

REPORT
on the implementation of the managers' remuneration policy
TURBOMECANICA SA

The remuneration policy aims to ensure a transparent framework regarding TBM's activity, fair reward and motivation of managers in order to establish a fair remuneration of directors and executive management, ensures the framework of attracting competent and experienced people in TBM's management as well as the balance between performance, resources and objectives of the company.

The company complies with the remuneration principles established in the Remuneration Policy approved by the **OGMS of 26.08.2021** but also the applicable legal regulations taking into account and insofar as they are appropriate to its size, internal organization and the nature and complexity of its activities.

The remuneration policy has been applied to all the Directors and Executive Directors (respectively to the General Manager) of the Company, regardless of the date of appointment or the date of termination of the mandate.

This Report has been prepared based on the Remuneration Policy adopted by the company's shareholders correlated with the provisions of the Management Contracts concluded between the Company and the members of the Board of Directors, taking into account the following applicable legal provisions:

- Law no. 24/2017 on issuers of financial instruments and market operations, with subsequent amendments and completions
- ASF Regulation no. 5/2018 on issuers of financial instruments and market operations
- Law 31/1990 on companies, republished, with subsequent amendments and completions
- BVB Corporate Governance Code;
- ROF-TMB - TBM Organization and Functioning Regulation;
- TBM Corporate Governance Regulation.

Taking in consideration that within the OGMS of 27.04.2022 the shareholders have approved without reservations or comments the remuneration report related to fiscal year 2021, in 2022 the process of implementing the objectives of the remuneration policy, the alignment with the dynamics of the industry, both at national and international level was taken into account as well as ensuring the achievement of the strategic objectives of management and development of the Company.

Period	Change in the medium remuneration of non-executive employees	Change in the medium remuneration of executives	Change in Sales	Change in EBITDA
2018 vs 2017	35%	24%	11.5%	37.8%
2019 vs 2018	18%	1%	2.3%	-10.3%
2020 vs 2019	9%	8%	8.7%	-23.5%
2021 vs 2020	7%	4%	5.1%	-8.6%
2022 vs 2021	9%	2%	6%	-2.66%

The remunerations granted to the members of the Board of Directors and the executive directors of the Company were aimed to ensure a compatibility of these remunerations with the provisions of the Company's internal salary policy and activity but also ensuring the loyalty and stability of the management considering the tasks and responsibilities assigned under the **management contract** in the context of achieving the operational objectives determined by the Sales Program.

During 2022 the Remuneration Committee did not propose or approve long-term incentive components for Directors / members of the Board of Directors.

Regarding the basic remuneration established for the members of the Board, it is based on the role, individual experience, skills and sustained level of performance, reflecting the market practice for similar positions and the adaptation to the needs and priorities of the business.

The company is managed in a unitary system by a Board of Directors consisting of 5 directors (one chairman and 4 members), Romanian individuals appointed by the OGMS for a term of 4 (four) years from the date of appointment, whom are eligible for re-election.

The remuneration is established by the shareholders in the OGMS together with the approval of the proposals for the appointment of the members of the Board of Directors and the approval of the management contract.

According to the Company's Constitutive Act, the Chairman of the Board of Directors is also appointed General Executive Director, and his rights and obligations are established under a management contract and in accordance with the present remuneration principles.

For the Chairman of the Board of Directors and the General Executive Director of the Company, the OGMS approved the following remuneration structure:

Remuneration structure	2022 (lei)	2021 (lei)
Remuneration	594.812	480.372
Disability and death insurance	304,99	277,27
Mobile telephone (% of TBM subscription)	360	360

Vehicle (estimated values)

206.929

206.929

The rights of the General Executive Director based on the Collective Labour Agreement have in view the planning of annual leave and depending on the situation, the social assistance for the death of a family member.

Disability and death insurance is a policy concluded at general level for all employees of the Company, and in case of insured event, depending on it, a maximum value of 50,000 lei is paid.

Regarding TBM's obligations established based on the management contract, we mention the following:

Vehicle:

- for 2022 the obligation from the management contract has been partially fulfilled, the reported amount including only vehicle's depreciation . In 2022 the General executive Director did not benefit of a driver;

Insurance:

- TBM has not concluded a specific insurance policy for disability and death having as beneficiary the General Executive Director.

All the members of the Board of Directors received during 2022 a fixed monthly remuneration established by the management contract. The remuneration is calculated monthly in the amount of 20% of the remuneration of the Chairman of the Board of Directors in the total amount of 104.850 lei for the year 2022, equal for all the members of the Board of Directors (96,096 lei for the year 2021). The remuneration of the Chairman of the Board mentioned above represents the amount paid to him in consideration of all the attributions that in the specific situation of TBM are fulfilled by the Chairman of the Board of Directors who cumulates this position with the position of General Executive Director of the Company.

The Administrators in office are:

Name	Position	The year of expiry of this term
Radu Viehmann	President, General Executive Director	2024
Dana Maria Ciorapciu	Non-executive administrator	2024
Radu Ovidiu Sârbu	Independent, non-executiv administrator	2024
Niculae Havrilet	Non-executive administrator	2024
Henriette Spinka	Non-executive administrator	2024

The company reimbursed the expenses related to the transport for the members of the Board of Directors who are not domiciled in Bucharest (Mr. Radu Sarbu) as follows:

	2022	2021	2020
Transportation	2.452,31 lei	802,44 lei	670 lei

During 2022, the Company did not pay the daily allowance or accommodation for the members of the Board.

During 2022 the structure of the Board of Directors of the Company did not change.

During 2022 the Board of Directors members did not received remuneration, other than the monthly one.

The Company's employees and management do not benefit from a specific/personalized pension plan based on the provisions of the CCM, other than those provided for in the legislation on social insurance and pensions, so that no other amounts have been paid under this title.

During 2022, there were no members of the Board of Directors who would have performed additional duties beyond their normal responsibilities as a member of the Board of Directors, so that in relation to the activity carried out, no short-term incentives, called "awards", were granted for this type of additional activities.

In order to recognize the achievement of TBM's annual business goals and objectives in the context of the long-term business strategy of ensuring business continuity and related to the fulfilment of the aspects of financial performance, strategic performance and individual performance within TBM for 2022, short-term incentives were granted to the General Executive Director in a total amount of 1,726,655 lei for the objectives accomplished in consideration of the 2021 Company's activity (1,724,540 lei for the year 2021) based on the analysis and evaluation carried out by the Remuneration Committee.

Until the reporting date, the Remuneration Committee did not hold the evaluation meeting, as a result, the short-term incentive was not proposed for the approval of the Board. The company estimated an incentive comparable to 2022.

The performance objectives based on which the short-term incentives were established were:

- Ensuring the achievement of financial objectives in proportion of at least 60%;
- Ensuring the achievement of TBM strategic objectives in terms of sustainability;
- Personal contribution to the development of business relationships and attracting opportunities;
- Ensuring the continuity of the activity;

During the analysed periods, the following concrete aspects related to the performance objectives provided in the remuneration policy detailed above were taken into account, as follows:

- Ensuring obtaining the Part 145 C authorization issued by AACR. This authorization certifies the compliance of the quality and environmental management system adopted by TMB with the EASA requirements related to the field of maintenance of civil components. This authorization is the basis of the Company's development plan in the field of civil aviation.
- Following up the effective management as regards health and safety at work in 2021, taking into account the continuation of the COVID 19 health crisis throughout the year. Until the end of 2021 it was proven that the decisions of the DG led to the full performance of the contractual obligations, even if the first quarter was difficult, being impacted by the unavailability of an entire department for 1 month. The delays were recovered, and the year was closed with no unfulfilled obligations.
- The strategic objective related to the achievement of EBITDA of 20% of the turnover was fulfilled, being at the level of 21.83% of year 2021.
- The strategic objective of ensuring a minimum turnover of 117,000,000 lei was achieved. The turnover for 2021 was 131,331,165 lei.
- Through the continuous analysis of the company's evolution in 2021, the DG has always had as its objective the achievement of the necessary efforts to limit the impact of the increase in expenses in the company's result.
- Involvement in increasing the value of contracts by participating in strategic discussions and negotiations with business partners, to ensure the dimensioning of turnover at a satisfactory level, which allows the company to absorb the increase in expenses and at the same time ensure not only the EBITDA indicator but also the achievement of a profit share at the level of the aeronautical industry.
- Ensuring the documentation of the quality management system so that it complies with the airworthiness standards in the military field. In this sense, the TMB presentation memorandum was issued to the regulatory authority AAMN (National Military Air Navigation Authority), following that the certification audit carried out in 2022. By ensuring RMAR 145 and RMAR 21 certification, Turbomecanica will be authorized and implicitly recognized internationally as a military maintenance and manufacturing organization certified by EMAR
- The provision of own funds in the amount of 15 million lei (3 million Eur) until the end of 2021 and 22 million lei (4.45 million Eur) until the date of the meeting of the remuneration committee, to make the necessary investments to ensure the continuity of the company's activity.
- Identifying opportunities to ensure civil engine testing capabilities with an investment of approximately 25% less compared to the value estimated in the business plan made by the independent consultant ALTON Aviation Company. In this sense, in 2021 discussions were held and documents and data were analysed regarding the determination of the decision to enter into a partnership with the COMOTI research institute. The activity continued in 2022, and by the date of this report, a cooperation protocol has been signed to achieve this goal.

- Starting the analysis and discussions with the national partners to identify the opportunities for continuing the maintenance of the national helicopter fleet and the manufacture of spare parts for it even after the retirement of the current equipment. Identifying an opportunity in this sense significantly reduces the risk of business continuity and would determine a balanced positioning of the company between the civil and military fields.

To this end, the Remuneration Committee has analysed the business performance in consideration of the objectives and values set in relation to the data sources which may include audited financial figures, key performance indicators with available tracking, as well as any relevant internal evaluations. The performance for any qualitative matrix will be at the discretion of the Board, in terms of executive management, with the approval of the OGMS if necessary.

All these short-term incentives were also approved by the Remuneration Committee in the meeting dated 31.03.2022 and the Board of Directors by decisions no. 3/08.04.2022.

Considering the provisions of the Remuneration Policy approved by the shareholders on the EGMS of August 2021 for granting all incentives and remunerations and the evaluation of the activity, the performance indicators were also taken into account in terms of quantity (financial indicators) and qualitative (indicators non-financial), as follows:

- fulfilment in a significant proportion the economic performance objectives of the Company;
- involvement in fulfilment of the business strategy;
- the achievement of the approved budget in a significant proportion during the years 2021 and 2022;
- undertaking steps to ensure the continuity of the activity;
- ensuring the implementation and continuous improvement of the policies applicable at the level of the Company;
- the contribution of the decisions taken to the general performance of the Company;

Clarifications related to the drafting of this Report:

The Remuneration Committee did not identify or take into account any conflicts of interest under the terms of the Remuneration Policy art. 8.2.

During 2022, there were no deviations from the Remuneration Policy.

When drafting this report, it was also considered that within the OGMS of 27.04.2022 the shareholders have approved without reservations or comments the remuneration report related to fiscal year 2021.

The Board of Directors did not propose extraordinary compensation during 2021 and 2022.