



TURBOMECANICA

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European Unique Identifier (EUID) [ROONRC.J40/533/1991](#)

Commerce Registry Code J40/533/1991

Tax Code RO3156315 Unique Registration Code 3156315

Subscribed share fully paid capital 36,944,247.50 RON

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

No. 09/11.05.2023

QUARTERLY REPORT RELATED TO THE COMPANY'S FINANCIAL RESULTS IN THE FIRST QUARTER 2023

REPORT OF THE BOARD OF ADMINISTRATION OF TURBOMECANICA AS OF MARCH 31ST 2023

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.

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.

As at 31 March 2023, 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 Mendy	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 Q I 2023, prepared in accordance with International Financial Reporting Standards (IFRS). Some of the elements are listed below:

2. Statement of profit and loss:

	31 MARCH 2023	31 MARCH 2022
Revenues	22.915.891	25.471.550
Other gains and loss	571.455	2.552.231
Change in inventories of finished goods and work in progress	3.797.370	1.019.165
Raw materials and consumables used	(11.174.007)	(12.884.810)
Employee benefits expense	(11.064.351)	(11.997.699)
Depreciation and amortisation expense	(1.901.201)	(2.734.528)
Finance cost, net	(627.870)	(517.055)
Othe operating expenses	(2.465.831)	(4.123.412)
Gross profit/Profit before tax	51.447	(3.214.558)
Income tax expense/ benefit	84.928	-
Net profit	(33.481)	(3.214.558)

The Company recorded operating revenues in amount of Lei 26.314.144 and operating expenses in amount of Lei 25.649.530. The company registered in QI 2023 an operating profit of 664.613 RON. The largest share of this revenue was made through specific activities related to the production profile of the Company.

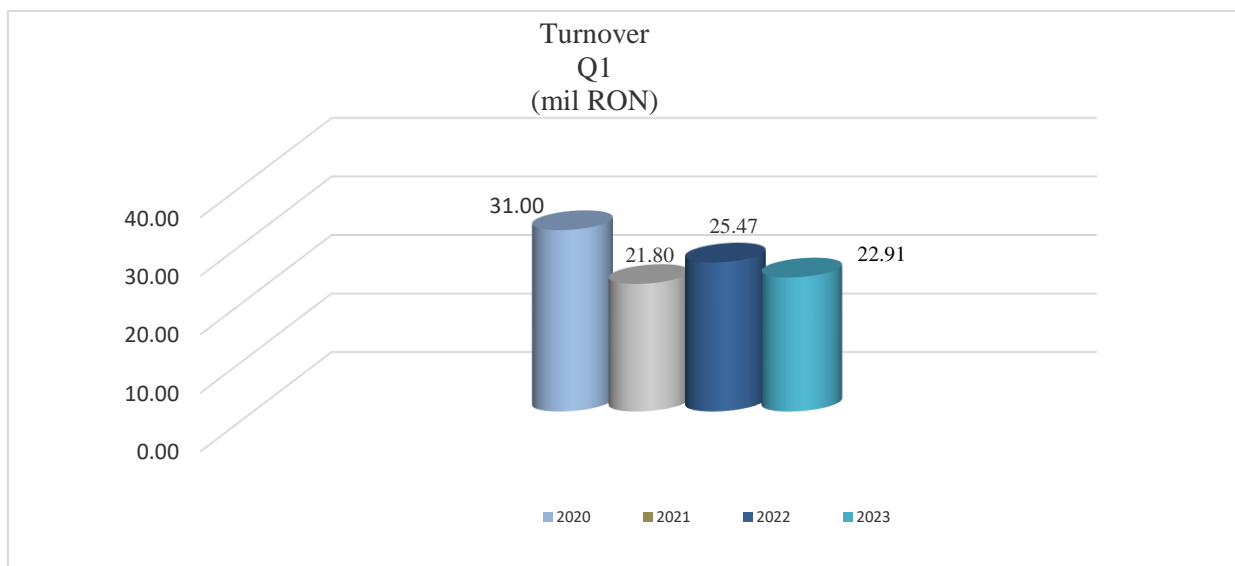
TBM registered a turnover of 22.9 million lei in the first three months of 2023, slightly above the objective set by the average of the first quarter of the last 5 years which was 22.7 million lei, which represents an overshoot of the objective by 1%. Also, compared to Q1 2022, we have a 10% decrease in CA - from 25.5 million lei in Q1 2022 to 22.9 million lei in Q1 2023.

At the same time, looking through the prism of the inclusion of CA in the budgeted values, for the analyzed period we have a non-realization of 6.6 million lei, of which:

- 5.5 million lei related to the maintenance activity: -3.9 million IAR, -1.9 million lei Avioane Craiova and, respectively, +0.4 million lei MAPN
- 1.1 million lei related to the manufacturing activity: -0.7 million lei Leonardo, -0.1 million lei ITP Aero, etc.

However, considering the updated sales plan, there are prerequisites for achieving and even exceeding the budgeted turnover for 2023

	Q1 2020	Q1 2021	Q1 2022	Q1 2023
Turnover	31.063.329	21.805.812	25.471.550	22.915.891



It should be taken into account that the value of 22.9 million RON is impacted by the reversal of the margin applied to the Turnover in 2022 according to IFRS 15 of 3.0 million RON (CA TRIM I without IFRS15 impact is 25.9 million RON.) This aspect also changed the Financial Result Situation, respectively the Net Result.

The average net profit margin was estimated in the pre-pandemic period at 10% for the MRO industry. Considering the Mission and Vision of the company, as well as the market conditions, TMB proposed that the excellence of the services provided be reflected in the profit margin obtained, reaching at least the industry average of 10%.

$$\text{Net Profit Margin} = -33.481 (\text{Net Results}) / 22.915.891 (\text{Turnover}) * 100 = -0,15\%$$

In the first quarter of 2023, TBM recorded a loss of 0.03 million lei, which represents a net profit margin of -0.15%, compared to 2022 when the margin was -11%.

Despite the unstable economic environment, we believe the profit margin can recover during the following months.

The analysis of this indicator must always take into account several influencing factors specific to the Company, which determine the evolution of income and expenses per month, among which we mention:

- The manufacture of small series products with a long manufacturing cycle.
- Capital repairs are also long lasting.

As a result, the monthly evolution of the financial indicators is not always linear, and when several aspects from those mentioned above are accumulated, significant deviations may appear in the monthly

evolution, even if at the annual level the volume of production and repair is carried out in the budgeted terms.

The incomes corresponding to production in progress and variation of inventory have increased by 2.78 mil. RON compared to 31.12.2022. 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 9.5 mil RON on the work in progress balance at 31.12.2022. The impact of this standard on the production in progress will be seen after the analysis of contracts/orders at 4th quarter 2023.

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.

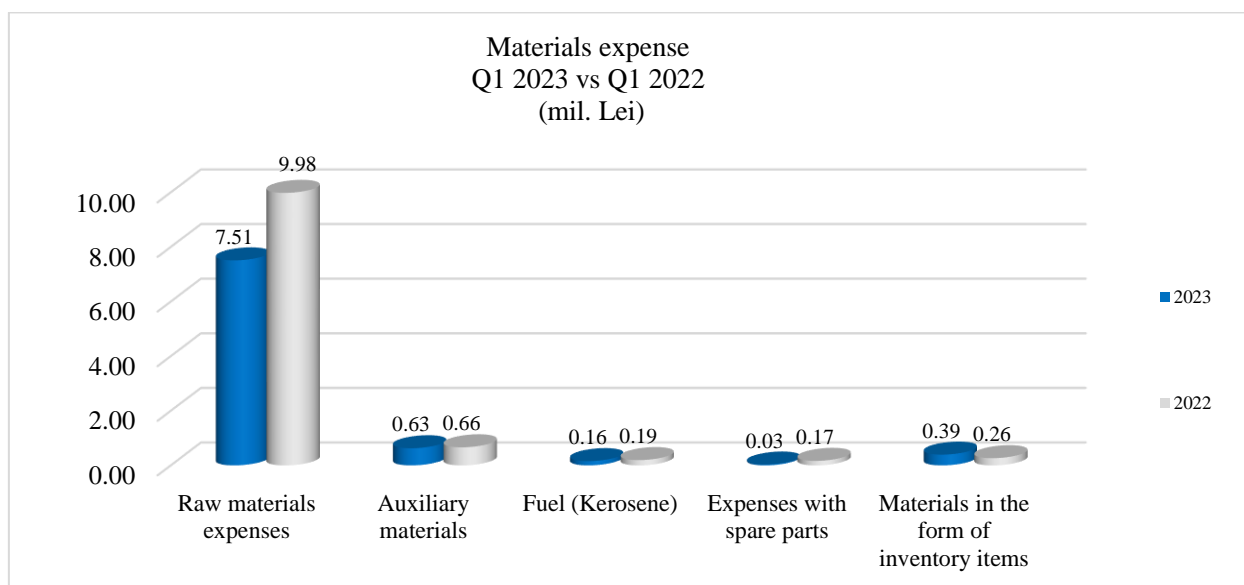
The differences from other gains and losses represent provisions reversal: days of leave untaken from previous years, pension provision – actuarial. During the first quarter of 2023 the company didn't set-up any provision.

Raw material expenses decreased compared to last year by 13.28%.

Significant variations were recorded at:

- raw materials expenses negative variation 24.8%
- fuel (Kerosene) negative variation 19.1%
- expenses with spare parts, negative variation 80.7%
- materials in the form of inventory positive variation 49.7%
- expenses regarding purchased materials COVID 19, negative variation 100%.

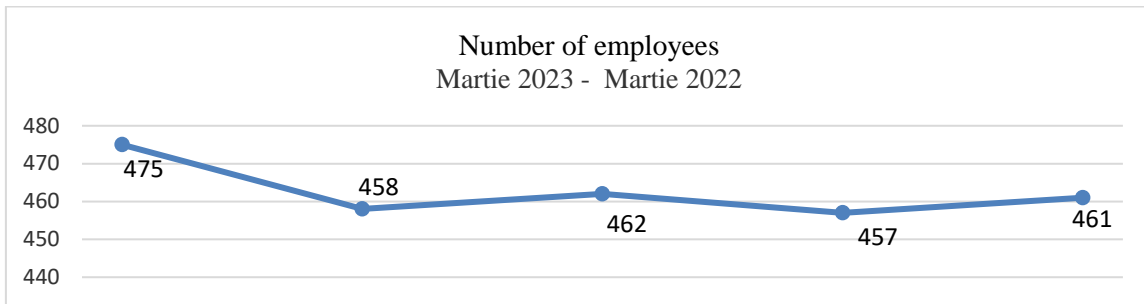
The chart below shows the most significant variations in materials costs.



It must be taken into account that the non-realization of expenses does not represent an economy, but a redistribution of them in the structure of the year, depending on the resettlement of production and deliveries per month. We specify that Budget was built on the premises of a linear evolution of profit.

Salary expenses increased by approximately 7.78% lei compared to the same period last year (0.9 Mil)

- to 475 employees on March 2022,
- to 458 employees on June 2022,
- to 462 employees on September 2022,
- to 457 employees on December 2022
- to 461 employees on March 2023



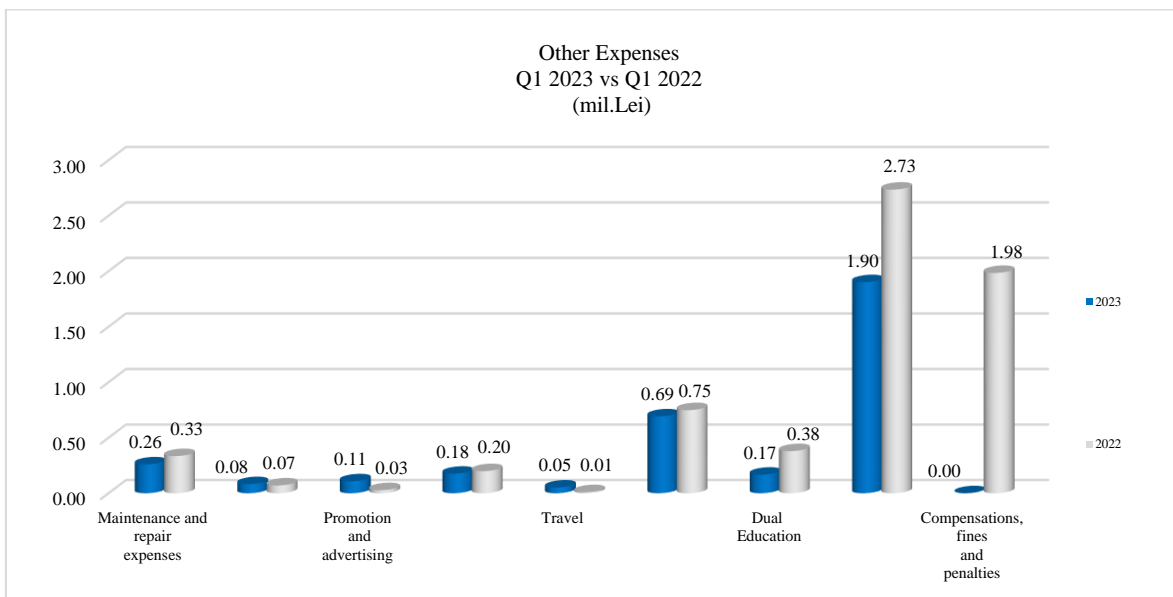
Other operational expenses decreased by approximately 40.2%, this being mainly due to:

Decrease of expenses:

- other third party services (mostly satellite equipment landmarks, Main Transmission Box repairs for internal clients: IAR Brasov, MApN, audit services) amounting 7.3%;
- expenses with dual education scholarships. Turbomecanica offers attractive material benefits to students who enroll in Dual Education classes throughout school, in specializations, such as: aircraft mechanic, fine mechanics mechanic, miller, numerically controlled car operator, value 214.551 RON;
- maintenance and repair expenses, by 22.3%;
- personal transport expenses to/from the workplace with 11.5%;
- expenses with compensations, fines, penalties with 100%;
- expenses with depreciation of tangible and intangible assets.

Increased expenses:

- with travel, the main reason of the trips being for motor technical assistance, 41.603 RON and TBM promotion at international fairs, to increase the portfolio of external clients;
- entertainment, promotion and advertising, 79.802 RON;
- expenses with insurance by 32.4%.



Net financial costs increase by 110.815 RON, the same level as last year and represent expenses with bank fees, interest.

Expenditures on depreciation of buildings, equipment, decreased with 29.5% compared to the same period last year.

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

3. Statement of financial position:

	31 MARCH 2023	31 DECEMBER 2022
Assets		
Fixed assets		
Property, plant and equipment, net	58.757.627	61.375.822
Intangible assets, net	488.124	435.158
Other assets	6.000	6.000
Total fixed assets	59.251.751	61.816.980
Current assets		
Inventory	69.877.380	55.658.919
Trade receivables	12.260.032	28.706.415
Other current receivables	7.990.497	5.098.036
Contract assetes	-	12.219.893
Financial Investments	5.880.000	5.880.000
Cash and bank balances	22.529.563	12.043.696
Total current assets	118.537.472	119.606.959
Total assets	177.789.223	181.423.939
Shareholder equity and liabilities		
Shareholder equity		
Share Capital	36.944.248	36.944.248
Reserves	68.225.312	68.451.765
Retained earnings	18.147.648	17.954.675
Own shares	(599.408)	(599.408)
Total shareholder equity	122.717.800	122.751.280
Long term liabilities		
Leases	811.020	1.857.927
Deferred tax liabilities	2.050.962	2.050.962
Provisions LT	813.667	813.667
Provisions Lother financial liabilities	4.627.544	4.627.544
Total liabilities TL	8.303.193	9.350.100
Current liabilities		
Trade abd other liabilities	7.121.035	6.743.521
Borrowings & Leasess	27.585.037	27.117.137
Current income tax	2.304.545	2.219.617
Provisions	3.786.995	4.295.456
Other current liabilities	5.970.618	8.946.828

Total current liabilities	46.768.230	49.322.559
Total liabilities	55.071.423	56.886.575
Total shareholder equity and liabilities	177.789.223	181.423.939

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

Applying of IFRS 15 "Revenues from contracts with customers" significantly impacted the company financial position in 2022 due to reclassification of assets: receivables, inventories, other assets.

Details of IFRS 15 are specified in the published 2022 financial statements.

Stocks, receivables, other assets in Q1 are booked at their initial value, without the influence of this international standard, and at the end of the year these assets will be analysed and the impact of IFRS 15 against them will be established.

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

The value of trade receivables represents the invoices issued in Q1 by the company and not yet collected. Receivables are collected at the due date established on the basis of commercial contracts/orders concluded with clients.

Trade receivables have decreased compared to last year, through the collection in Q1 of the invoices issued in Q4 2022 related to MAPN and IAR Brasov clients.

The value of other receivables increased with the value granted for the purchase of tangible assets

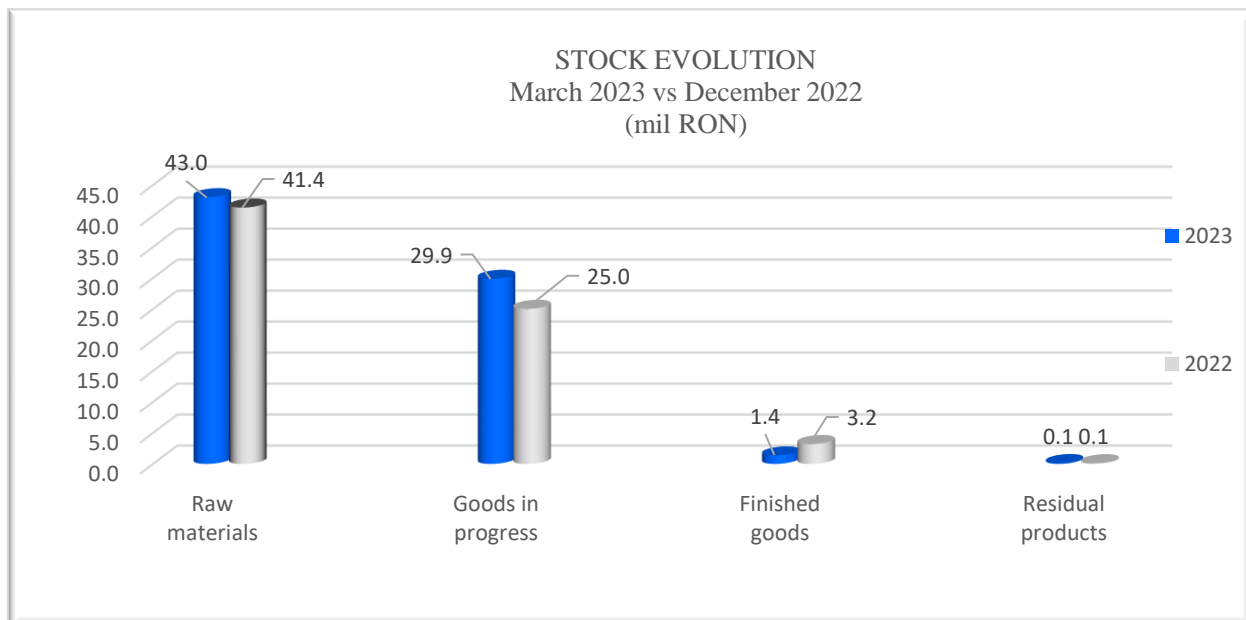
The contractual assets on 31.12.2022 represent the Impact of IFRS 15 on receivables for repair and manufacturing contracts: 12,219,893 RON.

The impact of IFRS15 on contractual receivables for the year 2023 will be determined at TRIM IV 2023.

The financial assets amounting to RON 5,880,000 represent state securities, with a yield of 6.35%.

The value of inventories increased by 4.7 million lei, without IFRS15 impact (Inventories on 31.12.2022: no decrease according to IFRS 15: 65,205,672 RON - Impact of IFRS 15: 9,546,753) The company complied with its supply policy by purchasing of raw materials and necessary materials for the products that will be completed by the end of 2023. These measures were taken to prevent possible problems in the supply chain, which could cause delays in the production process. The impact of this increase is largely due to the production in progress.

In the chart below, the variations of the Q1 stocks are mentioned, compared to December 2022.



Cash and cash equivalents increased by RON 10.5 million compared to the end of 2022. The company in Q1 set up bank deposits.

The short-term loans granted in the form of a credit limit were used in a much higher proportion than on 31.12.2022.

Leasing debts decreased with the registration of installments according to the maturities of the leasing contracts that the company has engaged.

Trade and other payables increased towards the end of the year, by 377.514 RON.

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

The short-term provisions decreased by 0.5 mil RON compared to 31.12.2022, they represent only the cancellation / reversal of the provisions established at the end of the year, for: days not taken from previous years, pensions / actuarial, reversal related to guarantees from customer contracts - IFRS15.

Under Other financial liabilities, the leaseback contracts for the OERLIKON thermal spraying system with a value of RON 3,366,061 and GLEASON PFAUTER mortising equipment with a value of RON 1,179,120 are highlighted. The company paid advances for these assets. According to the contractual terms, these assets will be received in the following period.

The company's own capital at Q1 2023 is 122.717.800 RON compared to 122.751.280 RON in the end of 2022, decreased with 33.480 RON.

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 1974/05.12.2022 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

Basis for the preparation and presentation of financial statements The company financial statements of TURBOMECANICA SA are prepared in accordance with the provisions of:

- the International Financial Reporting Standards (IFRS) adopted by the European Union;
- Accounting Law no. 82/1991, republished, as subsequently amended and supplemented;
- O.M.F.P. no. 2.844/2016 on the approval of the Accounting Regulations conforming to the International Financial Reporting Standards, as subsequently amended and supplemented;
- O.M.F.P. no. 2.861/2009 for the approval of the Norms regarding the organization and execution of inventories of items such as assets, debts and own capital;
- O.M.F.P. no. 1.826/2003 on the approval of the Explanatory Notes on certain measures relating to the organisation and conduct of management accounting;
- O.M.F.P. no. 2.634/2015 regarding the financial accounting documents, including subsequent amendments and additions;

The accounting is kept in Romanian and in the national currency.

The accounting for foreign currency transactions is carried out both in national currency and in foreign currency.

The financial year is the calendar year.

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.

The financial year is the calendar year.

We state that the Financial Statements at 31 of MARCH 2023 are **unaudited** financial. |

**STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2023**

	31 MARCH 2023	31 DECEMBER 2022
Assets		
Fixed assets		
Property, plant and equipment, net	58.757.627	61.375.822
Intangible assets, net	488.124	435.158
Other assets	6.000	6.000
Total fixed assets	59.251.751	61.816.980
Current assets		
Inventories	69.877.380	55.658.919
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Cash and bank balances	22.529.563	12.043.696
Total current assets	118.537.472	119.606.959
Total assets	177.789.223	181.423.939
 Shareholder equity and liabilities		
Shareholder equity		
Issued Capital	36.944.248	36.944.248
Reserves	68.225.312	68.451.765
Retained earnings	18.147.648	17.954.675
Own shares	(599.408)	(599.408)
Total shareholder equity	122.717.800	122.751.280
Long term liabilities		
Borrowings. Leases	811.020	1.857.927
Deferred tax liabilities	2.050.962	2.050.962
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Other financial liabilities	4.627.544	4.627.544

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Provisions ST	3.786.995	4.295.456
Other liabilities ST	5.970.618	8.946.828
Total current liabilities	46.768.230	49.322.559
Total liabilities	55.071.423	58.672.659
Total shareholder equity and liabilities	177.789.223	181.423.939

**FINANCIAL-ECONOMIC INDICATORS
AT 31 MARCH 2023**

No.	Economic indicators	Formula	31 MARCH 2023	31MARCH 2022
1	Current liquidity ratio	current assets / current liabilities	2,53	2,39
2	Total debt ratio	(Borrowed capital-Deferred tax liabilities /Share Capital)*100	4,43	1,75
3	Receivable turnover ratio	(Accounts Receivable / Turnover) * 90 days	80,45	57,21
4	Fixed assets turnover ratio	Turnover / Fixed assets	0,39	0,41

- The current liquidity indicator, the value is super unitary 2,53 (optimal value 2) increasing compared to the same period last year and reflects a good ability to pay, so a low risk for creditors, certifying that the company is able to cover its debts on short-term from current assets.
- The turnover rate of customer debts that expresses the effectiveness of the company in collecting its receivables, respectively the number of days until the date on which the debtors pay their debts to society. Considering the dynamics of sales and the specifics of debt collection, we consider that the value of the indicator is a normal one.
- The indicator of the degree of indebtedness, its value indicates the fact that the company does not have any problems of financing or liquidity. In the calculation of this indicator, the borrowed capital includes both bank loans and leasing debts. The value has increased significantly compared to the same period last year, due to the fact that the company has leased contracts for the purchase of machinery and equipment necessary to increase production capacity.
- **Total asset turnover** – this indicator shows how many times assets are transformed into sales during a period

CASH FLOW STATEMENT
31 MARCH 2023

EXPLANATIONS		NO. ln.	Executed 31/03/2023	Executed 31/03/2022
+	Turnover	01	22.912.935	25.471.550
+	Changes in inventories	02	3.797.370	1.019.165
+	Other operating revenues and provisions	03	-396.162	90.589
=	Total operating income	04	26.314.114	26.851.304
+	Raw materials and consumables	05	9.213.746	11.734.820
+	Energy, fuels, etc.	06	1.960.261	1.149.990
+	Employee benefits	07	11.064.351	11.997.699
+	Expenses related to external labour conscriptions	08	1.493.687	1.565.639
+	Expenses with other taxes, fees and similar payments	09	203.108	281.516
+	Depreciation of non-current assets and provisions	10	1.392.749	571.275
+	Other operating expenses	11	321.628	1.999.519
=	Total operating expenses	12	25.649.530	29.300.457
	Operating results (+/-)	13	664.613	-2.719.154
+	Financial revenues	14	328.222	32.140
-	Financial expenses	15	941.389	527.545
=	Financial result (+/-)	16	-613.166	-495.405
	Gross result (+/-)	17	51.447	-3.214.559
	Deferred tax	18	84.928	-
	Net result (+/-)	19	-33.481	-3.214.559
CASH FLOW				
	CASH FLOW	20	Executed 31/03/2023	Executed 31/03/2022
+	Profit or loss (+/-)\	21	-33.481	-3.214.559
+	Damping included in cost	22	1.901.210	2.698.602
-	Stock variation (+/-)	23	14.011.510	8.200.921
-	Receivables variation (+/-)	24	-27.258.304	-20.038.789
+	Variation of providers and creditors (+/-)	25	-28.221.921	-20.544.833
-	Variation of other assets	26	-4.780.021	-4.758.449
+	Variation of other liabilities	27	22.149.812	10.483.874
=	Net cash generated by operating activities (A)	28	13.822.435	6.019.402
+	Income from selling assets and fixed assets	29	3.505.645	2.630.169
-	Purchase of tangible assets	30	2.956	5.325
=	Net cash generated by investment activities (B)	31	-3.508.601	-1.592.464
+	Loans variation (+/-)	32	-257.414	2.322.868
=	Net cash used in financing activities (C)	33	172.033	2.350.331

	Cash and cash equivalents at the beginning of the period	34	12.043.696	18.918.949
	Net cash flow	35	10.485.867	6.777.269
	Cash and cash equivalents at the end of the period	36	22.529.563	25.696.218

STATEMENT ON CHANGES IN OWN CAPITAL
31 MARCH 2023

Elements of equity capital		Balance on 1st of January 2023	Growth		Decrease		Balance on 31th of March 2023
			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		49.443.231			226.453		49.216.778
Legal reserves		7.388.850					7.388.850
Statutory or contractual capital reserves							
Reserves representing revaluation reserves surplus		5.503.745	226.453				5.730.198
Other reserves		14.094.961					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 2023	Growth		Decrease		Balance on 31th of March 2023
			Total, of which	through transfer	Total, of which	through transfer	
Retained earnings due to the correction of accounting errors	Balance C						
	Balance D	290.627					290.627
Retained earnings - actuarial employee benefits	Balance D	463.209					462.209

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 C				12.189.144		12.189.144
Profit or loss for the period	Balance C	12.189.144	28.321.650		39.846.180		664.614
	Balance D		1.026.317		328.222		698.094
Profit appropriation							
TOTAL OWN CAPITAL		122.751.280	27.295.333	0	27.328.814	0	122.717.800

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 31th of March 2023 the legal reserve was 7.388.850 RON. The legal reserve is established according to Romanian Law as a transfer from the net income. The transfer can represent a maximum of 5% from gross profit to 20% of the registered capital.

The equity decreased with 33.480 RON

**STATEMENT OF PROFIT AND LOSS
AT 31 MARCH 2023**

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Gross profit/Profit before tax	51.447	(3.214.558)
Income tax expense/ benefit	84.928	-
Net profit	(33.481)	(3.214.558)

EXPLANATORY NOTES
31 MARCH 2023

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	22.521.969	327.656	0	X	22.849.625
Advances granted for fixed assets	03	0				0
Intangible assets in progress	04	0	327.656	327.656	X	0
TOTAL (ln. 01 to 04)	05	22.521.969	655.312	327.656	X	22.849.625
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	41.931.669	874.476	150.584	150.584	42.655.561
Other equipment, installations and furniture	09	623.882	14.822			638.703
Intangible assets in progress	10	6.030.255	837.945	842.592	0	6.025.609
Advances granted for fixed assets	11	3.351.202		593.202		2.758.000
TOTAL (ln. 06 to 04)	12	82.319.630	1.727.243	1.586.378	150.584	82.460.496
Rights of use of leased assets	13					
Financial assets	14	6.000			0	6.000
FIXED ASSETS-TOTAL	15	104.847.599	2.382.555	1.914.034	150.584	105.316.121

a. FIXED ASSETS AMORTIZATION STATEMENT

Asset elements	No.	Initial balance	Amortization during the year	Amortization of derecognized assets	Amortization 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	22.086.811	274.690	0	22.361.501
TOTAL (in. 16 to 17)	18	22.086.811	274.690	0	22.361.501

Tangible assets					
Lands	19				
Buildings	20	1.167.558	146.001		1.313.559
Technical equipment and machinery	21	18.009.101	1.443.001	95.395	19.356.707
Other equipment, installations and furniture	22	237.085	37.518		274.603
Real estate investments	23				
TOTAL (in.19 to 23)	24	19.413.744	1.626.520	95.395	20.944.869
Rights of use of leased assets	25				
AMORTIZATIONS -					
TOTAL (18+24+25)	26	41.500.555	1.901.210	95.395	43.306.370

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 1st January 2023	Growth	Decrease	Balance on 31th of March 2023
0	1	2	3	4=1+2-3
Adjustment for customer receivables impairment	312.031		65.998	246.034
Adjustment for debtors receivables impairment				
Adjustment for raw materials stocks impairment	13.348.485			13.348.485
Adjustment for supplies stocks impairment	660.237			660.237
Impairment of stocks in progress	4.365.900			4.365.900
Adjustment of materials and stocks at other partners				
Adjustment for packaging material impairment				
Adjustment for manufactured items impairment	137.547			137.547

Impairment of residual products	105.583			105.583
Provisions for guarantees granted to customers	1.016.104		322.625	693.479
Provisions for retirement and similar obligations	941.926		52.138	889.788
Other provisions	3.151.093		133.698	3.017.395
TOTAL	24.038.906		574.459	23.464.447

The company has established provisions for debts towards employees as a result of retirements and annual leave provided by Collective Labor Agreement (CCM)

The reductions consist in the reversal / cancellation of the provisions set up on 31.12.2022 and which involved a cash outflow during Q1 2023.

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

Provisions cf. IFRS15 guarantees from contracts concluded with customers - as the products were delivered, the amount corresponding to the provision was reversed. - 322,625 RON

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

As of 12/31/2022, provisions in the amount of 574,459 lei have been repaid, these are considered non-taxable income when calculating the profit tax. In Q1, the company did not set up any provision.

3. TAX ON 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	51.447
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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	574.459
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Non-deductible expenses	2.132.509
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Deductions (tax amortization)	1.263.273
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Elements similar to income (revaluation account 105 surplus)	184.574
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TAX PROFIT: 530.799

The non-taxable income in the amount of RON 574,459 represents the value of provisions reversed in Q1 (provisions set up at the end of 2022 which were considered non-deductible expenses when calculating the profit tax on 31.12.2022) and now with their partial reversal, are considered non-taxable income. See Note 2 – Provisions for risks and expenses.

The non-deductible expenses, the largest share of 89%, in a total amount of 2,132,509 RON, is represented by depreciation expenses, while the rest in percentage of 11% represents expenses related to car park, protocol expenses, expenses from technological losses that exceed consumption norm.

Deductions (fiscal depreciation) represent the difference between accounting and fiscal depreciation. Depreciation expense 1,901,210 ron - Non-deductible depreciation expense related to revalued fixed assets: 637,937 RON.

4. REVIEW OF EXPLOITATION RESULTS

No.	Indicator	Period	Period
		31.03.2022	31.03.2023
1.	Net turnover	25.471.550	22.912.935
2.	The costs of goods and services provided	18.127.727	14.893.008
3.	Expenses of the basic activities	9.978.305	8.314.663
4.	Expenses of auxiliary activity	1.487.163	1.139.787
5.	Indirect manufacture expenses	6.662.259	5.438.558
6.	Gross result related to net turnover (1-2)	7.343.824	8.019.927
7.	Retail expenses	251.110	443.053
8.	General administration expenses	9.897.131	6.511.168
9.	Other exploitation expenses	85.264	-401.093
10.	Exploitation results (6-7-8+9)	-2.719.154	664.613

5. STATEMENT OF RECEIVABLES AND DEBTS

Receivables	Balance on 31th of March 2023	Liquidity term	
	(col.2+3)	under 1 year	over 1 year
0	1	2	3
Total, of which:	15.175.155	15.175.155	
Suppliers debtorss-debtors	34.906	34.906	
Customers	12.492.875	12.492.875	
Personnel and social security receivables	520.019	520.019	
VAT under settlement	394.491	394.491	
Other receivables regarding state and public institutions receivables	90.787	90.787	
Debtors	1.874.920	1.874.920	
Provision for customer receivables impairment	232.843	232.843	

Debts	Balance on 31th of March 2023	Chargeability term		
	(col.2+3+4)	under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total, of which:	50.030.472	41.586.231	6.393.279	2.050.962
Short term bank loans	21.034.522	21.034.522		
Long term loans	11.987.202	5.593.923	6.393.279	
Suppliers	7.121.035	7.121.035		
Creditors	56.196	56.196		

Expenses regarding with personnel and social security	3.518.436	3.518.436		
Tax for non-residents	0	0		
VAT to pay	1.122.066	1.122.066		
Other debts regarding state and public institutions	38.023	38.023		
Deferred tax	4.355.507	2.304.545		2.050.962
Dividens	792.474	792.474		
Other creditors	5.010	5.010		

Bank loans	Balance on 31th of March 2023
BRD – GSG	12.898.767
Bank Transilvania	8.135.755
Short term loans from Shareholders	4.880.000
Short term loans	25.914.522
Long term loans	
Total	25.914.522

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

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 2023 on 31th of march the following differences of exchange rates have been registered:

at revenues (account 765)	5.459
at expenses (account 665)	3.782

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 2023. The loss registered in previous years may be covered in following periods.

Value Added Tax

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

Foreign currency transactions

The transactions expressed in foreign currency are registered in accountancy at the exchange rate on the date of transaction. The cash assets and liabilities expressed in foreign currency shall be converted in lei by the exchange rate from the date of accounting balance. The exchange rate on 31th of March 2023 has been of 4.9491 for 1 EUR and 4.5463 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

Decisions of the Ordinary and Extraordinary General Meeting of Shareholders of April 27, 2023.

In the meeting of the Ordinary General Meeting of Shareholders on April 27, 2023, Turbomecanica shareholders for year 2022 distribution of the net profit of the year 2022, in amount of 12,189,144.21 lei as follows:

a) Gross total dividend distribution 8,500,000 lei

b) Profit not allocated to other destinations representing 3,689,144.21 lei own source of investment financing:

The value of the dividend to be paid is 0.02301 lei/share, representing the gross dividend for the shareholders registered in the Register of Shareholders on the registration date 10.10.2023.

The dividend tax will be calculated and withheld by the Company and paid to the state budget in accordance with the applicable legal provisions. The payment of net dividends will be made to the shareholders starting with the payment date 25.10.2023, the calendar date on which the distribution of dividends related to the shares of TURBOMECANICA SA, as established by the Decision of the Ordinary General Meeting of Shareholders, becomes certain.

7. SHARES AND BONDS

Nr. crt		U.M.	31.03.2022	31.03.2023
1.	Share capital subscribed	lei	36.944.248	36.944.248
2.	Issued shares (by types)	number	369.442.475	369.442.475

8. INFORMATION ON EMPLOYEES

Nr. crt.		U.M.	31.03.2022	31.03.2023
	Employees			
	1. effective number related to the period	no	475	461
	2. paid or payable salaries related to the period	ron	11.446.035	10.533.099
	3. expenses on social security	ron	551.664	531.252

The company has not granted loans to managers and administrators in 2023.

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
- 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** **22.912.935 lei**
 - Of which export 4.634.463 lei

The structure of turnover on main manufactures is the following:

	lei	euro	usd
Motor Turmo IV C RK + PSD + RPC	8.337.081	1.694.908	1.818.775
Main rotor hub RK + PSD	1.485.109	301.919	323.984
RK + PSD main gearbox	3.416.245	694.514	745.270
RK + PSD rear transmission	491.737	99.969	107.275
Intermediate gearbox RK + PSD	145.058	29.490	31.645
Current engine repairs, parts, aviation parts and spare parts	49.224	10.007	10.738
Current engine repairs, technical assistance, PSD engine T 56	67.240	13.670	14.669
Repairs, engine transformation Viper	2.890.211	587.573	630.514
Transmission shaft repairs	459.727	93.461	100.292
RK fan bearing repairs	153.622	31.231	33.513
TOTAL IAR + MApN	17.495.254	3.556.741	3.816.674
Aeroteh parts repairs + others	2.033	413	443
Unison parts and parts	215.727	43.857	47.062
Export aviation	3.007.161	611.348	656.027
Industrial components	1.627.303	330.827	355.004
Others	565.457	114.956	123.357
TOTAL SALES	22.912.935	4.658.142	4.998.568
On geographical zones, the turnover is distributed as follows:			
EUROPE	4.587.909	932.710	1.000.875
USA	46.555	9.465	10.156
ASIA	0	0	0
TOTAL EXPORT	4.634.464	942.175	1.011.031
ROMANIA	18.278.471	3.715.967	3.987.537
NET TURNOVER	22.912.935	4.658.142	4.998.568

For the currency equivalent, the value of 4.9189 lei was taken into account for 1 euro and 4.5839 lei for one usd (average values displayed by BNR).

PRESIDENT GENERAL MANAGER

Eng. RADU VIEHMANN

ECONOMIC – COMMERCIAL MANAGER

CLAUDIA ANGHEL