



## Forecasting Policy for Purcari Wineries Public Company Limited

*Updated as of: December 11, 2018*

This policy describes the formal approach used by Purcari Wineries Public Company Limited (hereinafter referred to as the “Company”) to project its financial performance for the short- and mid-term period. The goal of the forecasting policy is (i) to outline the approach to forecasting and guidance taken by the Company and (ii) to ensure efficient and fair communication of financial information to the Company’s shareholders.

### Forecasting process

On an annual basis, the Company prepares a detailed Budget, reflecting at least quarterly performance metrics, which is approved by the Board of Directors. The budgeting process is led by financial department of the Company and its CFO, who are responsible for verifying, aggregating, consolidating and assessing estimates provided by business units, as well as communicating and confirming resulting projections with the Company’s management prior to Board of Directors approval. The Board of Directors shall approve the Budget for the upcoming year no later than December 31 of the preceding year. The forecasting process is based on a range of assumptions and input factors, including but not exclusive to:

- External factors: macroeconomic parameters; expected changes in global and local consumer trends; changes in input costs, including materials, labor, utilities; changes in market-standard costs and terms of financing; changes in effective tax regimes or regulatory requirements in geographies of operations; other.
- Internal factors: decisions to expand business in new or existing geographies, M&A policy, changes in target product output and mix; changes in operational efficiency, evolution of overhead expenditures; capital investment program; dividend and share buyback policy, other.

All external assumptions are based on verifiable high-quality sources, such as government statistical offices, rating agencies, recognized research companies, other.

### Disclosure of projections

Detailed forecasted financial statements are prepared exclusively for internal use of the Company’s management and are not made public. At management’s discretion, select elements of the forecasts, based on the Budget, can be used internally for auxiliary purposes, such as setting internal KPIs and benchmarks for the Company’s units, personnel performance assessment purposes, other.

To provide an estimate of future financial performance to its shareholders, the Company may publish an Annual Guidance on select metrics. The Company shall aim to publish the Annual Guidance following the announcement of year-end results. The Company shall aim to update its Annual Guidance on quarterly basis, if relevant, published in quarterly results presentation uploaded on the Company’s website. The specific metrics selected for the Annual Guidance may vary from year to year, but will typically include revenue and margin metrics. For FY2018, in its first Annual Guidance, the Company disclosed three Guidance points:

- Organic revenue growth guidance – year-on-year increase in Net Revenue, net of possible effects of M&A and divestiture, on a consolidated basis, using the Company’s results for the previous year as basis;
- EBITDA margin guidance - % of EBITDA in relation to Net Revenue, calculated for a given full year on consolidated basis;
- Net Income guidance - % of Net Income in relation to Net Revenue, calculated for a given full year on consolidated basis.

All guidance metrics are reported either as precise figures or as range. The Company reserves the right to amend the list of guidance indicators published going forward. By its nature, any forward-looking guidance is not a guarantee of future performance and is associated with uncertainty. Actual results may differ materially from the guidance points published, depending on a variety of external and internal factors.

Upon recommendation of the CFO, based on input from executive managers, the Annual Guidance as well as any quarterly updates to the guidance, shall be brought to the attention of the Board of Directors, yet the ultimate decision regarding the guidance provided shall be made by the CEO of the Company, in close consultation with CFO and other relevant managers.