

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 27.04.2023 the shareholders have approved without reservations or comments the remuneration report related to fiscal year 2022, in 2023 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	7%	2%	6%	-2.66%
2023 vs 2022	8%	0%	-5.60%	-6.5%

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 2023 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	2023 (lei)	2022 (lei)
Remuneration	625,601	594.812
Disability and death insurance	304,99	304,99

Mobile telephone (% of TBM subscription)	360	360
Vehicle (estimated values)	0	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:

- as regards 2023, similar as in 2022, the obligation from the management contract has been partially fulfilled, the reported amount including only vehicle's depreciation. In 2023, the vehicle depreciation expenses recorded are zero. The General Executive Director vehicle was completely depreciated at 2022. Also, neither in 2023 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 2023 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 93.399 lei for the year 2023, equal for all the members of the Board of Directors (104.850 lei for the year 2022). 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-executive administrator	2024
Niculae Havrilet	Independent, non-executive administrator	2024
Henriette Spinka	Non-executive administrator	Deceased 2023

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:

	2023	2022	2021
Transportation	2.328,46 lei	2.452,31 lei	802,44 lei

During 2023, the Company did not pay the daily allowance or accommodation for the members of the Board.

During 2023 the structure of the Board of Directors of the Company changed due to the death of a member of the CA, Ms. Henriette Spinka, the seat remaining vacant and to be filled at the CA elections in 2024.

During 2023 the Board of Directors members did not received remuneration, other than the monthly one.

During 2023, 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, short-term incentives were granted to the General Executive Director in a total amount of 1.735.015 lei for the objectives accomplished in consideration of the 2022 Company's activity (1,726,655 lei granted in 2022 for the activity performed in 2021) based on the analysis and evaluation carried out by the Remuneration Committee in their meeting of 09.04.2023.

Until the reporting date, the Remuneration Committee did not hold the evaluation meeting for the activity performed in 2023, and, as a result, the short-term incentive related to the Company's activity in 2023, was not yet proposed for the approval of the Board.

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 the fulfillment of the company's strategic objective, i.e. the realization of an operating profit at levels sufficient to ensure the stability of the company and the satisfaction of all interested parties by increasing the effectiveness of the production activity based on the achievement of an EBITDA share of 20% of CA. Considering the economic conditions that had a major negative impact in 2022, TBM recorded an EBITDA share of 21.13%
- Ensuring the fulfillment of the company's strategic objective, i.e. achieving a turnover of over 120,000,000 Lei. In this sense, TBM recorded a turnover of 139,161,607 Lei at the end of 2022, 5.96% higher compared to 2021.
- Ensuring staff certification and TBM RMAR 145 certification, following the fulfillment of the 2021 objectives of aligning the quality and environment assurance system to standard requirements. The certification audit was carried out in 2022, based on preparations from 2021. The audit for RMAR 21 is to be carried out in 2023 due to the lack of availability of AAMN auditors, the company being prepared for the audit evaluation.
- Establishing the necessary actions for the assimilation of the capital repair for the VIPER 632-41M engine and carrying out the planned actions in accordance with the availability of resources
- Carrying out the necessary actions in order to ensure the flow of supply to carry out the capital repair for the VIPER 632-41M engine by involving the end user of the product in the steps.
- Ensuring the implementation of the approved investment plan in proportion to 89.35% and the negotiation of purchases in such a way as to ensure an economy to the company in the value of approximately 900,000 Eur.
- Completion of discussions with national partners to identify opportunities to continue ensuring the maintenance of the national helicopter fleet and the manufacture of spare parts for it. In this sense, at the end of 2022, negotiations began for 2 new programs for the UN/SAR and L helicopters in partnership with the IAR Brasov Company, which determines the relaxation of the risk of business continuity in the next 3 years, the period 2023-2025

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 09.04.2023 and the Board of Directors by decisions no. 3/15.04.2023.

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 2023;
- 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 2023, there were no deviations from the Remuneration Policy.

When drafting this report, it was also considered that within the OGMS of 27.04.2023 the shareholders have approved without reservations or comments the remuneration report related to fiscal year 2022.

The Board of Directors did not propose extraordinary compensation during 2022 and 2023.