



## TURBOMECANICA

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)

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No. 21 of 30.10.2020

### Quarterly Report as of September 30<sup>th</sup> 2020

#### BOARD OF ADMINISTRATION OF TURBOMECANICA S.A. REPORT

**TURBOMECANICA 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 the year 2020, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

## 1. Statement of profit and loss:

	<b>30 SEPTEMBER 2020</b>	<b>30 SEPTEMBER 2019</b>
Revenues	73.758.262	77.814.296
Other gains and loss	3.344.374	4.112.420
Change in inventories of finished goods and work in progress	11.893.404	7.240.496
Raw materials and consumables used	(28.828.926)	(27.253.364)
Employee benefits expense	(36.046.218)	(29.048.383)
Depreciation and amortisation expense	(6.606.431)	(6.452.601)
Finance cost, net	(1.608.836)	(1.613.327)
Othe operating expenses	(5.681.023)	(4.191.674)
<b>Gross profit/Profit before tax</b>	<b>10.224.606</b>	<b>20.607.864</b>
Income tax expense/ benefit	1.529.863	2.897.525
<b>Net profit</b>	<b>8.694.743</b>	<b>17.710.339</b>

The Company recorded operating revenues in amount of Lei 85.973.505 and operating expenses in amount of Lei 74.187.402

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

Turnover decreased by 5,2% compared to the same period last year and by 1% compared to the forecast in the Revenue and Expenditure Budget for Q3. However the company estimate by the year end to achieve the estimated turnover in amount of 115,943,038 RON.

Revenues related to the cost of production in progress and the variation of stocks, had an increase of 64,26% compared to the same period last year. The increase 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.

Expenditures on raw materials and materials increased compared to last year by 5,78%, the company taking measures regarding the supply process by purchasing the necessary raw materials and materials and for the products that will be completed by the end of 2020.

In the context of COVID 19, materials regarding the security of employees were purchased, through the purchase of gloves, masks, disinfectants, thermal scanners, worth 236.000 RON.

Salary expenses increased by approximately 7.0 million lei considering increasing the number of employees from 457 on 30.09.2019 to 541 on 30.09.2020 and the increase of the average salary by approximately 8%

Expenditures on employment benefits increased compared to the same period last year, a situation which is considered justified because the dynamics of the amount of income amounting to 86,2 mil RON, precedes the dynamics of pre-tax expenditures amounting to RON 75,9 mil RON.

Factorial analysis of the increase of 7.06 million RON:

- 4.5 million lei, from increase in the number of employees
- 2,4 mil. lei from increase of average salary in TMB

The value of other operational expenses increased by approximately 35,3%, this being due to

- personnel training services through specialized courses - human resources courses, welding certification, courses for the authorization of personnel for both military and civil aviation

- metallization services Rolls Royce landmarks worth 113.000 RON
- satellite equipment landmarks for repairs Main Transmission Box for internal clients: IAR Brasov, MApN, amounting to 950.237 RON
- expenses regarding the transferred assets - by scrapping some equipment that were no longer appropriate from technical point of view, in the amount of 72,350 RON
- expenses regarding scholarships for dual education, amounting to RON 145.500

Turbomecanica collaborates with several colleges ('Dinicu Golescu' Technical College, 'Carol I' Technical College, 'HenriCoanda' Technical College and 'Ion ICBratianu' Technological High School) to organize classes within the 'Dual Vocational Education' program, being intended for young people who want to specialize in one of the professions in the aviation industry.

In these programs, the company offers to the 8th grade graduates from all over the country, all the conditions for professional training in the following professions:

- "Numerically controlled car operator" - 16 places in the class at Dinicu Golescu Technical College
- "Aircraft mechanic" - 16 places in the class at the Henri Coanda Technical College
- "Fine mechanics mechanic" - 20 places in the class at Ioan I.C. Bratianu Technological High School
- "Milling - planer-mortar" - 14 places in the class at Ioan I.C. Bratianu Technological High School
- "Turner" - 16 places in the class at Carol I Technical College

Turbomecanica offers very attractive material benefits to students who enroll in Dual Education classes throughout schooling, as well as training in Turbomecanica workshops during internships where they build their specialization for one of the jobs listed above and an extraordinary benefit that is the insurance of Turbomecanica part that they will get a job within the company after graduating high school.

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.

The company registered in Q3 a net profit of 8,694,743 lei, decreasing by 50.9% from the same period last year, all aspects regarding this decrease were mentioned above

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 13.8 million lei.

## 2. Statement of financial position:

	30 SEPTEMBER 2020	31 DECEMBER 2019
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment, net	56.516.600	55.465.420
Intangible assets, net	1.773.945	3.391.723
Other assets	6.000	6.000
<b>Total fixed assets</b>	<b>58.296.544</b>	<b>58.863.143</b>
<b>Current assets</b>		
Inventory	69.851.684	55.610.633
Trade receivables	10.048.704	4.540.984
Other receivables and prepayments	2.288.130	2.018.674
Cash and bank balances	3.884.335	4.105.218
<b>Total current assets</b>	<b>86.072.853</b>	<b>66.275.509</b>
<b>Total assets</b>	<b>144.369.397</b>	<b>125.138.651</b>
<b>Shareholder equity and liabilities</b>		
<b>Shareholder equity</b>		
Share Capital	1.024.571.055	1.024.571.055
Reserves	89.488.364	89.981.651
Retained earnings	(1.022.787.921)	(1.031.975.951)
Own shares	(599.408)	(599.408)
<b>Total shareholder equity</b>	<b>90.672.089</b>	<b>81.977.346</b>
<b>Long term liabilities</b>		
Borrowings LT	5.948.151	3.567.060
Deferred tax liabilities	2.158.761	2.158.761
Provisions LT	1.638.456	1.840.284
Other liabilities LT	1	1
<b>Total liabilities TL</b>	<b>9.745.369</b>	<b>7.566.106</b>
<b>Current liabilities</b>		
Short term loans	4.115.847	8.387.340
Borrowings ST	30.952.413	14.128.979
Income tax expense/benefit	44.558	889.100
Provisions ST	1.037.439	4.026.021
Defferend income	12.784	2.178

Other liabilities ST	7.788.898	8.161.569
<b>Total current liabilities</b>	<b><u>43.951.939</u></b>	<b><u>35.595.199</u></b>
<b>Total liabilities</b>	<b><u>53.697.308</u></b>	<b><u>43.161.305</u></b>
<b>Total shareholder equity and liabilities</b>	<b><u>144.369.397</u></b>	<b><u>125.138.651</u></b>

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;

Trade receivables amounting to 10 million, increased significantly compared to 31.12.2019, the main cause is represented by receivables from domestic customers, receivables that were collected after 30.09.2020, and to a lesser extent delays in receipts from customers external, which postponed their payment terms.

The stocks, they experienced an increase compared to 31.12.2019 by 25,6%, the company taking measures regarding the supply process by purchasing raw materials and necessary materials and for the products that will be completed by the end of 2020. These measures were taken to prevent possible problems in the supply chain, which could generate delays in the production process. this solution generated a cash outflow reflected in cash flow.

Current assets increased by 29,8% compared to 31.12.2019 by increasing stocks and recivables

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2019 because the collection terms of the invoices issued to customers before the end of Q3 were collected after 30.09.2020.

Commercial debts and other debts - they decreased by 50,9%, compared to 31.12.2019, 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 2019, (increased 66,7%) by concluding new 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, Horizontal Lathe CNC Needle, all these machines were purchased in order to increase the production capacity.

The reason for the increase in long-term debts by 28,8% compared to 31.12.2019, is mentioned above, the main cause being the acquisition of new equipment through leasing

The short-term provisions decreased by 77,7% compared to 31.12.2019, 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 company's own capital on 30.09.2020 is 90.672.089 lei, increasing by 10% compared to 31.12.2019, which results that all the company's activities are carried out in proper conditions.

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 30 of September 2020 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

**STATEMENT OF FINANCIAL POSITION  
AT 30 SEPTEMBRIE 2020**

	<b>30 SEPTEMBER 2020</b>	<b>31 DECEMBER 2019</b>
<b>Assets</b>		
<b>Fixed assets</b>		
Property, plant and equipment, net	56.516.600	55.465.420
Intangible assets, net	1.773.945	3.391.723
Other assets	6.000	6.000
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<b>Total assets</b>	<b>144.369.397</b>	<b>125.138.651</b>
<b>Shareholder equity and liabilities</b>		
<b>Shareholder equity</b>		
Share Capital	1.024.571.055	1.024.571.055
Reserves	89.488.364	89.981.651
Retained earnings	(1.022.787.921)	(1.031.975.951)
Own shares	(599.408)	(599.408))
<b>Total shareholder equity</b>	<b>90.672.089</b>	<b>81.977.346</b>
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<b>Total liabilities</b>	<b><u>53.697.308</u></b>	<b><u>43.161.305</u></b>
<b>Total shareholder equity and liabilities</b>	<b><u>144.369.397</u></b>	<b><u>125.138.651</u></b>

**GENERAL MANAGER  
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,  
CLAUDIA  
ANGHEL**



**STATEMENT OF PROFIT AND LOSS  
AT 30 SEPTEMBER 2020**

	<b>30 SEPTEMBER 2020</b>	<b>30 SEPTEMBER 2019</b>
Revenues	73.758.262	77.814.296
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<b>Net profit</b>	<b>8.694.743</b>	<b>17.710.339</b>

**GENERAL MANAGER,  
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,  
CLAUDIA ANGHEL**

**STATEMENT ON CHANGES IN OWN CAPITAL**  
**30 SEPTEMBRIE 2020**

Elements of equity capital		Balance on 1st of JANUARY 2020	Growth		Decrease		Balance on 30th of SEPTEMBRIE 2020
			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
Patrimonial assets							
Share premiums							
Revaluation reserve		35.182.370			493.287		34.689.082
Legal reserves		15.691.483					15.691.483
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		31.385.416	493.287				31.878.703
Other reserves		39.107.798					39.107.798
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 2020	Growth		Decrease		Balance on 30th of September 2020
			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			133.914		1.032.979

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	73.464.208	19.585.830		39.171.660		53.878.377
Profit or loss for the period	Balance C	21.919.302	95.091.859		105.225.057		11.786.103
	Balance D		3.321.100		229.739		3.091.361
Profit appropriation		2.333.472			2.333.472		0
<b>TOTAL OWN CAPITAL</b>		<b>81.977.345</b>	<b>72.678.216</b>		<b>63.983.473</b>	<b>0</b>	<b>90.672.089</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 30th of SEPTEMBER 2020 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.

**GENERAL MANAGER  
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER  
CLAUDIA ANGHEL**

**CASH FLOW STATEMENT**  
**30<sup>th</sup> of SEPTEMBER 2020**

EXPLANATIONS		NO. ln.	Executed 30/09/2019	Executed 30/09/2020
+	Turnover	01	77.814.296	73.758.262
+	Changes in inventories	02	7.240.496	11.893.404
+	Other operating revenues and provisions	03	179.254	321.839
=	<b>Total operating income</b>	04	<b>85.234.047</b>	<b>85.973.505</b>
+	Raw materials and consumables	05	25.420.668	26.988.517
+	Energy, fuels, etc.	06	1.832.696	1.840.409
+	Employee benefits	07	28.995.761	36.046.218
+	Expenses related to external labour conscriptions	08	3.829.686	4.980.185
+	Expenses with other taxes, fees and similar payments	09	693.952	764.840
+	Depreciation of non-current assets and provisions	10	2.312.525	3.416.021
+	Other operating expenses	11	11.196	151.212
=	<b>Total operating expenses</b>	12	<b>63.097.204</b>	<b>74.187.402</b>
	Operating results (+/-)	13	22.136.843	11.786.103
+	Financial revenues	14	231.784	229.739
-	Financial expenses	15	1.760.763	1.791.237
=	<b>Financial result (+/-)</b>	16	<b>-1.528.979</b>	<b>-1.561.498</b>
	Gross result (+/-)	17	20.607.864	10.224.606
	Deferred tax	18	2.897.525	1.529.863
	Net result (+/-)	19	17.710.339	8.694.743
<b>CASH FLOW</b>				
	<b>CASH FLOW</b>	20	<b>Executed 30/09/2019</b>	<b>Executed 30/09/2020</b>
+	Profit or loss (+/-)\	21	17.710.339	8.694.743
+	Damping included in cost	22	6.452.601	6.498.653
-	Stock variation (+/-)	23	10.003.460	14.143.774
-	Receivables variation (+/-)	24	13.784.736	5.158.632
+	Variation of providers and creditors (+/-)	25	16.827.581	-4.271.511
-	Variation of other assets	26	-7.934.016	-8.162.170
+	Variation of other liabilities	27	-41.287.217	-11.213.575
=	Net cash generated by operating activities (A)	28	-16.150.877	-11.431.927
+	Income from selling assets and fixed assets	29	0	0
-	Purchase of tangible assets	30	7.585.331	8.371.597
=	Net cash generated by investment activities (B)	31	-7.585.331	-8.371.597
+	Loans variation (+/-)	32	17.975.409	17.813.691
=	Net cash used in financing activities (C)	33	17.695.409	17.813.691

<b>Cash and cash equivalents at the beginning of the period</b>	<b>34</b>	<b>6.990.252</b>	<b>3.380.231</b>
<b>Net cash flow</b>	<b>35</b>	<b>-3.610.021</b>	<b>509.146</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>36</b>	<b>3.380.231</b>	<b>3.889.377</b>

The company's cash flow registered a positive increase of 509.146 RON, compared to the same period last year.

Operating revenues increased by 0,8% compared to the same period last year.

Operating expenses increased compared to 30.09.2019, this being largely due to the increase in expenditures on raw materials and materials, the increase in employee benefits and the increase in the provision of services performed by third parties. The variations are explained in point 1 Statement of financial result.

The cash flow from the exploitation activity is impacted by the variation of the company's assets and liabilities, largely influenced by the variation:

- increasing the receivables amounting to 10.048.704 RON, the company having commercial receivables that were collected after 30th of September 2020
- increasing stocks, the company applying a prevention policy in this case influenced by the impact that COVID 19 could have on the supply chain.
- debts to suppliers, which decreased compared to the same period last year by 50,9%, the company fulfilling all contractual payment terms, compared to internal and external suppliers

The cash flow from the investment activity had a small increase compared to the same period last year 10,3%, the equipment purchased during this period being put into operation in the period after Q3

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 in point 2 of the statement of financial position
- short-term loans, which are granted in the form of a credit limit and which were used in a much higher proportion compared to the same period last year of ~1%.

**GENERAL MANAGER  
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER  
CLAUDIA ANGHEL**

**EXPLANATORY NOTES**  
**30 SEPTEMBER 2020**

**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	20.499.871	562.667	14.934	X	21.047.604
Intangible assets in progress	03	193.117	467.118	594.430	X	65.805
<b>TOTAL (ln. 01 to 03)</b>	<b>04</b>	<b>20.692.989</b>	<b>1.029.785</b>	<b>609.364</b>	<b>X</b>	<b>21.113.410</b>
<b>Tangible assets</b>						
Lands	05	18.794.996				18.794.996
Buildings	06	12.008.083	253.758			12.261.841
Technical equipment and machinery	07	33.534.113	1.619.277	212.305	212.305	34.941.085
Other equipment, installations and furniture	08	219.967	24.186	383	383	243.770
Investment securities	09					
Intangible assets in progress	10	2.201.353	5.691.230	1.897.219		5.995.364
Investitii imobiliare in curs de executie	11					0
<b>TOTAL (ln. 05 to 09)</b>	<b>12</b>	<b>66.758.512</b>	<b>7.588.451</b>	<b>2.109.907</b>	<b>212.688</b>	<b>72.237.056</b>
<b>Biological assets</b>	13				X	
<b>Financial assets</b>	14	6.000			0	6.000
<b>FIXED ASSETS-TOTAL</b>	<b>15</b>	<b>87.457.501</b>	<b>8.618.236</b>	<b>2.719.271</b>	<b>212.688</b>	<b>93.356.466</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	17.301.265	2.038.199		19.339.464
<b>TOTAL (rd. 16 la 17)</b>	18	<b>17.301.265</b>	<b>2.038.199</b>		<b>19.339.464</b>
<b>Tangible assets</b>					
Lands	19				
Buildings	20	912.851	541.698		1.454.549
Technical equipment and machinery	21	10.319.739	4.000.394	140.518	14.179.615
Other equipment, installations and furniture	22	60.502	26.142	350	86.294
Investment securities	23				
<b>TOTAL (rd. 19 la 23)</b>	24	<b>11.293.092</b>	<b>4.568.234</b>	<b>31.707</b>	<b>15.720.458</b>
<b>Biological assets</b>	25				
<b>AMORTIZATIONS</b>	-				
<b>TOTAL</b>	26	<b>28.594.357</b>	<b>6.606.433</b>	<b>31.707</b>	<b>35.059.922</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 (air conditioners, industrial cooling system, automatic welding machine, spectrophotometer, laboratory equipment)

Decreases in property, plant and equipment represent:

- Depreciation
- Disposal of

Increases in property, plant and equipment in progress represent

- The value of the investments not put into operation on 30th of September 2020, the largest share is represented by an equipment (CNC OKKVP9000) purchased under leasing in the amount of RON 2,294,494, which is being supplied and which will be used in current production for our client LEONARDO Italia, as well as for other clients

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 2020	Growth	Decrease	Balance on 30th of September 2020
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	489.897		71.588	331.309
Adjustment for debtors receivables impairment	0			0

Adjustment for raw materials stocks impairment	10.596.288			10.596.288
Adjustment for supplies stocks impairment	94.914			94.914
Impairment of stocks in progress	1.080.614			1.080.614
Adjustment of materials and stocks at other partners	0			0
Adjustment for packaging material impairment	44.019			44.019
Adjustment for manufactured items impairment	952.562			952.562
Impairment of residual products	45.069			45.069
Provisions for restructuring costs	0			0
Provisions for retirement and similar obligations	1.840.284		201.828	1.638.456
Provisions for employees' obligations	4.026.021		2.988.582	1.037.439
<b>TOTAL</b>	<b>19.169.669</b>		<b>3.348.999</b>	<b>15.820.669</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 31.12.2019 and which involved a cash outflow during January - September 2020.

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 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	8.050.853
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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	3.348.999
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Non-deductible expenses	8.703.551
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Deductions (tax amortization)	3.639.007
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Elements similar to income (revaluation account 105 surplus)	372.989
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The non deductible expences are mostly represented by amortization the fixed assets revalueate.

The similar elements income are constituted from the revaluation surplus reserve, taxed by the exit of the asset.

TAX PROFIT:

10.139.387

#### 4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.09.2019	30.09.2020
1.	Net turnover	77.814.296	73.758.262
2.	The costs of goods and services provided	35.151.818	38.097.294
3.	Expenses of the basic activities	21.957.856	18.949.884
4.	Expenses of auxiliary activity	2.350.500	3.444.671
5.	Indirect manufacture expenses	10.843.462	15.702.739
6.	Gross result related to net turnover (1-2)	42.662.478	35.660.968
7.	Retail expenses	1.024.908	1.501.237
8.	General administration expenses	19.679.982	22.695.466
9.	Other exploitation expenses	179.254	321.839
10.	Exploitation results (6-7-8+9)	22.136.843	11.786.103

#### 5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 30th of September 2020 (col.2+3)	Liquidity term	
		under 1 year	over 1 year
0	1	2	3
<b>Total, of which:</b>	<b>10.959.413</b>	<b>10.959.413</b>	
Suppliers debtorss-debtors	0		
Customers	10.380.013	10.380.013	
Personnel and social security receivables	836.705	836.705	
VAT under settlement	17.462	17.462	
Other receivables regarding state and public institutions receivables	0		

Debtors	56.541	56.541	
Provision for customer receivables impairment	331.309	331.309	

Debts	Balance on 30th of September 2020	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>51.100.421</b>	<b>42.993.510</b>	<b>5.948.149</b>	<b>2.158.761</b>
Short term bank loans	25.765.429	25.765.429		
Long term loans	11.135.135	5.186.985	5.948.149	
Suppliers	4.115.829	4.115.829		
Creditors	0	0		
Expenses regarding with personnel and social security	3.450.335	3.450.335		
Tax for non-residents	0	0		
VAT to pay	1.073.456	1.073.456		
Other debts regarding state and public institutions	44.558	44.558		
Deferred tax	1.571.497	1.571.497		
Other debts	2.158.761	0		2.158.761
Dividens	1.774.025	1.774.025		
Other creditors	11.396	11.396		

Bank loans	Balance on 30th of September 2020
BRD – GSG	17.530.313
Bank Transilvania	8.235.116
Short term loans from Shareholders	4.880.000
<b>Short term loans</b>	<b>30.645.429</b>
<b>Long term loans</b>	
<b>Total</b>	<b>30.645.429</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

In other debts, the share higher than 78.4% is represented by the value of guarantees granted to clients according to IFRS 15 Revenues from contracts with clients

## **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 indebtedness 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. 5483 from 17.10.2017

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, 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)	64.643
at expenses (account 665)	45.514

## **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 2020. 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 30th of September 2020 has been of 4,8698 for 1 EUR and 4,1617 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.	30.09.2019	30.09.2020
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.	30.09.2019	30.09.2020
1.	Employees			
	1. effective number related to the period	no	457	541
	2. paid or payable salaries related to the period	ron	27.958.241	34.597.723
	3. expenses on social security	ron	1.037.520	1.448.495

The company has not granted loans to managers and administrators in 2020.

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%), ANGHIEL CLAUDIA ( 6,98 %), OTHER SHAREHOLDERS (42,37%).

- c) **Net turnover, total** **73.758.262 lei**
- Of which export 9.689.327 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	24.746.367	5.128.037	5.759.657
Main rotor hub RK+ PSD	12.829.111	2.658.498	2.985.945
Main transmission case RK+PSD	12.626.722	2.616.558	2.938.839
Rear gearbox RK+PSD	1.411.000	292.393	328.407
Intermediate transmission box RK+PSD	1.458.135	302.160	339.377
Current repair of engines, PSD T56	80.592	16.701	18.758
Current repair of engines, components, parts and spare parts for aircrafts	732.794	151.852	170.556
Transsmition shafts repairs	2.441.919	506.024	568.351
Bearing fan support repairs	1.709.064	354.159	397.781
Repair silenced streaks	307.621	63.871	69.966
Repair VIPER	1.328.486	275.294	309.202
Aggregate repair	581.389	120.478	135.317
<b>TOTAL IAR + MApN</b>	<b>60.253.201</b>	<b>12.485.899</b>	<b>14.023.787</b>



Aeroteh parts repair	1.701.645	352.621	396.054
Unison components and parts	593.978	123.086	138.247
Export aviation	7.787.603	1.613.777	1.812.546
Industrial components	1.901.724	394.082	442.622
Other	1.520.111	315.003	353.802
<b>TOTAL SALES</b>	<b>73.758.262</b>	<b>15.284.469</b>	<b>17.167.057</b>
On geographical zones, the turnover is distributed as follows:			
EUROPE	9.532.622	1.975.386	2.218.695
USA	141.513	29.325	32.937
ASIA	15.192	3.148	3.536
<b>TOTAL EXPORT</b>	<b>9.689.327</b>	<b>2.007.859</b>	<b>2.255.167</b>
<b>ROMANIA</b>	<b>64.068.935</b>	<b>13.276.610</b>	<b>14.911.890</b>
<b>NET TURNOVER</b>	<b>73.758.262</b>	<b>15.284.470</b>	<b>17.167.058</b>

**GENERAL MANAGER,  
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL  
MANAGER  
CLAUDIA ANGHEL**

**FINANCIAL-ECONOMIC INDICATORS**  
**30<sup>th</sup> of SEPTEMBER 2020**

No.	Economic indicators	Formula	30 <sup>th</sup> of SEPTEMBER 2020	30 <sup>th</sup> of SEPTEMBER 2019
1	Current liquidity ratio	current assets / current liabilities	1,96	1,59
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	6,56	5,64
3	Receivable turnover ratio	( Accounts Receivable / Turnover ) * 270 days	26,70	32,60
4	Fixed assets turnover ratio	Turnover / Fixed assets	1,27	1,29

- The current liquidity indicator - the value is super unitary 1,96 (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.

**GENERAL MANAGER,**  
**RADU VIEHMANN**

**ECONOMIC- COMMERCIAL MANAGER,**  
**CLAUDIA ANGHEL**