



## **TURBOMECHANICA**

**Bd. Iuliu Maniu Nr. 244 District 6 Zip Code 061126 Bucharest - Romania**

**Tel .: (+4) 021 434 32 06; (+4) 021 434 07 41 Fax: (+4) 021 434 07 94**

**European Unique Identifier (EUID) [ROONRC.J40/533/1991](#)**

**Commerce Registry Code J40/533/1991**

**Tax Code RO3156315 Unique Registration Code 3156315**

**Subscribed share fully paid capital 36,944,247.50 RON**

**[www.turbomecanica.ro](http://www.turbomecanica.ro); e-mail: [office@turbomecanica.ro](mailto:office@turbomecanica.ro)**

---

**No. 10/14.05.2021**

### **QUARTERLY REPORT RELATED TO THE COMPANY'S FINANCIAL RESULTS IN THE FIRST QUARTER 2021**

#### **REPORT OF THE BORD OF ADMINISTRATION OF TMB FOR FIRST QUARTER 2021**

**TURBOMECHANICA SA** is a Romanian entity having the legal form of open a joint stock Company according to the Constitutive Act and applicable regulations, privately owned, whose shares are listed on the Bucharest Stock Exchange.

Its field of activity is exclusively manufacturing and according to the classification of activities in the national economy, its main object of activity is the Manufacturing of engines, mechanical assemblies and equipment for aircraft – NACE CODE 3030.

The Company carries out its activity in a highly competitive environment according to the widely recognised principles of corporate governance, in accordance with Romanian legislation, the legislation of the European Union and international practices, supplying on domestic and foreign markets products and services both in the field of defence and civil aviation.

The Company has a long history of start-ups; it has experienced diversification and developments, but also restructures, falls, searches, new beginnings. However, throughout all this time, it has never stopped operating in the aviation and defence industry.

The financial results will be included in the financial statements of Q12021, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

**1. Statement of profit and loss:**

	<b>31 MARCH 2021</b>	<b>30 MARCH 2020</b>
Revenues	21.805.812	31.063.329
Other gains and loss	962.117	(2.572.642)
Change in inventories of finished goods and work in progress	1.881.922	4.063.490
Raw materials and consumables used	(9.014.993)	(11.839.301)
Employee benefits expense	(10.942.475)	(10.184.695)
Depreciation and amortisation expense	(2.822.060)	(2.141.705)
Finance cost, net	(418.127)	(473.884)
]Othe operating expenses	(2.301.956)	(2.744.726)
<b>Gross profit/Profit before tax</b>	<b>(849.760)</b>	<b>5.169.865</b>
Income tax expense/ benefit	-	1.250.804
<b>Net profit</b>	<b>(849.760)</b>	<b>3.919.061</b>

The Company recorded operating revenues in amount of Lei 23.717.507 and operating expenses in amount of Lei 24.383.853

The largest share of this revenue was made through specific activities related to the production profile of the Company.

Turnover decreased by 29,8% compared to the same period last year.

TBM record a turnover of 21.8 million lei in the first three months of 2021, below the budgeted amount by approximately 19%, but - in the same time - above the average turnover recorded for the first quarter of the last 5 years about RON 19 mil. lei.

Although the decrease seems significant compared to the turnover of RON 31 mil in Q1 2020, it should be taken into consideration that quarter value was an exception and the value in 2021 is more close to 2017-2019 values:

(RON)	Q1 2017	Q1 2018	Q1 2019
<b>Turnover</b>	19.358.538	17.580.872	18.000.678

In the same time, comparing with budgeted values, during the analyzed period the Company is below the budgeted amount by RON 4.1 mil. lei, of which the amount of RON 3.6 mil. lei is related to IAR Brasov in March 2021.

It is important to keep in mind that this evolution is due to the specificity of the maintenance activity, affected in February - March by the covid cases within directly productive employees.

TBM intend to recover the difference, therefore the expectations indicate that turnover will achieve at the end of 2021 in the budgetary turnover of RON 117.6 mil.

Revenues related to the cost of production in progress and the variation of stocks, had an decrease of 53,69% compared to the same period last year. The decrease always comes from the variations (increases / decreases) in the production in progress, release / launch of new orders (according to customer requirements) and finalization of orders in the production process.

**Raw material expenses** decreased compared to last year by 23.86%, in line with the turnover.

Significant decreases were registered on:

- raw materials expenses by 21.4%
- auxiliary materials by 15.5%
- fuel (Kerosene) by 72.4%
- materials not stored by 42.8%

Increases were registered on:

- materials in the form of inventory items, by 22.9%
- expenses regarding purchased materials for COVID 19, by 100%. Due to COVID 19 context, company decided to purchase Health & Safety materials: gloves, masks, disinfectants, worth 101.961 RON.

Salary expenses increased by approximately 6.93% lei in the context of increasing the average number of employees from:

- 473 employees on March 2020,
- to 495 employees on December 2020,
- and 501 employees on March 2021.

Even the turnover decreased, delaying the delivery of some products from Q1 to Q2, this didn't impacted TBM salary policy.

Other operational expenses decreased by approximately 16.1%, this being mainly due to:

- Decrease of expenses:
  - with travel, the main reason of the trips being for motor technical assistance, by 77.5%;
  - entertainment, promotion and advertising, by 35.7%;
  - other third party services (mostly satellite equipment landmarks, Main Transmission Box repairs for internal clients: IAR Brasov, MApN, amounting 646.808 RON

Increased expenses:

- expenses with dual education scholarships. Turbomecanica offers attractive material benefits to students who enroll in Dual Education classes throughout school, in specializations, such as: aircraft mechanic, fine mechanics mechanic, miller, numerically controlled car operator, value 367.818 ron
- Maintenance and repair expenses, by 69,9%

The financial result was not impacted by any additional expenses regarding compensatory payments, non-fulfillment of contractual obligations, other expenses regarding tangible and intangible assets.

Net financial costs remained at about the same level as last year and represent expenses with bank fees, factoring, interest.

Expenditures on depreciation of buildings, equipment, increased by approx. 33%, compared to the same period last year, as a result of the revaluation from 31.12.2020.

The company registered at the end of Q1 a loss in the amount of 849.860 RON, the main reason being the decrease of the turnover. The company undertakes to recover this loss in Q2.

The EBITDA indicator reflects the financial performance of the company and represents the profit before interest, taxes, depreciation and amortization, has a positive value of 2,2 million lei.

## **2. Statement of financial position:**

	<b>31 MARCH 2021</b>	<b>31 DECEMBER 2020</b>
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment, net	70.257.152	71.703.273
Intangible assets, net	1.160.415	1.329.012
Other assets +contractual assets	6.000	12.134.057
<b>Total fixed assets</b>	<b>71.423.567</b>	<b>85.166.342</b>
<b>Current assets</b>		
Inventory	67.546.978	31.173.171
Trade receivables	8.427.203	12.372.365
Other receivables and prepayments	3.028.457	22.319.171
Cash and bank balances	6.970.716	5.148.791
<b>Total current assets</b>	<b>85.973.353</b>	<b>71.013.498</b>
<b>Total assets</b>	<b>157.396.920</b>	<b>156.179.840</b>
<b>Shareholder equity and liabilities</b>		
<b>Shareholder equity</b>		
Share Capital	1.024.571.055	1.024.571.055
Reserves	103.560.022	103.560.022
Retained earnings	(1.020.066.149)	(1.019.216.389)
Own shares	(599.408)	(599.408)
<b>Total shareholder equity</b>	<b>107.465.519</b>	<b>108.315.279</b>
<b>Long term liabilities</b>		
Borrowings LT	4.752.105	4.242.854
Deferred tax liabilities	4.634.038	4.634.038
Provisions LT	2.971.038	30.32.342
<b>Total liabilities TL</b>	<b>12.357.181</b>	<b>11.909.234</b>
<b>Current liabilities</b>		
Short term loans	3.694.051	1.861.530
Borrowings ST	24.693.201	20.424.538
Income tax expense/benefit	-	1.631.433
Provisions ST	2.888.521	3.708.200
Defferend income	-	2.178
Other liabilities ST	6.298.447	8.327.448
<b>Total current liabilities</b>	<b>37.574.220</b>	<b>35.955.327</b>
<b>Total liabilities</b>	<b>49.931.401</b>	<b>47.864.561</b>

**Total shareholder equity and liabilities**

**157.396.920**

**156.179.840**

Tangible and intangible assets - there is a tendency to increase these assets by making investments / modernizations of buildings, machines and equipment from TMB's patrimony.

Applying of IFRS 15 "Revenues from contracts with customers" significantly impacted the company financial position in 2020 due to reclassification of assets: receivables, inventories, other assets.

Details of IFRS 15 are specified in the published 2020 financial statements.

Stocks, receivables, other assets in Q1 are booked at their initial value, without the influence of this international standard, and at the end of the year these assets will be analysed and the impact of IFRS 15 against them will be established.

Hence the major differences in stocks, other assets, other receivables, the main influence being from the production in progress.

Trade receivables decreased by 3.9 mil compared to 31.12.2020.

The impact of IFRS 15 on receivables and other assets reached 31,729,886, at 31.12.2020, value reclassified into contractual assets.

The value of inventories, without the impact of IFRS 15, increased by 4.6 million lei. (Stocks at 31.12.2020 worth 62,903,057 RON) The company complied with its supply policy by purchasing the necessary raw materials and materials for the products that will be completed by Q2 2021. These measures were taken to prevent possible problems in the supply chain, which could generate delays in the production process.

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2020 because the collection terms of the invoices issued to customers before the end of Q2 were collected after 31.03.2021.

Trade and other payables increased towards the end of the year. In this context, the difference is reflected / found in the increase of cash and cash equivalents compared to 31.12.2020, with 1,821,925.

The company complied with its contractual payment terms to all suppliers and all debts to the state budget and the state social insurance budget. TMB has no unpaid tax debt to state authorities.

Long-term debts had an increasing trend towards the end of 2020, (increased by 509.252 RON) and represent leasing contracts regarding the purchase of equipment:

- OKK axis milling processing center,
- 3D coordinate measuring machine,
- Ultrasonic cleaning machine,
- Machine Chien Wei Precise Technology Coordinate Grinding Machine,

all these machines were purchased in order to increase the production capacity.

The short-term provisions decreased by 819.679 RON compared to 31.12.2020, they represent only the cancellation / reversal of the provisions established at the end of the year, for: performance bonuses, days not taken from previous years, pensions / actuarial, uncollected receivables within the legal term.

The carried forward result is diminished with the loss registered at Q1 2021.

The company's own capital at Q1 2021 is 107,465,519 lei, the value decreasing with the accounting loss registered at the end of the quarter, amounting to 849,760.

The accounting activity was conducted in accordance with the OMFP no. 2844/2016 for the approval of accounting regulations, in accordance with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market and in accordance with the Accounting Law no. 82/1991 with all its subsequent amendments.

All documents regarding economic and financial operations have been recorded correctly every day. Economic and financial operations have been recorded based on financial documents. All accounting information has been posted in the correct accounting statement (assets, liabilities and equity) and corresponds to the real situation of the Companies patrimony.

The debt towards the State Budget has been correctly registered, paid and reflected in the balance sheet.

We state that the Financial Statements at 31 of March 2021 are unaudited financial.

**FINANCIAL-ECONOMIC INDICATORS  
AT 31 MARCH 2021**

No.	Economic indicators	Formula	31 MARCH 2021	31MARCH 2020
1	Current liquidity ratio	current assets / current liabilities	2,29	1,67
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	4,42	4,00
3	Receivable turnover ratio	( Accounts Receivable / Turnover ) * 90 days	42,92	38,80
4	Fixed assets turnover ratio	Turnover / Fixed assets	0,31	0,54

- The current liquidity indicator, the value is super unitary 2,29 (optimal value 2) increasing compared to the same period last year and reflects a good ability to pay, so a low risk for creditors, certifying that the company is able to cover its debts on short-term from current assets.
- The turnover rate of customer debts that expresses the effectiveness of the company in collecting its receivables, respectively the number of days until the date on which the debtors pay their debts to society. Considering the dynamics of sales and the specifics of debt collection, we consider that the value of the indicator is a normal one.
- The indicator of the degree of indebtedness, its value indicates the fact that the company does not have any problems of financing or liquidity. In the calculation of this indicator, the borrowed capital includes both bank loans and leasing debts.
- **Total asset turnover** – this indicator shows how many times assets are transformed into sales during a period

**STATEMENT ON CHANGES IN OWN CAPITAL  
31 MARCH 2021**

Elements of equity capital		Balance on 1st of JANUARY 2021	Growth		Decrease		Balance on 31th of MARCH 2021
			Total, of which	through transfer	total, of which	through transfer	
A		1	2	3	4	5	6
Subscribed capital		36.944.248					36.944.248
Adjustments of registered capital		987.626.807					987.626.807
Deffered profit tax - reserves		2.475.277					2.475.277
Share premiums							
Revaluation reserve		50.055.269					50.055.269
Legal reserves		15.691.483					15.691.483
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		31.983.000					31.983.000
Other reserves		40.288.547					40.288.547
Own shares							0
Income related to own capital instruments							0
Loss related to own capital instruments		599.408					599.408
Profit/loss carried forward	Balance C	858.690					858.690
	Balance D						
Retained earnings due to the adoption of IAS 29 for the first time	Balance C						
	Balance D	1.008.346.916					1.008.346.916
Elements of equity capital		Balance on 1st of January 2021	Growth		Decrease		Balance on 31th of March 2021
			Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the adoption of IAS for the first time, except for IAS 29	Balance C						
	Balance D						
Retained earnings due to the correction of accounting errors	Balance C						
	Balance D	1.086.601					1.086.601
Retained earnings - actuarial	Balance D	1.166.893					1.166.893



employee benefits							
Retained earnings resulting from the adoption of Accounting Regulations according to the Fourth Directive of European Economic Community	Balance C	258.730					258.730
	Balance D						
Retained earnings	Balance D	53.878.378			12.161.978		41.716.399
Profit or loss for the period	Balance C	13.342.726			13.342.726		0
	Balance D		29.240.338		30.090.098		849.760
Profit appropriation		1.180.749			1.180.749		0
<b>TOTAL OWN CAPITAL</b>		<b>108.315.279</b>	<b>29.240.338</b>		<b>30.090.098</b>	<b>0</b>	<b>107.465.519</b>

The legal reserves are established according to the Law 31/1991 with subsequent amendments and completions and registered in accountancy according to the OG No. 64/2001 and OMFP No. 128/2005. These reserves have not been used. Within "Other reserves" there are recorded the sums appropriated from the net profit as own finance sources. These reserves have not been used

On 31th of MARCH 2021 the legal reserve was 15.691.483 lei. The legal reserve is established according to Romanian Law as a transfer from the net income. The transfer can represent a maximum of 5% from gross profit to 20% of the registered capital.

The capital reductions on 31th of MARCH 2021, refer to the proposal for the distribution of the profit for the financial year 2020.

The decrease of capital represents the value of the loss that the company had in Quarter I.

**CASH FLOW STATEMENT**  
**31 MARCH 2021**

EXPLANATIONS		NO. ln.	Executed 31/03/2021	Executed 31/03/2020
+	Turnover	01	21.805.812	31.063.329
+	Changes in inventories	02	1.881.922	4.063.490
+	Other operating revenues and provisions	03	29.773	11.114
=	<b>Total operating income</b>	04	<b>23.717.507</b>	<b>35.137.932</b>
+	Raw materials and consumables	05	8.330.088	11.207.225
+	Energy, fuels, etc.	06	684.905	632.076
+	Employee benefits	07	10.942.475	10.184.695
+	Expenses related to external labour conscriptions	08	1.852.457	2.373.440
+	Expenses with other taxes, fees and similar payments	09	249.859	245.317
+	Depreciation of non-current assets and provisions	10	1.941.076	4.705.932
+	Other operating expenses	11	382.994	135.820
=	<b>Total operating expenses</b>	12	<b>24.383.853</b>	<b>29.484.505</b>
	Operating results (+/-)	13	-666.347	5.653.427
+	Financial revenues	14	123.430	84.607
-	Financial expenses	15	490.724	568.169
=	<b>Financial result (+/-)</b>	16	<b>-367.294</b>	<b>-483.562</b>
	Gross result (+/-)	17	-1.033.641	5.169.865
	Deferred tax	18	-	1.250.804
	Net result (+/-)	19	-849.760	3.919.061
<b>CASH FLOW</b>				
	<b>CASH FLOW</b>	20	<b>Executed 31/03/2021</b>	<b>Executed 31/03/2020</b>
+	Profit or loss (+/-)\	21	-849.760	3.919.061
+	Damping included in cost	22	2.786.134	2.141.705
-	Stock variation (+/-)	23	36.513.715	6.007.052
-	Receivables variation (+/-)	24	-35.305.998	17.715.730
+	Variation of providers and creditors (+/-)	25	-33.842.527	18.267.534
-	Variation of other assets	26	-2.518.470	-3.313.015
+	Variation of other liabilities	27	30.519.065	-18.979.191
=	Net cash generated by operating activities (A)	28	-76.334	-15.060.658
+	Income from selling assets and fixed assets	29	0	0
-	Purchase of tangible assets	30	773.930	2.240.210
=	Net cash generated by investment activities (B)	31	-773.930	-2.240.210
+	Loans variation (+/-)	32	5.022.495	13.925.92

=	Net cash used in financing activities (C)	33	5.022.495	13.925.92
	<b>Cash and cash equivalents at the beginning of the period</b>	<b>34</b>	<b>2.798.576</b>	<b>8.425.079</b>
	<b>Net cash flow</b>	<b>35</b>	<b>4.172.140</b>	<b>-5.626.503</b>
	<b>Cash and cash equivalents at the end of the period</b>	<b>36</b>	<b>6.970.716</b>	<b>2.798.576</b>

The company's cash flow registered a positive increase of 4.172.140 RON, compared to the same period last year.

Operating revenues decrease by 32,5% compared to the same period last year.

Operating expenses decrease compared to 31.03.2020, by 17,3%. The decrease was explained in the Management report.

The cash flow from the operational activity is impacted by the variation of the company's assets and liabilities, and IFRS 15 "Revenue from contracts with customers"

Details on investments can be found in the Explanatory Notes

The cash flow from the financial activity is influenced by the variation:

- positive by increasing the long-term loans regarding the acquisition of leasing equipment, mentioned management report.
- short-term loans, which are granted in the form of a credit limit

**EXPLANATORY NOTES**  
**31 MARCH 2021**

**1. FIXED ASSETS STATEMENT**

Gross values						
Asset elements	No.	Initial balance	Accrual	Degression		Final balance (col 5=1+2-3)
				total	of which: dismantling and rescission	
A	B	1	2	3	4	5
<b>Intangible assets</b>						
Development expenses	01					
Other non-current assets	02	20.801.307	130.590	0	X	20.931.897
Intangible assets in progress	03	232.029				232.029
<b>TOTAL (ln. 01 to 03)</b>	04	92.797	102.005	130.794	X	64.009
<b>Tangible assets</b>		<b>21.126.133</b>	<b>232.595</b>	<b>130.794</b>	<b>X</b>	<b>21.227.935</b>
Lands	05	16.642.911	0	0		16.642.911
Buildings	06	13.643.530	0	0		13.643.530
Technical equipment and machinery	07	39.159.811	331.611	0	0	39.491.422
Other equipment, installations and furniture	08	227.272	0			227.272
Investment securities	09					
Intangible assets in progress	10	2.029.750	1.105.541	331.611	0	2.803.680
Investitii imobiliare in curs de executie	11	736.981		66.694		670.287
<b>TOTAL (ln. 05 to 09)</b>	<b>12</b>	<b>72.440.255</b>	<b>1.437.152</b>	<b>398.305</b>	<b>0</b>	<b>73.479.102</b>
Right-of-use asset	13	479.014		0	0	479.014
<b>Financial assets</b>	14	6.000			0	6.000
<b>FIXED ASSETS-TOTAL</b>	<b>15</b>	<b>94.051.402</b>	<b>1.669.747</b>	<b>529.098</b>	<b>0</b>	<b>95.192.051</b>

**1.1 FIXED ASSETS AMORTIZATION STATEMENT**

Asset elements	No.	Initial balance	Amortization during the year	Ammortization of derecognized assets	Ammortization by the end of the year (col.9=6+7-8)
A	B	6	7	8	9
<b>Intangible assets</b>					
Development expenses	16				
Other non-current assets	17	19.756.698	234.471	0	0
<b>TOTAL (rd. 16 la 17)</b>	<b>18</b>	<b>19.756.698</b>	<b>234.471</b>	<b>0</b>	<b>0</b>
<b>Tangible assets</b>	19				

Lands					
Buildings	20	0	145.376		145.376
Technical equipment and machinery	21	0	2.390.968		2.390.968
Other equipment, installations and furniture	22	0	15.318		15.318
Investment securities	23				
<b>TOTAL (rd. 19 la 23)</b>	24		<b>2.551.662</b>		<b>2.551.662</b>
Right-of-use asset	25	<b>287.408</b>	35.926		<b>323.335</b>
<b>AMORTIZATIONS</b>	-				
<b>TOTAL</b>	<b>26</b>	<b>20.044.106</b>	<b>2.822.059</b>	<b>0</b>	<b>22.866.166</b>

The assets record is kept considering their net value.

All purchased fixed assets are recorded within the debit account 231 “Tangible Assets in Progress”. They are amortized during the month after their purchase, and 223 “Technical installations in progress of supply”

Increases in property, plant and equipment represent:

- Modernizations of existing equipment and installations
- Purchasing of equipment, installations, equipment, office and furniture
- Purchasing of PCs and other IT components, purchasing of new installations and equipment

Decreases in property, plant and equipment represent:

- Depreciation

Decreases in property, plant and equipment in progress represent:

- Commissioning (PIF) of equipment, installations, measuring devices and office equipment

## 2. PROVISIONS FOR RISKS AND EXPENSES

Title of the provision	Balance on 1 <sup>st</sup> January 2021	Growth	Decrease	Balance on 31 <sup>th</sup> of March 2021
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	238.832		48.599	190.233
Adjustment for debtors receivables impairment	0			0
Adjustment for raw materials stocks impairment	12.376.870			12.376.870
Adjustment for supplies stocks impairment	238.234			238.234
Impairment of stocks in progress	2.066.371			2.066.371
Adjustment of materials and stocks at other partners	0			0
Adjustment for packaging material impairment	114.444			114.444
Adjustment for manufactured items impairment	146.631			146.631
Impairment of residual products	141.275			141.275
Provisions IFRS 15	1.232.247			1.232.247

Provisions for retirement and similar obligations	1.800.095		61.305	1.738.790
Provisions for employees' obligations	3.708.200		819.679	2.888.521
<b>TOTAL</b>	<b>22.063.199</b>	<b>0</b>	<b>929.583</b>	<b>21.133.616</b>

The company has established provisions for debts towards employees as a result of retirements and annual leave provided by Collective Labor Agreement (CCM), Provision for customer receivables impairment

The reductions consist in the reversal / cancellation of the provisions set up on 31.12.2020 and which involved a cash outflow during Q1 2021.

The value of the pensions paid to the employees who retired during this period according to CCM are registered in provisions for pensions and similar obligations

In other provisions are registered the reversal / cancellation of the provisions regarding the performance bonuses, the value of the holidays not performed from the previous years.

### 3. TAX ON PROFIT

The calculation of fiscal loss is according with methodological Norms of application of Law 227/2015 (with all subsequent amendments).

The gross profit or loss is defined according to the form "Profit and loss account" and we apply the stipulations of Law No. 227/2015 (with all subsequent amendments). All sums are expressed in LEI.

Gross profit -694.069

To establish the tax profit, the expenses that have overpassed the admitted deductibility limit are added to the non-deductible expenses, according from the Law 227/2015

Non taxable income 929.583

Non-deductible expenses 2.964.765

Deductions (tax amortization) 31.646

Elements similar to income (revaluation account 105 surplus) 5.104

The non deductible expences are mostly represented by amortization the fixed assets revalueate.

TAX PROFIT: 1.035.571

#### 4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		31.03.2020	31.03.2021
1.	Net turnover	31.063.329	21.805.812
2.	The costs of goods and services provided	17.874.294	15.149.817
3.	Expenses of the basic activities	12.430.263	7.614.951
4.	Expenses of auxiliary activity	1.016.579	1.401.499
5.	Indirect manufacture expenses	4.427.452	6.133.367
6.	Gross result related to net turnover (1-2)	13.189.035	6.655.994
7.	Retail expenses	839.322	242.103
8.	General administration expenses	6.707.398	7.110.011
9.	Other exploitation expenses	11.114	29.773
10.	Exploitation results (6-7-8+9)	5.653.429	-666.347

#### 5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 31th of March 2021	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
<b>Total, of which:</b>	<b>10.091.650</b>	<b>10.091.650</b>	
Suppliers debtors-debtors	33.078	33.078	
Customers	8.617.436	8.617.436	
Personnel and social security receivables	1.213.408	1.213.408	
VAT under settlement	21.256	21.256	
Other receivables regarding state and public institutions receivables	183.881	183.881	
Debtors	212.825	212.825	
Provision for customer receivables impairment	190.234	190.234	

Debts	Balance on 31th of March 2021	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
<b>Total, of which:</b>	<b>44.163.718</b>	<b>34.777.576</b>	<b>4.752.104</b>	<b>4.634.038</b>
Short term bank loans	23.742.221	23.742.221		
Long term loans	5.703.086	950.982	4.752.104	
Suppliers	3.694.051	3.694.051		
Creditors	216.819	216.819		
Expenses regarding with personnel and social security	3.372.377	3.372.377		
Tax for non-residents	0	0		

VAT to pay	517.867	517.867		
Other debts regarding state and public institutions	424.030	424.030		
Deferred tax	4.634.038	0		4.634.038
Other debts	0	0		0
Dividens	1.757.110	1.757.110		
Other creditors	102.120	102.120		

<b>Bank loans</b>	<b>Balance on</b>
	<b>31th of March</b>
	<b>2020</b>
BRD – GSG	11.209.643
Bank Transilvania	7.652.577
Short term loans from Shareholders	4.880.000
<b>Short term loans</b>	<b>23.742.221</b>
<b>Long term loans</b>	
<b>Total</b>	<b>23.742.221</b>

Short-term bank loans at BRD and BT represent the credit limits that are made available to the company as working capital.

Long-term loans represent contracts concluded for the purchase of leasing equipment, for increasing production capacity

## 6. PRINCIPLES, POLICIES AND ACCOUNTING METHODS

### General provisions

The financial statements are set up according to the O.M.F.P. 2844/2016 (IFRS), to the Law on Accountancy No. 82/1991, with subsequent amendments.

The financial statements have been set according to the historic cost and presented in lei.

The costs of indebtness and the expenses related to maintenance of a state of functioning at projected parameters of fixed assets, do not capitalize.

### The grounds for setting up financial statements

These are individual financial statements of TURBOMECANICA S.A. Company. These financial statements are the responsibility of the Company's management and are set up according to the accountancy norms of Romania, that is the Accountancy Law No. 82/1991, republished, the Order of the Ministry of Public Finances 2844/2016 (IFRS)

### The use of estimations



The setting up of financial statements according to accountancy norms of Romania require the management to make some estimations and presumption that affect the value of assets and debts, and the description of assets and potential debts on the date of setting up the financial statements, as well as the value of income and expenses related to the accounting period. The actual results may be different from these estimations. These estimations are periodically reviewed and, if the need arises for adjustments, the latter are recorded in the profit and loss account within the period they become known. Even if these estimations are somehow imprecise, the cumulated effect of the imprecision on financial statements is considered to be insignificant.

### **The operating continuity**

These unconsolidated financial statements have been set up based on the principal of operating continuity, which states that the Company would continue its normal functioning in a predictable future, without confronting the impossibility to continue its operation or to significantly reduce its activity

### **Tangible assets**

The tangible and intangible assets are recorded in accountancy according to the Accountancy Law No. 82/1991, with subsequent amendments and completions.

Following the revaluation applied in compliance with HG 1553/2003, O.M.F.P. 2844/2016 the tangible and intangible assets are registered at their net value.

The last revaluation unfolded according to the International Standards for Evaluation and Regulations of International Standards of Financial Reporting, by an independent evaluator, authorized S.C. NEOCONSULT VALUATION S.A., based on the agreement No. 4026 from 09.10.2020

As intangible assets, the accountancy only registers licenses and IT programs purchased from the providers.

Within the profit and loss account, the amortization of intangible assets is included at “Amortizations and provisions for tangible and intangible assets impairment” and “Expenses” respectively.

The amortization related to the fixed assets revaluated in December 2009, 2012, 2014, 2017, 2020 is mentioned within the “non-deductible expenses” according to the methodological Norms for application of the Law NO. 227/2015 and UO 34/2009.

Tangible and intangible assets are subject to amortization in compliance with Law 15/1994. The amortization method is the linear one.

The classification of fixed assets and their normal terms of functioning are established by the committee for reception and commissioning of fixed assets according to H.G. 2139/2004 for the approval of the Catalogue of classification and normal functioning terms of fixed assets.

The expenses that occur once the fixed asset is commissioned, such as repair and maintenance and administrative costs, are registered within the profit and loss account for the period of their occurrence. If it's possible to demonstrate that these expenses resulted in a future growth of economic benefits expected to be obtained through the use of an element of fixed asset over the performance standards initially evaluated, the expense is capitalized as additional cost.

The tangible and intangible assets are subject to amortization in conformity with the Law 15/1994. The amortization method is the linear one, based on the estimated useful lifespan, from the moment of their commissioning, so as the cost shall decrease to the residual value estimated during the considered functioning period.

Within the profit and loss account, the amortization of intangible assets is included at “Amortizations and provisions for tangible and intangible assets impairment” and “Expenses” respectively.

The main lifespans used with different categories of tangible assets are:

	Years
Buildings	10 - 50
Plants and machinery	3 - 15
Other equipment and furniture	3 - 15

The tangible assets that are scrapped or sold are cancelled from the balance together with corresponding cumulated amortization. Any profit or loss resulted from such an operation is included in the current profit and loss account.

According to the provisions of HG 2139/2004 related to the approval of the Catalogue for classification and normal durations of fixed assets' functioning, the Company has chosen to apply the minimal duration of fixed assets' functioning.

Any growth resulted from the revaluation of tangible assets is included in own capitals under reserves from revaluation, with the exception of those cases when such a growth compensates a decrease from the revaluation of the same asset, priory registered within the profit and loss account, in which case the growth is registered in profit and loss account at the level of the previous decrease. A decrease of accounting value of the lands and buildings is registered in the profit and loss account as long as it exceeds the value, if it is the case, of the revaluation reserve, related to the previous revaluation of the relative asset.

Amortization of tangible assets is registered in the profit and loss account. In case of subsequent selling or scrapping the revaluated tangible assets, the surplus from the revaluation left within the revaluation reserve is transferred directly to the retained result. There won't be made any transfer from the revaluation reserve to the retained result, except for the case of derecognized asset. However, a part of the surplus may be transferred as the asset is used by the entity. In this case, the value of transferred surplus shall represent the difference between the amortization calculated based on revaluated accounting value and the value of amortization calculated based on the initial cost of the asset.

### **Intangible assets**

An intangible asset must be recognized if, and only if, it is estimated that the future economic benefits attributed to the asset shall be obtained by the Company and the cost of the asset may be precisely evaluated.

The costs related to the purchase of software are capitalized and amortized based on the linear method. If it is retained as necessary, the accounting value of each intangible asset is annually reviewed and adjusted for the decrease of its value.

### **Inventories**

The record keeping of materials is organized based on quantities and values, grouped upon administrations, depending on the product for which they are designated within the manufacturing technologies.

By their entrance in the patrimony, the inventories (raw material, material, goods) are registered by their purchase prices. For imported materials, the acquisition price includes only expenses mentioned in Import Customs Declarations. For the materials purchased within the EU, the acquisition price includes the expenses recorded in the provider's invoice (or in an equivalent document) as well as expenses for transportation recorded in invoices issued by the transporter. The expenses related to the manipulation, deposit, etc. are registered in the account 308.1 "Differences in prices and materials" and is distributed upon materials consumed in the following period.

The record keeping of materials from own production is made by the planned cost. The cost does not include administrative and distribution expenses. The differences between actual and planned costs is registered in the account 308.2 "Price differences of unfinished goods" and 308.3 "Price difference of materials and inventories of own production" and are distributed upon materials of own production consumed in the following period.

The record keeping of manufacture in progress is made by the actual production costs. To distribute the expenses the orders method is being used. The indirect manufacture expenses are summarized monthly and distributed on the expenses related to direct workmanship, including related expenses registered within that month.

For inventories of finished goods, the cost does not include administration and distribution costs. The finished goods are registered by the ante calculation cost. The differences between the actual cost and the ante calculated one by the closure of the order is registered in account 348 "Price differences of finished goods" and are settled simultaneously with the finished goods.

By the exit of the inventories from administration, there has been used the method of "Weighted Average Cost" which supposes the calculation of costs of each element based on weighted average costs of similar elements from within inventory at the beginning of the period and costs of similar elements manufactured or purchased during the period. The average cost is calculated at the exit of inventories.

### **Receivables and debts**

The record keeping of customers and providers, of other receivables and bonds is organized by categories, as well as by each legal entity or natural persons.

The commercial receivables are recorded by their nominal value.

The debts registered within the accountancy are current debts and are recorded by their nominal value.

### **The IT system**

From the IT point of view, the accounting system is registered within the IT System SAP.

### **Availabilities and availability equivalents**

To prepare the cash flow statements, the availabilities and availability equivalents include: cash at cash-desks, bank cash available any time, financial instruments in cash, without overdraft.

The treasury and treasury equivalents include liquidity assets and other equivalent values that include cash at cash-desks, current bank accounts and visible short-term bank deposits, with a three months maturity.

### **Revenues and expenses**

The revenues have been evaluated and registered at the just value of the received means of payment. The company has not performed transactions that might provide commercial decrease.

There have been registered as revenues only transactions that have generated benefits to the company. Because the delivered products have different manufacture cycles for more than a month, the related expenses have been registered for the whole period related to the manufacture cycle and recognized simultaneously with the delivery of the products, and the registration of the revenues respectively.

The revenues are registered based on the “issued invoices” subsequently to the delivery of the products according to the “delivery notes”. In special situations, if the client requires the deposit of the products within the plant and their delivery at a later reciprocally convenient date, a “minutes of custody” is being prepared, in which the customer recognizes that the property rights have been transferred to him.

The revenue registered in advance represent the consideration of transactions evaluated by the just value of the means of payment provided in the agreement, but for which the property rights have not been transferred through the transfer of goods in customer’s property.

The record keeping of revenues and expenses is organized by types and nature of revenues and expenses.

The record keeping of expenses by destination is organized in administration accountancy.

### **Exchange rate differences**

The differences in exchange rate are registered in the profit and loss account and are considered revenues and expenses of the period. Exchange rate differences are calculated according to BNR rate for debts, receivables and liquidity, and by the rate recorded in Customs Declarations for goods.

In 2020 on 30th of september the following differences of exchange rates have been registered:

at revenues (account 765)	123.344
at expenses (account 665)	90.810

### **Profit tax**

The tax is calculated according to the Romanian Law and is based on the results retained in financial statements by the Company, prepared in compliance with the Order of the Ministry Public Finances 2844/2016 (IFRS) and after the corresponding deductions.

The current profit tax is calculated as a percentage applied to the obtained profit, according to Romanian Law, adjusted for some positions in compliance with fiscal legislation, at a 16% rate for 2021. The loss registered in previous years may be covered in following periods.

### **Value Added Tax**

The Value Added Tax (VAT) related to the sales must be paid to fiscal authorities to the 25th of the next month, based on a declaration on VAT, regardless the collection of receivables from the clients. When the VAT related to the purchase is larger than the VAT related to sales, the difference shall be retrieved, on a request basis, from fiscal authorities and is object to a prior verification executed by these authorities. The VAT related to sales and purchase transactions unfinished by the date of balance , must be recognized on gross basis and presented separately as current asset or current liability. In case of depreciation adjustments for irrecoverable receivables, they are registered as related expenses, including VAT. The VAT collected is maintained in accountancy until the elimination of receivable for fiscal reasons.

## Foreign currency transactions

The transactions expressed in foreign currency are registered in accountancy at the exchange rate on the date of transaction. The cash assets and liabilities expressed in foreign currency shall be converted in lei by the exchange rate from the date of accounting balance. The exchange rate on 31th of March 2021 has been of 4.9251 for 1 EUR and 4.1969 for 1 USD.

All the resulted differences on the discount and conversion of the sums in foreign currency are recognized within the profit and loss account for the year in which they have been executed. The loss realized and non-realized are registered as expenses, including those related to loans, and the profits from currency exchange or cash deposits are included in the profit and loss account for that year

## Subsequent events

There has not been registered any subsequent event.

## 7. SHARES AND BONDS

Nr. crt		U.M.	31.03.2021	31.03.2020
1.	Share capital subscribed	lei	36.944.248	36.944.248
	The effects of inflation on share capital	lei	987.626.807	987.626.807
2.	Issued shares (by types)			
	number		369.442.475	369.442.475
	total value	lei	1.024.571.055	1.024.571.055
3.	Redeemable shares	number	36.944.241	36.944.241
	the closest date or the deadline for ransom			
	mandatory or non-mandatory nature of ransom		-	-
	the value of an eventual ransom premium	lei	-	-

## 8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

Nr. crt.			U.M.	31.03.2021	31.03.2020
1.	Employees				
		1. effective number related to the period	no	501	473
		2. paid or payable salaries related to the period	ron	10.418.208	9.757.435
		3. expenses on social security	ron	524.267	427.260

The company has not granted loans to managers and administrators in 2021.

According to the provisions of Law no. 165/2018, the employees receive the legal amount of meal tickets.

## 9. INFORMATIVE DATA

### a) Data presenting the company:

- legal form of the company: joint-stock company ;
- address of headquarters: Bd. IULIU MANIU no. 244, sector 6, BUCHAREST ;
- registered capital: 36.944.248 ron
- the effects of inflation on registered capital 987.626.807 ron
- amount of shares: 369.442.475

### b) Shareholder structure:

VIEHMANN RADU (25,92 %), CIORAPCIU DANA MARIA (15,16%), CIORAPCIU SORIN TUDOR (9,57%), ANGHEL CLAUDIA ( 6,98 %), OTHER SHAREHOLDERS (42,37%).

- c) **Net turnover, total** **21.805.811 lei**
- Of which export 2.854.153 lei

The structure of turnover on main manufactures is the following:

	<b>lei</b>	<b>euro</b>	<b>usd</b>
Engine Turmo IV C RK+ PSD + RPC	4.174.750	861.342	1.006.667
Main rotor hub RK+ PSD	3.649.912	753.056	880.112
Main transmission case RK+PSD	7.758.870	1.600.823	1.870.915
Rear gearbox RK+PSD	960.000	198.069	231.487
Intermediate transmission box RK+PSD	851.000	175.580	205.204
Current repair of engines, components, parts and spare parts for aircrafts	22.146	4.569	5.340
Transsmision shafts reapairs	817.500	168.668	197.126
Bearing fan support repairs	460.000	94.908	110.921
<b>TOTAL IAR + MApN</b>	<b>18.694.178</b>	<b>3.857.015</b>	<b>4.507.771</b>
Export aviation	2.381.827	491.423	574.336
Industrial components	472.326	97.451	113.893
Other	257.480	53.124	62.087
<b>TOTAL SALES</b>	<b>21.805.811</b>	<b>4.499.012</b>	<b>5.258.087</b>
On geographical zones, the turnover is distributed as follows:			
EUROPE	2.826.359	583.139	681.527
USA	27.794	5.735	6.702
ASIA			
<b>TOTAL EXPORT</b>	<b>2.854.153</b>	<b>588.874</b>	<b>688.229</b>
<b>ROMANIA</b>	<b>18.951.658</b>	<b>3.910.138</b>	<b>4.569.858</b>
<b>NET TURNOVER</b>	<b>21.805.811</b>	<b>4.499.012</b>	<b>5.258.087</b>

**PRESIDENT OF THE BOARD OF DIRECTORS  
GENERAL MANAGER,**

**RADU VIEHMANN**

**ECONOMIC - COMMERCIAL  
MANAGER  
CLAUDIA ANGHEL**