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 ***I**ntreprinderea de **P**iese **A**uto 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 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, amendaments 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

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

IFRS 17 „*Insurance Contracts*" (Effective accoarding 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 accoarding 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 payed 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.

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 realizable 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.

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.

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**

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**
Remaninig 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.

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

Explanations	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**

The situation for the debts which have exceeded their due date with no impairment adjustments at the 31st of December 2019, 2018 repectively, 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 debitors	596.856	0	596.856	1.182.372	0	1.182.372
Impairment adjustments for debitors	-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

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**

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 repectively, 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**

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 distributes/used.

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

Deffered tax for 01.01.2018	**-781.598**
Deffered 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**
Deffered tax for 31.12.2018	**-1.711.713**
Deffered 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
Deffered tax for 31.12.2019	**-1.175.603**

The main components of the deffered 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 acoount 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			

Differences due to the depreciation of Tangible Assets	-42.883.358	-6.861.337	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 deffered 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 acoount 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 acknolwdges 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 .

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:

<table>
<tr><th>The causes of changes</th><th>Own equity element</th><th>2019-2018</th></tr>
<tr><td rowspan="2">Transfer of revaluation reserves to Reversed earnings representing surplus from revaluation reserves</td><td>Revaluation reserves</td><td>-45.800</td></tr>
<tr><td>Reported result representing surplus from revaluation reserves</td><td>45.800</td></tr>
<tr><td>Increase of revaluation reserves as a result of the revaluation carried out in 2019</td><td></td><td>2.149.644</td></tr>
<tr><td>Distribution of the previous year's net profit to its own development sources, according to Hot. AGA / 04.2018 and 04.2019, respectively</td><td rowspan="2">Other reserves</td><td>16.318.132</td></tr>
<tr><td>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</td><td>28.817.930</td></tr>
<tr><td>Determination of deferreincome d tax on own capital</td><td>Current and deferred income tax recognized on own capital</td><td>-120.712</td></tr>
</table>

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 reffer to maintaining the Company's ability to continue operating in order to provide compensation and benefits to its shareholdersand 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 Compnay 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:

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 Société Générale România	Credit line for manufacturing	6.970.805	6.970.805	0	5.713.163	5.713.163	0
BRD Société Générale România	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 Société Générale România	Credit line for manufacturing	33.315.569	33.315.569	0	26.645.621	26.645.621	0
BRD Société Générale România	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.

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.

15. INCOME AND ACTIVITY SEGMENTS

The company's income structure is as follows:

Explicaţii	**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

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**

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):

Explicaţii	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

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 ŞI PRENUMELE	CALIFICARE	FUNCŢIA
DEAC Ioan	Engineer	Chairman & CEO
MICLEA Ioan	Economist	Member BoD & CFO
BALTEŞ Nicolae	Economist	Member BoD - Chairman Audit Committee
VELŢAN 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
BĂIAŞU Dan-Nicolae	Commercial Director
ACU Florin-Ştefan	Technical Director
MUNTENAŞ Bogdan-Vasile	Logistics Director
ŢUICU Liviu-Laurenţiu	Quality & Environment Director
HERBAN Dorin-Adrian	Systems Management & Continuous Improvement Director
ŢUŢUREA Mihai	Production Director
FIRIZA Sorin Ioan	Deputy Production Director
MORARIU Mircea	Deputy Production Director
DRAGOMIR Marius-C-tin	Chief Engineer

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 ŞI 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 adjustements 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 funcitonaing 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 aboce, 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