

Forecast Methodology and Assumptions

Documentation

1. Purpose

This document outlines the methodology and key assumptions used in the preparation of the business revenue forecast for the fiscal year 2025. It provides a transparent and systematic approach to forecasting, ensuring clarity for stakeholders and contributors.

2. Methodology Overview

The 2025 business revenue forecast is prepared using a **top-down approach** supplemented by historical trend analysis and management insights. The main steps include:

- Review of actual performance data for the previous three years
- Adjustments for seasonal fluctuations and macroeconomic indicators
- Application of growth rates based on industry trends and company initiatives
- Monthly breakdown and aggregation for a full-year outlook

3. Key Assumptions

- **Macroeconomic Environment:** No major changes in market conditions or economic downturns are anticipated.
- **Sales Growth:** Forecast assumes a 7% year-over-year growth rate based on expansion into new markets.
- **Pricing:** Average unit price will remain stable, in line with current contracts and market rates.
- **Client Retention:** Customer churn rate is expected to remain below 5%.
- **No Significant Regulatory Changes:** Regulatory environment is assumed to remain consistent throughout the forecast period.

4. Data Sources

- Company historical financial data (2021–2024)
- Publicly available industry market research
- Internal management reports and interview notes
- External economic forecasts (OECD, World Bank)

5. Limitations

- The projections are subject to change based on unforeseen market events.
- Forecasts are reliant on the accuracy and completeness of historical and market data.
- Assumptions may need revision should there be significant strategic shifts or economic changes.

Important Notes:

- Clearly stating methodologies and assumptions enhances forecast transparency and credibility.
- This document should be updated when new data or insights become available.
- Stakeholder input strengthens the quality and relevance of forecasts.
- All assumptions should be justified and documented for future reference.