



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 LEI

www.turbomecanica.ro; e-mail: office@turbomecanica.ro

Our Reference: 14 Date: 26 August 2022

SEMESTRIAL REPORT
ACCORDING TO THE LAW 24/2017 ARTICLE 65 AND
ASF REGULATION NO.5/2018

Report Date 26.08.2022

COMPANY TURBOMECANICA SA

REGISTERED OFFICE: 244 Iuliu Maniu Blv., District 6, Bucharest ROMANIA.

TRADE REGISTRY NUMBER AND INCORPORATION DATE: J40 /533 /1991 ;

FORM OF OWNERSHIP: Majority private;

MAIN ACTIVITY: 3030 Manufacturing of Aircrafts and Spaceships;

SOLE REGISTRATION CODE: RO3156315;

REGULATED MARKET ON WHICH THE SECURITIES ISSUED ARE TRADED:

Bucharest Stock Exchange;

CALLED-UP AND PAID IN SHARE CAPITAL: 36.944.247,50 LEI

REPORT OF THE BOARD OF ADMINISTRATION OF TMB AS OF 30 JUNE 2022

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 company's website is www.turbomecanica.ro

1. Turbomecanica Management

The management of the company is in a unitary system.

The Chairman of the Managing Board is also the General Director of the company and ensures the executive management.

The organization of the Turbomecanica management system is defined by the operative management that ensures the achievement of responsibilities and objectives based on a divisional type organization,

The management at operational level is ensured by the Directors of the 4 departments, which form the Managing Board.

Each operational department has specific structures under it.

There were no changes in this structure in 2022.

As at 30.06.2022, the non-executive management structure that ensures the current development of the activities has the following composition:

NAME	POSITION
VIEHMANN Radu	President of BoD & CEO
ANGHEL Claudia	Financial & Commercial Director
VIEHMANN Timura Wendy	Quality & Organization Director
TICĂ Sorin Daniel	Production Director
VASILESCU Șerban-Ion	Technical & Conformity Director

The financial results will be included in the financial statements of 1st Semester 2022, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

2. Statement of profit and loss:

	30 JUNE 2022	30 JUNE 2021
Revenues	57.710.478	52.201.030
Other gains and loss	5.075.540	2.708.521

Change in inventories of finished goods and work in progress	4.140.035	5.316.957
Raw materials and consumables used	(26.912.784)	(21.723.540)
Employee benefits expense	(25.930.855)	(26.763.333)
Depreciation and amortisation expense	(5.436.542)	(5.570.017)
Finance cost, net	(933.320)	(1.006.725)
Othe operating expenses	(6.531.650)	(3.784.077)
Gross profit/Profit before tax	1.180.903	1.378.816
Income tax expense/ benefit	423.539	515.688
Net profit	757.364	863.128

The Company recorded:

- 1) operating revenues in amount of Lei 62,031,234 and
- 2) operating expenses in amount of Lei 59,950,649. The company registered in 1st Semester 2022 an operating profit of Lei 2.080.585

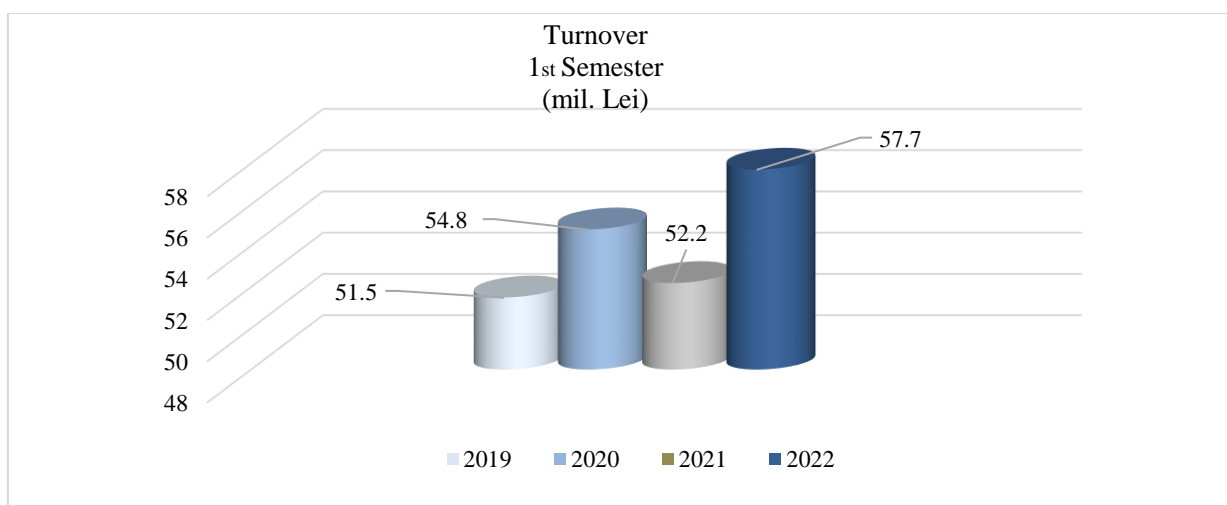
The largest share of this revenue was made through specific activities related to the production profile of the Company.

Turnover increase by 10.54% compared to the same period last year.

TBM registered a turnover of 57.7 mil. Lei, below the budgeted values but - at the same time - well above the Turnover average recorded in 1st Semester 2019 – 2021, value 52.8 mil. Lei.

(Lei)	Q2 2019	Q2 2020	Q2 2021	Q2 2022
Turnover	51.518.745	54.796.174	52.201.030	57.705.153

The expectations indicate a turnover in the end of 2022 in the budgeted provisions of 133,9 mil.Lei.



The incomes corresponding to production in progress and variation of inventory have decreased by 1.1 mil. LEI compared to 30.06.2021. 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 Lei 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 Wuarter 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 6 months of 2022 the company didn't set-up any provision.

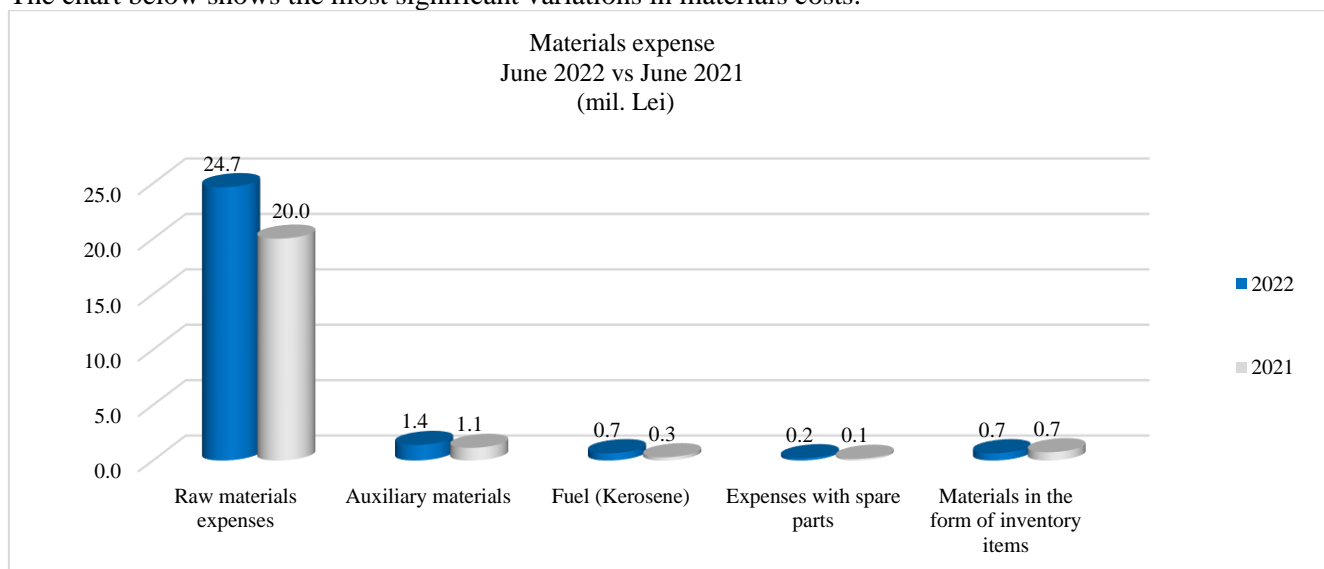
Raw material expenses grow up compared to last year by 23.89%.

Significant variations were recorded at:

- raw materials expenses positive variation 21.8%, due to the increase in prices on the international market
- fuel (Kerosene) positive variation 169.4%
- expenses with spare parts, positive variation 40.1%
- materials in the form of inventory negative variation 11.7%
- expenses regarding purchased materials COVID 19, negative variation 59.6%.

Due to COVID 19 context, company decided to purchase Health & Safety materials: gloves, masks, disinfectants, worth 50,635 Lei.

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

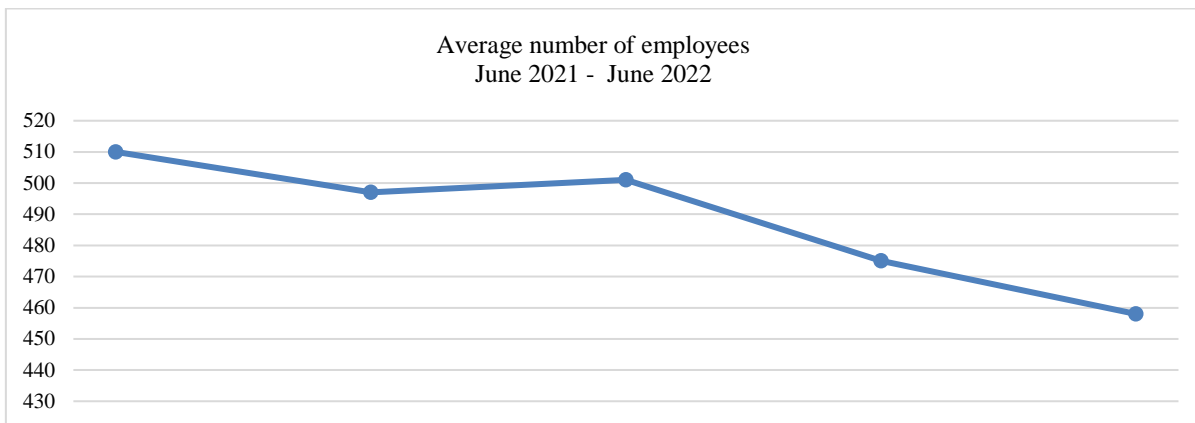


Salary expenses decreased by approximately 3.11% in the context of increasing the average number of employees from:

- to 510 employees on June 2021,
- to 497 employees on September 2021,
- to 501 employees on December 2021,
- to 475 employees on March 2022,
- to 458 employees on June 2022.

In the first 6 months of 2022, holiday vouchers amounting to Lei 1.6 million were distributed to the company's employees.

The labour shortage in the aviation industry remains a real problem and challenge taking into consideration the need for qualified & specialised personnel and the high level of professional training and experience required by the specific activities in the field.



Other operational expenses increased by approximately 72.61%, this being mainly due to:

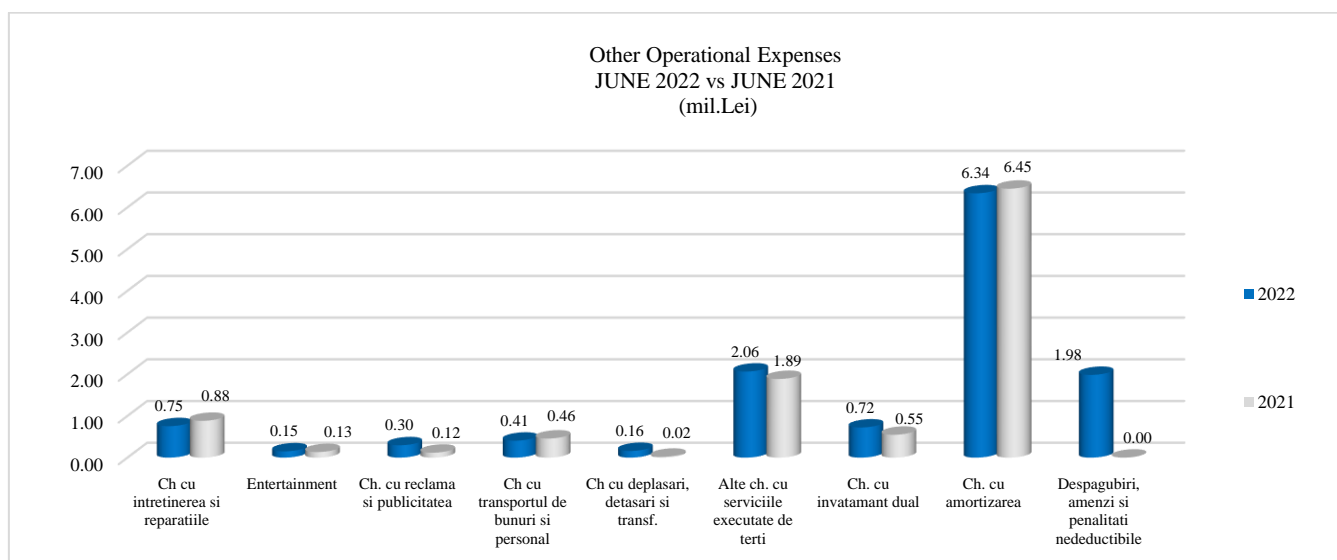
Decrease of expenses:

- other third party services (mostly satellite equipment landmarks, Main Transmission Box repairs for internal clients: IAR Brasov, MApN, audit services, personal recruitment, other services) amounting 1.71%.
- maintenance and repair expenses, by 702,688 Lei.
- entertainment, promotion and advertising, 93,824 Lei.
- rental expenses, by 21%.

Increased expenses:

- with travel, the main reason of the trips being for motor technical assistance, value 115,317 Lei and TBM promotion at international fairs, to increase the portfolio of external clients.
- compensations, fines, penalties following the fiscal inspection regarding the gift vouchers amounting to 1,9 million lei. For these expenses, TBM created a provision on 31.12.2021, a provision that was canceled (reversed) on the date of payment, in 1st Semester 2022.
- expenses with dual education scholarships by 31.84%. 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.
- contribution expenses ARIE – Romanian Aeronautical Association, value 57.186 Lei.

Expenditures on depreciation of buildings, equipment, decreased by 2% compared to the same period last year.



The financial result, loss 899.683 Lei, was not impacted by any additional expenses regarding compensatory payments, non-fulfillment of contractual obligations, other expenses regarding tangible and intangible assets.

Given that the company has no significant loans, although ROBOR and EURIBOR have increased significantly at 6 months in 2022 compared to 2021 Net financial costs decrease of 7.29%, the same level as last year and represent expenses with bank fees, interest.

Compared to the period 2020 - 2021, TBM's profit is less influenced by the health crisis. However, some of the employees were diagnosed with COVID-19 in 1st Semester 2022, which negatively influenced production. This period of time witnessed a rising trend in the prices of energetic products, electrical energy, gas and oil products. This trend was also entertained by the conflict in Ukraine and the subsequent sanctions. The main challenge for this period will be to keep costs under control.

3. Statement of financial position:

	30 JUNE 2022	31 DECEMBER 2021
Assets		
Fixed assets		
Property, plant and equipment, net	64.024.333	63.583.402
Intangible assets, net	790.889	938.549
Other assets +contractual assets	6.000	6.000
Total fixed assets	64.821.222	64.527.951
Current assets		
Inventory	70.993.594	59.341.922
Trade receivables	13.268.319	20.270.368
Other receivables and prepayments	4.132.350	14.383.921
Cash and bank balances	22.019.308	18.961.360
Short-term financial investments	5.880.000	-
Total current assets	116.293.571	112.957.571
Total assets	181.114.793	177.485.522
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	36.944.248	36.944.248
Reserves	68.656.951	82.454.086
Retained earnings	6.250.266	1.800.022
Own shares	(599.408)	(599.408)
Total shareholder equity	111.252.056	120.598.947
Long term liabilities		
Borrowings LT	5.488.216	2.055.578
Deferred tax liabilities	3.989.086	3.989.086
Provisions LT	1.238.119	1.485.978
Total liabilities TL	10.715.421	7.530.642
Current liabilities		

Short term loans	8.375.062	5.551.518
Borrowings ST	33.169.353	27.895.049
Income tax expense/benefit	423.539	1.927.794
Provisions ST	700.615	4.798.822
Other liabilities ST	16.478.747	9.182.750
Total current liabilities	59.147.316	49.355.933
Total liabilities	69.862.737	56.886.575
Total shareholder equity and liabilities	181.114.793	177.485.522

Tangible and intangible assets (ERP-SAP program) decreased, compared to 31.12.2021, as a result of recording depreciation in the first 6 months of 2022.

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 1st Semester 2022 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.

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 19.63 million Lei. (Stocks at 31.12.2021 worth 59,341,922 Lei) 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. Considering the current economic context, TBM was supplied at much higher prices than at the end of last year.

In the chart below, the variations of the 1st Semester 2022 stocks are mentioned, compared to December 2021.



In accordance with AGEA Decision no. 2/28.04.2022 TBM in June 2022, purchased state securities, (safe investments) value 5,880,000 Lei, these can be found under Short-term financial investments.

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 50.86%.

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.

Other current debts - increased compared to the end of last year by 79.45% and all debts to the State Budget are highlighted (salary contributions, VAT, profit tax, non-resident tax, taxes and customs commissions, dividends, etc.). The significant value is represented by the dividends that will be distributed to the shareholders in the amount of 10.1 mil. Lei.

Cash and cash equivalents increased by Lei 3 mil. compared to the end of 2021. The company in 1st Semester set up bank deposits, value 19 mil. Lei.

Long-term debts had a increased trend towards the end of 2021, by 3.43 mil Lei and represent leasing contracts regarding the purchase of equipment:

- KASTO twin saw cutting machine
- 2 Turning machine/ turret with rotary tool
- KELEBERGER grinding machine

The total value of this equipment is EUR 887,975 + VAT

The short-term provisions decreased by 4.09 mil Lei 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.

Reserves decreased, in accordance with HGOA no. 1 of 28.04.2022, point 3, with the value of 13,779,390 Lei, as follows:

- a) The "Other Reserves" account decreased by the amount allocated to the carried forward result.
- b) Losses from previous years from the Retained Earnings decreased by the same amount.

The company's own capital at 1st Semester 2022 is 111,252,056 Lei compared to 120.598.948 Lei in the end of 2021.

Equity decreased compared to 31.12.2021, with the value of 9,346,792 Lei, representing:

- the difference in value between the profit of 2021: 11,749,227 Lei and the profit obtained by the company in 1st Semester in the amount of 757,364 Lei
- the entries from the Retained Earnings – loss coverage for previous years from:
 - Other Reserves (13.8 mil.Lei)
 - From the profit of 2021 (1.6 mil.Lei)

4. Capital Market Aspects

In relation with the capital market, Turbomecanica honored all the reporting obligations resulting from the legal provisions by publishing the mandatory current and periodical reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange, on the company website and via press releases. According to the provisions of the Corporate Governance Code, continuous and periodical information was disseminated simultaneously, both in Romanian and in English.

Turbomecanica is listed on the BVB under the symbol TBM.

5. Environmental Aspects

Turbomecanica is constantly concerned with protecting the environment and is committed to reducing the generation of hazardous and non-hazardous waste as far as activity allows.

It was agreed in the contracts with the suppliers of hazardous waste to return the empty containers back to the supplier in order to reuse them for later deliveries.

The Integrated Environmental Authorization and the Water Management Authorization allow the operation in conditions of full legality of the existing installations, equipment and processes in the Company. It was decided to reduce the amount of waste from the absorption of hazardous waste (eg cloths) by hiring an authorized supplier to clean it for reuse.

6. Accounting records

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 JUNE 2022 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

**STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2022**

	30 JUNE 2022	31 DECEMBER 2021
Assets		
Fixed assets		
Property, plant and equipment, net	64.024.333	63.583.402
Intangible assets, net	790.889	938.549
Other assets	6.000	6.000
Total fixed assets	64.821.222	64.527.951
Current assets		
Inventory	70.993.594	59.341.922
Trade receivables	13.268.319	20.270.368
Other receivables and prepayments	4.132.350	2.431.143
Contractual assets	-	11.952.778
Cash and bank balances	22.019.308	18.961.360
Short Term financial Investments	5.880.000	-
Total current assets	116.293.571	112.957.571
Total assets	181.114.793	177.485.522
 Shareholder equity and liabilities		
Shareholder equity		
Share Capital	36.944.248	36.944.248
Reserves	68.656.951	82.454.086
Retained earnings	6.250.266	1.800.022
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Total shareholder equity	111.252.056	120.598.947
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Borrowings LT	5.488.216	2.055.578
Deferred tax liabilities	3.989.086	3.989.086
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Current liabilities		

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Borrowings ST	33.169.353	27.895.049
Income tax expense/benefit	423.539	1.927.794
Provisions ST	700.615	4.798.822
Other liabilities ST	16.478.747	9.182.750
Total current liabilities	<u>59.147.316</u>	<u>49.355.933</u>
Total liabilities	<u>69.862.737</u>	<u>56.886.575</u>
Total shareholder equity and liabilities	<u>181.114.793</u>	<u>177.485.522</u>

**STATEMENT OF PROFIT AND LOSS
AT 30 JUNE 2022**

	30 JUNE 2022	30 JUNE 2021
Revenues	57.710.478	52.201.030
Other gains and loss	5.075.540	2.708.521
Change in inventories of finished goods and work in progress	4.140.035	5.316.957
Raw materials and consumables used	(26.912.784)	(21.723.540)
Employee benefits expense	(25.930.855)	(26.763.333)
Depreciation and amortisation expense	(5.436.542)	(5.570.017)
Finance cost, net	(933.320)	(1.006.725)
Other operating expenses	(6.531.650)	(3.784.077)
Gross profit/Profit before tax	1.180.903	1.378.816
Income tax expense/ benefit	423.539	515.688
Net profit	757.364	863.128

CASH FLOW STATEMENT
30 JUNE 2022

EXPLANATIONS		NO. ln.	Executed 30/06/2022	Executed 30/06/2021
+	Turnover	01	57.705.153	52.201.030
+	Changes in inventories	02	4.145.360	5.316.957
+	Other operating revenues and provisions	03	180.721	777.626
=	Total operating income	04	62.031.234	58.295.613
+	Raw materials and consumables	05	24.898.198	20.403.861
+	Energy, fuels, etc.	06	2.014.586	1.336.155
+	Employee benefits	07	25.930.855	26.763.333
+	Expenses related to external labour conscriptions	08	3.332.712	3.381.035
+	Expenses with other taxes, fees and similar payments	09	512.429	521.466
+	Depreciation of non-current assets and provisions	10	1.090.476	2.918.488
+	Other operating expenses	11	2.171.394	624.300
=	Total operating expenses	12	59.950.649	55.948.638
	Operating results (+/-)	13	2.080.586	2.346.975
+	Financial revenues	14	370.515	152.319
-	Financial expenses	15	1.270.197	1.120.479
=	Financial result (+/-)	16	-899.683	-968.160
	Gross result (+/-)	17	1.180.903	1.378.816
	Deferred tax	18	423.539	515.688
	Net result (+/-)	19	757.364	863.128
CASH FLOW				
	CASH FLOW	20	Executed 30/06/2022	Executed 30/06/2021
+	Profit or loss (+/-)\	21	757.364	863.128
+	Damping included in cost	22	5.388.641	5.570.017
-	Stock variation (+/-)	23	12.784.826	37.084.502
-	Receivables variation (+/-)	24	-18.910.776	-29.710.450
+	Variation of providers and creditors (+/-)	25	-16.164.529	3.281.387
-	Variation of other assets	26	3.675.601	-5.423.109
+	Variation of other liabilities	27	8.143.282	-12.567.720
=	Net cash generated by operating activities (A)	28	575.107	-4.814.368
+	Income from selling assets and fixed assets	29	0	
-	Purchase of tangible assets	30	3.457.659	1.555.404
=	Net cash generated by investment activities (B)	31	-2.414.629	-1.555.404
+	Loans variation (+/-)	32	4.940.370	13.527.408
=	Net cash used in financing activities (C)	33	4.940.370	13.527.408

Cash and cash equivalents at the beginning of the period	34	18.918.949	5.148.791
Net cash flow	35	3.100.848	7.157.637
Cash and cash equivalents at the end of the period	36	22.019.797	12.306.428

STATEMENT ON CHANGES IN OWN CAPITAL
30 JUNE 2022

Elements of equity capital	Balance on 1st of January 2022	Growth		Decrease		Balance on 30th of June 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			17.746		49.648.417
Legal reserves	7.388.850					7.388.850
Reserves representing revaluation reserves surplus	32.372.107	17.746				32.389.852
Other reserves	27.874.351			13.779.390		14.094.961
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 30th of June 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	Balance C	258.730				258.730

resulting from the adoption of Accounting Regulations according to the Fourth Directive of European Economic Community	Balance D						
Retained earnings	Balance D	41.716.400			15.424.361		26.292.038
Profit or loss for the period	Balance C	11.749.226	74.685.295		84.353.937		2.080.583
	Balance D		1.693.736		370.515		1.323.222
Profit appropriation							
TOTAL OWN CAPITAL		120.598.947	73.009.304	0	82.356.195	0	111.252.056

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.

On 30th of June 2022 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.

In QI, in accordance with HGOA no. 1 of 28.04.2022, point 3, the amount of 13,779,390 RON from the "Other reserves" account was allocated to cover accounting losses from previous years.

Equity decreased compared to 31.12.2021, with the value of 9,346,792 RON, representing:

- the difference in value between the profit of 2021: 11,749,227 RON and the profit obtained by the company in the first semester in the amount of 757,364 RON
- the records from the Reported Result

**FINANCIAL-ECONOMIC INDICATORS
AT 30 JUNE 2022**

No.	Economic indicators	Formula	30 JUNE 2022	30 JUNE 2021
1	Current liquidity ratio	current assets / current liabilities	1,97	2,16
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	4,93	4,35
3	Receivable turnover ratio	(Accounts Receivable / Turnover) * 180 days	52,30	45,50
4	Fixed assets turnover ratio	Turnover / Fixed assets	0,89	0,75

- The current liquidity indicator, the value is super unitary 1,97 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.

EXPLANATORY NOTES
30 JUNE 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	502.991	0	X	22.029.113
Advances granted for fixed assets	03					
Intangible assets in progress	04	0	468.836	468.836		0
TOTAL (ln. 01 to 03)	05	21.560.277	971.828	502.991	X	22.029.113
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	5.098.988	16.891	16.891	45.051.573
Other equipment, installations and furniture	09	528.123	0			528.123
Intangible assets in progress	10	2.576.909	871.667	695.806	0	2.752.770
Advances granted for fixed assets	11	583.809	86.861	0		670.670
Advances leasing	12		443.570			443.570
TOTAL	13	74.040.940	6.501.085	712.696	16.891	79.829.329
Right-of-use asset	14	479.014		479.014	0	0
Financial assets	15	6.000			0	6.000
FIXED ASSETS-TOTAL	16	96.086.231	7.472.913	1.215.688	16.891	101.864.442

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	17				
Other non-current assets	18	20.669.629	568.595		21.238.225
TOTAL (in. 17 to 18)	19	20.669.629	568.595		21.238.225
Tangible assets					
Lands	20				
Buildings	21	583.280	292.575		875.555
Technical equipment and machinery	22	9.183.822	4.465.522	3.019	13.646.325
Other equipment, installations and furniture	23	106.626	62.249		168.876
TOTAL (in.21 to 23)	24	9.873.729	4.820.046	3.019	14.690.755
Right-of-use asset	25	431.113	47.901	479.014	0
AMORTIZATIONS TOTAL (19+24+25)	26	30.974.471	2.734.528	0 482.033	35.928.980

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"

Depreciation is calculated starting from the month following commissioning.

In the position of technical installations and machines, new purchases were registered, consisting of:

- a) Measuring and control devices and installations:
 - Magiscop Crack Detector
 - TURMO Vibration Control KIT
 - Flow meter
 - Data acquisition system
- b) Technical installations being supplied:

- YCM turning machine/turret with rotary tool
- KELLENBERGER Grinding machine
- KASTO TWIN U4 saw cutting machine

In the position Advances to suppliers for leasing, the advances for the purchase under leasing were registered:

- Electric well pump
- Magiscop Crack Detector
- Drawbridge

2. PROVISIONS FOR RISKS AND EXPENSES

Title of the provision	Balance on 1 st January 2022	Growth	Decrease	Balance on 30 th of June 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		722.340	2.071.817
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		247.859	902.497
Other provisions	4.798.822		4.098.207	700.615
TOTAL	24.436.528	0	5.147.959	19.288.569

The reductions consist in the reversal of the provisions set up on 31.12.2021 and which involved a cash outflow during 1st Semester 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, value 247,859 Lei.

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

In other provisions are registered the reversal / cancellation of the provisions regarding (Note 21 of the 2021 financial statements)

- the performance bonuses,
- the value of the holidays not performed from the previous years.
- for obligations according to fiscal inspection - gift vouchers

To the extent that the employees in 2022 take vacation days related to 2021, their value is reversed until the concurrence of the established provision.

Also, as the generating event intervenes, the value of the performance bonuses is reversed, value 1,800,000 lei.

Regarding the provision made for the gift vouchers, it was reversed following the payment of these obligations

to ANAF in 1st Semester 2022, amounting to 1,984,351 lei.

The adjustments for the depreciation of customer receivables decreased with the value of the invoices collected

in 2022 and which were provisioned, amounting to 29,553 lei.

At the depreciation of the stocks in progress, the provisions related to the warranty claims that were finalized/closed in the 1st Semester 2022 were reversed.

In the first semester of 2022, provisions in the amount of 5,147,959 lei were remitted, these are considered

non-taxable income for profit tax calculation.

In 1st Semester 2022, the company did not set up any provision.

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	1.180.903
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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	5.147.959
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Non-deductible expenses	9.426.895
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Deductions (tax amortization)	2.813.353
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Elements similar to income (revaluation account 105 surplus)	22.006
--------------------------------------------------------------------	--------

Items similar to income consist of the reserve representing the revaluation surplus taxed at the exit of the asset

TAX PROFIT:	2.668.492
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The non-taxable income in the amount of Lei 5,147,959 represents the value of the provisions reversed in

1st Semester (provisions constituted at the end of 2021 which were considered non-deductible expenses when calculating the profit tax on 31.12.2021) and now with the partial reversal of to them, they are considered non-taxable income. (Note 2 – Provisions for risks and expenses).

The non-deductible expenses, the largest share of 57.67%, in total value of 5,436,542 lei (Note 1.1), represent expenses with depreciation, 21% compensations, fines, penalties (gift vouchers - tax inspection value

1,984,358 lei) while the rest in percentage of 21.33% represents:

- car park related expenses,
- protocol expenses,
- social expenses,
- technological losses that exceed the own consumption norm necessary for the manufacture of a product,
- advertisement and publicity expenses.

Deductions (fiscal depreciation) represent the difference between accounting and fiscal depreciation.

The elements similar to income are made up of the reserve representing the surplus realized from revaluation taxed at the exit of the immobilization.

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.06.2021	30.06.2022
1.	Net turnover	52.201.030	57.705.153
2.	The costs of goods and services provided	33.950.226	36.738.277
3.	Expenses of the basic activities	17.086.593	18.582.106
4.	Expenses of auxiliary activity	3.082.994	3.022.965
5.	Indirect manufacture expenses	13.780.639	15.133.206
6.	Gross result related to net turnover (1-2)	18.250.804	20.966.876
7.	Retail expenses	610.974	626.794
8.	General administration expenses	16.070.481	18.440.218
9.	Other exploitation expenses	777.626	18.721
10.	Exploitation results (6-7-8+9)	2.346.975	2.080.586

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 30th of JUNE 2022	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	14.464.826	14.464.826	
Suppliers debtors-debtors	124.561	124.561	
Customers	13.581.257	13.581.257	
Personnel and social security receivables	998.890	998.890	
VAT under settlement	9.514	9.514	
Other receivables regarding state and public institutions receivables	0	0	
Debtors	61.364	61.364	
Provision for customer receivables impairment	310.760	310.760	

Debts	Balance on 30th of JUNE 2022	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	68.173.558	58.696.256	5.488.215	3.989.086
Short term bank loans	26.824.546	26.824.546		
Long term loans	11.833.023	6.344.808	5.488.215	
Suppliers	8.254.382	8.254.382		
Creditors	2.178	2.178		
Expenses regarding with personnel and social security	4.032.921	4.032.921		
Tax for non-residents	0	0		
VAT to pay	1.323.230	1.323.230		
Other debts regarding state and public institutions	423.539	423.539		
Deferred tax	3.989.086			3.989.086
Other debts	0	0		
Dividens	11.168.745	11.168.745		
Other creditors	321.908	321.908		

Bank loans	Balance on 30th of JUNE 2022
	BRD – GSG
Bank Transilvania	5.392.037
Short term loans from Shareholders	4.880.000
Short term loans	31.704.546
Long term loans	
Total	31.704.546

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.

In 2022 on 30th of march the following differences of exchange rates have been registered:

at revenues (account 765)	20,610
at expenses (account 665)	24,885

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 1st Semester 2022. 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 June 2022 has been of 4.9454 for 1 EUR and 4.7424 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.	30.06.2022	30.06.2021
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	369.442.475	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.	30.06.2022	30.06.2021
			2	21

1.	Employees				
		1. Average number related to the period	no	458	510
		2. paid or payable salaries related to the period	ron	24.804.091	25.635.745
		3. expenses on social security	ron	1.126.764	1.127.588

The company has not granted loans to managers and administrators in 1st Semester 2022.

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 Lei
- 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** **57.707.153 lei**
- Of which export **6.613.055 lei**

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Motor Turmo IV C RK + PSD + RPC	18.085.000	3.656.860	3.998.629
Main rotor hub RK + PSD	9.958.065	2.013.561	2.201.748
RK + PSD main gearbox	14.009.431	2.832.763	3.097.513
RK + PSD rear transmission	2.177.250	440.249	481.394
Intermediate gearbox RK + PSD	825.600	166.940	182.542
Current engine repairs, parts, aviation parts and spare parts	212.235	42.915	46.926

Current engine repairs, technical assistance, PSD engine T 56	33.162	6.705	7.332
Repairs, engine transformation Viper	653.812	132.203	144.559
Transmission shaft repairs	1.017.020	205.646	224.865
RK fan bearing repairs	806.200	163.017	178.252
Sweep damper repairs	37.644	7.612	8.323
Aggregate repairs	44.315	8.961	9.798
			10.581.8
TOTAL IAR + MApN	47.859.733	9.677.431	81
Aeroteh parts repairs + others	2.619.547	529.683	579.187
Unison parts and parts	113.056	22.860	24.997
Export aviation	5.792.555	1.171.278	1.280.745
Industrial components	820.500	165.908	181.414
Others	499.762	101.054	110.498
			12.758.7
TOTAL SALES	57.705.153	11.668.214	23
On geographical zones, the turnover is distributed as follows:			
EUROPE	6.541.979	1.322.815	809.512
USA	71.076	14.372	15.715
ASIA	0	0	0
			1.462.15
TOTAL EXPORT	6.613.055	1.337.186	9
			11.296.5
ROMANIA	51.092.098	10.331.028	64
			12.758.7
NET TURNOVER	57.705.153	11.668.214	23

For the currency equivalent, the value of 4.9455 lei was taken into account for 1 euro and 4.5228 lei for one usd (average values displayed by BNR).

The net result 1st Semester 2022: **757.364**

STATEMENT

I, Radu Viehmann, Engineer, Chairman and General Manager, herewith undertakes the responsibility for the drafting of the accounting reports at 30 June 2022.

We hereby declare, that all accounting policies used by Turbomecanica S.A. in drafting the accounting reports at 30 June 2022 are in compliance with the Accounting Regulations, for companies whose securities are admitted for trading on a regulated market, with OMFP no. 2844/2016 for the approval of the International Standards for Financial Reporting, and with the Accounting Law no. 82/1991 with its subsequent amendments.

We hereby confirm that in half-year of 2022 the company did not record any cases of non-compliance with laws or regulations that could significantly influence the accounting reports.

We declare that the accounting reports as at 30 June 2022 of Turbomecanica S.A. provide an accurate image of the financial position, financial performance and other information related to the work carried out between 01.01.2022 - 30.06.2022.

We declare that Turbomecanica S.A. carries out its activity in terms of continuity and does not intend nor needs to liquidate or reduce its business volume as a result of:

- loss of important clients
- applying a reorganization plan
- outstanding payments
- failure to observe the rescheduling agreements
- liquidity problems, litigation as a defendant and plaintiff with shareholders, debtors, significant creditors, state bodies, claiming
- market risk sector
- other factors

We hereby declare that the Board Members are not aware of material uncertainties related to events or conditions that may cause significant doubts on the ability of the company to continue its operations.

We hereby mention the fact that the accounting reports drafted at 30 June 2022 have not been audited.

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
CLAUDIA ANGHEL**