



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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No. 22 of 12.11.2021

QUARTERLY REPORT AS OF SEPTEMBER 30TH 2021

BOARD OF ADMINISTRATION OF TURBOMECHANICA S.A. REPORT

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 Quarter III 2021, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

1. Statement of profit and loss:

	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Revenues	77.974.062	73.758.262

Other gains and loss	3.011.020	3.344.374
Change in inventories of finished goods and work in progress	7.887.585	11.893.404
Raw materials and consumables used	(29.463.847)	(28.828.926)
Employee benefits expense	(38.640.864)	(36.046.218)
Depreciation and amortisation expense	(8.256.870)	(6.606.431)
Finance cost, net	(1.522.940)	(1.608.836)
Other operating expenses	(5.412.933)	(5.681.023)
Gross profit/Profit before tax	<u>5.575.212</u>	<u>10.224.606</u>
Income tax expense/ benefit	1.273.437	1.529.863
Net profit	<u>4.301.775</u>	<u>8.694.743</u>

The Company recorded operating revenues in amount of Lei 86.845.229 RON and operating expenses in amount of Lei 79.865.903. The company registered in Quarter III 2021 an operating profit of 6.979.325 RON

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

Turnover creased by 5,72% compared to the same period last year.

TBM record a turnover, below the budgeted amount by approximately 12,7%, but - in the same time - above the average turnover recorded for the semester of the last years.

(RON)	Q3 2017	Q3 2018	Q3 2019	Q3 2020
Turnover	73.537.647	65.484.140	77.814.296	73.758.262

In the same time, comparing with budgeted values, during the analyzed period the Company is below the budgeted amount by RON 11,4 mil. Lei. Turnover forecast at 10 months 97,521,719 RON, and Turnover realized at 10 months 97,790,122 RON

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.

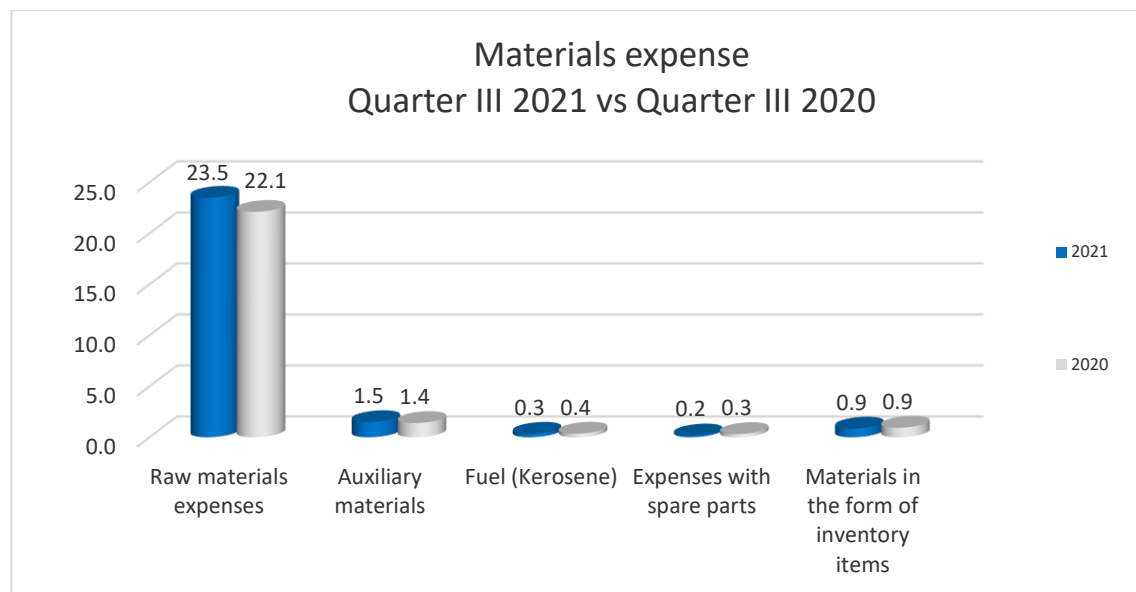
Revenues related to the cost of production in progress and the variation of stocks, had an decrease of 33,6% compared to the same period last year. The decrease always comes from the variations (increases / decreases) in the production in progress, release / launch of new orders (according to customer requirements) and finalization of orders in the production process.

Raw material expenses grow up compared to last year by 4,64%.

Significant variations were recorded at:

- raw materials expenses positive variation 6,3%
- fuel (Kerosene) negative variation 3,1%
- expenses with spare parts, negative variation 44,2%

- materials in the form of inventory items of 9,2%
 - expenses regarding purchased materials COVID 19, negative variation 32,5%.
 Due to COVID 19 context, company decided to purchase Health & Safety materials: gloves, masks, disinfectants, worth 202.504 RON.
 The chart below shows the most significant variations in materials costs.



Salary expenses increased by approximately 7,2% lei in the context of increasing the average number of employees from:

- 495 employees on December 2020,
- to 501 employees on March 2021,
- to 510 employees on June 2021,
- to 497 employees on September 2021.

In the first 9 months of 2021, holiday vouchers amounting to RON 1,6 million were distributed to the company's employees.

Other operational expenses increased by approximately 6,4%, this being mainly due to:

Decrease of expenses:

- other third party services (mostly satellite equipment landmarks, Main Transmission Box repairs for internal clients: IAR Brasov, MApN, audit services, amounting 9,7%)
- expenses with insurance.

Increased expenses:

- with travel, the main reason of the trips being for motor technical assistance, by 9,3%;
- 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 529.509 RON
- ch. with personal transport to / from work with 87.702 RON
- entertainment, promotion and advertising, by 3% (3.471 RON)
- maintenance and repair expenses, by 224.194 RON

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 decrease by 85.896 RON, the same level as last year and represent expenses with bank fees, factoring, interest.

Expenditures on depreciation of buildings, equipment, increased by approx. 25%, compared to the same period last year, as a result of the revaluation from 30th of December.

Following the delays in production, caused by the health crisis in the first 3 quarters of the year, TBM registered on 30th of September a net profit of 4.3 million lei, below the budgeted value of 10.2 million RON.

As previously announced, the company has made efforts to recover the delays, and this is partially visible in the financial statements on 30th of September. Thus, the preliminary values at 30th of October indicate the recovery trend and hitting the budgeted financial indicators.

The EBITDA indicator reflects the financial performance of the company and represents the profit before interest, taxes, depreciation and amortization and has a positive value of 16,9 million RON.

2. Statement of financial position:

	30 SEPTEMBER 2021	31 DECEMBER 2020
Assets		
Fixed assets		
Property, plant and equipment, net	64.266.462	71.703.273
Intangible assets, net	1.079.052	1.329.012
Other assets +contractual assets	6.000	12.134.057
Total fixed assets	65.351.514	85.166.342
Current assets		
Inventory	73.628.933	31.173.171
Trade receivables	3.672.187	12.372.365
Other receivables and prepayments	1.836.473	22.319.171
Cash and bank balances	17.877.800	5.148.791
Total current assets	97.015.393	71.013.498
Total assets	162.366.907	156.179.840
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	36.944.248	1.024.571.055
Reserves	82.823.329	103.560.022
Retained earnings	(6.551.114)	(1.019.216.389)
Own shares	(599.408)	(599.408)
Total shareholder equity	112.617.054	108.315.279
Long term liabilities		
Borrowings LT	3.160.592	4.242.854
Deferred tax liabilities	4.634.038	4.634.038
Provisions LT	2.870.703	3.032.342
Total liabilities TL	10.665.333	11.909.234

Current liabilities

Short term loans	4.514.600	1.861.529
Borrowings ST	28.177.498	20.424.538
Income tax expense/benefit	757.749	1.631.433
Provisions ST	1.031.707	3.708.200
Defferend income	-	2.178
Other liabilities ST	4.602.965	8.327.448
Total current liabilities	39.084.519	35.955.327
Total liabilities	49.749.853	47.864.561
Total shareholder equity and liabilities	162.366.907	156.179.840

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

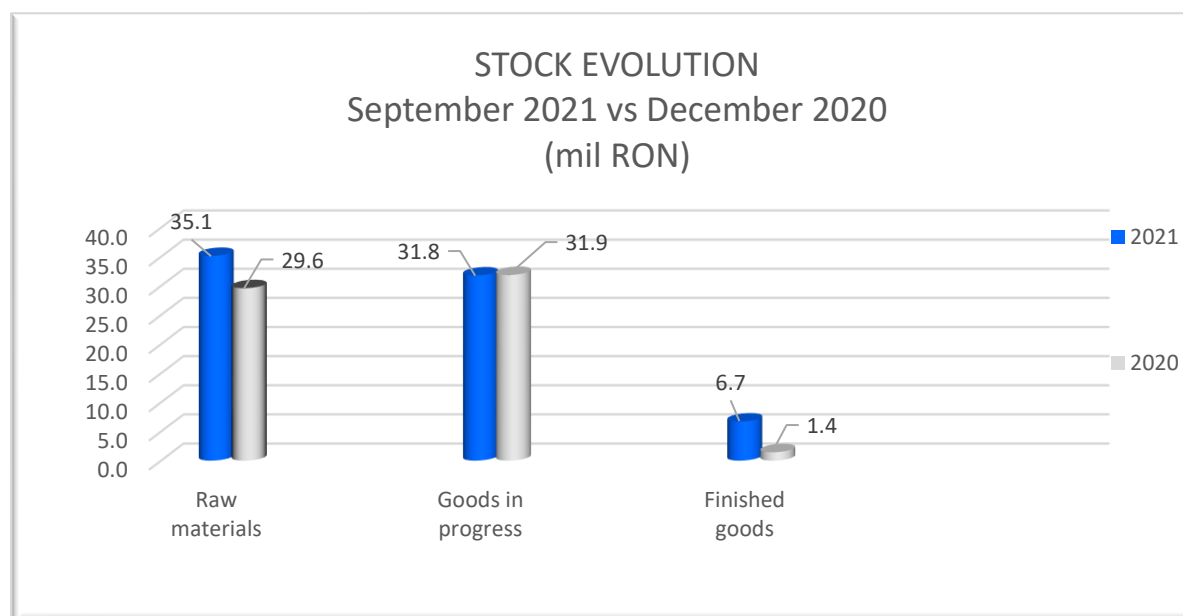
Applying of IFRS 15 “Revenues from contracts with customers” significantly impacted the company financial position in 2020 due to reclassification of assets: receivables, inventories, other assets.

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

Stocks, receivables, other assets in S1 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.

In the chart below, the variations of the Q1 – Q3 stocks are mentioned, compared to December 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 10,7 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 Q4 2021. These measures were taken to prevent possible problems in the supply chain, which could generate delays in the production process.

Following the AGOA 3 / August 2021, in Q3, the capital inflation registered in 2012 due to transition to International Accounting Standards was canceled from the financial statements. More details can be found in the Statement on changes in own capital.

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2020.

Trade and other payables increased towards the end of the year, by 2,6 mil RON.

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

Cash and cash equivalents increased by RON 12,8 million compared to the end of 2020. The company in Q1 - Q3 set up bank deposits.

Long-term debts had an increasing trend towards the end of 2020, (increased by 1 million 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 2,67 mil 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 company's own capital at Q3 2021 is 112.617.054 RON, the value increasing with the accounting profit registered at the end of Q3, amounting to 4,3 million RON.

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 2021 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

**STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021**

	30 SEPTEMBER 2021	31 DECEMBER 2020
Assets		
Fixed assets		
Property, plant and equipment, net	64.266.462	71.703.273
Intangible assets, net	1.079.052	1.329.012
Other assets	6.000	12.134.057
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Share Capital	36.944.248	1.024.571.055
Reserves	82.823.329	103.560.022
Retained earnings	(6.551.114)	(1.019.216.389)
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Current liabilities		
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Borrowings ST	28.177.498	20.424.538
Income tax expense/benefit	757.749	1.631.433

Provisions ST	1.031.707	3.708.200
Defferend income	-	2.178
Other liabilities ST	4.602.965	8.327.448
Total current liabilities	<u>39.084.519</u>	<u>35.955.326</u>
Total liabilities	<u>49.749.853</u>	<u>47.864.560</u>
Total shareholder equity and liabilities	<u>162.366.907</u>	<u>156.179.840</u>

**STATEMENT ON CHANGES IN OWN CAPITAL
30 SEPTEMBER 2021**

Elements of equity capital		Balance on 1st of January 2021	Growth		Decrease		Balance on 30th of September 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		0
Deferred profit tax		2.475.277					2.475.277
Share premiums							
Revaluation reserve		50.055.269			19.864		50.035.405
Legal reserves		15.691.483			8.302.633		7.388.850
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		31.983.000	19.864				32.002.864
Other reserves		40.288.547			12.414.196		27.874.351
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		0
Elements of equity capital		Balance on 1st of January 2021	Growth		Decrease		Balance on 30th of September 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	Balance C	599.269				3.280	595.989

to the correction of accounting errors	Balance D	1.685.870					1.685.870
Retained earnings - actuarial employee benefits	Balance D	1.166.893					1.166.893
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		24.323.955		41.716.399
Profit or loss for the period	Balance C	13.342.726	100.089.622		106.453.023		6.979.325
	Balance D		2.961.360		283.810		2.677.550
Profit appropriation		1.180.749			1.180.749		0
TOTAL OWN CAPITAL		108.315.279	84.986.148	0	80.684.372	0	112.617.054

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 2021 the legal reserve was 7.388.850 RON. 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.

Following the transition from Order 3055/2009 (in 2012) to IFRS (Order 1286/2012, in 2012, now Order 2844/2016), the share capital, legal reserve and other reserves were inflated. One of the stages of restatement was the application of IAS 29 - Financial Reporting in Hyperinflationary Economies.

Thus, according to IAS 29, in 2012 were recorded in the accounting records, the effects of inflation on TBM share capital (period 1990 to 2003) with an impact on:

- a) Share capital = 987,626,807 RON
- b) Legal reserve = 8,302,633 RON
- c) Other reserves = 12,414,196 RON
- d) The result carried forward = 3,280 RON
- e) Adjustments of the share capital = - 1,008,346,916 RON

In the financial statements, the above, were reflected in total capital = 1,024,571,055 (987,626,807 + 36,944,248 paid-in subscribed capital) Following the HAGOA 3/August 2021, in Quarter III, this inflation with capital impact was canceled. As a result of eliminating the inflation result, the following elements will be presented in the financial statements as follows:

- a) The company's own capital in the financial statements will be of RON 36,944,248, the paid-in subscribed capital, registered at the Trade Register.
- b) The legal reserve will be reduced by 8,302,633 RON
- c) Other reserves will be reduced by 12,414,196 RON
- d) The result carried forward will decrease by 3,280 RON
- e) The loss from adjustments of the share capital 1,008,346,916 RON is covered.

When these amounts were registered (2012) they did not have any impact on the company's patrimony, respectively on the own capitals, they remain at the value before making these registrations, because the respective amounts are canceled each other.

Now (2021) when canceling this inflation, the own capitals will not be modified, for the same reasons: the respective amounts are mutually canceled.

CASH FLOW STATEMENT
30 SEPTEMBER 2021

EXPLANATIONS		NO. ln.	Executed 30/09/2021	Executed 30/09/2020
+	Turnover	01	77.974.062	73.758.262
+	Changes in inventories	02	7.887.585	11.893.404
+	Other operating revenues and provisions	03	983.582	321.839
=	Total operating income	04	86.845.229	85.973.505
+	Raw materials and consumables	05	27.587.519	26.988.517
+	Energy, fuels, etc.	06	1.892.804	1.840.409
+	Employee benefits	07	38.640.864	36.046.218
+	Expenses related to external labour conscriptions	08	4.826.489	4.980.185
+	Expenses with other taxes, fees and similar payments	09	712.193	764.840
+	Depreciation of non-current assets and provisions	10	5.318.453	3.416.021
+	Other operating expenses	11	887.581	151.212
=	Total operating expenses	12	79.865.903	74.187.402
	Operating results (+/-)	13	6.979.325	11.786.103
+	Financial revenues	14	283.810	229.739
-	Financial expenses	15	1.687.923	1.791.237
=	Financial result (+/-)	16	-1.404.113	-1.561.498
	Gross result (+/-)	17	5.575.212	10.224.606
	Deferred tax	18	1.273.437	1.529.863
	Net result (+/-)	19	4.301.775	8.694.743
CASH FLOW				
		20	Executed 30/09/2021	Executed 30/09/2020
+	Profit or loss (+/-)\	21	4.301.775	8.694.743
+	Damping included in cost	22	5.318.453	6.498.653
-	Stock variation (+/-)	23	42.583.423	14.143.774
-	Receivables variation (+/-)	24	-40.598.666	5.158.632
+	Variation of providers and creditors (+/-)	25	2.307.317	-4.271.511
-	Variation of other assets	26	-12.043.952	-8.162.170
+	Variation of other liabilities	27	-15.517.171	-11.213.575
=	Net cash generated by operating activities (A)	28	6.469.569	-11.431.927
+	Income from selling assets and fixed assets	29	0	0
-	Purchase of tangible assets	30	3.945.555	8.371.597

=	Net cash generated by investment activities (B)	31	-3.945.555	-8.371.597
+	Loans variation (+/-)	32	9.125.114	17.813.691
=	Net cash used in financing activities (C)	33	10.204.995	17.813.691
	Cash and cash equivalents at the beginning of the period	34	5.148.791	3.380.231
	Net cash flow	35	12.729.009	509.146
	Cash and cash equivalents at the end of the period	36	17.879.861	3.889.377

EXPLANATORY NOTES
30 SEPTEMBER 2021

1. FIXED ASSETS STATEMENT

Gross values						
Asset elements	No.	Initial balance 01.01.2021	Accrual	Degression		Final balance (col 5=1+2-3) 30.09.2021
				total	of which: dismantling and rescission	
A	B	1	2	3	4	5
Intangible assets						
Development expenses	01					
Other non-current assets	02	21.280.321	611.489	0	X	21.891.809
Intangible assets in progress	03	92.797	518.896	611.693	X	0
TOTAL (ln. 01 to 03)	04	21.373.118	1.130.384	611.693	X	21.891.809
Tangible assets						
Lands	05	16.642.911				16.642.911
Buildings	06	13.643.530	96.181			13.739.711
Technical equipment and machinery	07	35.008.743	3.316.323	11.635	11.635	38.313.431
Other equipment, installations and furniture	08	227.272	253.563	3.610		477.225
Investment securities	09					
Intangible assets in progress	10	6.180.817	59.232	3.659.489		2.580.559
Investitii imobiliare in curs de executie	11					0
TOTAL (ln. 05 to 09)	12	71.703.273	3.725.299	3.674.734	11.635	71.753.838
Biological assets	13				X	
Financial assets	14	6.000			0	6.000
FIXED ASSETS-TOTAL	15	93.082.391	4.855.683	4.286.427	11.635	93.651.647

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
Intangible assets					
Development expenses	16				
Other non-current assets	17	20.044.106	768.652		20.812.758
TOTAL (rd. 16 la 17)	18	20.044.106	768.652		20.812.758

Tangible assets					
Lands	19				
Buildings	20	0	437.143		437.143
Technical equipment and machinery	21	0	6.977.474	843	6.976.631
Other equipment, installations and furniture	22	0	73.601		73.601
Investment securities	23				
TOTAL (rd. 19 la 23)	24	0	7.488.218	843	7.487.375
Biological assets	25				
AMORTIZATIONS - TOTAL	26	20.044.106	8.256.870	843	20.044.106

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 st January 2021	Growth	Decrease	Balance on 30th of September 2021
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	238.832		97.317	141.515
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 for guarantees granted to customers	1.232.247			1.232.247

Provisions for retirement and similar obligations	1.800.095		161.639	1.638.456
Provisions for employees' obligations	3.708.200		2.679.862	1.028.338
TOTAL	22.063.200		2.938.818	19.124.382

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 31.12.2021 and which involved a cash outflow during Q1+Q2+Q3 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 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	5.025.993
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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	2.938.818
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Non-deductible expenses	10.109.620
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Deductions (tax amortization)	1.733.943
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Elements similar to income (revaluation account 105 surplus)	31.564
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TAX PROFIT:	10.494.415
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The non-taxable income in the amount of RON 2.938.818 represents in this case the value of the provisions reversed in Q1+Q2+Q3 (provisions constituted at the end of 2020 which were considered, non-deductible expenses when calculating the profit tax on 31.12.2020) and together with their partial reversal are considered non-taxable income.

Non-deductible expenses, the largest share (8,2 mil RON) in the total non-deductible expenses, is represented by the depreciation of tangible and intangible assets while the remaining amount, represents sponsorships, advertising and publicity expenses, car park expenses, protocol expenses.

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

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.09.2020	30.09.2021
1.	Net turnover	73.758.262	77.974.062
2.	The costs of goods and services provided	38.097.294	47.695.960
3.	Expenses of the basic activities	18.949.884	23.082.612
4.	Expenses of auxiliary activity	3.444.671	4.406.649
5.	Indirect manufacture expenses	15.702.739	20.206.699
6.	Gross result related to net turnover (1-2)	35.660.968	30.278.101
7.	Retail expenses	1.501.237	815.361
8.	General administration expenses	22.695.466	23.466.997
9.	Other exploitation expenses	321.839	983.582
10.	Exploitation results (6-7-8+9)	11.786.103	6.979.325

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 30th of September 2021	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	4.798.983	4.798.983	
Suppliers debtors-debtors	166.148	166.148	
Customers	4.034.370	4.034.370	
Personnel and social security receivables	610.516	610.516	
VAT under settlement	38.129	38.129	
Other receivables regarding state and public institutions receivables	85.552	85.552	
Debtors	5.783	5.783	
Provision for customer receivables impairment	141.515	141.515	

Debts	Balance on 30th of September 2021	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	46.287.838	38.493.209	3.160.591	4.634.038
Short term bank loans	22.964.839	22.964.839		
Long term loans	8.373.251	5.212.660	3.160.591	
Suppliers	4.168.846	4.168.846		
Creditors	220.668	220.668		
Expenses regarding with personnel and social security	3.606.145	3.606.145		

Tax for non-residents	0	0		
VAT to pay	314.813	314.813		
Other debts regarding state and public institutions	757.749	757.749		
Deferred tax	38.797	38.797		
Other debts	4.634.038	0		4.634.038
Dividends	1.081.941	1.081.941		
Other creditors	126.750	126.750		

Bank loans	Balance on 30th of September 2021
BRD – GSG	15.608.985
Bank Transilvania	7.355.855
Short-term loans from Associates	4.880.000
Short term loans	27.844.839
Long term loans	
Total	27.844.839

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 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. 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.

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 30th of September 2021 has been of 4,9471 for 1 EUR and 4,2653 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.	30.09.2020	30.09.2021
1.	Share capital subscribed	lei	36.944.248	36.944.248
	The effects of inflation on share capital	lei	987.626.807	-
2.	Issued shares (by types)			
	number		369.442.475	369.442.475
	total value	lei	1.024.571.055	369.442.475
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.	30.09.2020	30.09.2021
1.	Employees			
	1. medium number related to the period	no	501	497
	2. effective number related to the period	no	541	509
	3. paid or payable salaries related to the period	ron	34.597.723	36.977.366
	4. expenses on social security	ron	1.448.495	1.663.498

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 0 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	77.974.062 lei
- Of which export	7.927.410 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	31.457.045	6.405.295	7.663.105
Main rotor hub RK+ PSD	12.138.582	2.471.663	2.957.024
Main transmission case RK+PSD	13.879.740	2.826.198	3.381.179
Rear gearbox RK+PSD	4.081.270	831.030	994.219
Intermediate transmission box RK+PSD	2.118.000	431.268	515.956
Current repair of engines, components, parts and spare parts for aircrafts	99.777	20.317	24.306
Transsmition shafts repairs	2.383.500	485.329	580.633
Bearing fan support repairs	920.000	187.331	224.117
Repair silenced streaks	343.165	69.8751	83.597
Repair VIPER	1.780.972	362.642	433.854
Aggregate repair	245.493	49.987	59.803
TOTAL IAR + MApN	69.447.544	14.140.935	16.917.794
Aeroteh parts repair	0	0	0
Unison components and parts	131	27	32
Export aviation	7.223.660	1.470.884	1.759.722
Industrial components	703.750	143.298	171.437
Other	598.977	121.964	145.914
TOTAL SALES	77.974.062	15.877.107	18.994.899
On geographical zones, the turnover is distributed as follows:			
EUROPE	7.824.098	1.593.146	1.905.992
USA	87.645	17.846	21.351
ASIA	15.667	3.190	3.817
TOTAL EXPORT	7.927.410	1.614.182	1.931.160
ROMANIA	70.046.652	14.262.925	17.063.740
	77.974.062	15.877.108	18.994.900
NET TURNOVER			

The net result for the period: **4.301.775 lei**

**FINANCIAL - ECONOMIC INDICATORS
AT 30 SEPTEMBER 2021**

No.	Economic indicators	Formula	30 SEPTEMBER 2021	30 SEPTEMBER 2020
1	Current liquidity ratio	current assets / current liabilities	2,48	1,96
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	2,81	6,56
3	Receivable turnover ratio	(Accounts Receivable / Turnover) * 270 days	27,78	26,70
4	Fixed assets turnover ratio	Turnover / Fixed assets	1,19	1,27

- The current liquidity indicator, the value is super unitary 2,48 (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 OF PROFIT AND LOSS
AT 30 SEPTEMBER 2021**

	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Revenues	77.974.062	73.758.262
Other gains and loss	3.011.020	3.344.374
Change in inventories of finished goods and work in progress	7.887.585	11.893.404
Raw materials and consumables used	(29.463.847)	(28.828.926)
Employee benefits expense	(38.640.864)	(36.046.218)
Depreciation and amortisation expense	(8.256.870)	(6.606.431)
Finance cost, net	(1.522.940)	(1.608.836)
Othe operating expenses	(5.412.933)	(5.681.023)
Gross profit/Profit before tax	<u>5.575.212</u>	<u>10.224.606</u>
Income tax expense/ benefit	1.273.437	1.529.863
Net profit	<u>4.301.775</u>	<u>8.694.743</u>

**PRESIDENT OF THE BOARD
GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
CLAUDIA ANGHEL**