

QUANTUM EXPERT S.R.L. – accounting and financial audit company

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No. 137 / 22.03.2024

INDEPENDENT FINANCIAL AUDITOR'S REPORT
regarding the annual individual financial statements prepared for the year
2023 by
COMPA S.A. Sibiu

To the Shareholders,
of COMPA S.A. Sibiu

Report on individual financial statements as at 31.12.2023**Opinion**

1. We audited *the individual financial statements* of COMPA S.A., headquartered in Sibiu, Henri Coanda Street, no. 8, Sibiu County, registered with the ORC attached to the Sibiu Tribunal under no. J32/129/1991, CUI RO 788767, for the financial year ended on 31.12.2023, which include: individual statement of financial position as at 31.12.2023, separate statement of comprehensive income, separate statement of changes in equity, separate statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies (amounts in lei). Those financial statements shall relate to:

31st December 2023 (lei)

• Net assets / Total equity	504.524.865
• Total assets	695.116.367
• Turnover (net sales)	767.200.685
• Net result of the exercise (profit)	7.675.390

2. In our opinion, the attached separate financial statements give a true and fair view, in all material respects, of the individual financial position of COMPA S.A. Sibiu on 31st December 2023, as well as of the result of its operations (financial performance) and individual cash flows for the financial year ended on that date in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting

Regulations in accordance with International Financial Reporting Standards, as subsequently amended ("OMFP no. 2844/2016") and with the Order of the Minister of Public Finance no. 5394/2023 on the main aspects related to the preparation and submission of annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Finance, as well as to regulate certain accounting aspects

The basis for the opinion

3. We have conducted our audit in compliance with the International Standards on Auditing ("ISA"), EU Regulation (EC) No. 537 of the Parliament and of the European Council (as follows "Regulation") and Law No. 162/2017 on the statutory audit of annual and consolidated financial statements ("The Law"). Our responsibilities based on these standards are detailed in "The auditor's responsibilities in a financial statements audit" section of our report. We are independent of the Company, according to the Code of Ethics of Accounting Professionals issued by the International Ethics Standards Council for Accountants (IESBA code), according to the professional ethics requirements relevant to the audit of financial statements in Romania and we have fulfilled our other professional ethical responsibilities, according to these requirements. We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

4. The key aspects of the audit are those aspects which, on the basis of our professional reasoning, were of the utmost importance for the audit of the financial statements of the current period. These issues have been addressed in the context of the audit of the individual financial statements as a whole and in the formation of our opinion on them, and we do not offer a separate opinion on these key issues.

Key audit issues	How the issue was dealt with during the audit mission (audit procedures carried out)
Revenue recognition under IFRS 15	
<p>Revenue recognised in 2023, derived overwhelmingly from the sale of finished products according to the entity's principal business, depends on appropriate recognition and measurement to determine whether it is within specific management objectives or expectations.</p> <p>Due to the significant amount of revenue from the sale of finished products, and because revenue is one of the Company's key performance indicators (and therefore there is an inherent risk in relation to their recognition by management for meeting specific objectives or expectations), we consider revenue recognition for this type of revenue to be a key audit aspect. Due to the significant amount of revenue from the sale of finished products, and because revenue is one of the Company's key performance indicators (and therefore there is an inherent risk in relation to their recognition by management for meeting specific objectives or</p>	<p>Our audit procedures to address the risk of material misstatement with respect to the recognition of revenue from the sale of finished products, which was deemed to be materially risky, included the following:</p> <ul style="list-style-type: none"> • understanding the entire process of recognizing revenue from the sale of finished products and documenting it by obtaining a complete flow of information for a significant transaction; • assessment of income recognition principles in accordance with OMFP nr. 2844/2016 and in relation to the accounting policies of the company; • understanding how to recognise revenue from the sale of finished products by the Entity; • testing the existence and effectiveness of internal controls on the recognition of revenue from the sale of finished products.

<p>expectations), we consider revenue recognition for this type of revenue to be a key audit aspect</p>	<p>by the Entity;</p> <ul style="list-style-type: none"> • performing detailed tests in order to verify the correct recording of transactions; • testing revenue by obtaining direct confirmations from customers and performing alternative procedures for customers from whom we have not obtained balance confirmation.
<p>Recognition of deferred tax assets</p>	
<p>The company recognised deferred tax assets for deductible temporary differences considered recoverable.</p> <p>The recovery of deferred tax assets depends on the Company's ability to generate sufficient taxable profit in the future against which the deductible temporary difference can be utilised.</p> <p>Given the uncertainty created by estimating the amount and period of occurrence of future taxable profits against which deductible temporary differences can be used, we believe that the assessment of deferred tax assets was significant for the audit engagement.</p>	<p>The audit procedures performed by the auditor include:</p> <ul style="list-style-type: none"> • using professional tax judgement to assess measures taken by the Company that should enable the recovery of deferred tax assets; • assessing the adequacy of statements in financial statements, including disclosures about the use of estimates and professional judgement.
<p>Application of the tax incentive regarding the tax exemption on profit reinvested in technological equipment</p>	
<p>The management of the Company expects to keep in its patrimony, for a period of at least 5 years, the equipment for which the tax facility was calculated and that the reserve established as a result of the facility will not be used for at least 5 years.</p> <p>The additional deduction generated by the reinvested profit depends on the preservation of the purchased equipment in the patrimony. The measurement of deferred tax liabilities and assets reflects the tax consequences resulting from how the Company expects to recover the value of the equipment.</p> <p>Given the degree of uncertainty created by the estimation of the minimum 5-year period for equipment storage, we consider that the application of the tax incentive was significant for our audit mission.</p>	<p>The audit procedures performed by the auditor include:</p> <ul style="list-style-type: none"> • using professional tax judgement to assess measures taken by the Company that should enable the recovery of deferred tax assets; • assessing the adequacy of statements in financial statements, including disclosures about the use of estimates and professional judgement.

Highlight some issues

- Without expressing any reservations, we draw attention to the following points with regard to the individual financial statements:

- The Company's management analyzed and found that the consolidation criteria provided by the legislation in force are met for the financial year 2023. Thus, the Management of the Entity proceeded to consolidate the financial statements, and in this case there is the obligation to prepare and present individual financial statements and consolidated financial statements respecting the ESEF format, respectively XHTML for individual financial statements and the obligation to label XBRL the consolidated financial statements, according to the provisions of Articles 3 and 4 of Delegated Regulation (EU) 815/2018.
- We draw attention to Explanatory Note 25 of the separate financial statements, according to which the Company's management estimates that the future activities of the Company may be negatively influenced by interruptions in the supply of raw materials, by the uncontrolled increase in raw materials and energy prices, but also by the cost of transporting materials as a result of changing current supply routes and changing current suppliers in Europe, with suppliers located outside conflict zones, concomitantly with a decrease in volumes for certain parts destined for customers who had factories in Russia or Ukraine and who had to close these production facilities. According to the statements of the Management, the Company has taken measures to mitigate or eliminate these negative effects, so that no significant difficulties are estimated that may affect the continuity of business for a period of at least 12 months from the date of the financial statements.

Our opinion is not modified in these respects.

Other information – Administrator's Report (compliance of the management report with the financial statements)

5. Other information includes the Administrator's Report. The administrators are responsible for preparing and submitting the Administrator's Report in accordance with Articles 15-19 of the Accounting Regulations approved by OMFP nr. 2844/2016, and for that internal control that administrators consider necessary to allow the preparation and presentation of the Administrator's Report that does not contain material misstatements, due to fraud or error.

The Administrator's Report is not part of the financial statements.

Our opinion on the financial statements does not cover the Administrator's Report.

In connection with the audit of the financial statements for the financial year ended at 31st December 2023, our responsibility is to read the Administrator's Report and, in doing so, to assess whether there are significant inconsistencies between the Administrator's Report and the financial statements, whether the Administrator's Report includes, in all material aspects, the information required by Articles 15-19 of the Accounting Regulations approved by OMFP no. 2844/2016, and if, based on our knowledge and understanding acquired during the audit of the financial statements regarding the Company and its environment, the information included in the Administrator's Report is materially erroneous. We are asked to report on these issues. Based on the activity carried out, we report as follow:

- a) in the Administrator's Report we have not identified information that is inconsistent, in all material respects, with the information presented in the financial statements;

- b) The Administrator's Report identified above includes, in all material aspects, the information required by Articles 15-19 of the Accounting Regulations approved by OMFP no. 2844/2016.

In addition, based on our knowledge and understanding acquired during the audit of the financial statements for the year ended at 31st December 2022, regarding the Company and its environment, we have not identified any information included in the Administrator's Report that is materially misstated.

Responsibilities of the management and of the persons responsible with governance for the annual financial statements

6. The Company's management is responsible for preparing financial statements that provide a true and fair view in accordance with the International Financial Reporting Standards adopted by the European Union and approved by OMFP no. 2844/2016 and with the accounting policies described in the notes to the financial statements, and for that internal control that management considers necessary to allow the preparation of financial statements free from material misstatements, whether caused by fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing going concern issues, if any, in the notes to explanatory matters, and for using going concern accounting, unless management either intends to wind up the Company or stop operations or has no realistic alternative other than that.
8. The persons responsible for governance are responsible for supervising the financial reporting process of the Company.

The auditor's responsibilities in an audit of the annual financial statements

9. Our objectives consist in obtaining a 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. The reasonable assurance represents 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 be caused either by fraud or by error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the user's economic decisions, taken on the basis of these financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain the professional skepticism throughout the audit. Moreover:
 - We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, we project and perform audit procedures as a response to those risks and we obtain audit evidence 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, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - We obtain an understanding of the internal control relevant for the audit, in order to project the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of the accounting policies used and the reasonable character of the accounting estimates and the related disclosures made by the management.
 - We draw a conclusion regarding the appropriateness of management's use of the going concerns basis of accounting and, based on the audit evidence obtained, we determine whether a material uncertainty exists related to events or conditions that might generate significant doubts regarding the Company's ability to continue as a going concern. In case 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, we must modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - We evaluate the overall presentation, structure and contents 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.
 - The scope of the performed audit was not limited.
11. As part of the audit process, we communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as the main audit findings, including any significant deficiencies in internal control, that we identify during the audit.

Report on other legal and regulatory provisions

12. Requirements relating to the information in the Remuneration Report – in accordance with the requirements of Article 107 (7) of Law No 24/2017, as amended ("Law 24/2017"), we have read the Remuneration Report drawn up by the Company for the financial year ended on 31.12.2023 and confirm that, in our opinion, it presents, in all material respects, the information provided in Article 107 of Law 24/2017.
13. Requirements for the audit of public-interest entities – in accordance with Article 10 (2) of Regulation (EU) No 537/2014, we provide the following information in our independent audit report, which is necessary in addition to the requirements of International Audit Standards:
- 13.1. **The appointment of the auditor and the duration of the mission** – We have been appointed the auditors of the Company with the approval of the Ordinary General Meeting of Shareholders (AGOA) from 26.04.2023, based on the service contract no. 32 / 30.05.2023, in order to audit the individual and consolidated financial statements of the Company for the financial year 2023. The total uninterrupted duration of our mission is 7 months, covering the financial year ended on 31.12.2023. The previous auditor is Audit Account SRL.
- 13.2. **Consistency with the Additional Report presented to the Audit Committee** – On the date of issue of this audit report, the Company has an Audit Committee, to which we issue an additional report. Our audit opinion is consistent with the additional report submitted to the Company Audit Committee, which we issued on the same date that we issued this report. Also, in conducting our audit, we have maintained our independence from the audited entity.
- 13.3. **Provision of non-audit services** – We declare that we have not provided the Company with prohibited services that are not similar to the audit, referred to in Article 5 (4) of



Regulation (EU) no. 537/2014b. In addition, we have not provided for the Company nor for entities it controls other non-audit services that have not been disclosed in the financial statements.

Report on compliance with the provisions of the Delegated Regulation (EU) 2018/815 of the European Commission, which includes regulatory technical standards on the single electronic reporting format

- 13.4. We have been appointed to carry out a reasonable assurance mission on the compliance of the individual financial statements in XHTML format of COMPA S.A. ("Society") on 31.12.2023 ("XHTML" Situations), with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which sets out regulatory technical standards for specifying a single electronic reporting format ("RTS on ESEF").
- 13.5. **Our responsibility** – Our responsibility is to express, on the basis of the evidence obtained, a conclusion as to the extent to which XHTML Situations conform, in all material respects, to the RTS requirements on the ESEF.
- Our reasonable assurance mission was carried out in accordance with the International Standard on Insurance Missions 3000 (revised) - *Assurance missions other than audits or revisions of historical financial information* ("ISAE 3000") issued by the International Audit and Insurance Standards Board.
 - A reasonable assurance mission in accordance with ISAE 3000 requires procedures to be carried out to obtain evidence of compliance with the RTS on the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgement, including the assessment of the risk of material deviations from the provisions laid down in the RTS on the ESEF caused by either fraud or error. A reasonable assurance mission shall include:
 - obtaining an understanding of the process of preparing XHTML Situations by the Company in accordance with the RTS on the ESEF, and of the relevant internal controls;
 - assessment of whether the financial statements have been prepared in a valid XHTML format;
 - reconciliation of XHTML Situations with audited financial statements prepared by the Company in accordance with OMFP 2844/2016 for submission to the relevant authorities.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

13.6. Responsibility of the management of the Company for XHTML Situations prepared in accordance with the RTS on the ESEF

- The Board of the Company is responsible for preparing XHTML Situations according to the RTS on ESEF. This responsibility presupposes:
 - ensure consistency between XHTML and financial statements prepared for submission to relevant authorities in accordance with OMFP 2844/2016;
 - design, implement and maintain relevant internal control for the preparation and presentation of XHTML Situations in accordance with the ESEF RTS that are free from significant distortions caused by fraud or errors.
- The management of the Company has analyzed and found that at the level of the financial year 2023 the consolidation criteria provided by the legislation in

force are met. Thus, the Management of the Entity proceeded to consolidate the financial statements, and in this case there is the obligation to prepare and present the individual financial statements and consolidated financial statements in accordance with the format of ESEF, respectively XHTML for individual financial statements and the obligation to label XBRL of the consolidated financial statements, according to the provisions of Articles 3 and 4 of Delegated Regulation (EU) 815/2018.

13.7. Conclusion

- In conclusion, COMPA S.A. was required to submit individual financial statements in XHTML format in accordance with the RTS on ESEF for the financial year ended on 31.12.2023 and did so.
- In this report, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding individual financial statements. Our audit opinion on the Company's separate financial statements for the financial year ended on 31.12.2023 is included in the *Report section on the audit of the above financial statements*.

Date: 22.03.2024

Auditor's signature

QUANTUM EXPERT S.R.L. Deva (CAFR License No. 118 / 28.11.2001, annual e-visa ASPAAS no. 137604 / 12.06.2023)

by Administrator

Ec. ALIC Deli Maria – Financial Auditor (CAFR Registration No. 1165, annual e-visa ASPAAS no. 137595 / 12.06.2023)

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