launched initiatives to implement a functional system of Protected Geographical Indications, aligning the Macedonian wine sector with the EU's common agricultural policy. It also promoted indigenous grape varieties, creating opportunities for rural winegrowers and regional tourism development, and collaborated with wineries from Serbia and Albania for successful events such as the Wine Vision fair in Belgrade and a joint stand at Vinitaly.

In summary, Tikveš Winery's performance in 2022 showcased the company's ability to adapt to market changes, expand its presence in the Western Balkans and international markets, and maintain a focus on premium product offerings. The winery's commitment to environmental sustainability, modernization of viticulture practices, and strategic collaborations with suppliers and other wineries in the region further bolstered its successful year.

Looking ahead, Tikveš Winery will continue to focus on product premiumization, market diversification, and environmental sustainability initiatives as part of its long-term strategy. By building on the strong foundation established in 2022, Tikveš Winery is well-positioned for continued growth and success in the coming years.

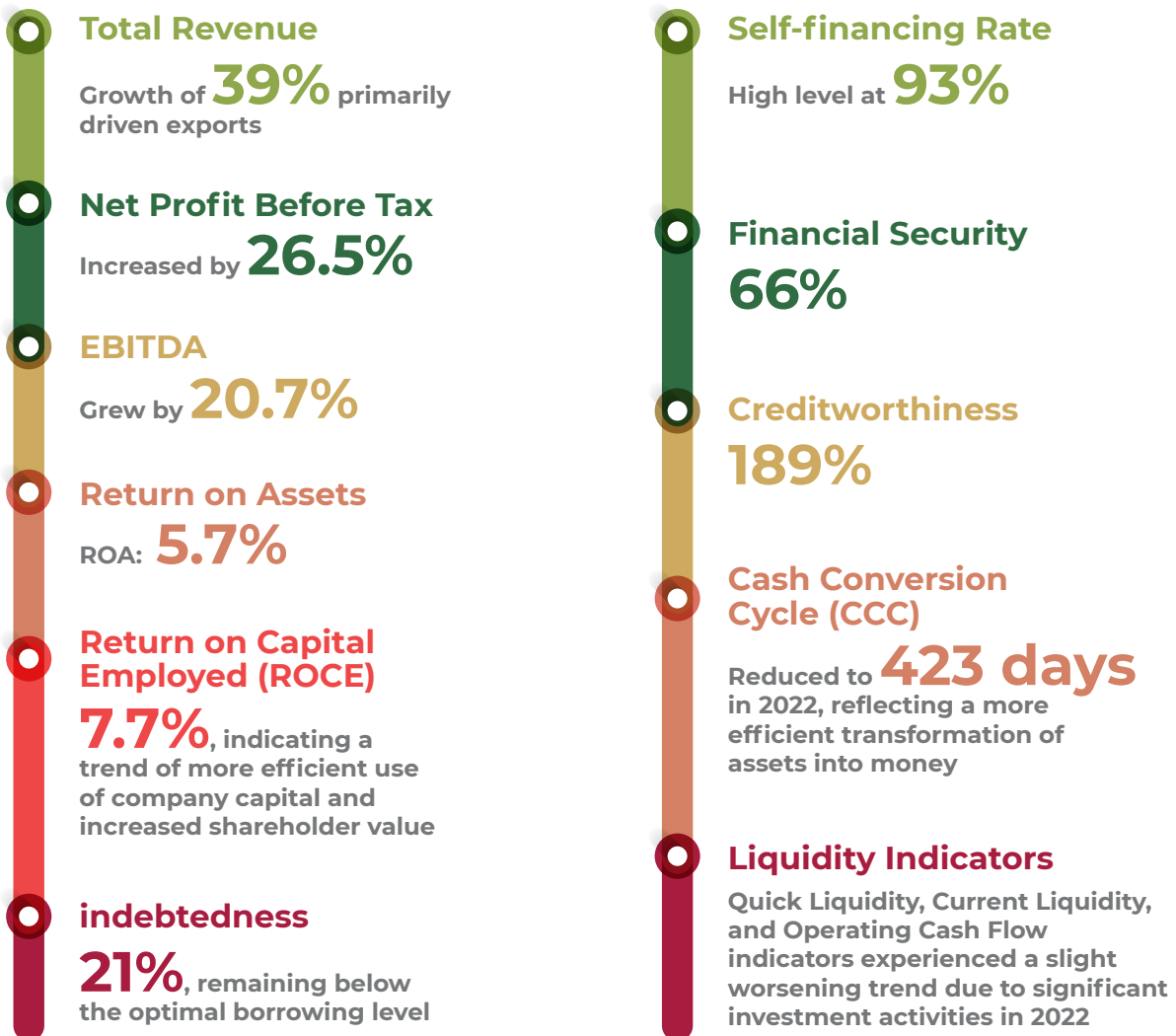
“ In 2022, Tikveš Winery harvested and processed a record amount of grapes in the past 15 years. ”



FINANCIAL PERFORMANCE AND KEY METRICS

In 2022, the company demonstrated substantial financial growth, with increases in revenue, net profit before tax, and EBITDA. The efficient use of capital, high self-financing rate, and strong financial security contributed to the company's overall stability while reducing its cash conversion cycle. Although liquidity indicators experienced a slight decline, this was mainly attributed to the significant investments made during the year. Moving forward, the company will continue to focus on optimizing its performance and maintaining financial stability.

Key Financial Highlights for 2022



SUPPLY CHAIN AND LOGISTICS

The global supply chain has been significantly impacted by the military conflict in Ukraine, leading to increased energy prices and procurement challenges. Key affected sectors include:



Glass

Three out of four Ukrainian glass factories were damaged, causing shortages in Europe. Vetropack, a glass packaging supplier, faced increased demand, delivery bottlenecks, and price hikes. Tikveš managed to cover the additional 3 million units in demand in 2022 through coordination with Vetropack.



Diesel fuel and transport

Diesel prices, AdBlue prices, vehicle maintenance costs, and industry wages rose in 2022, leading to increased service prices. Monthly pricing reviews were implemented to partially mitigate the impact.



Aluminum closures

Prices faced a several-fold increase due to higher input costs worldwide, including a 24% European anti-dumping tax on Chinese aluminum imports. The Russia-Ukraine conflict disrupted production and delivery of certain patented products in Sumy, Ukraine.



Paper

Unfavorable global developments led to price shocks for paper, fuel oil, starch, and electricity. Quotas were limited, and some factories halted production temporarily, leading to paper shortages again.



Wooden pallets

Material shortages, increased production costs, and a 50% reduction in wood purchases from Macedonia's largest forest area led to higher prices for wooden pallets. Tikveš switched to second-hand EPAL pallets to maintain operations.

To manage these challenges, Tikveš maintained continuous communication and coordination with strategic suppliers and the Finance Department, monitored sales trends, and maintained minimum and safety stocks. Despite the difficulties, all orders from suppliers and buyers were fulfilled, and sales continued to grow compared to 2021.

Several successful projects were implemented with high-quality materials and controlled procurement costs, including:



TIKVEŠ | 1885
CHÂTEAUX & DOMAINES

"Tikveš Châteaux & Domaines" brand platform

Redesigned with a new bottle, caps, and transport box for increased stability and safety.

BAROVO
D o m a i n e

BELA VODA
D o m a i n e

New Barovo and Bela Voda wines

Launched in the affordable premium segment with adjusted packaging materials.

T'GA
za Jug

T'ga za jug with a cork

Reintroduced the cork closure due to target consumer demands.


**LUDA
MARA**

Rebranding of Special Selection into Luda Mara

Rebrand Special Selection wines under the Luda Mara brand, adapting the label and transport box but keeping the bottle and cap unchanged.



Improved transportation packaging

Conducted commercial production tests with suppliers to improve the quality of cardboard, aiming to introduce five-layer boxes selectively in 2023.

Other activities included:

Pursuing Authorized Economic Operator (AEO) status

Aimed for realization in 2023, AEO status enhances cooperation with customs authorities, facilitating trade and ensuring supply chain security.

PROJECT MANAGEMENT AND QUALITY CONTROL

In 2022, Tikveš Winery continued its positive investment trend in production facilities and construction segments. The renovation of facilities started in 2021 was completed, and new facility construction began. The total investment in equipment and construction works amounted to 1.35 million EUR. This report outlines the investments made, quality control measures, and ISO certifications in 2022.

Key Investments in 2022

1. **A 1.6 MWp photovoltaic power plant**, that will enable the company to reduce its CO₂ emissions.
2. **A sewage treatment plant with a clarifier**, ensuring wastewater is purified and environmentally friendly.
3. **Renovation of 18 concrete cisterns** with stainless steel, increasing wine tank capacity by 900 tons.
4. **Additional wine storage capacity** of 1,500 tons via renovation of three 500-ton concrete tanks.
5. **Purchase of reciprocating pumps** and a sludge transportation pump.
6. **Acquisition of 180 pallet boxes**, increasing grape transportation capacity to 70,000 kg/tour.
7. **Installation of mixers** on stainless steel tanks.
8. **Purchase of a wide range of barrels** (228 l, 300l, 500l and 600l) for wine and distillate maturation from renowned producers.
9. **Doubling flotation capacity** to 50,000 l/h with a new flotation device.
10. **Continued investment** in new administrative space.

Quality Control

In 2022, the winery focused on testing and improving bottled wine quality, utilizing the NomaSense device for total package oxygen measurements. The winery maintained internal control with BIPEA, an organization evaluating the accuracy of measurements in the winery's laboratory. The results aligned with BIPEA parameters, confirming employee expertise and state-of-the-art laboratory equipment. Microbiological testing improved through ready-made substrates, increasing result accuracy and reducing human error risk. CIP systems were controlled by the advanced AqvaSnap ATP device. Production materials were subject to incoming control, ensuring high-quality materials were used. Tikveš Winery established its pedological laboratory in November 2022, which conducts various soil analyses to support vineyard development, varietal and clonal selection, terroir protection, and feeding of existing areas. The laboratory is equipped with all-new instruments.

ISO Certificates

In 2022, a regular inspection confirmed Tikveš Winery's adherence to **ISO 9001:2015 (QMS)**, **ISO 14001:2015 (EMS)**, and **ISO 22000:2018 (FSMS)** standards. The winery also began implementing the **ISO 50001:2018** Energy Management system.



CHATEAU^{DE}
GOURDON

INTRODUCING
TERRASSE À L'OMBRE



Skillfully crafted with quality grapes, grown on sandy soil and nurtured by the warm Mediterranean sun and the gentle Mistral wind...

Discover the refined red wine – Terrasse à l'Ombre, a highlight of the French winery Château de Gourdon, situated in the southern Rhône Valley near Bollène, and just 10 km from Châteauneuf-du-Pape.

Terrasse à l'Ombre's acclaim is demonstrated by its success at the Mundus Vini competition in Germany. Named "Best of Show Côtes du Rhône" in 2021 and 2022, it stands out in the Rhône Valley, which produces 2 million hectoliters of wine annually. Additionally, it was the sole French wine awarded a Grand Gold medal in 2021, reserved for top-rated wines scoring at least 95 out of 100 points.

Experience the allure of Terrasse à l'Ombre for yourself.



Reports

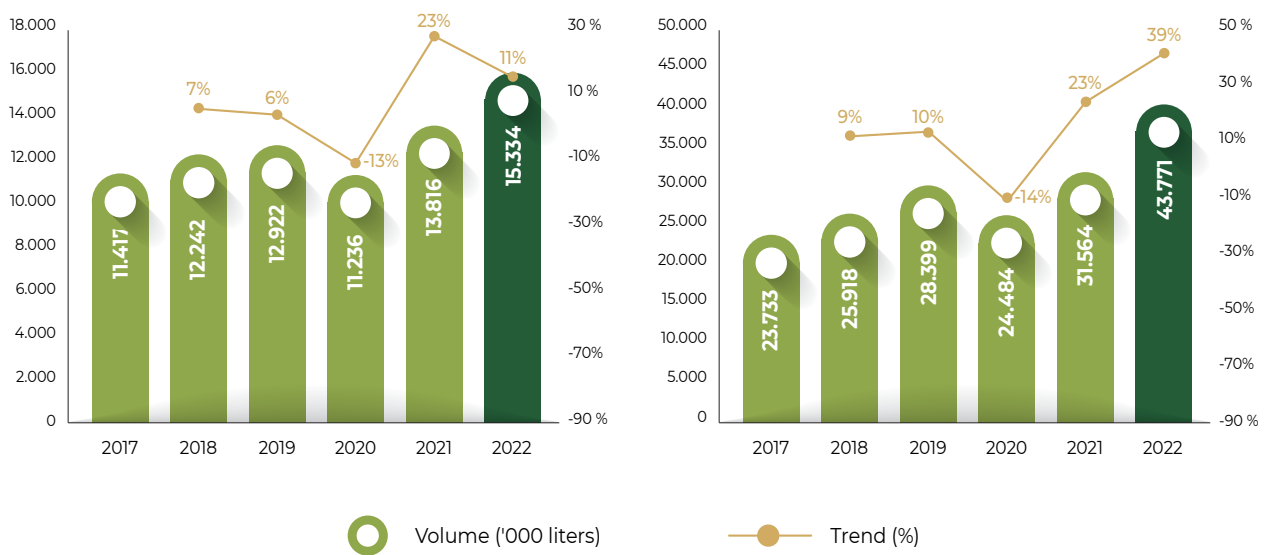
TIKVEŠ | ANNUAL REPORT 2022

Reports

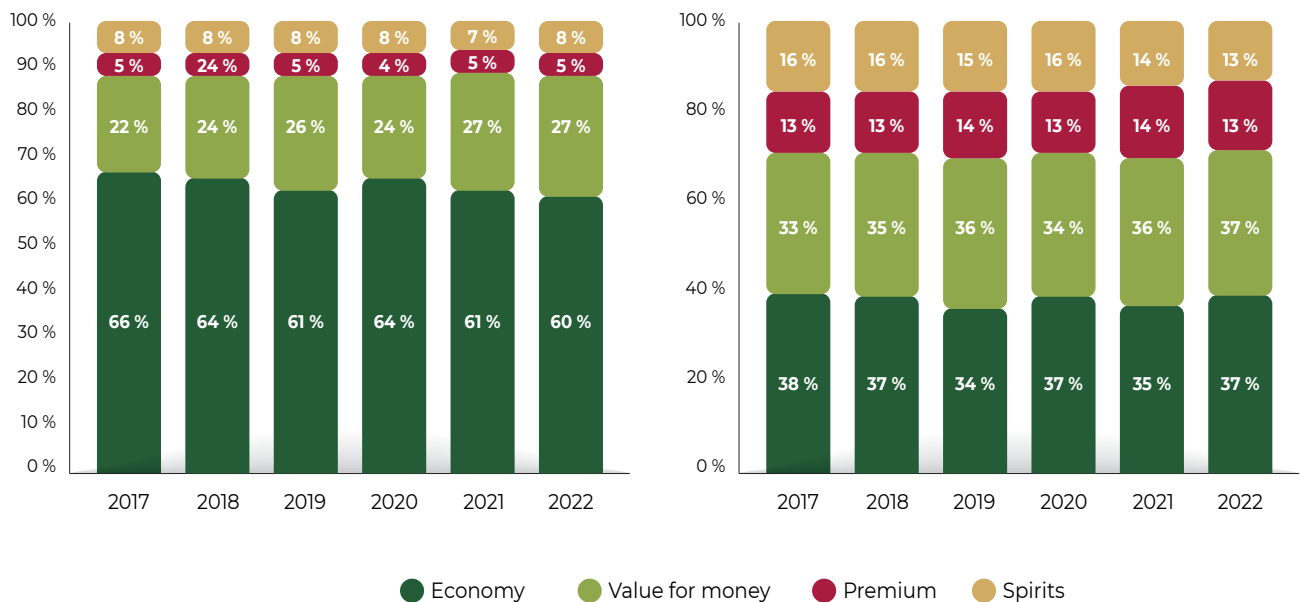


FINANCIAL AND OPERATIONAL REPORT AND PERFORMANCE

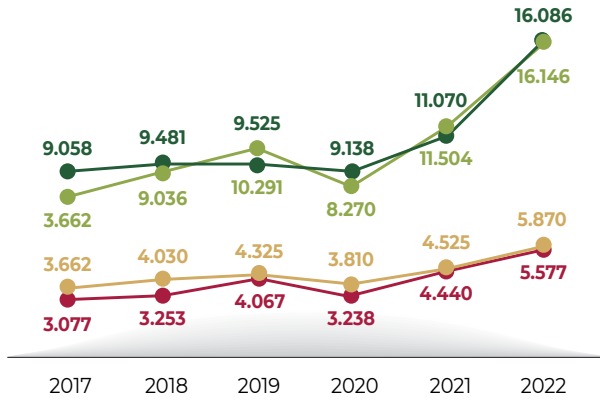
Continuous Sales Growth (Except During the COVID-19 Pandemic Period)



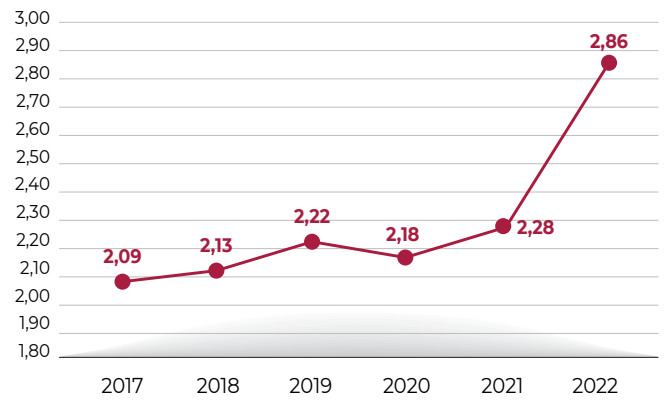
Continuous Premiumization of Product Portfolio



EUR sales by category

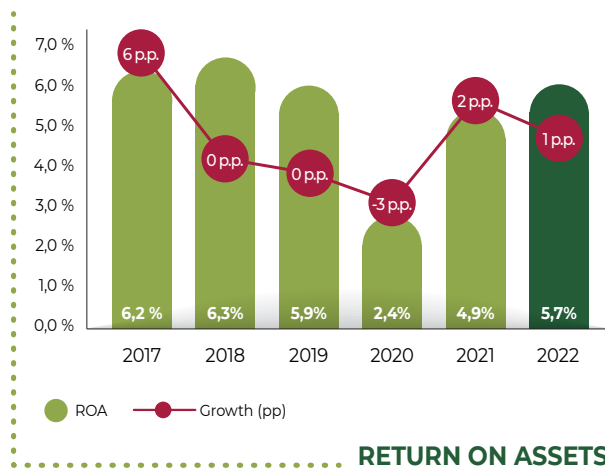
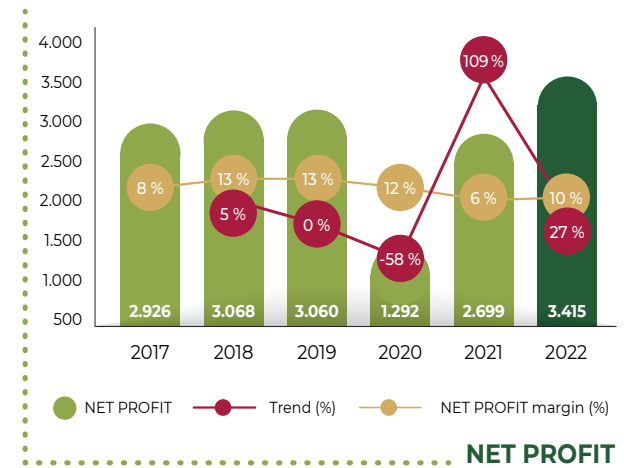
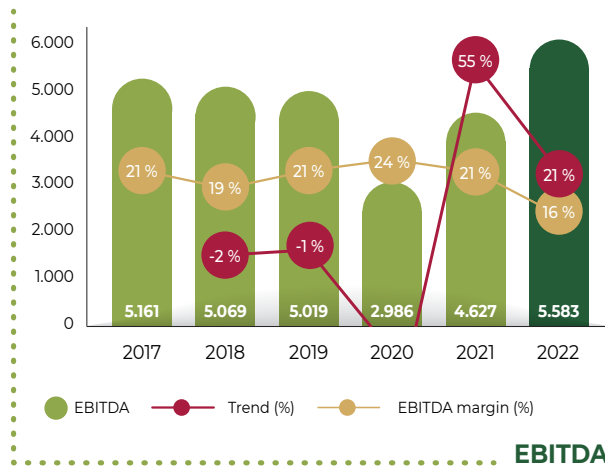


EUR average price per liter

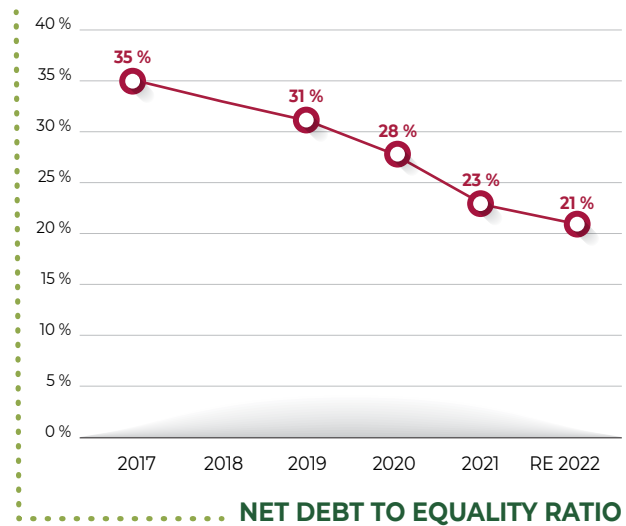
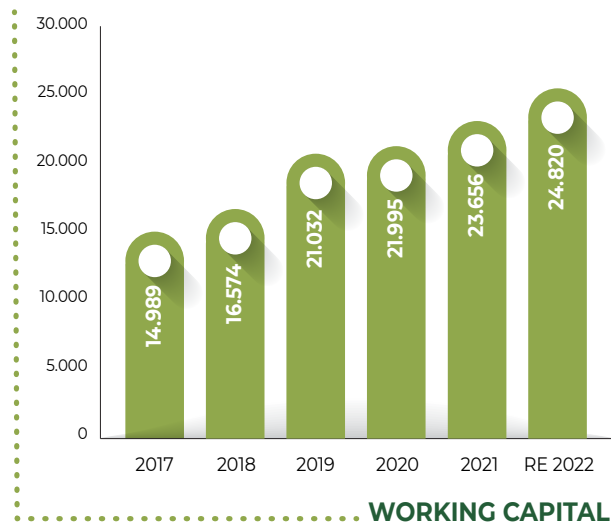


● Economy ● Value for money ● Premium ● Spirits

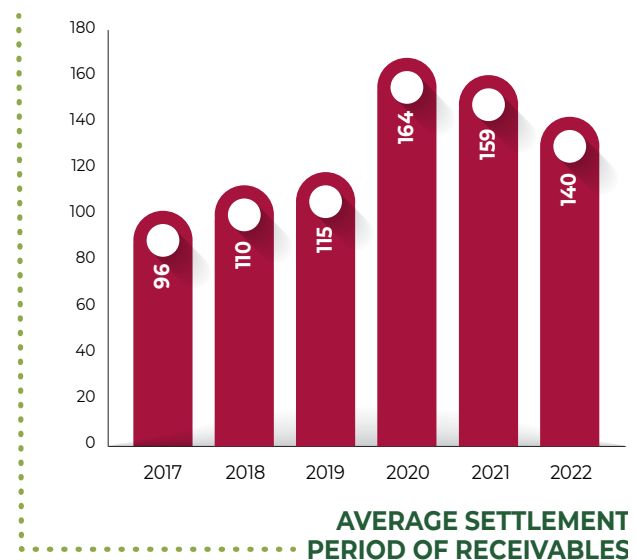
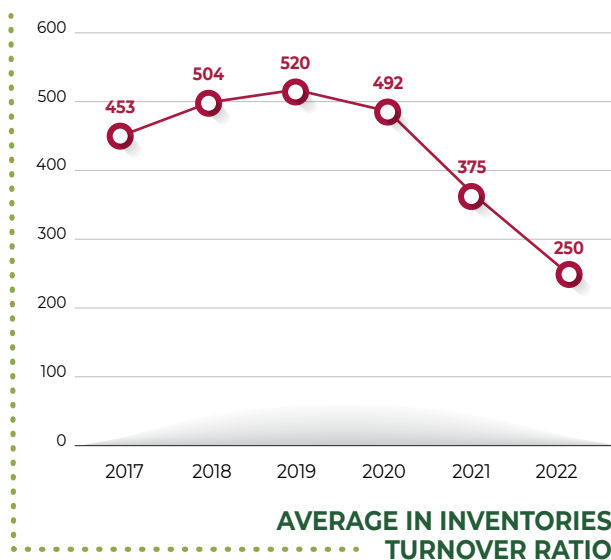
Period of Deteriorated Profitability Overcome After COVID-19 Pandemic

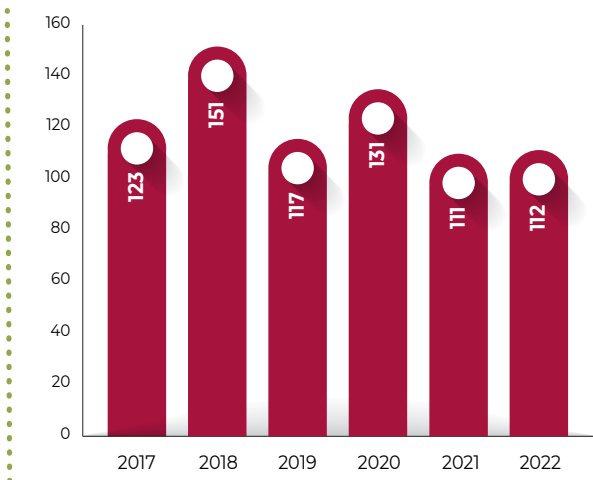


Sustained Increase in Working Capital and Decrease in Net Debt

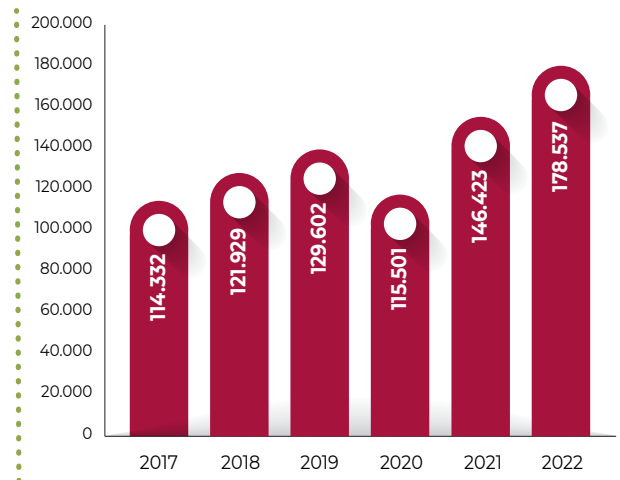


Enhanced Operational Efficiency

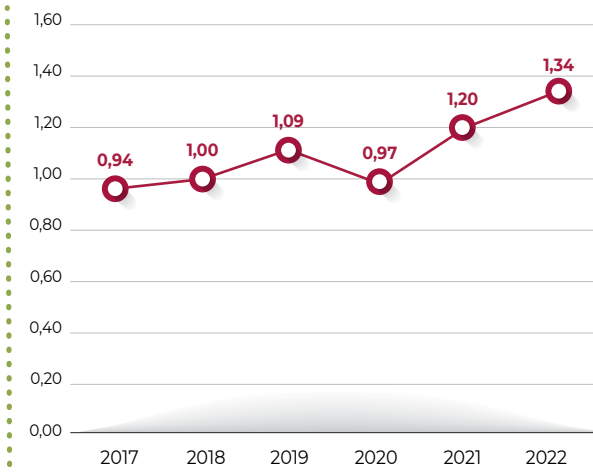




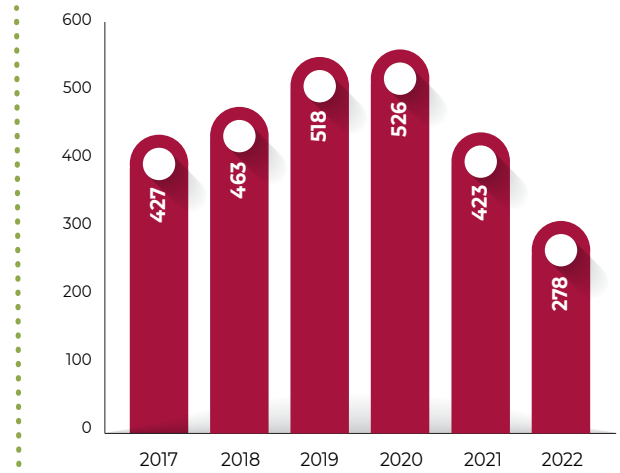
AVERAGE SETTLEMENT PERIOD FOR PAYABLES



SALES REVENUE PER EMPLOYEE



SALES REVENUE TO NON-CURRENT ASSETS



CASH CONVERSION CYCLE

SALES AND MARKETING REPORT

Marketing activities in 2022 were focused on maintaining Tikveš Winery's market leadership and enhancing the company's image and its brands among different target audiences. These activities encompassed effective communication and promotion of the brand, innovations, achievements, and results, as well as substantial investments and collaborations with partners.

Key communication topics in 2022 included:

- ◆ Corporate Information
 - ▶ Tikveš' transformation into the first green winery in the region
 - ▶ Investments and collaborations for introducing advanced practices and technologies to improve grape and wine quality, such as partnering with Perleuve and utilizing the 4Grapes application
- ◆ New products and packaging (introducing the Luda Mara brand and new wines)
- ◆ Awards and accolades received at international wine competitions
- ◆ Cooperation with winemakers, viticulture standards, grape procurement, and harvesting

New Products And Packaging



LUDA MARA

A new brand in the Special Selection line

To address market trends emphasizing the connection between wine, its specific environment, and the region it originates from, Tikveš Winery developed a new wine brand to reinforce the authenticity of its wines. The Luda Mara line succeeds the well-known Special Selection brand and associates it with the Luda Mara river, which runs through the Tikveš region and Kavadarci. The river's unique nature and character, along with the numerous stories and myths linked to it, reflect the distinctive character of our wines. We shared various local tales about the Luda Mara river in Kavadarci through promotional activities supporting the sales of this new brand.



Pinot Grigio Luda Mara

Launched in late March, Pinot Grigio Luda Mara was the first new wine in the Luda Mara line and the ideal choice for summer 2022. Grapes for this wine come from the Vršnik microlocation in the Tikveš wine region, which boasts excellent terroir for this variety. Pinot Grigio Luda Mara is a light, refreshing wine with intense green apple and ripe citrus fruit aromas. Chilled, it pairs perfectly with fresh salads, chicken, and seafood, making it an ideal wine for spring and summer days. As only 6,300 bottles were produced, the wine was distributed to a limited number of retail and catering establishments.



Sauvignon Blanc Barovo

In 2022, Tikveš expanded its wine portfolio from the Tikveš Châteaux & Domaines platform with several new premium wines from specific microlocations, aiming to offer consumers more choices in each pricing segment. These wines are available in limited quantities. The first premium wine in this category, Sauvignon Blanc Barovo, was released in early February. Its pronounced fruity character results from grapes grown in vineyards at 700 meters above sea level, where significant diurnal temperature fluctuations contribute to the wine's freshness. This unique area is influenced by mountain, Mediterranean, and continental climates, allowing for full grape maturity and the development of intense flavors and tastes. The volcanic soil of the vineyards imparts mineral characteristics to the wine. The established Barovo brand's reputation helped the new wine gain consumer recognition and appreciation for its uncompromising quality.



Viognier Bela Voda

Viognier Bela Voda, introduced in the first half of April, was the second wine to join the Tikveš Châteaux & Domaines family. The addition of wines from selected microlocations to our 2022 strategy allowed consumers more options, offering the opportunity to enjoy premium wines reflecting the distinctiveness of the sites where the grapes are grown. Viognier is a popular variety known for its aromatic wines with silky textures and excellent drinkability and freshness. Therefore, our new Viognier Bela Voda is perfect for the spring and summer seasons.



Muscat Traminac Luda Mara

In late June, we introduced a new wine within the Luda Mara line: Muscat Traminac Luda Mara. This new white wine was developed in response to increased demand in the aromatic wine market. Refreshing, with intense floral and citrus flavors dominating the aroma of orange peel, grapefruit, and mango, this wine is ideal for warm summer days. The wine was intended for retail and catering establishments throughout the country.



Grenache Blanc Bela Voda

In late June, we also launched Grenache Blanc Bela Voda, a new wine that is part of the Tikveš Châteaux & Domaines brand platform. Grenache Blanc Bela Voda is a dry white wine with a lemon-yellow color and greenish hues, featuring delicate floral flavors and aromas of peach and melon. It offers the perfect refreshment on hot summer days. Produced in a limited amount of 10,000 liters, the grapes for this wine come from the Bela Voda microlocation, specifically the “beef road” site. It is intended for catering establishments in the domestic market.

Sales Activations And Promotions

Trade



St. Valentine/St. Tryphon

To celebrate the holiday of love and wine, we executed an activation in shopping centers across the country, offering wine from the Alexandria Cuvée brand accompanied by a gift of chocolate. This activation garnered positive reactions and an enthusiastic response from consumers.



Month of Rosé

As is customary during the spring season, we carried out our spring activation. March was designated as Rosé Month, featuring price-off activations covering rosé wines from the Alexandria, Alexandria Cuvée, and Château de Gourdon brands.



Value-Added Activities

In the lead-up to all major holidays (New Year, Christmas, Easter, May Day), we conducted activities with added value for specific product categories (Tikveško 3-liter bottles with a gift glass, Yellow Grape Brandy with a gift glass, French wines with a gift of wine accessories or chocolate, and two Alexandria wines with a gift glass).



Investments - Shelves, Displays, and Totems in Retail Outlets

To enhance functionality and increase the visibility and accessibility of our products in markets throughout the country and region, we positioned shelves and specific pallet displays, as well as branded existing wine sections in retail outlets. This clear communication allowed for effective promotion of our current sales activations for consumers.

Catering

In cooperation with catering facilities, we have continued with activities that contribute to increased sales, market share, and brand visibility.



Brand Promotional Activities

We have consistently maintained promotional activities in numerous establishments across the country and region, with this year's focus on the Alexandria, Alexandria Cuvée, Luda Mara, Tikveš Châteaux & Domaines, and Château de Gourdon brands.



Wine & Food Pairings

We defined various types of combo menus offering food and wine at promotional prices in selected establishments. This activation has proven to be the most successful in increasing sales and creating greater brand awareness.



Brand Promotional Activities

Enjoying wine is often at its best when accompanied by delicious food. This year, we successfully continued organizing Wine & Dine events in the country and region to educate consumers about appropriate wine and food pairings and promote wines from the premium segment. The strong interest in these successful events encourages us to further our efforts in bridging the art of combining food and wine and fostering wine culture.



Hot Spot Zones

During the winter and summer seasons, special activities were carried out in popular establishments located in renowned tourist destinations, including Radožda, Trpejca, Dojran, Tetovo, and Ponikva. Various sales activations for Alexandria and Alexandria Cuvée encompassed the provision of uniforms, aprons, POS materials, and facility branding.



After-Work Parties

Throughout the year, we organized numerous after-work events in catering establishments, offering promotional reduced wine prices and added value for consumers. The Alexandria Cuvée and Luda Mara brands were the primary focus.

Events

VinoSkop 2022 in Skopje

After a four-year hiatus, the VinoSkop wine festival was held in Skopje from May 4 to May 8, 2022. Tikveš participated with its own stand, offering all the wines from its portfolio. The event was also used to promote the new Luda Mara brand. To that end, Tikveš sponsored the music program on the last day of the festival, titled "Luda Mara Blues Sunday."

Vinodonia 2022 in Skopje

On January 25-26, 2022, the Wine Salon Vinodonia was held at the Marriott Hotel, where Tikveš took part with its own stand and showcased its portfolio. Several local and foreign winemakers participated in this wine fair, providing visitors from various parts of the Balkans and Europe with the opportunity to try our wines.

Pitijada 2022 in Veles

Tikveš was part of the Pitijada and simultaneously carried out activities in several key establishments in the city, offering reduced prices for certain wines from the Alexandria, Luda Mara, and Alexandria Cuvée lines.

Pastrmalijada 2022 in Štip

Visitors to the event in Štip had the opportunity to enjoy delicious pastrmalija and Tikveš wines, as well as participate in promotions organized in cooperation with catering facilities.

Tikveš Grape Harvest in Kavadarci

Traditionally, Tikveš Winery took part in the Tikveš Grape Harvest, offering promotional prices for Luda Mara and Alexandria Cuvée wines in selected establishments and supporting several local events.

Participation at Wine Exhibitions



ProWein and Vinitaly 2022

Tikveš Winery participated in two of the largest international wine fairs in the world: ProWein, held annually in Düsseldorf, Germany, and Vinitaly, which attracts numerous visitors each year in Verona, Italy.

ProWein 2022 showcased 5,700 exhibitors from 62 countries, attracting 38,000 visitors from 145 countries, including retail and hospitality professionals. The event in Verona drew over 88,000 visitors from 139 countries, with more than 4,500 participants from 41 nations.

ProWein and Vinitaly are prestigious wine industry events where companies can forge international partnerships, find new importers, and learn about modern technologies and services. The Macedonian wineries' presence at these two fairs was supported by the Ministry of Agriculture, Forestry, and Water Management.

Wine Vision by Open Balkan

Tikveš showcased its wines at the Wine Vision by Open Balkan fair held in Belgrade from September 1 to 4, 2022. The creatively designed stand of Tikveš and Tikveš Châteaux & Domaines stood out among the 350+ exhibitors at the Belgrade Fair, which included 160 from Serbia, 47 from Macedonia, 26 from Albania, and numerous wine producers from Croatia, Bosnia and Herzegovina, Montenegro, France, Chile, Argentina, Italy, Romania, Moldova, South Africa, and other countries.

Tikveš was the only winery from Macedonia that also organized a special master class workshop at the fair: "Sensation of the Climate - Tikveš Châteaux & Domaines." This workshop highlighted the authentic characteristics and top quality of wines produced in specific climates and microlocations, showcasing the distinctive character of the wines within the Tikveš Châteaux & Domaines brand platform.



Sponsorships

The International Cinematographers' Film Festival "MANAKI BROTHERS"

Tikveš traditionally supported the 43rd edition of the International Cinematographers' Film Festival "MANAKI BROTHERS". The festive atmosphere of the world's first and oldest film camera festival featured Tikveš wines, including French red wine Vase de Pierre and the well-known Vranec and Chardonnay Luda Mara. World-famous stars who attended the festival, such as Anthony Dodd Mantle, John Matheson, and Daria D'Antonio, also visited our restaurant in Kavadarci.

Struga Poetry Evenings

The connection between Tikveš and the Struga Poetry Evenings, established with the creation of T'ga za jug, continued to inspire poets participating in the festival. The poets received this wine as a gift and had the opportunity to taste wines from the Luda Mara brand line, as well as write poetry about Luda Mara on wine bottles.


Ohrid Summer

The 62nd edition of Ohrid Summer featured a rich program with 53 concerts, theater performances, and other events held at the Ancient Theater, Dolni Saraj, and St. Sofia Church in Ohrid. Many prominent figures from the country and region attended the event, which showcased Tikveš wines through ubiquitous branding (online and offline materials).

Skopje Jazz Festival & OFFEST 2022

Tikveš was the main patron of the 41st edition of the Skopje Jazz Festival. World-famous jazz artists such as Rob Mazurek, Amaro Freites Trio, and Goran Kajfeš shared the story of the Macedonian Vranec, and Tikveš wines were available for visitors at the festival stands.

Promotion of Milcho Manchevski's Film Kaymak

At a packed event in the Macedonian Philharmonic, the latest film by renowned Macedonian director Milcho Manchevski was promoted. Attendees had the opportunity to enjoy Vase de Pierre, one of the pearls of the French winery [Chateau de Gourdon](#). 

Karolina, Duke, and Ismail

As part of Avalon Production's extraordinary project "Songs of Love and Longing," performed by Karolina, Duke, and Ismail, five fantastic concerts were held in December 2022. Tikveš was part of the events, organizing a sales activation for visitors featuring Alexandria Cuvée wines.

Tikveš Events

Pruning 2022

During the St. Tryphon holiday for growers and winemakers, Tikveš traditionally held a symbolic pruning event at the Lepovo estate vineyards. Government representatives, diplomatic corps members, and Tikveš associates and partners attended the event, which also announced the completion of an investment in renewable energy production capacity and the expansion of the portfolio with three new wines.



Young Wine Festival 2022

The 13th edition of the Young Wine Festival took place in 2022, allowing numerous guests, collaborators, and partners from the country and region to taste young wines of several varieties from the 2022 harvest. The festival featured live music and was hosted by actor Saško Kočovski. The event's theme, "For wine, in harmony with nature," highlighted Tikveš' green and digital transformation into the region's first green winery.



Diplomatic Grape Harvest

The unique Diplomatic Grape Harvest event brought together members of the diplomatic community to share an unforgettable experience and build bridges of cooperation. In 2022, the event took place at the Lepovo vineyards, with a focus on certified organic grape production and the 2021 Domaine Lepovo Chardonnay, the first wine produced from organic grapes.



Knight of the Legion of Honor Award Event

Tikveš' President of the Board of Directors, Svetozar Janevski, received the "Knight of the Legion of Honor" order from the President of the French Republic. The French ambassador in Skopje, Cyril Baumgartner, presented the award on behalf of President Emmanuel Macron. To celebrate this prestigious honor, Tikveš Winery organized a festive event at Hotel Limak, where the company shared this significant achievement with friends and associates.



Digital Marketing Activities

Over the past years, Tikveš has focused on increasing the use of digital tools and social media in marketing and promotional activities. We maintain an active presence on social networks, including Instagram, Facebook, and LinkedIn. To personalize their approach to consumers, special Facebook and Instagram accounts were created for the Serbian market, catering to specific preferences and market specifications.



TIKVEŠ 1885
CHÂTEAUX & DOMAINES

CHÂTEAU
GOURDON



TERRASSE A L'OMBRE 2019

Awards And Accolades

In 2022, Tikveš wines received 98 awards and recognitions at top international wine competitions. These included 4 platinum, 4 double gold, 25 gold, 24 silver, and 24 bronze medals, as well as 7 special awards.

Significant achievements include:



Gold medals at Mundus Vini

for **Sauvignon Blanc Barovo** 2021, **Barovo Red** 2019, **Domaine Lepovo Pinot Noir** 2019, and **Terrasse à l'Ombre** 2019, with the latter also being named "Best Wine of the Rhône Valley."



Double gold medal

for **Vranec Luda Mara** 2019 at the China Wine & Spirits Awards - Best Value 2022 held in Hong Kong.



Seven awards from Les Citadelles du Vin, including three gold and silver medals each and a specialized award from Sommeliers International for **Bela Voda Red** 2019.



A total of 31 awards at the IWC and Decanter World Wine Awards

in Great Britain, including a gold medal and a trophy for the best wine from Macedonia for **Merak** at the IWC and a platinum medal for this wine at Decanter.



Grand Trophy

for **Bela Voda White** 2021 and the title of the best wine from Macedonia for **Vranec Luda Mara** 2019 at the Balkans International Wine Competition in Bulgaria.



A Trophy in the category of red wines

from indigenous varieties for **Barovo Red** 2019 at the Wine Vision by Open Balkans fair held in Belgrade, where Tikveš wines also won an additional 14 medals.



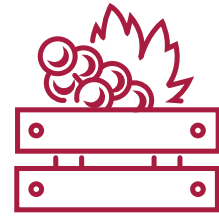
TROPHY



Industry Trends and Outlook

TIKVEŠ | ANNUAL REPORT 2022

Industry Trends and Outlook



The wine market has been facing a long-term trend of slowly declining volumes across various markets, with H1 2021-2022 volumes down by 5% compared to previous years. Among the top 20 wine markets, only Brazil has seen an increase in wine consumption since 2017. The number of regular wine drinkers is also on a downward trend, especially in the LDA-34 (Legal Drinking Age up to 34 years old) age segment.

E-COMMERCE GROWTH

The wine industry has experienced a significant boost in e-commerce during the pandemic, with many consumers ordering online for the first time. E-commerce platforms are becoming the preferred channel for purchasing wine, providing convenience and a wider selection. This trend is expected to continue, with online sales of alcohol trending upwards in key markets. As much as a third of wine drinkers in the US, Canada, and Brazil who do not currently order online are open to the idea, presenting an opportunity for market expansion. Additionally, digital tools, such as wine apps and virtual tastings, are enriching the wine-drinking experience and enhancing customer engagement.

PREMIUM WINES AND SPARKLING WINE

Sparkling wine has gained popularity for informal home consumption during the pandemic, with Prosecco and Champagne leading the trend. This has resulted in an increase in demand for sparkling wine in the US and Canada. The premiumization trend in wine, characterized by a “buy less but better” attitude, has been driven by younger adult wine drinkers who are more willing to explore the category. This trend of seeking high-quality, premium wines and unique wine experiences is expected to continue, offering growth opportunities for premium wine producers.



Environmental concerns and the growing demand for sustainable products are driving the adoption of eco-friendly practices in the wine industry.



LOW-ALCOHOL AND ALTERNATIVE WINES

Low-alcohol wines have been performing better than no-alcohol wines in markets such as the US, Germany, Japan, and the UK. Additionally, the “less but better” trend has created opportunities for alternative wines such as organic, natural, and sustainably-produced wines. These wines resonate with the health and environmental concerns of younger generations and are well-positioned to capitalize on the shift towards premiumization.

ECONOMIC CHALLENGES AND CONSUMER SENTIMENT

The uncertain global economic outlook poses a challenge for the wine industry. While the majority of wine drinkers remain confident in their ability to handle personal finances, many are cutting back on wine spending. European consumers, in particular, are expecting to buy less and cheaper wine in the near future. However, the long-term outlook for the global wine-drinking population remains optimistic, despite short-term caution.

SUSTAINABILITY AND ORGANIC WINE

Environmental concerns and the growing demand for sustainable products are driving the adoption of eco-friendly practices in the wine industry. Producers are focusing on organic and biodynamic wines, utilizing innovative packaging solutions, and implementing energy-efficient production methods to minimize their environmental footprint.

EMERGING MARKETS AND NEW CONSUMERS

The global wine market is expanding into emerging economies such as China, India, and Brazil. As the middle class grows in these regions, so does the demand for wine. Producers are targeting these new consumers with tailored marketing campaigns and wines specifically designed to cater to their tastes and cultural preferences.

INNOVATION IN WINEMAKING

Technological advancements are enabling winemakers to experiment with new methods to improve the quality and consistency of their products. Innovations such as precision viticulture, AI-driven decision making, and alternative fermentation techniques are reshaping the wine production process.

Data: Tikveš and IWSR - Key trends for wine in 2023 and beyond



TIKVEŠ

SINCE 1885



SKOPJE JAZZ FESTIVAL
2022



Tikveš Going Forward

TIKVEŠ | ANNUAL REPORT 2022

Tikveš Going Forward




At the heart of our winemaking philosophy lies a commitment to excellence in viticulture, sustainable practices, and creating exceptional wine brands. Our collaboration with world-recognized centers for viticulture, such as Montpellier University in France and Perleuve in Italy, ensures that we remain at the forefront of cutting-edge techniques and practices in the industry.

We are dedicated to the production of organic and biodynamic wines, utilizing sustainable practices throughout every step of the process. By working closely with the Tikveš winemaking school, we incorporate the best of our heritage, while continuously learning from our enological team's experiences in renowned wine production centers across the globe, including France, Australia, and New Zealand.

Our wine brands are built on unique selling propositions, featuring original blends of local and international varieties from distinguished terroirs with exceptional potential in France and Macedonia. This approach allows us to offer our customers a diverse and unparalleled selection of wines, each with its own distinct character and story.

Sustainability is at the core of our operations, as we strive to be an ESG-compliant company with a clear mission: achieving full decarbonization by 2050. This commitment not only reflects our concern for the environment but also solidifies our reputation as a responsible and forward-thinking company.





Embracing innovation, we are transforming into a data-driven organization, utilizing advanced technology and analytics to optimize decision-making, streamline operations, and improve overall efficiency. This will enable us to better anticipate market trends, adapt to customer needs, and deliver the highest-quality products and services.

Central to our success is the cultivation of strong partnerships with our customers, and our dedication to providing memorable experiences for our consumers. We believe that our commitment to excellence, sustainability, and innovation positions us as a leader in the industry, as we continue to produce exceptional wines and foster meaningful connections with our customers and the communities we serve.

Tikveš remains committed to the growth and development of the regional markets, with a particular focus on Serbia, Croatia and Bosnia and Herzegovina, maintaining the market share and maintaining the product mix (with expected premiumization) on the domestic market and taking advantage of the opportunities for promotion and improvement of international sales markets.

“

**We are
dedicated to
the production
of organic and
biodynamic
wines.**

”





Financial Reports

TIKVEŠ | ANNUAL REPORT 2022

Consolidated financial reports | 2022

TIKVES WINERY AD - Kavadarci

CONSOLIDATED INCOME STATEMENT for the year ended at 31 December

	Notes	2022 (000) MKD	2021 (000) MKD
Revenues from sales	8	2,784,314	2,094,436
Less for trade discounts and rebates	8	(555,402)	(176,236)
Net revenues from sales		2,228,912	1,918,200
Cost of sales	9	(1,107,686)	(947,357)
GROSS PROFIT		1,121,225	970,843
Other operating income	10	118,078	60,232
Distribution (sales) costs	11	(272,752)	(226,712)
Administrative expenses	12	(185,141)	(125,693)
Other operating expenses	13	(538,727)	(502,563)
OPERATING PROFIT		242,682	176,106
Financing income (expenses)	14	(21,485)	(17,728)
Capital gain (losses) on investments		-	-
PROFIT BEFORE TAXATION		221,197	158,378
Income tax expense	16	(28,470)	(21,573)
NET PROFIT FOR THE PERIOD		192,727	136,805
Net profit (loss) for:			
Owners of the parent company		192,727	136,805
Non-controlling interest in the subsidiaries		-	-
		192,727	136,805
Basic earnings per share (MKD per 1 share)	32	712.62	505.84

The income statement analysis by nature of costs for 2022 and 2021 is as follows:

Revenues from sales	2,228,912	1,918,200
Other operating income	118,078	60,232
Changes in inventory of finished goods	130,398	(84,561)
Raw materials used	(1,076,684)	(740,219)
Depreciation	(114,398)	(103,271)
Employees expenses	(249,143)	(176,189)
Other operating expenses	(794,480)	(698,085)
Operating profit	242,682	176,106

TIKVES WINERY AD - Kavadarci
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December

	Notes	2022 (000) MKD	2021 (000) MKD
ASSETS			
Non-current assets			
Property and equipment	17	1,416,249	1,373,344
Intangibles assets	18	9,847	9,227
Long-term loans	23	216,537	130
Investments available for sale	19	29,025	28,805
Total non-current assets		1,671,657	1,411,506
Current assets			
Inventories	20	1,158,212	992,388
Trade receivables	21	760,483	678,016
Receivables for advances	22	42,297	36,492
Short-term loans	23	133,338	153,283
Other short term assets and accrued expenses	24	52,827	42,550
Cash and cash equivalents	25	91,511	210,432
Total current assets		2,238,668	2,113,161
TOTAL ASSETS		3,910,325	3,524,667
EQUITY AND LIABILITIES			
Equity			
Shareholders capital	26	842,962	842,962
Share premium (additional paid in capital)		169,135	169,135
Reserves		105,527	105,538
Revaluation and other reserves		28,795	28,575
Accumulated income		1,190,293	997,723
Equity of the owners of the Company		2,336,712	2,143,933
Non-controlling interest		(583)	(740)
Total equity		2,336,129	2,143,193
Non-current liabilities			
Long-term borrowings and leases	29	293,024	392,407
Deferred income from grants	28	23,134	21,931
Provisions	34 v	14,029	14,029
Total non-current liabilities		330,187	428,367
Current liabilities			
Trade payables	30	914,458	708,613
Short-term borrowings	31	78,471	-
Current maturity of long-term borrowings	29	189,584	193,675
Other current payables and accrued expenses	27	61,497	50,819
Total current liabilities		1,244,009	953,107
Total liabilities		1,574,196	1,381,474
TOTAL EQUITY AND LIABILITIES		3,910,325	3,524,667

On 24 April 2023, the Company's Steering Board has approved these financial statements and proposed them to the Shareholders Assembly.

TIKVES WINERY AD - Kavadarci

CONSOLIDATED CASH FLOW STATEMENT for the year ended at 31 December

	Notes	2022 (000) MKD	2021 (000) MKD
Cash flow from operating activities			
Profit (loss) before taxation		221,197	158,378
Adjustment for:			
Depreciation	17;18	114,398	103,271
Interest expense (income) and dividends, net	14	19,992	18,616
Income from write-off payables	10	(591)	(3,882)
Amortization on deferred grants	28	(3,548)	(3,088)
Impairment losses for bad receivables	13	478	33,814
Write off of other receivables	10	290	-
Write off of given loans		1,504	-
Impairment losses and write off of given advances	13	5,855	-
Income from donations of fixed assets		-	-
Expenses for donations of fixed assets		-	412
Other expenses and reconciliations		(12)	66
Capital (gain) / loss from disposed fixed assets		38	631
Profit (loss) before changes in operating assets		359,602	308,218
Trade receivables		(82,945)	(176,570)
Receivables for advances		(11,660)	(7,057)
Other current assets and prepaid expenses		(11,622)	(14,534)
Inventories		(165,824)	100,486
Trade payables		206,435	191,201
Other current liabilities and accrued expenses		11,991	7,265
Net cash used in operations		305,977	409,008
Paid interest		(21,921)	(20,208)
Paid income tax		(23,977)	(13,135)
Net cash flows from operating activities		260,079	375,665
Cash flow from investing activities			
Disposal (acquisition) of securities	19	0	-
Proceed (repayments) from loans, net	23	(197,966)	(37,597)
Interest proceeds	14	485	185
Dividend proceeds	14	1,444	1,405
Acquisition of property, plant and equipment	17	(155,894)	(151,092)
Acquisition of licences	18	(2,067)	(1,706)
Proceeds from disposed property, plant and equipment	17	-	-
Net cash flows from investing activities		(353,997)	(188,805)
Cash flow from financing activities			
Dividends paid			
Long-term borrowings proceeds (repayments)	29	(103,474)	5,334
Short-term borrowings proceeds (repayments)	31	78,471	(40,000)
Net cash flows from financing activities		(25,003)	(34,666)
Net increase (decrease) of cash and cash equivalents		(118,921)	152,194
Cash and cash equivalents at the beginning of the year	25	210,432	58,238
Cash and cash equivalents at the end of the year	25	91,511	210,432

Notes comprise an integral part of the Consolidated Financial Statements

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TIKVES WINERY AD - Kavadarci

INCOME STATEMENT for the year ended at 31 December

	Notes	2022 (000) MKD	2021 (000) MKD
Revenues from sales	8	2,691,946	1,941,201
Less for trade discounts and rebates	8	(557,302)	(176,217)
Net revenues from sales		2,134,644	1,764,984
Cost of sales	9	(1,108,746)	(947,378)
GROSS PROFIT		1,025,898	817,606
Other operating income	10	101,870	45,249
Distribution (sales) costs	11	(272,223)	(226,080)
Administrative expenses	12	(157,869)	(106,229)
Other operating expenses	13	(465,337)	(347,293)
OPERATING PROFIT		232,339	183,253
Financing income (expenses)	14	(22,302)	(17,240)
Capital gain (losses) on investments		-	-
PROFIT BEFORE TAXATION		210,037	166,013
Income tax expense	16	(26,011)	(21,576)
NET PROFIT FOR THE PERIOD		184,026	144,437
Basic earnings per share (MKD per 1 share)	32	680	534

The income statement analysis by nature of costs for 2022 and 2021 is as follows:

Revenues from sales	2,134,644	1,764,984
Other operating income	101,870	45,249
Changes in inventory of finished goods	130,398	(84,561)
Raw materials used	(1,059,533)	(728,408)
Depreciation	(111,014)	(100,663)
Employees expenses	(221,871)	(156,725)
Other operating expenses	(742,155)	(556,623)
Operating profit	232,339	183,253

TIKVES WINERY AD - Kavadarci
STATEMENT OF FINANCIAL POSITION as at 31 December

	Notes	2022 (000) MKD	2021 (000) MKD
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,363,043	1,317,820
Intangibles assets	18	8,915	7,892
Long-term loans	23	76,454	130
Investments in subsidiaries	19	112,586	112,278
Investments available for sale	19	29,025	28,805
Total non-current assets		1,590,023	1,466,925
Current assets			
Inventories	20	1,138,287	973,395
Trade receivables	21	819,305	767,774
Receivables for advances	22	42,297	36,485
Short-term loans	23	173,960	201,747
Other short term assets and prepaid expenses	24	35,059	24,245
Cash and cash equivalents	25	30,981	40,232
Total current assets		2,239,888	2,043,877
TOTAL ASSETS		3,829,911	3,510,802
EQUITY AND LIABILITIES			
Equity			
Shareholders capital	26	842,962	842,962
Share premium (additional paid in capital)		169,135	169,135
Reserves		105,863	105,863
Revaluation and other reserves		28,795	28,575
Accumulated income		1,373,169	1,189,143
Total equity		2,519,924	2,335,678
Non-current liabilities			
Long-term borrowings and leases	29	293,024	392,407
Deferred income from grants	28	14,648	12,985
Provision for litigation claims	34 c	14,029	14,029
Total non-current liabilities		321,701	419,421
Current liabilities			
Trade payables	30	669,556	521,407
Short-term borrowings	31	78,471	-
Current maturity of long-term borrowings	31	189,584	193,675
Other current payables and accrued expenses	27	50,675	40,621
Total current liabilities		988,286	755,703
Total liabilities		1,309,987	1,175,124
TOTAL EQUITY AND LIABILITIES		3,829,911	3,510,802

On 24 April 2023, the Company's Steering Board has approved these financial statements and proposed them to the Shareholders Assembly.

TIKVES WINERY AD - Kavadarci
CASH FLOW STATEMENT for the year ended at 31 December

		2022	2021
	Notes	(000) MKD	(000) MKD
Cash flow from operating activities			
Profit (loss) before taxation		210,037	166,013
Adjustment for:			
Depreciation of property, plant and equipment	17;18	111,014	100,663
Interest expense (income), net	14	20,184	18,228
Income from write-off payables	10	(590)	(3,882)
Amortization on deferred grants	28	(3,088)	(3,088)
Impairment losses for bad receivables	13	477	10,652
Write off of other receivables	13	291	-
Write off of short-term loans	13	1,504	-
Impairment and write off receivables for advances	22	5,855	-
Expenses for donations on fixed assets	17	-	412
Capital gain (loss) from disposed fixed assets	13	-	631
Profit (loss) before changes in operating assets		345,684	288,998
Trade receivables		(52,008)	(163,827)
Receivables for advances		(11,667)	(7,163)
Other current assets and prepaid expenses		(11,105)	(5,173)
Inventories		(164,892)	94,998
Trade payables		148,739	91,984
Other current liabilities and accrued expenses		11,357	6,317
Net cash used in operations		266,108	306,134
Paid interest		(21,678)	(19,642)
Paid income tax		(22,563)	(22,373)
Net cash flows from operating activities		221,867	264,119
Cash flow from investing activities			
Cash inflows (outflows) from sales of investments		(308)	-
Loans given/collected, net	23	(50,041)	(55,845)
Interest proceeds	14	50	7
Dividend proceeds	14	1,444	1,405
Acquisition of property, plant and equipment	17	(155,192)	(149,664)
Acquisition of licences	18	(2,068)	(903)
Proceeds from disposed property, plant and equipment	17	-	-
Net cash flows from investing activities		(206,115)	(205,000)
Cash flow from financing activities			
Dividends paid		-	-
Proceeds (repayment) of long-term borrowings	29	(103,474)	5,334
Proceeds (repayment) of short-term borrowings	31	78,471	(40,000)
Net cash flows from financing activities		(25,003)	(34,666)
Net increase (decrease) of cash and cash equivalents		(9,251)	25,084
Cash and cash equivalents at the beginning of the year	25	40,232	15,148
Cash and cash equivalents at the end of the year	25	30,981	40,232

