

***INCOME AND EXPENDITURE BUDGET
FOR THE YEAR 2019***

For 2018, the company has set the income volume, their structure on chapters and subchapters, the expenditures volume on destinations and respectively on economic structure by their nature and also the results to be achieved from the performed activity during the year.

The income and expenditure budget is based on a production and sales program approved by the Board of Directors for the year 2019.

To achieve the production program the resources of main raw materials such as malt and hops are provided until the end of 2019.

The malt production program in the fourth quarter of 2019 will be achieved by providing the basic raw materials of the harvest of 2019, and the malt manufacturing process will begin in the third decade of September 2019 and it will be completed in the first decade of December 2020.

From the new harvest is necessary to purchase 3.800 tons of barley of which 3.100 tons of barley for malting, quantity to be purchased and paid in the months of July to September 2019 and about 27 tons of pellets with at least 5% alpha acids, thus ensuring the continuity of the production process and the material basis for the production of beer in quarters I, II and III of 2020.

The main materials necessary for the production of consumables in the manufacturing process of production, fermentation - maturation, filtering, bottling and delivering beer are rhythmically supplied under contracts concluded with the suppliers according to the production volume for the period, permanently ensuring safety stocks for normal production process.

Referring to the coverage of the beer sales program with contracts we mention that we have already contracted the entire beer quantity for 2019, having signed contracts with 41 resellers and wholesalers.

The necessary conditions for selling beer in the commercial network by proper equipment of customers (during the commercial relationships):

- KEG type Stainless steel barrels for selling beer on mug;
dispensers for cooling and distributing keg bottled beer;
- "BERMAS" 1/24 and 1/20 customised crates, 0.5l MOLD and NRW bottles;
- transport vehicles for distribution according to our possibilities and specialized personnel for the hygiene of facilities, control of the network and marketing;
- promotional materials and advertising logistics.

During the year, given the current competitive environment on the beer market, in order to maintain market segments, the company will provide supplementary equipment if necessary and following the customers' demands.

In the general activity of our company we have also considered auxiliary activities to maintain the normal operation of equipment, plants, the protection and maintenance of buildings and space inside the premises, by performing ordinary maintenance and repairs, current and capital overhaul servicing of the production facilities.

The summary of income and expenditure budget detailed for income in chapters according to their nature and for expenditure in the economic structure by the type of activity is attached in its annexes.

The basic indicators of economic activity for 2019 have the following estimated levels:

- **Total income: 39.663.879 lei, of which:**
 - Operating income: 39.663.879 lei
- **Total expenditure: 37.760.949 lei, of which:**
 - Operating expenses: 36.654.049 lei
 - Financial expenditure: 1.106.900 lei
- **Net turnover: 34.458.499 lei**
- **Gross profit: 1.902.930 lei**
- **Net profit: 1.598.461 lei.**

Compared to the results of the previous year, preliminary indicators for 2019 have the following developments:

- Production and sales volume was set over the result of the previous year by 2%;
- Total revenue: increase by about 12,5%
- Net turnover: increase by about 14%
- Net profit is estimated down 2,5%

For the elaboration and substantiation of income and expenditure budget we have made assessments of the production potential both in terms of technical performance, of existing facilities and manpower and also projected estimates for work in progress, of some economic, financial and contractual factors.

We have considered the following elements:

- the stocks of basic raw materials (malt, barley, hops) existing at the beginning of the year at purchase or production price, as appropriate;
- maintaining prices for basic raw materials (barley, hops) from the harvest of 2019 at the level of 2018 and those imported for hops;
- maintaining the price of natural gas at the level of December 2018;
- moderate increase in the price of drinking water and sewerage starting the third quarter of 2019;
- lower electricity prices from the second quarter of 2019 by about 10% compared to January 2019;
- Maintaining the total labor costs if the economic and financial situation allows it, taking into account a slight increase from the fourth quarter of 2019;
- appropriate sizing of the cost for repairs, maintenance, spare parts and other similar charges;
- optimization of the specific consumption of raw materials, materials and technological utilities;
- an estimated exchange rate of the national currency against the EURO of maximum 4.8 lei / € for the evaluation of acquisitions for production activities;
- an increase in delivery prices for beer varieties made with 10%.

The achievement of forecast indicators for 2019 is conditioned by:

- The performance of the production and sales;
- Maintenance of the unitary excise unit / degree Plato / hl at the current level;
- Purchase of new raw materials from the new harvest at competitive prices;
- Maintenance of the employment costs within the limits prescribed in the income and expenditure budget correlated with the possibility of increasing the forecast delivery prices according to the market conjuncture;
- The stability and predictability of the overall economic performance that is favorable to the business environment.

Considering the factors that could affect the achievement of indicators in this income and expenditure budget during the year in case of major influences, we will proceed to rectify it periodically, once with the financial-accounting reports for that period.

INCOME AND EXPENDITURE BUDGET FOR 2019

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Indicators	Ro w no.	Done in previous year	Provisions of the current year. Total of which:	Quarter			
				I	II	III	IV
<i>1</i>	2	3	4	5	6	7	8
I. TOTAL REVENUES, (rd.02 +rd 09) Of which:	01	35,253,493	39,663,879	5,597,953	12,676,561	13,742,868	7,646,498
1. Operating revenue, (rd.06+07+08) of which:	02	35,253,486	39,663,879	5,597,953	12,676,561	13,742,868	7,646,498
a) Revenues from the sales of finished products (beer)	03	29,871,249	34,082,339	4,223,643	11,943,026	13,113,810	4,801,860
b) Revenues from the sale of by-products	04	342,911	362,160	95,570	120,715	80,458	65,418
c) Revenues from services	05	11,608	14,000	3,500	5,000	3,000	2,500
d) Net turnover (a+b+c)	06	30,225,768	34,458,499	4,322,713	12,068,741	13,197,268	4,869,778
e) Revenues from stored production	07	4,119,021	4,150,000	1,200,000	350,000	200,000	2,400,000
f) Other operating revenues	08	908,697	1,055,380	75,240	257,820	345,600	376,720
2. Financial revenues	09	7	0				
II. TOTAL EXPENDITURE, (rd. 11+rd.25) Of which:	10	33,335,949	37,760,949	7,505,031	10,527,323	9,711,916	10,016,680
1. Operating expenditure, (rd.16+rd.17+rd.18+rd.19+rd.20+rd.24) of which:	11	32,251,864	36,654,049	7,357,031	10,131,523	9,291,116	9,874,380
a) Raw materials	12	6,512,971	8,317,137	1,701,098	2,123,917	1,665,996	2,826,126
b) Main materials + packaging	13	1,966,274	2,328,363	324,813	790,245	861,460	351,845
c) Fuel, spare parts, packaging and other material expenditure	14	2,025,162	2,173,600	466,300	625,800	617,800	463,700

d) Energy and water	15	3,647,338	4,030,550	770,520	958,960	991,860	1,309,210
Total material expenditure (a+b+c+d)	16	14,151,745	16,849,649	3,262,731	4,498,923	4,137,116	4,950,880
e) Third party works and services	17	2,124,489	2,351,100	269,600	910,500	743,400	427,600
f) Taxes and duties	18	410,929	430,400	108,900	109,500	116,500	95,500
g) Operation expenditure for depreciation and provisions	19	1,593,212	1,550,000	387,500	387,500	387,500	387,500
h) Employment charges –TOTAL din care:	20	12,586,108	14,290,400	3,246,300	3,876,300	3,734,900	3,432,900
Salaries expense	21	11,348,969	12,904,200	2,979,700	3,448,700	3,478,900	2,996,900
Social security and insurance costs	22	636,200	726,200	106,600	257,600	86,000	276,000
Meal vouchers costs	23	600,939	660,000	160,000	170,000	170,000	160,000
i) Other operating expenditure	24	1,385,381	1,182,500	82,000	348,800	171,700	580,000
2. Financial expenditure -TOTAL Of which:	25	1,084,085	1,106,900	148,000	395,800	420,800	142,300
-Interests	26	40,826	52,200	14,000	25,300	6,400	6,500
-Other financial expenditure	27	1,043,259	1,054,700	134,000	370,500	414,400	135,800
III. Gross result - PROFIT	28	1,917,544	1,902,930		2,149,238	4,030,952	
-LOSS	29			1,907,078			2,370,183
IV. Tax on profit	30	277,954	304,469		38,746	265,723	

President of the Board of Directors - ec. Anisoï Elena