



TURBOMECANICA

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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. 11/09.05.2022

QUARTERLY REPORT RELATED TO THE COMPANY'S FINANCIAL RESULTS IN THE FIRST QUARTER 2022

REPORT OF THE BOARD OF ADMINISTRATION OF TMB AS OF MARCH 31ST 2022

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 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:

	31 MARCH 2022	31 MARCH 2021
Revenues	25.471.550	21.805.812
Other gains and loss	2.552.231	962.117
Change in inventories of finished goods and work in progress	1.019.165	1.881.922
Raw materials and consumables used	(12.884.810)	(9.014.993)
Employee benefits expense	(11.997.699)	(10.942.475)
Depreciation and amortisation expense	(2.734.528)	(2.822.060)
Finance cost, net	(517.055)	(418.127)
Othe operating expenses	(4.123.412)	(2.301.956)
Gross profit/Profit before tax	<u>(3.214.558)</u>	<u>(849.760)</u>
Income tax expense/ benefit		
Net profit	<u>(3.214.558)</u>	<u>(849.760)</u>

The Company recorded operating revenues in amount of Lei 26.581.304 RON and operating expenses in amount of Lei 29.300.457. The company registered in Quarter I 2022 an operating loss of 2.719.154 RON

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

Turnover decreased by 16.8% compared to the same period last year.

TBM recorded a turnover, below the budgeted amount by approximately 17,4%, but - in the same time - above the average turnover recorded for the first quarter of the last years.

(RON)	Q1 2019	Q1 2020	Q1 2021	Q1 2022
Turnover	18.000.678	31.063.329	21.805.812	25.471.550

In the same time, comparing with budgeted values, during the analyzed period the Company is below the budgeted amount by RON 5,4 mil. Lei. Turnover forecast at 3 months 30.848.380 RON, and Turnover realized at 3 months 25.471.550 RON

The expectations indicate a turnover in the end of 2022 in the budgeted provisions of 133.0 mil RON. The incomes corresponding to production in progress and variation of inventory have increased by 14 mil. RON compared to 31.12.2021. The growth is a result of variations (increases /decreases) of production in progress, releasing/launching of new orders (conforming to the client conditions).

IFRS15 had an impact of 8.3 mil RON on the work in progress balance at 31.12.2021. The impact of this standard on the production in progress will be seen after the analysis of contracts/orders at 4th quarter 2022.

The decrease results as well from the production cost of semi-finished goods and residual products obtained in the end of the period, and also from the differences between predetermined price and the corresponding production cost.

The differences from other gains and losses represent provisions reversal: days of leave untaken from previous years, pension provision – actuarial. During the first 3 months of 2022 the company didn't set-up any provision.

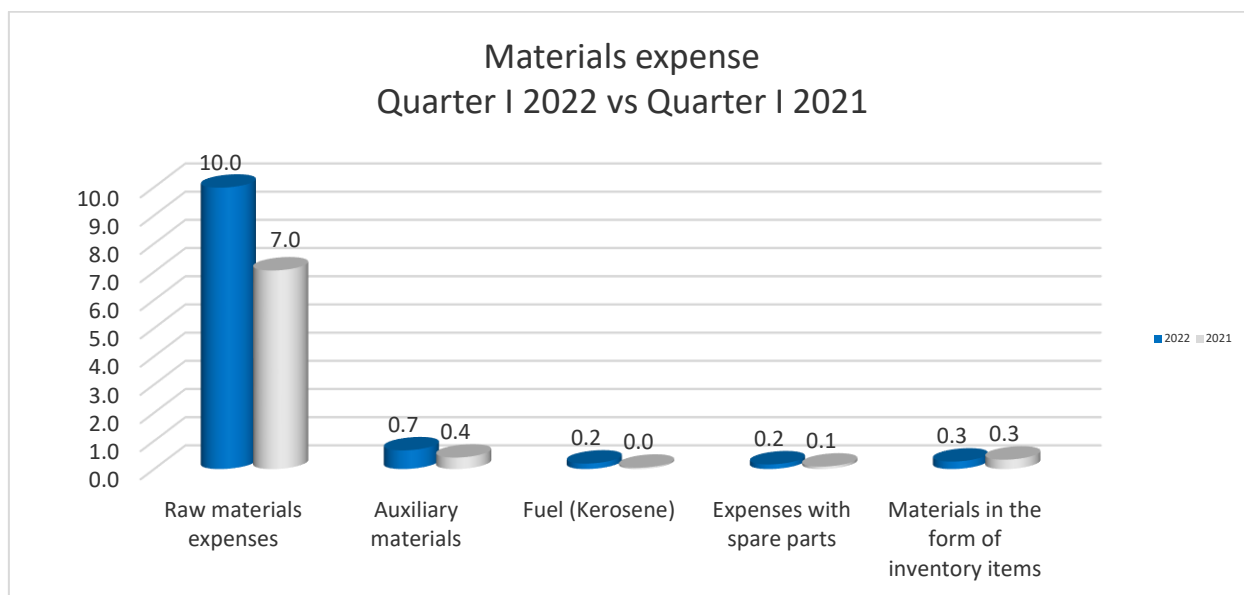
Raw material expenses grow up compared to last year by 42,92%.

Significant variations were recorded at:

- raw materials expenses positive variation 41,7%
- fuel (Kerosene) positive variation 320,6%
- expenses with spare parts, positive variation 92,4%
- materials in the form of inventory negative variation 20,7%
- expenses regarding purchased materials COVID 19, negative variation 59,4%.

Due to COVID 19 context, company decided to purchase Health & Safety materials: gloves, masks, disinfectants, worth 41.274 RON.

The chart below shows the most significant variations in materials costs.



Salary expenses increased by approximately 9,8% lei in the context of increasing the average number of employees from:

- to 501 employees on March 2021,
- to 510 employees on June 2021,
- to 497 employees on September 2021,
- to 501 employees on December 2021
- to 475 employees on March 2022

In the first 3 months of 2022, holiday vouchers amounting to RON 1.6 million were distributed to the company's employees.

Other operational expenses increased by approximately 79%, 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 24%

- expenses with insurance by 13%.
- 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 379.096 RON
- maintenance and repair expenses, by 143.233 RON

Increased expenses:

- with travel, the main reason of the trips being for motor technical assistance, by 32%;
- with personal transport to / from work with 11.471 RON
- entertainment, promotion and advertising, 27.686 RON
- compensations, fines, penalties following the fiscal inspection regarding the gift vouchers amounting to 1,9 million lei

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 98.928 RON, the same level as last year and represent expenses with bank fees, interest.

Expenditures on depreciation of buildings, equipment, increased by 87.532 RON compared to the same period last year.

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

2. Statement of financial position:

	31 MARCH 2022	31 DECEMBER 2021
Assets		
Fixed assets		
Property, plant and equipment, net	61.209.214	63.583.402
Intangible assets, net	886.708	938.549
Other assets +contractual assets	6.000	6.000
Total fixed assets	62.101.922	64.527.951
Current assets		
Inventory	67.331.290	59.341.922
Trade receivables	12.112.069	20.270.368
Other receivables and prepayments	2.727.979	14.383.921
Cash and bank balances	25.712.689	18.961.360
Total current assets	97.015.393	112.957.571
Total assets	169.985.950	177.485.522

Shareholder equity and liabilities

Shareholder equity		
Share Capital	36.944.248	36.944.248
Reserves	82.454.086	82.454.086
Retained earnings	(1.414.436)	1.800.022
Own shares	(599.408)	(599.408)
Total shareholder equity	117.384.390	120.598.947
Long term liabilities		
Borrowings LT	2.054.957	2.055.578
Deferred tax liabilities	3.989.086	3.989.086
Provisions LT	1.410.802	1.485.978
Total liabilities TL	7.454.845	7.530.642
Current liabilities		
Short term loans	5.059.138	5.551.518
Borrowings ST	29.882.588	27.895.049
Income tax expense/benefit	1.927.794	1.927.794
Provisions ST	2.710.745	4.798.822
Defferend income	-	-
Other liabilities ST	5.566.451	9.182.750
Total current liabilities	45.146.715	49.355.933
Total liabilities	52.601.561	56.886.575
Total shareholder equity and liabilities	169.985.950	177.485.522

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.

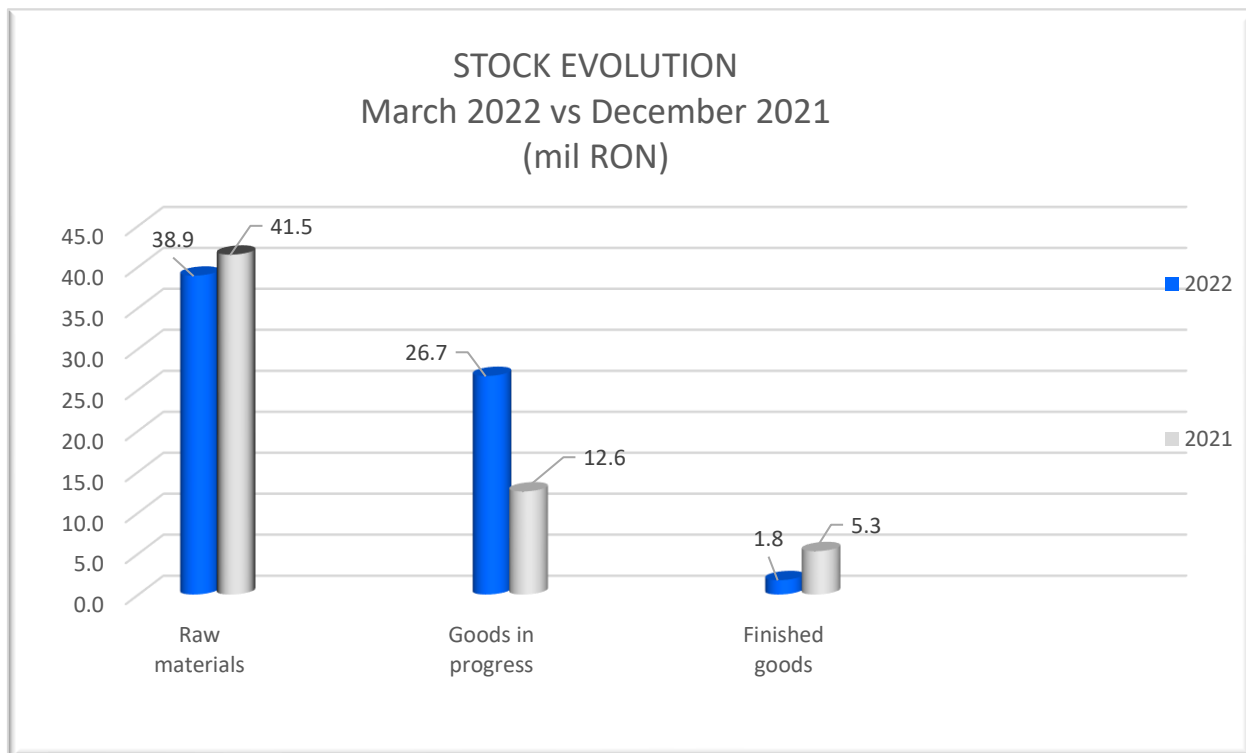
Applying of IFRS 15 "Revenues from contracts with customers" significantly impacted the company financial position in 2021 due to reclassification of assets: receivables, inventories, other assets.

Details of IFRS 15 are specified in the published 2021 financial statements.

Stocks, receivables, other assets in Q1 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 stocks are mentioned, compared to December 2021.



The impact of IFRS 15 on receivables and other assets reached 11.952.778, at 31.12.2021, value reclassified into contractual assets.

The value of inventories, without the impact of IFRS 15, increased by 7,9 million lei. (Stocks at 31.12.2021 worth 59.341.922 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 2022. These measures were taken to prevent possible problems in the supply chain, which could generate delays in the production process.

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2021.

Trade and other payables increased towards the end of the year, by 492.380 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 6,7 million compared to the end of 2021. The company in Q1 set up bank deposits.

Long-term debts had a decreasing trend towards the end of 2021, (decreased by aprox 0,75 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 2,08 mil RON compared to 31.12.2021, 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 Q1 2022 is 117.384.390 RON compared to 120.598.948 RON in the end of 2021, increased with 3.214.558 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 31 of MARCH 2022 are unaudited financial.

**STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2022**

	31 MARCH 2022	31 DECEMBER 2021
Assets		
Fixed assets		
Property, plant and equipment, net	61.209.214	63.583.402
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Other receivables and prepayments+contractual assets	2.727.979	14.383.921
Cash and bank balances	25.712.689	18.961.360
Total current assets	107.884.028	112.957.571
Total assets	169.985.950	177.485.522
 Shareholder equity and liabilities		
Shareholder equity		
Share Capital	36.944.248	36.944.248
Reserves	82.454.086	82.454.086
Retained earnings	(1.414.536)	1.800.022
Own shares	(599.408)	(599.408)
Total shareholder equity	117.384.390	120.598.947
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Income tax expense/benefit	1.927.794	1.927.794
Provisions ST	2.710.745	4.798.822
Defferend income	0	0
Other liabilities ST	5.566.451	9.182.750
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Total shareholder equity and liabilities	169.985.950	177.485.522

**FINANCIAL-ECONOMIC INDICATORS
AT 31 MARCH 2022**

No.	Economic indicators	Formula	31 MARCH 2022	31MARCH 2021
1	Current liquidity ratio	current assets / current liabilities	2,39	2,29
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	1,75	4,42
3	Receivable turnover ratio	(Accounts Receivable / Turnover) * 90 days	57,21	42,92
4	Fixed assets turnover ratio	Turnover / Fixed assets	0,41	0,31

- The current liquidity indicator, the value is super unitary 2,39 (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

**Subject: STATEMENT ON CHANGES IN OWN CAPITAL
31 MARCH 2022**

Elements of equity capital	Balance on 1st of January 2022	Growth		Decrease		Balance on 31th of March 2022
		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						
Deferred profit tax	2.475.277					2.475.277
Share premiums						
Revaluation reserve	49.666.162					49.666.162
Legal reserves	7.388.850					7.388.850
Statutory or contractual capital reserves						
Reserves representing revaluation reserves surplus	32.372.107					32.372.107
Other reserves	27.874.351					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	101.798				101.798
Elements of equity capital	Balance on 1st of January 2022	Growth		Decrease		Balance on 31th of March 2022
		Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the correction of accounting errors	Balance C					
	Balance D	1.089.881				1.089.881
Retained earnings - actuarial employee benefits	Balance D	530.653				530.653

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	41.716.400			11.749.227		29.967.172
Profit or loss for the period	Balance C	11.749.226	36.082.201		50.550.582		2.719.155
	Balance D		527.545		32.140		495.404
Profit appropriation							
TOTAL OWN CAPITAL		120.598.948	35.554.656	0	38.769.215	0	117.384.390

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.

The equity decreased with 3.214.558 RON

CASH FLOW STATEMENT
31 MARCH 2022

EXPLANATIONS		NO. ln.	Executed 31/03/2022	Executed 31/03/2021
+	Turnover	01	25.471.550	21.805.812
+	Changes in inventories	02	1.024.490	1.881.922
+	Other operating revenues and provisions	03	85.264	29.773
=	Total operating income	04	26.851.304	23.717.507
+	Raw materials and consumables	05	11.734.820	8.330.088
+	Energy, fuels, etc.	06	1.149.990	684.905
+	Employee benefits	07	11.997.699	10.942.475
+	Expenses related to external labour conscriptions	08	1.565.639	1.852.457
+	Expenses with other taxes, fees and similar payments	09	281.516	249.859
+	Depreciation of non-current assets and provisions	10	571.275	1.941.076
+	Other operating expenses	11	1.999.519	382.994
=	Total operating expenses	12	29.300.457	24.383.853
	Operating results (+/-)	13	-2.719.154	-666.347
+	Financial revenues	14	32.140	123.430
-	Financial expenses	15	527.545	490.724
=	Financial result (+/-)	16	-495.405	-367.294
	Gross result (+/-)	17	-3.214.559	-1.033.641
	Deferred tax	18	-	-183.881
	Net result (+/-)	19	-3.214.559	-849.760
CASH FLOW				
	CASH FLOW	20	Executed 31/03/2022	Executed 31/03/2021
+	Profit or loss (+/-)\	21	-3.214.559	-849.760
+	Damping included in cost	22	2.698.602	2.786.134
-	Stock variation (+/-)	23	8.200.921	36513.715
-	Receivables variation (+/-)	24	-20.038.789	-35.305.998
+	Variation of providers and creditors (+/-)	25	-20.544.833	-33.842.527
-	Variation of other assets	26	-4.758.449	-2.518.053
+	Variation of other liabilities	27	10.483.874	30.519.065
=	Net cash generated by operating activities (A)	28	6.019.402	-76.751
+	Income from selling assets and fixed assets	29	2.630.169	773.513
-	Purchase of tangible assets	30	5.325	0
=	Net cash generated by investment activities (B)	31	-1.592.464	-773.513
+	Loans variation (+/-)	32	2.322.868	5.022.495
=	Net cash used in financing activities (C)	33	2.350.331	5.022.495

Cash and cash equivalents at the beginning of the period	34	18.918.949	2.798.576
Net cash flow	35	6.777.269	4.172.558
Cash and cash equivalents at the end of the period	36	25.696.218	18.918.949

EXPLANATORY NOTES
31 MARCH 2022

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
Intangible assets						
Development expenses	01					
Other non-current assets	02	21.560.277	255.240	0	X	21.815.517
Advances granted for fixed assets	03					
Intangible assets in progress	04	0	255.240	255.240		0
TOTAL (ln. 01 to 03)	05	21.560.277	510.480	255.240	X	21.815.517
Tangible assets						
Lands	06	16.642.911	0	0		16.642.911
Buildings	07	13.739.711	0	0		13.739.711
Technical equipment and machinery	08	39.969.476	50.444	0	0	40.019.920
Other equipment, installations and furniture	09	528.123	0			528.123
Investment securities	10					
Intangible assets in progress	11	2.576.909	53.259	50.444	0	2.579.725
Advances granted for fixed assets	12	583.809				583.809
Real estate investments under construction	13					
TOTAL (ln. 05 to 09)	14	74.040.940	103.703	50.444	0	74.094.199
Biological assets	15				X	
Right-of-use asset	16	479.014		0	0	479.014
Financial assets	17	6.000			0	6.000
FIXED ASSETS-TOTAL	18	96.086.231	614.183	305.684	0	96.394.730

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	19				
Other non-current assets	20	20.669.629	271.155		20.940.785
TOTAL (in. 19 to 20)	21	20.669.629	271.155		20.940.785
Tangible assets					
Lands	22				
Buildings	23	583.280	146.137		729.417
Technical equipment and machinery	24	9.183.822	2.250.185		11.434.007
Other equipment, installations and furniture	25	106.626	31.125		137.751
Investment securities	26				
TOTAL (in.22 to 26)	27	9.873.729	2.427.447		12.301.176
Right-of-use asset	28	431.113	35.926		467.039
Biological assets	29				
AMORTIZATIONS	-				
TOTAL (21+27+28)	30	30.974.471	2.734.528	0	33.708.999

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 2022	Growth	Decrease	Balance on 31th of March 2022
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	340.313		29.553	310.760
Adjustment for debtors receivables impairment	0			0
Adjustment for raw materials stocks impairment	14.133.750			14.133.750
Adjustment for supplies stocks impairment	492.824			492.824

Impairment of stocks in progress	2.844.157		425.712	2.418.445
Adjustment of materials and stocks at other partners	0			0
Adjustment for packaging material impairment				
Adjustment for manufactured items impairment	189.552			189.552
Impairment of residual products	151.133			151.133
Provisions for guarantees granted to customers	335.622			335.622
Provisions for retirement and similar obligations	1.150.356		75.176	1.075.180
Other provisions	4.798.822		2.088.077	2.710.745
TOTAL	24.436.528	0	2.618.518	21.818.009

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 2022.

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	-3.214.558
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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	2.618.518
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Non-deductible expenses	6.738.758
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Deductions (tax amortization)	1.224.449
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Elements similar to income (revaluation account 105 surplus)	2.246
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Items similar to income consist of the reserve representing the revaluation surplus taxed at the exit of the asset

TAX PROFIT:	-316.521
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4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		31.03.2021	31.03.2022
1.	Net turnover	21.805.812	25.471.550
2.	The costs of goods and services provided	15.149.817	18.127.727
3.	Expenses of the basic activities	7.614.951	9.978.305
4.	Expenses of auxiliary activity	1.401.499	1.487.163
5.	Indirect manufacture expenses	6.133.367	6.662.259
6.	Gross result related to net turnover (1-2)	6.655.994	7.343.824
7.	Retail expenses	242.103	251.110
8.	General administration expenses	7.110.011	9.897.131
9.	Other exploitation expenses	29.773	85.264
10.	Exploitation results (6-7-8+9)	-666.347	-2.719.154

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 31th of March 2022	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	13.336.813	13.336.813	
Suppliers debtors-debtors	1.763	1.763	
Customers	12.425.007	12.425.007	
Personnel and social security receivables	1.037.213	1.037.213	
VAT under settlement	22.698	22.698	
Other receivables regarding state and public institutions receivables	20.193	20.193	
Debtors	140.699	140.699	
Provision for customer receivables impairment	310.760	310.760	

Debts	Balance on 31th of March 2022	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	48.568.211	42.524.169	2.054.956	3.989.086
Short term bank loans	24.232.261	24.232.261		
Long term loans	7.705.283	5.650.327	2.054.956	
Suppliers	4.882.152	4.882.152		
Creditors	2.178	2.178		
Expenses regarding with personnel and social security	3.443.140	3.443.140		
Tax for non-residents	0	0		
VAT to pay	1.160.003	1.160.003		

Other debts regarding state and public institutions	1.927.794	1.927.794		
Deferred tax	3.989.086			3.989.089
Other debts	0	0		
Dividens	1.070.493	1.070.493		
Other creditors	155.821	155.821		

Bank loans	Balance on 31th of March 2021
	BRD – GSG
Bank Transilvania	7.887.702
Short term loans from Shareholders	4.880.000
Short term loans	29.112.261
Long term loans	
Total	29.112.261

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 N0. 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

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 2021 on 31th of march the following differences of exchange rates have been registered:

at revenues (account 765)	6.927
at expenses (account 665)	8.976

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 31th of March 2021 has been of 4.9466 for 1 EUR and 4.4508 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.	31.03.2022	31.03.2021
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
3.	Redeemable shares	number		
	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.	31.03.2022	31.03.2021
1.	Employees			
	1. effective number related to the period	no	475	501
	2. paid or payable salaries related to the period	ron	11.446.035	10.418.208
	3. expenses on social security	ron	551.664	524.267

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

- c) **Net turnover, total** **25.471.550 lei**
- Of which export 3.600.396 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Motor Turmo IV C RK + PSD + RPC	4.360.000	881.485	989.403
Main rotor hub RK + PSD	6.960.121	1.407.165	1.579.441
RK + PSD main gearbox	4.556.352	921.182	1.033.960
RK + PSD rear transmission	1.050.000	212.284	238.274
Intermediate gearbox RK + PSD	480.000	97.044	108.925
Current engine repairs, parts, aviation parts and spare parts	19.300	3.902	4.380
Current engine repairs, technical assistance, PSD engine T 56		0	0
Repairs, engine transformation Viper		0	0
Transmission shaft repairs	1.017.020	205.616	230.789
RK fan bearing repairs	460.000	93.001	104.387
Sweep damper repairs			
Aggregate repairs	44.315	8.959	10.056
TOTAL IAR + MApN	18.947.107	3.830.639	4.299.614
Aeroteh parts repairs + others	2.590.562	523.748	587.869
Unison parts and parts	89.388	18.072	20.285
Export aviation	3.173.551	641.614	720.165
Industrial components	426.848	86.298	96.863
Others	244.093	49.350	55.391
TOTAL SALES	25.471.550	5.149.721	5.780.187
On geographical zones, the turnover is distributed as follows:			
EUROPE	3.567.279	721.216	809.512
USA	33.118	6.696	7.515
ASIA	0	0	0
TOTAL EXPORT	3.600.396	727.912	817.028
ROMANIA	21.871.154	4.421.809	4.963.159
NET TURNOVER	25.471.550	5.149.721	5.780.187

For the currency equivalent, the value of 4.9462 lei was taken into account for 1 euro and 4.4067 lei for one usd (average values displayed by BNR).

e) Net result for the period – loss: 3.214.559 lei

PRESIDENT GENERAL MANAGER

Eng. RADU VIEHMANN

ECONOMIC – COMMERCIAL MANAGER

CLAUDIA ANGHEL