



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

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Our Reference: 17 Date: 30 August 2021

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

Report Date 30.08.2021

COMPANY TURBOMECANICA SA

REGISTERED OFFICE: 244 Iuliu Maniu Bly., 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 FOR JUNE 2021

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

1. Statement of profit and loss:

	30 JUNE 2021	30 JUNE 2020
Revenues	52.201.030	54.796.174
Other gains and loss	2.708.521	2.909.830
Change in inventories of finished goods and work in progress	5.316.957	6.938.448
Raw materials and consumables used	(21.723.540)	(20.255.176)
Employee benefits expense	(26.763.333)	(23.348.666)
Depreciation and amortisation expense	(5.570.017)	(4.365.204)
Finance cost, net	(1.006.725)	(979.004)
Othe operating expenses	(3.784.077)	(4.122.863)
Gross profit/Profit before tax	1.378.816	11.573.539
Income tax expense/ benefit	515.688	1.485.305
Net profit	863.128	10.088.234

The Company recorded operating revenues in amount of Lei 58.295.613 and operating expenses in amount of Lei 55.948.637. The company registered in S1 2021 an operating profit of 2.346.976 RON

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

Turnover decreased by 4,74% compared to the same period last year.

TBM record a turnover, below the budgeted amount by approximately 14%, but - in the same time - above the average turnover recorded for the semester of the last years.

(RON)	S1 2017	S1 2018	S1 2019	S1 2020
Turnover	40.859.734	46.928.756	51.518.745	54.796.174

In the same time, comparing with budgeted values, during the analyzed period the Company is below the budgeted amount by RON 6,0 mil. lei, of which the amount of RON 1,6 mil. lei is related to IAR Brasov and MApN.

It is important to keep in mind that this evolution is due to the specificity of the maintenance activity, affected in February - March by the COVID cases within directly productive employees.

TBM intend to recover the difference, therefore the expectations indicate that turnover will achieve at the end of 2021 in the budgetary turnover of RON 117,6 mil.

Revenues related to the cost of production in progress and the variation of stocks, had an decrease of 1,7% compared to the same period last year. The decrease always comes from the variations (increases / decreases) in the production in progress, release / launch of new orders (according to customer requirements) and finalization of orders in the production process.

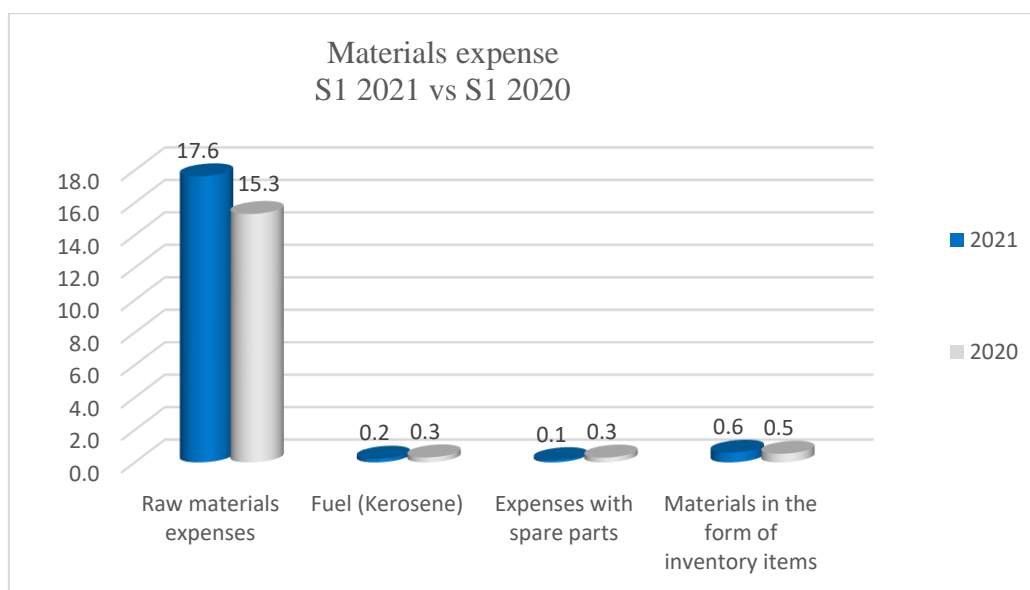
Raw material expenses grow up compared to last year by 7,25%, in line with the turnover.

Significant variations were recorded at:

- raw materials expenses positive variation 15,2%
- fuel (Kerosene) negative variation 26%
- expenses with spare parts, negative variation 53,4%
- materials in the form of inventory items of 12,7%
- expenses regarding purchased materials COVID 19, negative variation 58,2%.

Due to COVID 19 context, company decided to purchase Health & Safety materials: gloves, masks, disinfectants, worth 125.377 RON.

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



Salary expenses increased by approximately 14,6% lei in the context of increasing the average number of employees from:

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

Even the turnover decreased, delaying the delivery of some products from Semester I, to Semester II, this didn't impacted TBM salary policy.

Other operational expenses decreased by approximately 8,2%, this being mainly due to:

Decrease of expenses:

- with travel, the main reason of the trips being for motor technical assistance, by 60,1%;
- other third party services (mostly satellite equipment landmarks, Main Transmission Box repairs for internal clients: IAR Brasov, MApN, amounting 26,9%; audit services
- expenses with insurance.

Increased expenses:

- 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 414.155 ron
- entertainment, promotion and advertising, by 33.519
- maintenance and repair expenses, by 50,2%

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 remained at about the same level as last year and represent expenses with bank fees, factoring, interest.

Expenditures on depreciation of buildings, equipment, increased by approx. 27,6%, compared to the same period last year, as a result of the revaluation from 31.12.2020.

The company registered at the end of S1 a net profit of 863.128 RON.

The situation in Q1 2021, when the profit margin was negative due to the health crisis caused by COVID-19, continued in the first part of Q2, which generated delays in production and negatively influenced turnover and profit margin as well.

The period April - June generated a turnover of 30,4 million lei and a profit of 1,7 million lei, representing a profit margin of approximately 6% - also below the proposed margin of 10% - respectively a margin of 2% at 30.06.2021.

The company constantly monitors the financial indicators against 2021 Budget in order to recover the gaps until the end of December 2021 and to reach the budgeted indicators (turnover of 117,6 million lei and profit margin of 10,6%).

The EBITDA indicator reflects the financial performance of the company and represents the profit before interest, taxes, depreciation and amortization and has a positive value of 8,7 million lei.

2. Statement of financial position:

	30 JUNE 2021	31 DECEMBER 2020
Assets		
Fixed assets		
Property, plant and equipment, net	68.184.559	71.703.273
Intangible assets, net	1.179.954	1.329.012
Other assets +contractual assets	6.000	12.134.057
Total fixed assets	69.370.513	85.166.342
Current assets		
Inventory	68.082.587	31.173.171
Trade receivables	14.016.959	12.372.365
Other receivables and prepayments	2.507.617	22.319.171
Cash and bank balances	12.304.733	5.148.791
Total current assets	96.911.895	71.013.498
Total assets	166.282.408	156.179.840

Shareholder equity and liabilities

Shareholder equity

Share Capital	1.024.571.055	1.024.571.055
Reserves	103.540.158	103.560.022
Retained earnings	(1.018.333.398)	(1.019.216.389)
Own shares	(599.408)	(599.408)
Total shareholder equity	109.178.407	108.315.279

Long term liabilities

Borrowings LT	4.752.000	4.242.854
Deferred tax liabilities	4.634.038	4.634.038
Provisions LT	2.902.651	3.032.342
Total liabilities TL	12.288.689	11.909.234

Current liabilities

Short term loans	5.132.680	1.861.530
Borrowings ST	31.809.540	20.424.538
Income tax expense/benefit	515.688	1.631.433
Provisions ST	1.186.362	3.708.200
Defferend income	-	2.178
Other liabilities ST	6.171.043	8.327.448
Total current liabilities	44.815.312	35.955.327
Total liabilities	57.104.001	47.864.561
Total shareholder equity and liabilities	166.282.408	156.179.840

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

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

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

Stocks, receivables, other assets in S1 are booked at their initial value, without the influence of this international standard, and at the end of the year these assets will be analysed and the impact of IFRS 15 against them will be established.

Hence the major differences in stocks, other assets, other receivables, the main influence being from the production in progress.

Trade receivables increased by 1,7 mil compared to 31.12.2020.

The impact of IFRS 15 on receivables and other assets reached 31,729,886, at 31.12.2020, value reclassified into contractual assets.

The value of inventories, without the impact of IFRS 15, increased by 5,1 million lei. (Stocks at 31.12.2020 worth 62,903,057 RON) The company complied with its supply policy by purchasing the necessary raw

materials and materials for the products that will be completed by Q3 2021. 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 31.12.2020 because the collection terms of the invoices issued to customers before the end of S2 were collected after 30.06.2021.

Trade and other payables increased towards the end of the year.

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

Cash and cash equivalents increased by RON 7.2 million compared to the end of 2020. The company in S1 set up bank deposits

Long-term debts had an increasing trend towards the end of 2020, (increased by 509.146 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 2,52 mil RON compared to 31.12.2020, they represent only the cancellation / reversal of the provisions established at the end of the year, for: performance bonuses, days not taken from previous years, pensions / actuarial, uncollected receivables within the legal term.

The company's own capital at S1 2021 is 109.178.407 lei, the value increasing with the accounting profit registered at the end of S1, amounting to 863.128.

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 2021 are unaudited financial.

PRESIDENT OF THE BOARD OF DIRECTORS

RADU VIEHMANN

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

	30 JUNE 2021	31 DECEMBER 2020
Assets		
Fixed assets		
Property, plant and equipment, net	68.184.559	71.703.273
Intangible assets, net	1.179.954	1.329.012
Other assets	6.000	12.134.057
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Cash and bank balances	12.304.733	5.148.791
Total current assets	96.911.895	71.013.498
Total assets	166.282.408	156.179.840
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	1.024.571.055	1.024.571.055
Reserves	103.540.158	103.560.022
Retained earnings	(1.018.333.398)	(1.019.216.389)
Own shares	(599.408)	(599.408))
Total shareholder equity	109.178.407	108.315.279
Long term liabilities		
Borrowings LT	4.752.000	4.242.854
Deferred tax liabilities	4.634.038	4.634.038
Provisions LT	2.902.651	3.032.342
Total liabilities TL	12.288.689	11.909.234
Current liabilities		

Short term loans	5.132.680	1.861.529
Borrowings ST	31.809.540	20.424.538
Income tax expense/benefit	515.688	1.631.433
Provisions ST	1.186.362	3.708.200
Defferend income	-	2.178
Other liabilities ST	6.171.043	8.327.448
Total current liabilities	44.815.312	35.955.326
Total liabilities	57.104.001	47.864.560
Total shareholder equity and liabilities	166.282.408	156.179.840

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
CLAUDIA
ANGHEL**

**STATEMENT OF PROFIT AND LOSS
AT 30 JUNE 2021**

	30 JUNE 2021	30 JUNE 2020
Revenues	52.201.030	54.796.174
Other gains and loss	2.708.521	2.909.830
Change in inventories of finished goods and work in progress	5.316.957	6.938.448
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Employee benefits expense	(26.763.333)	(23.348.666)
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Finance cost, net	(1.006.725)	(979.004)
Othe operating expenses	(3.784.077)	(4.122.863)
Gross profit/Profit before tax	1.378.816	11.573.539
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Net profit	863.128	10.088.234

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC-COMMERCIAL MANAGER,
CLAUDIA ANGHEL**

**Subject: STATEMENT ON CHANGES IN OWN CAPITAL
30 IUNIE 2021**

Elements of equity capital		Balance on 1st of JANUARY 2021	Growth		Decrease		Balance on 30th of JUNE 2021
			Total, of which	through transfer	total, of which	through transfer	
A		1	2	3	4	5	6
Subscribed capital		36.944.248					36.944.248
Adjustments of registered capital		987.626.807					987.626.807
Deferred profit tax		2.475.277					2.475.277
Share premiums							
Revaluation reserve		50.055.269			19.864		50.035.405
Legal reserves		15.691.483					15.691.483
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		31.983.000	19.864				32.002.864
Other reserves		40.288.547					40.288.547
Own shares							0
Income related to own capital instruments							0
Loss related to own capital instruments		599.408					599.408
Profit/loss carried forward	Balance C	858.690					858.690
	Balance D						
Retained earnings due to the adoption of IAS 29 for the first time	Balance C						
	Balance D	1.008.346.916					1.008.346.916
Elements of equity capital		Balance on 1st of January 2021	Growth		Decrease		Balance on 31th of June 2021
			Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the adoption of IAS for the first time, except for IAS 29	Balance C						
	Balance D						
Retained earnings due to the correction of	Balance C						
	Balance D	1.086.601					1.086.601

accounting errors							
Retained earnings - actuarial employee benefits	Balance D	1.166.893					1.166.893
Retained earnings resulting from the adoption of Accounting Regulations according to the Fourth Directive of European Economic Community	Balance C	258.730					258.730
	Balance D						
Retained earnings	Balance D	53.878.378	12.161.978		24.323.955		41.716.399
Profit or loss for the period	Balance C	13.342.726	67.663.779		78.659.530		2.346.975
	Balance D		1.636.167		152.319		1.483.848
Profit appropriation		1.180.749			1.180.749		0
TOTAL OWN CAPITAL		108.315.279	53.885.498	0	53.022.371	0	109.178.407

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 JUNE 2021 the legal reserve was 15.691.483 lei. The legal reserve is established according to Romanian Law as a transfer from the net income. The transfer can represent a maximum of 5% from gross profit to 20% of the registered capital.

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
CLAUDIA ANGHEL**

CASH FLOW STATEMENT

30 JUNE 2021

EXPLANATIONS		NO. ln.	Executed 30/06/2020	Executed 30/06/2021
+	Turnover	01	54.796.174	52.201.030
+	Changes in inventories	02	6.938.448	5.316.957
+	Other operating revenues and provisions	03	291.706	777.626
=	Total operating income	04	62.026.328	58.295.613
+	Raw materials and consumables	05	18.983.424	20.403.861
+	Energy, fuels, etc.	06	1.271.752	1.336.155
+	Employee benefits	07	23.348.666	26.763.333
+	Expenses related to external labour conscriptions	08	3.744.258	3.381.035
+	Expenses with other taxes, fees and similar payments	09	485.148	521.466
+	Depreciation of non-current assets and provisions	10	1.506.534	2.918.488
+	Other operating expenses	11	152.521	624.300
=	Total operating expenses	12	49.492.303	55.948.638
	Operating results (+/-)	13	12.534.025	2.346.975
+	Financial revenues	14	142.757	152.319
-	Financial expenses	15	1.103.243	1.120.479
=	Financial result (+/-)	16	-960.486	-968.160
	Gross result (+/-)	17	11.573.539	1.378.816
	Deferred tax	18	1.485.305	515.688
	Net result (+/-)	19	10.088.234	863.128
CASH FLOW				
	CASH FLOW	20	Executed 30/06/2020	Executed 30/06/2021
+	Profit or loss (+/-)\	21	10.088.234	863.128
+	Damping included in cost	22	4.365.204	5.570.017
-	Stock variation (+/-)	23	8.195.302	37.084.502
-	Receivables variation (+/-)	24	9.129.055	-29.710.450
+	Variation of providers and creditors (+/-)	25	-3.556.285	3.281.387
-	Variation of other assets	26	-6.040.523	-5.423.109
+	Variation of other liabilities	27	-8.133.189	-12.567.720
=	Net cash generated by operating activities (A)	28	-8.519.870	-4.814.368
+	Income from selling assets and fixed assets	29	0	0
-	Purchase of tangible assets	30	6.755.828	1.555.404
=	Net cash generated by investment activities (B)	31	-6.755.828	-1555.404

+	Loans variation (+/-)	32	12.916.844	13.527.408
=	Net cash used in financing activities (C)	33	12.916.844	13.527.408
	Cash and cash equivalents at the beginning of the period	34	2.570.078	5.148.791
	Net cash flow	35	962.202	7.157.637
	Cash and cash equivalents at the end of the period	36	3.532.280	12.306.428

**GENERAL MANAGER
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL MANAGER
CLAUDIA ANGHEL**

EXPLANATORY NOTES AS OF 30 JUNE 2021

1. FIXED ASSETS STATEMENT

Gross values						
Asset elements	No.	Initial balance 01.01.2021	Accrual	Degression		Final balance (col 5=1+2-3) 30.06.2021
				total	of which: dismantling and rescission	
A	B	1	2	3	4	5
Intangible assets						
Development expenses	01					
Other non-current assets	02	21.280.321	413.942	0	X	21.694.262
Intangible assets in progress	03	92.797	354.870	414.146	X	33.522
TOTAL (ln. 01 to 03)	04	21.373.118	768.812	414.146	X	21.727.784
Tangible assets						
Lands	05	16.642.911				16.642.911
Buildings	06	13.643.530	96.181			13.739.711
Technical equipment and machinery	07	35.008.743	677.215	11.635	11.635	35.674.324
Other equipment, installations and furniture	08	227.272	253.563	3.610		477.225
Investment securities	09					
Intangible assets in progress	10	6.180.817	1.555.404	1.020.382		6.715.839
Investitii imobiliare in curs de executie	11					
TOTAL (ln. 05 to 09)	12	71.703.273	2.582.364	1.035.627	11.635	73.250.010
Biological assets	13				X	
Financial assets	14	6.000			0	6.000
FIXED ASSETS-TOTAL	15	93.082.391	3.351.176	1.449.772	11.635	94.983.794

1.1 FIXED ASSETS AMORTIZATION STATEMENT

Asset elements	No.	Initial balance	Amortization during the year	Ammortization of derecognized assets	Ammortization by the end of the year (col.9=6+7-8)
A	B	6	7	8	9
Intangible assets					
Development expenses	16				
Other non-current assets	17	20.044.106	503.723		20.547.830
TOTAL (rd. 16 la 17)	18	20.044.106	503.723		20.547.830
Tangible assets	19				

Lands					
Buildings	20	0	291.006		291.006
Technical equipment and machinery	21	0	4.733.594	843	4.732.751
Other equipment, installations and furniture	22	0	41.695		41.695
Investment securities	23				
TOTAL (rd. 19 la 23)	24	0	5.066.294	843	5.065.451
Biological assets	25				
AMORTIZATIONS	-				
TOTAL	26	20.044.106	5.570.017	843	25.613.281

The assets record is kept considering their net value.

All purchased fixed assets are recorded within the debit account 231 “Tangible Assets in Progress”. They are amortized during the month after their purchase, and 223 “Technical installations in progress of supply”

Increases in property, plant and equipment represent:

- Modernizations of existing equipment and installations
- Purchasing of equipment, installations, equipment, office and furniture
- Purchasing of PCs and other IT components, purchasing of new installations and equipment

Decreases in property, plant and equipment represent:

- Depreciation

Decreases in property, plant and equipment in progress represent:

- Commissioning (PIF) of equipment, installations, measuring devices and office equipment

2. PROVISIONS FOR RISKS AND EXPENSES

Title of the provision	Balance on 1 st January 2021	Growth	Decrease	Balance on 30th of June 2021
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	238.832		48.599	190.234
Adjustment for debtors receivables impairment	0			0
Adjustment for raw materials stocks impairment	12.376.870			12.376.870
Adjustment for supplies stocks impairment	238.234			238.234
Impairment of stocks in progress	2.066.371			2.066.371
Adjustment of materials and stocks at other partners	0			0
Adjustment for packaging material impairment	114.444			114.444
Adjustment for manufactured items impairment	146.631			146.631
Impairment of residual products	141.275			141.275
Provisions for guarantees granted to customers	1.232.247			1.232.247
Provisions for retirement and similar obligations	1.800.095		129.691	1.670.404
Provisions for employees' obligations	3.708.200		2.521.838	1.186.362

TOTAL	22.063.200		2.700.128	19.363.072
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The company has established provisions for debts towards employees as a result of retirements and annual leave provided by Collective Labor Agreement (CCM), Provision for customer receivables impairment

The reductions consist in the reversal / cancellation of the provisions set up on 31.12.2021 and which involved a cash outflow during Q1+Q2 2021.

The value of the pensions paid to the employees who retired during this period according to CCM are registered in provisions for pensions and similar obligations

In other provisions are registered the reversal / cancellation of the provisions regarding the performance bonuses, the value of the holidays not performed from the previous years

3. TAX PROFIT

The calculation of fiscal loss is according with methodological Norms of application of Law 227/2015 (with all subsequent amendments).

The gross profit or loss is defined according to the form "Profit and loss account" and we apply the stipulations of Law No. 227/2015 (with all subsequent amendments). All sums are expressed in LEI.

Gross profit	1.562.697
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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	2.700.128
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Non-deductible expenses	7.201.542
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Deductions (tax amortization)	594.359
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Elements similar to income (revaluation account 105 surplus)	29.002
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TAX PROFIT:	5.498.753
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The non-taxable income in the amount of RON 2.700.128 represents in this case the value of the provisions reversed in Semester I (provisions constituted at the end of 2020 which were considered, non-deductible expenses when calculating the profit tax on 31.12.2020) and together with their partial reversal are considered non-taxable income.

Non-deductible expenses, the largest share (77,34%) in the total non-deductible expenses, in total amount of RON 5.570.017, is represented by the depreciation of tangible and intangible assets while the remaining amount of 22,6% represents sponsorships, advertising and publicity expenses, car park expenses, protocol expenses.

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

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		30.06.2020	30.06.2021

1.	Net turnover	54.796.174	52.201.030
2.	The costs of goods and services provided	26.391.706	33.950.226
3.	Expenses of the basic activities	14.505.591	17.086.593
4.	Expenses of auxiliary activity	2.193.726	3.082.994
5.	Indirect manufacture expenses	9.692.389	13.780.639
6.	Gross result related to net turnover (1-2)	28.404.468	18.250.804
7.	Retail expenses	1.143.425	610.974
8.	General administration expenses	15.018.724	16.070.481
9.	Other exploitation expenses	291.706	777.626
10.	Exploitation results (6-7-8+9)	12.534.025	2.346.975

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 30th of June 2021	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	16.783.290	16.783.290	
Suppliers debtors-debtors	1.173.022	1.173.022	
Customers	14.425.259	14.425.259	
Personnel and social security receivables	1.355.394	1.355.394	
VAT under settlement	16.155	16.155	
Other receivables regarding state and public institutions receivables	3.693	3.693	
Debtors	0	0	
Provision for customer receivables impairment	190.234	190.234	

Debts	Balance on 30th of June 2021	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	53.603.876	44.217.840	4.751.998	4.634.038
Short term bank loans	26.263.437	26.263.437		
Long term loans	10.298.103	5.546.105	4.751.998	
Suppliers	5.132.680	5.132.680		
Creditors	218.067	218.067		
Expenses regarding with personnel and social security	3.499.063	3.499.063		
Tax for non-residents	0	0		
VAT to pay	1.510.592	1.510.592		
Other debts regarding state and public institutions	863.851	863.851		
Deferred tax	1.767	1.767		

Other debts	4.634.038	0		4.634.038
Dividens	1.103.697	1.103.697		
Other creditors	78.582	78.582		

Bank loans	Balance on 30th of June 2021
BRD – GSG	17.694.632
Bank Transilvania	8.568.805
Short-term loans from Associates	4.880.000
Short term loans	31.143.437
Long term loans	
Total	31.143.437

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
Other equipment and furniture	3 - 15

The tangible assets that are scrapped or sold are cancelled from the balance together with corresponding cumulated amortization. Any profit or loss resulted from such an operation is included in the current profit and loss account.

According to the provisions of HG 2139/2004 related to the approval of the Catalogue for classification and normal durations of fixed assets' functioning, the Company has chosen to apply the minimal duration of fixed assets' functioning.

Any growth resulted from the revaluation of tangible assets is included in own capitals under reserves from revaluation, with the exception of those cases when such a growth compensates a decrease from the revaluation of the same asset, priory registered within the profit and loss account, in which case the growth is registered in profit and loss account at the level of the previous decrease. A decrease of accounting value of the lands and buildings is registered in the profit and loss account as long as it exceeds the value, if it is the case, of the revaluation reserve, related to the previous revaluation of the relative asset.

Amortization of tangible assets is registered in the profit and loss account. In case of subsequent selling or scrapping the revaluated tangible assets, the surplus from the revaluation left within the revaluation reserve is transferred directly to the retained result. There won't be made any transfer from the revaluation reserve to the retained result, except for the case of derecognized asset. However, a part of the surplus may be transferred as the asset is used by the entity. In this case, the value of transferred surplus shall represent the difference between the amortization calculated based on revaluated accounting value and the value of amortization calculated based on the initial cost of the asset.

Intangible assets

An intangible asset must be recognized if, and only if, it is estimated that the future economic benefits attributed to the asset shall be obtained by the Company and the cost of the asset may be precisely evaluated.

The costs related to the purchase of software are capitalized and amortized based on the linear method. If it is retained as necessary, the accounting value of each intangible asset is annually reviewed and adjusted for the decrease of its value.

Inventories

The record keeping of materials is organized based on quantities and values, grouped upon administrations, depending on the product for which they are designated within the manufacturing technologies.

By their entrance in the patrimony, the inventories (raw material, material, goods) are registered by their purchase prices. For imported materials, the acquisition price includes only expenses mentioned in Import Customs Declarations. For the materials purchased within the EU, the acquisition price includes the expenses recorded in the provider's invoice (or in an equivalent document) as well as expenses for transportation recorded in invoices issued by the transporter. The expenses related to the manipulation, deposit, etc. are registered in the account 308.1 "Differences in prices and materials" and is distributed upon materials consumed in the following period.

The record keeping of materials from own production is made by the planned cost. The cost does not include administrative and distribution expenses. The differences between actual and planned costs is registered in the account 308.2 "Price differences of unfinished goods" and 308.3 "Price difference of materials and inventories of own production" and are distributed upon materials of own production consumed in the following period.

The record keeping of manufacture in progress is made by the actual production costs. To distribute the expenses the orders method is being used. The indirect manufacture expenses are summarized monthly and distributed on the expenses related to direct workmanship, including related expenses registered within that month.

For inventories of finished goods, the cost does not include administration and distribution costs. The finished goods are registered by the ante calculation cost. The differences between the actual cost and the ante calculated one by the closure of the order is registered in account 348 "Price differences of finished goods" and are settled simultaneously with the finished goods.

By the exit of the inventories from administration, there has been used the method of "Weighted Average Cost" which supposes the calculation of costs of each element based on weighted average costs of similar elements from within inventory at the beginning of the period and costs of similar elements manufactured or purchased during the period. The average cost is calculated at the exit of inventories.

Receivables and debts

The record keeping of customers and providers, of other receivables and bonds is organized by categories, as well as by each legal entity or natural persons.

The commercial receivables are recorded by their nominal value.

The debts registered within the accountancy are current debts and are recorded by their nominal value.

The IT system

From the IT point of view, the accounting system is registered within the IT System SAP.

Availabilities and availability equivalents

To prepare the cash flow statements, the availabilities and availability equivalents include: cash at cash-desks, bank cash available any time, financial instruments in cash, without overdraft.

The treasury and treasury equivalents include liquidity assets and other equivalent values that include cash at cash-desks, current bank accounts and visible short-term bank deposits, with a three months maturity.

Revenues and expenses

The revenues have been evaluated and registered at the just value of the received means of payment. The company has not performed transactions that might provide commercial decrease.

There have been registered as revenues only transactions that have generated benefits to the company. Because the delivered products have different manufacture cycles for more than a month, the related expenses have been registered for the whole period related to the manufacture cycle and recognized simultaneously with the delivery of the products, and the registration of the revenues respectively.

The revenues are registered based on the "issued invoices" subsequently to the delivery of the products according to the "delivery notes". In special situations, if the client requires the deposit of the products within the plant and their delivery at a later reciprocally convenient date, a "minutes of custody" is being prepared, in which the customer recognizes that the property rights have been transferred to him.

The revenue registered in advance represent the consideration of transactions evaluated by the just value of the means of payment provided in the agreement, but for which the property rights have not been transferred through the transfer of goods in customer's property.

The record keeping of revenues and expenses is organized by types and nature of revenues and expenses.

The record keeping of expenses by destination is organized in administration accountancy.

Exchange rate differences

The differences in exchange rate are registered in the profit and loss account and are considered revenues and expenses of the period. Exchange rate differences are calculated according to BNR rate for debts, receivables and liquidity, and by the rate recorded in Customs Declarations for goods.

Profit tax

The tax is calculated according to the Romanian Law and is based on the results retained in financial statements by the Company, prepared in compliance with the Order of the Ministry Public Finances 2844/2016 (IFRS) and after the corresponding deductions.

The current profit tax is calculated as a percentage applied to the obtained profit, according to Romanian Law, adjusted for some positions in compliance with fiscal legislation, at a 16% rate for 2021. The loss registered in previous years may be covered in following periods.

Value Added Tax

The Value Added Tax (VAT) related to the sales must be paid to fiscal authorities to the 25th of the next month, based on a declaration on VAT, regardless the collection of receivables from the clients. When the VAT related to the purchase is larger than the VAT related to sales, the difference shall be retrieved, on a request basis, from fiscal authorities and is object to a prior verification executed by these authorities. The VAT related to sales and purchase transactions unfinished by the date of balance , must be recognized on gross basis and presented separately as current asset or current liability. In case of depreciation adjustments for irrecoverable receivables, they are registered as related expenses, including VAT. The VAT collected is maintained in accountancy until the elimination of receivable for fiscal reasons.

Foreign currency transactions

The transactions expressed in foreign currency are registered in accountancy at the exchange rate on the date of transaction. The cash assets and liabilities expressed in foreign currency shall be converted in lei by the exchange rate from the date of accounting balance. The exchange rate on 30th of June 2021 has been of 4,9267 for 1 EUR and 4,1425 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.	30.06.2020	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	987.626.807
2.	Issued shares (by types)			
	number		369.442.475	369.442.475

	total value	lei	1.024.571.055	1.024.571.055
3.	Redeemable shares	number	36.944.241	36.944.241
	the closest date or the deadline for ransom			
	mandatory or non-mandatory nature of ransom		-	-
	the value of an eventual ransom premium	lei	-	-

8. INFORMATION ON EMPLOYEES, ADMINISTRATORS AND MANAGERS

Nr. crt.		U.M.	30.06.2020	30.06.2021
1.	Employees			
	1. medium number related to the period	no	501	510
	2. effective number related to the period	no	519	534
	3. paid or payable salaries related to the period	ron	22.413.488	25.635.745
	4. expenses on social security	ron	935.178	1.127.588

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** **52.201.030 lei**
- Of which export 5.523.700 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Engine Turmo IV C RK+ PSD + RPC	22.597.295	4.610.846	5.557.623
Main rotor hub RK+ PSD	5.975.706	1.219.308	1.469.677
Main transmission case RK+PSD	9.728.870	1.985.119	2.392.737
Rear gearbox RK+PSD	2.543.135	518.912	625.464
Intermediate transmission box RK+PSD	1.216.000	248.118	299.065
Current repair of engines, PSD T56	0	0	0

Current repair of engines, components, parts and spare parts for aircrafts	54.491	11.119	13.402
Transsmition shafts reapears	1.402.000	286.070	344.811
Bearing fan support repairs	690.000	140.790	169.700
Repair silenced streaks	144.349	29.454	35.501
Repair VIPER	1.780.972	363.397	438.016
Aggregate repair	122.667	25.029	30.169
TOTAL IAR + MApN	46.255.485	10.651.315	11.376.165
Aeroteh parts repair	0	0	0
Unison components and parts	0	0	0
Export aviation	4.950.241	1.010.068	1.217.472
Industrial components	573.459	117.011	141.038
Other	421.845	86.075	103.749
TOTAL SALES	52.201.030	10.651.315	12.838.424
On geographical zones, the turnover is distributed as follows:			
EUROPE	5.449.187	1.111.875	1.340.184
USA	58.846	12.007	14.473
ASIA	15.667	3.197	3.853
TOTAL EXPORT	5.523.700	1.127.079	1.358.510
ROMANIA	46.677.330	9.524.236	11.479.914
NET TURNOVER	52.201.030	10.651.316	12.838.425

The net result for the period: **863.128** lei

**GENERAL MANAGER,
RADU VIEHMANN**

**ECONOMIC - COMMERCIAL
MANAGER
CLAUDIA ANGHEL**

Statement of the CEO

I, Radu Viehmann, Engineer, Chairman and General Manager, herewith undertakes the responsibility for the drafting of the accounting reports at 30 June 2021.

We hereby declare, that all accounting policies used by Turbomecanica S.A. in drafting the accounting reports at 30 June 2021 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 2021 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 2021 of Turbomecanica S.A. provide an accurate image of the financial position, financial performance and other information related to the work carried out between 01.01.2021 - 30.06.2021.

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 2021 have not been audited.

GENERAL MANAGER
RADU VIEHMANN