



TURBOMECHANICA

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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

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Current Report

No. 22 of 30.10.2020

Under the provisions of the ASF Regulation no. 5 / 2018 on the issuers of financial instruments and market operations and of the Law no. 24 / 2017 on the issuers of financial instruments and market operations

Reporting date: 30.10.2020

Name issuing entity: TURBOMECHANICA SA

Headquarters: Bucharest, 244 Iuliu Maniu Blvd., district 6

Phone no.: 021 434 32 06 021 434 07 41 facsimile: 021 434 07 94

Unique Registration Code with the Trade Registry Office: RO 3156315

Registration number with the Trade Registry: J40/533/1991

LEI Code 52990005AIXHHACIZH85

Subscribed and integrally paid in capital: 36.944.247,50 lei

Regulated market where the issued receivables are traded: Bucharest Stock Exchange
Capital Titles Standard Shares

I. Important events to report:

Information on the Business Continuity Plan in the context of COVID-19

In the context of the spread of COVID-19 worldwide and with the increase in national frequency of occurrence and the establishment by the President of Romania of the state of emergency, TMB revised in the first quarter of 2020 the Business Continuity Plan to introduce in the risk analysis of the impact that COVID-19 may have on the Company.

Business continuity risk analysis was performed on the FMEA (Failure Mode and Effects Analysis) model - Analysis of failure modes and their effects which is a systematic procedure for analyzing a system in order to identify potential failure modes, causes and effects each malfunction of the system.

Following the analysis, 5 potential causes of defect were identified, of which 4 were assessed with a Potential Risk Number (RPN) above the maximum allowed according to the internal standard SF SO-01 "Risk Management". Following the risk analysis, the availability of cash flow was not assessed with a Potential Risk Number (RPN) above the maximum allowed. The risk analysis will be reassessed whenever Management notices a new potential risk.

The potential effects of the 4 causes of defect concern temporary difficulties in the company's supply, in intra-community deliveries, in the optimal insurance of the company's staff and in the unpredictability of legal regulations with a temporary impact on economic activity at national level.

The company's management analyzed the possible effects of COVID 19 on the financial statements, in this sense significant balance sheet elements were examined and the impact of COVID 19 on them was determined, if applicable:

- Tangible and intangible assets - there is no impact. The company has made investments to increase the capacity of production in the amount 6,3 mil RON
- Bank loans - the risks covered by the insurance policies in case of these loans, the extension conditions as well as the degree of fulfilment of the conditions imposed by contracts were analysed, in which case there were no COVID effects 19.
- Regarding the commercial receivables, to a small extent they were influenced by COVID 19 through delays in the receipts from external clients that postponed their payment terms, these representing only 14% of the total commercial receivables.
- Commercial debts and other debts, the company respected its contractual payment terms to all suppliers and all debts to the state budget and the state social insurance budget. At Q3, TMB has no unpaid tax debt to the state authorities.
- The stocks, they experienced an increase compared to 31.12.2019 by 25,6%, 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. These Measures have been taken to prevent possible problems in the supply chain, which could lead to delays in the production process.

Regarding the financial result, the elements with a significant share in total expenditures were analyzed and the impact of COVID 19 on them was established, where it was the case:

- Turnover decreased by 5,2% compared to the same period last year. The company fully respecting its contractual terms with customers.
- Expenditures on raw materials and materials increased compared to last year, due to the exposure to balance sheet items related to stocks. COVID 19 had an insignificant impact through the purchase of materials regarding the security of employees, through the purchase of gloves, masks, disinfectants, thermal scanners, in the amount of 236.000 RON.
- Expenses with employee benefits. There is no COVID impact on this element, especially since the company has made new hires during this period.
- The financial result was not impacted by any additional expenses regarding compensatory payments, non-fulfilment of contractual obligations, other expenses regarding tangible and intangible assets.

In order to reduce the negative effects on the Company's activity of the potential causes of defect, the following have been established in the responsibility of the Board of Directors:

- Providing means of protection and prevention to maintain the health of staff.

- Purchase of thermometers for daily staff verification in order to detect people with a fever higher than 37.3°C.
- Flexibility of the work schedule to avoid congestion in transport in common to / from work.
- Where possible, employees are working from home
- Carrying out an intensive information campaign in order to make all staff aware of the hygiene rules that must be implemented and observed in order to prevent the virus from contracting.
- Implementation of actions to raise awareness of the need for information by all staff about possible trips to risk areas as they are updated by the authorities and about possible contacts with such family members or the circle of acquaintances.
- Implementation of measures to inform all staff of any symptoms of the disease.
- Strict implementation of home isolation of symptomatic staff.
- Implementation of measures provided by the competent authorities regarding quarantine or isolation, as appropriate, of personnel returning from risk areas or who have come into contact with sick persons (in the case of viruses with rapid transmission capacity and potentially serious health effects) .
- Establishing a stock of raw materials and materials supplied by customers or other suppliers.
- Identifying and using alternative sources of raw materials and materials.
- Establishing a safety stock of deliverable parts to customers.
- Re-scheduling delivery times, if applicable.
- Ensuring an efficient communication with the suppliers in the supply chain in order to ensure the measures to prevent dysfunctions in the supply chain related both to the actual supply activity and to possible problems related to the dedicated staff of these suppliers.
- Minimize the interaction of employees as much as possible, keeping the regulatory distance inside the offices.
- Periodic disinfection of office spaces and production section spaces.
- Rigorous monitoring of access to the company and application of restrictions where necessary.
- Informing customers about possible delays in product deliveries, if any.

All measures aimed at the Company's staff were analyzed and agreed with the members of the Union within the Company and were detailed in the Decision of the General Manager no. ORG-034 / 16.03.2020.

Failure to comply with the measures ordered and communicated by the executive management of the Company in these emergencies as well as non-compliance with the measures ordered by the Competent Authorities in connection with preventing and limiting the spread of COVID-19 infections entails disciplinary liability of employees, in accordance with the Collective Agreement, work or of the Internal Regulations, as the case may be.

The measures detailed above, object of the Decision of the General Director no. ORG-034 of 16.03.2020, must be carried out by the entire staff of the Company, as well as by any other person who has access to the premises of the Company (collaborators, visitors, etc.)

Although the consequences of this situation cannot be correctly estimated as events evolve from day to day and legal regulations with a temporary impact on economic activity at national level are still unpredictable, the Company does not estimate a major impact on business in the context of its predominance within the National Defense Industry. In this context, the company estimates that the turnover for 2020 will be achieved by the end of the year, in accordance with the Revenue and Expenditure Budget.

We receive constant official communications from external customers Leonardo Helicopters Italy and Rolls Royce Germany informing us about the current situation and asking us, as a supplier, to inform us in turn, about the business continuity plan and to ensure the requirement. customer according to the delivery plan that was not affected by the spread of COVID-19. The rest of the external clients from which no information was received carry out their activity under normal conditions.

Specific measures have also been taken for materials and raw materials supplied from risk areas, in the meaning that they are quarantined for 24 hours before reception and the staff that manages them has the appropriate equipment.

Until the date of issuing this information, the commercial activity of the Company was not affected by the spread of COVID-19 and the Company's management is committed to the full and without exception implementation of best management practices and policies so as to ensure the continuity of economic activity in 2020 both in the interest of investors but also in strict accordance with any measures ordered by the competent authorities.

PRESIDENT OF THE BOARD GENERAL MANAGER,

Eng. Radu VIEHMANN

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