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**SEPARATE
FINANCIAL
STATEMENTS**

December 31, 2019

R E P O R T

ON THE SEPARATE FINANCIAL STATEMENTS 31st of December 2019

**Prepared in accordance with international financial reporting
standards adopted by the European Union**

This is a free translation from Romanian, which is the official and binding version

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Independent auditor's report

To the Shareholders of COMPA S.A. Sibiu

Report on the Audit of the Separate Financial Statements

Opinion

- 1 We have audited the accompanying separate financial statements of COMPA S.A. ("the Company"), which comprise the Separate statement of financial position as at December 31, 2019, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.
- 2 The separate financial statements refer to:

- Net Assets/Total equity:	474.891 thousand lei
- Net profit of the year:	32.709 thousand lei
- 3 In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Basis for Opinion

- 4 We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation no. 537 of the Parliament and of the European Council („Regulation”) and Law no. 162/2017 („Law”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- 5 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Separate financial statements of the current period. These matters were addressed in the context of our audit of the Separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets

See Note 10 to the Separate financial statements

The key audit matter

The Company has recognised deferred tax assets for deductible temporary differences considered recoverable.

The recoverability of recognised deferred tax assets is dependent of the Company's ability to generate future taxable profits sufficient to utilise deductible temporary differences.

Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, we consider that evaluation of deferred tax assets to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Using our own professional judgement to evaluate measures taken by the Company that should be able to allow the recovery of deferred tax assets.
- Assessing the accuracy of forecast future taxable profits by evaluating the accuracy of previous estimates and by comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit.
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Tax exemption for profits reinvested in technological equipment

See Note 10 to the Separate financial statements

The key audit matter

The management of the Company expects to retain the technological equipment for a period of at least five years and to not use the reserves created as a result of using the tax exemption for a period of at least five years.

The additional deduction for reinvested profits depends on retaining in the patrimony of the technological equipment. Evaluating deferred tax debt and deferred tax assets reflect the tax consequences arising from the way the Company expects to recover the value of the equipment.

Due to the inherent uncertainty in estimating the retention period of at least five years, we consider that evaluation of deferred tax assets to be a key audit matter.

The key audit matter

Our audit procedures in this area included, among others:

- Using our own professional judgement to evaluate the assumptions and judgements of management. In doing so we evaluated technical specifications of the equipment, information from commercial contracts, market information about the Company's products and the equipment's adaptive capability.
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Our procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the matters described above, and the findings described do not express a separate opinion on these individual matters.

Other aspects

- 6 Considering the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus in more than 150 countries, declared "Pandemic" by the World Health Organization, on 11.03.2020, as well as the uncertainty related to the spread in time and magnitude of the effects on the world economy, the future activities of the Company may be adversely affected. It is difficult to estimate at present the extent of the effects on the industry in which the Company operates, respectively on the demand for the Company's products, but also on the possible deficiencies in the supply chain or the effects of any restrictions imposed by the authorities in the next period.

Other information – the Separate Administrator's Report

- 7 The administrators are responsible for the preparation and presentation of other information. This other information includes the Administrator's Report, but do not include the Separate Financial Statements and the Auditor's report on the financial statements and neither the Non-financial Statement, this being presented in a separate report.

Our opinion on the financial statements does not cover this other informations and except when we explicit mention this in our report, we are not expressing any statement of assurance regarding this other information.

In connection with our audit of the separate financial statements as at 31 December 2019, our responsibility is to read this other informations and, doing so, to assess whether this other information is not consistent, in all material respects, with the information presented in the separate financial statements, or with the knowledge we gained during our audit of the separate financial statements, or if this other information appear to be significantly distorted.

We have read the Administrator's Report and report that it includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19.

Based exclusively on activities that need to be carried during the audit of the financial statements, in our opinion:

- a) Information in Administrator's Report for the period that the financial statements were prepared is consistent, in all material respects, with the information presented in the accompanying separate financial statements as at 31 December 2019;
- b) the Administrator's Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 15-19.

In addition, based on our knowledge and understanding concerning the Company and its environment gained during our audit of the financial statements as at 31 December 2019, we are asked to report if we have identified information included in the Administrator's Report that contains a material misstatement of fact. We have nothing to report on this aspect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

- 8 Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 9 In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
- 10 Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

- 11 Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 12 As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 13 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 14 We also provide to those charged with governance a declaration regarding our conformity with the ethic requirements referring to independence and we communicate all relations and other aspects which can reasonably be considered, that it might affect our independence and, if applicable, the associated safety measures.
- 15 Out of all aspects we communicated to those charged with governance, we determine those aspects that had an increased importance during our audit on the Separate financial statements as at 31 December 2019 and, consequently, represent key audit matters. We describe this aspects in our audit report, except when legislation or regulations forbids the public presentation of a certain aspect or, in extremely rare circumstances, we consider that an certain aspect should not be communicated in our audit report because it's reasonable to assume that the benefits of the public interest are overcome by the negative consequences of this communication.

Report on other legal and regulation directives

- 16 We were appointed by the General Meeting of Shareholders on the 24th of April 2019 to audit the separate financial statements of COMPA S.A. for the period ending on the 31 December 2019.

We confirm that:

- Our opinion is in accordance with the supplementary report presented to the Company's Audit Committee, which we issued at the same date as this Report. We also, during our audit, we have kept our independence from the audited entity.
- We have not provided forbidden **non-audit services**, mentioned at article 5 paragraph (1) from the EU Regulation no. 537/2014.

On behalf of
AuditCont SRL
Registered with the Chamber of Financial Auditors in
Romania with no. 321/2003

Daniela Benga
Registered with the Chamber of Financial Auditors in
Romania with no. 1169/2001

Sibiu, 23 martie 2020

COMPA S.A. Sibiu
Separate statement of financial position for the year ended on 31.12.2019
(All amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	31 December 2019	31 December 2018
ASSET			
Fixed assets:			
Tangible assets	4.1.	381.231.402	338.291.016
Real estate Investment	4.2.	67.571.395	42.131.314
Intangible assets	5	7.432.457	3.534.152
Other receivables (grants and settlement of ventures operations)	6	72.572	668.703
Other receivables	7	117.439	117.948
Financial investments	21	1.768.450	1.768.450
Deferred tax asset	10	1.175.603	1.711.713
Fixed assets - Total		459.369.318	388.223.296
Current asset:			
Inventories (Stocks)	8	105.190.554	111.483.670
Trade and other receivables	6	144.762.086	163.407.639
Other receivables (grants and settlement of ventures operations)	6	8.198.773	10.550.680
Cash and cash equivalents	9	6.079.821	1.065.470
Current assets - Total		264.231.235	286.478.451
TOTAL ASSETS		723.600.553	674.730.755
EQUITY:			
	11		
Share capital	11	21.882.104	21.882.104
Reserves	11	360.108.664	312.989.470
Reserve adjustment	11	23.122.057	23.122.057
Retained earnings, from which :		69.777.738	82.159.291
Retained earnings derived from the first-time adoption of IAS 29	11	-648.352	-648.352
TOTAL SHAREHOLDERS' EQUITY		474.890.563	440.152.922
LIABILITIES			
Long term debts			
Financial debts	12	96.121.622	60.199.570
Other long term debts	13	0	24.454
Deferred revenues (deferred income, grants)		34.435.001	32.224.372
Provisions	14	135.645	135.645
Total Long term debt		130.692.268	92.584.041
Current liabilities			
Trade and other payables	13	4.898.783	121.152.268
Other liabilities	13	94.827.693	11.990.548
Current income tax liabilities	13	1.217.334	3.515.725
Liabilities from contracts with customers	10	11.682.779	25.201
Deferred revenues(deferred income, grants)	13	0	5.310.051
Total current liabilities		118.017.722	141.993.792
Total liabilities		248.709.990	234.577.834
Total equity and liabilities		723.600.553	674.730.755

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

COMPA S.A. Sibiu

Separate statement of profit or loss and other comprehensive income for the year ended on 31.12.2019

(All amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	31.12.2019	31.12.2018
Revenues	15	746.729.484	752.507.249
Other revenues	15	21.079.783	11.072.409
Total revenues		767.809.267	763.579.658
Changes in inventories of finished goods and work in progress	16	10.122.202	3.079.966
Raw materials and consumables	16	-491.597.164	-491.641.971
Employee benefit expense	18	-155.809.695	-144.134.777
Depreciation and amortization expense	4. 5; 16	-46.107.465	-40.304.549
Third parties services	16	-38.542.074	-41.209.570
Other expenses	16	-8.982.501	-8.235.038
Total expenses		-730.916.697	-722.445.939
Operating Results	17	36.892.570	41.133.719
Financial income	19	2.292	1.374
Financial expenses (expenditures)	19	-902.694	-465.295
Other financial returns / losses	19	-2.466.203	-1.847.215
Net financing costs	19	-3.366.604	-2.311.136
Profit before income tax		33.525.966	38.822.583
(Expenses) / Income from deferred tax	10	-415.398	-317.885
Expense with current tax	10	-401.859	-3.076.123
Net profit for the period		32.708.709	35.428.575
Other comprehensive income, of which			
- other items of comprehensive income that will not be reclassified subsequently in profit or loss:			
Income tax relating to other comprehensive income	10	-120.712	1.233.650
Other incomes of global result, net of tax		-120.712	1.233.650
Total global result of the year		32.587.997	36.662.225
Unbound basic result per share / diluted	20	0,15	0,16

CEO,
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COMPA S.A. Sibiu
Separate statement regarding the changes in equity capital for the year ended on 31.12.2019
 (All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1st 2019	21.882.104	0	4.376.421	22.679.066	82.062.778	186.985.233	442.991	85.047.753	403.476.346
Net profit for the period								35.428.575	35.428.575
Other elements of the comprehensive income, from which:	0	0	0	0	-275.492	1.233.650	0	0	958.158
Income tax related to other comprehensive income						1.233.650			1.233.650
Transactions with shareholders recorded directly in equity, from which:	0	0	0	0	0	38.606.880	0	-38.317.037	289.843
Distribution of legal reserves									0
Retained earnings to reserves								275.492	275.492
Allocation to legal reserves			0			38.606.880		-38.606.880	0
Balance at December 31 2019	21.882.104	0	4.376.421	22.679.066	81.787.286	226.825.763	442.991	82.159.291	440.152.922

Equity capital item	Registered Capital	Capital Adjustments	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Retained earnings	Total
Balance on January 1st 2018	21.882.104	0	4.376.421	22.679.066	81.787.286	226.825.763	442.991	82.159.291	440.152.922
Net profit for the period								32.708.709	32.708.709
Other elements of the comprehensive income, from which:	0	0	0	0	2.103.844	-120.712	0	0	1.983.132
Revaluation of tangible assets					2.149.644				2.149.644
Transfer of reserves to result					-45.800				-45.800
Income tax related to other comprehensive income						-120.712			-120.712
Transactions with shareholders recorded directly in equity, from which:	0	0	0	0	0	45.136.062	0	-45.090.262	45.800
Transfer of reserves to result								45.800	45.800
Profit distribution			0			45.136.062		-45.136.062	0
Balance at December 31 2018	21.882.104	0	4.376.421	22.679.066	83.891.130	271.841.113	442.991	69.777.738	474.890.563

CEO,
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Ioan MICLEA

COMPA S.A. Sibiu
Separate statement of cash flows for the year ended on 31.12.2019
(All amounts are expressed in RON, unless otherwise specified)

EXPLAIN	31.12.2019	31.12.2018
Cash flows from operating activities		
Profit before tax	33.525.966	38.822.583
Depreciation and impairment of assets	46.653.866	40.166.230
(Increase) / decrease in inventories	6.293.117	-11.867.273
(Increase) / decrease in receivables	22.130.208	-36.731.920
(Increase) / decrease in debts	-28.980.390	12.969.481
Adjustment of other non-monetary items	-22.708.549	4.112.310
Net cash generated from operations	56.914.218	47.471.411
Purchase of tangible assets	-87.227.977	-66.036.709
Purchase of intangible assets	-4.590.031	-1.044.736
Net cash flow from investment activities	-91.818.008	-67.081.445
Cash flows from financial activities		
(Increase) / decrease in bank loans	40.820.835	20.955.311
Interest payments	-902.694	-893.786
Net cash from financial activity	39.918.141	20.061.525
Net cash generated from total activity	5.014.351	451.491
Cash and cash equivalents at beginning of period	1.065.470	613.979
Cash and cash equivalents at end of period	6.079.821	1.065.470

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

1. GENERAL INFORMATION

COMPA is a Joint Stock Company, based in Sibiu, No.8, Henri Coandă Street, Postal code 550234, Sibiu county.

1.1. Domain of activity

The main activity according to CAEN is 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

1.2. Ownership of company

COMPA is privatized 100% since September 1999. The company is listed on the stock market shares are traded on the Bucharest Stock Exchange in the Standard category, under symbol CMP.

1.3. The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, originating from *Intreprinderea de Piese Auto Sibiu (I.P.A. Sibiu)*. *IPA Sibiu* was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

2. BASIS OF PREPARATION

Declaration of Conformity

The separate financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU") and with Ministry of Finance Order no. 2.844/2016. The Company adopted IFRS reporting from the financial statements of 2012.

The principle of business continuity

The separate financial statements have been prepared on a going concern basis, which implies that the company will be able to operate under normal conditions.

Basis of measurement

The separate financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency

The financial statements presented in Romanian lei (RON), rounded to the nearest value, which is the functional currency of the company

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported

COMPA S.A.Sibiu
Explanatory notes to the separate financial statements for the year ended on 31.12.2019

(All amounts are expressed in **RON**, unless otherwise stated)

amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the company's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

Tangible and intangible assets – operational life time of tangible assets

Tangible and intangible assets are depreciated over their operational life. Company management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the company has entered into with customers, history of products sold, market information relating to company's products and the ability to adapt their equipment.

Tangible and intangible assets – Adjustments for impairment of tangible assets.

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had no impairment loss had been recognized. Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies

Deferred taxes

Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can be covered losses. The company's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the company has entered into with customers, market forecasts for the automotive and automotive components.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation generated from a past event it is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

The recoverable amount of assets

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The company reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

Valuation at fair value of financial instruments

When the fair value of financial assets and liabilities reflected in the statement of financial position can not be measured on the basis of quoted prices on active markets, their fair value is measured using valuation techniques, including the updated cash flow model. The assumptions in these models are taken from available market information, but when it is not possible, judgments are needed to determine fair value. Reasoning includes the determination of assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. New standards and interpretations in force during the current period and adopted by the company since 1 January 2019

Amendments to IAS 19 – “Long-term Interests in Associates and Joint Ventures”. The Separate Financial Statements are not influenced by the amendments.

Amendments to IAS 28 - "Long-term Interests in Associates and Joint Ventures”. The Separate Financial Statements are not influenced by the amendments.

IFRIC 23 „Uncertainty over Income Tax Treatments”. The Separate Financial Statements are not influenced by the interpretations.

Amendments to IFRS 9: „Prepayment Features with Negative Compensation”. The Separate Financial Statements are not influenced by the amendments.

IFRS 16 „Leasing Contracts”. Changes have no effect on transactions and balances. Implementing the new standard brings changes to the presentation of separate financial statements.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

Amendments to IFRS 9, IAS 39 and IFRS 7: “Interest Rate Benchmark Reform” (Effective 1 January 2020, or any time afterwards for annual periods as per the IASB). The company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to References to the Conceptual Framework in IFRS Standards - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective

Amendments to IAS 1 and IAS 18 – Definition of Material - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

3.3. Standards and Interpretations issued by the IASB and not yet adopted by the EU

COMPA S.A.Sibiu
Explanatory notes to the separate financial statements for the year ended on 31.12.2019

(All amounts are expressed in **RON**, unless otherwise stated)

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

IFRS 17 „Insurance Contracts” (Effective according with IASB from 1 January 2021) or any time afterwards for annual periods as per the IASB). The Company is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendments to IFRS 3 “Business Combinations” - (Effective according with IASB from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IAS 1 and IAS 18 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The Company is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Except as described above, the company provides for the adoption of new standards, revisions and interpretations will not have a significant impact on the separate financial statements of the Company.

Conversion into foreign currencies

When preparing individual financial statements of the Company, transactions in currencies other than the functional currency of the Company (currencies) are recognized current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss

Financial instruments

Non-derivative financial assets

The Company recognizes the loans and debts at the date they are generated. All other financial instruments are recognized at the date of the transaction, which is the date when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified in loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables, bank and cash balances, etc.) are generally held for the purpose of cashing cash flows under contracts and are measured at amortized cost using the effective interest method less any impairment.

Trade receivables are amounts to be collected from customers for the products sold and services provided in the course of the Company's business. They are generally cashed in short periods and are classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, except when they contain a material financing component when they are recognized at fair value.

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets (besides trade receivable without a significant financing component) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other of comprehensive income; or fair value through profit or loss

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for the management of its financial assets, in which case all those financial assets affected are reclassified.

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

On initial recognition, the Company may irrevocably designate a financial asset at fair value through profit or loss if it thereby eliminates or significantly reduces an inconsistency in valuation or recognition that would otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on different bases.

The Company's business model for managing financial assets

The company makes an assessment of the business model objective in which a financial asset is held at a portfolio level because it best reflects how the business is managed and information is provided to management. The information considered includes:

- the policies and objectives declared for the portfolio and the functioning of these policies in practice. These include analysing whether the management strategy focuses on earning contract interest

income, maintaining a specific interest rate profile, matching the duration of the financial assets to the duration of any expected debt or cash outflows, or making cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the management of the Company;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Assessment whether contractual cash flows are solely principal and interest payments

For the purposes of this assessment, the "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration of the time value of money and credit risk associated with the amount of the principal to be cashed in a certain period of time, as well as for other core credit risks and costs and a profit margin.

In order to assess whether contractual cash flows are only capital and interest payments, the Company takes into account the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the time or amount of contracted cash flows so that it does not meet this condition

An advance payment feature is compatible with the criterion of principal and interest payment only, if the amount of the anticipated payment represents substantially the unpaid principal amounts and interest on the outstanding amount, which may include a reasonable additional compensation for early termination contract.

Subsequent valuation of financial assets

After the initial recognition, the Company assesses a financial asset at amortized cost; at fair value through other elements of the comprehensive income; or at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses in foreign currency and depreciation are recognized in profit or loss. Any gain or loss from derecognition is recognized in profit or loss.

Impairment of financial assets

The Company recognizes impairment adjustments for expected credit losses for:

- financial assets measured at amortized cost;
- contract assets.

Loss adjustment for trade receivables and contract assets are always measured at an amount equal to expected lifetime loss of credit.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimated credit loss, the Company considers reasonable and justifiable information that is relevant and available without undue cost or effort. These include quantitative and qualitative information and analysis, based on the Company's historical experience and including prospective information.

The Company considers that a financial asset is incapable of payment when:

- the borrower is unlikely to fully pay his credit obligations to the Company; or
- the financial asset is past 365 days after maturity.

Lifetime loss credit loss data is the expected credit loss resulting from all implicit events during the expected life of a financial instrument.

12 months credit loss represents the portion of expected credit losses resulting from the default events that are possible within 12 months of the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period taken into account when estimating the expected loss of credit is the maximum contractual period that the Company is exposed to credit risk.

Measuring the expected credit loss

Expected credit losses are a probable estimate of loan losses. Credit losses are measured as the present value of the cash deficit (the difference between the cash flows due to the entity under the contract and the cash flows that the Company expects to receive).

Financial assets impaired as a result of credit risk

At each reporting date, the Company assesses whether financial assets at amortized cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is "impaired as a result of credit risk" when one or more events occur that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired by credit includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as failure to fulfil obligations or exceeding by 90 days the due date; or
- the debtor is likely to go bankrupt or otherwise reorganize;

Presentation of the adjustment for expected credit losses in the financial position

Adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income, loss adjustments are recorded in the income statement and are recognized in Other comprehensive income.

Removal off the balance sheet

The gross carrying amount of a financial asset is removed when the Company has no reasonable expectation of recovering a financial asset in whole or in part. For individual clients, the Company has a policy to remove gross book value when the financial asset is 3 years after maturity, based on the historical experience of similar asset recoveries. For corporate clients, the Company makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

Derecognition

The Company derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Company transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

At derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

Financial liabilities

The Company initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

The Company classifies financial liabilities as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as a FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. FVTPL financial liabilities are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses in foreign currency are recognized in profit or loss. Any gain or loss from derecognition is also recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled. At derecognition of a financial liability, the difference between the liability's carrying amount and the consideration paid is recognized in profit or loss.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Derivatives financial instruments

A derivative is a financial instrument or other contract that falls under IFRS 9, which meets the following three characteristics: its amount changes in response to changes in certain interest rates, the price of a financial instrument, the price of the goods, the exchange rates, price indices or rates, credit rating or credit index or other variables, provided that in the case of a non-financial variable it is not specific to a party (sometimes referred to as the "base"); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts that are expected to have similar effects to changes in market factors; and is settled at a future date.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities. When an equity instrument of the company is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity.

The Company does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Tangibles assets

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount. Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

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When the Company depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Company revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Company. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Company management at the end of each period of reporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant Company's of property are:

- Buildings 12-50 years
- Plant and machinery 3-18 years
- Other installations, equipment and furniture 2-18 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Company must demonstrate that the item meets:

(a) Definition of an intangible asset

- is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the company or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Company;
and
- cost of the asset can be measured reliably.

An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

- a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Company initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Examples of directly attributable costs are:

- a. the costs of materials and services used or consumed in generating the intangible asset;
- b. costs of employee benefits arising from the generation of the intangible asset;
- c. fees to register a legal right; and
- d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

(a) a research phase ;

(b) a development phase.

If the Company cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Company treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Company intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any). The recoverable amount is the biggest from the fair value less the cost of sell and the value from use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

A real estate investment is an estate (land or a building – or part of a building – or both) owned by the Company with the scope of earning rent or capital appreciation, or both, rather than it being used for production or distribution of services and goods, for administrative purposes, or to be sold during the ordinary course of business.

The cost of a real estate investment comprises its purchase price and any costs directly attributable to the acquisition. Directly attributable expenditures include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The investment cost of self-constructed real estate is the cost at the date when the construction or development were completely finished. Until that date, the Company applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Company chooses the fair value model and evaluates all of its investment properties at fair value.

A gain or loss generated by a change in the fair value of the real estate investment is recognized in the profit or loss statement for the period in which it happens.

The fair value of real estate investment is the price at which the property could be exchanged between willing parties, conducted under objective conditions. The fair value of an estate shall reflect the market conditions at the balance sheet date.

The assets for which fair value is determined in the financial statements are included in the fair value hierarchy based on the fair value determined as follows:

- Level 1 - unadjusted market prices
- Level 2 - Input Data other than unadjusted market prices, but fair value is observable directly or indirectly
- Level 3 - fair value measurements based on unobservable inputs

Gains or losses arising from the retirement or disposal of real estate investments should be determined as the difference between the net disposal income and the accountancy value of the asset and must be recognized in profit or loss statements in the period of the retirement or disposal.

Financial Investments

Under IAS 27, individual financial statements are statements presented by a parent company, an investor in an associated entity or by an associate in a jointly controlled entity, in which investments are accounted based on direct participation in own capital rather than report results and net assets of the invested entities. When an entity prepares individual financial statements, investments in subsidiaries, jointly controlled entities and associated entities shall be accounted for:

- a. at cost,
- b. in conformity with IFRS 9, or using the equity method as described in IAS 28

Investments in subsidiaries are presented in the current individual financial statement at cost.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale

Employee benefits

In the normal course of business, the Company makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

The Company employees are members of the Romanian State pension plan. Within the Company there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. The Company recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realized amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time- value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Company has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the company has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Accounting policies information regarding contracts with customers is presented in Note 15.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Company in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Company. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The Company does not register any leasing contracts at the date of entry into force of IFRS 16.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing 2016 December 31, was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. Company's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

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Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Company that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Company's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which separate financial information is available.

Company management regularly evaluates the activity of the Company to identify operating segments for which information must be reported separately.

The Company did not identify components that are classified as operating segments.

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4. 1. TANGIBLE ASSETS

Evolution of tangible assets from 1th of January 2018 to 31th of December 2019 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Inventory value	43.509.161	85.931.698	478.889.971	1.193.733	7.166.706	616.691.269
01.01.2018		16.566.851	42.979.558	50.358	66.505.751	126.102.518
Input 2018		-4.448.180	-1.718.400		-56.173.876	-62.340.456
Output 2018	43.509.161	98.050.369	520.151.129	1.244.091	17.498.581	680.453.331
31.12.2018	339.539	5.260.599				5.600.138
Input revaluation 2019					77.684.469	77.684.469
Input from aquisition 2019			50.073			50.073
Input from free purchases in 2019					9.496.006	9.496.006
Input internally genrated 2019		7.761.890	62.252.636	442.685		70.457.211
Input from commissioning tasks in 2019		0	0		0	0
Input from transfers to other classes of property in 2019		2.482.268	0		0	2.482.268
Outputs revaluation in 2019		-3.628.350				-3.628.350
Outputs from the cancellation of the depreciation during 2019 Net revaluation of values		-18.677.508	0		0	-18.677.508
Output Input of transfers within the same class 2019		-2.482.268	0		0	-2.482.268
Outputs from transfers to other classes of property 2019		0	0		-70.755.297	-70.755.297
Output from sales 2019		0	0			0
Outputs of cassation 2019		-10.000	-733.810			-743.810
31.12.2019	43.848.700	88.757.000	581.720.028	1.686.776	33.923.759	749.936.263
Depreciation, amortization						
01.01.2018	0	8.718.080	294.613.852	992.855	0	304.324.787
Expenditure in 2018	0	5.058.507	34.938.986	40.874	0	40.038.367
Depreciation, amortization related outputs in 2018	0	-525.723	-1.675.116	0	0	-2.200.839
31.12.2018	0	13.250.864	327.877.722	1.033.729	0	342.162.315
Expenditure in 2019	0	5.436.643	40.463.202	62.295	0	45.962.140
Amortizations, depreciations related to transfer entries within the same class 2019	0	328.919			0	328.919
Outputs from the cancellation of the depreciation during 2019 Net revaluation of values		-18.677.508	0		0	-18.677.508
Amortizations, depreciations related on transfers within the same class 2019	0	-328.918			0	-328.918
Amortizations, depreciations, related on cassations 2019	0	-10.000	-732.087	0	0	-742.087
Depreciation, amortization	0	0		0	0	0

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(All amounts are expressed in RON, unless otherwise stated)

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
related outputs in 2019						
31.12.2019		0	367.608.837	1.096.024	0	368.704.861
Remaning Value						
01.01.2018						312.366.482
31.12.2018						338.291.016
31.12.2019						381.231.402

Tangible assets representing "Tangible assets in progress" are valued at historical cost. The Company chose to assess its tangible assets like land and buildings at fair value.

The management analyzes annually the indications regarding the significant change of the market value of the constructions and lands.

The constructions and the lands were reassessed on 31.12.2019 by an independent independent evaluator. As a result of the revaluation, their value increased by 1,971,788 lei.

Within the hierarchy of fair value, the company's buildings and land were revalued at their fair value, categorized-level 2.

The evaluation technique used in the level 2 fair value measurement is the price comparison method. Building prices are determeined in comparison with the adjacent buildings' and can be tailored to specific features such as property size, etc. The most important input data for this evaluation methos is the prices per square meter. There were no transfers between the level at which the fair value measurements are classified in 2019.

The depreciation of the tangible assets is determined by the straight-line method. Fixed assets declined in 2019 by scrapping and depreciation.

The stock-in trade value of the fixed assets disposed of in 2019 was of 743.810 RON, and the unamortised value of the disposed fixed assets was of 1.723 RON.

In 2019, within the Company, projects funded from European funds were carried out.

The implementation of these projects resulted in the acquisition of the latest technological equipment. Thus, within the project "Development of the research department of the company COMPA SA and obtaining innovative results in the field of automotive industry", the following equipment was purchased in 2019:

Hybrid machine - with laser	5.843.338,00 lei
CNC lathe with axis B-SPRINT	3.166.159,00 lei
Ultrasonic hybrid machine	3.370.147,00 lei
Milling/"Moletat" machine	8.283.495,00 lei
Round grinding machine	1.250.258,00 lei
5 D measuring machine	859.627,00 lei

The subsidized value of the equipment purchased for the project was 9,230,986 lei

As part of the project "Learn for a safe job!" a simulation, testing and diagnostic stand was purchased for 99,518 lei, of which a subsidized value of 94,542 lei

Within the project "Qualified employees for a safer future", equipment worth 141,265 lei was purchased, of which a subsidized value 70,632 lei.

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The mortgage value for the tangible assets of the contracted loans had the net book value of 22.516.990 RON on the 31st of Decemeber 2019. At the same time, the guarantees consisting of technological equipment had the net book value of 53.918.002 RON

4.2. REAL ESTATE INVESTMENTS

The evolution of real estate investments from January 1, 2018 to December 31, 2019 is as follows:

Explanations	Real estate investments	Real estate investments in progress	Total
Balance at 01.01.2018	32.635.148	8.906.857	41.239.843
Input 2018	569.685	19.624	589.309
Balance at 31.12.2018	33.204.833	8.926.481	42.131.314
Input revaluation 2019	4.899.707		4.899.707
Entry from aquisition		47.627	47.627
Internally generated inputs 2019		9.161	9.161
Input from transfers to other classes 2019	21.222.355	1.903.500	23.125.855
Inputs of the same class assets in 2019		8.419.668	8.419.668
Outputs revaluation 2019	-897.599		-897.599
Outputs from other classes of property transfers in 2019		-1.744.670	-1.744.670
Outputs of transfers within the same class of property assets in 2019		-8.419.668	-8.419.668
Balance at 31.12.2019	58.429.296	9.142.099	67.571.395

At the end of 2019, the Company carried out the transfer of some assets from the stock class in the category of real estate investments. The transfer was made on the basis of the purpose for which tangible assets owned by the Company and leases signed for 2020

The real estate investments are valued at a fair value. Gain or loss generated by a change in the fair value of an investment property is reflected in profit or in loss during the period in which this occurs.

The real estate investments were reassessed on 31.12.2019 an authorized independent evaluator. As a result of the revaluation, their value increased by 4,002,108 lei.

The fixed assets "Real estate investments in progress" are valued at their historical cost.

5. INTANGIBLE ASSETS

Intangible assets held by the Company are represented by software, software licenses and intangible assets in progress. Their evolution was as follows:

Explanations	R&D Expenditure	Software and software licenses	Total
Cost 01.01.2018	0	9.934.967	9.934.967
Input 2018	559.383	485.353	1.044.736
31.12.2018	559.383	10.420.320	10.979.703
Input from aquisition 2019	1.486.860	1.023.712	2.510.572
Input internally genrated 2019	2.070.173	0	2.070.173

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<i>Explanations</i>	R&D Expenditure	Software and software licenses	Total
Input from transfers from other asset classes 2019	0	9.286	9.286
Input of transfers within the same class 2019	0	0	0
Output of transfers within the same class 2019	0	0	0
31.12.2019	4.116.416	11.453.318	15.569.734
Depreciation, amortization			
01.01.2018	0	6.795.525	6.795.525
Expenses 2018	0	650.026	650.026
Depreciation, amortization related output 2018	0		0
31.12.2018	0	7.445.551	7.445.551
Expenses in 2018		691.726	691.726
Depreciation, amortization related output 2019			
31.12.2019		8.137.277	8.137.277
Remaining value			
01.01.2018			3.139.442
31.12.2018			3.534.152
31.12.2019			7.432.457

In May 2018, the Company signed a Financing Contract with the Ministry of European Funds and the Ministry of Research and Innovation, focusing on "Developing the research department of COMPA SA and achieving innovative results in the automotive industry"

The total value of this contract is 26,614,121.45 lei, of which non-reimbursable financing 9,230,986.36 lei. The implementation duration of the project is 15 months from the date of signing the contract.

The company capitalizes the R & D costs due to the fact that the criteria for recognizing them as an element of intangible asset are met, namely:

- it is probable that the future economic benefits expected to be attributable to the asset are attributable to the Company; and
- the cost of immobilisation can be reliably measured.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanations	2019	2018
Debts from clients who have not exceeded their due date	104.066.925	132.402.289
Debts which have exceeded their due date with no impairment adjustments	4.353.853	12.380.370
Debts which have exceeded their due date with impairment adjustments	571.165	1.165.933
Impairment adjustments	-571.165	-1.165.933
Total receivables	108.420.778	144.782.659

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The situation for the debts which have exceeded their due date with no impairment adjustments at the 31st of December 2019, 2018 respectively, is detailed here below:

Explanations	2019	2018
Less than 90 days overdue debts	2.917.409	7.283.194
91 to 180 days overdue debts	1.292.265	3.662.021
181 days to 1 year overdue debts	140.021	1.429.485
More than 1 year overdue debts	0	5.670
Total overdue debts	4.349.695	12.380.370

The Company made adjustments for the inventory depreciation as detailed below:

Balance at 01.01.2018	737.853
Adjustments constituted in 2018	656.132
Adjustments reversed in 2018	-228.052
Balance at 31.12.2018	1.165.933
Adjustments constituted in 2019	731.107
Adjustments reversed in 2019	-1.325.875
Balance at 31.12.2019	571.165

The Company's commercial policy requires the recording of depreciation adjustments for receivables over 360 days, except for those receivables from partners with which the Company is debtor in turn, with debts of approximately the same age as the unpaid receivables.

Other Company Debts are detailed here below:

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Payments in advance to suppliers	32.040.964	0	32.040.964	11.605.639	0	11.605.639
Staff related debts	19.361	0	19.361	6.385	0	6.385
State budget and local budget debts	3.041.781	0	3.041.781	5.523.004	0	5.523.004
Other debtors	596.856	0	596.856	1.182.372	0	1.182.372
Impairment adjustments for debtors	-368.925	0	-368.925	-301.611	0	-301.611
Expenses in advance	1.011.271	0	1.011.271	609.190	0	609.190
Subsidies to be collected (European funds projects)	8.271.345	72.572	8.198.773	11.219.383	668.703	10.550.680
Total Debts	44.612.653	72.572	44.540.081	29.844.362	668.703	29.175.659

The Company established the following impairment adjustments for other receivables.

Balance at 01.01.2018	594.585
Adjustments constituted in 2018	0

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Adjustments reversed in 2018	-292.974
Balance at 31.12.2018	301.611
Adjustments constituted in 2019	367.314
Adjustments reversed in 2019	-300.000
Balance at 31.12.2019	368.925

The company's policies require registration of impairment adjustments for receivables exceeding 360 days and for receivables which hint an uncertainty factor. Receivables in foreign currencies are valued in RON at the exchange rate of BNR on 31.12.2018.

7. OTHER RECEIVABLES

The situation of other receivables of the Company is as follows

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Custom home warranty	103.000	103.000	0	103.000	103.000	0
Other guarantees	14.439	14.439	0	14.948	14.948	0
Total other assets	117.439	117.439	0	117.948	117.948	0

8. STOCKS

The Company made adjustments for the inventory depreciation as detailed below:

Explanations	2019	2018
Raw materials	46.315.067	41.632.250
Impairment of raw materials	-295.044	-307.651
Packaging materials	22.775.912	22.546.434
Impairment of materials and packaging	-77.960	-84.302
Semi-finished parts and production in progress	19.063.886	36.966.386
Finished goods and merchandise	17.578.146	10.900.006
Impairment of finished products and goods	-169.453	-169.453
Total stocks	105.190.554	111.483.670

The Company made adjustments for the inventory depreciation as detailed below:

Balance at 01.01.2018	558.194
Adjustments constituted in 2018	106.232
Adjustments reversed in 2018	-103.020
Balance at 31.12.2018	561.406
Adjustments constituted in 2019	0
Adjustments reversed in 2019	-18.949
Balance at 31.12.2019	542.457

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Impairment adjustments are recorded for non-moving and slow moving stocks, which are most likely to no longer generate future economic benefits.

9. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are listed here below:

Explanations	2019	2018
Bank accounts in RON	5.692.304	645.342
Currency accounts	383.007	410.392
Cash equivalents	486	347
Petty cash	4.024	9.389
Total Cash and equivalents	6.079.821	1.065.470

The Company holds bank accounts in both RON and foreign currencies at the following Bank Institutions: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

10. PROFIT TAX

The tax for the current Company's profit is determined based on the statutory profit, adjusted for non-deductible expenses and non-taxable income at a rate of 16%.

On 31 December 2019 and 2018 respectively, the tax profit consists of:

Explanations	2019	2018
Current profit Tax Expense	401.859	3.076.123
Receivable / income for the deferred income tax	415.398	317.885
Total Profit Tax	817.257	3.394.008

The numerical reconciliation between the income tax expense and the result of the multiplication of the accounting result with the tax rate in force is presented here below:

Explanations	2019	2018
Profit before tax	33.525.966	38.822.583
16% Profit Tax Expense	5.364.155	6.211.613
Sponsoring charge deducted from the profit tax	-100.465	-547.979
Due profit tax	5.263.690	5.663.634
The effect of non-taxable income	-1.047.325	-1.397.024
The effect of non-deductible tax and temporary differences	1.211.761	2.006.814
The effect of tax exemption on reinvested profit	-4.610.869	-2.879.416
Total expenses with the profit tax	817.257	3.394.008
The real percent of the profit tax	2,44	8,74

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The significant parts of the profit tax included in the financial situations at 31.12.2019 and 31.12.2018 are detailed here below:

Explanations	2019	2018
Gross Profit	33.525.966	38.822.583
Non-taxable income	-6.545.780	-8.731.403
Non-deductible expenses	50.920.952	53.061.649
Other deductions - tax amortization	-45.943.682	-42.505.846
Fiscal profit	31.957.456	40.646.983
Profit Tax	5.113.193	6.503.517
Sponsoring expenses	-100.465	-547.979
The effect of tax exemption on reinvested profit	-4.610.869	-2.879.416
Total expenses with the profit tax	401.859	3.076.123
The real percent of the profit tax	1,20	7,92

In 2019, the Company applied for the tax exemption on the reinvested profits in technological equipment, according to OUG no. 19/2014. The Board of Directors anticipates the bought technological equipment will remain in the Company's patrimony for at least 5 years. At the same time the constituted reserve due to the above mentioned facility will not be distributed/used.

The evolution of the deferred tax to be recovered between 01.01.2018 - 31.12.2019 is presented in the table below:

Deferred tax for 01.01.2018	-781.598
Deferred tax through the profit-loss account in 2018	317.885
Deferred tax through the account result deferred from the modification of the accounting policies 2018	-14.350
Deferred tax recognized through other elements of 2018's results:	-1.233.650
Deferred tax from revaluating the fixed assets	-1.233.650
Deferred tax for 31.12.2018	-1.711.713
Deferred tax through the profit-loss account in 2019	415.398
Deferred tax recognized through other elements of 2019's results:	120.712
Deferred tax from revaluating the fixed assets	120.712
Deferred tax for 31.12.2019	-1.175.603

The main components of the deferred profit tax included in the financial situations on the 31st of December 2018, considering the percentage of 16%, are detailed here below:

Temporary difference type	Cumulative Value of Temporary Difference	Cumulative deferred tax - income	Cumulative deferred tax - debt	Net Cumulative deferred tax	Profit-loss account 2018	Assignable to the result account carried over from the change in accounting policies 2018	Assignable other elements of 2018's global results
Assets reevaluation	32.851.981	0	5.256.317	5.256.317			-1.233.650
Legal reserves	4.376.421	0	700.227	700.227			

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Differences due to the depreciation of Tangible Assets	42.883.358	-	-	0	-6.861.337	-362.096	
Other debts	-5.043.249	-806.920		0	-806.920	44.211	-14.350
Total	-10.698.205	-7.668.257	5.956.544	-1.711.713	-317.885	-14.350	-1.233.650

The main components of the deferred profit tax included in the financial situations on the 31st of December 2019, considering the percentage of 16%, are detailed here below:

Temporary difference type	Cumulative Value of Temporary Difference	Cumulative deferred tax - income	Cumulative deferred tax - debt	Net Cumulative deferred tax	Profit-loss account 2019	Assignable to the result account carried over from the change in accounting policies 2019	Assignable other elements of 2019's global results
Assets reevaluation	33.606.431	0	5.377.029	5.377.029			-120.712
Legal reserves	4.376.421	0	700.227	700.227			
Differences due to the depreciation of Tangible Assets	-42.702.819	-6.832.451	0	-6.832.451	-398.704		
Other debts	-2.627.543	-420.407	0	-420.407	-16.694	0	
Total	-7.347.510	-7.252.858	6.077.256	-1.175.602	-415.398	0	-120.712

The Company acknowledges the deferred tax receivables because it estimates that there will most likely be future taxable profit against which those receivables can be used.

11. EQUITY

Shareholder structure on 31.12.2019 is as follows:

Explanations	No. of shares	% of total share capital
Romanian and foreign shareholders (legal entities)	73.878.442	33,76%
Romanian and foreign shareholders (individuals)	144.942.596	66,24%
Total number of shares	218.821.038	100,0

The company's shares have a nominal value of 0,1 RON /share, the share capital value being of 21.882.104 RON .

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The equity of the company include the following:

Explanations	2019	2018
Subscribed and paid capital	21.882.104	21.882.104
Revaluation reserves	83.891.130	81.787.286
Adjustment of legal reserves	22.679.066	22.679.066
Legal reserves	4.376.421	4.376.421
Other reserves	277.918.370	232.782.308
Adjustment of other reserves	442.991	442.991
Current and deferred income tax recognized in the equity account	-6.077.257	-5.956.545
Retained earnings from the first adoption of IAS, less IAS 29	57.804.936	57.759.136
Retained earnings representing surplus from revaluation reserves	29.144	29.144
Retained earnings from switching to IFRS, less IAS 29	8.611.538	8.611.538
Retained earnings from changes in accounting policies	89.693	89.693
Retained earnings from correction of accounting errors	0	-1.114.096
Retained earnings due to the adoption of IAS 29 for the first time	-648.352	-648.352
Current year profit	32.708.709	35.428.575
Distribution of profit	-28.817.930	-17.996.347
Total equity	474.890.563	440.152.922

The changes produced in equity were as follows:

The causes of changes	Own equity element	2019-2018
	Revaluation reserves	-45.800
Transfer of revaluation reserves to Reversed earnings representing surplus from revaluation reserves	Reported result representing surplus from revaluation reserves	45.800
Increase of revaluation reserves as a result of the revaluation carried out in 2019		2.149.644
Distribution of the previous year's net profit to its own development sources, according to Hot. AGA / 04.2018 and 04.2019, respectively		16.318.132
Distribution of the current year's net profit to its own development sources, in accordance with GEO 19/2014, on the exemption of reinvested profit tax	Other reserves	28.817.930
Determination of deferred income tax on own capital	Current and deferred income tax recognized on own capital	-120.712

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The causes of changes	Own equity element	2019-2018
Covering the loss from the correction of accounting errors from the current result	Retained earnings from correction of accounting errors	1.114.096
Decrease in profit for the current year compared to the previous year	Current year profit	-2.719.866
Increase in current year's profit attributed to its own development sources compared to the previous year	Distribution of profit	-10.821.583
Total changes		34.737.641

Capital Management

The Company's objectives related to capital management refer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholders and to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support further development of the Company. There are no capital requirements imposed from the outside. The Company monitors the capital based on the debt level. This coefficient is the result of dividing the net debt to the total capital.

The net debt is the total of all the loans (including the current loans and the long term loans as per the balance sheet) except the cash and the cash equivalents. The total administered capital is calculated as "equity capital" as shown in the financial situation.

The Company distributed 2019's net profit to own development sources due to the tax exemption facility offered for reinvested profit as per the OUG 19/2014.

Compa continued to use the above mentioned facility in 2019 as well, and according to legal regulations it distributed 28.817.930 RON worth of profit to own development sources.

The Board of Directors of the Company COMPA S.A. proposes to the Ordinary General Meeting of Shareholders that the amount of 28,819 thousand lei be distributed to their own sources of development, and the sum of 3,890 thousand lei to be distributed for the redemption of their shares by the company. The amount of 28,818 thousand lei has already been allocated to own development sources, according to GEO 19/2014 regarding "exemption of the tax on reinvested profit".

The evolution of indebtedness of the Company is as follows:

Explanations	2019	2018
Total Debt	248.709.990	234.577.833
Cash and cash equivalents	6.079.821	1.065.470
Net Debt	242.630.169	233.512.363
Equity	474.890.563	440.152.922
Level of indebtedness	0,51	0,53

The company proposed not to exceed the threshold of 0,99.

12. FINANCIAL LIABILITIES

Long term and short term financial liabilities expressed in **EUR** are as follows:

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Credit institution	Loan type	2019			2018		
		Total, of which:	Long term (< 5 years)	Short term	Total, of which:	Long term (< 5 years)	Short term
BRD Soci�t� G�n�rale Rom�nia	Credit line for manufacturing	6.970.805	6.970.805	0	5.713.163	5.713.163	0
BRD Soci�t� G�n�rale Rom�nia	Credit for investments	2.586.177	2.211.177	375.000	0	0	0
ING Bank-Sibiu	Credit line for manufacturing	5.080.089	5.080.089	0	7.194.397	7.194.397	0
ING Bank-Sibiu	Credit for investments	6.500.000	5.850.000	650.000	0	0	0
Total financial liabilities EUR		21.137.071	20.112.071	1.025.000	12.907.560	12.907.560	0

Long term and short term financial liabilities denoted in RON are as follows:

Credit institution	Loan type	2019			2018		
		Total, of which:	Long term (< 5 years)	Short term	Total, of which:	Long term (< 5 years)	Short term
BRD Soci�t� G�n�rale Rom�nia	Credit line for manufacturing	33.315.569	33.315.569	0	26.645.621	26.645.621	0
BRD Soci�t� G�n�rale Rom�nia	Credit for investments	12.360.114	10.567.877	1.792.238			
ING Bank - Sibiu	Credit line for manufacturing	24.279.271	24.279.271	0	33.553.949	33.553.949	0
ING Bank-Sibiu	Credit for investments	31.065.450	27.958.905	3.106.545			
Total financial liabilities RON		101.020.405	96.121.622	4.898.783	60.199.570	60.199.570	0

In order to achieve the proposed investment objectives, in 2019, the Company contracted investment credits totaling EUR 15 million, of which the amount of EUR 9,086,177 was committed by the end of 2019. The company filed guarantees for contracting its loans.

Tangible assets mortgaged in favor of credit institutions on 31.12.2019 are in accountancy amount of 22.516.990 RON and the guarantees consisting of technological equipment have a net book value of 53,918,002 RON

Also, for guaranteeing the employed credits, "collateral securities on receivables" were constituted, in proportion with the value exposed to the financing banks.

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The effect of exchange rate fluctuations resulting from financing activity amounted to 987.127 lei, with a negative impact on the profit and loss account.

Interest margin of loans from engaged banking institutions vary from:

Euribor at 1 month + 1.5 % per year

Euribor at 3 months + 1.5 % per year

Foreign currency liabilities are valued in RON at the exchange rate of BNR on 31.12.2019

13. COMMERCIAL LIABILITIES AND OTHER PAYABLES

The commercial debts and other liabilities are as follows:

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Suppliers	94.689.654	0	94.689.654	121.024.385	0	121.024.385
Advanced payments received from customers	138.039	0	138.039	127.883	0	127.883
Debts from contracts with customers	1.217.334	0	1.217.334	3.515.725	0	3.515.725
Staff-related debts	5.423.464	0	5.423.464	5.546.173	0	5.546.173
Debts to the consolidated state budget and to the local budget	6.110.799	0	6.110.799	6.240.505	0	6.240.505
Current income tax liabilities	0	0	0	25.201	0	25.201
Various creditors	148.516	0	148.516	228.323	24.454	203.869
Income in advance	1.411.453	72.572	1.338.881	1.244.370	414.790	829.580
Investment subsidies from AMPOSDRU, AMPOSCEE contracts	38.355.443	34.303.190	4.052.253	36.266.340	31.785.869	4.480.471
Inventory excess of property nature	59.239	59.239	0	23.713	23.713	0
TOTAL Commercial liabilities and other payables	147.553.941	34.435.001	113.118.940	174.242.618	32.248.826	141.993.792

14. PROVISION

Provisions situation as of 31.12.2019 is shown below:

Explanations	Provisions for guarantees granted to clients	Provisions for employee benefits	Total provisions
Balance at 01.01.2018	26.945	108.700	135.645
Balance at 31.12.2018	26.945	108.700	135.645
Balance at 31.12.2019	26.945	108.700	135.645

The Company did not provide additional provisions for guarantees granted to clients and employee benefits in 2019, considering that there were no changes compared to the situation on the 31.12.2018.

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15. INCOME AND ACTIVITY SEGMENTS

The company's income structure is as follows:

Explicații	2019	2018
Total Turnover, of which:	746.729.484	752.507.249
Revenues from sales of finished products	737.308.365	745.282.281
Revenues from provision of services	4.376.328	4.721.339
Revenues from sale of goods	3.169.032	1.117.011
Revenues from other activities (rents, various activities)	1.061.254	834.455
Revenues from associated subsidies (EU funds projects)	814.505	552.163
Other operating revenues	21.079.783	11.072.409
Total - Operating income	767.809.267	763.579.658

Other operating revenues consist of:

Explanations	2019	2018
Revenues from assets held for sale in ceded	11.575.340	6.523.627
Revenues from investment grants (projects and partner contract projects AMPOSDRU and AMPOSCEE)	4.392.357	3.681.963
Revenue from the revaluation of tangible assets and real estate investments	4.900.958	0
Other operating revenues	211.128	866.819
TOTAL Other operating income	21.079.783	11.072.409

Activity Segments

The Board of Directors is regularly reevaluating the activity of the Company so that segments of activity for which information should be separately reported - are identified as soon as possible.

The Company is based in Romania. All the Company's income detailed above is strictly attributed to Romania.

Fixed assets, other than financial instruments, deferred tax due revenue, post-employment benefit claims and rights arising from insurance contracts are located in Romania as a whole. The Company does not have such fixed assets located in other countries.

The export income for 2019 is 582,78 million RON, representing 78,04 % of the turnover.

The revenues of about 475.1 million lei come from the first 11 external customers. They hold about 81.5% of the turnover.

All the income corresponds to the activity in Romania.

16. EXPENSES TYPE

Operating expenses made within the years 2018 and 2015 are presented in the following table:

Explanations	2019	2018
Material expenditures	464.014.430	466.831.329
Stock differences	-10.122.202	-3.079.966

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Explanations	2019	2018
Energy and water expenses	27.582.735	24.810.642
Employee benefits expenditures, of which:	155.809.695	144.134.777
- salaries and compensations	152.276.407	140.902.659
Salaries and compensations	3.533.288	3.232.118
Insurance and social protection expenses	46.653.866	40.166.230
Asset value adjustments	-546.401	138.318
Current asset value adjustments	38.542.074	41.209.570
Third party expenditures	5.068.377	4.867.432
Other tax expenditures, taxes and similar payments	1.076.707	0
Other operating expenses	2.837.416	3.367.607
TOTAL Operating expenses	730.916.697	722.445.939

17. OPERATING RESULT ANALYSIS

Explanations	2019	2018
Operating income	767.809.267	763.579.658
Cost of sales	-694.973.848	-690.318.149
Sales and distribution expenses	-1.872.538	-1.772.957
Administrative expenses	-20.055.679	-19.034.170
R & D Expenses	-14.014.632	-11.320.663
Operating result	36.892.570	41.133.719

18. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses include salaries, compensations and social security contributions. Short term benefits are recognized as expenditures as the services are rendered

Explanations	2019	2018
Salaries and compensations	152.276.407	140.902.659
Insurance and social protection expenses	3.533.288	3.232.118
TOTAL	155.809.695	144.134.777

19. FINANCIAL LOSSES (GAINS)

The financial losses (gains) structure is shown below:

Explanations	2019	2018
Gains from foreign exchange differences relating to monetary items denominated in foreign currency	-2.011.588	-1.418.723
Losses from interest rates	-900.402	-463.921
Other financial gains	-454.614	-428.492
TOTAL Losses / Gains	-3.366.604	-2.311.136

COMPA S.A. Sibiu
Explanatory notes to the separate financial statements for the year ended on 31.12.2019
 (All amounts are expressed in RON, unless otherwise stated)

20. EARNINGS PER SHARE

The earnings per share for the years 2018 and 2015 is summarized as follows

Explanations	2019	2018
No. of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
No. of shares at the end of the year	218.821.038	218.821.038
Net profit		35.428.575
Earnings per share (in RON per share) basic / diluted	0,15	0,16

21. FINANCIAL INVESTMENTS

The company's financial investments represent shares owned at affiliated entities. Securities held are carried at cost and include the following:

Company that holds the securities	Social headquarters	% of share capital	Securities Value	Main activity (according to CAEN)
COMPA IT SRL	Sibiu, No.8, Henri Coandă, Street, Sibiu County	100,00	200.000	6201 "Activities of achieving custom software"
TRANS CAS SRL	Sibiu, No.12, Henri Coandă, Street, Sibiu County	99,00	1.498.450	4941 "Freight transport by road"
RECASERV SRL	Sibiu, No.51, Henri Coandă, Street, Sibiu County	70,00	70.000	5629 "Other types of activities"
TOTAL			1.768.450	

Entities affiliated with the company were formed in time, due to the need of outsourcing some COMPA S.A. specific activities like: software design, domestic and international auto transport, catering, etc.. The outsourcing accomplished to streamline these activities and to benefit from some state-offered facilities for specific activities (IT activities, transport licenses etc).

Most contracts and transactions with these entities represent COMPA (holder of special and specific installations) sourcing utilities like: electricity, heat, water, telephone services, compressed air, rental of premises and equipment necessary to conduct business, as well as contracts for the supply of goods and services. On the other hand, these affiliated entities provide COMPA with the goods and services they produce and for which outsourcing was imposed. Relationships were conducted on free market commercial terms, the price of which is agreed upon by negotiation, falling in the prevailing market levels.

Transactions in the first three months of 2015 and 2018 with the companies in which COMPA holds stakes were as follows (amounts include VAT):

Explicații	2019		2018	
Company where securities are held	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
TRANS CAS S.R.L.	18.268.690	420.995	19.560.341	541.756
COMPA IT S.R.L.	2.983.330	42.985	2.452.052	65.743
RECASERV S.R.L.	1.629.561	58.696	1.722.849	175.915

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Mutual debts and claims registered at 2019 and 2018 are:

Claims receivable by COMPA S.A. from:

Explanations	2019	2018
TRANS CAS S.R.L.	36.157	359.518
COMPA-IT S.R.L.	3.770	47.417
RECASERV S.R.L.	11.067	131.622

Debts paid by COMPA Company S.A. to:

Explanations	2019	2018
TRANSCAS S.R.L.	2.510.259	3.255.750
Compa IT S.R.L.	913.325	870.627
RECASERV S.R.L.	282.214	453.454

Outstanding balances are not guaranteed and do not bear interest. No guarantees have been constituted and no guarantees have been received for debts or liabilities of involved parties.

Company Management

List of company directors (Board of Directors):

NUMELE ȘI PRENUMELE	CALIFICARE	FUNCȚIA
DEAC Ioan	Engineer	Chairman & CEO
MICLEA Ioan	Economist	Member BoD & CFO
BALTEȘ Nicolae	Economist	Member BoD - Chairman Audit Committee
VELȚAN Ilie-Marius	Economist	Member BoD – Member of the Audit Committee
MAXIM Mircea Florin	Engineer	Member BoD

List of company executive members:

NAME AND SURNAME	POSITION
DEAC Ioan	CEO
MICLEA Ioan	CFO
FIRIZA Ioan	Organizational Management & HR Director
BĂIAȘU Dan-Nicolae	Commercial Director
ACU Florin-Ștefan	Technical Director
MUNTENAȘ Bogdan-Vasile	Logistics Director
ȚUICU Liviu-Laurențiu	Quality & Environment Director
HERBAN Dorin-Adrian	Systems Management & Continuous Improvement Director
ȚUȚUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director
DRAGOMIR Marius-C-tin	Chief Engineer

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Transactions with the company's executive members are limited to wages and allowances..

Explanations	2019	2018
Wages and allowances granted to the Board of Directors and executive management members	6.344.891	6.418.481

22. EMPLOYEE BENEFITS

The company makes payments to the Romanian state pension system, to the health insurance system and to the unemployment fund on behalf of its employees. All the Company's employees are members of the Pension System of the State and have the legal obligation to contribute thorough the social security contributions to it.

All contributions are reflecte in the financial result of the period in which they are incurred.

As per the Collective Labor Contract, the Company is obliged to offer benefits to its employees if the contract is stopped from reasons which are independent to its employees. The ebefits consist of 0.5 to 5 brut salaries depending on the duration of employment within the Company.

As per the Collective Labor Contract and according to legal regulations, the employees which reach the legal age for retirement are entitled to an amount equal to the average salary corresponding to their last occupied position within the Company, adjusted to duration of employment within the Company.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Evaluation of the company's activity providing risk management

Managing the risks that may arise in the activity of any company is one of the objectives for which the Company's management pays special attention. The risk management activity is permanent, precisely to prevent any possible damage.

The risks monitored by COMPA are:

23.1. Risks related to commercial activity.

Commercial activity, in particular the marketing activity is an important area in the operation of the company.

- Ensuring the portfolio of medium and long term orders to the customer, as a result of the offer, of competitive products, attractive to the customer and profitable for COMPA; This objective is a major wish to be achieved, knowing that in the automotive field the demand for quality - price ratio is high.
- The timely delivery, as the target of the commercial activity, must be fulfilled equally; Delays in delivery for different reasons (non-finalization of manufacturing lots, problems with transport of materials or delivery of products) are risks that must be managed, mitigated and eliminated, without having any effect on customers.
- Delivery of non-compliant products is another risk of commercial activity, which must be eliminated. In the auto industry the quality of the delivered products is a priority. Poor quality or questionable quality products can be important reasons in the relationship with business partners, which can lead to temporary or total disruption of collaboration relationships. In this context, COMPA has clear procedures within the quality assurance system and instruments that prevent the operator from producing non-compliant products.
- Improving the logistics and inventory management system leads to the reduction of the risks of delays in manufacturing, of the risks of delays in delivering products to the customer.

23.2 Currency risk

The impact of currency risk on the economic and financial activity of COMPA is limited or even eliminated because all prices of products manufactured in the company are negotiated with customers in Euro. Also, the products delivered in Romania have the prices negotiated in euro with billing in lei during the day.

With a surplus of euro due to the fact that the production is mainly delivered for export, there are no major risks in the RON / EURO ratio, but in the vast majority of cases the sale of EURO was done at a more favorable rate than the rate established by the NBR.

23.3 Investment risk

The large investment expenses made by COMPA in 2019 (over 19 million euro) could have created pressure on CASH FLOW, in which these expenses would have exceeded the provisions of the Income and Expenditure Budget for 2019. Knowing the level of planned investments and by monitoring their settlement against the resources included in the Budget, it resulted that the risks of this activity were eliminated.

23.4. Risks arising from the lack of predictability of tax legislation

In the last years, the legislation of the country in the fiscal field has undergone important changes that prevent the companies, to a great extent, to be able to carry out the programs established in the medium and long term. In 2019 there have been important changes to the Fiscal Code with major impact on the activity of private companies. The increase of the minimum wage in the economy with an increase rate over the expectations of the industrial companies, created great pressure on the management of COMPA in the annual negotiation process of the Collective Labor Contract, concluded with the Unions and the employees' representatives. These wage increases have created a strong pressure on the salary costs of the year 2019 with major impact on the Profit and Loss Account.

23.5 Insolvency risk

In 2019, this risk did not influence the activity of the company. It was followed at the top level of the company management the collection in due time of the invoices. The reasons for refusing the invoices from the clients were analyzed and monitored until their solution.

Measures have been taken to reduce the risk of insolvency by:

- committing investment credits to finance the expenses included in the budget of incomes and expenses;
- reducing costs in order to fit in the profit margin established in the budget;
- negotiation with suppliers to defer the payment term for materials, tools and benefits;
- delivery to new or lesser known customers, only on the basis of payment instruments that guarantee the collection guarantee: order ticket, CEC.

23.6 Risk of theft

This risk is very low. The company has installed an extensive system of cameras, in the alleys, in the production workshops, in the storage, packing, delivery spaces, meant to help limit and eliminate this risk.

23.7. Risk of spread of COVID 19 coronavirus epidemic on company activity

This risk appeared at the end of 2019, with a major effect in the first part of 2020 we consider to be worth highlighting.

It is one of the most serious risks with an impact on the whole of mankind, which since January has had a rapid spread from China, continuing with Europe and around the globe. COMPA's management, taking note of the rapid spread of COVID 19 in Europe, to limit the contamination of employees within the company, approved an important set of measures that we present in the following:

- awareness of the staff regarding the urgent need to protect everyone against coronavirus; a Good Practice Guide was prepared and edited together with a plan of measures that was handed out to each employee.

- a sufficient number of dispensers (30 pcs) for hand disinfection were installed at the access gates
- it was decided to renounce meetings with more than 5 people, using mainly the digital means of communication at the management level.
- the use of the means of individual protection of the people who are in more frequent contact with people who come from outside (visitors, drivers of freight trains, etc.)
- measures were taken to maintain the proximity between the employees in the production workshops, offices, changing rooms, in order to reduce the density of people through:
 - work at home, where the work performed by the employee, allows it;
 - work in shifts, even in workshops where there is only one shift;
 - relocations of work places;
 - visual warnings at personnel access points;
- increased measures of occupational hygiene and disinfection in more crowded spaces: canteen, changing rooms, toilets;
- interventions to the providers of transport benefits, regarding the obligation of daily disinfection of the means of transport or whenever necessary;
- area limiting or giving up actions or meetings that are not strictly necessary, especially with external partners;
- reducing within the possibilities of the personnel flow between the company departments;
- protective measures to avoid top management contamination;
- daily meetings by digital means between the top management of the company and the managers of the workshops and compartments for information and transmission of measures to be transmitted and respected by all staff.

24. DATORII CONTINGENTE ȘI ANGAJAMENTE

The Company is involved in several Court Actions resulted from its normal activity.

The Board of Directors consider that except for the amounts described in the financial situations (provisions, impairment adjustments for assets depreciations) any other Court actions won't have a significant negative impact over the economical results and over the financial situation of the Company.

There are different authorized agencies for control and audit activities in Romania. These controlling activities are similar to financial audits performed by the financial authorities in various countries, but they can additionally audit other domains (such as legal aspects) depending on the agency profile. The Company is very likely to be subjected to such controls so that presumed violations of laws and regulations can be investigated.

Although the Company may contest the penalties applied because of these audits, new laws and regulations given by the Romanian State may have a significant impact over the functioning of the Company. Romania's financial system is under continuous development with many different interpretations and constant modifications which can sometimes be retroactive. The prescription period for fiscal controls is of 5 years.

The financial law in Romania contains price transfer for affiliate transactions, which date back to 2000. The current legal framework defines the "market value" principle for affiliate transactions as well as the methods of pricing transfer. As a result, it can be anticipated that the financial results as well as the value of the imported goods in the Customs is not distorted by the effect of the prices charged in relations with affiliated persons. Considering the above, the Company cannot quantify the impact of verification.

25. EVENTS SUBSEQUENT TO THE DATE OF THIS REPORT

The spread of the COVID-19 Coronavirus epidemic throughout Europe, especially in countries such as: Germany, France, Italy, England, Czech Republic, Slovakia, where the auto industry is strongly developed, has a strong uncertainty about our company COMPA.

The company COMPA being mainly oriented to the manufacture of components for the automotive industry, any changes that could occur in the manufacture of car manufacturers directly affects the manufacture of components at COMPA.

On the other hand, knowing that the necessary material base COMPA is almost exclusively imported, especially from Western Europe, any syncope in the supply chain will also inevitably affect the company COMPA.

Given the unpredictable influences that can appear both from the customers and from the suppliers, the company COMPA cannot now make estimates on the effects of these influences independent of COMPA, it cannot make estimates on the evolution of costs, in contrast to the costs salaries and other cost categories.

We also do not have the possibility to estimate the effects in the economic activity of the company in achieving the proposed objectives, given that the epidemic of Coronavirus will directly affect COMPA, if there is a wider spread even among the employees of the company COMPA, despite the measures of protection taken within the company COMPA.

Therefore, these uncertainties, under different aspects, cannot be anticipated and managed now, at the time of analysis, they cannot be quantified at this time, and we will monitor these risks and diminish the magnitude of their effects.

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

**STATEMENT
OF THE BOARD OF DIRECTORS**

Annual financial separate statements are prepared on December 31th 2019 for:

Name of the issuing entity	COMPA S.A.
County	32 Sibiu
Registered office	Sibiu, No.8, Henri Coandă Street, postal code 550234
Phone	+40269 237878
Fax	+40269212204
Registration number in the Trade Registry:	J32/129/1991
Property form	34 Companies stock
Predominant activity (CAEN code and class name)	2932 Manufacture of other parts and accessories for motor vehicles
VAT no	RO 788767

The Board of Directors assumes responsibility for the separate financial statements, on December 31th 2019 and confirms the following:

- a. separate financial statements for 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
- b. the accounting policies used in preparing the separate financial statements are in accordance with the applicable accounting regulations.
- c. annual financial reports provide a fair picture of the financial position, financial performance and other information related to the activity.
- d. the company operates in terms of continuity.

This present statement is in accordance with the provisions of article 30 of the Accounting Law no.82 / 1991.

Chairman & CEO,

Ioan DEAC

CFO,

Ioan MICLEA

2019

ANNUAL REPORT

SEPARATE

2019

REPORT OF THE BOARD OF DIRECTORS

**According to Regulation no. 5/2018 (Annex 15) regarding issuers and operations with securities
for the financial year 2018**

Report date	December 31 th 2019
Name of the issuing entity	COMPA S.A.
Registered office	Sibiu, 8, str. Henri Coandă, cod 550234
Phone number	+40269 237 878
Fax number	+40269 212 204; +40269 237 770
VAT code	RO 788767
Registration number in the Trade Registry	J 32/129/1991
Subscribed and paid share capital	21,882,103.8 RON
Regulated Market on which the issued securities are traded	Bucharest Stock Exchange, Standard Category, symbol CMP
LEI Code	315700EXV87GJDVUUA14

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ANNEXES

1. ANALYSIS OF THE ACTIVITY OF COMPA SOCIETY

1.1. Elements of general evaluation


According to the Constitutive Act of the society, COMPA society produces and commercializes components and parts for the machine building industry (cars, transport vehicles, buses, trailers, tractors, rail carriages and diverse industrial equipments), thermic energy, including services and technical assistance, effectuation of foreign trade operations, engineering, direct collaboration with foreign trade banks, effectuation of operation of currency, being able to take part and agree to credit operations; it also carries on social activities for the employees.

COMPA society was founded by H.G. nr1296/13.12.1990 according to Law nr.15/1990 and Law nr.31/1990. Starting with that date, the Machine Parts Factory / Plant ends its activity, the entire its patrimony being taken over by the new society.

COMPA society was registered at the Trade, Industry and Agriculture Chamber-The Trade Register Office at the Court of Sibiu, with the nr.J/32/129 from 12.02.1991, European Unique Identifier ROONRC.J32/129/1991.

COMPA is a society based on shares, with Romanian judicial personality, it is organized and functions in accordance with the Constitutive Act of the society and with the present legislation.


The year 2019 was a year with multiple changes and challenges in the technical and production activity and the economic-financial results.

 Although at the beginning of 2019, respectively in the first and second quarter the economic results were on an upward trend. Turnover for Q1 2019 was higher by 4.4% compared to the corresponding period of the previous year 2018, and at the level of S1 2019, however, an increase of turnover of 2.67% was realized; gradually the activity was reduced due to the contraction of the manufacturing in the automotive field, so that the delivered production, respectively the turnover at the end of 2019 was 5.78 million lei below the level achieved at the end of 2018, respectively 99.23%.

The largest decrease was recorded in Q4 2019 due to the reduction in volumes ordered by COMPA customers, a reduction that is maintained or even accentuated in the first part of 2020.


Significant reductions were registered in some sectors of COMPA such as the manufacture of:


- Turbocharger components (87% compared to 2018)
- Cold-rolled coil springs (75% compared to 2018)
- Components for Bosch injection systems (93% compared to 2018)
- Welded subassemblies (96% compared to 2018)


 A very important aspect to be emphasized and which had in 2019, but more importantly will have a major impact in the future, has the worldwide tendency to change the motor system in the automotive field, significant reductions in the production of motor cars. Diesel and the increase of the production of cars on gasoline and especially of the production of cars with electric motors, the tendency affecting also the production of COMPA

All these major changes that are configured in the future by increasing the share of manufacturing, respectively of cars with electric motors that will register significant increases, of petrol cars whose growth rate is lower and the sharp reduction of the manufacture of cars with Diesel engines considered as being the most polluting; will have an impact on the manufacturing structure of COMPA in the future.


Although COMPA anticipated about 3-4 years ago the tendency to decrease the production of components for diesel engines, components that hold a significant share in its product portfolio and of orders existing in manufacturing, focusing on manufacturing assimilation. of non-auto products and components, especially non-diesel, however, the current share of diesel engine components is still high.


 During the year 2019 the manufacturing of components for the injection pump for gasoline engines was assimilated, entering the series production in the first part of 2020, a major project for which the company COMPA invests approx. 15 million euro for the acquisition of high-performance cars and with major impact on increasing labor productivity. This project will run in the long term (2021-2028) with a high degree of automation and digitization.


 Trends in reducing the share of manufacturing of diesel car components were also registered in 2019, but these trends will be accentuated from 2020 and onwards, as a result of the assimilation in the manufacture of important components intended for the production of machine tools.

 Through the partnership created with one of the largest manufacturers of machine tools in the world, the DMG-MORI concern will ensure the necessary premises for the production of a high number of products of high technicality and industrial complexity in the non-auto industry.

Also due to the concerns of the COMPA management of reducing the dependence on the automotive industry (especially the one with diesel engines), they were assimilated into the manufacturing and went to the series manufacture of important components for the Wilo type pumps. With this partner, we see a more pronounced increase in production after 2019, when they will be assimilated into manufacturing and a significant number of types of such components will be produced, knowing the constructive and dimensional variety of these products.

 The value of investments made in 2019 of 91.82 million lei (19.35 million euro) has reached one of the highest levels in the last 30 years. A new 9000sqm manufacturing hall was built with all the necessary facilities (offices, changing rooms, social groups, etc.), which was partially put into operation in the latter part of 2019, with the injection pump components being located. on gasoline, intended for Delphi, and an important area will be dedicated to the manufacture of machine tool components type DMG-MORI.

 Important CNC machines and equipment have been purchased for the manufacture of non-diesel car components such as: Bosch valves, Nut head and Nozzle for Delphi, which will also manufacture in the medium and long term.

 In order to maintain the profit of COMPA's activity, although the net profit rate decreased in 2019 compared to 2018, COMPA management has intensified its work to reduce production costs in all areas, continuing the process of implementing the projects. improvement of technological processes with impact in reducing costs, involving in this approach an increasing number of specialists and not only, the effects recorded in the cost reductions being concretized in incentives to salaries for all those who participated in such projects.

One of the particularly important objectives of the activity of the company COMPA, other than the one of industrial production, objective already started in the second part of 2019 which will run for several years, is the conversion of the headquarters from bd. Victoriei with an area of over 37,000 m, located in the central area of Sibiu and which involves the transformation of this headquarters, (in which in previous years there were car parts), in a residential area composed of a hotel complex, office buildings and premium apartments.

Due to its central location, this land has an important development potential. The COMPA strategy of capitalization of this land has two components:

1. the first, dedicated to a residential complex; in 2020 it is planned to start construction of the first buildings of about 20 apartments in total. This first step will serve to market prospecting and consolidation on a premium apartment segment, in one of the best locations in Sibiu. The supply on the local market of this type of apartments is very limited. With the use of these first apartments, the construction / development of this residential area is desired organically without putting pressure on the financial resources of the company.

2. the second, will be dedicated to the construction of a hotel complex; Unlike the residential area, which allows a great deal of organic development, and which is a relatively short-term investment, the investment in the hotel requires a significant investment at the beginning, and the period of recovery of the investment is approaching 10 years.

Also, managing a hotel in a market with a high level of competition requires specific knowledge very different from our field of expertise.

In this sense, to combat the challenges described above, the COMPA strategy is oriented towards:

- setting up an affiliate company, which manages this activity. The investment will be financed by contracting a long-term investment loan from this company, and the COMPA contribution will be limited as far as possible to the existing land and construction.

- signing a hotel management contract with a reputable company that deals with the management of the activity of this company and which brings a constant source of income to COMPA

At this moment the auto industry is going through a transformative process, through a massive restructuring. A range of components that COMPA produces today have an uncertain long-term future. In this sense, our strategy must follow two directions.

On the one hand, we cannot give up our expertise in the auto industry and the experience gained over 130 years of experience in this field. We started and we will continue to invest in the production of future automotive components that align with the demands of this new auto industry with its challenges.

On the other hand, given the volatility of this industrial segment in the coming years, we will also learn in other industrial areas that have potential. In recent years we have started a series of production activities for other industrial segments. This investment in the hotel sector is different from the industrial production activity and requires a specialization that COMPA does not currently own.

For this reason, a hotel management contract was signed with one of the most prestigious companies in this field, Accor.

Our investment consists in changing the destination of an existing building in an Ibis Styles hotel and building a Mercure hotel. These two hotels will be part of an ensemble, having a number of common functions.

During the year of 2020 the activity of design and authorization will take place, following that at the beginning of 2021 the construction will start which will last about 18 months. Once the investment is completed, the management of the affiliated company will be taken over by Accor, according to the specificity of the hotel management contract, and this will become a source of income for COMPA.

Motivation for carrying out this activity through an affiliated company comes from several reasons:

- The different specificity of the activity that presents an alternative way of management and registration;
- Accor requirement: Due to the fact that this activity will be conducted by them, it is extremely difficult to integrate into the COMPA structure;
- Simplifying the tracking of the results and automatically the benefits that must reach COMPA;
- It is not desired to increase the degree of debt of the company - parent COMPA S.A.

The transfer of the land and the existing building as well as the contracting of the credit by the affiliate / daughter company will be the subject of an Extraordinary General Assembly of the parent company COMPA S.A.

Measures to eliminate the risk of Covid contamination 19

Knowing the stringent requirements of the management in COMPA of the risks that are seen as a result of the spread of the Covid 19 virus pandemic in Romania and in the world, the Board of Directors of COMPA approved the following:

1. Awareness of all personnel regarding Coronavirus protection:

- Editing a *Good Practice Guide*, accompanied by a detailed Action Plan, handed out to each person;

2. Installation at the access gates in the society of 30 dispensers / dispensers for hand disinfection

3. Giving up meetings with more than 5 people and using digital media for managerial communication

4. Use of personal protection means for all personnel who come in contact with persons from outside (visitors, freight)

5. Measures to maintain social closeness in production and office spaces and reduce the density of people:

- Visual warnings;
- The relocation of some jobs
- Work in shifts
- Working from home

6. Increased measures of occupational hygiene and disinfection in social spaces: dining rooms, changing rooms, toilets, etc.
7. Requesting the transport provider persons (commuters) for daily disinfection of the means of transport.
8. Waiving the organization of actions / events that would involve persons from outside the company (delegates, auditors, courses, etc.)
9. Reduce as much as possible the flow of personnel between different compartments of the company.
10. Measures to avoid contamination of top management.

The main indicators, as well as the main elements for general evaluation of the activity are presented in the dynamics of the three years, in Table 1.1.

Table 1.1(lei)

EXPLANATION	2017	2018	2019	%	
				2019 / 2018	2019 / 2017
Net profit	36,818,566	35,428,575	32,708,709	92.32	88.84
Turnover, of which:	703,620,521	752,507,249	746,729,484	99.23	106.13
- export	554,364,183	590,929,133	582,783,463	98.62	105.13
Total Revenues	723,551,859	768,880,000	775,476,009	100.86	107.18
Total Expenses	682,319,657	730,057,417	742,767,300	101.74	108.86
Current assets	237,456,774	286,507,459	264,231,235	92.22	111.28
Total liabilities	127,429,176	141,993,792	118,017,722	83.11	92.61
Liquidity	1.86	2.02	2.24	110.96	120.15

Analyzing the evolution of the main indicators presented in table 1.1. we briefly present some explanations:

- The year 2019 is one of the few years after the company's privatization (1999) when the turnover was below the level of the previous year. Although the failure is very small, only 0.77%, the fact that the reductions occurred in the latter part of 2019, more precisely in Q4, (the phenomenon that generated these reductions, which will be more pronounced in 2020) , we are worried. Reducing the production of cars, especially those equipped with diesel engines is as I have shown, the cause of the reduction.
- The reduction of the *turnover*, the start of the manufacture of new projects such as: fuel injection pump body, Bosch valves and others had an impact on the rate of profit, on the level of the net profit realized, which was lower in 2019 by 7.78% compared to 2019 from the year The reduction of the turnover, the start of the manufacture of new projects such as: fuel injection pump body, Bosch valves and others had an impact on the rate of profit, on the level of net profit realized, which was lower in 2019 by 7.78% compared to 2018
- The current assets had a trend similar to the evolution of the *turnover* for the year 2019, their level, respectively of the stocks and of the receivables as of 31.12.2019, being 7.78% lower than the level achieved on 31.12.2018.
- Current liabilities, in particular debts to suppliers, have also decreased, due to the reduction in orders and production achieved in Q4 2019.

The current *Liquidity indicator* of 2.24 registered at the end of 2019 compared to the index at the end of 2018 had a positive influence.

1.2. Evaluation of the technical level of company COMPA

a) Description of main products manufactured and / or services provided, share in earnings and turnover of the company, market positioning

Synthetically, the situation of production of goods on product groups in 2019 as compared to the budget and previous years is shown in Table 1.2.1.

Table 1.2.1. (k RON)

PRODUCT GROUP	2017	2018	2019		% 2019 / 2019/ REB	% 2019 / 2018	% 2019 / 2017
			REB	Carried out			
Stamped parts, cupping	7.528	7.792	8.550	7.492	87,63	96,15	99,52
Welded assemblies	37.356	49.567	60.330	46.122	76,45	93,05	123,47
Valves	112.503	122.738	152.475	134.311	88,09	109,43	119,38
Pinions, steering gears	34.931	39.28	44.565	45.404	101,88	115,59	129,98
Windscreen wiper components	78.808	76.675	57.000	73.027	128,12	95,24	92,66
Springs and galvanization	7.678	7.452	5.720	5.604	97,97	75,21	72,99
Components for turbochargers	88.25	106.825	105.930	92.895	87,69	86,96	105,26
Components for injection systems	84.104	72.245	76.000	66.987	88,14	92,72	79,65
Components for air conditioning equipment	6.068	8.683	11.880	13.367	112,52	153,94	220,28
Injector body	218	239.094	234.650	224.900	95,84	94,06	103,17
Utilities supply	9.385	7.487	4.750	4.322	90,99	57,72	46,05
Valorization of reusable materials	3.854	5.398	5.220	5.552	106,36	102,85	144,04
Tooling	mai.67	3.792	4.270	5.723	134,03	150,94	100,94
Miscellaneous	8.165	5.479	26.660	21.023	78,86	383,70	212,20
TOTAL MERCHANDISE PRODUCTION	703.621	752.508	798.000	746.729	93,58	99,23	106,06

As can be seen from table 1.2.1, during the course of 2019 the evolution of the turnover realized by product groups is different, there are certain types of products at which the turnover level increased compared to the previous year such as: tool manufacture, manufacture of components for Daikin air conditioning systems and manufacture of sprockets for Jtekt type steering boxes.

Unfortunately, for certain product groups that hold a significant share in the total turnover, significant decreases were recorded such as: manufacture of Garrett turbocharger components, components for Bosch-Rail injection systems, Delphi injector body and other product groups, adversely affecting the level of Turnover achieved on the total COMPA

The turnover delivered to export in 2019 compared to the level of 2018 and 2017, as well as compared to the provisions from the budget for 2019 is presented briefly in Table 1.2.2.

Table 1.2.2. (k Euro)

PRODUCT GROUP	2017	2018	2019		% 2019 / 2019 / REB	% 2019 / 2018	% 2019 / 2017
			REB	Carried out			
Stamped parts, cupping	1.135	1.145	1.150	1.009	87,74	88,09	88,90
Welded assemblies	3.715	4.945	6.000	5.123	85,38	103,59	137,91
Valves	24.648	26.434	32.100	26.550	82,71	100,44	107,72
Pinions, steering gears	7.710	8.496	9.380	9.621	102,57	113,24	124,78
Windscreen wiper components -	16.996	16.114	12.000	14.769	123,08	91,65	86,90
Springs and galvanization	868	774	780	772	98,97	99,74	88,95
Components for turbochargers -	18.213	21.607	22.300	18.313	82,12	84,75	100,55
Components for injection systems	18.424	29.580	26.100	14.129	54,13	47,76	76,69

PRODUCT GROUP	2017	2018	2019		%	%	%
			REB	Carried out	2019 / 2019 / REB	2019 / 2018	2019 / 2017
Components for air conditioning equipment	1.124	1.602	1.640	2.400	146,34	149,77	213,53
Injector body	27.300	29.580	16.000	27.295	170,59	92,28	99,98
Tooling	715	403	400	932	233,00	231,33	130,44
Other products and services	661	427	4.850	2.216	45,69	518,79	335,01
TOTAL EXPORT	121.508	141.109	132.700	123.129	92,79	87,26	101,33

The turnover related to the production destined for export had a similar evolution with the total turnover realized in 2019 at COMPA, knowing that the overwhelming share of the products manufactured by COMPA are destined for export.

And by product groups, the evolution of the turnover realized in 2019 for export is relative identical to the total evolution of these product groups

In table 1.2.3.is presented the share of COMPA main product groups in export production and internal production:
Table 1.2.3.

PRODUCT GROUP	Export %	Internal market %
Pinions, steering gears - JTEKT	100	0
Components for injection systems – Bosch Rail	100	0
Windscreen wiper components - Bosch	96	4
Components for turbochargers - Honeywell	94	6
Valves - Delphi	94	6
Components for air conditioning equipment - Daikin	85	15
Tooling	77	23
Stamped parts, cupping	61	39
Injector body - Delphi	58	42
Springs and galvanization	66	35
Welded assemblies	53	47

The share in the total turnover of main product groups is presented in evolution in table 1.2.4.:

Table 1.2.4.

PRODUCT GROUP	% in turnover		
	2017	2018	2019
Injector body	30,9	31,8	30,1
Valves	16,0	16,3	18,0
Components for turbochargers	12,5	14,2	12,4
Windscreen wiper components	11,2	10,2	9,8
Components for injection systems	12,0	9,6	9,0
Pinions, steering gears	4,9	5,2	6,1
Welded assemblies	5,3	6,6	6,2
Stamped parts, cupping	1,1	1,0	1,0
Springs and galvanization	1,1	1,0	0,8
Tooling	0,8	0,5	0,8
Components for air conditioning equipment	0,9	1,1	1,8
Different products	3,3	2,5	4,0
TOTAL	100,0	100,0	100,0

In Table 1.2.4. is presented in evolution, over a period of 4 years, the share of the turnover of some of certain product groups and customers in the total turnover of the company COMPA.

As can easily be seen from the table, the share of turnover of the different product groups in the total turnover during the 4 years has no significant changes in 2019.

Production increased year by year, the total weight in the Valve group, the sprocket group remained at a level approximately equal to the production of valves and there is a decrease from year to year the weight of the components for windscreen wipers, as a result of the construction of the windscreen wipers. to Bosch a windscreen wiper factory in Serbia

b) New products taken into account which will affect a substantial volume of assets in the future financial year, as well as the developing status of these products

The technical and development function of the company COMPA plays a significant role in the gear of the company, due to the profound changes that have occurred in the order structure lately.

During the year 2019, new products were assimilated into manufacturing, for which the necessary production capacities are assured and which will have an impact on the production in the coming years. The share of new products in the turnover of the company has consistently exceeded 8%, this aspect being worth a look, indicating the dynamism and competence of the company regarding the adaptation to the new requirements and the replacement of the products in the portfolio.

For the customer DMG MORI continued the assimilation of new components for machine tools and their cabins. The assimilation planning provides for the validation of a new cabin every two months.

For the WILO client, during the year 2019, the validation of the carcasses and lanterns was completed, following which from 2020 to enter the phase of production rump up.

Also in the validation phase there are references for the ZF client: ballnut and intermediate shafts and for the BOSCH steering valve client.

The development phase of the product development process of the GDI pump body, Delphi client, has begun.

Also for the Delphi client were made the prototype lots for: Volvo and Dong Feng injector bodies and MX nut cap. These references are in the phase of PPAP with the start of production in 2020.

Development activity continued in the fields of cold rolled springs, cold pressing and forging both vertically and horizontally.

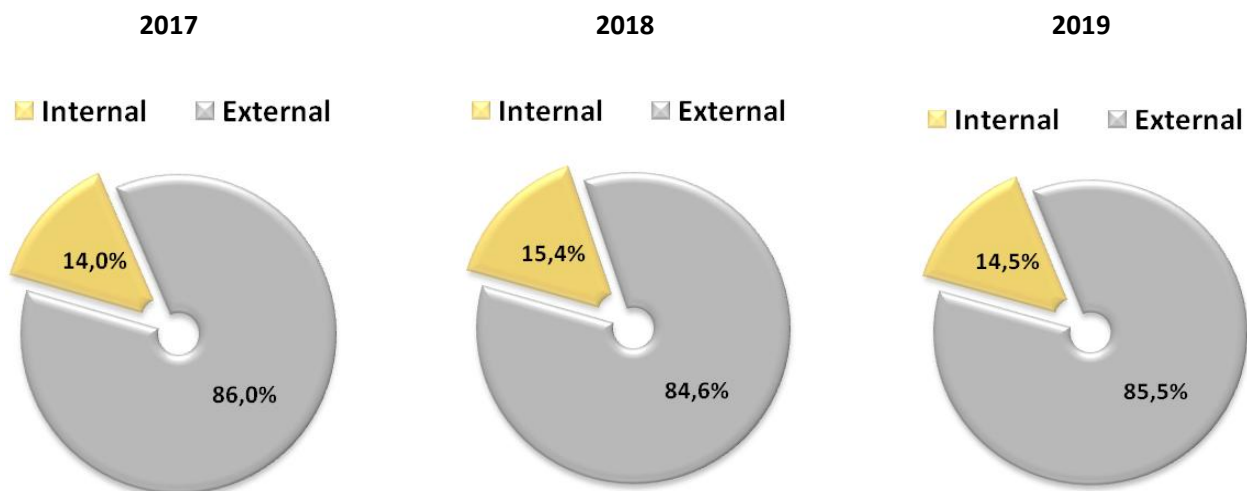
1.3.Evaluation of the supply activity (domestic and import sources)

The provision of the necessary raw materials for the manufacturing processes in COMPA is ensured from both the domestic market and import. A significant part of the necessary materials and components supplied from Romania come from foreign companies which have set up companies or branches in Romania.

Total purchasing volume and their share on domestic and import market in the total purchasing for 2017 as compared to 2015 and 2016 is presented in Table 1.3.1.

Table 1.3.1.

SUPPLY SOURCE	2017		2018		2019	
	Amount (k Euro)	%	Amount (k Euro)	%	Amount (k Euro)	%
Internal	12.639,6	14,0	14.372,9	15,4	13.327,0	14,5
External	77.656,2	86,0	78.902,8	84,6	78.519,6	85,5
TOTAL	90.295,8	100,0	93.275,7	100,0	91.846,6	100,0



a. Main domestic suppliers; share in purchasing total value

Details on domestic purchasing and main suppliers are presented in Table 1.3.2.a, below:

Table 1.3.2.a

SUPPLIER NAME	Purchasing value 2017 (excl. VAT) k Euro	% in total purchasing 2017	Purchasing value 2018 (excl. VAT) K Euro	% in total purchasing 2018	Purchasing value 2019 (excl. VAT) K Euro	% in total purchasing 2019
Bamesa Topoloveni	1.622,07	12,8	1.739,63	12,1	1.560.870,00	117,1
CNC Components SRL					1.235.218,30	92,7
Maxim Romania	1.640,43	13,0	1.153,03	8,0	1.126.575,21	84,5
Mazarom Impex S.R.L.Bucuresti					1.038.135,00	77,9
Schmolz & Bickenbach Romania	1.272,4	10,1	1.116,2	7,8	922.633,74	69,2
Karl Storz Romania					761.332,90	57,1
Lokve Agriprod Ploiești	702,65	5,6	698,79	4,9	741.867,45	55,7
Guhring Sibiu	589,99	4,7	840,29	5,8	684.183,41	51,3
TRIGO Romania					451.819,94	33,9
Baurom Galați	461,94	3,7	492,48	3,4	423.018,80	31,7
Inmaacro Brasov					413.199,0	31,0
Total	7.878,73	62,3	7.589,28	52,8	9.358.853,45	
Total cumpărări interne	12.639,6	100,0	14.372,9	100,0	13.327,00	100,0
Total cumpărări	90.295,8		93.275,7		91.846,60	

b) Main external suppliers; their share in total external purchasing:

Table 1.3.2.b

SUPPLIER NAME	Purchasing value 2017 (excl.VAT) k Euro	% in total purchasing 2017	Purchasing value 2018 (excl.VAT) K Euro	% in total purchasing 2018	Purchasing value 2019 (excl.VAT) K Euro	% in total purchasing 2019
Stoba Präzisionsteile GmbH & Co KG					26.928.254	342,95
Hirschvogel Germania	6.751,5	8.69	6,448.87	6.91	6.551.402	83,44
Setforge (Clayette, Gauvin)					2.653.665	33,80
Jinjiang Sam					2.335.051	29,74
Cimos	2.015,6	2.60	2,457.18	2.63	2.330.019	29,67
Liberty Steel GBP					2.183.466	27,81
Indo-MIM					2.130.305	27,13
Erament-Erasteel					2.100.489	26,75
Ascometal					1.668.458	21,25
Hirschvogel Eisenach					1.624.661	20,69
Robert Bosch Produktie N.V.	2.963,3	3.82	2,282.50	254	1.519.540	19,35
Hugo Kern & Liebers					18,67	18,67
Voestalpine					15,13	15,13
Schabum Israel	1.983,5	2.55	1,996.5	2.14	1.160.659	14,78
Gevelot Extrusion					1.115.182	14,20
Daikin					1.104.597	14,07
Marcegaglia Italia	834,0	1.07	886.94	0.95	1.048.400	13,35
Precision Resource SUA	954,2	1.23	1,193.63	1.28	1.002.614	12,77
Saint Jean Industries Loraine Franța	1.457,8	1.88	1,496.32	1.60	987.182	12,57
Total	50.379,4	64.87	51,975.5	65.87	61.098.170,6	
Total cumparari externe	68.251,8	100.00	78,902.8		78.519,6	100,00
Total cumpărări	90.295,8		93,275.7		91.846,6	

c) Value structure of purchase in terms of supply sources: domestic and import- for the main groups of products.

The structure of the purchases, both internal and import supply source on product groups is presented in the table below:

Table 1.3.2.c

PRODUCT GROUP	2017		2018		2019	
	Internal	External	Internal	External	Internal	External
	%	%	%	%	%	%
Sheet	98.2	1.8	95.8	4.2	94,4	5,6
Steel bars	20.9	79.1	10.5	89.5	13,4	86,6
Tubes	81.8	18.2	43.2	56.8	17,7	82,3
Wire	63.9	36.1	56.2	43.8	7,8	92,2
Band	14.5	85.5	10.7	89.3	68,7	31,3

PRODUCT GROUP	2017		2018		2019	
	Internal	External	Internal	External	Internal	External
	%	%	%	%	%	%
Non Ferrous	0.0	100.0	1.5	98.5	0,7	99,3
Semifinished parts, components	0.3	99.7	0.2	99.8	0,1	99,9
Rubber seals	0.0	100.0	0.0	100.0	0,0	100,0
Fasteners	1.7	98.3	2.1	97.9	2,8	97,2
Standard tooling	14.2	85.8	29.5	70.5	32,5	67,5
Total purchase	14.0	86.0	15.4	84.6	14,5	85,5

1.4. Evaluation of sales activity

During the period of evaluation the marketing and sales activity was focused on two main directions expending and strengthening cooperation within projects already implemented with existing clients and attracting new clients.

We plan to develop the business of spring production, mechanical welded structures, stamped parts, tool shop and industrial equipment, machined parts, drive shafts repair services, surface protection and metrological services.

We are particularly interested in replacing the production for diesel engines, with a focus on electric cars, for the future.

We look for occupancy of existing capacities, in particular

We are concerned about finding customers in the non-auto sector, but for now the most important results are expected. COMPA has established itself as a leading supplier, with sales on the spare parts market being very low.

The share held by the main customers in the turnover is reflected in table 1.4.1:

Tab.1.4.1.

CLIENTUL	Ponderea în CA 2017 (%)	Ponderea în CA 2018 (%)	Ponderea în CA 2019 (%)
Delphi	45,3	46,9	48,5
Bosch Diesel System	27,9	23,2	17,2
Honeywell Garrett	9,2	12,5	11,2
JTEKT, Fuji Koyo	4,9	4,9	6,4
Haulotte	4,0	5,0	5,7
Alți clienți	8,7	7,5	11,0
TOTAL	100,0	100,0	100,0
Delphi	45,3	46,9	48,5

1.5. Evaluating aspects of the company's employees / personnel












COMPAs human resources policy aims at transforming the company into an organization that "learns continuously".

The company management is aware of the advantages of a highly qualified human resources personnel, familiar with the requirements of the industrial environment, capable of meeting the quality requirements demanded by customers. Therefore, employee training represents a priority for the company management.










COMPAs, as an "organization that learns", provides constant development opportunities for all its members, uses learning to achieve business goals, ensures a permanent relationship between individual and business performance, supports career development, and determines people to identify with the organization.

The objective of trainings in 2019, was 26.22 hrs of training / employee. Training costs in 2019 totaled up to 1.651.194 RON.

Strategic guidelines of the training process in 2016 were:

-  retraining of employees to adapt to new processes;
-  standardizing and enhancing the efficient integration and adaptation of new/ transferred employees, as well as people who do not have any qualifications;
-  ensuring an efficient process for adaptation and integration of new employees with higher education;
-  improving the response mode, in case of emergency situations, and ensuring competent staff responsible for the company's protection;
-  improving leadership skills of Operations Managers and Production Managers;
-  adoption and implementation of policies, quality/environmental objectives and OHS in conjunction with the standards of ISOTS 16949, SREN ISO 14001 and OHSAS 18001;
-  knowing the requirements of standards ISO 9001:2015 and IATF 16949;
-  job-specific skills development for validation/re-validation of the post and raising versatility;
-  developing the school-enterprise relationship through: supporting of dual vocational education and internships, laboratory classes, competence exams;
-  diversification of the COMPA educational offerings in correlation with the needs of economic agents and the requirements of the labor market;
-  implementing the requirements of ISO 26000 - Social Responsibility;

Training objectives focused on:

-  developing new skills of employees through training/retraining for jobs in the mechanical field: MUCN operator, welder, metrology technician, forklift operator, etc.;
-  skill development of administrative employees for improving the response mode in case of emergencies and to ensure the company's safety;
-  skill development of project managers, quality engineers, PPAP and APQP process engineers, safety standards and ensuring product safety and liability;
-  skill development of employees in the production logistics field;
-  update the knowledge of system auditors relating to the ISO 9001:2015 and IATF 16949 standard requirements;
-  developing language skills of personnel from the production quality field;
-  communication and decision making skill development of Operations Managers and Production Managers;
-  annual certification of personnel for special processes;
-  improving the knowledge level for job posts and improving versatility

Recruitment and selection policy

There were 1310 employment offers filed in 20189 (CVs, applications, letters of intent). Of these, a total of 1110 people participated to an interview.

816 people attended the interviews for the vacant positions (interview, work trials, psychological tests).

Of these, **605** were employed; **25** have been rejected because of professional reasons during the interviews/ work trials, **45** persons have been rejected because of other reasons (illiteracy, health problems incompatible with work

conditions) and **141** people gave up the offered position because of various reasons (work environment, working hours, wage)

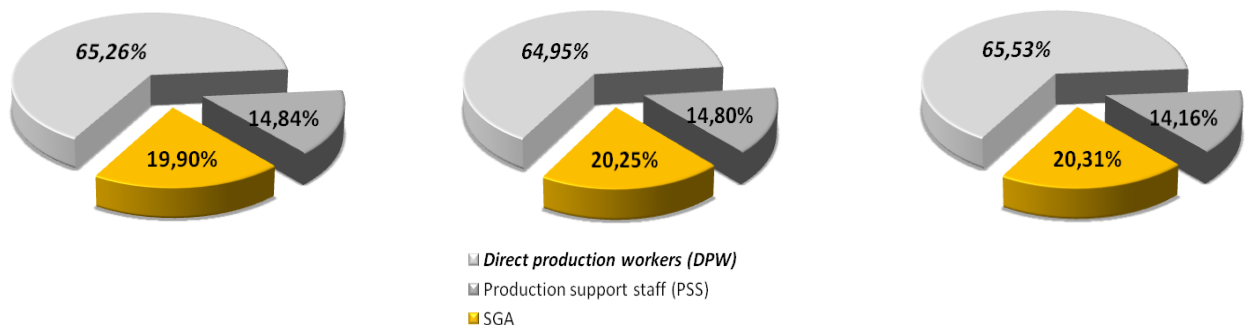
Social and wage policy

Following the negotiations between COMPA and unions, in November 2019 there was a wage increase of 5%. Consequently, this led to a rise in benefits (Christmas and Easter bonuses, holiday bonus, travel allowances, etc.).

Furthermore, employees received food tickets throughout the whole year. Strict labor relations in accordance with the legal Labor Code and contractual collective agreements exist between the COMPA management team and its employees. There is also a weekly correspondence between the management team and employee representatives.




The relationship between the two parties has improved compared to previous years. The communication and kinship have become much clearer and the two parties participated to joint meetings. Therefore, stagnation periods of the production process due to work conflicts have diminished.

2017			2018			2019		
DPW	1312	65,26%	DPW	1360	64,95%	DPW	1435	65,53%
PSS	305	14,84%	PSS	310	14,80%	PSS	310	14,16%
TES	414	19,90%	TES	424	20,25%	TES	445	20,31%
TP	2031	100,00%	TP	2094	100,00%	TP	2190	100,00%



DPW Direct production workers ; PSS Production support staff ; TES Technical and economic staff

Analyzing the evolution of average number of employed personnel in 2019 in comparison with 2018 and 2017, we conclude the following:

-  the average number of employees increased from 2094 in 2018 to 2190 in 2019, leading to an increase in production and consequently an increased turnover;
-  the largest increase (from 1360 workers to 1435) has been recorded at direct workers, due to the a rise in some product groups;
-  due to COMPA's lack of engineers, indispensable personnel for new product lines and projects in this period, a rise in SGA personnel has been registered.

The evolution of productivity throughout 2017 compared to previous years can be seen in Table 1.5.2.

Table 1.5.2. (th.lei/person/year)







ACTIVITIES	2017	2018	2019
COMPA TOTAL, from which:	346,64	345,36	340,97
Pinions, steering gears	326,46	326,46	510,16
Windscreen wiper components	398,02	398,02	486,85
Welded assemblies	232,02	232,02	262,06

ACTIVITIES	2017	2018	2019
Components for turbochargers	600,34	600,34	743,16
Components for air conditioning equipment	252,84	252,84	361,27
Valves	2250,06	2250,06	2.098,61
Components for injection systems	678,26	678,26	881,41
Injector body	317,78	317,78	388,43
Other products and services	39,3	34,39	34,56

1.6. Assessing the quality of the issuer and impact of its core business on the environment. Synthetic description of the impact of the issuer’s core activities on the environment and of any existing or envisaged disputes regarding violations of legislation on environmental protection

The main achievements of 2019 in the field of quality and environment:

The integrated quality, environmental, occupational health and safety management system functioning was improved and was recertified, following the audit of TÜV Rheinland, in accordance with framework standards:

-  ISO 9001:2015 for products and processes outside the automotive domain - certificate no. 01 100 1521249;
-  IATF 16949:2016 for the automotive domain - certificate no. 01 111 20778;
-  ISO 14001:2015 for all products processes and activities of the company - certificate no. 01 104 1521249;
-  SR OHSAS 18001:2008, for all processes and activities of the company – certificate no. TRR 126 20778;
-  SR EN ISO / IEC 17025 for metrology laboratory work - certificate no. BV-12-01-17;
-  Additional requirements for major customers: Delphi, Bosch, Garrett, JTEKT, Fuji Koyo, ThyssenKrupp Bilstein, INA, Dacia - Renault, Takata, Emerson, Daikin.

All these requirements have been integrated under a unified quality, environment, occupational health and safety management system.

The implementation of ISO 26000 continued based on "COMP Social Responsibility Management" Guide.



The updating of system documentation has started, in order to meet the requirements of the new standards ISO 45001: 2018 .




Management of non-conforming products has been improved and made more effective through the continuous improvement of techniques: FMEA (Failure Mode and Effect Analysis), FTQ (First Time Quality), "5 Why" analysis, Pareto diagram, "Cause and effect" analysis and by improving the visual management at workstations, thus preventing the recurrence of nonconformities.

As a result of proper implementation and functioning of the integrated management system, we have maintained a good level of global quality indicator external PPM to an average of 12 PPM, by reducing non-conforming products claimed by customers, and also through resolving complaints in real time, which has increased customer satisfaction in relation with COMPA products and services. Also, there were no field-failures due to first assembly products supplied by COMPA.

The reference report was submitted for the update of the Environmental Authorization SB 13/2005, revised on 14.06.2010, revised on 16.11.2017.







Within COMPA products and processes can result in the following environmental issues:

-  evacuations of wastewater resulting from electroplating processes, dyeing and washing of the pieces;
-  air emissions resulting from heat treatment processes, dyeing, electroplating, welding, cutting operations;

-  generating hazardous and non- hazardous industrial waste;
-  use of hazardous substances and mixtures;
-  use of energetic resources (electricity, gas, etc.).






All these aspects can generate environmental impacts when not kept under control. In order to prevent infringements relating to environmental protection, COMPA has introduced an environmental management system that allows controlling all environmental aspects mentioned above, while acting preventively in the sense of avoiding generation incidents and environmental accidents.

In 2019 was carried out environmental objectives, regarding:

-  improving the quality of wastewater discharged into the sewage system;
-  improving air quality;
-  reducing energy consumption;
-  controlled collection, sorting, capitalization and disposal of hazardous waste;
-  environmentally safe management of hazardous substances and mixtures;
-  educating and training employees to operate in an environmentally responsible way;

COMPA made significant expenditures for environmental protection and personnel awareness regarding knowledge and understanding of environmental aspects and preventing significant environmental impacts. Environmental expenditures were 1.459.563 lei during 2019.

These expenses were considering implementing environmental management programs and alignment with EU regulations and national legislation relating to the environment and consisted of the following programs and actions:

-  monitoring indicators of wastewater into the sewage system;
-  monitoring emissions into the atmosphere;
-  disposal of hazardous and non-hazardous waste;
-  achievement of the capitalization of packaging waste objectives;
-  the payment of environmental taxes and charges for environmental fund, environmental permits, media ads, etc.

In 2019, there were 2 environmental incidents related to waste management

1.7 Assessment of Research and Development activity

During 2019 and 2018 respectively in the previous years 2017 spending in research and assimilation of new products registered an upward trend.

The following table presents the evolution of costs incurred:

Table 1.7.1.(thousand)

INDICATOR	2017	2018	2019
1) Expenditure on R & D	10,095.77	11,880.05	14,014.63
2) Turnover	703,620.5	752,507.2	746,729.5
3) % (Row 1 / Row 2)x100	1.43	1.58	1.88

In the strategy of COMPA, the year 2019 meant investments in the realization of a Development Research Center (CCD) for testing, validating and optimizing existing technologies as well as new ones. In this sense, a space dedicated to this activity was created.

Regarding the introduction of new or improved processes, in 2019, important actions were taken, both by allocating significant funds for investments in new processes and equipment, as well as in modernizing, optimizing and improving existing processes.

Processes were developed by cutting, heat treatment by induction (CIF), cold and hot plastic deformation and corrosion protection new in the field of auto and non-auto components.

The Development Research Center became operational, the two research and processing centers cutting tools and the research and testing center producing products and technological processes producing technical and economic effects.

Machines, equipment and personnel related to the research and processing activity of cutting tools are in the new location.

In the area of research and testing products and technological processes were located other equipment respectively lathe Sprint 65-3T with axis B, milling center with additive deposition LASERTEC 65-3D, milling center with ultrasonic technology ULTRASONIC 65 and other machines for processing and control of cutting tools.

Projects and technological tests for ballnut, capnut etc. have been demarcated.

In the latter part of 2019, product projects were analyzed and started, the 4500N charging water pump pulley, intended for RENAULT electric vehicles, the transmission flange for the DACIA customer. There were conducted home tests on the choice of materials and technologies applied. These two projects are in the phase of functional model and price offer.

During this period, technological tests were carried out to make the inner grooves in holes, in heat treated materials with high hardness.

Processes of rotary broaching, punch broaching and mortising with special device mounted in the turret CNC lathe were tested.

Developing new processes

For thermal treatment of cut parts, vertical treatment furnaces and CIF treatment plants (high frequency currents) were purchased. Thermal treatment tests for the Dacia parking brake were carried out, aiming at placing the parts for the smallest deformations.

In the workshop of forged parts continued the elaboration of the technical documentation, carrying out technological tests for flanges, pipe, ballnut, injector body, and sprockets, respectively, designed for our customers.

The robotic lines, from the mechanically-welded workshop, increase the productivity and the quality of the welds to high gauge parts. In order to absorb the capacity increases, the following machines were purchased: grinding machine, grinding machine and vertical lathes. Also, a robotic cell was created for the processing of the sprockets for hydraulic and electrical power steering.

The new factory for the production of pump body has taken shape and the validation tests of technological processes have begun. The manufacturing cell is equipped with a robotic operating system for the entire technological flow.

Technologies have been developed for new products for customers BOSCH, ZF, DMG, DELPHI, GARRETT, HAULOTTE etc..

1.8. Evaluation of the company's activity providing risk management

Managing the risks that may arise in the activity of any company is one of the objectives for which the Company's management pays special attention. The risk management activity is permanent, precisely to prevent any possible damage.

The risks monitored by COMPA are:

1.8.1. Risks related to commercial activity

Commercial activity, in particular the marketing activity is an important area in the operation of the company.

- Ensuring the portfolio of medium and long term orders to the customer, as a result of the offer, of competitive products, attractive to the customer and profitable for COMPA; This objective is a major wish to be achieved, knowing that in the automotive field the demand for quality - price ratio is high.

- The timely delivery, as the target of the commercial activity, must be fulfilled equally; Delays in delivery for different reasons (non-finalization of manufacturing lots, problems with transport of materials or delivery of products) are risks that must be managed, mitigated and eliminated, without having any effect on customers.
- Delivery of non-compliant products is another risk of commercial activity, which must be eliminated. In the auto industry the quality of the delivered products is a priority. Poor quality or questionable quality products can be important reasons in the relationship with business partners, which can lead to temporary or total disruption of collaboration relationships. In this context, COMPA has clear procedures within the quality assurance system and instruments that prevent the operator from producing non-compliant products.
- Improving the logistics and inventory management system leads to the reduction of the risks of delays in manufacturing, of the risks of delays in delivering products to the customer

1.8.2. Currency risk

The impact of currency risk on the economic and financial activity of COMPA is limited or even eliminated because all prices of products manufactured in the company are negotiated with customers in Euro. Also, the products delivered in Romania have the prices negotiated in euro with billing in lei during the day.

With a surplus of euro due to the fact that the production is mainly delivered for export, there are no major risks in the RON / EURO ratio, but in the vast majority of cases the sale of EURO was done at a more favorable rate than the rate established by the NBR.

1.8.3. Investment risk

The large investment expenses made by COMPA in 2019 (over 19 million euro) could have created pressure on CASH FLOW, in which these expenses would have exceeded the provisions of the Income and Expenditure Budget for 2019. Knowing the level of planned investments and by monitoring their settlement against the resources included in the Budget, it resulted that the risks of this activity were eliminated.

1.8.4 Risks arising from the lack of predictability of tax legislation

In the last years, the legislation of the country in the fiscal field has undergone important changes that prevent the companies, to a great extent, to be able to carry out the programs established in the medium and long term. In 2019 there have been important changes to the Fiscal Code with major impact on the activity of private companies. The increase of the minimum wage in the economy with an increase rate over the expectations of the industrial companies, created great pressure on the management of COMPA in the annual negotiation process of the Collective Labor Contract, concluded with the Unions and the employees' representatives. These wage increases have created a strong pressure on the salary costs of the year 2019 with major impact on the Profit and Loss Account

1.8.5. Insolvency risk

In 2019, this risk did not influence the activity of the company. It was followed at the top level of the company management the collection in due time of the invoices. The reasons for refusing the invoices from the clients were analyzed and monitored until their solution.

Measures have been taken to reduce the risk of insolvency by:

- committing investment credits to finance the expenses included in the budget of incomes and expenses;
- reducing costs in order to fit in the profit margin established in the budget;
- negotiation with suppliers to defer the payment term for materials, tools and benefits;
- delivery to new or lesser known customers, only on the basis of payment instruments that guarantee the collection guarantee: order ticket, CEC.

1.8.6. The risk of theft

This risk is very low. The company has installed an extensive system of cameras, in the alleys, in the production workshops, in the storage, packing, delivery spaces, meant to help limit and eliminate this risk.

1.8.7. Risk of spread of COVID 19 coronavirus epidemic on company activity

This risk appeared at the end of 2019, with a major effect in the first part of 2020 we consider to be worth highlighting.

It is one of the most serious risks with an impact on the whole of mankind, which since January has had a rapid spread from China, continuing with Europe and around the globe. COMPA's management, taking note of the rapid spread of COVID 19 in Europe, to limit the contamination of employees within the company, approved an important set of measures that we present in the following:

- awareness of the staff regarding the urgent need to protect everyone against coronavirus; a Good Practice Guide was prepared and edited together with a plan of measures that was handed out to each employee.
 - a sufficient number of dispensers (30 pcs) for hand disinfection were installed at the access gates
 - it was decided to renounce meetings with more than 5 people, using mainly the digital means of communication at the management level.
 - the use of the means of individual protection of the people who are in more frequent contact with people who come from outside (visitors, drivers of freight trains, etc.)
 - measures were taken to maintain the proximity between the employees in the production workshops, offices, changing rooms, in order to reduce the density of people through:
 - work at home, where the work performed by the employee, allows it;
 - work in shifts, even in workshops where there is only one shift;
 - relocations of work places;
 - visual warnings at personnel access points;
 - increased measures of occupational hygiene and disinfection in more crowded spaces: canteen, changing rooms, toilets;
 - interventions to the providers of transport benefits, regarding the obligation of daily disinfection of the means of transport or whenever necessary;
 - area limiting or giving up actions or meetings that are not strictly necessary, especially with external partners;
 - reducing within the possibilities of the personnel flow between the company departments;
 - protective measures to avoid top management contamination;
- daily meetings by digital means between the top management of the company and the managers of the workshops and compartments for information and transmission of measures to be transmitted and respected by all staff.

1.9. Perspective elements in the company's business

a) Presentation and analysis of trends, elements, or events of uncertainty factors which affect or could influence the company's liquidity in comparison with the same period of the previous year

During the year 2019, as compared to the previous year 2018 we can state that there were no events or factors of uncertainty impacting the liquidity of the company.

The high investment expenses realized in 2019 were taken into account, when they registered 91.82 million lei about 19.35 million euro.

There were concluded contracts for lending the investment activity of 15 million euro with the grace period and the 1-year draw and the 5-year repayment.

On the other hand, the company COMPA also had important sources of financing for the investment activity in 2019, from the net profit distributed for development and from the depreciation as a cost element, included in the price of the products negotiated with the partners.

The measures for the full recovery of the debts and especially for the debts with problems, to which the clients invoked certain reasons were emphasized.



A special procedure has been set up in COMPA aimed at resolving the refusals by the clients, according to which for each non-invoiced invoice, persons responsible for resolving the reasons for non-collection and escalation to the highest levels of COMPA management of the non-invoicing situations are nominated. and in the decision to recover by some of them, as a result of applying this special procedure, the situation was improved by not significantly existing old invoices not received from customers.

In order to make the invoicing activity more efficient, they have been decentralized at the level of profit centers, which are generally structured on a specific client and the one who delivers and invoices has the obligation to track and collect the bills on due date.

These measures ensure the necessary premises to ensure liquidity, eliminate certain factors of uncertainty that could affect the liquidity of the company in the future.









b) Presentation and analysis of the current or predicted capital cost effects concerning the financial situation of the company in comparison with the same period of the previous year

In 2017, the costs of accomplished investments amounting to 91,82 million RON (19.35 million euro) aimed at fulfilling the following main goals:

-  acquisition of technological equipments, machinery, computing equipments;
-  machinery and building modernization;

In 2019 tangible assets amounting to a total of 70,46 mil .RON were upgraded and put into operation.

Economic effects obtained through the acquisition of new machinery and technological lines are:

-  increase in production and turnover;
-  insure certain growth assumptions of the business volume in the upcoming years;
-  improve production technical level by acquiring CNC equipments with a higher accuracy rate;
-  increase productivity through the acquisition of machinery operated by a single person;
-  improve quality and competitiveness of products, as well as reduce non-conformed goods, costs related to quality;
-  reduce energy consumption;
-  safe operation of equipment;
-  reduce maintenance costs for these equipments which are more efficient and reliable.

c) Presentation and analysis of events, transactions, economic changes, which highly affect revenues from the basic activity.

Revenues coming from the core business activity, operating income, respectively the turnover carried out in 2019 compared to 2018 and 2017 are presented below:

Table 1.9.c.

EXPLANATION	2017		2018		2019	
	Lei	Share in total %	RON	Share in total %	RON	Share in total %
Net Turnover	703,620,521	92.15	752,507,249	98.55	746,729,484	97.25

EXPLANATION	2017		2018		2019	
	Lei	Share in total %	RON	Share in total %	RON	Share in total %
Sold production (annual sales)	698,476,024	91.47	750,838,075	98.33	742,745,947	96.74
Revenues from sold goods	5,140,841	0.67	1,117,011	0.15	3,169,032	0.41
Revenues from operating subsidiaries	3,656	0.00	552,163	0.07	814,505	0.11
Other operating revenues	4,230,483	0.55	4,548,782	0.60	9,504,443	1.24
Production of fixed assets	5,641,080	1.84	6,523,627	1.84	11,575,340	1.84
Total operating revenues	713,492,084	100.00	763,579,658	100.00	767,809,267	100.00

2. TANGIBLE ASSETS OF COMPA S.A. SIBIU

2.1. Location and characteristics of the production capacity

COMPA owns a diverse number of tangible assets, materialized in land, buildings, special constructions, cars and other means of transportation, other assets, assets in progress.

Their evolution over the past 3 years can be observed below:

Table 2.1.(Lei)

INDICATOR	2017	2018	2019	%	
				2019 / 2017	2019 / 2018
Land and buildings	162,264,784	170,439,980	191,034,996	112.08	117.73
Technical equipment and machines	184,276,119	192,273,407	214,111,191	111.36	116.19
Other equipment, machinery, furniture	200,878	210,362	590,752	280.83	294.08
Tangible assets in progress	7,166,706	17,498,581	43,065,858	246.11	600.92
TOTAL	353,908,487	380,422,330	448,802,797	117.97	126.81

Tangible assets representing "Current Tangible Assets" are evaluated at historical cost. The Company has chosen model for the valuation of property, plant and constructions the revaluation the fair value revaluation model.

In the hierarchy of fair value, the revaluation of the Company's buildings and land at fair value is classified as level 2 date. The evaluation techniques used in the fair value measurement at level 2 are the price comparison method. Comparable prices for nearby buildings and buildings are adjusted according to specific features such as property size, etc. The most important input data for this valuation method is the price per square meter.

2.2. Degree of wear of the company's property

Degree of wear of COMPA's tangible assets is as showed below:

Table.2.2.(Lei)

INDICATOR	YEAR		
	2017	2018	2019
Construction			
Inventory Value	87,833,486	100,577,456	92,048,100

INDICATOR	YEAR		
	2017	2018	2019
Remaining Value	79,115,406	87,270,978	92,048,100
Wear	8,718,080	13,306,478	0
Degree of Wear	9.93	13.23	0.00
Equipment and vehicles			
Inventory Value	478,889,971	520,151,129	581,720,028
Remaining Value	184,276,119	192,273,407	214,111,191
Wear	294,613,852	327,877,722	367,608,837
Degree of Wear	61.52	63.04	63.19
Other tangible assets			
Inventory Value	1,193,733	1,244,091	1,686,776
Remaining Value	200,878	210,362	590,752
Wear	992,855	1,033,729	1,096,024
Degree of Wear	83.17	83.09	64.98

2.3. Specifying potential issues related to ownership of tangible assets

COMPA owns 323.407 sq of tabulated land with no recorded problems related to the ownership of tangible assets, lands, buildings, or plant installations.

3. MARKET OF SECURITIES ISSUED BY COMPA SA

3.1. Markets in Romania and abroad where the securities issued by the company are negotiated

Company COMPA is listed at Bucharest Stock Exchange, Standard category, with symbol CMP. At 12/31/2018 that company had 7256 shareholders, individuals and legal entities, Romanian and foreign.

The shareholding structure is as follows. Source of information: Depozitarul Central S.A.Bucharest

SHAREHOLDER	Number of shares	Percent	No of shareholders
INDIVIDUALS, from which:			
- Romanian	139.154.577	63,59%	7.165
- foreign	5.788.019	2,65%	39
LEGAL ENTITIES, from which:			
- Romanian	50.641.026	23,14%	53
- foreign	23.237.416	10,62%	8
TOTAL	218.821.038	100,00 %	7256

3.2. Description of the company's policy regarding dividends. Specification of dividends due/ paid/ accrued during the past 3 year, and as the case may be, the reasons for a possible reduction of dividends during the past 3 years

The policy of COMPA company not to allocate profit for the payment of dividends was adopted since 2004, the entire profit is assigned to own development sources. It adopted this policy knowing the company's exposure to banks and leasing companies to provide the necessary resources to new investments on the one hand, and on the other hand not to increase the indebtedness of the company.

3.3. Description of any activities of the company to purchase own shares.

During 2019, company COMPA S.A. Sibiu didn't redeem any of its shares.

3.4. If the company has subsidiaries, specifying the number and the nominal value of the shares issued by the parent company held by subsidiaries











The company RECASERV SRL, affiliated company of COMPA holds in the registry of COMPA's shareholders a number of 649,100 shares, 0.2966% of the share capital of company COMPA . The other affiliated companies of COMPA SA do not hold any shares, therefore they are not included in the list of COMPA's shareholders.

3.5. If the company has issued bonds and / or other debt instruments, - showing the way the company pays its obligations to the holders of such securities






The company COMPA has not adopted until now the financing solution through bond issues. The only ways of financing used in previous years were capital increases and loan commitments, nevertheless since 2014 none of these two financing solutions were used and used instead only own financing sources.

4. COMPA'S MANAGEMENT






COMPA's company management has continuously developed modern management methods as tools used in the current activity :

-  change management, face interaction with the external environment that is very turbulent and creates the ability to anticipate and respond quickly to market trends through effective management of ideas, knowledge, skills and processes. Increasing the involvement of staff and effective management responsibilities facilitate efficient decision making and resulting changes ;
-  management based on objectives for encouraging and mobilizing the full potential of intellectual and practical employees at all levels to achieve maximum performance of the organization;
-  quality and environmental management in order to ensure that the requirements of quality demanded and expected by our customers , so as to achieve a partnership relationship that will lead to their full satisfaction in relation to production and our services ;
-  Occupational health and safety management , which aims to improve working conditions for workers by eliminating risks related activities , reducing and controlling those risks that cannot be removed by adopting technical and organizational measures to prevent;
-  strategic management implemented by Balance Score Card tool, to establish the link between the environment opportunities and the company possibilities and firm management actions to fulfill strategic goals ;
-  project management to master efficient processes and achieving the goals ; combines a unique project with management by objectives ;
-  skills management, to permanently align skills to the strategic objectives of the organization;
-  cost management, for planning and monitoring the costs permanently in order to be able to reduce them
-  Kaizen management, continuous improvement.
-  performance management to a strategic and integrated approach to ensure long-term success in the organization activity by knowledge and performance management of people working in the organization, in the context of a framework which sets the general objectives, standards and criteria of competence.

In COMPA's strategic plan the following strategic axes have been defined:






-  financial axis
-  customer axis
-  processes axis
-  personal axis
-  Environmental - Occupational Health and Safety axis

The general objectives that support the strategic axes are:










-  increasing company profitability,
-  increase customer value
-  reaching operational excellence
-  increasing staff performance .
-  increasing environmental performance and occupational health and safety .

The results of efforts in recent years have resulted in the development of projects started , which marked significant changes in the organizational structure , operations , professional competencies , allocation of resources , etc.

The business orientation continued with a new configuration characteristic to global automotive industry by:

-  high - volume series ;
-  high added value
-  flexible processes
-  innovation technologies
-  quality requirements to the highest standards ;

Thus, COMPA's efforts are directed towards:

-  focusing of resources on a limited number of projects developed by the company COMPA or in partnership with leading companies ;
-  investment programs in performant equipment;
-  substituting products that have completed their life cycle , with new products (brand COMPA) ;
-  increased integration processes , particularly with primary processes (forging)
-  Higher operational efficiencies ;
-  interventions for changing the organizational culture
-  achieving excellence in purchasing ; searching for new strategic suppliers to develop major projects
-  development of the maintenance management system by approaching the TPM concept ;
-  Development of performance management; efficient communication.

4.1. The list of the managers of the society and the following information for each manager
a. CV (name, surname, age, qualifications, professional experience, function and years of service in the function)

NAME AND SURNAME	Age	Qualification	Professional experience	Function	Years of service in the function
DEAC Ioan	70	Engineer	46	Chairman & CEO	29 year
MICLEA Ioan	75	Economist	47	Member & CFO	29 year
MAXIM Mircea-Florin	61	Engineer	38	Non-executive Member	14 year
BALTEȘ Nicolae	61	Economist	37	Chairman Audit Committee	3 year
VELȚAN Ilie-Marius	45	Economist	22	Audit Committee member	7 year

b. Understanding or family relation

There are not such cases within the members of the Administration Council of COMPA society.

c. Transaction between the manager and society

Also, there is not any kind of transactions between the society and any member of the CA of COMPA society

d. The participation of the managers at the social capital.

The managers took part in the taking over of the majority controlling interests from F.P.S. as members of the Employees Association COMPA.

e. The list of the juridical persons affiliated to the society

COMPA - IT S.R.L.

RECASERV S.R.L.

TRANS CAS S.R.L.

4.2. The presentation of the list with the members of the executive management
a. Executive management:

NAME AND SURNAME	FUNCTION
Deac Ioan	Chairman & CEO
Miclea Ioan	Board member / CFO
Firiza Ioan	Management Director
Băiașu Dan-Nicolae	Commercial Director
Acu Florin-Ștefan	Technical Director
Muntenaș Bogdan-Vasile	Logistics Director
Țicu Liviu-Laurențiu	Quality – Environment Director
Herban Dorin-Adrian	System management & Continuous improvement Director
Țuțurea Mihai	Production Director
Firiza Sorin Ioan	Deputy Production Director

NAME AND SURNAME	FUNCTION
Morariu Mircea	Deputy Production Director
Dragomir Marius C-tin	Chief Engineer - Maintenance

b. the period the person takes part in the executive management

The members of the management on functions have individual working contracts on unlimited period of time; their designation and respectfully cancellation is made by the Council of Administration.

c. any kind of agreement ,convention or family relationship between the respective person and another person due to whom the respective person was appointed as member in the executive management

There is no such family relationship between the present members of the Council of Administration and other important persons who can influence the election of the former in the Council of Administration.

d. The participation of the respective person at the social capital of the society

A part of the members of the Council of Administration and respectfully the members of the executive management of the society possess shares from the social capital of the COMPA.

5. FINANCIAL SITUATION- ACCOUNTING

a). Balance sheet items: assets representing at least 10% from total assets; cash and other liquid availabilities; reinvested profit; total current assets; total current liabilities

Annual accounts of the company COMPA are presented in detail in the notes to the financial statements which are submitted for review and approval. Synthetically presented in the table below are the main elements of assets and liabilities:

Table 5.a.

NAME OF INDICATOR	2017	2018	2019		% 2019 / 2019 REB	% 2019/ 2018	% 2019/ 2017
			REB	Carried out			
A.TOTAL CURRENT ASSETS, of which:	359,714,662	388,223,296	416,629,425	459,369,318	110.26	118.33	127.70
Intangible assets	3,139,442	3,534,152	3,900,000	7,432,457	190.58	210.30	236.74
Tangible assets from which:	312,366,482	338,291,016	367,000,000	381,231,402	103.88	112.69	122.05
Land and buildings	120,722,779	128,308,666	128,300,000	132,605,700	103.36	103.35	109.84
Technical plants and machines	184,276,119	192,273,407	212,500,000	214,111,191	100.76	111.36	116.19
Other plant, tools and furniture	200,878	210,362	200,000	590,752	295.38	280.83	294.08
Tangible assets in progress	7,166,706	17,498,581	26,000,000	33,923,759	130.48	193.87	473.35
Real estate investment	41,542,005	42,131,314	42,131,314	67,571,395	160.38	160.38	162.66
Financial assets	1,768,450	1,768,450	1,886,398	1,768,450	93.75	100.00	100.00
Other Financial assets	116,685	117,948	0	117,439		99.57	100.65
Other financial assets	0	668,703	0	72,572		10.85	
Deferred income tax	781,598	1,711,713	1,711,713	1,175,603	68.68	68.68	150.41
B. TOTAL CURRENT ASSETS, of which:	237,456,774	286,507,458	305,515,723	264,231,235	86.49	92.22	111.28
Stocks	99,616,397	111,483,670	118,500,000	105,190,554	88.77	94.36	105.60
Receivables, from which	136,676,019	173,349,128	185,000,000	151,949,589	82.13	87.66	111.18
Trade or other receivables	134,872,506	156,388,298	182,000,000	140,461,742	77.18	89.82	104.14

NAME OF INDICATOR	2017	2018	2019		% 2019 / 2019 REB	% 2019/ 2018	% 2019/ 2017
			REB	Carried out			
Other receivables	1,803,513	6,410,150	3,000,000	3,289,074	109.64	51.31	182.37
Receivables from European projects	0	10,550,680	0	8,198,773		77.71	
Advance expenses	550,379	609,190	600,000	1,011,271	168.55	166.00	183.74
Cash and bank accounts	613,979	1,065,470	1,415,723	6,079,821	429.45	570.62	990.23
C. DEBT LESS THAN 1 YEAR, total , of which:	127,429,176	141,993,791	149,300,000	118,017,722	79.05	83.11	92.61
Financial debt	0	0	5,000,000	4,898,783	97.98		
Commercial debt and similar	109,812,006	121,152,267	122,000,000	94,827,692	77.73	78.27	86.35
Debt on current income tax	63,829	25,201	0	0		0.00	0.00
Other debt	13,862,879	15,506,272	17,000,000	12,900,113	75.88	83.19	93.06
Deferred income and grants for investments less than one year	3,690,462	5,310,051	5,300,000	5,391,134	101.72	101.53	146.08
D. DEBTS OVER A YEAR TOTAL, of which:	66,265,913	92,584,041	112,824,454	130,692,268	115.84	141.16	197.22
Financial liabilities	39,244,259	60,199,570	85,000,000	96,121,622	113.08	159.67	244.93
Other debts	0	24,454	24,454	0	0.00	0.00	#DIV/0!
Deferred income and grants for investments over one year	26,886,009	32,224,372	27,800,000	34,435,001	123.87	106.86	128.08
Provisions over a year	135,645	135,645	0	135,645			
E. CAPITAL AND RESERVES	403,476,347	440,152,922	460,020,694	474,890,563	103.23	107.89	117.70
Share capital	21,882,104	21,882,104	21,882,104	21,882,104	100.00	100.00	100.00
Adjustment of share capital	82,062,778	81,787,286	81,787,286	83,891,130	102.57	102.57	102.23
Other reserves	191,361,655	231,202,184	268,502,184	276,217,534	102.87	119.47	144.34
Adjustments of other reserves	23,122,057	23,122,057	23,122,057	23,122,057	100.00	100.00	100.00
Retained earnings	65,717,009	64,727,063	64,727,063	65,886,959	101.79	101.79	100.26
Profit/ loss of the period	36,818,566	35,428,575	37,300,000	32,708,709	87.69	92.32	88.84
Profit repatriation	17,487,822	17,996,347	37,300,000	28,817,930	77.26	160.13	164.79

The fixed assets registered an increase on 31.12.2019 with 18.33% in total, compared to the same period of the previous year - 31.12.2018.

Their evolution in the comparative structure is quite different, as follows:

- Intangible fixed assets increased 2.1 times on 31.12.2019, compared to the previous year from:
 - research and development expenses within the COMPA research and development workshop and research expenses incurred for the manufacture of the GDI - Delphi pump body, a new product to be produced in series, in the future
 - manufacturing software and software licenses purchased for implementing the HR module in SAP
- tangible fixed assets increased by 12.69% on the total, of which in structure the increase was as follows:
 - the lands and constructions increased by 3.35% as a result of the reassessment of land and buildings, revaluation carried out on 31.12.2019 by an accredited evaluation firm;
 - technical installations and machines, increased by 11.36% as a result of the commissioning of machinery and equipment purchased through investments; on the one hand and as an effect of their amortization, on the other hand.

- Real estate investments - the increase was 60% as a result of the revaluation carried out at the end of 2019, but the biggest increase comes from transfers of other classes of fixed assets or transfers from the same class of fixed assets to this category of assets.

- Current assets - decreased to 31.12.2019 as against 31.12.2018, the decrease represents 7.78% due to the reduction of the turnover from Q4 2019, on the one hand, but also as an effect of the measures taken by the COMPA management to reduce these categories of assets (stocks + receivables) in order to release the resources of the company under immobilization over the normal number of days

- Debts less than one year were reduced, as of 31.12.2019, with about 15% compared to the similar period of the previous year, the overwhelming share of these debts is represented by the Commercial Debts.

- Debts over one year increased by 41.16%, the biggest increase is Debts to banks, as a result of payments made in the investment activity during 2019

- Capital and reserves - increased in 2019 with respect to the previous year by 7.89% based on the realized profit and the revaluation of tangible assets (buildings + land) at 31.12.2019

b. Profit and loss account: net sales; gross revenues; elements of costs and expenses accounting for at least 20% in net sales or gross income; risk provisions for various expenses; reference to any sale or shutdown of a segment of activity done in the last year or that are to be made in the next year; dividends declared and paid

Income and expense statement for the period between 2017 and 2019 is the following :

Table 5.b

INDICATOR	2017	2018	2019		% 2019 / 2019 REB	% 2019/ 2018	% 2019/ 2017
			REB	Carried out			
Turnover, from which:	703,620,521	752,507,249	798,000,000	746,729,484	93.58	99.23	106.13
export	554,364,183	590,929,133	630,300,000	582,783,463	92.46	98.62	105.13
% in turnover	78.79	78.53	78.98	78.04	98.81	99.38	99.06
Other operating revenues	9,871,563	11,072,409	11,000,000	21,079,783	191.63	190.38	213.54
Total operating revenues	713,492,084	763,579,658	809,000,000	767,809,267	94.91	100.55	107.61
Material costs	433,493,918	463,751,363	493,500,000	453,892,228	91.97	97.87	104.71
% in total income	59.91	60.32	60.54	58.53	96.67	97.04	97.69
Costs with energy	22,988,640	24,810,642	25,200,000	27,582,735	109.46	111.17	119.98
% in total income	3.18	3.23	3.09	3.56	115.05	110.23	111.95
Costs with salaries	130,381,206	144,134,777	154,900,000	155,809,695	100.59	108.10	119.50
% in total income	18.02	18.75	19.00	20.09	105.73	107.18	111.50
Amortization and depreciation of tangible assets	41,442,564	40,166,230	41,000,000	46,653,866	113.79	116.15	112.57
% in total income	5.73	5.22	5.03	6.02	119.60	115.16	105.04
Other operating expenses	43,424,845	49,582,927	50,000,000	46,978,173	93.96	94.75	108.18
% in total income	6.00	6.45	6.13	6.06	98.76	93.94	100.94
Total operating income	671,731,173	722,445,939	764,600,000	730,916,697	95.59	101.17	108.81
Operating result	41,760,911	41,133,719	44,400,000	36,892,570	83.09	89.69	88.34
Expenses with interest	518,478	465,295	900,000	902,694	100.30	194.00	174.10
% in total income	0.07	0.06	0.11	0.12	105.42	192.35	162.45
Other financial expenses	10,070,005	7,146,182	8,000,000	10,130,653	126.63	141.76	100.60
% in total income	1.39	0.93	0.98	1.31	133.10	140.56	93.87
Total financial expenses	10,588,483	7,611,477	8,900,000	11,033,347	123.97	144.96	104.20
Interest income	408.00	1,374.00	0	2,292.00		166.81	561.76

INDICATOR	2017	2018	2019		% 2019 / 2019 REB	% 2019/ 2018	% 2019/ 2017
			REB	Carried out			
Other financial income	10,059,366	5,298,967	6,100,000	7,664,451	125.65	144.64	76.19
Total financial income	10,059,774	5,300,341	6,100,000	7,666,743	125.68	144.65	76.21
Financial result	-528,709	-2,311,136	-2,800,000	-3,366,604	120.24	145.67	636.76
Total income	723,551,858	768,879,999	815,100,000	775,476,010	95.14	100.86	107.18
Total expenses	682,319,656	730,057,416	773,500,000	741,950,044	95.92	101.63	108.74
Gross result	41,232,202	38,822,583	41,600,000	33,525,966	80.59	86.36	81.31
% in total income	5.78	5.08	5.14	4.37	84.91	85.88	75.56
Current income tax	4,181,141	3,076,123	4,300,000	401,859	9.35	13.06	9.61
Current income tax ratio	10.14	7.92	10.34	1.20	11.60	15.13	11.82
Deferred income tax	232,495	317,885	0	415,398		130.68	178.67
Net result	36,818,566	35,428,575	37,300,000	32,708,709	87.69	92.32	88.84

Analyzing the indicators included in the profit and loss account for the year 2019 (table 5.b) the following aspects can be highlighted:

The turnover achieved in 2019 is lower, both compared to the value of the Income and Expenditure Budget for 2019, and compared to the achievements of 2018.

The percentage of non-realization of the turnover in 2019 compared to 2018 is not very high, it is 0.77%. This non-fulfillment was registered in the fourth quarter of 2019.

The profitability level decreased more in 2019 compared to 2018, the percentage of decrease of the Gross Profit being 13.64%, and of the Net Profit of 7.68% in 2019 compared to 2018. The causes of the reduction of the profitability, the gross profit and The net profit was presented in this report, but we briefly recall some of these:

- Failure to realize the value of the turnover in the budget, as a result of the contraction that occurred in the automotive industry, starting with the second quarter of 2019, the degree of coverage with orders for several products, especially in the fourth quarter, being much reduced.
- Newer projects, such as the GDI-Delphi petrol injection pump body manufacturing project, the DMG-MORI machine tool production project, the WILO pump manufacturing project, have started late; In the initial stages, the costs of these projects were high, compared to the revenues obtained.
- The obligations assumed by contracts with clients, of annual reduction of prices as a result of the increase of labor productivity had a major impact on the profit margin; despite the efforts of the company management. for the implementation of the projects of cost reductions in all areas, the price reductions have nevertheless influenced the evolution of the degree of profitability;
- During the first semester of 2019, when the company COMPA failed to meet the product requests of important clients of our company, we asked the employees to carry out overtime which according to the employment contract is paid 75% more, and in on weekends the payment of the hours worked is double.
- Due to the general tendency in Romania, of unprecedented increase in wages, especially in the budget, we were forced to increase the salaries of the employees; otherwise, they would have gone to other companies, the lack of labor being felt in the last years with unforeseeable consequences.

c) *cash flow: all changes in the level of cash in the core business, investment and financial activity, the level of cash at the beginning and end of the period.*

Table 5.c.

INDICATOR	2017	2018	2019
Profit before tax	41,232,202	38,822,583	33,525,966

INDICATOR	2017	2018	2019
Expenses with depreciation and depreciation of fixed assets	41,442,564	40,166,230	46,653,866
Changing in inventories	-7,966,921	-11,867,273	6,293,117
Variation of receivables	-26,810,374	-36,731,920	22,130,208
Variation of financial obligations	5,171,796	12,969,481	-28,980,390
Adjusting other non-monetary items	-7,768,333	4,112,310	-22,708,549
Purchase of tangible and intangible assets and advance payments for assets	-36,858,849	-67,081,445	-91,818,008
Profit / from sale of financial assets	-980	0	0
Variation in loan and borrowings	-7,489,236	20,955,311	40,820,835
Interest payments	-943,501	-893,786	-902,694
Cash availability at beginning of period	605,611	613,979	1,065,470
Cash availability at the end of period	613,979	1,065,470	6,079,821
Net cash flow	8,368	451,491	5,014,351

6. COMPLIANCE WITH CORPORATE GOVERNANCE BSE CODE

Starting with 2010, COMPA is in line with the demands BSE Code, when the first Corporate Governance Regulation was elaborated, regulation which transposed the principals and recommendations of the Bucharest Stock Exchange Code.

According to the new BSE Code" companies will include a corporate governance statement in the annual report in a separate section, which will include a self-assessment of how they fulfill " the requirements which must be respected "and measures adopted to observe the provisions which are not met fully". COMPA aligned to the new demands by adopting a new form of the *Declaration concerning the conformity with the Code* and has sent, in this way, a current report regarding compliance, on 20.01.2016. The Declaration is presented in Annex 1.

6.1. The Board of Directors

According to the Constitutive Act , company COMPA is administrated under a unitary system; the administration of the company lies within a Board of Directors (CA) made up of 5(five) administrators/managers, chosen by cumulative vote by the Shareholders Ordinary General Assembly on 24.04.2017. The duration of mandate of the members of the Board of Directors is four years. Out of the 5 managers, 3 are non-executive managers. The structure of the Board is presented in paragraph 4.1

The main competences of the Board of Directors are those of defining the strategy of the society, of the management policy, rational and efficient valorization of the resources, establishing and following the objectives of the company's managers. COMPA has an audit committee made up of 2 nonexecutive administrators: Mr. Balteş Nicolae chairs the audit committee and Mr. Ilie-Marius Velţan – audit committee member.

The Board of Directors meets at least once every 3 months, or as often as it is necessary, and the decisions in the meetings are taken with simple majority.

6.2. Executive management

According to the Regulation of Corporative Governance of company COMPA S.A. Sibiu, whose financial situations represent the object of the financial audit/control, the executive management of the company is delegated to the managers of the society, appointed by the Board of Directors, who are responsible for all the measures taken related to their field of activity, in compliance with the granted competences.

The managers periodically inform the Board of Directors about the operations carried out for accomplishing the set objectives of not exceeding the given resources and with regard to the fulfillment of the given tasks. The executive management team and the their positions are presented in paragraph 4.2

6.3. The way the general meetings of the shareholders (GMS) take place, their competences, the shareholders' rights and how these can be exercised:

GMS is the management body, which decides on the activity and sets the economic and commercial policy.

General meetings of the shareholders (ordinary and extraordinary) are taking place according to the convenings sent to BSE and to the Authority for Financial Control.

The organization of the general meetings of the shareholders, their competences as well as the rights of the shareholders are carried out in accordance with the present legislation that is the Incorporation Article no.31/1990, republished, law which establishes the rules of organization and functioning of the commercial companies as well as the way of organization and functioning of different management bodies -The General Assembly of the Shareholders, The Board of Directors, The Regulations nr.5/2018

6.4. Shareholders' rights

6.4.1. The right to participate and vote in the General Meeting of the Shareholders

Shareholders registered in the Register of the Company's Shareholders on the reference date may attend in person or may be represented at the GMS by their legal representatives or other persons granted a power of attorney, based on a special or general proxy provided by the company for each meeting.

The access of shareholders at the General Meeting is made with minimum 15 minutes before the beginning of the meeting, providing a simple proof of their identity, for individual shareholders- their identity card, and for the shareholders legal entities and empowered individuals- *the special/general power of attorney* given to the individual who is representing them. If after 30 minutes after the hour at which the meeting was summoned it is observed that the quorum is not accomplished, the meeting is suspended and will take place at a second convening.

The right to vote can be exercised directly, by a representative or by correspondence. Each share entitles to one vote in the General Meeting of the Shareholders. The shareholders can take part personally or can be represented at the meeting by their legal representatives or by other persons who were given the mandate for representation, on the basis of printed form of *Special/general power of attorney* provided by the society on legal terms. The printed forms of Special/ general power of attorney in Romanian or English are available at the company's headquarters or can be downloaded from the company's website starting with the announced summon date.

An original copy of the Special/general power of attorney filled in and signed, together with a copy of the identity card of the shareholder (BI/ CI/passport/identification card for stay, for individual shareholders and certificate of registration for legal entities) will be laid down personally or send to the company's headquarters until the announced date.

6.4.2. The right to introduce new points on the agenda

One or several shareholders holding individually or collectively, at least 5% of the Company's share capital, have the right, under the law, to introduce new items on the agenda provided that each such item is accompanied by a justification or a draft resolution proposed for approval at the general meeting and to make draft resolutions for items , as well as to make new resolution for the items included or to be included on the agenda of the General Assembly which will be send to the company in written form until a date mentioned for each meeting. They also have the right to present resolution projects for the points already on the agenda or proposed to be included on the agenda, this right may be exercised in writing.

The proposals regarding the introduction of new point on the agenda of the day should be accompanied by the copies of the identity cards of the respective shareholders (identity card for individuals, registration certificate for legal entities) being necessary that each such item is accompanied by a justification or a draft resolution proposed for approval at the general meeting.

6.4.3. Presentation of resolution proposals

One or several shareholders holding individually or collectively, at least 5% of the Company's share capital, have the

right, under the law, to introduce resolution projects for the points included or proposed to be included in the agenda of the GMS, accompanied by identity cards of the shareholders (BI/ ID card for the individuals, respectively registration certificate for legal entities), can be sent per post or by e-mail, until the date announced in the summon.

6.4.4. The right to ask questions

Any shareholder of the company, regardless of participation in the share capital is entitled to ask questions in written form (via e-mail or post office) related to items on the agenda, accompanied by a copy of a valid ID card (ID card/ passport/ identification card for stay, for individual shareholders and certificate of registration for the legal entities) so that they are registered by the company until the date announced in the convening notice. The company will elaborate a general answer for questions with the same content.

The answers will be available on the company's website www.compa.ro at section "Relations for investors" "General Meeting of the Shareholders" beginning with the date announced, in the format "Question/Answer" and/or during the meeting. The right to ask questions and the obligation of the society to answer will be subject to confidentiality and interests of the company.

6.4.5. Voting by mail

The shareholders registered at the reference date in the Register of the shareholders are entitled to vote by mail, before the meeting, by using the printed form *Voting by mail*.

In this case *the Voting by mail* form filled in and signed, with legal signature by a public notary and the copy of the valid identity card of the shareholder (ID card for the individuals, respectively registration certificate for the legal entities) will be send via mail or e-mail, until the date announced for each meeting.

Voting by mail forms which are not received until the mentioned date in convening notice will not be counted towards the quorum and the vote in the E.G.M.

On the meeting day, when entering the meeting hall the designated representative will hand the original of *Special/general power of attorney / the Voting by mail* in case that these were sent by e-mail with electronic signature incorporated and a copy of the identity cards of the designated representative (BI / ID card).










The shareholders have the obligation to respect the procedure established by the Board of Directors regarding the voting – according to the chosen modality-otherwise their vote may be cancelled.







In order that all shareholders may have access to information, this are posted on the company's website www.compa.ro at the section **Relations for investors-General Meeting of the Shareholders**.

6.5. Other elements of Corporate Governance

6.5.1. Transparency and Reporting

In order to meet the obligations of transparency and reporting established by applicable legislation in force, COMPA made in 20187 the following statements, send them to BSE and ASF(CNVM), according to the financial calendar and published them on the company's website www.compa.ro.

-  Financial communication calendar for 2019;
-  Current report on transactions of the type listed in art.82 of Law no.24 / 2017 at 31.12.2019;
-  Preliminary financial statements for 2019;
-  Convening notice of General Meeting (Ordinary and Extraordinary) of Shareholders dated 24.04.2019;
-  Decisions of the General Meeting (Ordinary and Extraordinary) of the Shareholders dated 24.04.2019;
-  Annual report for 2018 separate statements
-  Annual report for 2018 – consolidate statements
-  Financial-economic unbound statements at 31.12.2018;
-  Financial-economic bound statements at 31.12.2018;








-  Income and expenditure budget for the year 2019;
-  The quarterly report (I st quarter - 2019);
-  Half-yearly report (I st semester - 2019);
-  The quarterly report (III rd quarter - 2019);
-  Current report at 30.06.2019 on transactions of the type listed in art 82 of Law no 24/ 2017;
-  Releases on the availability of reports submitted.

6.6. The risk management








Detailed information on the system of risk management is presented in paragraph 1.1.8 “The evaluation of the company’s activity with regard to the risk management”

6.7. Social responsibility

The efforts of the company COMPA S.A are directed towards reaching a high level of social cohesion, environment protection and fundamental human rights aiming to have a positive impact on community.

-  Assuming responsibility for the impact on the society, economy and the environment
-  Transparency of the taken decisions and of all other activities that may impact the society and the environment.
-  Promoting an ethical behavior and respecting the following values: honesty, equity and integrity
-  Respect for all parties interested in our activities and decisions
-  Assuring conformance to applicable laws and regulations
-  Respecting international norms in business behavior
-  Respecting and promoting human rights, which we consider inalienable

The focus is on the following action plan:

-  Assuring an organisational management as a way to conduct all activities in an ethical and responsible manner
-  Respecting and promoting the human rights in all aspects: civil, political, economical, social and cultural
-  Applying working methods that ensure proper conditions and social protections in conformance with applicable laws and standards
-  Environmental protection and promoting responsibility towards the environment by encouraging the development of ecological technologies;
-  Applying equitable practices as a code of conduct in relation with companies and/or people, by respecting national and international regulations
-  responsibility towards clients and consumers in order to ensure their safety when using our companies products and services, as well as offering proper documentation.
-  involvement in the community development as members of the community and respecting its rights, traditions, history and cultural values in partnership with it

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

ANNEXES

To the ANNUAL REPORT 2019

- A. **Article of incorporation**, if this has been amended during the reporting year.
The constitutive Act was updated on 14.02.2019 and is published on its own site.
- B. **Major contracts concluded** by the company during the reporting year:
Contracts are presented in: **Current report on 31.12.2019** regarding the transactions of the type listed in art.82(1) of law no.24/2017
- C. **Documents of resignation / dismissal**, if there were such situations among administration members and executive management.
There were no situations of resignation /dismissal within the members of the Board of Directors or executive management.
- D. **The list of the companies controlled by COMPA**
TRANSCAS S.R.L. SIBIU
COMPA - IT S.R.L. SIBIU
RECASERV S.R.L. SIBIU
- E. **The declaration of compliance with the Code BSE**
- F. **2019 Non-Financial Declaration**

The Statement regarding compliance with the Corporate Governance Code

ANEXA – 2019 AR

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
A	RESPONSIBILITIES			
A1	All companies should have internal regulation of the BoD which includes terms of reference/ responsibilities for BoD and key management functions of the company, applying, among others, the General Principles in Section A.	Yes		
A2	The provisions regarding the management of the conflict of interests must be included in the regulation of the BoD. In any case, the members of the BoD must notify the BoD regarding any conflict of interests situation which occurred or may occur and must abstain from participating in the debates (including absence with the exception of the case in which the absence might impede quorum) and from voting on issues which may create the respective conflict of interests situation.	Yes		
A3	The BoD or the Supervisory BoD must be made up of at least 5 members.	Yes		
A4	The majority of the members of the BoD must be non-executive. At least one member of the BoD or of the Supervisory BoD must be independent, in the case of Standard category companies. In the case of the companies from the Premium category, at least two non-executive BoD members have to be independent. Each independent member of the BoD or of the Supervisory BoD must submit a statement upon nomination for election or re-election, as well as when a change occurs in his or hers status, by indicating the elements based on which the independent character and judgment of the BoD member is asserted, likewise by following the criteria below:	Yes		
A4.1	- is not CEO / Executive Director of the organization or a company owned by the organization and has not held such a position in the last five (5) years.			
A4.2	- is not employed by the organization or a company owned by the organization and has not held such a position in the last five (5) years.			
A4.3	- does not receive and has not received additional remuneration or other benefits from the organization or a company owned by the organization, besides the perks corresponding to a non-executive administrator.			
A4.4	- is not employed and was not employed in the previous year by a significant shareholder of the organization, shareholder owning over 10% of the voting rights, or a company owned by said shareholder.			

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
A4.5	- does not hold and did not hold in the previous year a business or professional report with the organization or a company owned by said organization, either directly as a client, partner, shareholder, member of the Board/Administrator, CEO/executive director or employee of a company if, by its substantial character, this report could affect his judgment.			
A4.6	- it is not and has not been in the last three years an external or internal auditor nor a partner or a paid associate of the current external financial auditor or of the organization's internal auditor or a company owned by said organization.			
A4.7	- is not CEO / Executive Director of a different organization where another CEO / Executive Director of the organization is a non-executive administrator.			
A4.8	- was not a non-executive administrator of the organization for more than twelve years.			
A4.9	- does not hold any ties with a person in the situation expressed at points A.4.1. and A.4.4.			
A5	Other engagements and professional obligations of the BoD members, including executive or non-executive positions in the BoDs of other companies and non-profit organizations must be disclosed to the shareholders and the potential investors before nomination and during the course of the mandate.	Yes		
A6	Each BoD member must disclose before the BoD information regarding any relationship with a shareholder which owns directly and indirectly more than 5% of the total voting rights. This obligation refers to any type of relationship which may affect the member's position regarding issues that are decided in the BoD.	Yes		
A7	The Company must appoint a secretary of the BoD responsible for supporting the activities of the BoD.	Yes		
A8	The corporate governance statement will mention whether an evaluation of the BoD under the management of the President or of the nomination committee was performed and, if such an evaluation took place, it will summarize the key measures and the resulted improvements. The Company must have a policy/guide regarding the evaluation of the BoD comprising the purpose, the criteria and the frequency of the evaluation process.		Not comply	COMPA does not have a policy / guideline on the assessment of the Council comprising the scope, criteria and frequency of the evaluation process;
A9	The statement regarding the corporate governance must contain information regarding the number of meetings of the BoD and its Committees during the previous year, the participation of the administrators (in person or in absence) and a report of the BoD and of the Committees regarding their activities.	Yes		
A10	The corporate governance statement must include information regarding the exact number of independent members from the BoD or from the Supervisory BoD.	Yes		
A11	The BoD of companies in the Premium Category must establish a nomination committee made up of non-executive members, which will lead the nomination procedure of new BoD members and will make recommendations to the BoD. The majority of the members of the nomination committee must be independent.		Not comply	COMPA is quoted at the Standard Category

<i>Section</i>	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
B	THE RISK MANAGEMENT AND INTERNAL CONTROL			
B1	The BoD must establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of the members, including the President must have proven adequate qualification for the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and adequate audit or accounting experience. For the companies in the Premium category, the audit committee must be made up of at least three members and the majority of the members of the committee must be independent.	Yes		
B2	The President of the audit committee must be an independent non-executive member.	Yes		
B3	Among its responsibilities, the audit committee must perform an annual evaluation of the internal control system.	Yes		
B4	The evaluation must consider the effectiveness and comprehension of the internal audit function, the adequacy degree of the risk management and internal control audit reports that are presented to the Audit Committee as well as the promptness and effectiveness with which the executive management solves the problems and deficiencies identified during the internal control and the presentation of relevant reports to the BoD.	Yes		
B5	The Audit Committee must evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.	Yes		
B6	The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.	Yes		
B7	The Audit Committee must monitor the application of the legal standards and of the generally accepted internal control standards. The Audit Committee must receive and evaluate the reports of the internal audit team.	Yes		
B8	Every time the Code mentions reports or analysis initiated by the Audit Committee, they must be followed up by periodic reports (at least annual ones) or ad-hoc reports which must be submitted to the BoD.	Yes		
B9	No shareholder can be awarded preferential treatment against other shareholders in relation with transactions and agreements concluded by the company with shareholders and their affiliates.	Yes		
B10	The BoD must adopt a policy by means of which it makes certain that every company transaction with any of the companies it has tight relations with whose value is equal or higher than 5% of the company's net assets (as per the latest financial report) is approved by the BoD following the must have opinion of the Audit Committee and correctly revealed to the shareholders and potential investors, to the extent these transactions fall into the category of events that are the object of the reporting requirements.	Yes		

<i>Section</i>	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
B11	Internal audit must be done by a structurally separated division (Internal Audit Department) within the company or by hiring an independent third party.	Yes		
B12	In order to ensure the main functions of the internal audit department, this must report from a functional point of view to the BoD through the Audit Committee. From an administrative point of view and given the obligation of the management to monitor and reduce risks, this department must directly report to the General Manager.	Yes		
C	BOUNTY FAIR AND MOTIVATION			
	The company must publish on its website the remuneration policy and to include in the annual report a statement regarding the implementation of the remuneration policy during the yearly period that is the object of the analysis.			
C1	<p>The remuneration policy must be elaborated in such a way as to allow the shareholders to understand the principles and arguments that represent the basis for the remuneration of the BoD members and the General Manager, as well as of the Directorate members in the dualist system. This must describe the decision making process regarding remuneration, to detail the components of the remuneration of the executive management (such as salaries, annual bonuses, long term incentives related to the value of the shares, in kind benefits, pension and others) and to describe the purpose, principles and arguments that are the basis of each component (including the general criteria of performance related to each form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive manager and the duration of the notice period established by contract, as well as the potential compensation for revocation without just cause.</p> <p>The report on remuneration must include the implementation of the remuneration policy for persons identified in the remuneration policy throughout the annual period under analysis. Any essential change that might occur in the remuneration policy must be published in due time on the company website.</p>		Partly comply	The Constitutive Act states: <i>Additional remuneration of the Board members responsible for specific functions within the organ and executive remuneration in the unitary system, are determined by the Board of Directors</i> General Meeting of Shareholders fixes limits on the all remuneration granted in this way.
D	ADDING VALUE BY INVESTOR RELATIONS			
D1	„Investor Relations” department-brought to the attention of the public through the responsible person/persons or as an organizational entity. In addition to the information imposed by specific legislation, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, containing all the information considered relevant for the investors, including:	Yes		
D1.1	The main corporate regulations: Articles of Incorporation, the procedure regarding the GMS	Yes		
D1.2	The CVs of the company management, other professional engagements of the BoD members, including executive and non-executive positions in the BODs of other companies or non-profit institutions.	Yes		

<i>Section</i>	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
D1.3	The current and periodical reports (quarterly, half quarterly, yearly)-at least those referred to in item D.8-including the current reports on the non-conformity to the present Code.	Yes		
D1.4	Information regarding the GMS: agenda and informative materials; the BoD member selection procedure; the arguments that support the proposals for the BoD, together with the CVs; the questions of the shareholders regarding topics on the agenda and the company's answers, including the resolutions adopted	Yes		
D1.5	Information regarding the corporate events, such as dividend payout and other distributions for the shareholders, or other events that can extend or limit the rights of the shareholders, including the deadlines and the principles applicable to such operations. Such information will be made public as to allow the investors to make investment decisions.	Yes		
D1.6	Name and contact details of a person who can provide, upon request, relevant information.	Yes		
D1.7	Company presentations (presentations for investors, presentations on the quarterly results, etc), financial statements (quarterly, half yearly and yearly), audit reports and yearly reports.	Yes		
D2	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website.		Not comply	Until now decisions on the distribution of dividends were adopted by the Shareholders' Meeting
D3	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website		Partly comply	Annual forecasts are provided in the budget of revenues and expenditures and in the investment plan.
D4	The GMS rules must not limit the participation of the shareholders in the GMS and the exercise of their rights. Any changes in the regulations will become effective starting with the next GMS.	Yes		
D5	External auditors will be present in the GMS when their reports are presented.	Yes		
D6	The BoD will present to the annual GMS a brief opinion on the internal control systems and major risk management, as well as opinions on certain topics subject to the decision of the GMS.	Yes		
D7	Any specialist, consultant, expert or financial analyst can participate in GMS based on an invitation from the BoD. Journalists may also take part in the GMS, except the President of the BoD decides otherwise.	Yes		
D8	The quarterly and half yearly reports will include information in both Romanian and English languages on the key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.	Yes		
D9	A company will organize at least two meetings/teleconferences with analysts and investors on an yearly basis. The information presented during these events will be published in the „Investor Relation” section on the company website at the date of the meetings/teleconferences.	Yes		According to the Financial Calendar

<i>Section</i>	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
D10	If case be a company supports different forms of artistic, cultural, sport, educational or scientific activities and it considers that their impact on the innovation and competitiveness of the company is part of the company's mission and development strategy, the company will publish its policy regarding its activity in the field.		Partly comply	The Annual Report of the Board mentions the socially responsible projects in which the company is involved. The Responsibility policy is currently under development. The Responsibility Policy is published on its own website

**Chairman ,
Ioan DEAC**

20.03.2020

COMPA

NON FINANCIAL REPORT

2019

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STATEMENT BY THE DIRECTOR GENERAL/ PREAMBLE

Throughout its 130 years of existence, COMPA has constantly progressed from a technical and technological point of view, investing permanently in the quality of its products and services. Thus, COMPA is among the first companies with Romanian capital, present in the top 100 of exporters in Romania. The COMPA map covers over 20 countries, from 3 continents, including France, Germany, the United States, Czech Republic, Slovakia, Belgium, the Netherlands, England, Italy, China and India.

The main product groups made in COMPA are: subassemblies and injection components; subassemblies and windscreen wiper components; central drives, flanges and rollers for turbochargers; steering crankshafts; components for steering columns; arches; stamped, embossed; forged parts; cardanic transmissions; metal-welded metallic confections; components for air conditioning; components and valves injection system, molds and tools.

The main services offered are: design and manufacture of industrial equipment, molds and tools, surface coatings, thermal treatments, calibration and repair of measuring instruments, laboratory physico-chemical tests and analysis, EDS, training courses.

The top processes applied in COMPA projects, integrating large-scale CNC equipment associated with fault detection procedures and statistical control methods, ensure consistent quality assurance.

The use of modern cutting technology, the use of cutting or controlling laser, metallic or film coatings, robotic cells, the dimensional control technique associated with the lean operational concept make COMPA a successful company with outstanding results in recent years.

The organizational structure adopted by COMPA is a mixed, functional - divisive (matricular) structure. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is capable of responding quickly to manufacturing changes and customer requests. It is a structure that is based on a broad autonomy of multi-functional teams.

The strategic objectives of COMPA are: increasing profitability, increasing customer value, achieving operational excellence, increasing staff performance, enhancing environmental performance, occupational health and safety. The global influence of all the internal factors of society creates the "climate" of its work and its manifestation, the climate in which the entire range of activities takes place. This internal "climate" forms the level of satisfaction and existence to which all the staff of the organization is connected and within which the whole range of activities that participate in the realization of our products and processes are being carried out, strongly influencing the relational interface with the external environment factors.


The components of this climate are generally the following:




- a) structure of the organization;
- b) processes and their interaction;
- c) its staff, values and beliefs.

1. THE BUSINESS MODEL

a). The organizational structure





The main elements that configure the organizational structure of COMPA are:

-  defining and implementing the purpose and function of each compartment and workstation as organizational subdivisions in a simpler, more flexible and understandable way, endowed with clear objectives, broken down into each relevant structural component and achieved by a synchronization of the three factors that form the golden triangle of a robust organization: the formal authority given by competence - task - responsibility;

-  establishing and implementing in a documented manner the way of communication between the departments and functions of the organizational structure as well as the collaboration relations between them.
-  establishing and implementing processes, technologies, and techniques used by the organization to transform internal organizational resources into products or services.
-  definition and implementation of quality management, environment, employee health and safety management systems, and continuous improvement of COMPA processes.

b). Processes and their interaction

Under this name we have considered the following processes:




-  management processes that relate to the activities of: coordination, analysis and decision-making; providing the resources needed to conduct activities and improving activities and processes;
-  the basic processes for product development (product sales, supply, product logistics, product manufacturing, product and process design and development);
-  support processes (product compliance / non-compliance monitoring, equipment and machine maintenance, internal audit);
-  the interaction between the process and how they evaluate their performance.

Within the processes, attention is paid to teamwork, as well as to the continuous improvement of their effectiveness.

c). The staff, its values and its creed






Within COMPA, it is believed that the human factor is ultimately due to all the achievements made by society, so it is especially important to know and conduct properly its values and beliefs, which will lead to the formation and development of a true cultures of our organization.

These are important and account is taken of the following:















-  the formation and way of action of managers in terms of values, beliefs and demographic characteristics (age, experience, education, social position);
-  the formation and the way of action of the personnel of the society (personalities, attitudes, values, motivations, behaviors, beliefs);
-  the culture of the organization, and the adherence of staff to it as a somewhat unitary way of manifesting, thinking, feeling, being and perceiving values and beliefs, responding to different attitudes, and using the same language.

d) SWOT analysis




Weaknesses

-  Excessive dimensions and diversity (resource dissipation, increased costs with general administration, reduced flexibility, diversity of posts and skills, cumbersome information flow management);
-  Manufacture of small products in turnover;
-  Loss of significant supplier position in the automotive industry in Romania;
-  Limited know-how in conception products;
-  Execution by client projects (lack of some products - COMPA brands).

Strong points







-  Salary levels aligned with the market;
-  Highly professional workforce, especially in support services;
-  Good image in the business environment;
-  Quotation on the Bucharest Stock Exchange;
-  Integrated Quality, Environment, Occupational Health and Safety System certified;
-  High level of process integration;
-  Own performance know-how for auxiliary processes: thermal treatments, surface coatings; painting;
-  Production facilities in the world's automotive industry;
-  Medium and long-term partnerships with reputable clients;
-  Organizational structure with autonomous business units - profit centers;
-  Involvement in the development of technical and vocational education (support for dual learning);
-  Good handling of modern manufacturing processes in the field of manufacturing and assembly;
-  Employing company management in extensive development projects.
-  Significant profit margins that ensure development;

Risks

-  Insufficient labor market resources;
-  Accelerated growth in labor, materials and energy costs;
-  Credit growth;

High dependence on a relatively small number of customers


Opportunities







-  The accelerated development of the Romanian business environment (based on foreign investments);
-  Accessing EU funds;
-  Increasing turnover from related activities offered to the regional market (metallic coatings, metrology, physico-chemical laboratory, training) and process integration (forging);
-  Developing automotive manufacturing in Romania;
-  Availability of current customers for collaborative development (increasing volume on current products and requesting new references);
-  Resources and resources for business development in other areas (real estate).

All of the above presented important input data and were considered in the analysis, identification and treatment of the risks and opportunities that may arise in COMPA processes and how we respond and harmonize this whole the context in which we exist and carry out our activities.



e) Management methods and techniques

In COMPA, the most common methods of management are:












-  management of change and innovation in order to cope with a highly dynamic external environment by implementing programs to improve the organization's processes and activities;

-  objective-based management applied at all levels to mobilize the intellectual and practical potential to achieve the organization's performance;
-  strategic management in order to link the opportunities of the environment with the possibilities of the company and the management of the actions towards the achievement of the strategic objectives;
-  project management to dynamically develop and efficiently manage resources to rapidly and efficiently assimilate new products and technologies;
-  participatory management, in order to increase the active participation of the employees in the functioning of the organization;
-  prospective dashboard to measure and control critical business parameters (internal processes, human resources, customer satisfaction, and economic and financial management)
-  cost management, by implementing cost-cutting programs aimed at improving and optimizing processes and analyzing and monitoring monthly cost categories.

f) Strategic directions; product development

-  with existing customers;
-  with new customers.

g) High Value Added Products

-  precision machining by cutting;
-  assembly;
-  springs;
-  surface treatments (paint, sandblasting, zinc coating);
-  thermal treatments;
-  benefits for metrology activity, physico-chemical laboratory, tests;
-  stamped parts;
-  forged parts;
-  mecano welded parts, laser cutting;
-  complex benchmarks for sculpture activity;
-  Service cardane - EDS.





h) Human resources strategy

In terms of human resources management, it was assumed that the fulfillment of strategic objectives depends primarily on the human factor.

Firm development involves elements that create long-term value and can ensure the organization's future performance.





The human resources policy fields are specific, interrelated and mutually balanced.

Mainly COMPA focused on:

















-  early recruitment for higher education positions - graduate students and graduates;
-  promotions within society;
-  involvement in correlating the educational offer in the technical field with the needs of the economic agents;
-  efforts to address the needs of employees in relation to the possibilities of company;

Strategic objectives

The main strategic axes pursued in the projection of the following years are:

-  adapting and developing strategic skills;
-  building a functional organizational climate;
-  ensuring a high level of satisfaction;
-  developing skills for action: awareness, performance, participation, motivation.

The pursuit of these strategic axes is possible by achieving the following objectives:

-  effective management of staff skills;
-  training process aligned with the company's strategies;
-  identifying potential employees / specialists (students, students) by managing internships and scholarships;
-  developing the career of young graduates by accompanying the integration course with specialized trainings;
-  personal development;
-  engaging in the development of technical university education by supporting the integration of theoretical and practical knowledge through internships at the COMPA Training and Development Center, practice, subjects for bachelor examinations, etc .;
-  covering high-level posts;
-  "entry-level" training plans;
-  rotation on posts;
-  remuneration packages correlated with individual performance and company performance;
-  favorable working conditions and climate;
-  developing the framework for informing and consulting employees;
-  ensuring a high level of security and health;
-  accessing European funds for human resource development;
-  internal network of authorized trainers (by domain);
-  ensuring professional education graduates meeting the requirements of COMPA through the adoption of the dual education system.



2. MANAGEMENT OF DANGEROUS SUBSTANCES AND MIXTURES

In COMPA, the management of hazardous substances and mixtures is regulated by the Hazardous Substances and Mixtures Management, which stipulates and determines how to purchase, transport, handle, store, use and manage hazardous substances and mixtures in order to ensure the protection of the environment, to control and minimize the risk of accidents involving dangerous substances and mixtures.

The purchase of dangerous substances / mixtures is done in accordance with the procedure "Prospecting market, evaluation and selection of suppliers / conclusion of the order / contract with the suppliers".

Prior to the purchase of any substance or mixture, the supplier is requested in the Order / Contract, Safety Data Sheet (SDS), in accordance with Regulation (EC) REACH No 1907/2006 and Regulation 830/2015 amending Regulation 1907 / 2006 (REACH)

On the www.compa.ro website, the documents required for COMPA's suppliers are loaded, namely:

-  general purchase requirements where the environmental and other requirements for COMPA suppliers are specified;
-  The **Green Purchasing Guide**, which sets out procurement policies and practices and the focus on acquisitions that have a minimal impact on the environment. We also specify COMPA's expectations regarding our products and the recommendations and requirements for our product suppliers.

Prior to requesting the purchase of dangerous substances and mixtures, check that they are on one of the following lists:

- a. List of restricted substances (Annex XVII to the REACH Regulation);
- b. List of substances requiring authorization (Annex XIV to the REACH Regulation)
- c. List of Candidate Lists for Authorization with Very High Concern (SVHC List);
- d. List of Toxic Substances or List of Precursors;
- e. List of restricted substances in the automotive industry GADSL (www.gadsl.com);
- f. List of substances restricted by the COMPA customer's rules

At entry it is checked whether substances and mixtures are labeled in accordance with Regulation (EC) No 1272/2008 (CLP).

The list of hazardous substances and mixtures used is specified in Annex 1 to the Integrated Environmental Authorization No. S.B13 / 25.11.2005 revised on 16.11.2017. This list contains the name of the substance / mixture, CAS No., EC No, chemical composition, quantities used, class and hazard class and the hazard statement according to Regulation (EC) No 1272/2008 (CLP).

2.1. Carbon emissions / planned measures to reduce carbon emissions

During the period 2011 - 2014 the electrothermal plant was modernized by the project "Improving the energy efficiency of the manufacturing processes at SC COMPA SA" carried out with European funds accessed through POSCCE, Priority Axis 4 DM1. On 8 October 2014, the Ministry of Environment and Climate Change notified the reduction of the capacity of the electrothermal power plant under 20 MW and requested the exclusion of the installation from installations subject to the Community legislation on the monitoring of greenhouse gas emissions.

2.2. Use of hazardous chemicals or biocides

The handling and storage of hazardous substances is done in accordance with the safety data sheets provided by the suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of dangerous substances and mixtures in COMPA in order to ensure the protection of the environment the safety of employees and the control and minimization of the risk of accidents involving dangerous substances and mixtures.

The storage of different hazardous chemicals and preparations is made taking into account the compatibility of the substances. The records of the hazardous substances and mixtures used are kept in the SAP (Application and Product System) program.

Persons handling, using, storing and transporting hazardous substances / mixtures are trained half a year and are aware of the measures to be taken in case of emergency.

Environmental targets also include targets for reducing the consumption of hazardous substances and mixtures or replacing hazardous substances and mixtures with some less dangerous to ensure staff health and environmental protection.





2.3. Planned measures to reduce carbon emissions

Annual targets for environmental management programs are aimed at reducing combustion gas consumption from technological processes in order to reduce emissions of combustion gases (carbon emissions)

Combustion gases (CO, powders) from the process and from the electrothermal plant are measured annually, in emission, by the basket, by an accredited laboratory.

There were no exceedances of monitored indicators in 2017, 2018, 2019.

COMP A has consistently and endorsed special care for the protection and preservation of the environment, taking into account:








-  observance of the legislation in force on environmental protection;
-  saving natural resources;
-  identify potential risks, anticipate and take account of the consequences,
-  modernization, progressive upgrading of the technological flow to increase the efficiency of depollution.

COMP A has implemented an Environmental Management System according to the ISO 14001 standard. This system was first certified in 2003 and re-certified in 2018 in accordance with ISO 14001: 2015 by the TUV Rheinland certification body in Germany.







The activities regulated by this system are maintained and continually improved, being systematically overseen by internal audit but also by the certification authority.



Within the management system procedures are in place regarding: Staff training, Monitoring and measurement of atmospheric emissions, Management of hazardous substances and mixtures, Monitoring and prevention of noise pollution, Managing packaging and packaging waste, including packaging and packaging waste of hazardous chemicals, monitoring the monitoring and reporting of greenhouse gas emissions, Waste management, Managing hazardous chemical packaging and Labeling, Emergency Situations and Response Capacity, etc.

Within the society, a number of environmental aspects are identified and evaluated, which are taken into account when setting the targets:

-  nature and scale of activities,
-  legal provisions and other requirements;
-  significant environmental aspects;
-  technological options;
-  operational and commercial requirements;
-  Material, financial and human resources;
-  The views of stakeholders.

To achieve the objectives, measurable environmental targets set for functions, departments where significant environmental issues have been identified and documented in the *Environmental Management Program* have been identified for a certain period of time:








-  soil protection against pollution by harmful substances;
-  water protection against pollution by harmful substances;
-  reduction of vapor emissions paint, diluent (VOC);
-  reducing workplace steam emissions,
-  improving waste management;
-  compliance with legal and regulatory provisions;

-  Employee awareness on environmental protection;
-  Reduce the risk of fire, explosions.

All these specific actions are aimed at improving environmental performance. Environmental issues are identified by the established working team and take into account, as appropriate, emissions to air, water discharges, soil contamination, waste management, resource consumption, noise, vibration, etc. Environmental issues are assessed annually and whenever necessary as a result of changes in the implementation technologies, the introduction of new raw materials / materials / equipment, the modification of legal, regulatory and customer requirements or other interested parties, specific conditions in points work, etc.

On the basis of these analyzes, the ways of controlling the environmental aspects associated with the company's activities are updated. According to the best available techniques, the work is carried out with specialized personnel on environmental protection.

Within the company are provided:






-  programs for the monitoring and measurement of environmental status indicators for the prevention and control of emissions into the atmosphere, wastewater, noise, soil pollution, hazardous and non-hazardous waste;
-  Preventive maintenance programs for relevant installations and equipment.
-  methods for recording the maintenance and revision needs;
-  environmental management programs with environmental objectives and targets for reducing and controlling pollution
-  plans to prevent and combat accidental pollution;
-  raining (meetings, operative meetings) through which all staff is aware of the implications of the integrated environmental permit for the activity of the company, of all the environmental effects resulting from the normal operation and abnormal conditions of the installations, the awareness of the need to report the deviation from integrated environmental permitting, accident prevention and accident prevention, awareness of the need to implement and maintain training records;
-  reports and notifications to competent environmental authorities in accordance with the authorizations held by COMPA.



At the company level, a **global environmental performance indicator** that is calculated based on environmental management performance (providing information on management's efforts to influence the organization's environmental performance) and operational environmental performance (which provides information on operational results of the environmental performance of the organization's activities). At the level of 2019 it was 97.6%.

3. THEMATIC ASPECTS

a) Social Responsibility Policy








We define and assume the following principles as a way to understand Social Responsibility within our organization:

-  **Assuming our responsibility** for the impacts we produce on society, the economy and the environment;
-  **Transparency of our decisions** and activities that can affect society and the environment;
-  **Respecting and promoting ethical behavior:** honesty, equity and integrity, as values that concern us in relation to people and the environment;
-  **The respect for stakeholders' interests** in our decisions and activities;
-  **Ensuring compliance** with all applicable laws and regulations;

-  **Compliance with international norms** of behavior in business.
-  **Respecting and promoting human rights**, which we regard as inalienable and universal

COMPA integrate the principles of Social Responsibility within the organization by conducting management based on leadership principles and vigilant approach to the impact of our decisions on society, environment and economic factors.

With reference to the International Standard ISO 26000, as well as the Ten UN Global Compact Principles and the ILO Labor Standards, we adopt the following guidelines as the main themes of action:

-  **Ensuring organizational management** as a way of conducting and conducting activities in an ethical and responsible manner. All employees and contractors of COMPA will adopt the Social Responsibility considerations described in this policy in their day-to-day work. COMPA managers will act as models by integrating these considerations into decision-making and all activities.
-  **Respect for and promotion of human rights** in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights; COMPA will not tolerate human rights abuses and will not engage or engage in any activity that engages in or encourages any human rights abuses;
-  **Applying appropriate working practices** to ensure working conditions and social protection according to applicable legal standards and regulations; COMPA is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal workplace behavior. COMPA ensures a safe and healthy work environment and will not compromise the health and safety of any person. All employees are responsible for promoting safe work attitudes;
-  **Protecting the environment** as a way of meeting current environmental challenges and as a commitment to applying and promoting responsible environmental practices, including by encouraging the development of green technologies; COMPA is working to continually improve its own environmental performance.
-  **Applying fair practice** as a way of ethical conduct in relations with other organizations and individuals, respecting the applicable national and international laws and regulations; COMPA is committed to maintaining the highest standards of integrity and corporate governance practices applicable to the capital market in order to promote trust in their systems. COMPA engages in timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities.
-  **Responsibility towards customers and consumers** to ensure their right to use, information, choice, expression, correction, education, security in relation to the products and services provided by our organization;
-  **Involvement in community development** as a way of recognizing that we are part of the community, of the rights to its members, as well as of the elements of culture, religion, tradition and history or its partnership. COMPA will contribute to the quality of life in its community by supporting innovative programs in the areas of health, education, social and environmental services as well as cultural and civil projects. This involvement will always ensure the independence of individuals and communities from COMPA.

COMPA's managers are constantly ensuring that there are, and are functioning effectively, appropriate organizational structures to effectively identify monitor and manage the Social Responsibility and Performance aspects relevant to our business. COMPA is committed to measuring, auditing, and reporting the performance of its Social Responsibility actions.

Our lines of action are implemented in a credible way through a broad action of communicating with our stakeholders in our programs in this area and by engaging all of our organization's staff in this regard.

COMPA will inform partners, contractors and providers of the Social Responsibility Policy and will involve them to achieve consistency with this policy.

(b) Social and labor-related aspects

In a time of labor market imbalances, COMPA has pursued an active and dynamic employment policy under the sign of diversity. With a staff of over 2000 employees, COMPA is one of the main employers in Sibiu County.

3.1. Employment
Total effective December 31, 2017 to 2019

Between 2017 and 2019 staff remained relatively constant, registering an increase of 4.4% at the end of 2019 compared to the end of 2017 and an decrease of 5.4% at end of 2018

	2017	2018	2019
Employees with an Individual Employment Contract for an indefinite period	1929	1918	1962
Employees with an Individual Employment Contract for a specified period	272	260	120
TOTAL STAFF	2201	2178	2082

Share of women in total employees at 31 December 2016 to 2018

The number of women in total employment, between 2017 - 2018 marked a slight decline from 30.7% to 30.6%

	2017	2018	2019
Share of women in total employees (%)	29.9%	30.7	30.6

The distribution by age and professional categories of staff as at December 31, 2019

The most representative male age category is represented by staff aged 35-44 years and women between 45-54 years of age:

		TOTAL, of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Under 18 ani	Men	-	-	-	-	-
	Women	3	3	-	-	-
18 – 24 years	Men	113	79	21	12	1
	Women	90	69	17	4	
25 – 34 years	Men	283	134	51	64	34
	Women	100	62	8	26	4
35 – 44 years	Men	268	157	44	33	34
	Women	168	126	9	26	7
45 – 54 years	Men	403	290	73	18	22
	Women	235	194	11	29	1
Over 55 years	Men	326	206	48	38	34
	Women	93	46	5	36	6

Distribution of total staff at December 31, 2019 on seniority and professional categories

The seniority of work, which includes most employees, is the one with employees **over 25** years old, the next installment being the opposite, ie the young employees, less than 5 years old

		TOTAL, of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Under 3 years	Men	184	135	20	25	4
	Women	136	108	17	11	
3 – 5 years	Men	76	41	16	15	4
	Women	33	25	3	3	2
5 – 10 years	Men	156	87	23	29	17
	Women	62	43	6	11	2
10 – 15 years	Men	153	78	34	23	18
	Women	67	47	1	14	5
15 – 20 years	Men	115	58	19	13	25
	Women	65	52	3	8	2
20 – 25 years	Men	93	69	14	6	4
	Women	59	42	3	13	1
Over 25 years	Men	615	398	111	53	53
	Women	268	184	17	61	6

Distribution of total staff at December 31, 2019 on qualifications (as COR code)

In the distribution of qualifications it is found that the share of women is above the average level in the firm (about 30.6%) in the case of specialists with higher education, technicians and middle-class accountants and unskilled workers.

Assembly and installation operators, the percentage is even higher for women than men.

	Men	Women	Total
1. Senior staff	120	17	137
2. Specialists with higher education	143	80	223
3. Technicians and other specialists in technical and accounting	89	202	291
4. Qualified and assimilated workers	899	325	1224
5. Unskilled workers	133	74	207

3.2. Personnel fluctuation

Analyzing the evolution of personnel turnover over the last 3 years there has been a substantial increase in this indicator, due mainly to insufficient labor market resources.

The main measures set up to remedy this situation are related to the level of wages and benefits in the area, qualification / retraining courses, apprenticeship contracts, rental allowances

	2017	2018	2019
Personnel fluctuation	19.70	22.13	19.43

Fluctuation decreased by 12.2% in 2019 compared to 2018

3.3 Disabled on December 31, 2019

Number of disabled workers by categories and sex

The number of disabled employees in COMPA (20 persons) is well below 4% of total employees (about 83 people), which is why the company pays monthly to the state budget a sum representing the minimum gross salary for the country guaranteed in payment multiplied by the number of jobs in which disabled people are not employed.

		TOTAL of which:	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Disabled	Men	14	11	1	4	1
	Women	6	3	-	3	-

3.4 Persons in parental leave

Number of employees on parental leave, by category of staff and by sex

From the situation presented below, it is clear that the beneficiaries of parental leave are both women and men

		TOTAL of which::	Directly Productive Workers	Indirectly Productive Workers	Senior staffs	Executive staff
Employees on parental leave	Men	1	1	-	-	-
	Women	31	25	-	6	-

3.5 Continuous training 2017 - 2019

Analyzing the evolution of the number of training hours / employee / year there is a slight decrease in the value of this indicator, due mainly to the high fluctuation of the personnel.

Training hours for new entrants are not included in the number of training / employee / year.

	2017	2018	2019
Number of training / employee / year	23.13	28.28	26,90

3.6 Relationship with trade unions (syndicate)

Trade union membership (average for 2019)

Freedom of association can be suggestively exemplified in the table below.

The data show that the number of employees belonging to a trade union is 75.5%.

	Non union	Independent Free Trade Union	Trade union Arsenal	Trade union Executive staff
Personal number/ trade syndicate	510	1400	106	66
Trade syndicate membership (%)	24,50%	67,24%	5,09%	3,17%

3.7 Human capital management

Regarding the management of human capital, it was assumed that the fulfillment of the strategic objectives depends first of all on the human factor. Firm development involves elements that create long-term value and can ensure the organization's future performance.

The fields of human resources policy are specific, interrelated and mutually balancing.

Mainly COMPA will focus on:

- early recruitment for higher education positions - graduate and graduate students;
- promotions within society;
- involvement in the correlation of the educational offer in the technical field with the needs of the economic agents;

The main strategic objectives pursued in the projection of the following years are:

- adapting and developing strategic skills;
- strengthening a functional organizational climate;
- ensuring a high level of satisfaction;
- developing skills for action: awareness, performance, participation, motivation.

The pursuit of these strategic axes is possible by achieving the following objectives:

- Effective management of staff skills;
- training process aligned with the company's strategies;
- identifying potential employees / specialists (students, students) by managing internships and scholarships;
- Developing the career of young graduates by accompanying the integration course with specialized trainings;
- personal development;
- engaging in the development of technical university education by supporting the integration of the theoretical knowledge with the practical ones through internships at the COMPA Training and Development Center, practical, bachelor examination topics, etc .;
- covering high-level posts;
- "entry-level" training plans;
- Remuneration packages correlated with individual performance and company performance.
- favorable working conditions and climate;
- developing the framework for informing and consulting employees;
- accessing European funds for human resource development;
- internal network of authorized trainers (by domain);
- ensuring professional education graduates meeting the requirements of COMPA through the adoption of the dual education system.

3.8 Respecting the human rights

Procedures for Receiving and Solving Complaints

In COMPA there is a system for dealing with employees' complaints that governs how they can address their company's petition formulated in their own name.

Petitions address social issues related to work. The system stipulates how petitions are recorded, distributed for settlement, and dispatched to the petitioners.

3.9 Responding to freedom of association

The COMPA Administration recognizes the free exercise of trade union law, in line with the international conventions Romania has adhered to, as well as the freedom of opinion of each employee.

The COMPA Administration undertakes to adopt an impartial position vis-à-vis trade syndicate and their representatives in the company.

The trade syndicate is the official representative body of trade union members of COMPA employees in front of the administration, and it recognizes the trade union as a democratic organization and a factor of progress and supports its work. The relationship with the unions is based on trust, good faith and promptness in information.

Trade syndicate defend the rights of their members, which derive from labor law, from the Collective Labor Agreement within the company, from individual labor contracts, before courts, other institutions or state authorities through their own or elected defense. Employers have the obligation to invite elected delegates of representative trade union organizations to participate in boards of directors or other bodies assimilated to them, to discuss issues of professional, economic, social, cultural or sporting interest.

4 HEALTH AND WORK SECURITY

a) Work accidents (incapacity for work > 3 days)

	2017	2018	2019
Number of work accidents	1	2	0

According to the law, accidents were investigated by a commission that determined the circumstances and causes that led to the occurrence of the events, the violated regulations and the measures that had to be taken to prevent the occurrence of other similar cases.

b) Accidents at work, by causes

	2017	2018	2019
Number of accidents involving serious risks	0	0	0
Number of accidents related to areas with dislevelments, landslides	0	0	0
Number of accidents due to machine tools	0	1	0
Number of handling accidents - material storage	0	0	0
Number of accidents due to poor working load	0	0	0
Number of accidents due to the worker's wrong actions	1	1	0

The 2017 work-related accident was the main cause of the worker's failure to use personal protective equipment. Work accidents in 2018 had as main causes: failure to take proper and safe measures of the assembly press in order to prevent the worker's access to the hazardous area as well as non-compliance with the rules for the safe use of the forklift.

c) Light accidents

	2017	2018	2019
Head injuries	1	1	1
Injury to the eye	0	1	0
Body injuries	1	0	0
Hand injuries	2	4	2
Foot Injury	0	1	1
Number of light accidents	4	7	4

Most minor injuries have resulted in upper limb lesions..

d) Professional diseases

	2017	2018	2019
Number of professional diseases	0	0	0

In the last three years, there were no reported professional diseases.

e) Number of notified permanent incapacity (partial and total)

Permanent, partial / total incapacity - reduction potential psycho physical sensory or intellectual due to an accident

	2017	2018	2019
Number of partial permanent incapacity	0	0	0
Number of total permanent incapacity	0	0	0
TOTAL permanent disabilities	0	0	0

f) Number of fatal accidents: work, route

	2017	2018	2019
Number of fatal work accidents	0	0	0
Number of fatal accidents on the route	0	0	0
TOTAL fatal accidents	0	0	0

g) Staff working in high-risk areas and specific

The high-risk and specific risk areas of COMPA SA are areas where there is a risk of explosion, noise above the permissible limit, and areas with medium voltage electrical shock.

	Dangers	number of workers
workshop boiler	explosion, deafness/ hearing loss	7
Cogeneration Station	Noise	6
Points transformation	Electrocution	6
Zone pressure storage containers	explosion	0
Areas with noise beyond the permissible limit	hearing loss	70
TOTAL		89

h) Number of accidents whose victims were employees of the leasing companies or of the service companies in the company

	2017	2018	2019
Number of accidents of temporary employees or service providers	0	0	0

i) The number of fires

	2017	2018	2019
The number of fires recorded	0	1	4

j) Number of meetings of the Health and Safety Committee at work

	2017	2018	2019
Number of meetings of the Health and Safety Committee at work	4	4	4

4.11. Occupational medicine / Labor medicine
a) Number of clinical exams / types of examinations

	2017	2018	2019
Number of clinical examinations for employment occupational medicine	637	870	395
Number of clinical exams per transfer	89	80	162
Number of consultations	33	16	20
Number of regular clinical examinations	1899	2192	1943

b) Number of employees declared conditionally / inappropriately on their job






	2017	2018	2019
Number of employees declared "apt conditionally" in the post	255	188	157
Number of employees declared "unfit" on post	14	-	3

Workers declared "apt conditionally" have been made by the medical practitioner for advice on dispensing with specialist doctors, avoiding night shift or alternating work positions

5. POLICY IN THE FIELD OF QUALITY, ENVIRONMENT, HEALTH AND OCCUPATIONAL SECURITY


Quality, environmental protection, occupational health and safety are part of the values i have, being integrated into the long-term strategy of our organization and representing some of the issues we represent.


Principles and lines of action:


-  **Customer orientation** to demonstrate that its requirements and expectations:
 - Are consistently determined, understood and satisfied.
 - Compliance obligations related to these requirements and expectations are determined, understood and met.
 - The risks and opportunities that can influence the compliance of our products and services are determined and treated.
 - our ability and orientation to increase customer satisfaction are maintained.
-  **Maintaining and continuously improving the effectiveness** and efficiency of the integrated management system of quality, environment, health and occupational safety.
-  **Communication, awareness and implementation of the system requirements to all the functions involved**, so that their binding nature is clearly understood.
-  **Engagement of all functions within the organization to meet customer-specific requirements and integrated system** regulations to create a climate and culture for professional, environmental, health and safety quality within the organization.
-  **Identifying, establishing, detailing and planning all the functions, objectives, and objectives of quality,**


environment, occupational health and safety that relate to increasing our performance in these areas and reflecting our requirements and demands, our customers as well as those of other parties interested in our performance. We have in mind the following lines of action:


- Assuming and fulfilling the requirements and expectations of our clients regarding quality, deadlines, cost, and other specific requirements;
- promoting the best technologies available in relation to the environment;
- Appropriate management and control of hazardous chemicals;
- reducing the concentration of pollutants in waste water, pollutants emitted into the atmosphere and noise level, and meeting them within the maximum allowed legal limits;
- adequate maintenance and exploitation of technological equipment and equipment;
- reducing raw material consumption and rational use of natural resources (electricity, water, air, gas);
- adequate waste management;
- developing a culture in the field of environment and occupational health and safety by training, awareness and active involvement of workers.

 **Compliance with applicable law** and with the regulations and requirements of other stakeholders and which we assume or subscribe to in relation to quality, environment, health and occupational safety applicable to our products, processes, services and activities.

 **Systematic action** to prevent pollution and to prevent accidents at work and occupational diseases.

 **Taking appropriate social responsibilities** to our activities and products and meeting the expectations of our stakeholders and our social partners.

 **Periodic review** of how this policy is implemented and functional in the field of quality, environment, occupational health and safety;

 Imposing the appropriation and adoption of similar principles relating to the quality, environment, health and safety of our products and services.

We also delegate to each employee the responsibility for complying with and implementing this policy in accordance with his or her duties under this system as they result from his / her documents and regulations and in accordance with his / her job description.

6. MARKETING AND SALES STRATEGY




The priority of the marketing and sales department is to provide quality products / services that meet or even exceed customer expectations.



7. BUYING STRATEGY

The main objective of the purchases is to find sources of supply that ensure the highest competitiveness of the raw materials and the materials supplied.

In the context of globalization and market alignment at stock quotes for most products, the goal of buying is to get an index of at least 20% more favorable than the index communicated by the National Institute of Statistics for that segment.

The analysis of this index is done on each product group:

-  metallurgical products,
-  semi-finished products and components;
-  Tools, Devices, Verifiers;

-  rubber and plastics products;
-  chemicals / lubricants / gaseous;

A continued goal is to prospect the market and find new supply solutions as well as develop suppliers to obtain the best price and quality level in the supply.

Purchasing activity has evolved continuously with the development of the company.




The **company's** focus on large customers in the automotive industry has led to a considerable widening of the suppliers database and to the increase in the share of import suppliers in total purchases.

This is due to the high level of specialization required by suppliers.

COMPA has moved from mainly purchasing basic materials to the purchase of imported semi-finished products, due to the increase in the technological level of the company and implicitly the specialization in certain fields. In the context of the current market one can expect a continuation of the trend over the next years.



















8.) RESEARCH & DEVELOPMENT







8.1. Strategic goals

-  increasing the productivity of the current products according to the contracts with the customers;
-  integration of adjacent processes to current products;
-  Developing new products and processes outside of the automotive industry.




8.2. Objectives of technical activity

a). Developing new products and processes


-  Alternative energy capture systems;
-  Development of a new process for injection molding;
-  Making additional features in the manufacturing process of the nozzle;
-  Development of processes for making additional injectors;
-  Expansion of the customer base range for turbochargers;
-  Enlarging the range of gears;
-  Development of joint injection ramp production;
-  Zn ni alloy coating on the new automatic line;
-  The development of the manufacture of cold-rolled arches for the automotive industry;
-  The development of bosch hand tools parts development;
-  The development of 3rd party production (3pi)
-  Integration of adjacent processes to stamped parts;
-  Development of transfer stamping processes;
-  Development of components for the continental automotive customer;
-  Integration of the horizontal forging process for significantly higher productivity;
-  Development of landmarks for the dacia client, including transmission and pinions;
-  Developing the forging process for different parts of the turbocharger, injector body, common ramp and pinions.
-  Identifying products that can adapt to e development of new technologies in compa (precision stamping, cold forging - extrusion, metallic and non-metallic coating processes);

-  The development of intelligent, self-compacting devices and equipment of machine tools with automatic and semiautomatic feed systems;
-  Development of the common ramp product for gasoline-fueled and direct injection engines;
-  Development of processes for making components of machine tools;
-  Product and process development of high-strength water pump pulley;
-  The development of “ball-nut” processes;
-  Automation of welding processes for lifting equipment.



b). Implementarea procesului de îmbunătățire continuă

-  Streamlining the process of developing new products and processes - simplifying the procedure and harmonizing it with the other procedures in COMPA;
-  Streamlining the AMDE method - completing the procedure and simplifying the formality.
-  IT technology computerization and the use of IT applications in the development process (Team Center Wind-chill and Share-point).

c). Redesigning processes by KAIZEN principles and techniques

-  Redesigning processes so that the best performance is achieved on the existing equipment:
 - ✓ productivity;
 - ✓ stocks;
 - ✓ ergonomics;
 - ✓ health and safety.




d). Increasing the skill level of activities





-  Training of technical personnel;
-  Internal audit, periodically.

9. TECHNOLOGICAL PROJECTS, EQUIPMENT AND CAPACITIES

The manufacturing technologies of the products are designed by specialized personnel in the technical compartments and are, in general, serial production technologies. The manufacturing preparation is designed by qualified personnel within an independent unit, using computer assisted design.

Technology Processes Used in Serial Manufacturing:

-  Most machining operations are carried out on special machine tools with numerical control. These machines provide the full range of machining: turning, milling, drilling, threading, teasing, etc., both in the production processes in the series and in the other. Technological processes are conducted on technological lines of production or in workshops organized by machine groups.
-  Thermal treatments are carried out in a centralized workshop with equipment that provides the full range of treatments: quenching, rebounding, cementation, carbonitration, etc. This workshop performs thermal treatments for parts of products made in the company as well as services for other clients.
-  The cold plastic deformation of the sheets is carried out in a workshop equipped with mechanical presses from the range of 6 to 400 tf. Cold plastic deformation of the plates has evolved from processes to classic mechanical presses to automatic presses, with the use of multipost dies with the widespread use of rolls in rolls.

-  Hot plastic deformation is performed on two high-productivity forging lines. Surface coatings are made in specialized workshops and include both paint coatings and metallic coatings. The painting is carried out in the electrostatic field and with water based paint in the electrostatic field and cataphoretic dyeing. Installations include equipment that ensures the complete preparation of the painting surfaces.
-  Welding of metals is a technological process used in specifically equipped workshops or on technological assembly streams. The processes used vary depending on the products made: protective welding, pressure welding, electric welding, oxy-acetylene flame welding. In the technological flows there are automated machines with high productivity and firm control of the parameters, thus increasing productivity and reducing costs. Robots are also used to improve the quality of the welds and, implicitly, of the parts.
-  The cold-rolled spring manufacturing processes include winding, finishing and heat treatment operations.
-  The assembling of the products is done on modern mounting lines: wiper arms, wiper blades, carters and three insert parts.

The company's manufacturing policy focuses on the development of new product manufacturing on two main aspects:

1. Increased turnover of products already in production;
2. Assimilation of new products and processes by diversifying existing ones.

This development, as a major manufacturing policy, is the measure of reducing the influence of the continued decline in market requirements in the production of traditional products.











The objectives of the manufacturing department for the current and subsequent years are materialized in the full satisfaction of our customers' requirements, both in terms of quantity deliveries and in terms of the quality and quality demanded by them.

To achieve this goal, the Production Directorate is pursuing the activity by improving the indicators as follows:

- making the monthly manufacturing schedule in the quantities and deadlines requested by the customer;
- compliance with the planned costs, established in accordance with the planned level of production;
- fitting with non-quality costs;

- continuous improvement of performance indicators, both by initiating proposals and improving projects, with the participation of all staff categories: operators, registrars, UEL chiefs, multifunctional teams at the manufacturing level.

The downward trend in the manufacture of traditional products due to lower demand on the market must be offset by the increase in the share of new products:







-  injection
-  Common rail injection
-  Carters, Flanges, Rolls
-  Pinions
-  Mechanized welding assemblies
-  Wiper blades, wiper arms, clamps
-  Pressed parts
-  Assemblies, subassemblies and components for machine tools
-  Forged and mechanically machined pinion
-  Water pump for hydraulic vehicles

10. SUPPLY AND MANUFACTURING FLOWS - STOCKS

Logistics activity is subject to clear, "process-based" rules to help strengthen this business's consistency while responding to customer-specific requirements.

The logistics function now integrates the logistics flow activities: supply, internal and external flow management, distribution.





The objectives and objectives of the logistics activity are mainly derived from the objectives of the company and refer to:

-  Improving supply through the use of an efficient (reliable, capacitive and reagent) IT system);
-  reduction of inventories of finished materials and products;
-  optimizing the flow of materials in the workshop and between the various facilities to reduce transit time;
-  reduction of the costs with the overall internal flow (at company level);
-  compliance with delivery requirements;
-  standardization of conditioning and packaging management.






11. MAINTENANCE

a. Maintenance - production partner




Four axes of progress are affected by maintenance:

-  increasing the system's productivity, is the quantity of products at the best price, in a stable manner over time;
-  participation in the continuous improvement of the quality of the manufactured products and of the services offered;
-  ensuring the security of the proper functioning of the system and the people serving it;
-  Ensuring environmental protection.

b Strategic goals

-  ensuring the quality of the obtained products, by ensuring optimal parameters of operation of the equipment and installations;
-  Reduction of production costs by ensuring maximum reliability of fixed assets and a rapid response in removing the production system operation disturbances;
-  compliance with the delivery terms, in order to ensure the necessary availability for the fixed assets;
-  ensuring work safety and environmental protection;
-  Providing competent human resources and increasing staff flexibility.

Depending on the specific factors (technology, plan, costs, competition, market, objectives, etc.), management has chosen as a strategic alternative the execution of its own maintenance activities, which are achieved by:

-  **total productive maintenance** - ensuring the smooth running of the production process in the conditions of obtaining high quality products;
-  **Diversification of maintenance activity** - involving the provision of specific maintenance activities to other firms in the same field or related fields;
-  **Focus on maintenance activity** - aiming at focusing on specific maintenance and repair activities in order to achieve high efficiency of interventions.

CEO,
Ioan DEAC

CFO,
Ioan MICLEA



Prima atestare documentară: 1886

traditie

dinamism

calitate

componente auto

**CONSOLIDATED
FINANCIAL
STATEMENTS**

31.12.2019

R E P O R T

ON THE CONSOLIDATED FINANCIAL STATEMENTS

31st of December 2019

**Prepared in accordance with international financial
reporting standards adopted by the European Union**

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Independent auditor's report

To the Shareholders of COMPA S.A. Sibiu

Report on the Audit of the Consolidated Financial Statements

Opinion

- 1 We have audited the accompanying consolidated financial statements of COMPA S.A. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
- 2 The consolidated financial statements refer to:

- Net Assets/Total equity:	480.116 thousand lei
- Net profit of the year:	33.229 thousand lei
- 3 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.

Basis for Opinion

- 4 We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation no. 537 of the Parliament and of the European Council („Regulation”) and Law no. 162/2017 („Law”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- 5 Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets

See Note 10 to the consolidated financial statements

The key audit matter

The Group has recognised deferred tax assets for deductible temporary differences considered recoverable.

The recoverability of recognised deferred tax assets is dependent of the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences.

Due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences, we consider that evaluation of deferred tax assets to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Using our own professional judgement to evaluate measures taken by the Group that should be able to allow the recovery of deferred tax assets.
- Assessing the accuracy of forecast future taxable profits by evaluating the accuracy of previous estimates and by comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit.
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Tax exemption for profits reinvested in technological equipment

See Note 10 to the consolidated financial statements

The key audit matter

The management of the Group expects to retain the technological equipment for a period of at least five years and to not use the reserves created as a result of using the tax exemption for a period of at least five years.

The additional deduction for reinvested profits depends on retaining in the patrimony of the technological equipment. Evaluating deferred tax debt and deferred tax assets reflect the tax consequences arising from the way the Group expects to recover the value of the equipment.

Due to the inherent uncertainty in estimating the retention period of at least five years, we consider that evaluation of deferred tax assets to be a key audit matter.

The key audit matter

Our audit procedures in this area included, among others:

- Using our own professional judgement to evaluate the assumptions and judgements of management. In doing so we evaluated technical specifications of the equipment, information from commercial contracts, market information about the Group's products and the equipment's adaptive capability.
- Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

Our procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the matters described above, and the findings described do not express a separate opinion on these individual matters.

Other aspects

- 6 Considering the evolution of the international epidemiological situation caused by the spread of SARS-CoV-2 coronavirus in more than 150 countries, declared "Pandemic" by the World Health Organization, on 11.03.2020, as well as the uncertainty related to the spread in time and magnitude of the effects on the world economy, the future activities of the Group may be adversely affected. It is difficult to estimate at present the extent of the effects on the industry in which the Group operates, respectively on the demand for the Group's products, but also on the possible deficiencies in the supply chain or the effects of any restrictions imposed by the authorities in the next period.

Other information – the Consolidated Administrator's Report

- 7 The administrators are responsible for the preparation and presentation of other information. This other information includes the Consolidated Administrator's Report, but do not include the Financial Statements and the Auditor's report on the financial statements and neither the Non-financial Statement, this being presented in a separate report.

Our opinion on the financial statements as at 31 December 2019 does not cover this other informations and except when we explicit mention this in our report, we are not expressing any statement of assurance regarding this other information.

In connection with our audit of the consolidated financial statements as at 31 December 2019, our responsibility is to read this other informations and, doing so, to assess whether this other information is not consistent, in all material respects, with the information presented in the consolidated financial statements, or with the knowledge we gained during our audit of the consolidated financial statements, or if this other information appear to be significantly distorted.

We have read the Consolidated Administrator's Report and report that it includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 26-28.

Based exclusively on activities that need to be carried during the audit of the financial statements, in our opinion:

- a) Information in Consolidated Administrator's Report for the period that the financial statements were prepared is consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at 31 December 2019;
- b) the Consolidated Administrator's Report identified above include, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications, Annex 1, points 26-28.

In addition, based on our knowledge and understanding concerning the Group and its environment gained during our audit of the consolidated financial statements as at 31 December 2019, we are asked to report if we have identified information included in the Consolidated Administrator's Report that contains a material misstatement of fact. We have nothing to report on this aspect.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- 8 Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
- 9 In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- 10 Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

- 11 Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
- 12 As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient and adequate audit findings regarding the financial information of the entities that comprise the Group or the activities within the Group, in order to express an opinion on

the consolidated financial statements. We are responsible for the coordination, supervision and carrying out the audit of the group. We only are responsible for our audit opinion.

- 13 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 14 We also provide to those charged with governance a declaration regarding our conformity with the ethic requirements referring to independence and we communicate all relations and other aspects which can reasonably be considered, that it might affect our independence and, if applicable, the associated safety measures.
- 15 Out of all aspects we communicated to those charged with governance, we determine those aspects that had an increased importance during our audit on the consolidated financial statements as at 31 December 2019 and, consequently, represent key audit matters. We describe this aspects in our audit report, except when legislation or regulations forbids the public presentation of a certain aspect or, in extremely rare circumstances, we consider that a certain aspect should not be communicated in our audit report because it's reasonable to assume that the benefits of the public interest are overcome by the negative consequences of this communication.

Report on other legal and regulation directives

- 16 We were appointed by the General Meeting of Shareholders on the 24th of April 2019 to audit the consolidated financial statements of COMPA S.A. and its subsidiaries for the period ending on the 31 December 2019.

We confirm that:

- Our opinion is in accordance with the supplementary report presented to the Company's Audit Committee, which we issued at the same date as this Report. We also, during our audit, we have kept our independence from the audited entity.
- We have not provided forbidden **non-audit services**, mentioned at article 5 paragraph (1) from the EU Regulation no. 537/2014.

On behalf of
AuditCont SRL
Registered with the Chamber of Financial Auditors in
Romania with no. 321/2003

Daniela Benga
Registered with the Chamber of Financial Auditors in
Romania with no. 1169/2001

Sibiu, 23 martie 2020

COMPA S.A. Sibiu
Consolidated statement of financial position for the year ended 31.12.2019
(all amounts are expressed in RON, unless otherwise specified)

INDICATORS	Note	31.12.2019	31.12.2018
ASSETS			
FIXED ASSETS:			
Tangible assets	4.1	385.488.463	342.155.388
Intangible assets	5	7.432.457	3.534.152
Real estate investment		65.494.195	40.768.728
Other receivables (grants and settlement of ventures operations)		72.572	668.703
Other receivables	7	121.233	117.948
Deferred tax asset	11	1.167.380	1.720.637
FIXED ASSETS - TOTAL		459.776.300	388.965.556
CURRENT ASSET:			
Inventories	8	105.426.190	111.661.748
Trade and other receivables	6	145.394.086	163.532.433
Other receivables (grants and settlement of ventures operations)	6	8.198.773	10.550.680
Cash and cash equivalents	9	8.961.682	3.267.685
CURRENT ASSETS - TOTAL		267.980.731	289.012.546
TOTAL ASSETS		727.757.031	677.978.102
EQUITY			
Share capital	11	21.882.104	21.882.104
Own shares	11	-64.910	-64.910
Losses related to own shares	11	-45.961	-45.961
Reserves	11	364.176.438	316.703.787
Reserve adjustment		23.151.094	23.151.094
Retained earnings:	11	70.824.988	
Retained earnings derived from the first-time adoption of IAS 29	11	-677.389	-677.389
Minority interests	11	192.048	169.473
TOTAL SHAREHOLDERS' EQUITY		480.115.801	444.861.023
LIABILITIES			
LONG TERM DEBT			
Financial debts	12	96.569.036	60.770.375
Deferred revenues (deferred income, grants)	13	34.435.001	32.224.372
Other debts	13	0	24.454
Provisions	14	135.645	135.645
TOTAL LONG TERM DEBT		131.139.682	93.154.846

COMPA S.A. Sibiu
Consolidated statement of financial position for the year ended 31.12.2019
(all amounts are expressed in RON, unless otherwise specified)

CURRENT LIABILITIES			
Financial liabilities	12	5.506.241	628.375
Trade and other payables	13	92.028.996	117.849.642
Other liabilities	13	12.302.982	12.587.555
Debts from contracts with customers	13	1.217.334	3.515.725
Current tax liabilities	10	54.861	70.885
Income in advance (upfront revenues, subsidies)	13	5.391.134	5.310.051
TOTAL CURRENT LIABILITIES		116.501.548	139.962.233
TOTAL LIABILITIES		247.641.230	233.117.079
TOTAL EQUITY AND LIABILITIES		727.757.031	677.978.102

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

COMPA S.A. Sibiu

Consolidated statement of profit or loss and other comprehensive income for the year ended 31.12.2019

(all amounts are expressed in RON, unless otherwise specified)

EXPLANATION	Note	31.12.2019	31.12.2018
Revenues	15	751.175.663	756.505.986
Other revenues	15	21.171.463	11.163.809
TOTAL REVENUES		772.347.126	767.669.795
Changes in inventories of finished goods and work in progress	16	10.243.352	3.184.244
Raw materials and consumables	16	-497.150.305	-497.394.870
Employee benefit expense	18	-161.619.505	-149.458.100
Depreciation and amortization expense	4.1;5; 16	-47.010.212	-41.310.646
Third parties services	16	-30.066.704	-32.524.492
Other expenses	16	-9.176.271	-8.371.694
TOTAL EXPENSES		-734.779.645	-725.875.558
Operating Results	17	37.567.481	41.854.923
Financial income	19	2.300	1.381
Financial expenses (expenditures)	19	-940.536	-525.042
Other financial returns / losses	19	-2.461.081	-1.857.473
Net financing costs		-3.399.316	-2.381.134
Profit before income tax		34.168.165	39.413.103
(Expenses) / Income from deferred tax	10	-428.983	-317.566
Expense with current tax	10	-509.775	-3.179.629
Net profit for the period, of which:		33.229.407	35.915.908
Attributable non-controlling interests		22.579	21.416
Attributable Parent Company		33.206.828	35.894.492
Other comprehensive income, of which			
Income tax relating to other comprehensive income	10	-124.274	1.230.292
Other incomes of global result, net of tax		-124.274	1.230.292
Total global result of the year		33.105.133	37.146.200
Attributable non-controlling interests	20	22.576	21.413
Attributable Parent Company	20	33.082.557	37.124.787
Unbound basic result per share / diluted	20	0,15	0,16

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

COMPA S.A. Sibiu
Consolidated statement of changes in equity for the year ended 31.12.2019
(All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minority interests	TOTAL
Balance on January 1 st 2018	21,882,104	-64,910	-45,961	4,905,920	22,679,066	82,062,778	189,835,835	472,028	85,825,555	407,552,415	148,060	407,700,475
Net profit for the period									35,894,491	35,894,491		35,894,491
Other elements of the comprehensive income:						-275,492	1,230,292	0		954,800		954,800
Transfer to deferred result						-275,492				-275,492		-275,492
Creates legal reserves										0		0
Profit tax on other items of comprehensive income							1,230,292	0		1,230,292		1,230,292
Transactions with shareholders recorded directly in equity, from which				20,967	0	0	38,923,487	0	-2,760,119	36,184,335	21,413	36,205,748
Profit sharing				20,967			38,923,487		-3,035,611	35,908,843	21,413	35,930,256
Balance on 31.12.2018	21,882,104	-64,910	-45,961	4,926,887	22,679,066	81,787,286	229,989,614	472,028	83,065,436	444,691,550	169,473	444,861,023

COMPA S.A. Sibiu
Consolidated statement of changes in equity for the year ended 31.12.2019
 (All amounts are expressed in **RON**, unless otherwise specified)

Equity capital item	Registered Capital	Own shares	Losses related to own shares	Legal reserves	Legal reserves adjustments	Reassessment reserves	Other reserves	Other reserves Adjustments	Reported result	Retained earnings	Minority interests	TOTAL
Balance on January 1 st 2019	21,882,104	-64,910	-45,961	4,926,887	22,679,066	81,787,286	229,989,614	472,028	83,065,436	444,691,550	169,473	444,861,023
Net profit for the period									33,206,829	33,206,829		33,206,829
Other elements of the comprehensive income:						2,103,844	-120,712	0		1,983,132		1,983,132
Transfer to the retrieved result						-45,800				-45,800		-45,800
Profit tax on other items of comprehensive income							-120,712	0		-120,712		-120,712
Transactions with shareholders recorded directly in equity, from which				22,237	0	0	45,467,282	0	-12,240,448	33,249,071	22,575	33,271,646
Transfer from revaluation reserves									45,800	45,800		45,800
Profit sharing				22,237			45,467,282		-12,286,248	33,203,271	22,575	33,225,846
Balance on 31.12. 2019	21,882,104	-64,910	-45,961	4,949,124	22,679,066	83,891,130	275,336,184	472,028	70,824,988	479,923,753	192,048	480,115,801

CEO
Ioan DEAC

CFO
Ioan MICLEA

COMPA S.A. Sibiu
Consolidated statement of cash flows for the year ended 31.12.2019
(all amounts are expressed in RON, unless otherwise specified)

EXPLAIN	31.12.2019	31.12.2018
Cash flows from operating activities		
Profit before tax	34,168,165	39,413,103
Adjustments for non-cash items:		
Depreciation and impairment of assets	47,010,212	41,310,646
Adjust other non-cash items	28,088,784	4,071,898
Operating profit before changes in the circulating capital	109,267,161	84,795,647
(Increase) / decrease in inventories	-6,235,558	-11,875,149
(Increase) / decrease in receivables	-21,086,385	-36,943,120
(Increase) / decrease in debts	-23,541,768	11,997,433
Net cash generated from operations	58,403,450	47,974,811
Cash flows from investing activities		
Purchase of tangible assets	-80,872,394	-66,045,660
Purchase of intangible assets	-11,575,340	-962,476
Net cash generated from investment activities	-92,447,734	-67,008,136
Net cash generated from investing activities		
(Increase) / Financial liabilities Decrease	40,676,527	19,958,894
Interest payments	-938,246	-525,042
Net cash from financial activity	39,738,281	19,433,852
Net cash generated from total activity	5,693,997	400,527
Cash and cash equivalents at beginning of period	3,267,685	2,867,158
Cash and cash equivalents at end of period	8,961,682	3,267,685

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

COMPA S.A. Sibiu
Notes to the consolidated financial statements for the year ended on 31.12.2019
(All amounts are expressed in RON, unless otherwise specified)

1. GENERAL INFORMATION

a) COMPA parent company

COMPA is a Joint Stock Company, based in Sibiu, str.Henri Coandă nr.8, CP 550234.

Domain of activity

The main activity according to CAEN is: 2932 – Manufacturing of other parts and accessories for motor vehicles and motor vehicle engines.

Ownership of company

COMPA is privatized 100% since September 1999. The company is listed on the stock market shares are traded on the Bucharest Stock Exchange in the Standard Category, under symbol CMP.

The company's evolution

By the Government decision nr.1296 / 13.12.1990 the company became COMPA, originating from *Intreprinderea de Piese Auto Sibiu (I.P.A. Sibiu)*. *IPA Sibiu* was established in 1969 through the merger of two units: *Elastic Plant* and *Automecanica Plant*.

Since 1991, COMPA was organized in factories workshops, established for product families as cost centers, which in time became profit centers in order to decentralize and facilitate the establishment of joint ventures.

Financial investments of company COMPA S.A. as “*Parent Company*”, representing equity securities as shares or stocks owned in commercial entities are presented in the table below:

Company where capital securities are held	Registered office	Value of securities held by COMPA (RON)	% Share capital
COMPA I.T. S.R.L.	Sibiu, No 8Henri Coandă, Sibiu county	200.000	100,00
TRANS C.A.S. S.R.L.	Sibiu, No 12Henri Coandă, Sibiu county	1.498.450	99,00
RECASERV S.R.L.	Sibiu, No 51Henri Coandă, Sibiu county	70.000	70,00
TOTAL		1.768.450	

The management of the company was provided by a Board of Directors consisting of:

Deac Ioan	Chairman & CEO,
Miclea Ioan	Member of the Board & CFO
Maxim Mircea-Florin	Member of the Board
Baltes Nicolae	Member of the Board / Chairman Audit committee
Velțan Ilie- Marius	Member of the Board

COMP A S.A. Sibiu
Notes to the consolidated financial statements for the year ended on 31.12.2019
(All amounts are expressed in RON, unless otherwise specified)

b) Subsidiaries

Company COMP A IT S.R.L. headquartered in Sibiu, 8, Henri Coandă Str., Sibiu county. The company was established in 2001, registered at the Trade Register under no.J32 / 17/2001, VATno. 13656016.

The purpose of establishing was design and implementation of an *Integrated Informational System* for the mother company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMP A.

The object of activity, according to CAEN code number is 6201 - "Activities of providing software on request"

The share capital of the company on 31.12.2016 was 200, 000 RON, fully owned (100%) by the Company COMP A S.A. The company's administrator is Mr. Acu Florin-Stefan.

Company TRANS C.A.S. S.R.L. with headquarters in Sibiu, 8 Henri Coandă Street, Sibiu County. The company was established in 2002, registered at the Trade Register under no.J32 / 633/2002, VAT no. 14836511. The company was intended for outsourcing the transport activity, initially existing within the company COMP A, with the purpose of extending and developing this distinctive activity from the profile of the company COMP A. TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMP A and for external customers.

The main activity of the company, according to CAEN code is 4941's "Road transport of goods"

The share capital is 150,000 shares amounting to 1,500,000 RON.

On 31.12.2018 shareholding structure was as it follows:

The company COMP A S.A. holds a number of 149,845 shares, amounting to 1,498,450 RON.

Maxim Mircea Florin and Mihăilă Daniela as individuals, hold a total number of 155 shares worth 1,550 RON.

The company management is assured by Maxim Mircea - Florin – as administrator.

RECASERV S.R.L. company headquartered in Sibiu, 51 Henri Coandă Str., Sibiu County, founded in 2004, registered at the Trade Register with no.J32 / 704/2004, VAT no. 164408228. The purpose of establishing the company was outsourcing within the mother company (COMP A SA) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMP A. By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

The main activity, according to CAEN code is 5629 "Other food service activities", consisting of catering for employees in COMP A SA and other companies in Sibiu, organizing events with catering for companies and schools in Sibiu.

The share capital of the company is 100,000 RON owned by:

Company COMP A S.A. Sibiu, amounting to 70%

Boroş Daniela, amounting to 30%

Company RECASERV S.R.L. Sibiu has a number of 649100 shares worth 64,910 RON to COMP A SA Sibiu purchased by the BSE, registered in the company's financial statements from April 31.12.2017.

Administrator of the company is Mrs. Boroş Daniela.

2. BASIS OF PREPARATION

Declaration of Conformity

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU") and with Ministry of Finance Order no. 2.844/2016. The Group adopted IFRS reporting from the financial statements of 2012.

The principle of business continuity

The separate financial statements have been prepared on a going concern basis, which implies that the Group will be able to operate under normal conditions.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain tangible assets that are measured at re-valued amount or fair value as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Presentation currency and functional currency

The financial statements presented in Romanian **lei** (RON), rounded to the nearest value, which is the functional currency of the group.

Use of estimates and judgments

Preparation of financial statements in accordance with IFRS as adopted by the European Union implies the use by management of estimates, judgment and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and other sources believed to be representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised also in future periods if they are affected.

Modification of estimations does not affect prior periods and is not a correction of an error.

Information about critical judgments in applying the Group's accounting policies whose effect is significant on the amounts recognized in the financial statements included in the notes on:

- **Tangible and intangible assets – operational life time of tangible assets**

Tangible and intangible assets are depreciated over their operational life.

Group management uses judgment in determining the operational life time and the evidence used to determine this life time include technical specifications of equipment, information from commercial contracts that the Group has entered into with customers, history of products sold, market information relating to Group's products and the ability to adapt their equipment.

- **Tangible and intangible assets – Adjustments for impairment of tangible assets.**

Intangible assets and equipment are analyzed to identify any indications of impairment at balance sheet date.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the asset to its recoverable amount. If the reasons for recognizing an impairment loss

disappear in subsequent periods, the carrying value of the asset is increased to the net carrying amount that would have been determined had no impairment loss had been recognized.

Evidence that may cause impairment includes a decline in usefulness to society, excessive physical wear, the emergence of new production technologies.

- **Deferred taxes**

Deferred tax assets are recognized as assets to the extent that it is probable that there will be taxable profit that can be covered losses. The Group's management uses judgment in determining the value of deferred tax assets that can be recognized as assets. Management decisions are based on information from commercial contracts that the Group has entered into with customers, market forecasts for the automotive and automotive components.

- **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event it is likely to be required for settlement of the obligation an outflow of resources embodying economic benefits and can be a reliable estimate of the realizable value of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation to the end of the reporting period.

- **The recoverable amount of assets**

The evaluation for impairment of receivables is performed individually and is based on management's best estimate of the present value of cash flows expected to be received. The Group reviews its trade and other receivables at each financial position date to assess whether necessary to record in the income statement depreciated value. In particular, management judgment is necessary to estimate the value and coordination of future cash flows when determining the impairment loss.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount.

These estimates are based on assumptions about several factors and actual results may differ, resulting in future changes in adjustments.

- **Valuation at fair value of financial instruments**

When the fair value of financial assets and liabilities reflected in the statement of financial position can not be measured on the basis of quoted prices on active markets, their fair value is measured using valuation techniques, including the updated cash flow model. The assumptions in these models are taken from available market information, but when it is not possible, judgments are needed to determine fair value. Reasoning includes the determination of assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards and interpretations in force during the current period and adopted by the group since 1 January 2019

Amendments to IAS 19 – “Long-term Interests in Associates and Joint Ventures”. The Financial Statements are not influenced by the amendments.

Amendments to IAS 28 - “Long-term Interests in Associates and Joint Ventures”. The Financial Statements are not influenced by the amendments.

IFRIC 23 „Uncertainty over Income Tax Treatments”. The Financial Statements are not influenced by the interpretations.

Amendments to IFRS 9: „Prepayment Features with Negative Compensation”. The Financial Statements are not influenced by the amendments.

IFRS 16 „Leasing Contracts”. Changes have no effect on transactions and balances. Implementing the new standard brings changes to the presentation of financial statements.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force, hence not applied yet

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

Amendments to IFRS 9, IAS 39 and IFRS 7: “Interest Rate Benchmark Reform” (Effective 1 January 2020, or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to References to the Conceptual Framework in IFRS Standards - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective

Amendments to IAS 1 and IAS 18 – Definition of Material - (Effective from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

3.3. Standards and Interpretations issued by the IASB and not yet adopted by the EU

Currently the IFRS adopted by the EU are not significantly different than the regulations adopted by the IASB, except for the following standards, amendments and interpretations which have not been yet validated for applicability:

IFRS 17 „Insurance Contracts” (Effective according with IASB from 1 January 2021) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of this standard over the financial situations and the moment it will become effective.

Amendments to IFRS 3 “Business Combinations” - (Effective according with IASB from 1 January 2020) or any time afterwards for annual periods as per the IASB). The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Amendments to IAS 1 and IAS 18 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current. The Group is carefully considering the implications of the amendments over the financial situations and the moment it will become effective.

Except as described above, the group provides for the adoption of new standards, revisions and interpretations will not have a significant impact on the financial statements of the Group.

Basis for consolidation

Business combinations

Business combinations are accounted for using the purchase method at the acquisition date. The acquisition date is the date on which control is transferred to the buyer. Control is the power to determine the financial and operating policies so as to obtain benefits from its activities. In assessing control, the Group considers potential voting rights that are currently enforceable.

Professional judgment is applied to determine the acquisition date and whether the control transferring between the parties has occurred.

The Group assesses goodwill at fair value of the consideration transferred including the recognized value of interests without control in the acquired entity, minus the net amount recognized (fair value) of the identifiable assets acquired and liabilities assumed, all measured at the date of acquisition. The consideration transferred

COMPA S.A. Sibiu
Notes to the consolidated financial statements for the year ended on 31.12.2019
(All amounts are expressed in RON, unless otherwise specified)

includes the fair value of assets transferred, liabilities assumed by the Group to the previous shareholders of the acquired entity and equity instruments issued by the Group.

The compensation transferred includes the fair value of contingent compensation. A contingent liability of the Acquiree is assumed in a business combination only if such liability is a present obligation resulting from a past event and its value can be measured reliably.

Controlling interests

The Group assesses interests without control as part owned by minority shareholders in the Acquirer's identifiable net assets.

Transaction costs of the Group relating to a business combination, such as commission for brokering the transaction fees for legal consultancy services, the fees for the services of due diligence and other fees for professional services and consulting are recognized in profit or loss account when incurred.

The revised standard specifies that changes in shareholding of Parent Company in a subsidiary that do not result in loss of control must be recorded as equity transactions. Under the revised standard, acquisitions of interests without control are accounted for as transactions with equity holders in their capacity as owners and as a result of such transactions does not recognize goodwill. The result of these transactions is acknowledged by the Group within "Other reserves".

Branches

Subsidiaries represent all entities which the Group controls. The group controls a wholly owned entity when the entity authority, is exposed and is entitled to variable revenues based on stake and has the ability to lead and authority over the entity to influence the value of these revenues. The subsidiaries included in the consolidation from the date on which control is transferred to the group. Subsidiaries are excluded from consolidation from the date that control ceases. Accounting policies of subsidiaries have been changed where necessary, to be aligned with the policies adopted by the Group.

Investments in associates (investments accounted for using the equity method)

Associates are those entities over which the Group exercises significant influence but not control over financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are those entities over whose activities the Group exercises joint control established by contractual agreement and requiring a unanimous agreement for taking decisions on financial and operational strategies.

Investments in associates are accounted for using the equity method and are initially recognized at cost. Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the share for the group of revenues, expenditures and changes in equity of investments accounted for using the equity method, after adjustments to align the accounting policies with those of the Group, from the starting date until the date on which it ceases significant influence or control.

When the share of losses related to the Group exceeds its interest in investment accounted for under the equity method, the book value of the holding, including any long-term investment is reduced to zero and recognition of further losses is discontinued unless the Group has an obligation or made payments on behalf of the investee.

Common commitments:

A shared commitment is a commitment in which two or more parties have joint control.

The joint commitments are accounted for using the equity method. Based on the equity method, the investment in a joint arrangement is initially recognized at cost and the carrying amount is increased or reduced in order to recognize the group's profits or losses after acquisition and movement of other comprehensive income. When the part of losses within an association exceeds interests in association, the group does not recognize further losses, unless there are obligations or payments made on behalf of the association.

Earnings not coming from transactions between group and its associations are eliminated within the limit interest group in combination. Losses not realized are also eliminated unless the transaction proves prejudicial transferred asset.

Transactions eliminated on consolidation

Balances and transactions within the Group, and any unrealized profits or losses resulting from intra-group transactions are eliminated from the consolidated financial statements. Unrealized gains on transactions with associates accounted for using the equity method are eliminated in return for investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there are no indications of impairment.

Conversion into foreign currencies

When preparing individual financial statements of the Group, transactions in currencies other than the functional currency of the Group (currencies) are recognized current exchange rates at the dates of the transactions. Monetary items denominated in a foreign currency at the end of the reporting period are translated at exchange rates at that respective date. Non-monetary items carried at fair value that are denominated in a foreign currency are reconverted to current courses at once when the fair value was determined. Non-monetary items that are evaluated at historical cost in a foreign currency are converted at the date of transaction.

Exchange differences resulting from the conversion of monetary items at the end of the reporting period are recognized in profit or loss.

Financial instruments

Non-derivative financial assets

The Group recognizes the loans and debts at the date they are generated. All other financial instruments are recognized at the date of the transaction, which is the date when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified in loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Group intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables, bank and cash balances, etc.) are generally held for the purpose of cashing cash flows under contracts and are measured at amortized cost using the effective interest method less any impairment.

Trade receivables are amounts to be collected from customers for the products sold and services provided in the course of the Group's business. They are generally cashed in short periods and are classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, except when they contain a material financing component when they are recognized at fair value.

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (besides trade receivable without a significant financing component) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial claims (others than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial claims, as applicable at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial claims at fair value through profit or loss are recognized immediately in profit or loss of the individual.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other of comprehensive income; or fair value through profit or loss

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for the management of its financial assets, in which case all those financial assets affected are reclassified.

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met and is not designated at fair value through profit or loss:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise, at certain dates, to cash flows that are exclusively principal payments and interest on the principal amount.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

On initial recognition, the Group may irrevocably designate a financial asset at fair value through profit or loss if it thereby eliminates or significantly reduces an inconsistency in valuation or recognition that would otherwise result from the measurement of assets or liabilities or the recognition of gains and losses on different bases.

The Group's business model for managing financial assets

The group makes an assessment of the business model objective in which a financial asset is held at a portfolio level because it best reflects how the business is managed and information is provided to management. The information considered includes:

- the policies and objectives declared for the portfolio and the functioning of these policies in practice. These include analysing whether the management strategy focuses on earning contract interest income, maintaining a

specific interest rate profile, matching the duration of the financial assets to the duration of any expected debt or cash outflows, or making cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the management of the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Assessment whether contractual cash flows are solely principal and interest payments

For the purposes of this assessment, the "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration of the time value of money and credit risk associated with the amount of the principal to be cashed in a certain period of time, as well as for other core credit risks and costs and a profit margin.

In order to assess whether contractual cash flows are only capital and interest payments, the Group takes into account the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the time or amount of contracted cash flows so that it does not meet this condition

An advance payment feature is compatible with the criterion of principal and interest payment only, if the amount of the anticipated payment represents substantially the unpaid principal amounts and interest on the outstanding amount, which may include a reasonable additional compensation for early termination contract.

Subsequent valuation of financial assets

After the initial recognition, the Group assesses a financial asset at amortized cost; at fair value through other elements of the comprehensive income; or at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, gains and losses in foreign currency and depreciation are recognized in profit or loss. Any gain or loss from derecognition is recognized in profit or loss.

Impairment of financial assets

The Group recognizes impairment adjustments for expected credit losses for:

- financial assets measured at amortized cost;
- contract assets.

Loss adjustment for trade receivables and contract assets are always measured at an amount equal to expected lifetime loss of credit.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and estimated credit loss, the Group considers reasonable and justifiable information that is relevant and available without undue cost or effort. These include quantitative and qualitative information and analysis, based on the Group's historical experience and including prospective information.

The Group considers that a financial asset is incapable of payment when:

- the borrower is unlikely to fully pay his credit obligations to the Group; or
- the financial asset is past 365 days after maturity.

Lifetime loss credit loss data is the expected credit loss resulting from all implicit events during the expected life of a financial instrument.

12 months credit loss represents the portion of expected credit losses resulting from the default events that are possible within 12 months of the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period taken into account when estimating the expected loss of credit is the maximum contractual period that the Group is exposed to credit risk.

Measuring the expected credit loss

Expected credit losses are a probable estimate of loan losses. Credit losses are measured as the present value of the cash deficit (the difference between the cash flows due to the entity under the contract and the cash flows that the Group expects to receive).

Financial assets impaired as a result of credit risk

At each reporting date, the Group assesses whether financial assets at amortized cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is "impaired as a result of credit risk" when one or more events occur that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is impaired by credit includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as failure to fulfil obligations or exceeding by 90 days the due date; or
- the debtor is likely to go bankrupt or otherwise reorganize;

Presentation of the adjustment for expected credit losses in the financial position

Adjustments for financial assets measured at amortized cost are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income, loss adjustments are recorded in the income statement and are recognized in Other comprehensive income.

Removal off the balance sheet

The gross carrying amount of a financial asset is removed when the Group has no reasonable expectation of recovering a financial asset in whole or in part. For individual clients, the Group has a policy to remove gross book value when the financial asset is 3 years after maturity, based on the historical experience of similar asset recoveries. For corporate clients, the Group makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

Derecognition

The Group derecognizes a financial asset when contractual rights expire to the cash flows from the asset or when the Group transfers the rights to receive contractual cash flows on the financial asset in a transaction that has transferred substantially all risks and rewards of ownership.

At derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

Financial liabilities

The Group initially recognizes a financial liability at its fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

The Group classifies financial liabilities as subsequently measured at amortized cost or fair value through profit or loss. A financial liability is classified as a FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. FVTPL financial liabilities are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and gains and losses in foreign currency are recognized in profit or loss. Any gain or loss from derecognition is also recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are concluded, or when such obligations expire or are canceled. At derecognition of a financial liability, the difference between the liability's carrying amount and the consideration paid is recognized in profit or loss.

Other financial liabilities include loans and loan commitments, credit lines and trade and other payables.

Derivatives financial instruments

A derivative is a financial instrument or other contract that falls under IFRS 9, which meets the following three characteristics: its amount changes in response to changes in certain interest rates, the price of a financial instrument, the price of the goods, the exchange rates, price indices or rates, credit rating or credit index or other variables, provided that in the case of a non-financial variable it is not specific to a party (sometimes referred to as the "base"); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts that are expected to have similar effects to changes in market factors; and is settled at a future date.

Capital instruments

An equity instrument is any contract that creates a residual claim on the assets of an entity after deducting all of its liabilities.

When an equity instrument of the group is redeemed, the amount paid, which includes directly attributable costs, net of taxes, is recognized as a deduction from equity. The group does not recognize gain or loss in profit or loss on the purchase, sale, issuance or cancellation of equity instruments.

Tangible assets

Tangible assets are valued for cost, deducting accumulated depreciation and accumulated impairment losses, except for land and buildings which are evaluated at revalued amount.

Revalued amount is the fair value of the asset on the date of the revaluation less any subsequent accumulated amortization and any accumulated impairment losses. Reassessment is done for the entire class of property (land, buildings).

The cost includes expenses directly attributable to acquisition of the intangible asset. Cost of an asset self-constructed include the cost of materials and direct labor, other costs attributable to bringing the asset to the place and in operation and the initial estimate of the costs of dismantling and removing the asset and restoring the placement and borrowing costs when there is an obligation of these costs.

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When the Group depreciates separately some parts of an item of property, plant and equipment, it also depreciates separately the remainder of the item. What remains consist of parts of the item that are individually not significant.

Group revaluations performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an asset is reclassified as investment property, the property is revalued at fair value.

Gains arising from revaluation are recognized in the income statement only to the extent there is a loss of impairment of property, and any other remaining winnings recognized as other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in profit or loss as.

Subsequent costs are capitalized only when it is probable that expenditures will generate future economic benefits to the Group. Maintenance and repairs are expenses in the period.

Land is not depreciated. Depreciation is recognized in order to decrease the cost less residual values over their period of useful life using the straight-line method. Estimated useful lives, residual values and depreciation method are reviewed by Group management at the end of each period of reporting, taking into account the effect of all changes in accounting estimates.

The assets which are subject to a finance lease are depreciated over their useful life duration on the same basis as the assets owned or where the period is shorter, over the relevant period of the lease.

The estimated service lives for the current and comparative years of significant groups of property are:

Buildings	12-50 years
Plant and machinery	3-18 years
Other installations, equipment and furniture	2-18 years

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognized immediately in profit or loss if the asset is not accounted relevant at a revalued amount, in which case the impairment is treated as a revaluation decrease.

Tangible assets are derecognized as a result of a disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss arising from retirement or disposal of an item of property and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit and loss in the period in which the derecognition.

Intangible assets

Recognition and Measurement

For recognition of an item as an intangible asset the Group must demonstrate that the item meets:

(a) Definition of an intangible asset

is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability correspondence; or

arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the group or from other rights and obligations.

(b) Recognition criteria

- it is probable that future economic benefits expected to be assigned to asset will flow to the Group; and
- cost of the asset can be measured reliably.

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An intangible asset is measured initially for cost. The cost of a separately acquired intangible asset comprises:

- a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- b) any directly attributable cost of preparing the asset for its intended use.

In some cases, an intangible asset may be acquired free of charge or for a symbolic consideration, through a government grant. The Group initially recognizes both the intangible asset and the grant at fair value.

The cost of internally generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. There cannot be reincorporated expenditures previously recognized as cost. The cost of internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Examples of directly attributable costs are:

- a. the costs of materials and services used or consumed in generating the intangible asset;
- b. costs of employee benefits arising from the generation of the intangible asset;
- c. fees to register a legal right; and
- d. amortization of patents and licenses that are used to generate the intangible asset.

To determine whether an internally generated intangible asset fulfills the criteria for recognition, an entity classifies the generation of the asset into:

- (a) a research phase ;
- (b) a development phase.

If the group cannot distinguish between the research phase and the development of an internal project to create an intangible asset, the Group treats the expenditure on that project as expenses incurred exclusively in the research phase.

No intangible asset arising from research (or from the research phase of an internal project)

should be recognized. Expenditure on research (or the research phase of an internal project) should be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if you can measure reliably the expenditure attributable to the intangible asset during its development, technical feasibility of completing the intangible asset so that it will be available for use or sale, management has the intent and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenditure on an intangible item shall be recognized as an expense when incurred, except for those that are part of the cost of an intangible asset that meets the recognition criteria.

Evaluation after recognition

Group intangible assets accounted for by the cost model.

After initial recognition, an intangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a finite useful life determined is allocated on a systematic basis over its remaining service life. Depreciation starts when the asset is available for use, i.e. when it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ends at the earliest of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Intangible assets are depreciated using the straight-line method over a period of 1-5 years or the validity of contractual or legal rights when it is lower than the estimated service life.

An intangible asset with an indefinite service life will not be amortized.

Depreciation

At the end of each reporting period the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the size of the impairment (if any). The recoverable amount is the biggest from the fair value less the cost of sell and the value from use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

A real estate investment is an estate (land or a building – or part of a building – or both) owned by the Group with the scope of earning rent or capital appreciation, or both, rather than it being used for production or distribution of services and goods, for administrative purposes, or to be sold during the ordinary course of business.

The cost of a real estate investment comprises its purchase price and any costs directly attributable to the acquisition. Directly attributable expenditures include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

The investment cost of self-constructed real estate is the cost at the date when the construction or development were completely finished. Until that date, the Group applies the IAS 16 provisions. At that date, the property becomes investment property and falls under the current standard.

After initial recognition, the Group chooses the fair value model and evaluates all of its investment properties at fair value.

A gain or loss generated by a change in the fair value of the real estate investment is recognized in the profit or loss statement for the period in which it happens.

The fair value of real estate investment is the price at which the property could be exchanged between willing parties, conducted under objective conditions. The fair value of an estate shall reflect the market conditions at the balance sheet date.

The assets for which fair value is determined in the financial statements are included in the fair value hierarchy based on the fair value determined as follows:

- Level 1 - unadjusted market prices
- Level 2 - Input Data other than unadjusted market prices, but fair value is observable directly or indirectly

- Level 3 - fair value measurements based on unobservable inputs

Gains or losses arising from the retirement or disposal of real estate investments should be determined as the difference between the net disposal income and the accountancy value of the asset and must be recognized in profit or loss statements in the period of the retirement or disposal.

Stocks

Inventories are valued at the lower of cost and net realizable value.

Inventory costs are determined on a first in, first out and include expenses arising from the purchase of stocks, production and other costs of bringing inventories into shape and location of existence. In the case of finished products and production in progress, costs include a share of overheads based on normal production capacity.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs for inventories of completion and costs necessary to make the sale.

Employee benefits

In the normal course of business, the Group makes payments to pension funds, health and unemployment funds of the Romanian state, on account of its employees. Spending on these payments are recorded in the income statement in the same period of wage costs.

All Group employees are members of the Romanian State pension plan. Within the Group there is no other ongoing pension scheme and there are no other obligations on pensions.

Termination of employment benefits can be paid when the contract of employment is terminated for reasons not attributable to employees. Group recognizes benefits for termination of employment when it is obliged to terminate the employment contracts of current employees.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation generated from a past event, it is likely to be required to settle the obligation outflow of resources embodying economic benefits and a reliable estimate can be realized amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where a provision is measured using the cash flows estimated to settle the present, its carrying value is the present value of those cash flows (where the effect of the time-value of money is significant).

Guarantees

Provisions for estimated costs of warranty obligations under local law and contractual provisions for the sale of goods is recognized at the sale date of products. The provision is based on the historic of securities and the balancing of all possible outcomes.

Restructuring

A restructuring provision is recognized when the Group has approved a detailed and formal restructuring plan and this plan has either started or the main features of the restructuring plan were announced to those affected by it.

Onerous contracts

If the group has an onerous contract, the current contractual obligation stipulated in the contract should be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained from the contract in question. Unavoidable costs of the contract reflect the net cost out of contract, respectively the lowest cost of fulfilling contract and any compensation or penalties arising from failure to fulfill the contract.

Revenue recognition

Accounting policies information regarding contracts with customers is presented in Note 15.

Government grants

Government grants represent assistance by government in the form of transfers of resources to the Group in exchange for compliance, past or future compliance with certain conditions relating to the operating activities of the Group. They exclude those forms of government assistance which cannot be reasonably assigned a certain value, and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

Government grants are recognized as income over the periods corresponding to the related expenses which these grants are intended to compensate, on a systematic basis.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognized as income in the period in which it becomes receivable.

Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The Group only registers financial leasing contracts at the date of entry into force of IFRS 16.

Indebtedness costs

Indebtedness costs, directly attributable to the acquisition, construction or completion of eligible assets, assets that require a significant amount of time to get ready for use or sale, plus the cost of those assets until the assets are ready significantly for usage area or sale.

Revenues from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets are deducted from the indebtedness costs which may be capitalized.

All other indebtedness costs are recognized in profit or loss in the period they are incurred.

Gains or losses on foreign exchange differences are reported net amount that gain or loss depending on the result of exchange rate changes.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred taxes.

Liabilities or claims relating to tax the current period and prior periods are measured at the amount to be paid or recovered by the tax authority using legal regulations and the tax rate in effect on the date of the financial statements. Tax on profit for the period closing December 31, 2018 was 16%.

Current tax and deferred tax are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current tax and deferred tax are also recognized in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit achieved during the year. Taxable profit differs from profit as reported in the statement of income unconsolidated general because of items of income or expense that are taxable or deductible in some years and items that are never taxable or deductible. Group's obligation in respect of current taxes is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences arising between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that there is probability of future taxable profit from which temporary difference can be recovered.

The main differences resulting from the amortization of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined based on taxes which are supposed to be applied during the respective period realized or settled liability or deferred tax asset.

Segment Reporting

A business segment is a component of the Group that engages in business activities from which it can obtain revenues and from which expenses may incur (including revenues and expenses related to transactions with other components of the same society), whose results of activity are reviewed regularly by the Group's chief operating decision maker in order to take decisions about resources to be allocated to the segment and assessing its performance and for which financial information is available.

Group management regularly evaluates the activity of the Group to identify operating segments for which information must be reported separately.

The group did not identify components that are classified as operating segments.

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4.1. TANGIBLE ASSETS

Evolution of tangible assets from 1th of January 2018 to 31th of December 2019 is the following:

Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Inventory value						
1/1/2018		43.509.161	86.911.987	486.004.405	1.196.573	11.405.414
Inputs 2018			16.949.149	43.019.342	50.358	66.525.589
Outputs 2018			-4.448.180	-2.724.316	0	-56.193.714
12/31/2018		43.509.161	99.412.956	526.299.431	1.246.931	21.737.289
Inputs from revaluations 2019	339.539	5.747.571				6.087.110
Inputs from acquisitions 2019			443.303		77.820.819	78.264.122
Inputs from acquisitions 2019			50.073			50.073
Inputs from acquisitions free purchases in 2019					9.496.006	9.496.006
Internal generated Inputs 2019		7.996.333	62.377.849	442.685		70.816.867
Inputs from transfers from other classes of fixed assets		2.482.268	0			2.482.268
Outputs revaluation		-3.635.150	0		0	-3.635.150
Output from the cancellation of depreciation at revaluation		-18.677.508	0		0	-18.677.508
Outputs of transfers to same classes 2019		-2.482.268	0		0	-2.482.268
Output from transfers to other classes of fixed assets 2019		0	0		-70.880.510	-70.880.510
Outputs of sales 2019		0	0	0		0
Inputs from cassation 2019		-10.000	-733.810	0		-743.810
12/31/2019	43.848.700	90.834.202	588.436.846	1.689.616	38.173.604	762.982.968
Amortization, depreciation						
01.01.2018	0	8.718.080	302.487.469	992.855	0	312.198.404
Expenditure 2018	0	5.058.507	35.956.304	40.874	0	41.055.685
Depreciation, amortization related to outflow 2018	0	-525.723	-2.677.986	0	0	-3.203.709
12/31/2018	0	13.250.864	335.765.787	1.033.729	0	350.050.380
Expenditure 2018	0	5.436.643	41.364.781	62.295	0	46.863.719
Amortization, depreciation						
inputs of transfers within the same class in 2019	0	328.919			0	328.919
Output from the cancellation of the depreciation on the occasion of the revaluation of the net values of 2019	0	-18.677.508	0		0	-18.677.508
Amortization, depreciation transfers the output of the other classes in 2019	0	-328.918			0	-328.918

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Explanations	Land	Buildings	Equipment and motor vehicles	Other tangible assets	Tangible assets in progress	Total
Depreciation, amortization related rescission 2019	0	-10.000	-732.087	0	0	-742.087
12/31/2019	0	0	376.398.481	1.096.024	0	377.494.505
Remaining value						
1/1/2018						316.829.136
12/31/2018						342.155.388
12/31/2019						385.488.463

The buildings and land were revalued at 31.12.2019 by an authorized independent evaluator. In the fair value hierarchy, the revaluation of the buildings and lands of the company at fair value is classified as level 2 data.

The evaluation technique used in the level 2 fair value measurement is the price comparison method. Building prices are determined in comparison with the adjacent buildings' and can be tailored to specific features such as property size, etc. The most important input data for this evaluation method is the prices per square meter. There were no transfers between the level at which the fair value measurements are classified in 2019.

The depreciation of the tangible assets is determined by the straight-line method.

The fixed assets were reduced in 2019 by write-off and amortization

The inventory value of fixed assets cashed in 2019 was 743,810 lei, and the unamortized value of fixed assets cashed was 1,723 lei.

In 2019, within the Group, projects funded from European funds were carried out.

The implementation of these projects has resulted in the acquisition of state-of-the-art technological equipment. Thus, within the project "Development of the research department of the company COMPA SA and obtaining innovative results in the field of the auto industry", the following equipments were purchased in 2019:

Hybrid machine - with laser	5.843.338.00 lei
CNC lathe with axis B-SPRINT 65-3T B	3,166,159.00 lei
Ultrasonic hybrid machine	3,370,147.00 lei
Milling machine	8,283,495.00 lei
Round grinding machine	1,250,258.00 lei
5 D measuring machine	859,627.00 lei

The subsidized value of the equipment purchased for the project was 9,230,986 lei.

As part of the project "Learn for a safe job!" a booth for simulation, testing and diagnostics worth 99,518 lei was purchased, of which a subsidized value of 94,542 lei.

Within the project "Qualified employees for a safer future", equipment worth 141,265 lei was purchased, of which a subsidized value 70,632 lei.

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The mortgage value for the tangible assets of the contracted loans had the net book value of 22,516,990 lei on the 31st of Decemeber 2019. At the same time, the guarantees consisting of technological equipment had the net book value of 55,591,281 lei.

4.2. REAL ESTATES INVESTMENTS

Evolution of real estate investments 1 January 2018 to 31 December 2019 Take as follows

Explanations	Real estate investments	Real estate investments in execution	Total
Balance at 01.01.2018	31.654.858	8.906.859	0
Inputs 2018	187.387	19.624	207.011
Outputs 2018	0	0	0
Balance at 31.12.2018	31.842.245	8.926.483	40.768.728
Inputs from revaluation in 2019	4.412.735		4.412.735
Inputs from acquisition 2019		47.627	47.627
internally generated 2019 inputs		9.161	9.161
Inputs from transfers from other classes of fixed assets	20.987.913	1.903.500	22.891.413
Inputs of the same class of assets in 2019		8.419.668	8.419.668
Output from 2019 revaluation	-890.799		-890.799
Outputs from other classes of property transfers in 2019		-1.744.670	-1.744.670
Outputs of transfers within the same class of property assets in 2019		-8.419.668	-8.419.668
The balance 31.12.2019			

Real estate investments are evaluated at a fair market value. A gain or loss arising from a change in the fair market value of property investments is acknowledged in the profit or loss statements of the same period.

The “on-going real estate investments” assets are evaluated at a historical cost.

5. INTANGIBLE ASSETS AND GOODWILL

Intangible assets holds by the Group are represented by software, software licenses and intangible assets in progress. Their evolution was as follows:

Explanations	R&C expenditure	Software and software licenses	Total
Cost			
31.12.2018			
Input 2018	0	9.935.897	9.935.897
Outputs 2018	559.983	485.353	1.045.336
31.12.2018	-600		-600
Inputs of acquisition 2019	1.486.860	1.023.712	2.510.572
Internally generated inputs 2019	2.070.173	0	2.070.173
Inputs from transfers within the other class 2019	600	9.286	9.886

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Explanations	R&C expenditure	Software and software licenses	Total
Output from transfers within same class 2019	0	0	0
Outputs from transfers within the same class 2019	0	0	0
Outputs 2019	-600	0	-600
31.12.2019	4.116.416	11.454.248	15.570.664
Depreciation, amortization			
1/1/2018	0	6.796.171	6.796.171
Expenses 2018			
Depreciation, amortization related outputs 2018	0	650.310	650.310
12/31/2018	0	7.446.481	7.446.481
Depreciation, amortization related outputs 2019	0	691.726	691.726
12/31/2018			
Remaining value			
1/1/2018			3.139.726
12/31/2018			3.534.152
12/31/2019			7.432.457

In May 2019, the Group concluded a Financing Agreement with the Ministry of European Funds and the Ministry of Research and Innovation, focusing on "Developing the research department of COMPA SA and achieving innovative results in the automotive industry"

The total value of this contract is 26,614,121.45 lei, of which non-reimbursable financing 9,230,986.36 lei. The duration of the project is 15 months from the date of signing the contract.

The Group capitalizes the R & D costs due to the fact that the criteria for their recognition as an element of intangible asset immobilization are met, namely:

- it is probable that the future economic benefits expected to be attributable to the asset are attributable to the Company; and
- the cost of immobilisation can be reliably measured.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanations	2019	2018
Receivables from clients who have not exceeded the maturity	104.451.883	132.290.542
Debts which exceeded maturity, but there were no adjustments for depreciation	4.371.504	12.380.370
Debts which exceeded maturity, but there were adjustments for depreciation	856.281	1.535.953
Adjustments for impairment	-1.535.953	-1.535.953
Total trade receivables	108.823.387	144.670.912

At 31th of December 2019 and 2018 the situation of seniority of debts that exceeded due time and for which no adjustments were recorded for impairment, is as follows:

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Explanations	2019	2018
Past due by 90 days	2.914.720	7.283.194
Past due between 91 and 180 days	1.316.763	3.662.021
Past due from 181 days to 1 year	140.021	1.429.485
Past due more than 1 year	0	5.670
Total receivables past due	4.371.504	12.380.370

The Group has created impairment for clients' receivables as it follows:

Balance at 01.01.2018	1.105.878
Adjustment established in 2018	658.413
Reversed Adjustment in 2018	-228.338
Balance at 31.12.2018	1.535.953
Adjustment established in 2019	732.275
Reversed Adjustment in 2019	-1.411.947
Balance at 31.12.2019	856.281

The Group's commercial policy requires the recording of impairment adjustments exceeding 360 days, except those receivables registered at partners to which the Group is a debtor in its turn, the debts registering approximately the same age as uncollected receivables

The situation of other receivables owned by the Group is as follows:

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Advances paid to suppliers	32.041.021	0	32.041.021	11.627.430	0	11.627.430
Receivables related to staff	31.659	0	31.659	18.683	0	18.683
Claims about consolidated state and local budget	3.089.014	0	3.089.014	5.574.472	0	5.574.472
Sundry debtors	706.640	0	706.640	1.278.101	0	1.278.101
Impairment of debtors	-368.925	0	-368.925	-301.611	0	-301.611
Accrued expenses	1.071.290	0	1.071.290	664.446	0	664.446
Subsidies receivables (European funds projects)	8.271.345	72.572	8.198.773	11.219.383	668.703	10.550.680
Total – other receivables	44.842.044	72.572	44.769.472	30.080.904	668.703	29.412.201

The Group established Impairment of other receivables as it follows:

Balance at 01.01.2018	594.585
Adjustments in 2018	0
Reversed Adjustment in 2018	-292.974
Balance at 31.12.2018	301.611
Adjustments in 2019	367.314
Reversed Adjustment in 2019	-300.000
Balance at 31.12.2019	368.925

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The Group's commercial policy requires the recording provisions for other receivables that exceed 360 days for those receivables for which there are indications that are uncertain.

Receivables in foreign currencies are valued in lei at the exchange rate of BNR dated 31.12.2019.

7. OTHER RECEIVABLES

The situation of other receivables of the Group is as follows:

Explanations	2019			2018		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Custom home warranty	103.000	103.000	0	103.000	103.000	0
Other guarantees	18.233	18.233	0	13.684	13.684	0
Total other assets	121.233	121.233	0	116.684	116.684	0

8. STOCKS

Structure of stocks owned by the Group is presented in the table below:

Explanations	2019	2018
Raw materials	46.319.432	41.635.827
Impairment of raw materials	-295.044	-307.651
Packaging materials	22.962.023	22.698.829
Impairment of materials and packaging	-77.960	-84.302
Semifinished parts and production in progress	19.063.886	36.966.386
Impairment of semifinished parts	0	0
Finished goods and merchandise	17.623.306	10.922.112
Impairment of finished products and goods	-169.453	-169.453
Total stocks	105.426.190	111.661.748

The Group made adjustments for the depreciation of stocks, as follows:

Balance at 01.01.2018	558.194
Adjustments made in 2018	106.232
Adjustments reversed in 2018	-103.020
Balance at 31.12.2018	561.406
Adjustments made in 2019	0
Adjustments reversed in 2019	-18.949
Balance at 31.12.2019	542.457

9. CASH AND CASH EQUIVALENTS

Available cash and cash equivalents are as follows:

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Explanations	2019	2018
Bank accounts in RON	7.387.072	2.338.749
Foreign currency bank accounts	1.543.333	908.417
Cash equivalents	611	472
Money house in RON	10.169	20.047
Casa currency	20.497	0
Total Cash and equivalents	8.961.682	3.267.685

The Group owns domestic and foreign currency accounts at the following banks: BRD Group Societe Generale, BCR, RBS Bank, ING Bank, Treasury.

10. PROFIT TAX

Tax for current profit of the Group is determined based on the Group's statutory profit, adjusted for non-deductible expenses and non-taxable income at a rate of 16%.

In 2018 the Group calculated in addition to tax and income tax on microenterprises.

At 31 December 2019 and 2018 Profit tax consists of:

Explanations	2019	2018
The expense with the current profit tax	487.964	3.149.177
The expense with the tax on the income of micro-enterprises	21.811	30.452
Debt / (debit) with deferred tax assets	428.983	317.566
Total income tax	938.758	3.497.195

The numerical reconciliation between the expense with the income tax and the result of multiplying the accounting result with the percentage of taxation in force is presented below:

Explanations	2019	2018
Profit before tax	34.072.676	39.270.075
Profit before taxation related to the tax on the income of micro-enterprises	2.181.100	116.859
Expenditure on income tax 16%	5.451.628	6.283.212
The expense with the tax on the income of micro-enterprises	21.811	30.452
Sponsorship expense deducted from corporate income tax	-100.465	-547.979
Income tax due	5.372.974	5.765.685
The effect of non-taxable income	-1.065.602	-1.397.238
The effect of tax-deductible expenses and temporary differences	1.242.255	2.008.164
The effect of tax exemption on reinvested profit	-4.610.869	-2.879.416
Total expense with profit tax	938.758	3.497.195
The effective percentage of income tax	2,59	8,88

The evolution of the deferred tax to be recovered in the period 01.01.2018 - 31.12.2019 is presented in the table below:

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Deferred tax at 01.01.2018	-793.559
Deferred tax through profit or loss 2018	317.566
Deferred tax recognized in other comprehensive income 2018, of which:	-14.352
Deferred tax from legal reserves tax deductible	-1.230.292
Deferred tax from fixed assets revaluation	-1.233.650
Deferred tax at 31.12.2018	3.358
Deferred tax through profit or loss 2019	-1.720.637
Deferred tax on the resulting account carried over from the change in accounting policies 2019	428.984
Deferred tax recognized in other comprehensive income 2019, of which:	124.273
Deferred tax from assets revaluation	120.712
Deferred tax from legal reserves tax deductible	3.561
Deferred tax at 31.12.2019	-1.167.380

Significant components of deferred income tax included in financial statements at 31.12.2018, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2018	Attributable to the retained earnings account of changes in accounting policies 2018	Attributable other elements of global result 2018
Assets revaluation	32.851.981	0	5.256.317	5.256.317			-1.233.650
Legal reserves	4.690.412	0	750.466	750.466			3.358
Differences tangible depreciation periods	-42.883.358	-6.861.337	0	-6.861.337	-362.096		
Other liabilities	-5.413.018	-866.083	0	-866.083	44.530	-14.352	
Total	-10.753.983	-7.727.420	6.006.783	-1.720.637	-317.566	-14.352	-1.230.292

Significant components of deferred income tax included in financial statements at 31.12.2019, at a 16% rate, are the following:

Temporary difference type	Cumulative temporary differences Value	Cumulative deferred tax - receivable	Cumulative deferred tax -debt	Cumulative Deferred tax - net, of which:	Attributable profit and loss account 2019	Attributable to the retained earnings account of changes in accounting policies 2019	Attributable other elements of global result 2019
Assets revaluation	33.606.431	0	5.377.029	5.377.029			120.712
Legal reserves	4.712.672	0	754.028	754.028			3.561

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Differences tangible depreciation periods	-42.702.819	-6.832.451	0	-6.832.451	28.886		
Other liabilities	-2.912.410	-465.986	0	-465.986	400.098	0	
Total	-7.296.126	-7.298.437	6.131.057	-1.167.380	428.984	0	124.273

The Group recognizes deferred tax assets because it is estimated that there will probably generate profit in the future subject to taxation

11. EQUITY

Ownership structure on 31.12.2019 is as follows:

Explanations	No. of shares	% Of total share capital
Romanian and foreign shareholders (legal entities).	73.878.442	33,76
Romanian and foreign shareholders (individuals)	144.942.596	66,24
Total number of shares	218.821.038	100,00

Explanations	2019	2018	Modifica- tion	Causes
Capital subscribed and paid	21.882.104	21.882.104	0	
Capital adjustments	0	0	0	
Own shares	-64.910	-64.910	0	
Losses related to own shares	-45.961	-45.961	0	
Rezerve din reevaluare	83.891.130	81.787.286	2.103.844	Revaluation of tangible assets; Transfer of revaluation reserves in the Deferred result representing the surplus realized from revaluation reserves
Rezerve legale	4.949.124	4.926.887	22.237	Constituire rezerve legale;
Adjustment of legal reserves	22.679.066	22.679.066	0	
Other reserves	275.336.184	229.989.614	45.346.570	Profit distribution to other reserves; Determination of deferred income tax on the basis of equity
Adjustment other reserves	472.028	472.028	0	
Current year profit	33.206.829	35.894.491	-2.687.662	Decrease in the profit related to the current year compared to the previous year;
Result carried	37.618.159	47.170.945	-9.552.786	Non-distributed profit; Transfer of revaluation reserves to Reversed earnings representing surplus from revaluation reserves
Minority interests	192.048	169.473	22.575	The increase of the minority interests related to the

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			current year compared to the previous year
Total equity	480.115.801	444.861.023	35.254.778

Capital management

The Group's objectives related to capital management refer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholders and to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support further development of the Group. There are no capital requirements imposed from the outside. The Company monitors the capital based on the debt level. This coefficient is the result of dividing the net debt to the total capital.

The net debt is the total of all the loans (including the current loans and the long term loans as per the balance sheet) except the cash and the cash equivalents. The total administered capital is calculated as "equity capital" as shown in the financial situation.

The Group continued to use the above mentioned facility in 2019 as well, and according to legal regulations it distributed 28.817.930 RON worth of profit to own development sources.

Considering the development opportunities anticipated for the next year and the need to fulfill new investments objectives, the Board of Directors will propose to the AGA to accept that the next year's net profit should also be distributed to own development sources.

Indebtedness evolution of the Group is as follows:

Explanations	2019	2018
Total debts	247.641.230	233.117.079
Cash and cash equivalents	8.961.682	3.267.685
Net debt	238.679.548	229.849.394
Equity	480.115.801	444.861.023
Level of indebtedness	0,50	0,52

The group set as a target not to exceed the level of 0.99

12. FINANCIAL LIABILITIES

Financial short-term and long term liabilities are:

Currency - EUR		2019			2018		
Credit institution	Loan type	Total of which	Long term (< 5 years)	Short term	Total of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	6.970.805	6.970.805	0	5.713.163	5.713.163	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	2.586.177	2.211.177	375.000	0	0	0
ING BANK-SIBIU	Credit line for manufacturing	5.080.089	5.080.089	0	7.194.397	7.194.397	0

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Currency - EUR		2019			2018		
Credit institution	Loan type	Total of which	Long term (< 5 years)	Short term	Total of which	Long term (< 5 years)	Short term
ING BANK-SIBIU	Credit for investment	6.500.000	5.850.000	650.000	0	0	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	220.717	93.615	127.102	257.119	122.388	134.731
Total financial liabilities - EUR		21.357.788	20.205.686	1.152.102	13.164.679	13.029.948	134.731

Currency - RON		2019			2018		
Credit institution	Loan type	Total of which	Long term (< 5 years)	Short term	Total of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit line for manufacturing	33.315.569	33.315.569	0	26.645.621	26.645.621	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Credit for investment	12.360.114	10.567.877	1.792.238	0	0	0
ING BANK-SIBIU	Credit line for manufacturing	24.279.271	24.279.271	0	33.553.949	33.553.949	0
ING BANK-SIBIU	Credit for investment	31.065.450	27.958.905	3.106.545	0	0	0
IMPULS-LEASING ROMANIA I.F.N SA BUC.	Financial leasing contracts	1.054.872	447.414	607.458	1.199.177	570.805	628.375
Total financial liabilities - RON		102.075.277	96.569.036	506.241	61.398.747	60.770.375	628.375

In order to achieve the proposed investment objectives, the Group contracted investment credits in total value of EUR 15 million in 2019, of which the amount of EUR 9,086,177 was committed by the end of 2019.

For the contracting of loans the group has submitted guarantees. The mortgaged tangible assets in favor of the credit institutions as of 31.12.2019 are at an accounting value of 22,516,990 lei and the guarantees consisting of technological equipment have a net book value of 55,591,281 lei.

Also, there were concluded also "movable guarantees on receivables" as a guarantee for the credit commitments, proportionally with the value of exposure towards the financing banks.

The effect of the foreign exchange rate changes arising from the financing activity was 1,015,761 lei, with a negative impact on the profit and loss account.

Interest margin of loans from banking institutions engaged varies:

Euribor 1 month + 1,0 % per year and

Robor 3 months + 1,0 % per year

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Interest related to finance leases varies between Euribor 3 months + 4,67% per year, and Euribor 3 months + 4,76% per year for contracts concluded before 2019 and fixed interest of 2.99% per year for contracts concluded during 2019

Foreign currency liabilities are valued in lei at the exchange rate of BNR dated 31.12.2019.

13. COMMERCIAL LIABILITIES AND OTHER LIABILITIES

The situation of commercial liabilities and other liabilities is the following:

Explanations	2019			2018		
	Total of which	Long term	Short term	Total of which	Long term	Short term
Suppliers	91.890.438	0	91.890.438	117.721.438	0	117.721.438
Advance payments from customers	138.558	0	138.558	128.204	0	128.204
Debts related to staff	3.515.725	0	1.217.334	3.515.725	0	3.515.725
Debts to social security and unemployment	5.628.627	0	5.628.627	5.745.715	0	5.745.715
Other debts to the state budget	6.525.839	0	6.525.839	6.637.971	0	6.637.971
Other debts to the public institution	0	0	0	0	0	0
Current income tax debts	54.861	0	54.861	70.885	0	70.885
Various creditors	148.516	0	148.516	228.323	24.454	203.869
Income in advance	1.411.453	72.572	1.338.881	1.244.370	414.790	829.580
Subsidies for investment contracts AMPOSDRU SI AMPOSCEE	38.355.443	34.303.190	4.052.253	36.266.340	31.785.869	4.480.471
Inventory pluses of fixed assets	59.239	59.239	0	23.713	23.713	0
Total commercial liabilities and other payables	147.728.699	34.435.001	110.995.307	171.582.684	32.248.826	139.333.858

Currency liabilities are valued in RON at the exchange rate of BNR on 31.12.2019

14. PROVISIONS

The Group set up provisions as it follows:

Explanations	Provisions for guarantees to customers	Provisions for employee benefits	Total provisions
Balance at 01.01.2018	26.945	108.700	135.645
Balance at 31.12.2018	26.945	108.700	135.645
Balance at 31.12.2019	26.945	108.700	135.645

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15. INCOME

Group revenues structure is as follows:

Explanations	2019	2018
Total turnover, of which:	751.175.663	756.505.986
Sales of finished products	737.120.289	745.213.067
Services rendered	8.441.329	8.406.212
Sales of goods	4.048.046	1.816.649
Income from other activities (rental, sales of materials and packaging)	751.494	517.895
Income from grants related to turnover (European funds projects)	814.505	552.163
Other operating income	21.171.463	11.163.809
Total operating income	772.347.126	767.669.795

Other operating income consist of:

Explanations	2019	2018
Revenues from production assets	11.575.340	6.523.627
Income from investment subsidies (European funds projects)	4.392.357	3.681.963
Revenue from the revaluation of tangible assets and real estate investments	4.900.958	0
Other operating revenues	302.808	958.219
Total other operating income	21.171.463	11.163.809

Business segments

The Group management regularly evaluates its work to identify operating segments for which information must be reported separately.

The group operates in Romania. Group revenues presented above are entirely attributable to the country of residence

Assets other than financial instruments, deferred tax assets, post employment benefit for claims and the rights arising from insurance contracts are all located in Romania. The Group has no such fixed assets located in other countries.

The company operates in Romania. Company revenues presented above are entirely attributable to home country.

The export income for 2019 is of 594.94 mil.lei, representing 77,97% of the turnover.

The first three external clients provide 487 mil.lei worth of income. This represents approximately 61% of the turnover. Revenues are attributable to activity in Romania

16. EXPENSES BY NATURE

Operating expenses during the years 2018 and 2019 and their nature are presented in the table below:

Explanations	2019	2018
Material expenses	497.150.305	497.394.870
Differences of stock	-10.243.352	-3.184.244
Employee benefits expense, of which:	161.619.505	149.458.100

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Explanations	2019	2018
Wages and salaries	157.939.763	146.097.864
Expenditure on social security and welfare	3.679.742	3.360.236
Value adjustments on property	47.555.445	41.172.613
Value adjustments on current assets	-545.233	138.033
Expenditure on services provided by third parties	30.066.704	32.524.492
Other taxes, duties and similar	5.253.772	5.042.817
Adjustments for provisions	0	0
Expenses with the reassessment of tangible assets and real estate investments	1.076.707	0
Other operating expenses	2.845.792	3.328.877
Total operating expenses	734.779.645	725.875.558

17. ANALYSIS OF OPERATING RESULT

Explanations	2019	2018
Operating income	772.347.126	767.669.795
Cost of sales	-696.741.471	-693.331.626
Sales and distribution expenses	-1.975.647	-1.808.416
Administrative costs	-22.047.895	-19.414.853
Expenditure on R&D	-14.014.632	-11.320.663
Operational result	37.567.481	41.794.237

18. EMPLOYEE BENEFITS EXPENSE

Employee benefits expenses include salaries, allowances and social security contributions.

Short-term benefits are recognized as expenses as the services are rendered.

Explanations	2019	2018
Wages and salaries	157.939.763	146.097.864
Expenditure on social security and welfare	3.679.742	3.360.236
TOTAL	161.619.505	149.458.100

19. LOSSES (GAINS) FINANCIAL

LOSSES (GAINS) FROM SHARES IN ASSOCIATES

Structure losses (gains) financial statements is presented below:

Explanations	2019	2018
Gain from exchange differences relating to monetary items denominated in foreign currency	-2.000.420	-1.419.711
Loss of interest	-938.238	-523.661
Other financial gains	-460.658	-437.762
Total losses / gains	-3.399.316	-2.381.134

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20. EPS (Earnings per share)

Explanations	2019	2018
Number of shares at the beginning of the year	218.821.038	218.821.038
Shares issued during the year	0	0
Number of shares at the end of the year	218.821.038	218.821.038
Net profit	33.229.407	35.915.908
Earnings per share (in RON per share) basic / diluted:	0,15	0,16

21. RELATED PARTIES

Affiliated entities are:

Related party	% ownership	Object of activity
COMPAIT SRL	100,00	Activities of providing software on request
TRANS C.A.S. SRL	99,00	Road transport of goods
RECASERV SRL	70,00	Catering activities for different events

Affiliated entities of company COMPA S.A. Sibiu were established over time, due to the need of outsourcing some specific activities such as: software design, domestic and international auto transport, catering, etc. Outsourcing was done to streamline these activities and to benefit from some facilities granted by the state for some activities (IT activity, transport licenses, etc.)

Most of transactions, contracts with these affiliated entities represent provision by COMPA (owner of special and specific installations), of utilities like: electricity, heating, tap water, phone services, compressed air, rental of premises and equipment necessary for the activity, as well as contracts for the supply of goods and services.

On the other hand, these affiliated companies provide goods and services to COMPA which represent their object of activity and for which the outsourcing was intended.

Relations were governed by commercial terms of free market, prices were established by negotiation within the frame of market indicated levels.

Transactions made between 2015 and 2014 with companies where COMPA holds shares, were the following (the amounts include VAT) :

Explanations	2019		2018	
	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Sales of goods and services
The company to which the securities are held				
TRANS C.A.S. S.R.L.	18.268.690	420.995	19.560.341	541.756
COMPA IT S.R.L.	2.983.330	42.985	2.452.052	65.743
RECASERV S.R.L.	1.629.561	58.696	1.722.849	175.915

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Mutual liabilities and receivables recorded at 31.12.2019 and 31.12.2018 are the following:

COMPA S.A. 's receivables from:

Explanations	2019	2018
TRANS C.A.S. S.R.L.	36.157	359.518
COMPA-IT S.R.L.	3.770	47.417
RECASERV S.R.L.	11.067	131.622

COMPA S.A. debts paid by:

Explanations	2019	2018
TRANS C.A.S. S.R.L.	2.510.259	3.255.750
COMPA-IT S.R.L.	913.325	870.627
RECASERV S.R.L.	282.214	453.454

Outstanding balances are not guaranteed. No guarantees were established, nor were received for receivables or payables to related party.

BRANCHES

Company management

List of administrators of the company:

NAME AND FIRST NAME	QUALIFICATION	POSITION
DEAC Ioan	Engineer	Chairman & CEO
MICLEA Ioan	Economist	Member BoD & CFO
BALTEȘ Nicolae	Economist	Member BoD - Chairman Audit Committee
VELȚAN Ilie-Marius	Economist	Member BoD – Member of the Audit Committee
MAXIM Mircea Florin	Engineer	Member BoD

List of members of executive management of the Company:

NAME AND FIRST NAME	POSITION
DEAC Ioan	CEO
MICLEA Ioan	CFO
FIRIZA Ioan	Organizational Management & HR Director
BĂIAȘU Dan-Nicolae	Commercial Director
ACU Florin-Ștefan	Technical Director
MUNTENAȘ Bogdan-Vasile	Logistics Director
HERBAN Dorin-Adrian	System management & Continuous improvement Director
ȚUICU Liviu-Laurențiu	Quality and Environment Director
ȚUȚUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director
DRAGOMIR Marius-C-tin	Head of Maintenance

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Transactions with the Company's management members are limited to wages and salaries:

Explanations	2019	2018
Salaries and allowances granted to members of the Board and executive management members	6.344.891	6.418.481

22. EMPLOYEE BENEFITS

The Group makes payments on behalf of its employees to the Romanian state pensions system, health insurance and unemployment benefit in the normal course of business. All Group employees are members and have a legal obligation to contribute (through social security contributions) to the State pension plan (a State defined contribution plan). All related contributions are recognized in the result of the period in which incurred.

The Group is bound by the collective labor agreement to provide benefits upon termination of the labor contract when employment is terminated for reasons not attributable to employees. Benefits are valued at 0,5 - 5 base salaries, depending on length of service of employees in the Group.

Also, according to legal regulations and collective labor contract, employees who retire at age limit are entitled to an indemnity end career worth an average salary corresponding to the position occupied at the retirement date, adjusted with seniority employees in the Group.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Evaluation of the company's activity providing risk management

Managing the risks that may arise in the activity of any company is one of the objectives for which the Company's management pays special attention. The risk management activity is permanent, precisely to prevent any possible damage.

The risks monitored by COMPA are:

23.1. Risks related to commercial activity.

Commercial activity, in particular the marketing activity is an important area in the operation of the company.

- Ensuring the portfolio of medium and long term orders to the customer, as a result of the offer, of competitive products, attractive to the customer and profitable for COMPA; This objective is a major wish to be achieved, knowing that in the automotive field the demand for quality - price ratio is high.
- The timely delivery, as the target of the commercial activity, must be fulfilled equally; Delays in delivery for different reasons (non-finalization of manufacturing lots, problems with transport of materials or delivery of products) are risks that must be managed, mitigated and eliminated, without having any effect on customers.
- Delivery of non-compliant products is another risk of commercial activity, which must be eliminated. In the auto industry the quality of the delivered products is a priority. Poor quality or questionable quality products can be important reasons in the relationship with business partners, which can lead to temporary or total disruption of collaboration relationships. In this context, COMPA has clear procedures within the quality assurance system and instruments that prevent the operator from producing non-compliant products.
- Improving the logistics and inventory management system leads to the reduction of the risks of delays in manufacturing, of the risks of delays in delivering products to the customer.

23.2 Currency risk

The impact of currency risk on the economic and financial activity of COMPA is limited or even eliminated because all prices of products manufactured in the company are negotiated with customers in Euro. Also, the products delivered in Romania have the prices negotiated in euro with billing in lei during the day.

With a surplus of euro due to the fact that the production is mainly delivered for export, there are no major risks in the RON / EURO ratio, but in the vast majority of cases the sale of EURO was done at a more favorable rate than the rate established by the NBR.

23.3 Investment risk

The large investment expenses made by COMPA in 2019 (over 19 million euro) could have created pressure on CASH FLOW, in which these expenses would have exceeded the provisions of the Income and Expenditure Budget for 2019. Knowing the level of planned investments and by monitoring their settlement against the resources included in the Budget, it resulted that the risks of this activity were eliminated.

23.4. Risks arising from the lack of predictability of tax legislation

In the last years, the legislation of the country in the fiscal field has undergone important changes that prevent the companies, to a great extent, to be able to carry out the programs established in the medium and long term. In 2019 there have been important changes to the Fiscal Code with major impact on the activity of private companies. The increase of the minimum wage in the economy with an increase rate over the expectations of the industrial companies, created great pressure on the management of COMPA in the annual negotiation process of the Collective Labor Contract, concluded with the Unions and the employees' representatives. These wage increases have created a strong pressure on the salary costs of the year 2019 with major impact on the Profit and Loss Account.

23.5 Insolvency risk

In 2019, this risk did not influence the activity of the company. It was followed at the top level of the company management the collection in due time of the invoices. The reasons for refusing the invoices from the clients were analyzed and monitored until their solution.

Measures have been taken to reduce the risk of insolvency by:

- committing investment credits to finance the expenses included in the budget of incomes and expenses;
- reducing costs in order to fit in the profit margin established in the budget;
- negotiation with suppliers to defer the payment term for materials, tools and benefits;
- delivery to new or lesser known customers, only on the basis of payment instruments that guarantee the collection guarantee: order ticket, CEC.

23.6 Risk of theft

This risk is very low. The company has installed an extensive system of cameras, in the alleys, in the production workshops, in the storage, packing, delivery spaces, meant to help limit and eliminate this risk.

23.7. Risk of spread of COVID 19 coronavirus epidemic on company activity

This risk appeared at the end of 2019, with a major effect in the first part of 2020 we consider to be worth highlighting.

It is one of the most serious risks with an impact on the whole of mankind, which since January has had a rapid spread from China, continuing with Europe and around the globe. COMPA's management, taking note of the rapid spread of COVID 19 in Europe, to limit the contamination of employees within the company, approved an important set of measures that we present in the following:

- awareness of the staff regarding the urgent need to protect everyone against coronavirus; a Good Practice Guide was prepared and edited together with a plan of measures that was handed out to each employee.

- a sufficient number of dispensers (30 pcs) for hand disinfection were installed at the access gates
- it was decided to renounce meetings with more than 5 people, using mainly the digital means of communication at the management level.
- the use of the means of individual protection of the people who are in more frequent contact with people who come from outside (visitors, drivers of freight trains, etc.)
- measures were taken to maintain the proximity between the employees in the production workshops, offices, changing rooms, in order to reduce the density of people through:
 - work at home, where the work performed by the employee, allows it;
 - work in shifts, even in workshops where there is only one shift;
 - relocations of work places;
 - visual warnings at personnel access points;
- increased measures of occupational hygiene and disinfection in more crowded spaces: canteen, changing rooms, toilets;
- interventions to the providers of transport benefits, regarding the obligation of daily disinfection of the means of transport or whenever necessary;
- area limiting or giving up actions or meetings that are not strictly necessary, especially with external partners;
- reducing within the possibilities of the personnel flow between the company departments;
- protective measures to avoid top management contamination;
- daily meetings by digital means between the top management of the company and the managers of the workshops and compartments for information and transmission of measures to be transmitted and respected by all staff.

24. CONTINGENT LIABILITIES AND COMMITMENTS

The Company is involved in several Court Actions resulted from its normal activity.

The Board of Directors consider that except for the amounts described in the financial situations (provisions, impairment adjustments for assets depreciations) any other Court actions won't have a significant negative impact over the economical results and over the financial situation of the Company.

There are different authorized agencies for control and audit activities in Romania. These controlling activities are similar to financial audits performed by the financial authorities in various countries, but they can additionally audit other domains (such as legal aspects) depending on the agency profile.

The Company is very likely to be subjected to such controls so that presumed violations of laws and regulations can be investigated.

Although the Company may contest the penalties applied because of these audits, new laws and regulations given by the Romanian State may have a significant impact over the functioning of the Company. Romania's financial system is under continuous development with many different interpretations and constant modifications which can sometimes be retroactive. The prescription period for fiscal controls is of 5 years.

The financial law in Romania contains price transfer for affiliate transactions, which date back to 2000. The current legal framework defines the "market value" principle for affiliate transactions as well as the methods of pricing transfer. As a result, it can be anticipated that the financial results as well as the value of the imported goods in the Customs is not distorted by the effect of the prices charged in relations with affiliated persons. Considering the above, the Company cannot quantify the impact of verification.

25. EVENTS AFTER THE BALANCE DATE

The spread of the COVID-19 Coronavirus epidemic across Europe, particularly in countries such as: Germany, France, Italy, England, Czech Republic, Slovakia, where the auto industry is strongly developed, is strongly uncertain about the COMP A Group.

The COMP A group is mainly oriented towards the production of components for the automotive industry, any changes that may occur in the manufacture of car manufacturers directly affect the manufacture of components at COMP A.

On the other hand, knowing that the required material base COMP A is almost exclusively imported, especially from Western Europe, any syncope in the supply chain will also inevitably affect the COMP A group.

Given the unpredictable influences that can appear both from customers and from suppliers, the COMP A Group cannot now make estimates on the effects of these independent influences from COMP A, it cannot make estimates on the evolution of costs, in contrast to costs salaries and other cost categories.

We also do not have the possibility to estimate the effects in the economic activity of the company in achieving the proposed objectives, given that the epidemic of Coronavirus will directly affect the COMP A Group, if there will be a wider spread even among the employees of the Group, despite the measures of protection taken.

Therefore, these uncertainties, under different aspects, cannot be anticipated and managed now, at the time of analysis, they cannot be quantified at this time, and we will monitor these risks and diminish the magnitude of their effects.

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

STATEMENT OF THE BOARD OF DIRECTORS

The Council of Administration assumes the responsibility for the elaboration of the consolidated financial situations of the Group, for the financial exercise finished on 31.12.2019

- a) The consolidated financial statements for 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
- b) The accounting policies used in preparing the consolidated annual financial reports comply with accounting regulations.
- c) The consolidated annual financial reports present fairly the financial position, the financial performance and other information related to the activity carried on.

This statement is in accordance with the provisions of article 30 of the Accounting Law no.82 / 1991

Chairman & CEO,

Ioan DEAC

CFO,

Ioan MICLEA

2019

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ANNUAL

REPORT

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C O N T E N T S

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3. STATEMENT OF THE GROUP'S FINANCIAL ACCOUNTING

A. LEGAL FRAMEWORK AND THE NECESSITY OF ELABORATING THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Based on the Order of the Ministry of Finance No.881 / 2012, the company COMPA S.A. Sibiu , whose securities are admitted for trading on the regulated market of the Bucharest Stock Exchange, applies International Financial Reporting Standards (IFRS) starting from 2012.

In accordance with accounting regulations compliant with Directive IV of the European Economic Community, COMPA S.A. Sibiu (parent company) meets the requirements mentioned in paragraph 12. The consolidated financial statements were elaborated on the basis of paragraph 3 of these regulations.

The set of rules of bookkeeping operations - economic financial elaboration, approval and auditing statutory consolidated annual financial statements of the Company are provided in the "IFRS accounting regulations" approved by Order 2844/2018.

All these laws constituted the legal basis necessary for elaborating the Group's consolidated financial statements for the year ended at 31.12.2019.

METHODS USED FOR CONSOLIDATION

According to legal regulations, the elaboration of consolidated financial statements is done by the entity hereinafter referred to as company (parent -company), holding equity in another entity, hereinafter referred to as subsidiary or affiliated company.

In this context, company COMPA SA Sibiu as parent company, rhas control, respectively its equity share in the capital of its affiliates is higher than 50% at the following affiliates:

COMP A I.T. S.R.L.	100.00
TRANS C.A.S. S.R.L.	99.00
RE CASERV S.R.L.	70.00

The company COMPA SA Sibiu, parent company, exercises effective power, with a dominant influence or control over Group companies. With regard to accounting regulations and recommendations in this area, consolidation method used by these companies is "*Global integration method.*"

B. INFORMATION RELATING TO THE GROUP ENTITIES
COMPA S.A. Company

Social headquarters	No.8, Henri Coandă Street, Sibiu	
Registration no. in the Trade Register	J32/129/1991,	
Fiscal Code (VAT Code)	RO 788767	
The main activity	2932 - Manufacture of other parts and accessories for motor vehicles	
Share capital (RON)	21.882.103,8	
Board of Directors	Deac Ioan	- Chairman & CEO
	Miclea Ioan -	- CFO/ administrator
	Maxim Mircea Florin	- Non-executive administrator
	Benchea Cornel	- Audit committee President/ administrator
	Velțan Ilie-Marius	- Audit committee member/ administrator

Form of ownership: COMPA S.A was fully privatized in September 1999. COMPA is listed on the Bucharest Stock Exchange, at the Standard category

The company's evolution

By the Government decision no.1296 / 13.12.1990 the company became SC COMPA SA, originating from Intreprinderea de Piese Auto Sibiu (I.P.A.Sibiu). I.P.A. Sibiu was established in 1969 through the merger of two units: Elastic Plant and Automecanica Sibiu plant.

Since 1991, COMPA has started a comprehensive process of organization and decentralization and separate production "organizations" were established for certain groups of viable products which subsequently became profit centers with clearly defined management and cost control.

After privatization in 1999, the company COMPA oriented mainly towards exporting, so that currently most of production is intended for export or Romanian subsidiaries of partners.

The company's financial investments as the parent company, representing equity shares owned in entities are presented in the table below:

COMPA holds titles / equity shares :	Social headquarters	The value of titles held by COMPA	% ownership
TRANS C.A.S. S.R.L.	Sibiu, 12 Henri Coandă Sibiu county	1,498,450	99.00
COMPA I.T. S.R.L.	Sibiu, 8 Henri Coandă, Sibiu county	200,000	100.00
RECASERV S.R.L.	Sibiu, 51 Henri Coandă Sibiu county	70,000	70.00
TOTAL		1,768,450	

COMPA I.T. S.R.L Company

The purpose of establishing was design and implementation of an *Integrated Informational System* for the parent company complying with the existing international standards and ensuring the requirements imposed by the company's organization form on profit centers, as well as assurance of a computer network within the entire company COMPA.

By implementing the integrated system within the parent company, company Compa-IT ensures the operation of this system at high parameters elaborates reports and presents new features of the system in order to make the most of the opportunities this complex and competitive system can offer.

Social headquarters	Sibiu, No.8, Henri Coandă Streed, Sibiu County
Recording no. in the Trade Register	J32/17/2001,
Fiscal Code (VAT)	CUI 13656016
The main activity	6201 - Computer programming activities
Share capital (RON)	200,000
Sole shareholder	COMPA S.A
Administrator	Acu Florin-Ștefan

TRANS C.A.S. S.R.L. Company

The company was intended for outsourcing the transport activity, initially existing within the company COMPA, with the purpose of extending and developing this distinctive activity from the profile of the company COMPA. Part of these vehicles is propriety of parent company COMPA SA, hired, and parts of them are propriety of company TRANSCAS SRL.

TRANS C.A.S. S.R.L. currently holds a total of 60 vehicles, of which a significant share is represented by Mercedes tractor trailers, with payload capacity exceeding 20 tones dedicated for the transport of raw materials and finished products for both COMPA and for external customers.

An overwhelming share in the transports of company TRANS C.A.S. is represented by international transport of goods, almost all over Europe.

Social headquarters	Sibiu, No.12, Henri Coandă StreetSibiu County
Recording in the Trade Register Office	J32/633/2002
Fiscal Code(VAT Code)	CUI 14836511
The main activity object	4941 Freight transport by road
Share capital, of which:	1,500,000 RON
Shareholders: COMPA S.A.Sibiu	1,498,450 RON
Maxim Mircea Florin și Mihăilă Daniela	1,550 RON
Administrator	Maxim Mircea Florin

RECASERV S.R.L. Company

The purpose of establishing the company was outsourcing within the parent company (COMPA S.A.) of some activities different from the main business activities such as catering and canteen achieved by operating the canteens inside the company COMPA.

By setting the company RECASERV SRL with activity field catering – there were provided conditions for developing this activity by adding secondary services (catering and cleaning services).

Social headquarters	Sibiu, 51 Henri Coandă Street Sibiu County
Recording no. in the Trade Register	J32/704/2004
Fiscal Code (VAT Code)	CUI 164408228
The main activity	5629 Other food service activities
Share capital, of which:	100.000 RON
Shareholders: COMPA S.A. Sibiu	70%
Boroş Daniela (individual person)	30%
Administrator	BOROŞ Daniela

1. ANALYSIS OF GROUP'S ACTIVITY
1.1. ELEMENTS OF OVERALL ASSESSMENT OF THE GROUP

In the course of 2019, in the financial economic activity of the Group, there were events that should be briefly highlighted; The parent company COMPA owns approximately 99% of the Group's activity.

Aspects to be highlighted:

- The total unpredictable evolution of the Turnover, namely the gradual reduction in the second part of the year, and especially in the fourth quarter, (the drastic reduction being reported in December); the reduction was manifested at the level of COMPA, but also of the companies TRANS CAS SRL and RECASERV SRL.
- The effects of changing the global demand structure of the population (as a result of global warming) with an impact on the production of cars, materialized in the decrease of the manufacturing tendency of the machines with internal combustion engines (especially Diesel engines) and the orientation mainly towards the production of electric cars.
- During 2019, a large volume of investments was made, especially at the parent company COMPA, investments mainly in the purchase of machinery and equipment, but also in the construction of production facilities - new constructions or the extension of existing ones.
- Measures have been taken to reduce the costs of the companies within the Group, in order to meet the challenges, respectively the reduction of the prices demanded by the customers, but also of the increase of the wage costs caused by the lack of personnel.

Although it had no effect on the Group's activity in 2019, the effects and measures taken within the companies and in particular with the company TRANS CAS should be highlighted, in order to prevent and eliminate the risks of contamination with COVID-19. At the level of the affiliated companies TRANS CAS and RECASERV, the potential effects of the coronavirus epidemic are more direct for employees: drivers, mechanics, employees, respectively cooks, waiters, etc., employees with direct exposure to people from the country and abroad. To this end, important actions have been taken in concrete action programs that guide good practices, adapted to each type of activity.

1.2. ELEMENTS OF OVERALL ASSESSMENT OF BUSINESS
1.2.1. Related indicators of the Group consolidated financial statements

Following the consolidation, the main indicators characterizing the resulting overall activity of the Group are set out in the table below:

INDICATOR	M./U.	2019	2018
Turnover	RON	751,175,663	756,505,986
Net profit	RON	33,229,407	35,915,908
Total assets	RON	727,757,031	677,978,102
Total debts	RON	247,641,230	233,117,079

1.2.2. Individual unconsolidated related indicators of those entities within the Group in which the parent company holds control (over 65% of the social capital) resulted after restatement of individual financial statement according to IFRS
a) COMPA S.A. Sibiu

The main individual indicators for assessment of the overall activity of the company are presented in the following table:

INDICATOR	M./U.	2019	2018
Turnover	RON	746,729,484	752,507,249
Net profit	RON	32,708,709	35,428,575
Total assets	RON	723,600,553	674,730,755
Total debts	RON	248,709,990	234,577,834
Average number of personnel	Pers.	2,190	2,094

b) COMPA I.T. S.R.L. Sibiu

The main indicators of overall assessment of individual activity are presented in the following table:

INDICATOR	M./U.	2019	2018
Turnover	RON	2,509,617	2,015,909
Net profit	RON	71,031	61,058
Total assets	RON	981,524	961,938
Total debts	RON	186,237	237,682
Average number of personnel	Pers.	9	9

c) TRANS C.A.S. S.R.L. Sibiu

Representative individual indicators characterizing the activity of the company are presented in the table below:

INDICATOR	M./U.	2019	2018
Turnover	RON	19,440,689	20,027,236
Net profit	RON	375,698	356,113
Total assets	RON	8,023,920	8,448,406
Total debts	RON	2,335,211	3,131,833
Average number of personnel	Pers.	56	54

d) RECASERV S.R.L. Sibiu

Key indicators for 2018 and 2017 are presented in the following table:

INDICATOR	M./U.	2019	2018
Turnover	RON	2,179,623	2,140,479
Net profit	RON	73,970	70,161
Total assets	RON	787,147	834,711
Total debts	RON	166,583	288,118
Average number of personnel	Pers.	40	43

1.2.3. Indicators relating to individual unconsolidated statements of entities within the Group, where COMPA SA Sibiu is minority shareholder, resulted after restatement of individual financial statements, according to IFRS

Not applicable.

1.3. PERSPECTIVE ELEMENTS REGARDING THE ACTIVITY OF THE GROUP
a) Analysis of trends and uncertainty factors impacting the Group's liquidity

The main factor of uncertainty, totally unpredictable and particularly active, including on the activity of the Group and not only, is the galloping evolution of the spread of Covid coronavirus 19, which could have the following effects also on COMPA:

- Reduction or even suspension of the activity of the internal and external suppliers of the COMPA Group, which may affect the proper development of the manufacturing flows, in particular to the parent company COMPA, but also to the other affiliated companies, in particular TRANSCAS S.R.L and RECASERV S.R.L.
- Decreasing sales of cars worldwide, as a result of the spread of this coronavirus pandemic, could cause global car manufacturers to reduce production; this will have an unpredictable impact on all suppliers in the automotive industry, including COMPA; the labor force must be paid, in order to keep it in the company for the future, with an impact on operating costs, profit, turnover and implicitly on cash. company flow;
- A factor of uncertainty with impact on the results of the company can be generated by a totally unwanted situation of infection with this virus of some employees of COMPA, in spite of all the measures taken within the company and by transmitting it to a larger mass of employees to paralyze the activity of some manufacturing lines or even entire workshops in COMPA, with a direct effect on the production of these workshops and sectors of activity and on the whole company COMPA.

Other uncertainties with impact on the Group's activity or even liquidity are unknown.

Generally, at the level of the parent company COMPA, including the affiliated companies, important measures have been taken to eliminate the unforeseeable situations with adverse effect on the Group's overall activity, including liquidity.

b) The impact of capital expenditure on the Group's financial situation

The evolution of the Group's operating revenues and their structure in 2018 compared to 2017 are presented in the following table:

EXPLANATIONS	2019	2018
Total turnover, from which:	751,175,663	756,505,986
Revenues from sales of finished products	737,120,289	745,213,067
Revenues from provision of services	8,441,329	8,406,212
Revenue from sale of goods	4,048,046	1,816,649
Revenues from other activities (rental, sales of materials and packaging)	751,494	517,895
Revenues from grants related to turnover (European projects funds)	814,505	552,163
Other operating income	21,171,463	11,163,809
Total operating revenues	772,347,126	767,669,795

2. TANGIBLE ASSETS OF THE GROUP
2.1. Tangible and real estate investments

Within the Group there are the following categories of tangible assets and real estate investments, as presented in the table below (net value):

EXPLANATIONS	2019	2018
Land and Building	134,682,902	129,671,253
Equipment and vehicles	212,038,365	190,533,644
Other tangible assets	593,592	213,202
Tangible assets in progress	38,173,604	21,737,289
Real estate investments	65,494,195	40,768,728
TOTAL	450,982,658	382,924,116

The Group's fixed assets, in particular the tangible assets, registered an important increase, influenced in particular by their evolution from the level of the parent company COMPA.

The value of all categories of tangible assets of the Group increased, as follows:

- The lands and constructions increased as a result of their re-evaluation action on 31.12.2019, re-evaluation carried out by a company authorized in this field.
- Equipment and vehicles have increased due to the increase in the value of the start-up of new machines and equipment as compared to the reductions produced as a result of depreciation or removal from operation.

Real estate investments also increased as a result of the actions to reassess the heritage (buildings and land)

2.2. The degree of wear the group's properties

The degree of wear the tangible assets of the Group between 2014 and 2015 are presented in the following table:

EXPLANATIONS	20189	2018
Constructions:		
- Inventory Value	90,834,202	99,412,956
- The remaining value	90,834,202	86,162,092
- Wear	0	13,250,864
- Wear degree (%)	0.00	13.33
Equipment and vehicles		
- Inventory Value	588,436,846	526,299,431
- The remaining value	212,038,365	190,533,644
- Wear	376,398,481	335,765,787
- Wear degree (%)	63.97	63.80
Other tangible assets		
- Inventory Value	1,689,616	1,246,931
- The remaining value	593,592	213,202
- Wear	1,096,024	1,033,729
- Wear degree (%)	64.87	82.90

2.3. Details of the ownership of tangible assets of the Group

The entire land area included in the accounts is owned by the Group, being tabulated and registered in the Land Registry, there are no issues related to ownership of tangible assets, ie land, buildings and equipment.

3. STATEMENT OF FINANCIAL ACCOUNTING OF THE GROUP

a) Elements of the Group's consolidated balance sheet

Financial statement of the Group is detailed in Explanatory Notes prepared, which provide understanding of economic phenomena produced, methods and techniques used, the accounting policies applied in the management of the Group accounts.

Assets and liabilities in the structure of consolidated balance sheet of the Group, under IFRS, are presented in the following table:

EXPLANATIONS	31.12.2019	31.12.20187
Fixed assets		
Tangible assets	385,488,463	342,155,388
Intangible assets	7,432,457	3,534,152
Estate investments	65,494,195	40,768,728
Other receivables (Grants and settlement from associate operations)	72,572	668,703
Other receivables	121,233	117,948
Receivables related to deferred tax	1,167,380	1,720,637
Fixed assets - Total		

EXPLANATIONS	31.12.2019	31.12.20187
Active circulante: Current assets		
Inventories	105,426,190	111,661,748
Trade receivables and other receivables	145,394,086	163,532,433
Other receivables (Grants and settlement from associate operations)	8,198,773	10,550,680
Cash and cash equivalents	8,961,682	3,267,685
Current assets - Total	267,980,731	289,012,546
ASSETS - TOTAL	727,757,031	677,978,102
Equity:		
Issued capital	21,882,104	21,882,104
Own actions	-64,910	-64,910
Losses related to own shares	-45,961	-45,961
Reserves	364,176,438	316,703,787
Ajustement reserves	23,151,094	23,151,094
Reported result, of which:	70,824,988	83,065,436
Reported result due to the adoption of IAS 29 for the first time	-677,389	-677,389
Minority interests		169,473
Equity – total, of which:	480,115,801	444,861,023
Long-term liabilities		
Financial liabilities	96,569,036	60,770,375
Revenues in advance (grants)	34,435,001	32,224,372
Other liability	0	24,454
Provisions	135,645	135,645
Long-term liabilities - Total	131,139,682	93,154,846
Current liabilities		
Financial liabilities	5,506,241	628,375
Trade and other payables	92,028,996	117,849,642
Other liabilities	12,302,982	12,587,555
Debts on current taxes	1,217,334	3,515,725
Revenues in advance (grants)	54,861	70,885
Provisions	5,391,134	5,310,051
Current liabilities - Total	116,501,548	139,962,233
Total liabilities	247,641,230	233,117,079
Total equity and liabilities	727,757,031	677,978,102

b) Profit and Loss Account of the Group

The structure of income and expenses, as well as of the Group's results is presented in the table below:

EXPLANATIONS	31.12.2019	31.12.2018
Turnover	751,175,663	756,505,986
Other revenues	21,171,463	11,163,809
Total - Revenues	772,347,126	767,669,795
Changes in inventories of finished goods and work in progress	10,243,352	3,184,244
Raw materials and consumables used	-497,150,305	-497,394,870
Employee benefits expense	-161,619,505	-149,458,100
Depreciation and amortization expenses	-47,010,212	-41,310,646
Services provided by third parties	-30,066,704	-32,524,492
Other expenses	-9,176,271	-8,371,694
Total Expenses	-734,779,645	-725,875,558
The operating result	37,567,481	41,794,237
Financial revenues	2,300	1,381
Financial expenses	-940,536	-525,042
Other financial gains / losses	-2,461,081	-1,857,473
Net financing costs	-3,399,316	-2,381,134
Revenues from shares in associated entities		
Profit before tax	34,168,165	39,413,103
(Expenses) / Revenues related to deferred income tax	-428,983	-317,566
Current profit tax expense	-509,775	-3,179,629
Net profit for the period, from which	33,229,407	35,915,908
Attributable to non-controlling interests	22,579	21,416
Attributable to parent company	33,206,828	35,894,492
Other comprehensive income:		
Corporation tax related to other comprehensive income	-124,274	1,230,292
Other revenues comprehensive income, net of tax	-124,274	1,230,292
Total comprehensive income of the year, of which:	33,105,133	37,146,200
Attributable to non-controlling interests	22,576	21,413
Attributable to parent company	33,082,557	37,124,787
Consolidated result per share basic / diluted	0.15	0.16

Also at the Group level, in 2019, the influence of the factors that acted in 2019 within the parent company COMPA was felt:

- The turnover of the Group in 2019 was realized in proportion of 99.29% compared to the one registered in the previous year 2018;
- The Group's gross profit for 2019 was also lower than the one achieved in 2018, respectively 34.17 million lei compared to 39.41 million lei, the reduction being 13.3%;

The Group's net profit was similarly reduced by 7.5%; the reduction of the net profit is lower than the percentage of the reduction of the gross profit due to the facilities (the tax related to the reinvested profit) enjoyed by the company - parent COMPA.

c) **Comparative analysis of consolidated financial statements of the Group and the individual financial statements of the parent company COMPA SA Sibiu, both conforming with provisions of IFRS**

The comparative situation of individual assets (balance sheet)

INDICATOR	COMPA-2019	COMPA-2018	Group 2019	Group 2018	Differences 2019	Differences 2018
					Group COMPA	
Tangible assets	381,231,402	338,291,016	385,488,463	342,155,388	4,257,061	3,864,372
Real estate investments	67,571,395	42,131,314	65,494,195	40,768,728	-2,077,200	-1,362,586
Intangible assets	7,432,457	3,534,152	7,432,457	3,534,152	0	0
Other receivables (Subsidies and transactions related to joint operations)	72,572	668,703	72,573	668,703	1	0
Other non-current receivables	117,439	117,948	121,233	117,948	3,794	0
Financial investments	1,768,450	1,768,450	0	0	-1,768,450	-1,768,450
Deferred tax receivables	1,175,603	1,711,713	1,167,380	1,720,637	-8,223	8,924
Fixed assets - total	459,369,318	388,223,296	459,776,301	388,965,556	406,983	742,260
Inventories	105,190,554	111,483,670	105,426,190	111,661,748	235,636	178,078
Trade receivables and other receivables	144,762,086	163,407,639	145,394,086	163,532,433	632,000	124,794
Other receivables (Subsidies and transactions related to joint operations)	8,198,773	10,550,680	8,198,773	10,550,680	0	0
Cash and cash equivalents	6,079,821	1,065,470	8,961,682	3,267,685	2,881,861	2,202,215
Current assets - total	264,231,234	286,507,459	267,980,731	289,012,546	3,749,497	2,505,087
Total assets	723,600,552	674,730,755	727,757,032	677,978,102	4,156,480	3,247,347
Issued capital	21,882,104	21,882,104	21,882,104	21,882,104	0	0
Own shares	0	0	-64,910	-64,910	-64,910	-64,910
Losses related to own shares	0	0	-45,961	-45,961	-45,961	-45,961
Reserves	360,108,664	312,989,470	364,176,438	316,703,787	4,067,774	3,714,317
Reserve adjustment	23,122,057	23,122,057	23,151,094	23,151,094	29,037	29,037
Retained earnings, of which	69,777,738	82,159,291	70,824,988	83,065,436	1,047,250	906,145
Retained earnings due to the adoption of IAS 29 for the first time	-648,352	-648,352	-677,389	-677,389	-29,037	-29,037
Minority interests	0	0	192,048	169,473	192,048	169,473
Equity - Total	474,890,563	440,152,922	480,115,801	444,861,023	5,225,238	4,708,101
Financial liabilities	96,121,622	60,199,570	96,569,036	60,770,375	447,414	570,805
Other liabilities long term	0	24,454	0	32,224,372	0	32,199,918
Revenues in advance (Revenue in advance, subsidies)	34,435,001	32,224,372	34,435,001	24,454	0	-32,199,918
Provisions	135,645	135,645	135,645	135,645	0	0

INDICATOR	COMPA- 2019	COMPA- 2018	Group 2019	Group 2018	Differences 2019	Differences 2018
					Group COMPA	
Long-term liabilities - total	130,692,268	92,584,041	131,139,682	93,154,846	447,414	570,805
Financial liabilities	4,898,783	0	5,506,241	628,375	607,458	628,375
Trade and other payables	94,827,691	121,152,268	92,028,996	117,849,642	-2,798,695	-3,302,626
Other liabilities	11,682,779	11,990,547	12,302,982	12,587,555	620,203	597,008
Debts related to current taxes	1,217,334	3,515,725	1,217,334	3,515,725	0	0
Revenues in advance (Revenue in advance, subsidies)	0	25,201	54,861	70,885	54,861	45,684
Provisions	5,391,134	5,310,051	5,391,134	5,310,051	0	0
current liabilities	118,017,721	141,993,792	116,501,548	139,962,233	-1,516,173	-2,031,559
Total liabilities	248,709,989	234,577,833	247,641,230	233,117,079	-1,068,759	-1,460,754
Total equity and liabilities	723,600,552	674,730,755	727,757,031	677,978,102	4,156,479	3,247,347

The comparative analysis of the patrimony sheet items (balance sheet) of the Group with the same patrimony assets of COMPA's parent company is presented in the table above to highlight the overwhelming share of COMPA's parent company in the Group's total results and each item of heritage, in 2019 and in the previous year 2018.

d) The comparative situation of profit and loss account of the Group and of COMPA

INDICATORS	COMPA- 2019	COMPA- 2018	Group 2019	Group 2018	Differences 2019	Differences 2018
					Group COMPA	
Revenues	746,729,484	752,507,249	751,175,663	756,505,986	4,446,179	3,998,737
Other revenues	21,079,783	11,072,409	21,171,463	11,163,809	91,680	91,400
Revenues Total	767,809,267	763,579,658	772,347,126	767,669,795	4,537,859	4,090,137
Changes in inventories of finished goods and work in progress	10,122,202	3,079,966	10,243,352	3,184,244	121,150	104,278
Raw materials and consumables used	-491,597,164	-491,641,971	-497,150,305	-497,394,870	-5,553,141	-5,752,899
Employee benefits expense	-155,809,695	-144,134,777	-161,619,505	-149,458,100	-5,809,810	-5,323,323
Depreciation and amortization expenses	-46,107,465	-40,304,549	-47,010,212	-41,310,646	-902,747	-1,006,097
Services provided by third parties	-38,542,074	-41,209,570	-30,066,704	-32,524,492	8,475,370	8,685,078
Other expenses	-8,982,501	-8,235,038	-9,176,271	-8,371,694	-193,770	-136,656
Expenses total	-730,916,697	-722,445,939	-734,779,645	-725,875,558	-3,862,948	-3,429,619
Result from operation	36,892,570	41,133,719	37,567,481	41,133,719	674,911	0
Financial revenues	2,292	1,374	2,300	1,381	8	7

INDICATORS	COMPA- 2019	COMPA- 2018	Group 2019	Group 2018	Differences	Differences
					2019	2018
					Group COMPA	
Financial expenses	-902,694	-465,295	-940,536	-525,042	-37,842	-59,747
Other financial gains / losses	-2,466,203	-1,847,215	-2,461,081	-1,857,473	5,122	-10,258
Net financing costs	-3,366,604	-2,311,136	-3,399,316	-2,381,134	-32,712	-69,998
Profit before tax	33,525,966	38,822,583	34,168,165	38,752,585	642,199	-69,998
(Expenses) / Revenues related to deferred profit tax	-415,398	-317,885	-428,983	-317,566	-13,585	319
Current profit tax expense	-401,859	-3,076,123	-509,775	-3,179,629	-107,916	-103,506
Net profit for the period, of which	32,708,709	35,428,575	33,229,407	35,255,390	520,698	-173,185
Attributable to non-controlling interests	0	0	22,579	21,416	22,579	21,416
Attributable to parent company	0	0	33,206,828	35,894,492	33,206,828	35,894,492
Profit tax related to other comprehensive income	-120,712	1,233,650	-124,274	1,230,292	-3,562	-3,358
Other comprehensive income, net of tax	-120,712	1,233,650	-124,274	1,230,292	-3,562	-3,358
Total comprehensive income of the year, of which:	32,587,997	36,662,225	33,105,133	36,485,682	517,136	-176,543
Attributable to non-controlling interests	0	0	22,576	21,413	22,576	21,413
Attributable to parent company	0	0	33,082,557	37,124,787	33,082,557	37,124,787
Consolidated result per share basic / diluted	0.15	0.16	0.15	0.16	0.00	0.00

All the companies within the Group were profitable. The degree of profitability being of course different from one company to another.

The evolutions of the turnover of the year 2019 compared to 2018 have been different in the companies entering the consolidation area:

- The turnover of the parent company COMPA was lower in 2019 compared to 2018, with a direct impact on the turnover of the Group, at which it also recorded a lower turnover;
- The turnover of the affiliated companies TRANSCAS SRL also had a lower turnover in 2019 compared to 2018, being directly affected by the decreases recorded by COMPA;

The net profit realized in 2019 among the companies within the Comparative Group with the previous year 2018 had the following evolution:

- Decrease in Group level;
- Decrease in company level - parent COMPA S.A.
- Increase in the level of the affiliated company Compa IT S.R.L.
- Increase in the level of the affiliated company TRANSCAS S.R.L.
- Increase in the level of the affiliated company RECASERV S.R.L.
- Increase net profit in 2019 as compared to 2018.

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

**GRUP
COMPA**

GROUP COMPA

NON FINANCIAL STATEMENT

2019

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The non-financial statement for 2019 contains information through which the management of the COMPA Group communicates, in a transparent manner, to the stakeholders represented by business partners, employees, investors, the local community and other stakeholders, the actions taken.

COMPA together with the other three companies within the Group (Compa IT SRL, TRANSCAS SRL and RECASERV SRL) acted in the field of continuous improvement of the quality of products and services, environmental protection, occupational health and safety, in the field of human resources, social responsibility, ethics. and integrity in business and the prevention / fight against corruption

1. BUSINESS MODEL / GROUP PROFILE

The COMPA group consists of the following companies:

- COMPA S.A. "Parent company" production company
- Compa IT S.R.L. information technology services company
- TRANSCAS S.R.L. transport services company
- RECASERV S.R.L. company of public food services

The present Statement of the COMPA Group refers mainly to the "parent company", the other companies having as object of activity specialized services in the following fields.

The main areas of activity in which the Group operates are:

- COMPA S.A. 2932 Manufacture of other parts and accessories for motor vehicles and motor vehicles
- Compa IT S.R.L. 6201 Activities of achieving custom software
- TRANSCAS S.R.L. 4941 Freight transport by road"
- RECASERV S.R.L. 5629 Other types of activities

The company COMPA as a parent company has control, respectively the share of its shares in the share capital of the affiliated companies is more than 50%.

Starting with 1991, in COMPA an extensive process of organization and decentralization was started, establishing distinct "workshops" of production developed on certain groups of viable products that later became profit centers with the management and control of the very clearly defined costs

The financial investments of the company COMPA, representing participation titles held in shares or social shares in the entities are presented in the following table:

Affiliated company	The value of the securities held by COMPA	% in the share capital
COMPA IT SRL	200.000	100,00
TRANS .CAS SRL	1.498.450	99,00
RECASERV S.R.L.	70.000	70,00

COMPA S.A., was founded in 1991 from the Sibiu Auto Parts Company.

It has a existence of over 130 years and is among the first companies with Romanian capital, present in the top 100 of the Romanian exporters. COMPA has been continuously developed and has undergone multiple transformations: it has reorganized into profit centers, set up 2 joint ventures, privatized, outsourced a series of activities and services.

After 2000, the process of modernizing CNC equipment has been modernized

The main product groups made in COMPA are: injector subassemblies and components, windscreen wiper subassemblies and components, central housings, turboshaft flanges and rollers, steering gear sprockets, steering column components, springs, stamped, stamped parts, parts forged, cardan transmissions, mechanical welded metal parts, components for air conditioning systems, components and valves for injection system, molds and tools.

The main services offered are: design and execution of industrial equipment, molds and tools, surface coatings, heat treatments, calibration services and repair of measuring instruments, tests and physical-chemical laboratory analysis, cardan service (EDS), training courses

The company COMPA I.T. S.R.L was established in 2001 for the purpose of designing and implementing an integrated IT system for the parent company and third parties, to international standards.

The company TRANS CAS S.R.L. was established in 2002, by outsourcing the car transport activity within COMPA, this being different from the activity profile of COMPA.

The company RECASERV S.R.L. was founded 2004 by outsourcing within the parent company of activities such as: public food made through the canteen and microcantines that operate within the company COMPA, catering and cleaning services.

The Group's strategy follows precisely the strategic objectives of COMPA in the following directions:

- increasing profitability.,
- increasing the value for the customer,
- achieving excellence,
- increasing the performance of the personnel, increasing the performance of the environment, health and occupational safety

The internal climate to which all the personnel of the Group is connected strongly influences the relations with the external environment factors. The entire chain of activities involved in the realization of the products and services of the Group is influenced by the organizational structure of the companies, by the processes / services and their interaction, values and creed.

Organizational structure of the companies within the Group

The organizational structure of the companies within the Group follows the following elements:

- defining and implementing the purpose and function of each compartment and workstation, following a structure as simple, flexible and as few organizational levels as possible.
- implementation of a way of communication between compartments and functions;
- establishing and implementing the processes, technologies and techniques used by organizations to transform internal organizational resources into products or services.
- definition and implementation of management systems based on quality, environment, health and safety of employees and continuous improvement of processes / services Group.

Processes / services and their interaction

- management processes are coordination, analysis and decision; ensuring the resources needed to carry out the activities and to improve the processes / services;
- processes / services, (sale of products / services, supply, logistics, manufacturing and development of products and processes);
- monitoring and control of products / services;
- the interaction between processes / services and the evaluation mode

Its staff, values and creed

Within the Group, the human factor occupies an important place, in the sense of the following aspects:

- the training and mode of action of the managers in terms of values, beliefs and demographic characteristics (age, experience, education, social position);
- training and mode of action of the Group's staff (personalities, attitudes, values, motivations, behaviors, beliefs)
- Group culture and staff adherence to it

Methods and techniques of leadership

- management of change and innovation, by implementing programs to improve processes and activities of the companies in the Group;
- management based on objectives applied at all levels in order to achieve the performance of the companies in the Group;
- strategic management in order to realize the connection between environmental opportunities and possibilities of the Group;
- project management, in order to assimilate quickly and efficiently new products / services;
- the dashboard, for measuring and keeping under control the critical parameters of the business (internal processes, human resources, customer satisfaction and economic-financial management).
- cost management, through the implementation of cost reduction programs aimed at projects for the improvement and optimization of processes / services as well as monthly analysis and monitoring of cost categories

Human resources strategy

The fulfillment of the strategic objectives within the Group depends on the human factor. The development of the companies within the Group involves policies that create long-term value and ensure the future performance of the Group

These are:

- early recruitment required for higher education positions - students in the final and graduate years;
- promotion within the Group's company;

- the development of dual education, the correlation of the educational offer with the needs of the companies within the Group;
- harmonizing the needs of the employees in correlation with the possibilities and interests of the companies within the Group

2. MANAGEMENT OF DANGEROUS SUBSTANCES AND MIXTURES

COMPA has managed the hazardous substances and mixtures management which regulates and establishes the way of purchase, transport, handling, storage, use and management of the dangerous substances and mixtures, in order to ensure the protection of the environment, the safety of the employees and for the control and minimization of the risk of accidents in which hazardous substances and mixtures are involved

The purchase of hazardous substances / mixtures is made according to the procedure "Market prospecting, evaluation and selection of suppliers / conclusion of the order / contract with suppliers".

The suppliers of the Group are in line with Regulation (EC) REACH no 1907/2006 and Regulation 830/2015

On the website of the parent company www.compa.ro the necessary documents are uploaded to the Group's suppliers:

- general purchasing requirements where environmental conditions and other requirements for suppliers are specified;
- Guide to green procurement, which specifies procurement policies and practices and procurement orientation that has minimal impact on the environment

The companies within the Group are aligned with the procedural system of the parent company COMPA

Carbon emissions / planned measures to reduce carbon emissions

The parent company COMPA modernized the power plant through the project «Improving the energy efficiency of the manufacturing processes at SC COMPA SA» By this modernization the carbon emissions were reduced and the monitoring system of the installation was improved

Use of hazardous chemicals or biocides

Handling and storage of hazardous substances is done in compliance with the mandatory measures that regulate the activity of purchase, transport, handling, storage, use and management of dangerous substances and mixtures within the Group

In this way the protection of the environment, the safety of the employees and the control / minimization of the risk of accidents involving dangerous substances and mixtures are ensured

The storage of different substances and dangerous chemical preparations is done taking into account the compatibilities between substances. The evidence of the dangerous substances and mixtures used is kept in the SAP program (System of Applications and Products). The companies within the Group have the support provided by the managers of COMPA. Persons handling, using, storing and transporting dangerous substances / mixtures are trained and know the measures to be taken in case of emergency

Planned measures to reduce carbon emissions

Annually, in the environmental management programs objectives are planned to reduce the consumption of combustion gases from the technological processes in order to reduce the emissions of combustion gases (carbon emissions).

Combustion gases (CO, powders) from the technological processes and from the power plant are annually measured, in emission, in the basket, by an accredited laboratory. There were no exceedances of the indicators monitored in the years 2017, 2018, 2019

3. THEMATIC ASPECTS / ENVIRONMENTAL PROBLEMS

The COMPA group is constantly concerned with the protection and conservation of the environment, following:

- compliance with the legislation in force regarding the protection of the environment;
- saving natural resources;
- identifying potential risks, anticipating the consequences and considering them;
- modernization, progressive re-technologicalization of the technological flow for increasing the efficiency of the depollution means

COMPA has implemented an Environmental Management System in accordance with ISO 14001, in accordance with ISO 14001: 2015, recertified in 2018 by TUV Rheinland certification firms in Germany.

The activities regulated by this system are maintained and continuously improved being systematically supervised through internal audit but also by the certification authority

Within the Group, a number of environmental issues are identified and evaluated, which are taken into account when setting the objectives:

- nature and extent of activities / services;
- legal provisions and other requirements;
- significant environmental issues;
- technological options;
- operational and commercial requirements;
- material, financial and human resources;
- the views of the stakeholders

In order to reach the objectives, measurable environmental targets are set for a period of time, established for the functions, the departments in which significant environmental aspects have been identified and documented in the Environmental Management Program:

- soil protection against pollution with harmful substances;
- water protection, against pollution with harmful substances;
- reducing emissions of paint, thinner vapor;
- reducing vapor emissions at work;
- improvement of waste management;
- compliance with the legal and regulatory provisions;
- awareness of employees regarding environmental protection;
- reducing the risk of fires, explosions

Within the Group are insured:

- programs for monitoring and measuring environmental status indicators for the prevention and control of emissions into the atmosphere, wastewater, noise, soil pollution, hazardous and non-hazardous waste;
- preventive maintenance programs for the relevant installations and equipment;
- methods of recording maintenance and revision needs;
- environmental management programs with environmental goals and targets for reducing and controlling pollution
- plans to prevent and combat accidental pollution;
- trainings (courses, operational sessions) by which all the personnel are aware of the implications of the regulation given by the integrated environmental authorization for the activity of the company, of all the effects on the environment resulting from the operation in normal conditions and abnormal conditions of the installations, awareness of the need to report the deviation from the conditions of integrated environmental authorization, the prevention of accidental emissions and the taking of measures when accidental emissions occur, awareness of the need for implementation and maintenance of training records;
- the reports and notifications to the competent environmental authorities in accordance with the authorizations held by COMPA

At the parent company level, a global environmental performance indicator has been established which is calculated according to the environmental management performance (provides information on the management's efforts to influence the environmental performance of the organization) and the operational environmental performance (which provides information on the operational results of the environmental performance of the organization's activities).

The companies within the Group are aligned with the environmental management system of the parent company COMPA.

4. THEMATIC ASPECTS / SOCIAL RESPONSIBILITY POLICY

The parent company COMPA assumes the following principles:

- assuming responsibility regarding the impacts we produce on society, economy and the environment;
- transparency of decisions and activities, which can affect the society and the environment;
- respecting and promoting ethical behavior: honesty, fairness and integrity, as values that concern us, in relation to people and the environment;
- respect for the interests of the parties interested in the decisions and activities of the Group;
- ensuring compliance with all applicable laws and regulations
- compliance with international norms of conduct in business;
- respecting and promoting human rights, which we consider inalienable and having a universal character

The group integrates the principles of Social Responsibility by conducting a management based on the principles of leadership and a vigilant approach in relation to the impact of decisions on societies, environment and economic factors

The guidelines of social responsibility are:

- **Providing organizational management** as a way of conducting and carrying out activities in an ethical and responsible manner; managers will act as models by integrating these considerations into the decision-making process and in all activities;
- Respecting and promoting human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights; The group will not tolerate human rights abuses and will not become involved or complicit in any activities that resort to, or encourage, any human rights abuses;
- **Applying appropriate work practices** to ensure working conditions and social protection according to applicable legal standards and regulations; The group is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal behavior in the workplace. The group ensures a safe and healthy working environment and will not compromise the health and safety of any person. All employees are responsible for promoting safe working attitudes;
- **Protecting the environment** as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies; The group works to continuously improve its performance in terms of environmental issues;
- **Applying fair practices** as a way of ethical conduct in relations with other organizations and individuals, in compliance with applicable national and international laws and regulations; The Group is committed to maintaining the highest standards of integrity and corporate governance practices applicable to the capital market, in order to promote confidence in the systems it works with. The group engages in a timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities;
- **Responsibility towards customers and consumers** for ensuring their right regarding the security of use, information, choice, expression, correction, education, in relation to the products and services provided by the Group;
- **Involvement in community development** as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or of the partnership with it. The group will contribute to the quality of life in the community it is part of by supporting innovative programs in the field of health, education, social and environmental services as well as cultural and civil projects.

The Group's managers constantly ensure that adequate organizational structures exist and function in order to effectively identify, monitor and manage the aspects of Social Responsibility and performance, relevant for business. The Group undertakes to measure, audit and report the performance of its actions of Social Responsibility.

5. THEMATIC ASPECTS / LABOR FORCE

In a period marked by imbalances in the labor market, the Group followed an active and dynamic policy of employment under the sign of diversity. With a staff of over 2000 employees, the Group is one of the main employers in Sibiu County.

5.1. Employment

In a period marked by imbalances in the labor market, the Group followed an active and dynamic policy of employment under the sign of diversity.

Between 2017-2019 the average number of staff in 2019 increased by 4.5% compared to 2018 and by 7.48% compared to 2017

Average number of personal	2017	2018	2019	2019 / 2018	2019 / 2017
COMPA SA	2031	2094	2194	104,78%	108,03%
TRANSCAS SRL	10	9	9	100,00%	90,00%
COMPA IT SRL	61	54	56	103,70%	91,80%
RECASERV SRL	37	53	40	93,02%	108,11%
TOTAL GROUP	2139	2210	2299	104,50%	107,48%

5.2. Human capital management

Regarding the management of human capital, it was assumed that the achievement of strategic objectives depends primarily on the human factor. The development of the parent company involves elements that create long-term value and that can ensure future performance.

The areas of human resources policy are specific, intercorrelated and mutually balanced. The Group will mainly focus on:

- early recruitment required for positions with higher education, students in the final years and graduates;
- promotions within the Group;
- involvement in correlating the educational offer in the technical field with the needs of the economic agents

The main strategic objectives pursued in the projection of the following years are:

- adaptation and development of strategic competences;
- strengthening a functional organizational climate;
- ensuring a high level of satisfaction;
- development of skills for action: awareness, performance, participation, motivation

The pursuit of strategic axes is possible by achieving the following objectives:

- efficient management of personnel competences;
- training process aligned with the Group's strategies;
- identification of potential employees / specialists (students, students) by managing the internships and granting scholarships;
- developing the career of the young graduates by accompanying the integration course with specialized training;
- personal development;

- Involvement in the development of the technical university education by supporting the integration of the theoretical knowledge with the practical ones through internships within the COMPA Training and Training Center, the practice, subjects for license exams, etc .;
- coverage of positions with high level of expertise;
- entry-level training plans;
- packages of remuneration correlated with the individual performances;
- favorable working conditions and climate;
- development of the framework in which the information and consultation of employees is carried out;
- accessing European funds for the development of human resources;
- internal network of authorized trainers (by domains);
- providing vocational education graduates who will respond to the Group's requirements by adopting the dual education system.

5.3. Respecting the human rights

Procedures for receiving and resolving complaints

In the Group there is a system for solving the complaints of the employees that regulates how they can address the management of the affiliated companies, the petitions formulated in their own name. Petitions are aimed at social problems related to work.

5.4. Respect for freedom of association

The management of the Group recognizes the free exercise of the trade union law, according to the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee.

The management of the Group commits itself to adopt an impartial position towards the unions and their representatives.

The union is the official representative body of the union members, of the Group's employees in front of the administration, and this recognizes the union as a democratic organization and a factor of progress and supports its activity. The connection with the unions is based on trust, good faith and promptness in information.

The trade union organizations defend the rights of their members, arising from the labor legislation, from the Collective Labor Agreement within the parent company, the individual employment contracts, before the courts, of other state institutions or authorities through their own or elected defense bodies. The employer has the obligation to invite elected delegates of the representative trade union organizations to participate in the boards of directors or in other bodies assimilated to them, in discussing the issues of professional, economic, social, cultural or sporting interest

5.5. Health and safety

By integrating health, safety and environmental considerations, within the Group, both employees and the environment are protected, in order to activate in accordance with the regulations in force and to develop technologies that extend sustainable measures worldwide

5.6. Quality policy, environment, occupational health and safety

Quality, environmental protection, occupational health and safety are part of the values we hold, being integrated into the long-term development strategy

Principles and lines of action pursued by the group are:

- Orientation to the client to demonstrate that his requirements and expectations:
 - are determined, understood and consistently satisfied.
 - the compliance obligations related to these requirements and expectations are determined, understood and satisfied.
 - the risks and opportunities that may influence the conformity of the Group's products and services are determined and treated.
 - the ability and orientation to increase customer satisfaction are maintained;
- Maintaining and continuously improving the effectiveness and efficiency of the integrated management system of quality, environment, occupational health and safety.
- Communication, awareness and implementation of system requirements at the level of all the functions involved, so that their mandatory character is clearly understood.
- Commitment of all functions to comply with the requirements specified by customers and the regulations of the integrated system for creating a climate and a culture for quality, environment, health and occupational safety within the organization.
- Identification, establishment, detailing and planning at all functions of the objectives and targets of quality, environment, health and occupational safety that refer to the increase of performances that reflect the demands and expectations of the Group, of the clients as well as those of other interested parties.

In this sense, the following directions of action are considered: / Thus, the following directions of action are considered:

- assuming and fulfilling the requirements and expectations of the clients, regarding the quality, terms, cost as well as other specific requirements of them;
- promoting the best available technologies in relation to the environment;
- adequate management and control of hazardous chemicals;
- reducing the concentration of pollutants in the wastewater, the pollutants emitted in the atmosphere and the noise level, and their classification within the maximum legal limits allowed;
- the proper maintenance and operation of the technological equipment and equipment;
- reducing the consumption of raw materials and rational use of natural resources (electricity, water, air, gas);
- adequate waste management;
- development of a culture in the field of environment and occupational health and safety through training, awareness and active involvement of employees.
- Compliance with the legislation in force, but also with the regulations and requirements of other interested parties and which the Group assumes or subscribes to, regarding quality, environment, occupational health and safety applicable to products, processes, services and activities
- Systematic action in the direction of pollution prevention but also in the prevention of work accidents and occupational diseases
- Assuming social responsibilities appropriate to the activities, products / services in accordance with the expectations of the stakeholders and the social partners

- Periodic examination of the way in which the present policy is implemented in the field of quality, environment, occupational health and safety
- Imposing the acquisition and adoption of similar principles regarding quality, environment, health and safety of the suppliers of products / services;
- Delegation of each employee to the responsibility of respecting and implementing this policy according to the tasks that fall within this system, as they result from its documents and regulations and according to the job description

5.7. Marketing strategy purchases and sales

The priority of the marketing and sales department is to provide quality products / services that meet and even exceed the expectations of customers

The main objective of the purchases is to find sources of supply that will ensure a higher competitiveness of the prices of the raw materials and the materials supplied

In the context of globalization and the alignment of the market with stock quotes for most products, the objective of purchases is to obtain an index at least 20% more favorable than the index communicated by the National Institute of Statistics on the respective segment.

The analysis of this index is done on each product group separately:

- metallurgical products;
- semi-finished products and components;
- tools, devices, checkers;
- rubber and plastic products;
- chemicals / lubricants / gasses.

A continuous target is the prospecting of the market and finding new supply solutions as well as the development of suppliers in order to obtain the best level of price and quality in the supplied products

The purchasing activity has grown continuously, with the development of the parent company.

The focus on large customers in the automotive industry has led to a considerable expansion of the database of suppliers as well as an increase in the share of import suppliers, in total purchases. This is due to the high level of specialization required of suppliers

The group went from acquiring mainly the basic materials, to the purchase of semi-finished products from import, fact due to the increase of the technological level of the company and implicitly of the specialization in certain fields

In the current market context, it is possible to estimate a continuation of the trend over the next few years. However, the company's strategy is to increase the share of domestic purchases to minimize transport costs and ensure a better integration of suppliers. This was not possible in the past, because the high degree of specialization of the majority of the supplied products made it impossible to provide internally.

5.8. Research and development

Strategic whisks

- increasing the productivity of current products, according to customer contracts
- integration of processes adjacent to current products;
- development of new products and processes outside the automotive industry.

a). **The objectives of the technical activity**

Development of new products and processes of the parent company

- alternative energy capture systems
- developing a new process for achieving the injector body
- development of additional features in the manufacturing process of the "nozzle" landmark;
- development of processes for the creation of additional injector bodies for Delphi England;
- expanding the range of turbochargers;
- widening the range of sprockets;
- development of the common rail fabrication of the injection system;
- coating of Zn - Ni alloy parts on the new automatic line;
- development of the manufacture of cold-rolled springs for the automotive industry;
- development of the manufacture of parts for hand tools;
- development of 3 Part Insert (3PI) manufacturing from GTD and GTE generation;
- integration of processes adjacent to the stamped parts;
- development of stamping processes;
- development of auto components;
- integration of the horizontal forging process for significantly higher productivity;
- development of transmission gear type sprockets and sprockets;
- development of the manufacture of mechanical welded assemblies;
- developing the forging process for different parts of the turboshaft assembly, injector body, common ramp as well as for sprockets;
- identifying the products that can adapt to the existing technologies;
- development of new technologies in COMPA (precision stamping, cold forging - extrusion, metal and non-metallic coating processes);
- developing intelligent, self-forming devices and equipping machine tools with automatic and semi-automatic feeding systems;
- development of the "common rail" product for gasoline and direct injection engines;
- developing processes for the realization of components of machine tools;
- product and process development for water pump pulley, made of high strength sheets;
- development of processes for "ball nut" type markings;
- development of processes for sprockets;
- automation of welding processes on parts intended for lifting equipment.

b) **Implementation of the continuous improvement process**

- streamlining the process of developing new products and processes;
- computerization of the technological database and the use of IT applications in the development process (Team Center Windchill and Sharepoint).

c) Redesigning processes according to KAIZEN principles and techniques

- redesigning the processes / services so that the existing facilities can obtain the best performances regarding:

- ✓ productivity;
- ✓ stocks;
- ✓ ergonomics;
- ✓ occupational health and safety.

d). Increasing the level of aptitude of the activities

- staff training;
- periodic internal audit

6. COMBATING CORRUPTION AND BRIBERY

In order to prevent corruption and abuse of power in order to obtain a personal gain, the Group works to identify corruption risks and to implement and maintain policies and practices against any form of corruption. Also, measures have been taken to raise awareness of employees, representatives, contractors and suppliers about corruption and how they can counter it.

7. THE SUPPLY CHAIN

COMPA, as a parent company, can influence the affiliated companies through its purchasing and purchasing decisions. To promote social responsibility in the value chain, COMPA integrates ethical, social, environmental and gender equality criteria, including health and safety, in its purchasing, distribution and contracting practices.

Also, COMPA encourages both affiliated companies and collaborating organizations to adopt similar policies, without allowing anticompetitive behavior, to permanently show vigilance and to monitor the organizations with which they have relationships, in order to prevent compromise of commitments on social responsibility

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CFO,
Ioan MICLEA