

***INCOME AND EXPENDITURE BUDGET  
FOR THE YEAR 2020***

For 2020, 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 2020.

To achieve the production program the resources of main raw materials such as malt and hops are provided until the end of 2020.

The malt production program in the fourth quarter of 2020 will be achieved by providing the basic raw materials of the harvest of 2020, and the malt manufacturing process will begin in the third decade of September 2020 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 3.200 tons of barley for malting, quantity to be purchased and paid in the months of July to September 2020 and about 25 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 2021.

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 2020, having signed contracts with 40 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 2020 have the following estimated levels:

- **Total income: 41.347.349 lei, of which:**
  - Operating income: 41.347.349 lei
- **Total expenditure: 39.516.461 lei, of which:**
  - Operating expenses: 38.235.211 lei
  - Financial expenditure: 1.281.250 lei
- **Net turnover: 34.447.379 lei**
- **Gross profit: 1.830.918 lei**
- **Net profit: 1.537.971 lei.**

Compared to the results of the previous year, preliminary indicators for 2020 have the following developments:

- Production and sales volume was set over the result of the previous year by 5%;
- Total revenue: increase by about 6,7%
- Net turnover: increase by about 8,2%
- Net profit is estimated down 21,5%

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;
- about 5% increase in prices for basic raw materials (barley, hops) from the harvest of 2020 and a EURO course of 4.85 lei;
- maintaining the price of natural gas at the level of December 2019;
- moderate increase in the price of drinking water and canal starting from February 2020 already modified as well as an increase of another 4% by the end of the year;
- maintaining the price for electricity for the whole of 2020 at the level recorded on December 31, 2019;
- the increase of the total costs with the labor force, taking into account the need to increase the salaries of all employees starting with 01.07.2020, with about 10% considering the increase of the minimum wage in the economy starting with 01.01.2020, the company having a small number of employees with salary minimum - the majority being qualified and with higher education;
- 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 4.85 lei / € for the evaluation of acquisitions for production activities;
- an increase in delivery prices for beer varieties made with 4-5%.

The achievement of forecast indicators for 2020 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.

***President of the Board of Directors - ec. Anisoii Elena***