

# INDIVIDUAL ANNUAL REPORT 2024

+40 269 230 888  
[www.compa.ro](http://www.compa.ro)  
[office@compa.ro](mailto:office@compa.ro)



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## **A) REPORT OF THE ADMINISTRATIVE BOARD**

### **1. INTRODUCTION**

#### **PURPOSE OF THE REPORT**

This ANNUAL REPORT for the year 2024 of the Board of Directors of COMPA S.A.Sibiu has been prepared in accordance with the provisions of ASF Regulation no.5/2018, Annex 15, addressed to companies listed on the BVB whose financial statements are prepared under IFRS standards.

The main objective of the annual report is to inform investors, business partners and the company's own employees about the changes in the company's economic-financial and social activity. This document highlights the results achieved by COMPA S.A. in 2023, despite the enormous challenges and difficulties faced by the company due to the multiple changes in volumes and prices during 2023.

#### **MESSAGE FROM THE PRESIDENT - DIRECTOR GENERAL**

Dear partners, shareholders and colleagues,



COMPA is a company with a solid tradition in the automotive components industry, a Romanian name recognized and appreciated by important international customers. Over the decades, we have demonstrated our ability to adapt to changes in the market, remaining competitive and innovative in a constantly changing environment.

The year 2024 was not without its challenges. Falling demand for internal combustion vehicles impacted our business, and the geopolitical backdrop - in particular the war in Ukraine - influenced both supply chains and market dynamics. In such a period, flexibility and rapid responsiveness have become more important than ever.

In the face of these changes, we have worked hard to diversify our portfolio, seeking new opportunities and partnerships beyond the automotive sector. Our focus is on identifying new customers and expanding into complementary areas to capitalize on the technological expertise we have accumulated and strengthen our position in the markets of the future.

We have also stepped up our sustainability commitments by aligning with the new ESRS standards for ESG reporting. We recognize our responsibility to the environment, employees and the community and remain committed to transparency and progress in this area.

We look to the future with confidence. With a dedicated team, reliable partners and a clear strategy of diversification and innovation, we are ready to turn challenges into opportunities. Thank you to all who are with us on this journey!

**Ioan Deac,**  
President & Managing Director COMPA SA Sibiu

## 2. COMPA - OVER 130 YEARS OF EXPERIENCE AND PERFORMANCE

The company COMPA S.A. - a prestigious brand of the Romanian automotive industry has earned its reputation over time due to the diversity and competitiveness of its products, especially in the field of automotive and springs, qualities acquired in over 130 years of existence and performing activity.

### BRIEF HISTORY

**1886** - The first official documentary evidence of the Iószef Datky (1844-1928) blacksmith's workshop, recognized as "Datky Iosif Datky & Sons' Carriage Workshop", which produced lamellar springs for carriages, forgings, forges, fords, bucks, hammers, hammers, hammers, scythes, etc. The workshop became a supplier of carriages for the Royal House of Vienna, and the merits and quality of the products produced were recognized by their participation in international exhibitions: Budapest (1896) and Paris (1898).



**1920** - The beginning of the manufacturing of springs for cars and wagons and the transformation of the blacksmith's shop into "Elastic A Datky" - the first Romanian springs factory and special blacksmith's shop.



**1932** - The company "ELASTIC A.DATKY & Co" - the first springs and stacks factory - switched to the manufacture of stacks and spiral springs. The technology of manufacturing leaf springs for trucks and passenger cars was also developed.

**1948** - Nationalization of the factory and continuation of the activity under the name of STATE ELASTIC COMPANY, which until 1960 produced batteries, springs and forgings.

**1961** - The Elastic Sibiu plant focuses on the manufacture of: leaf springs, hot wound coil springs and cold wound coil springs.

**1969** - **THE AUTO PARTS COMPANY SIBIU (IPAS) was founded** by merging two important companies from Sibiu, which had in the course of time had an independent individual path:

- Automecanica Sibiu Plant, with an impressive history throughout its development, from a Sibiu Artillery Arsenal that ensured the repair and manufacture of weapons for the defense of the Citadel of Sibiu (before the merger) to the production of automotive equipment, combining the experience of the forefathers with the new advances in technology and management of those times;
- The Elastic Factory, with deep roots in the artisan tradition of the town, was established in the 19th century as a blacksmith's workshop, which later developed into a car body workshop and finally, before the 1969 merger, into a factory of springs and forged products.


**Automechanic Plant**

**Elastic Plant**


The unification of the two representative factories of Sibiu and the establishment of the AUTO PARTS COMPANY SIBIU (IPAS) represents a crucial moment, laying the foundations for the foundation in Sibiu of a strong company in the automotive field, an enterprise that was to become one of the main suppliers of components for the manufacture of trucks and buses based on the license taken over by the Romanian State from the German company MAN. The Auto Parts Enterprise, entered a national development program, with major investments in the construction of halls and the acquisition of machinery and equipment of the latest generation, of the respective period. In the firm were assimilated in manufacturing and were produced, as a result of the purchase of licenses from various firms in the European automotive industry:

- Equipment for the braking system of motor vehicles;
- Cardan shafts;
- Steering systems;
- Telescopic shock absorbers;
- Vehicle suspension systems.

**1991** - The transformation of the CAR PARTS COMPANY SIBIU, as a result of the regime change in December 1989, into a joint-stock company, a company with full state capital, under the name of S.C.COMPA S.A.Sibiu

**INTREPRINDERE DE PIESE AUTO SIBIU**
**brake equipments**

**drive shafts**

**steering gears**

**telescopic shock absorbers**

**suspension**


**1996** - Compa, together with a company from the German concern KRUPP, sets up a joint venture - Krupp Bilstein Compa - to manufacture telescopic shock absorbers for automobile production.

**1997** - The company's shares have been traded on the Bucharest Stock Exchange since June 12, 1997, under the symbol CMP. Securities issued by the company are traded on the Standard category of the BVV.

**1998** - Establishment of the second joint venture company - Krupp Compa Springs, for the manufacture of leaf springs for trucks, vans and cars

**1999** - COMPA was fully **PRIVATIZED**, with the COMPA Employees' Association (PAS) taking over the main shareholding. Privatization represented the most radical form of restructuring. The change of ownership meant a complex and profound change in the conduct of all the company's functions separately and as a whole. The conditions were created for maximally profitable use of human, material and financial resources

**2000** - The first affiliated company is established - Compa IT SRL, in the IT field, with COMPA's full capital.

**2001** - The affiliated company TRANS CAS SRL is established, with COMPA preponderant capital, by transforming the existing transportation base within the company into a separate company for domestic and international transportation.

**2004** - The affiliated company RECASERV SRL is established, with a public catering profile, realized by outsourcing specific activities (canteen and microcanteens in COMPA). Later it expanded its activity with catering and cleaning services.

**2004-2018** - Establishment of collaborative partnerships with some of the world's leading automotive and non-automotive companies to produce components primarily for the automotive industry worldwide.

During this period, rehabilitation works were carried out, especially of the halls and storage spaces, requiring their modernization and bringing them to a level of operation in the conditions required by our business partners. In order to bring the production facilities up to the requirements and standards of this period, significant investment expenditure was incurred. The overwhelming share of the investment expenditure made from own sources but also from bank loans was mainly aimed at financing the purchase of new state-of-the-art machinery and equipment in order to be able to manufacture car components at the level of complexity, technicality and quality required by the company's partners i :



**2021** - Establishment of the limited liability company Arini Hospitality SRL.

**2021** - Compa continues to develop at a sustained pace, using high performance technologies and equipment.

**2024** - Resources and expertise already existing in the company began to be easily adapted for the defense industry. The technology owned by the company makes it easily adaptable as an industrial equipment manufacturer can start to manufacture components for military vehicles. This year, the first discussions started to orient Compa also towards the defense industry.



### **3. THE EVENTS OF 2024 AND THE MANAGEMENT'S VISION FOR THE FUTURE EVOLUTION OF THE BUSINESS**

#### **3.1. EVENTS RECORDED IN 2024**

As important events recorded in the activity of Compa in 2024, we can highlight the meetings of the Board of Directors of Compa S.A. (BoD) following the convocation of the Chairman of the BoD, as follows:

**11.01.2024** - The Board of Directors of COMPA S.A. was convened and approved the interruption of the demerger process in order to reconsider the aspects related to the proposed transaction, including from the perspective of the valuation elements. It will come back later with a decision on the appropriateness of the parameters of the division and the continuation of this process

**31.01.2024** - The Board of Directors of COMPA S.A was convened and approved:

- empowering the persons within the Company to sign in written and electronic format the bank documents representing operations carried out by COMPA S.A. through the accounts opened with banking companies, namely payment operations, in lei and in foreign currency, setting up term deposits, foreign exchange, cash withdrawals, signing checks and promissory notes, requests for issuing bank letters of guarantee.
- the scrapping of fixed assets
- write-offs of tangible stocks/finished goods, recording of inventory write-downs, recording of impairment adjustments on receivables and other irrecoverable debts
- recording depreciation adjustments on some materials

**26.02.2024** - The Board of Directors takes note and approves the preliminary individual and consolidated financial results for the financial year ended December 31, 2023 and the main economic and financial indicators for the financial year ended December 31, 2023.

**07.03.2024** - Board of Directors of COMPA S.A. was convened to approve the proposal to convene the Ordinary General Meeting of Shareholders (AGOA) for 25.04.2024 first convocation (15:00) and 26.04.2024, second call (15:00 hours) and the proposal to convene the Extraordinary General Meeting of Shareholders (AGEA) for 25.04.2024 first call (16:00 hours) and 26.04.2024, second call (16:00 hours).

The Board of Directors approved the agenda of the AGOA convened on 25/26.04.2024, in which a total of 13 items (as per the convening notice) as well as the 12 items included in the Convening Notice of the AGEA of 25/26.04.2023. The Board of Directors also approved 11.04.2024 as the record date for the AGOA and AGEA on 25/26.04.2024 respectively.

**22.03.2024** - During the meeting held on 22.03.2024, the Board of Directors approved the Individual and Consolidated Annual Report for the financial year 2024 prepared in accordance with Annex 15 of ASF Regulation no. 5/2018. The independent financial auditor's report on the individual and consolidated financial statements was noted. Also during this meeting, the Income and Expenditure Budget for the year 2024 and the Investment Program for the year 2024 were approved, as well as the updated Management Remuneration Policy.

**12.04.2024** - During the meeting held on 12.04.2024, the Board of Directors approved the submission by COMPA SA (under the PNRR funding program) of the project Innovation and Efficiency in the Use of Energy Resources, through the implementation of an energy monitoring system, purchase of transformers and compressors in COMPA SA (funding application, energy audit, feasibility study and other supporting documents required in the guidelines).

**25.04.2024** - The Ordinary General Meeting of Shareholders (AGOA) was held and decided to

- election of the meeting secretary from among the shareholders present;
- approves the individual financial statements for the financial year 2023, on the basis of the Annual Report for the year 2023 presented by the Board of Directors, accompanied by the Report of the financial auditor QUANTUM EXPERT S.R.L.

- approves the consolidated financial statements for the financial year 2023, based on the Annual Report for the year 2023 presented by the Board of Directors, accompanied by the Report of the financial auditor QUANTUM EXPERT S.R.L.
- approves the distribution of the net profit for the financial year 2023, totaling 7.675.390 lei, as follows:
  - ⊖ + from own development sources - amount of 6.140.312 lei
  - ⊖ + for the payment of dividends to the shareholders - the amount of 1.535.078 lei with a gross dividend per share of 0,00705 lei.
- approves the date of 14.06.2024 as payment date for the payment of dividends. The dividend payment will be made in RON. The method of payment of dividends will be notified to the shareholders prior to the starting date of payment. The expenses incurred for the payment of dividends shall be borne by the shareholders.
- approves the discharge of the administrators for the financial year 2023.
- approves the Revenue and Expenditure Budget for the year 2024 and the investment program for the year 2024.
- approves the election and appointment, for a one-year term of office starting from 25.04.2024, of Mrs. Mihaela Dumitrescu, residing in Sibiu, to fill the position of director in the Board of Directors of COMPA S.A., considering the vacant position currently provisionally occupied.;
- approves the remuneration of the directors for the current financial year, starting from 01.05.2023 until 30.04.2025, as follows: 25.000 lei gross/month for the Chairman of the Board of Directors, 18.000 lei gross/month for the Vice-Chairman of the Board of Directors and 13.000 lei gross/month for the non-executive directors, members of the Board of Directors.
- approves the extension until 30.04.2025 of the mandate of the external financial auditor S.C. QUANTUM EXPERT S.R.L. with registered office in Deva, str. Mărăști, Bl. D3, sc. 4, ap. 44, Jud. Hunedoara, with registration code 12600149 registered with the Trade Register under no. J20/40/2000, a company authorized by the Chamber of Financial Auditors of Romania on the basis of authorization no. 118/28.11.2001, in order to perform the Statutory Audit for the year 2024.
- approves the remuneration report of the company's management for the financial year 2023.
- approves the updated Management Remuneration Policy of COMPA S.A.
- approves the date of 24.05.2024 as the record date for the identification of shareholders on which the effects of the resolutions of the ordinary general meeting of shareholders are reflected, in accordance with the provisions of Article 87 of Law no.24/2017 on issuers of financial instruments and market operations and the date of 23.05.2024 as the *ex-date* in accordance with the provisions of Article 176(1) of ASF Regulation no.5/2018.
- empowering the individuals who will carry out the formalities for publicizing and recording the decisions of the meeting, including signing them

**25.04.2024** - The Extraordinary General Meeting of Shareholders (EGSM) was held and decided to

- election of the secretary of the Extraordinary General Meeting of Shareholders from among the shareholders present;
- **approves** the contracting and/or extension for the year 2024 and the year 2025 until the annual AGEA, of investment loans, lines of credit, leasing, bank letters of guarantee, and other financial banking products, with a total cumulative ceiling of EUR 40 million and the constitution of the related securities and real estate guarantees with assets from the company's patrimony.
- **approves** the Delegation to the Board of Directors by the Extraordinary General Meeting of Shareholders to commit and/or extend investment loans, lines of credit, leasing, bank letters of guarantee and other financial banking products from the date of the resolution of the EGM until the next Extraordinary General Meeting in April 2025, within the total cumulative ceiling of EUR 40 million approved in point 2, and to provide related movable and immovable collateral with assets from the company's assets.
- **approves** the empowerment of the General Manager and the Economic Director to represent the Company in the negotiation and signing of credit agreements, guarantee agreements and any other documents necessary for the fulfillment of the decision in point 2 and 3.

- **approves** the Delegation of the Board of Directors by the Extraordinary General Meeting of Shareholders to appoint the representative of COMPA S.A. in relation with the Management Authority / Financing Authorities and to authorize the person / persons to sign in the name and on behalf of the Company financing contracts that will be executed starting from 2024 and continuing until the next AGM in April 2025.
- **approves** the mandate of the Managing Director and the Economic Director to sign, in the name and on behalf of the Company, the contract with the financial auditor, appointed according to the decision no. 9 of the A.G.O.O.A.
- **approves** the authorization of the Chairman of the Board of Directors of the Company to sign, in the name and on behalf of the Company, the management contract to be concluded by the Company with the administrator elected according to the resolution no. 7 of the AGOA for the performance of his activity as a member of the Board of Directors.
- **approves** the restriction of the object of activity of COMPA S.A. by partly eliminating some of the economic activities and adding others, and the updating of the articles of association and the powers of the persons signing the updated articles of association
- **approves** the date of **24.05.2024 as the record date** for the identification of shareholders on which the effects of the resolutions of the ordinary general meeting of shareholders are reflected, in accordance with the provisions of Article 87 of Law no.24/2017 on issuers of financial instruments and market operations and the date of **23.05.2024 as the ex-date** in accordance with the provisions of Article 176(1) of ASF Regulation no.5/2018.
- empowering the individuals who will carry out the formalities for publicizing and recording the decisions of the meeting, including signing them

**30.04.2024** - The Board of Directors of COMPA SA was convened, which approved the extension of the mandate of Mrs. Mihaela Dumitrescu as Economic Director of Compa S.A., starting with 30.04.2024 until 30.04.2025, in accordance with the provisions of art. 143 para. (1) of the Companies Act no. 31/1990, with the delegation of the company's management powers.

**14.05.2024** - At its meeting of 14.05.2024, the Board of Directors approved

- Individual and consolidated report for Quarter 1 - Year 2024;
- Mandate the Managing Director - Ioan Deac and the Economic Director - Mihaela Dumitrescu to sign, on behalf of and for the Board of Directors, the individual and consolidated quarterly report for the 1st quarter - year 2024;
- The 2023 Dividend Payment Notice, which also includes the 2023 Dividend Distribution Procedure;
- Mandating the Chairman of the Board of Directors - Ioan Deac and the Vice-Chairman of the Board of Directors - Mihaela Dumitrescu to sign the Communiqué on the payment of dividends for the year 2023 and the Procedure for the distribution of dividends for the year 2023
- Authorizing the Chairman of the Board of Directors - Ioan Deac and the Vice-Chairman of the Board of Directors to sign the decisions of the Board of Directors taken at the meeting convened for 14.05.2024

**14.06.2024** - The procedure for the payment of dividends due to COMPA SA shareholders for the year 2023 was started.

**08.08.2024** - At its meeting of 08.08.2024, the Board of Directors approved:

- Individual Financial Report for semester 1 - 2024 and Consolidated Financial Report for semester 1 - 2024;
- to authorize the Chairman of the Board of Directors - Ioan Deac and the Vice-Chairman of the Board of Directors - Mihaela Dumitrescu to sign on behalf of and for the Board of Directors the Individual Financial Report for the semester 1 - 2024 and the Consolidated Financial Report for the semester 1 - 2024.
- Authorizing the Chairman of the Board of Directors and the General Manager - Ioan Deac and the Vice-Chairman of the Board of Directors - Mihaela Dumitrescu to sign the decisions of the Board of Directors taken in the meeting convened for 08.08.2024;

**08.08.2024** - During the meeting of 08.08.2024, the Board of Directors took note of the presentation of the Report of the Audit Committee of the Board of Directors for the semester 1-2024

**19.08.2024** - At its meeting on 19.08.2024, the Board of Directors approved:

- Empower Mr. Deac Ioan - General Director or Mrs. Serban Ancuta-Mioara - responsible for project implementation to sign on behalf of COMPA SA the contract / related documents necessary within the project COMPASA- KNOWLEDGE, OPPORTUNITIES, MOTIVATION, PARTNERSHIPS, SKILLS through ATTRACTIVE STRATEGIES-program SMIS code: 302070 and to represent the company in the relationship with the Managing Authority OI\_PEO\_Organismul Intermediar pentru Programul Operational Capital Uman Ministry of Education, the trustees may sign together or separately the necessary documents.
- Authorizing the President of the Board of Directors - Ioan Deac and the member of the Board of Directors - Maxim Mircea Florin to sign the decisions of the Board of Directors taken in the meeting convened for 19.08.2024

**23.10.2024** - During the meeting held on 23.10.2024, the Board of Directors approved the decrease of the credit line contracted by the affiliated company Arini Hospitality SRL, with Banca Transilvania under credit agreement no. 14832343/8.11.2023, in the amount of RON 3,500,000 (three million three hundred million five hundred thousand) lei to RON 1,500,000 (one million one hundred million five hundred thousand) lei and the extension for a period of 12 months with the possibility of extension, as well as the maintenance of the guarantees provided.

**28.10.2024** - At its meeting on 28.10.2024, the Board of Directors approved:

- Renewal/extension of the credit facility - credit agreement no. 22/31.01.2008 concluded with BRD Groupe Societe Generale S.A., in the amount of 15.000.000.000 Eur (if needed sub-ceiling of 4.000.000 Eur for issuing letters of guarantee/ letters of credit/FINTRA) until 31.10.2025.
- Contracting of a factoring ceiling of 1.500.000 euro (import and reverse internal) for the financing of COMPA SA suppliers.
- Approval to secure the credit facility with assets already pledged as collateral
- Authorization of persons to sign credit agreements, addenda and guarantee documents with the bank
- Establishment of the Sustainability Committee to prepare the 2024 Sustainability Report

**14.11.2024** - At its meeting of November 14, 2024, the Board of Directors approved:

- Presentation and approval of the Report on the individual financial statements for the third quarter of the year 2024 and the Report on the consolidated financial statements for the third quarter of the year 2024
- Mandate the General Manager - Ioan Deac and the Economic Director - Mihaela Dumitrescu to sign, on behalf of and for the Board of Directors, the Report on the individual financial statements as at Quarter III 2024 and the Report on the consolidated financial statements as at Quarter III 2024.
- Empowering the Chairman of the Board of Directors - Ioan Deac and the Vice-Chairman of the Board of Directors - Mihaela Dumitrescu to sign the decisions of the Board of Directors taken at the meeting convened for November 14, 2024

**12.12.2024** - At its meeting on 12.12.2024, the Board of Directors approved:

- Establishment of the right of servitude overground and the right of servitude underground right of way by car and foot over the entire area of the land registered in CF Sibiu no. 128907 in area of 2842 sq.m. as servient land in favor of the property registered in CF Sibiu no. 128908 in area of 2840 sq.m. as dominant land, the purpose being to develop real estate on land located in Sibiu, Bd. Victoriei 42-44.
- Establishment of the right of overground easement and the right of underground easement of passage by car and foot over the entire area of the land registered in CF Sibiu no. 128908 in area of 2840 sq.m. as servient land

in favor of the property registered in CF Sibiu no. 128907 in area of 2842 sq.m. as dominant land, the purpose being to develop real estate on land located in Sibiu, Bd. Victoriei 42-44.

- Empower Mr. Ioan Deac - General Manager, as legal representative, to sign in the name and on behalf of Compa S.A. the notarial deed and any other necessary documents in this regard.
- Mandating the Chairman of the Board of Administration and General Manager - Ioan Deac and the Vice-Chairman of the Board of Administration - Mihaela Dumitrescu to sign the decisions of the Board of Administration taken in the meeting convened for 12.12.2024.

### **3.2. EVENTS AFTER THE REPORTING PERIOD**

**14.02.2025** - At its meeting on 14.02.2025, the Board of Directors approved:

- Disposal of tangible and intangible fixed assets
- Write-off of stocks of materials/finished goods, recording of inventory losses offset by inventory gains, recording of impairment adjustments on receivables and other irrecoverable debtors
- Recording income from the writing-off of debts
- Taking the steps for the dissolution/ liquidation of the company RECASERV SRL based in Sibiu, 51 Henri Coandă str.

**14.02.2025** - At its meeting on 14.02.2025, the Administrative Board took note of :

- Present the results of the revaluation of property, plant and equipment as of 12/31/2024 as a result of the revaluation.
- State of preparation of the individual and consolidated Sustainability Report for 2024.
- The new Corporate Governance Code.

**27.02.2025** - At its meeting on 14.02.2025, the Board of Directors approved:

- Preliminary individual and consolidated financial results for the fiscal year ended December 31, 2024 and key economic and financial indicators for the fiscal year ended December 31, 2024.
- Mandate the Chairman of the Board of Directors - General Manager - Ioan Deac and the Vice-Chairman of the Board of Directors - Economic Director - Mihaela Dumitrescu to sign on behalf of and for the Board of Directors the preliminary individual and consolidated financial results for the financial year ended December 31, 2024 and the main economic and financial indicators for the financial year ended December 31, 2024.

### 3.3. COMPA MANAGEMENT'S VISION FOR THE DEVELOPMENT OF THE BUSINESS

#### 3.3.1 COMPA's place in the automotive industry

COMPA has been active in the automotive industry for more than 100 years, and from 1969 until privatization in 1999, the share of its production was exclusively for the automotive sector.

As a result of the collapse of the Romanian production of trucks, buses, vans and off-road cars, the volume of orders dropped dramatically, COMPA was forced to turn to other partners, mainly in the West, in order to start cooperation with various customers.

In this context, prestigious partners from the automotive industry were approached and long-term collaboration partnerships were established with them, such as: DELPHI currently Phinia, Honeywell currently Garret, Koyo currently JTEKT, BOSCH, THYSENKRUPP, etc., partners to which COMPA still delivers the overwhelming share of the production realized.

As a result of Romania's accession to the European Union, this sector of the Romanian economy held in 2019 (before the spread of the Covid pandemic - 19) 14% of Romania's Gross Domestic Product.

Most of the component manufacturing companies currently operating in Romania are subsidiaries of large Western multinationals that have relocated their manufacturing to Romania, taking advantage of low labor costs.

COMPA manufactures components, for which it has no competition in Romania, the type of products manufactured at Compasunt only made by competitors mainly in the West.

Due to the industrial tradition of the company, which generally manufactures highly technical and precise products, most of the production is obtained by machining by chipping, carried out on CNC machine tools. Thus, a significant share of production is destined for diesel injection systems (passenger cars and commercial vehicles), passenger car steering systems, windshield wipers, transmission systems, etc.

The actions taken at global level to reduce CO<sub>2</sub> emissions into the atmosphere in order to mitigate climate change find Compa with a production structure focused to a fairly large extent on the manufacture of components for internal combustion engines (gasoline and diesel), whose downward trend is well known, which requires urgent measures at the level of the company's management to reconvert the activity within COMPA.

#### 3.3.2. Trends and actions taken at Compa to change the structure of manufactured production

As we have known for some years now, the automotive industry is in a period of significant transition, influenced by factors such as electrification, technological innovation and stringent environmental regulations. These changes have a direct impact on the future of engines

In recognition of these clear global trends to reduce CO<sub>2</sub> emissions into the atmosphere, car manufacturers around the world have initiated concrete programs to restructure the production of cars currently being manufactured. By 2035, the European Union has set a zero-emissions target for all new cars and vans sold.

The industry is facing economic difficulties, including rising insolvencies and job losses. Auto sector bankruptcies increased by about two-thirds in 2024, and experts anticipate a further 40-50% increase in 2025.

Current technological innovations by the major manufacturers to adapt to new requirements have led to the development of hybrid technologies that combine diesel engines with hydrogen, reducing CO<sub>2</sub> emissions by up to 85%. In this respect, Compa hopes and continues to participate in the production of components adapted to hybrid engines.

In this context the COMPA strategy is :

- Promoting COMPA's manufacturing processes and capabilities at various national and international trade fairs in order to win new customers from various industrial and defense sectors.
- Assimilation of new components mainly for non-automotive areas
- The investments are directed in particular to ensure the necessary production capacities in non-automotive areas.
- Stop investments for capacity increases for the production of new components for diesel engines, reduce those for large trucks (TIR).

### 3.3.3. Current areas of activity to be developed at Compa

- Continued manufacture of Wilo fluid pump components.

It is an industrial field with growth potential in the future, knowing that the production of pumps for fluids (water, liquid fuel, chemicals, petroleum, etc.) is constantly increasing.

COMPAC has entered into a business partnership with Wilo in recent years and plans to diversify these products in the future. The products are assimilated in COMPAC's production, approved, and their manufacture is starting.

- Continuing the manufacture of copper components for air conditioning equipment and heat pumps. According to market information, the demand for heat pumps will be increasing in the coming years, and COMPAC has already started the assimilation of new products that will be used in the components of these heat pumps and also in various industrial air conditioning equipment.

- Developing the manufacture of mechano-welded components and structures for various industrial applications. In the last period we started series production of various components and metal housings for machines and lifting equipment.

- Another area addressed by COMPAC's management, in the context of the reconversion of manufacturing within the company, is the production of subassemblies for the manufacture of machine tools. Through a partnership with DMG MORI, one of the world's largest manufacturers of machine tools, COMPAC has committed itself to producing product categories with a high proportion of machine tools:

1. Large machined components machined by cutting on specialized numerically controlled machine tools of high precision and complexity
2. Car bodies for machine tools of different sizes and types equipping a wide range of machine tool models.

- In addition to the collaboration with DMG MORI, Compa is developing relationships with INTERLIT for the production of components of Coolant Filtration Systems. These systems ensure an efficient filtration of the liquids used in the machining processes, contributing to maintain the quality and durability of the equipment.

- Production of green electricity with photovoltaic panels It is an implemented project realized with 50% part financing from the Norwegian Government, which will provide an installed power of 1 Mw, electricity used exclusively in COMPAC. Investing in photovoltaic panels is a sustainable, economical and environmentally beneficial solution, increasingly popular in the context of the transition to green energy.

It is an area that can provide COMPAC with some of the electricity it needs at an attractive price.

- Another field outside the manufacturing industry in which COMPAC is active, is the one oriented towards the capitalization of existing land owned by the company, namely for the construction of residential blocks, commercial premises, office buildings, on land located in the central areas of Sibiu and Cisnădie, very attractive

#### 4. MAIN ECONOMIC-FINANCIAL INDICATORS

In terms of the evolution of the economic and financial activity, i.e. the results obtained during 2024, we could say that 2024 was a difficult year, influenced by the action of external factors that could not be controlled or counteracted only partially, despite the efforts made by the responsible persons within the company.

At the national level as well, Romania's economy went through a complex period characterized by moderate economic growth, fiscal challenges and budgetary adjustment measures.

The action of these factors had an unfavorable impact both on the realization of the manufacturing program, respectively on the level of turnover, but more particularly on the level of profitability of the company, especially in the second part of 2024.

Significant events that significantly impacted the 2024 financial results are:

- **High prices**

Since the beginning of 2024, the prices of electricity and methane gas, have been maintained at a still high price compared to countries in Europe, a reason that made it difficult for the management to explain these price increases to customers. Although the company's top management reacted quickly, taking the decision to recalculate the delivery prices by including these influences, unfortunately most customers did not accept 100% of the impact in utility costs.

Under these circumstances, most of the influences from the increase in electricity and natural gas prices were reflected in Compa's results.

- **Price changes in steel and other materials.**

The year 2024 was marked by significant increases in steel prices, driven by declining demand in key sectors and rising raw material costs amid complex geopolitical and economic factors. The armed conflicts in Ukraine and Gaza contributed to higher prices of key raw materials for steel production, affecting supply chains and increasing production costs.

The still high electricity and methane gas prices have kept the prices of raw materials and basic materials, especially steels which have a significant impact on Compa's production.

The influences from changes in material prices were calculated on a quarterly basis and updated in the customers' prices but, as in the case of utilities, they deliberately delayed the implementation of price increases, so that a large part of the impact of these influences was borne by Compa with clear, unfavorable effects on the company's efficiency indicators.

- **Lack of qualified staff**

The most sought-after category of personnel needed by Compa is represented by operators on CNC machines, welders, categories very difficult to find on the local market in large numbers.

And in 2024 order fluctuations led to a staffing shortage early in the year, necessitating the use of existing staff on extended shifts or days off paid at double/hourly wage rate, with a major impact on manufacturing costs.

- **Inflation in 2024**

The rate of inflation although down to 5.8% in 2024 compared to 2023 when inflation was 10.5% was another factor that resulted in high costs, especially in the wage cost category, as we had to accept wage increases in negotiations with the Compa employees' union.

- **Labor market and minimum wage**

As of January 2024, the gross minimum wage was increased by 9.5% to 4,050 lei. This measure aimed to improve the living standards of low-income employees, generating additional costs for companies forced to adjust their internal wage level.

- **Tur turnover tax**

In 2024, the budget deficit rose to 6.9% of GDP, significantly exceeding the 3% limit imposed by the European Union. To tackle the deficit, the government implemented measures that affected businesses one of them that applied under Compa was the "turnover tax".

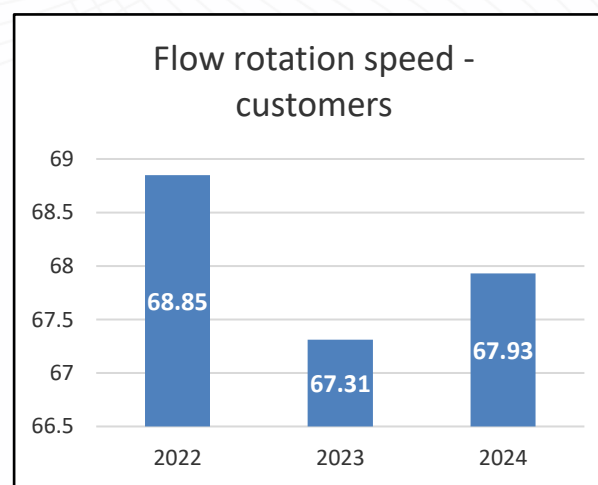
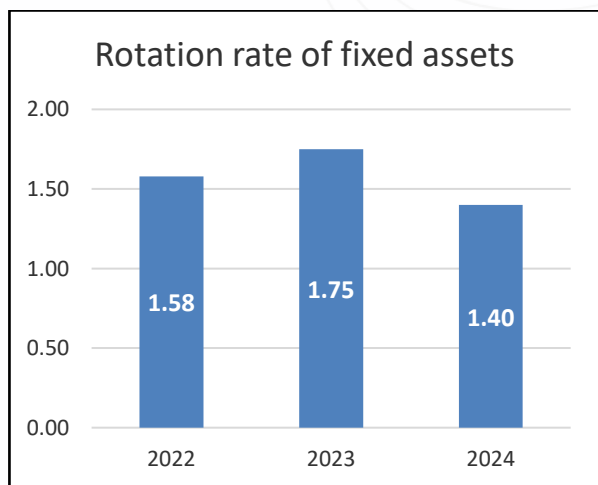
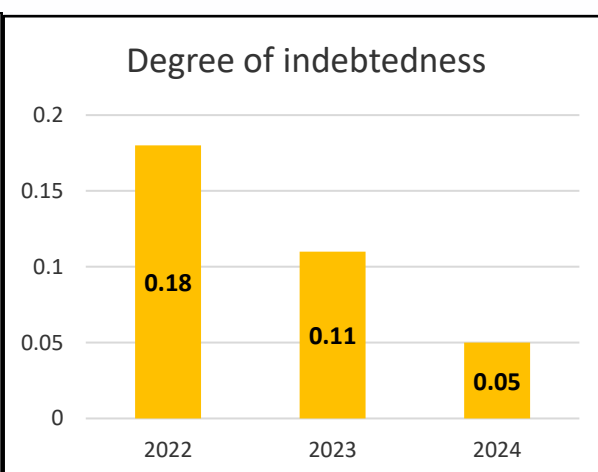
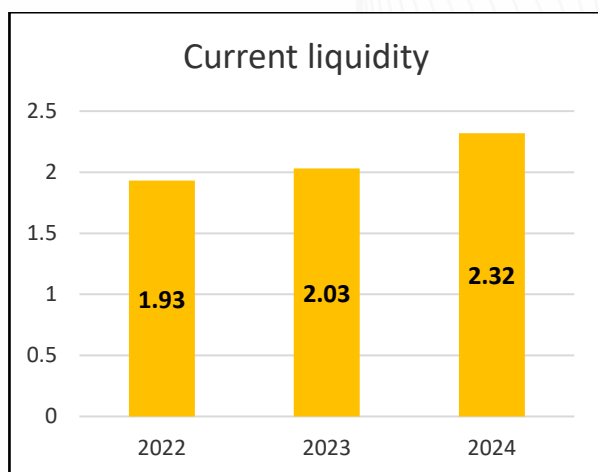
The introduction of turnover tax has significantly affected car companies, especially those with low profit margins. This type of taxation based on a company's total revenue, regardless of its profitability, has created several challenges in 2024.

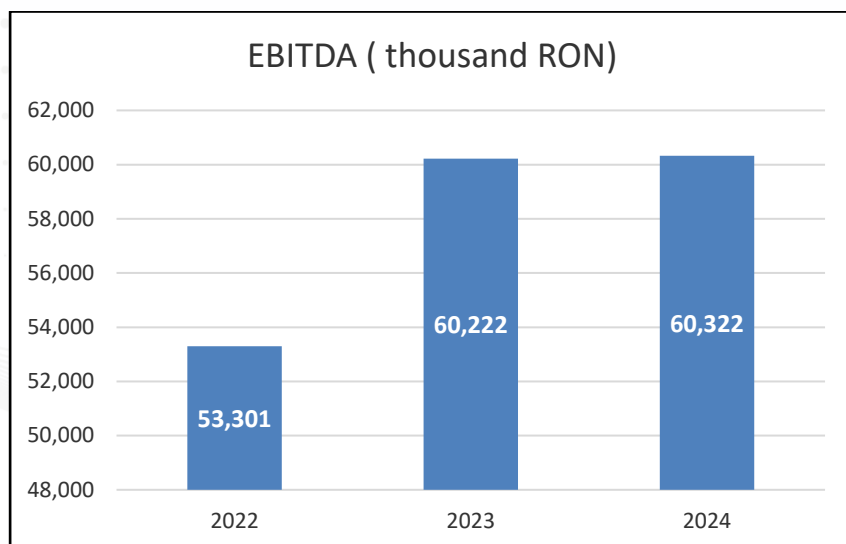
The turnover tax limits a firm's ability to invest in new technologies and maintain competitive prices.

In the context of the above, the economic results, in particular the gross and net profit for the year 2024 was, compared to the level of the provisions in the Income and Expenditure Budget, below the expectations of the company's management.

lei

| Indicators                           | 2022        | 2023        | 2024        |
|--------------------------------------|-------------|-------------|-------------|
| Turnover                             | 737,001,238 | 767,200,685 | 604,023,987 |
| Net profit                           | 2,510,594   | 7,675,390   | 3,324,485   |
| Investment volume                    | -29,679,565 | -19,070,269 | -17,427,747 |
| Average number of staff              | 1,807       | 1,792       | 1,628       |
| Current liquidity                    | 1.93        | 2.03        | 2.32        |
| Degree of indebtedness               | 0.18        | 0.11        | 0.05        |
| Rotation rate of fixed assets        | 1.58        | 1.75        | 1.40        |
| Rotational speed of flow - customers | 68.85       | 67.31       | 67.93       |
| EBITDA                               | 53,301,309  | 60,221,721  | 60,322,300  |





## 5.PRODUCTS, PROCESSES

### 5.1. PROFIT CENTER - Decentralized Organizational Management Structure of COMPA

Production activity within the parent company COMPA is organized by Profit Centers. These "**profit centers**" are divisions or business units that operate independently in terms of revenue generation and cost control, with clear financial objectives. In the case of Compa, we are talking about production sections/production units where families of products similar in terms of construction and technology are produced, equipped with machinery and equipment specific to the realization of these products. The economic activity is organized in such a way that in each **profit centre** a monthly profit and loss account is drawn up, which is a particularly important document for the knowledge of income and expenses, so that by adding up the profit and loss accounts of the profit centres the profit and loss account at COMPA level is obtained. These "**profit centers**" are evaluated on profitability, not just operational performance.

Each profit center is responsible for:

- Generating income by selling products/services
- Control your own production and operating costs
- Monthly budget planning and execution
- Working with centralized functions and departments to streamline processes
- 

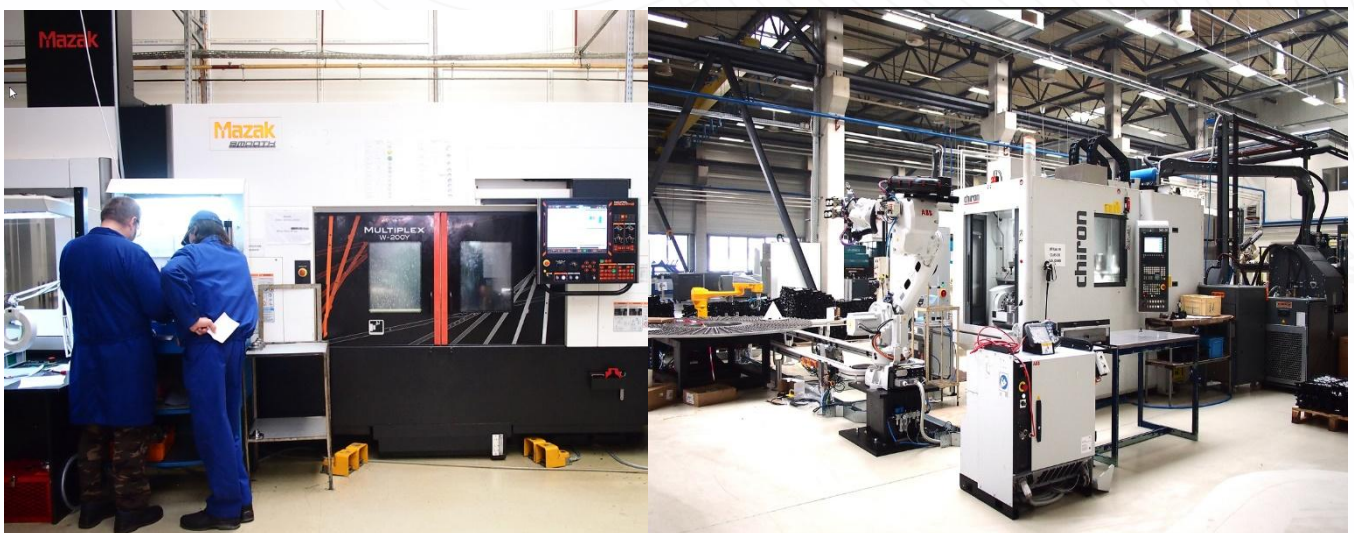
There are also profit centres specialized in the production of a wide range of similar products in terms of manufacturing processes, such as forged products, stamping products, surface coatings (galvanizing, phosphating), heat treatments, etc. , products intended for several customers. So, profit centers are structured to produce certain types of products, regardless of the customer to whom they are delivered.

Centralized activities in areas such as: technical, quality, maintenance, logistics, improvement, training are organized by persons responsible for the profitable management of these services.

Operations managers have the obligation to produce each product at the level of profitability included in the price negotiated with the business partner through the support provided by the centralized activities, thus trying to fit within the standard costs set for permanent cost reduction, to obtain the planned profit each product manufactured.

COMPA realizes a very wide range of products and operates with various processes. Their grouping, for the purpose of quantifying the value of manufactured output both in the Annual Reports of the Board of Directors and for various statistical reporting, etc., is based on a certain functional similarity between them, branches or industrial sectors.

Thus, the organizational and logistic structure is coherent and can be understood by COMPA shareholders and investors, business partners and other stakeholders.



The Board of Directors and the executive management of the company shall take into account the appropriate adaptation of the organization and management of the company's activity, in order to ensure the maximization of the efficiency of all sectors and processes within the company.

Advantages of such a model :

- **Flexibility and autonomy** - Profit centers have control over their decisions.
- **Operational efficiency** - Support functions are centralized for optimization and cost reduction
- **Clarity in assessing performance** - Profitability of each unit can be analyzed separately
- **Improved competitiveness** - Profit centers can adapt strategies based on evolving customer business.

In addition to the obvious advantages of the COMPA organization by profit centers , there are of course some disadvantages of the current COMPA organization with impact on the overall costs within the firm such as:

- **Potential conflicts between profit centres and cost centres** as a result of an increased number of indirect technical and administrative staff, specialized in carrying out specific profit centre operations, who in some profit centres are not fully loaded
  - **Difficulties in the correct allocation of costs and a lack of operational efficiency** when urgent additional demands from customers arise at certain times of the year at a given Profit Center
  - **High volatility in the evolution of customer orders** in these very uncertain times, impacted by the unpredictable transformations and changes generated by political and military conflicts in Europe and the world.
- All these disadvantages lead to the need for an advanced financial reporting system and the definition and tracking of internal KPIs.

## 5.2. Turnover evolution

As can be seen from the tables below, the turnover realized in 2024 shows a decrease of 21.25% compared to 2023, and 18% compared to 2022.

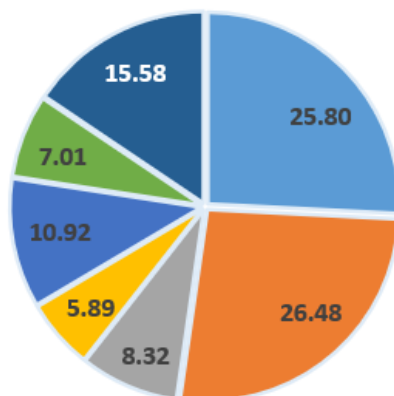
- **The evolution of realized turnover in the period 2022 - 2024 by product groups is:**

|                    |                                                            | Mil.RON       |               |               |
|--------------------|------------------------------------------------------------|---------------|---------------|---------------|
| Nr crt             | Product group                                              | 2022          | 2023          | 2024          |
| 1                  | Components for commercial vehicle engine injection systems | 191.06        | 194.87        | 155.82        |
| 2                  | Components for car engine injection systems                | 154.28        | 202.64        | 159.97        |
| 3                  | Components for windshield wiper systems                    | 38.78         | 53.91         | 50.26         |
| 4                  | cassette sprockets                                         | 39.15         | 45.86         | 35.60         |
| 5                  | Turbocharger subassemblies                                 | 81.19         | 82.01         | 65.95         |
| 6                  | Mechano-sound subassembly                                  | 63.54         | 66.93         | 42.33         |
| 7                  | Non-automotive products                                    | 169.00        | 120.99        | 94.09         |
| <b>TOTAL COMPA</b> |                                                            | <b>737.00</b> | <b>767.20</b> | <b>604.02</b> |

- **Evolution of the share of turnover by product group between 2022-2024**

| PRODUCT CATEGORIES                                         | 2022          | 2023          | 2024          |
|------------------------------------------------------------|---------------|---------------|---------------|
| Components for car engine injection systems                | 25.92         | 25.40         | 25.80         |
| Components for commercial vehicle engine injection systems | 20.93         | 26.41         | 26.48         |
| Components for windshield wiper systems                    | 5.26          | 7.03          | 8.32          |
| Steering cassette sprockets                                | 5.31          | 5.98          | 5.89          |
| Turbo blower subassembly                                   | 11.02         | 10.69         | 10.92         |
| Welded mechanical subassemblies                            | 8.62          | 8.72          | 7.01          |
| Non-automotive products                                    | 22.93         | 15.77         | 15.58         |
| <b>TOTAL COMPA</b>                                         | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |

### Categorii de produse

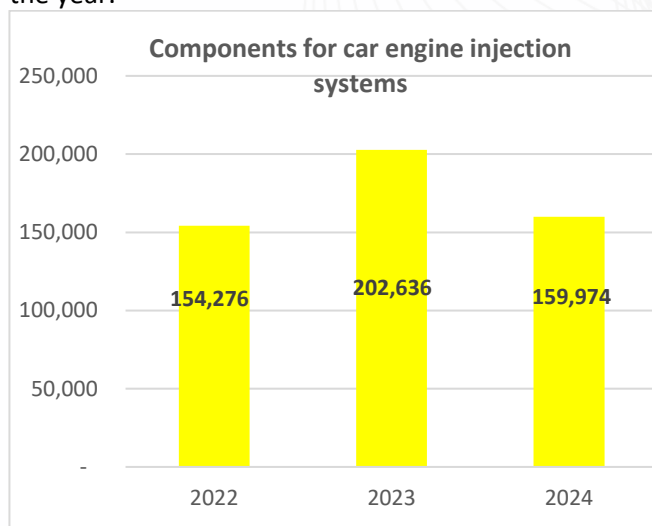


- Componente pentru sisteme injectie motor vehicule comerciale
- Componente pentru sisteme injectie motor autoturisme
- Componente pentru sisteme stergator parbriz
- Pinioane casete directie
- Subansamble turbo suflante
- Subansamble mecano sudate
- Produse non auto

- **Turnover evolution of components for passenger car engine injection systems, 2022-2024**

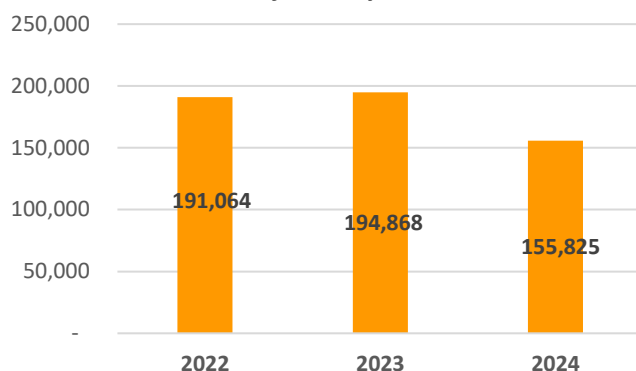
There is a decrease in components for injection systems for passenger car engines, as a result of the market downturn, the volume of electric cars produced is different from forecast.

We note that this product group is intensively monitored with a view to reducing its share in Compa's total business. In the year 2024, the share of groups for injector systems will be 26.41% of the total turnover compared to 20.93% in the year.



- **Turnover development of components for commercial vehicle engine injection systems, 2022-2024**

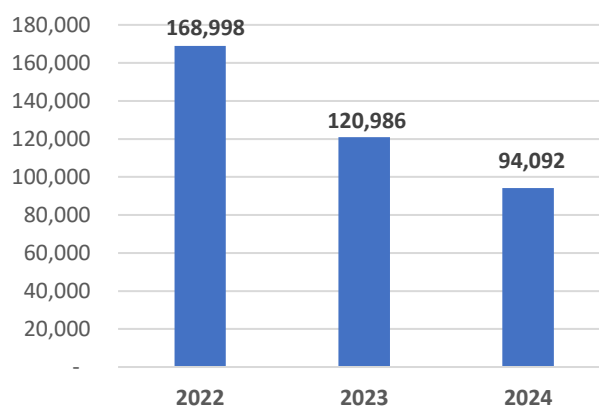
The graph below shows the evolution of the turnover of this group over the last three years:


**Components for commercial vehicle engine injection systems**


- Turnover of some non-automotive products, 2022-2024**

In the non-automotive product group, which is also mainly monitored at Compa's Top Management level, their share of total turnover increased from % in 2023 to % in 2024.

This trend will continue in the future, and the company's management is strongly oriented towards this goal.


**Non-automotive products**


### 5.3. NEW PRODUCTS, PROCESSES APPROVED IN 2024

The technical and R&D function has as its main objective the development of new products and is deeply involved in defining and adopting the most efficient technological processes so that the price offers presented to customers are as attractive as possible in order to win as many projects as possible.

In this activity, there are important requests for products specific to Compa's manufacturing profile. In this context, in recent years the focus has been on offering non-diesel or even non-automotive products, in order to ensure a diversified portfolio of new products, less vulnerable to the profound changes in recent years in the automotive and other sectors.

These are the reasons why Compa has also turned its attention to the manufacture of complex, high added value components in the machine tool manufacturing industry.

Also taking into account the international situation, Compa has also turned to the manufacture of components for the defense industry. The transition to the realization of complex products, namely the manufacture of cabins for CNC machines supplied to machine tool manufacturers, is a positive, promising element in the development of the business in this new field for COMPA.

In 2024, the manufacturing of new products continued for which the necessary production capacities have been secured, impacting production in the following period.  
 These products include:

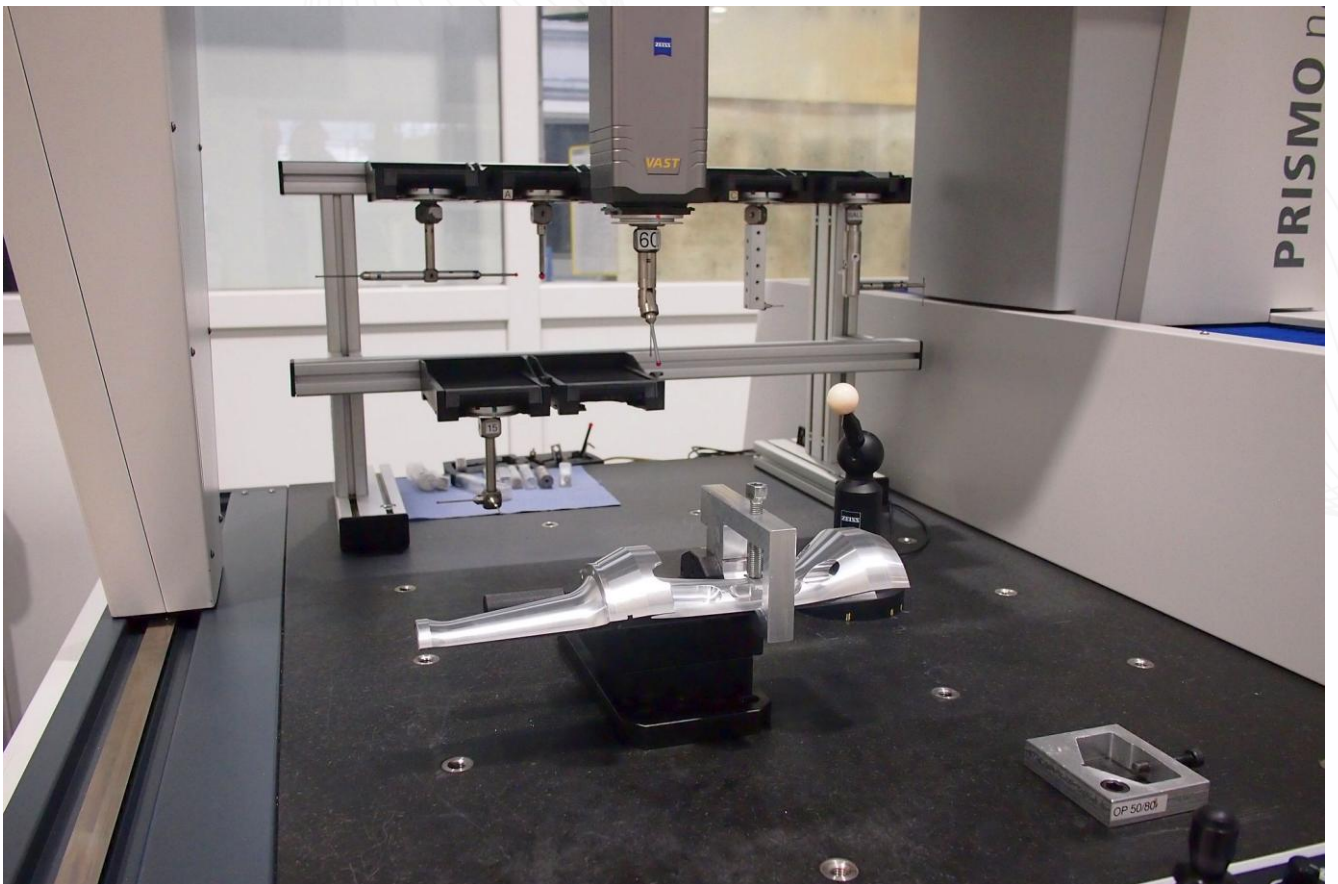
- Benchmarks for the VCST customer
- ZF cap due to increased quantities a new process has been developed
- Nozzle Phinia

New products were also assimilated and homologation was carried out both in the R&D center and in the production workshops.

Remember the following products:

- Components defense industry customer Elmet
- Novopress customer crimping pliers
- Marschall client container component





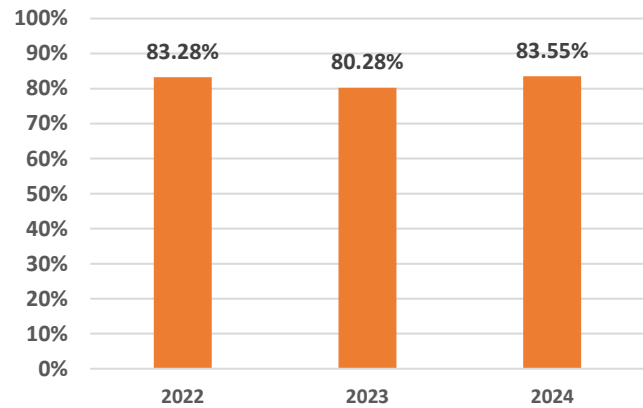
## 6.ACQUISITIONS

### 6.1. Evaluation of purchasing activity:

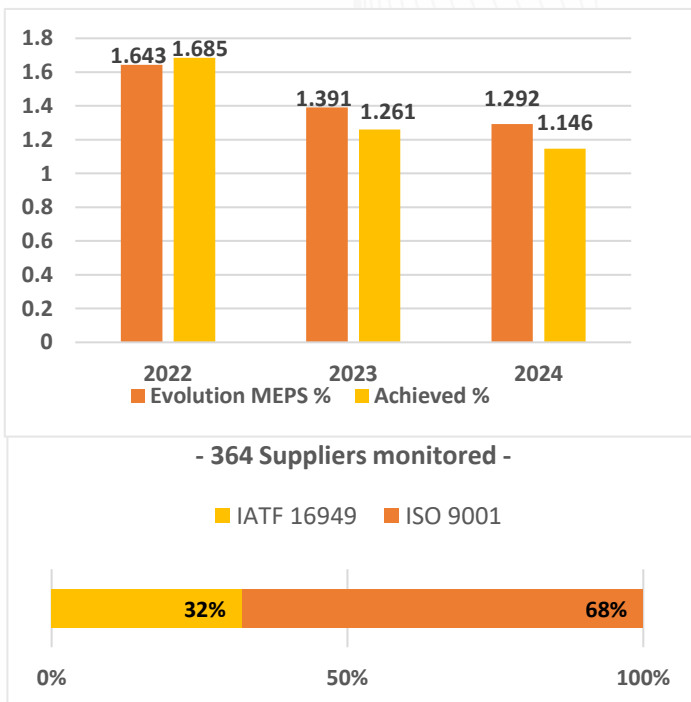
The purchasing activity has continuously developed over the last few years as the company has grown. The company's focus on large automotive as well as non-automotive customers has led to a considerable broadening of the supplier database as well as an increase in the share of imported suppliers in total purchases. This is due to the high level of specialization required from suppliers.

Also in the next period the value of semi-finished products in total purchases is expected to decrease, in favor of basic materials, largely due to the development of new processes in COMPA for both the automotive and the highly integrated non-auto sectors for which most of the operations are performed in-house.

Percentage share of import purchases in total purchases 2022-2024



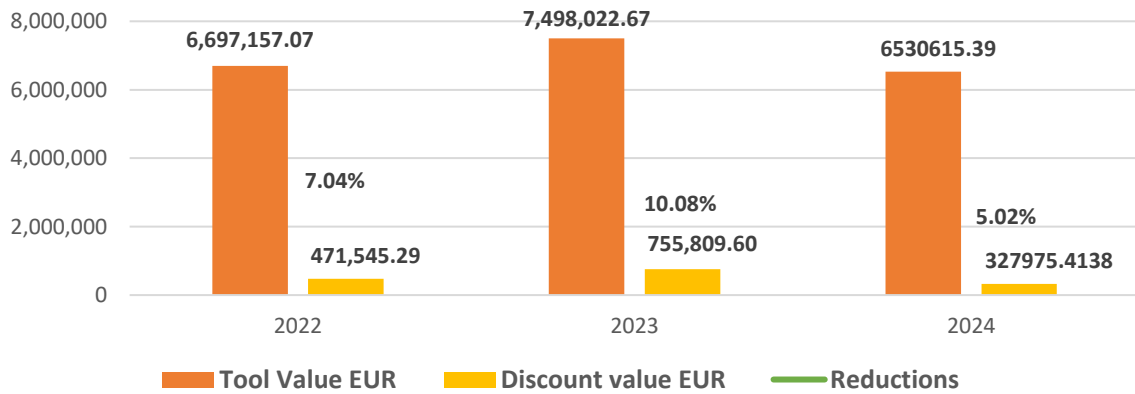
### 6.2 The main objectives of the department are:



In the context of market globalization - the need to align the market with stock exchange quotations for most products by obtaining a price index with 100% MEPS (Management Engineering and Production Services - price indicator on the metallurgical market, which provides price estimates). Finding sources of supply that ensure the highest possible competitiveness of the prices of raw materials and supplied materials, stability and sustainability of the supply chain.

Prospecting the market and finding new supply solutions as well as developing suppliers with which there are collaborations in order to obtain the best price and quality in the products supplied by working only with certified suppliers. COMPA monitors and evaluates, on a monthly basis, all suppliers whose products are incorporated in or influence COMPA products. In this category there are more than 360 suppliers who are evaluated according to quality of delivered products and logistic criteria.

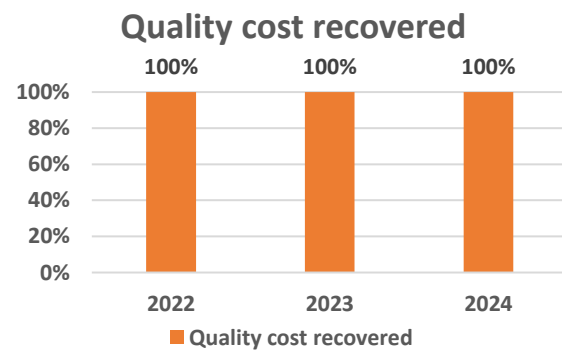
Improving the performance of cutting tools (e.g. drills, reamers, milling cutters, inserts, etc.) is achieved by testing and implementing new and innovative solutions that lead to reduced cost per part.



Recovery of costs generated by the non-quality of products supplied. The costs incurred with non-conforming products delivered by suppliers are monitored and recovered each year.

Establish a responsible supply chain by working with suppliers that comply with COMPA's principles and vision in the areas of quality, environment and occupational health and safety by adhering to and implementing policies and regulations that address these issues, by adhering, certifying and aligning to regulations/standards that address these issues.

COMPA maintains and requires from its suppliers a proactive approach in managing environmental impact, social responsibility and adopting progressive labor, health and safety policies. COMPA encourages and supports the local business environment through existing business relationships, existing contracts and new/upcoming projects in which its partners are/will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.

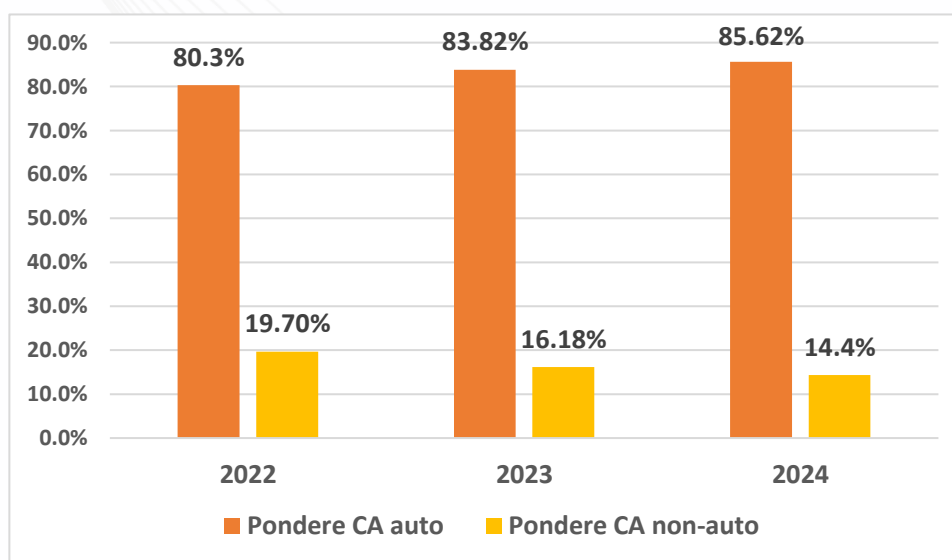


## 7. SALES

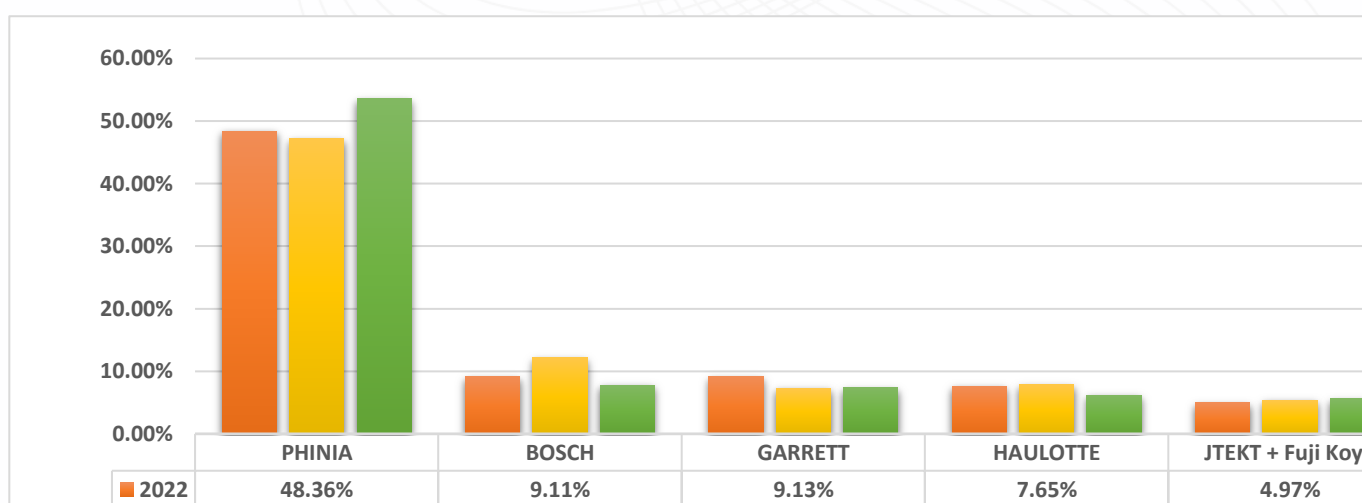
During 2024, the marketing-sales activity was focused on several main directions, namely on expanding and strengthening the collaboration with existing partners by assimilating new projects and on attracting new customers from other non-auto industries. The assimilation of new projects in COMPASS workshops where there is free production capacity was also envisaged: mechano-welded parts, hot forged parts, springs, stamped parts, tooling parts, cardan service, surface coatings and metrological services. In particular, the diversification of the business was pursued through the assimilation of components for the military industry, the medical industry and in the area of industrial construction.

During 2024, production capacity was expanded for certain projects in the Mechano-Southern area and a new liquid paint booth was installed to allow for the full realization of new product wins in COMPASS.

Evolution of COMPASS turnover in the automotive sector compared to the evolution of turnover in the non-automotive sector:

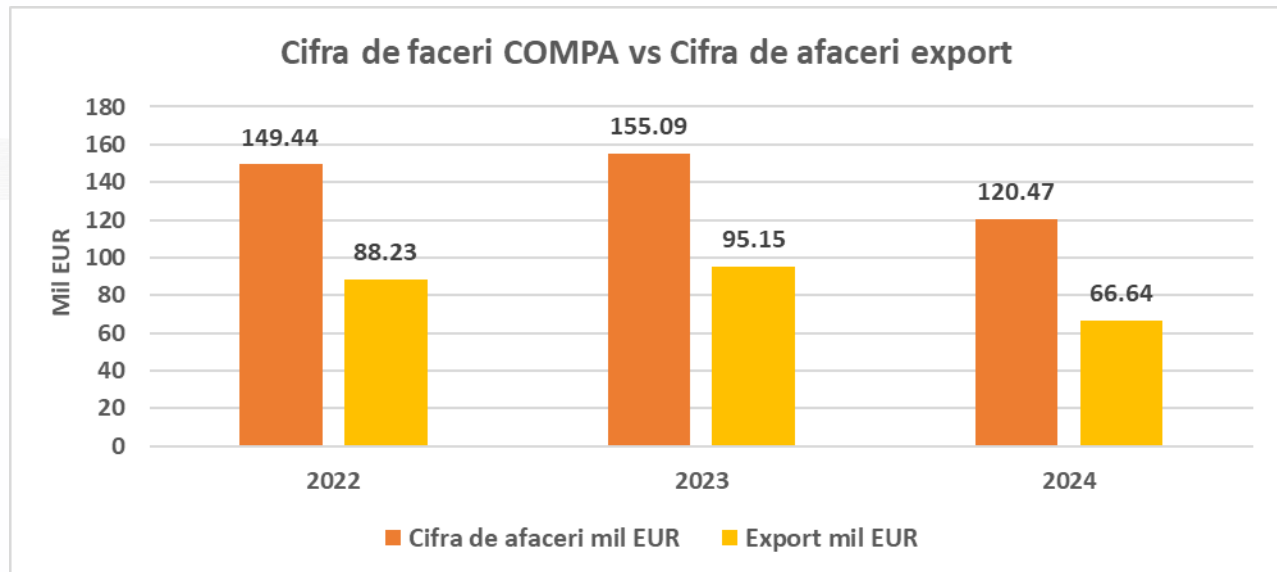


The share of COMPASS's main customers in COMPASS's turnover is shown in the following table:



The products realized in COMPA are mainly for export. In the last 3 years exports represented on average 59% of COMPA turnover.

Evolution of exports relative to turnover:



During 2024 several new projects were won, both for existing customers (WILO, BOS, JTEKT) and new customers (INTERLIT, MARSHALL, ELMET etc). The annual turnover, generated by these projects at maturity, is >10 million Euro.

#### Objectives and Trends

- Winning and developing new projects for non-auto customers (military, medical industry, etc.).
- Strengthening commercial relationships with existing customers and maintaining established partnerships.
- Promote manufacturing processes in which Compa has production capacity and capitalize on existing production capacities.
- Assimilation of high value-added products by continuously increasing and improving the quality of the products offered.
- Identify and win new electric/hybrid projects.
- Developing Compa as an integrated supplier by utilizing as many existing processes in the portfolio as possible.
- Adapting to customer requirements by reducing the time to tender and optimizing the workflow, in close collaboration with all departments involved in the process.

#### Strategies :

Diversify the customer portfolio by strengthening marketing efforts and active participation in trade fairs (Automotive Expo Sibiu - March 2024; Hanover Messe - April 2024; AMB Stuttgart - September 2024).

As a result of these participations at trade fairs, potential customers were attracted, among the most notable being Novopress Germany on the industrial pliers project, which has reached the prototyping stage.

Expanding sales on international markets by actively prospecting commercial opportunities in collaboration with partners such as AHK and FEPA (B2B meetings in Budapest - CEE Procurement and Supply Forum Budapest 2024; DemoMetal Brasov) and identifying sustainable strategic partnerships.

In this regard, we have had an intense bidding activity, totaling 135 bids submitted, of which 13 were accepted. We mention here the start of collaboration with the following clients:

- Elmet (manufacture of components for the military industry),
- Marshall (production of containers for the military industry),
- Rheinmetall-Automecanica (painting components for the military industry),



It was also possible to expand the collaboration with existing customers such as Jtekt, BOS, Interlit Filtration GmbH on new projects.

Expanding the sales team and developing it by organizing monthly training sessions - communication and debate session (sales tips and customer communication). The main goal of training program being to strengthen the team's capability in identifying new market opportunities and attracting new projects.

Online promotion on various European supplier/buyer platforms (AHK Industrial Suppliers Forum) and continuous updating of the company's website to increase visibility and attract new customers.

We aim to reinforce our strategy to promote Compa's capabilities, applied throughout 2024, by intensifying our participation in events and trade fairs. In this sense, we have already confirmed our presence at the following fairs:

- **GLOBAL INDUSTRIE LYON (March 2025)**
- **AUTOMOTIVE EXPO SIBIU (March 2025)**
- **HANNOVER MESSE (April 2025)**

## 8. OUR EMPLOYEES

### 8.1 Its staff, values and beliefs

COMPA takes a strategic and coherent approach to human resource management, recognizing the essential role of human resources in achieving organizational objectives. The policies and practices implemented are aimed at attracting, retaining, developing and effectively utilizing staff, thus ensuring a well-trained and motivated workforce.

Fundamental to the company's strategy is the recognition of the major influence that the human factor has on organizational performance. In this sense, COMPA promotes the values and beliefs of human resources, contributing to the formation of an organizational culture that supports excellence, collaboration and innovation.

By applying these principles, the company strengthens its position on the market, ensuring a working environment conducive to the professional and personal development of employees, which leads to increased competitiveness and sustainability of the organization.

The following aspects of human resource management are important and are benchmarks for development:

- Contributing to the organization's goals through people;
- Creating an optimal organizational structure;
- Ensuring competent human resources through recruitment and selection;
- Matching human resources to requirements - development and training;
- Creating and strengthening motivation (material and non-material rewards), performance management;
- Creating and maintaining good relations between employer and employees.

In the field of human capital management, the achievement of strategic objectives is fundamentally based on the involvement of the human factor. Thus, the company's development is based on elements that generate long-term value and ensure the future performance of the organization.

COMPA aims for its human resources policy to be in line with the general objectives of the company, in line with the values existing in the organizational culture, adapted to the current social-economic context, focusing mainly on:

- Ensure workforce availability and continuity by preserving the values of the organization;
- Early recruitment of university graduates;
- Increase versatility by broadening the range of skills;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focus training on the individual to increase staff competences and efficiency;
- Strengthening the performance pay system;
- Leverage the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system;

### 8.2 Strategic objectives

The main strategic axes pursued are:

- Involvement in the development of undergraduate technical education, by supporting the integration of theoretical and practical knowledge through internships at a potential workplace;
- Providing human resources through involvement in supporting dual education, apprenticeship programs, qualification, including programs financed from European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Creating a coaching and mentoring culture;
- Developing soft and specific skills;
- Developing the framework within which communication with employees takes place to support performance and trust, as well as in special crisis situations;
- Encouraging teleworking, where appropriate, as an employee-employer advantage;
- Partial transfer of training activity online;

- Re-assess motivation strategies including for staff involved in on-the-job training;
- Digitizing and streamlining UK processes;
- Up-skilling and skills transformation, including for digitization ;
- Projects for the development of human resources financed by European funds;
- Career development programs.

### **8.3 Wage and social policy**

During the meeting between the representatives of the Employer COMPA S.A. and the representatives of the Independent Free Trade Union Sibiu in October 2024, the parties empowered to negotiate the Collective Bargaining Agreement for the years 2024-2026 agreed the following:

- Salary increase of 4.9% which consists of :
    - Increase of vouchers to 40 lei representing 1,8% - starting with 01.11.2024
    - 3,1 % - salary increase starting with 01.12.2024, for salaries higher than 4840 RON GROSS.
    - For salaries that are up to 4840 ron BRUT, it is increased by 150 ron BRUT, a fixed amount and no more 3.1%.
  - Increase/indexing according to the CCM of the Easter, Christmas bonuses to the amount of 1.235 RON NET, composed of: cash gifts/gift cards according to the Fiscal Code in the amount of 300 RON, and the difference is granted in net value.
  - Increasing vacation bonuses to 1.325 RON GROSS.
  - Easter, Christmas bonuses are granted on the occasion of these events. The monthly payment is abolished.
- Between the company's management and employees there are employment relations within the limits of the Labor Code and the Collective Bargaining Agreement.

Weekly briefings and consultations take place between management and employee representatives. Compared to previous years, relations have improved, the degree of understanding and communication has increased, with both sides participating in joint meetings. As a result, there have been no periods of stagnation in the production process due to industrial disputes.

### **8.4. Social Responsibility**

COMPA consistently applies principles and rules of social responsibility that reflect the requirements of SR ISO 26000:2011, as well as those of customers:

- Taking responsibility for the impacts we have on society, the economy and the environment;
- Transparency of our decisions and activities that may affect society and the environment;
- Respecting and promoting ethical behavior: honesty, fairness and integrity as values that concern us in relation to people and the environment;
- Respecting the interests of our stakeholders in our decisions and activities;
- Ensure compliance with all applicable laws and regulations;
- Respect international standards of business behavior;
- Respect and promote human rights, which we consider inalienable and universal.

### **8.5. The guidelines as main themes for action are:**

- Ensuring organizational management as a way of conducting and conducting business in an ethical and responsible manner;
- Respect and promote human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights;
- Application of appropriate work practices to ensure working conditions and social protection in accordance with applicable legal standards and regulations;
- Protecting the environment as a way of responding to today's environmental challenges and as a commitment to apply and promote responsible environmental practices, including by encouraging the development of environmentally friendly technologies;
- The application of fair practices as a mode of ethical conduct in relations with other organizations and individuals, respecting applicable national and international laws and regulations;
- Responsibility towards customers and consumers for ensuring their right to security of use, information,

choice, expression, correction, education, in relation to products and services provided by our organization;

- Involvement in community development as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or partnership with it.

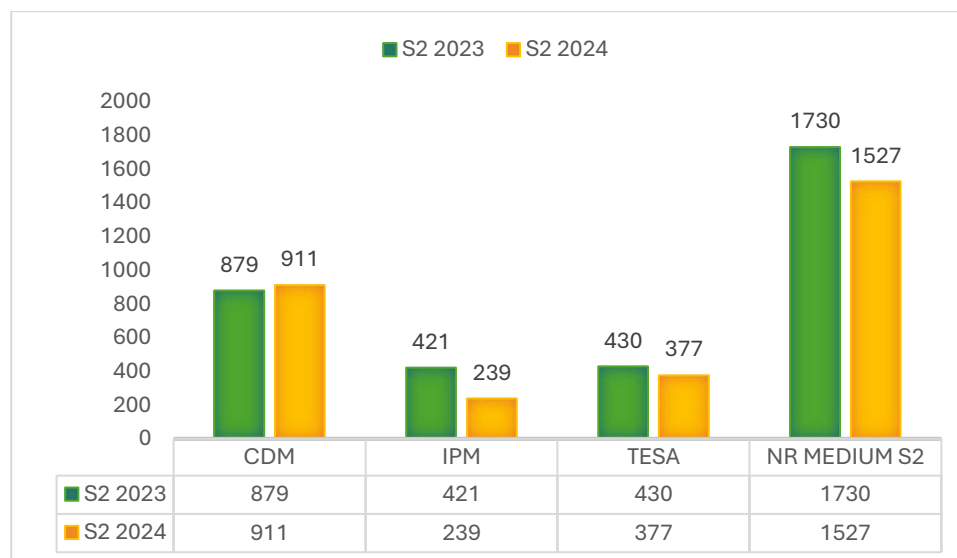
## 8.6. Human Resources process performance indicators

### Average number of staff

The decrease in the average scripted headcount in 2H 2024 compared to the same period in 2023 reflects a strategic adaptation to market dynamics and lower production volumes. This adjustment demonstrates the company's ability to optimize its resources and maintain operational efficiency, while ensuring long-term competitiveness in a changing economic environment. At the same time, this adjustment can contribute to increased productivity and better allocation of resources, maintaining the long-term competitiveness of the organization.

Throughout this period the aim has been to ensure the availability and continuity of the workforce by preserving the values of the organization.

The graph below shows the evolution of the average number of staff by category of staff:



|                                      | Sem.II 2023 | %              | Sem.II 2024 | %              |
|--------------------------------------|-------------|----------------|-------------|----------------|
| MDP (Directly Productive Workers)    | 879         | 50.81%         | 911         | 59.66%         |
| IPWs (Indirectly Productive Workers) | 421         | 24.34%         | 239         | 15.65%         |
| TESA (Technical - economic)          | 430         | 24.86%         | 377         | 24.69%         |
| <b>TOTAL</b>                         | <b>1730</b> | <b>100,00%</b> | <b>1527</b> | <b>100,00%</b> |

The average number of staff has decreased by 11%; the proportions of the three categories of staff have changed, increasing the share of MDP staff from 50.81% to 59.66%; in terms of TESA there is a maintenance; a decrease is registered in terms of MIP staff, from 24.34% to 15.56%.

### Staff turnover

Staff turnover, calculated as the ratio between the number of voluntary departures and the total number of staff, developed as follows over this period:

|                           | S2 2023      | S2 2024      |
|---------------------------|--------------|--------------|
| <b>Staff turnover (%)</b> | <b>8.82%</b> | <b>6.90%</b> |

Analyzing the evolution of staff turnover, a decrease of this indicator was observed, due to the measures established in COMPA to remedy this situation, namely: reporting to the level of wages and benefits in the area, qualification / retraining courses offered to employees, conclusion of apprenticeship contracts, providing transportation for commuting employees, payment of the cost of transportation for other employees, improvement of working conditions (air conditioning, noise reduction, social spaces, etc.), compensating the shortage of labor with qualified personnel from abroad.

The decrease in staff turnover should be seen both as a result of optimizing human resources and as a consequence of the evolution of the labor market. In the current economic context, the company has adopted a staff retention strategy.

The labour market is also showing a stabilizing trend, with fewer new opportunities and employees more cautious about changing jobs. The current economic context is thus influencing both the company's staffing needs and the willingness of employees to seek other opportunities.

In the long term, this trend points to a strengthening of the employer-employee relationship, leading to increased retention and better operational efficiency.

### Recruitment and selection

In sem. II 2024 790 job offers (CVs, applications, cover letters) were submitted. 80 people participated in interviews (interviews, work tests, psychological tests) to fill vacancies.

Of these, 46 were hired, 10 were rejected for professional reasons at the interview/work tests, 10 were rejected for other reasons (illiteracy, health problems incompatible with the working conditions) and 14 people resigned from the offered position for various reasons (working environment, working hours, salary).

### Staff training

The continuous development of human capital through skills training to support the company's development strategy is a priority for COMPA.

Therefore, training all staff in the continuous training process aims to eliminate the gap between the skills required by the job and the existing ones, to ensure integrated, validated, certified staff at the job, to acquire/broaden the range of skills, to meet the challenges generated by the new wave in the technological evolution of production (Industrialization 4.0, digitalization, use of "green" technologies, etc.)

The training programs run in COMPA respond to the needs of each employee and aim at: professional development for career advancement, continuous improvement of employees' work, acquisition of skills to anticipate the development of new projects.

To achieve these objectives, the Vocational Training Center was established in 2005. The programs developed by the center aimed to qualify / retrain employees and people on the labor market in trades such as: operators of numerically controlled machine tools, welders, locksmiths, locksmiths, metrological technicians, forklift operators, crane operators, etc.

The Vocational Training Center is the place where new employees are familiarized with MUCN operation and the specific requirements of the job, a necessary step in the process of integration and validation in the workplace. For students in dual and secondary technological education, the Training Center is the place where they discover the secrets of operating CNC machines in laboratory and practical classes, prepare themselves and take the skills certification exam.

In the future, we intend to diversify and adapt the educational offer by authorizing new programs required by the projects developed within COMPA and by our clients, to conclude partnerships and to access sources of financing from European funds.

COMPA, as a "Continuous Learning Organization" has set a target of 35 hours of training per employee by 2024.

### **Apprenticeship**

For new employees who wish to acquire a qualification or to retrain, COMPA develops apprenticeship programs that enable them to easily integrate into new jobs, obtain a recognized certification, raise their level of knowledge, satisfaction, and responsibility. The apprenticeship programs last two years for people who want to obtain a level 3 qualification (MUCN operator) and one year for people who want to obtain a level 2 qualification (driller - threader).

Two people are currently following the level 3 apprenticeship program - MUCN operator.

In the future, we aim to attract new employees to take level 3 apprenticeship programs and gain qualifications as: CNC machine tool operator or welder.

### **Projects developed with EU funds**

In order to become increasingly competitive in terms of productivity, quality, customer satisfaction, conservation of resources and the environment, investment in human capital will continue to increase, including by attracting European and other funding.

So far, COMPA has implemented 17 EU-funded projects aimed at developing the skills of its own employees and projects aimed at facilitating the transition from school to working life for pupils and students. In the future we intend to continue to conclude partnerships and find new sources of funding dedicated both to the development of COMPA's human capital skills and to the preparation of future graduates to integrate as easily as possible into the labor market.

### **Sustainable school-business partnerships**

The company's partnerships with technical and vocational higher education institutions in Sibiu date back to the 1970s, with the establishment of the Institute of Higher Education, now the "Hermann Oberth" Faculty of Engineering and the IPAS High School, now the "Henri Coandă" Technological High School.

The proximity to university and vocational education institutions is part of COMPA's policy of training future generations of specialists, developing the employability of young people, facilitating the transition from school to working life through internship programs, master's programs, private scholarships and more.

The partnerships concluded are mainly aimed at involving COMPA on two improvement-related strands:

- Theoretical preparation through contributions to the adaptation and modernization of the curricula of the Faculty of Engineering and adaptation of the curriculum in local development to the needs of the employer, for vocational and technical education.
- Practical training by ensuring the access of pupils and students to modern working environments, to high performance technologies and equipment, to the knowledge and understanding of the processes developed on the manufacturing lines, to the familiarization with the rigors of the industrial environment.

### **COMPA and dual education**

COMPA, throughout its more than 135 years of existence, has permanently relied on vocational education, being one of the companies that anticipated the need to implement the dual education system. The beginnings of dual education in COMPA were in 2005, with the opening of the Vocational Training Center, a modern technical platform equipped with numerically controlled machines, which was made available to the "Henri Coandă" Technological High School, with which we have had partnerships since its foundation.

The campaigns to promote the educational offer and the benefits of dual education in which COMPA has participated in a sustained manner have resulted in constantly attracting students to dual education and technological secondary education.



COMPA's interest in the development of dual education did not stop here. By signing a new PNRR funding contract for the construction in Sibiu of an integrated Campus for dual education, COMPA together with economic operators and educational institutions will contribute to increasing the attractiveness of dual vocational and technological training. Through this project a complete route will be created, students will no longer be limited by a certain level of qualification, they will be able to go all the way to doctorate in the dual pathway.

For the school year 2024-2025, COMPA wishes to attract and support 123 students throughout their schooling, who at the end of the apprenticeship cycle will acquire the following qualifications: machine tool operator with numerical control, electromechanic, electronics technician, apparatus and equipment technician, mechatronics technician.



During the three years of study for students in dual education, respectively 4 years of study for students in technological secondary education, COMPA provides students with a package of benefits such as: scholarships, tuition fees for dormitory, meals, school supplies, protective and work equipment, and most importantly, job offers for all graduates.

#### **Risks identified in the Human Resources activity**

In COMPA, coordinated actions are continuously carried out to direct and control the organization's risk management in all areas and at all levels.

As regards the human resources activity, the following risks have been identified in the previous year which could lead to the non-performance or inadequate performance of the human resources assurance process:

- temporary lack of qualified staff for certain activities, either due to the lack of supply on the labor market and the mismatch between the educational offer and the requirements of the labor market, or due to emergency situations (mass sickness, etc.);
- the retention of staff in certain categories of specialists, which can represent a significant challenge for the company, having an impact on business continuity and know-how transfer; this trend may be influenced by the high demand on the labor market for specialists in the field, by the salary packages and benefits offered by the competition or by the lack of clear opportunities for professional development; to counter this phenomenon, it is essential that the organization implements effective strategies for motivation, training and employee retention, tailored to the specificities of each category of staff;
- staff competences below the level required for the job, due to the educational offer not in line with market requirements as well as due to the failure to properly follow the stages of the training process;
- the decrease in the company's activity due to the current business environment;
- more difficult communication with staff working abroad.

The potential effects of the identified risks can be mainly: delays in the work of the workshops, i.e. delays in the delivery of products to customers, as well as inadequate quality of the work performed by employees.

Therefore, for risks with high criticality, i.e. with a high probability of occurrence or with a significant impact on the company's business, a number of measures have been taken, such as:

- Involvement in the development of local technical education by providing resources for dual system education and for technological, secondary education;
- apprenticeship programs for new employees;
- Effective internships for pupils and students;
- qualifications / re-qualifications / post-secondary school;
- career management; succession management for key positions;
- implementation of teleworking;
- Restricting staff mobility by moving some activities online;
- providing qualified staff from abroad.

### Opportunities identified in the Human Resources activity

In terms of opportunities identified in the process of securing human resources, these are:

- **The COMPA Vocational Training Center**, which plays a key role in aligning vocational training standards. It supports qualification and retraining, promotes modern training techniques and methods and develops the relationship between school and industry. Through its activities, the center helps to shorten the integration period for new employees, accelerate the accumulation of skills, improve the performance of practical training and facilitate adaptation to industry requirements.
- **Active involvement in linking the educational offer with labor market requirements.** COMPA, as a member of the Local Social Partnership Development Committee Sibiu, contributes to the organization and development of policies in the field of vocational education and training. Thus, the company participates in the elaboration of the annual schooling plans for vocational and technical education, facilitates partnerships for the practical training of students and supports actions that facilitate the transition from education to the labor market. COMPA is also involved in the development and implementation of educational projects at national, regional and county level, supporting the socio-professional integration of future specialists.
- **COMPAs involvement** in skills development by attracting EU-funded projects is an essential strategy to increase the competitiveness and adaptability of the workforce to industry requirements. By accessing these funds, the company can invest in training, retraining and specialization programs, aligning with European standards and integrating modern training technologies and methods. This initiative not only supports employee development but also contributes to strengthening the relationship between the economic and educational environment, facilitating the transition of young specialists into the labor market and ensuring a long-term competitive advantage.

## **9. INTEGRATED QUALITY, ENVIRONMENT AND OCCUPATIONAL HEALTH AND SAFETY POLICY**

Quality, environmental protection, health and safety at work are part of the values we hold dear, integrated in the long-term development strategy of our organization and are some of the aspects that represent us.

We are aware that the quality of our products and services, care for the environment, continuous improvement of working conditions and prevention of occupational hazards as well as involvement in the life of the community to which we belong, in full compliance with the requirements of the legislation in force, are essential to our success.

The important directions in which we are working are:

### **Prevent pollution by:**

- Acting systematically to prevent pollution by promoting technologies, materials and projects that have low environmental impact and the proper management of hazardous substances and mixtures

### **Climate change mitigation and adaptation through :**

- Ensure carbon footprint neutrality related to energy supply and production and reduce the carbon footprint goal 1, goal 2 and goal 3

### **Improving energy efficiency by**

- Implement an energy efficiency improvement program aimed at reducing energy consumption and increasing the share of energy from renewable resources.

### **Resource management and circular economy, by:**

- Identification of solutions to reduce the consumption of raw materials and materials with environmental impact, strengthened communication in the distribution chain;
- Minimize the amount of waste generated and increase the recycling/recovery rate;
- Continuous improvement of wastewater treatment methods and reduction of the amount of pollutants discharged into the water from the sewerage network;
- Continuously improving technologies to capture and reduce the amount of gases emitted into the atmosphere.

### **Stakeholder involvement through:**

- Working with employees, suppliers and local communities to improve environmental and energy performance.
- Raising awareness among employees through training and continuing education on

### **Product quality**

We are committed to continuous improvement of our internal processes and associated services in order to ensure the highest possible product quality at all times with a direct impact on increasing customer satisfaction and reducing environmental impact by reducing the amount of rejects and waste generated.

### **Health and safety at work**

- We are committed to the continuous improvement of our employees' work protection systems, with the main objective of continuously reducing the number of accidents and incidents in the workplace
- We invest significant resources in protecting the personal data of our employees and partners as well as protecting confidential information
- We apply the highest standards of work ethics and human rights
- To effectively manage bans and restrictions on hazardous materials and substances, we continuously update information on these materials in the global International Material Data System (IMDS).

### **Community partnership**

- We are actively involved in the life of the community by supporting initiatives related to education, sport and environmental protection;

### Information security

- Compa S.A. is committed to maintaining the confidentiality, integrity and availability of the data provided, generated and held on behalf of third parties in accordance with the data security requirements under GDPR - Regulation (EU) 2016/679.
- Data confidentiality is ensured through means such as access control, data encryption, employee training on data confidentiality and information security;
- Information integrity is ensured by maintaining internal and external consistency of the data and programs used;
- Data availability is promoted through back-up IT systems that ensure permanent availability, preventing service interruptions.

### 9.1 Environmental aspects

The company identifies and evaluates the environmental aspects of its activities, products and services:

The main technological processes widely integrate mechanical machining equipment (CNC type) associated with defect detection processes and statistical control methods; in addition to these, laser machining technologies, surface coatings, heat treatments, hot or cold material processing (forging, pressing), welding, mechanical assemblies (partially or fully automated) are used;

The main product groups produced in COMPA are: injector subassemblies and components; windshield wiper subassemblies and components; center housings, flanges and rollers for turbochargers; steering box sprockets; steering column components; springs; stamped, stamped and stamped parts; forgings; cardan shafts; welded metal fabrications; air conditioning components; injection system components and valves, dies and tooling.

The main services offered are: design and execution of industrial equipment, molds and tooling, surface coatings, heat treatments, calibration and repair of measuring instruments, physical-chemical laboratory tests and analysis, cardan services (EDS), training courses.

Thus, the environmental aspects associated with these technologies, products and services consider, as appropriate, emissions to air, discharges to water, soil contamination, accidental spills, waste generation, resource consumption, noise generation, vibrations, etc.

Environmental aspects are assessed annually and whenever necessary, due to changes in manufacturing technologies, introduction of new raw materials/materials/equipment, changes in legal, regulatory and customer or other stakeholder requirements, specific conditions at the workplaces, etc. Based on these analyses, the arrangements for controlling the environmental aspects associated with the company's activities are updated.

### 9.2 Objectives and targets. Environmental management programs

Environmental objectives are set annually at departmental level, taking into account significant environmental issues, compliance obligations and identified risks and opportunities.

Environmental objectives and targets are taken into account when setting objectives and targets:

- company activities and services;
- compliance obligations ;
- significant environmental aspects;
- technological options;
- material, financial and human resources;
- stakeholder views

The planning of actions to achieve the environmental objectives is embodied in the **Annual Environmental Management Program**, whose main **objectives** for the year 2024 were :

- Reducing consumption of resources (electricity, water, compressed air, mineral oils);
- Reducing the amount of waste generated/discharged;
- Improving the management of hazardous substances and mixtures;
- Prevention and systematic action to prevent water, air and soil pollution;

The general strategy for achieving these objectives and on the basis of which the specific actions of the Annual Environmental Management Program are defined includes the following points:

- programs for monitoring and measuring environmental indicators for the prevention and control of air emissions, wastewater, noise, soil pollution, hazardous substances and mixtures, hazardous and non-hazardous waste
- preventive maintenance programs for relevant facilities and equipment;
- methods of recording maintenance and overhaul needs;
- environmental management programs with environmental objectives and targets to reduce and control pollution
- plans to prevent and combat accidental pollution;
- trainings (courses, operational meetings) through which all staff is made aware of the implications of the regulation given by the integrated environmental permit for the company's activity, of all environmental effects resulting from the normal and abnormal operation of the facilities, awareness of the need to report deviations from the conditions of the integrated environmental permit, prevention of accidental emissions and taking measures when accidental emissions occur, awareness of the need to implement and maintain training evidences;
- reports and notifications to the competent environmental authorities in accordance with the authorizations held by COMPA.

### 9.2.1 Community partnership

We are actively involved in the life of the community by supporting initiatives concerning education, sport and environmental protection.

### 9.2.2 Management systems considerations

Our organization is certified according to the following standards for quality, environmental and occupational health and safety management systems:

- IATF 16949:2016: quality management system for the automotive industry;
- ISO 9001:2015: quality management system for general industry (non-auto);
- ISO 14001:2015: environmental management system;
- ISO 45001:2018: occupational health and safety management system;

Internal performance on compliance with the requirements of the standards in 2024 is shown below (no notable events occurred):

**By 2024:**

| <i><b>Management system</b></i> | <i><b>Target/ objective</b></i> | <i><b>Achieved</b></i> |
|---------------------------------|---------------------------------|------------------------|
| IATF 16949:2016                 | 90,0%                           | 74,0%                  |
| ISO 9001:2015                   | 90,0%                           | 75,0%                  |
| ISO 14001:2015                  | 90,0 %                          | 84,0%                  |
| ISO 45001:2018                  | 90,0%                           | 90,0%                  |

In April 2024 a third party audit was performed for the recertification of the IATF 16949:2016, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 management systems. The external audit was performed by the certification body TUV Rheinland for all these four systems. As a result, all four management systems were reconfirmed as effective and efficient.



Below are the certificates:



## 10. RISK MANAGEMENT

### 10.1 General Aspects of Risk Management in Compa

Risk management is one of the key concepts in Compa's management system for the realization of the company's strategy and medium and long term objectives in all areas of the company's activity.

Within Compa there is a permanent concern for a pragmatic, proactive approach to risk management in order to identify all categories of risks that may act in the achievement of the company's objectives. An important step in risk management in the company as a whole is the identification at all organizational levels of the company of the types of risks that we know to exist, as well as the consequences that may arise in achieving the objectives set at each level. At the same time, responsibilities have been established at all levels in order to take specific measures to deal with the problems arising from the action of these risks.

In order to achieve the objectives set at all levels in the risk management process, Compa's Top Management has taken into account the following specific aspects for 2024:

- **Risk assessment, as an ongoing activity, at the level of all managers within the company, in particular for :**
  - Identification of all categories of risks acting at each level, including new risks that have not previously manifested themselves.
  - Focusing the activity on the risks that persist and act on objectives of major importance in the company's activity
  - Quantifying the impact of risk actions and targeting actions to counter or mitigate their effects
- **Delegation of responsibility by Compa's Top Management to all levels of management within Compa's organizational structure:**
  - Responsibilities established by decentralization at the profit centre level, consisting in the management of the related risks, strictly related to the production sectors for which they are responsible.
  - Responsibilities in the central departments of the company, with a company-wide area of responsibility in areas such as: Technical ; Logistics, Quality - Environmental, Commercial (Marketing Sales , Purchasing) Economic (Financial - Accounting and Controlling); Human Resources;
- **Biannual reviews of Compa's Top Management**, with the responsible persons within the company, in which the different categories of risks are analyzed in order to establish the causes and the impact of the risks on the financial activity, as well as the measures to be taken to avoid or limit the economic effects generated by the respective risks
- **Permanent monitoring of the impact of each category of risk on the company's economic and financial activity**

#### Steps defined by Top Management in risk management processes:

##### 2.1. Risk identification according to :

- Analysis of internal processes and external environment
- Using historical data on problems encountered
- Consultation with operational, financial and technical teams to indicate each risk.

##### 2.2. Risk assessment and classification

- Likelihood of occurrence - how often these may occur within the company/department/
- Impact on the company - financial, operational, reputational losses.
- Prioritize risks according to severity and address them in a structured way.

##### 2.3. Risk management strategies

- Risk avoidance - Changing processes to eliminate the cause of the risk

- Risk Reduction - Implementing control and prevention measures to help the company reduce the occurrence of risks.
- Transfer of risk - Taking out insurance for financial protection, or contractual clauses to transfer risk to customers/suppliers.
- Acceptance of risk - in the case of an impact there is minimal that can be managed internally.

#### 2.4. Monitoring and continuous improvement

- Implementation of an audit and regular reporting system in the areas of quality, environment, occupational health and safety, financial and cyber security.
- Adjusting the risk management strategy based on new conditions if serious risks or misconduct are identified
- Ongoing training for employees on preventive measures.

### 10.2. Categories of risks with potential impact on Compa

The categories of risks with impact on Compa's activity, according to the responsibilities assigned to the management according to the organizational structure of Compa are:

#### 10.2.1. Risks from operational activity at profit center level.

##### **Risks and problems in the supply chain due to lack of raw materials, delays in delivery to the customer.**

- The temporary lack of some materials or tooling is a risk to be taken into account, especially in a year with major disruptions in the supply chain due to external European and global factors. The risk of a manufacturing stoppage at the customer's site was eliminated by means of rapid transportation supply measures (special airplane or non-stop transport vehicles) and other operational measures.
- not having the production capacity on order to meet production volumes
- requested beyond the initial order, ordered in certain periods. These are rare, occasional situations, and the risk of non-delivery of additional quantities ordered by certain customers in certain limited periods of time is solved by scheduling the production of these additional volumes on days off (Saturdays or Sundays)
- ensuring the supply of human resources, especially skilled workers, is one of the most important
- the most serious problems facing businesses in the Sibiu area.

In order to mitigate the effects of this risk, Compa has contacted companies authorized to recruit labor force from outside Romania, so that currently there are already employed a number of 76 skilled workers (CNC machine operators and welders) from India, and in the future we are in the process of securing other workers, also from India.

These workers recruited from outside Romania were provided with decent accommodation conditions and were integrated into Compa's manufacturing processes in a short time. In addition to these actions of recruiting foreign staff, the company is making great efforts to stabilize the existing staff, to reduce the fluctuation, adopting measures to attract and retain COMPA staff.

The current legislation does not make it compulsory to respect the contracts signed with local employers. There is a migration of skilled workers under contract to companies that pay better without the agreement of their previous employers.

#### 10.2.2. Risks with a general impact on the business as a whole

##### **Price risk**

It was one of the most serious risks in 2024 due to the explosive rise in utility, natural gas and electricity prices, mainly triggered by the outbreak of the conflict in Ukraine.

COMPA's efforts to request and obtain from its customers the price increases required to compensate for the increases from suppliers did not materialize immediately, as most of COMPA's customers only partially accepted these influences from suppliers.

### **Credit risk**

The investment program in the year 2024 was lower compared to previous years, in particular the years 2019 and 2020, when there was a peak in realized investment costs. Therefore during the year 2024 the credit risk had no impact on the firm's activity. The committed investment loan installments have been repaid when due.

### **Liquidity risk**

In order to be aware of and avoid the impact of this risk on the firm's activity, i.e. to manage liquidity risk, cash flows, the degree of access to credit lines, as well as the evolution of the collection of receivables and the level of inventories are constantly monitored.

Investment financing resources were higher than investment expenditure, so that this surplus of resources had a favorable influence on financial flows.

However, in each period a permanent monitoring of the debt collection process is required in order to comply with the payment deadlines established by contracts.

### **Currency risk**

The products manufactured and delivered by COMPA are intended for multinational companies, most of them from outside Romania, but also for Romanian companies affiliated to multinationals. Under these circumstances, almost all products manufactured and delivered by COMPA are traded in Euro, thus avoiding the impact of currency risk, due to the evolution of the exchange rate RON /EURO or RON/USD.

### **The risk of changes in tax legislation**

The lack of predictability in tax legislation has a major impact on the economy as a whole, affecting both private and state-owned firms.

Any legislative change in the Economic field with immediate application generates changes in all areas of activity of the company (Budgets, Business Plan, forecasts, etc.).

The change in the minimum wage in 2024 was a legislative change with a major impact on private firms. The economic impact was NOT made easier because within the firm, in-line adjustments were needed to keep the difference from the minimum wage.

In 2024, the Romanian tax legislation introduced significant changes in company taxation, in particular through the implementation of the minimum tax on turnover (IMCA) and the specific turnover tax for certain sectors.

### **Trends in risks and uncertainties in the period ahead**

In the coming period, both globally and in Romania, several trends related to economic risks and uncertainties are taking shape. Here are the main issues to consider.

#### **1. Global geopolitical and economic risks**

**International conflicts and tensions:** Escalating geopolitical tensions, such as the war in Ukraine and conflicts in the Middle East, contribute to global economic uncertainty. These situations can lead to higher energy prices and disruption to international trade, affecting economic growth prospects. Fuel prices have risen further as a result of Russia's unprovoked and unjustified aggression against Ukraine, which has also raised concerns about the security of energy supply in the EU. Russia's decision to suspend gas supplies to several EU Member States has further affected the situation.

- **Protectionist policies:** A return to protectionist economic policies, especially in major economies, may generate trade tensions and affect global supply chains, amplifying economic risks. Recent events, namely the political and military instability in Europe and the world, have recently and will in the future create major effects on the world economy as a whole.

#### **2. Inflation and monetary policy developments**

- **Stabilizing inflation:** Inflation is expected to reach 2% by mid-2025, which could allow central banks to reduce interest rates. This could lower financing costs for companies and stimulate investment.

**3. The risk of the automotive industry:** In recent years, the structure of automobile production has been changing, with an increase in the production of electric cars and a corresponding reduction in the production of cars equipped with internal combustion engines.

This rapid change represents one of the major risks in COMPA's business, which has a high production exposure to cars with internal combustion engines and diesel engines. In this respect, one of the major concerns of the company's management is to change manufacturing by increasing non-auto and non-diesel production.

## 11. INVESTMENT, NEW PRODUCTS AND R&D ACTIVITY

### 11.1 INVESTMENT

Compa's development strategy, i.e. the preparation of the production plants to the standards required by the cooperation partners, as well as the equipping of the company with state-of-the-art machinery and equipment, was taken after the company was fully privatized.

The investment activity used funds for:

- purchase of machinery;
- modernization of existing machinery and installations;
- production facilities.

The funds necessary for the investment activity in the amount of 29.68 million lei were provided from own sources and European funds. The economic effects through the acquisition of new machinery and technological lines are:

- increasing labor productivity;
- reduce repair costs;
- improving technology flow;
- increase the quality of manufactured parts and reduce scrap;
- reducing energy consumption;
- Increased part machining accuracy;
- increasing the operational safety of machinery;
- reducing non-quality costs;
- Increasing the efficiency of the work through operational efficiency;

### 11.2 RESEARCH AND DEVELOPMENT

This activity has been greatly developed in recent years and as a result of the Compa opportunity created by accessing European funds allocated to this sector.

Areas of Research and Development in Compa structured on two components:

- **fundamental research**, which is mainly oriented towards the development of new products and processes with applicability within Compa, and depending on the opportunities and requirements that will arise, it can be extended with projects for other companies besides Compa.

This field of fundamental research has important opportunities of application in Compa, knowing that within the company was built the Research Center equipped with state-of-the-art machinery and equipment for making samples, prototypes for new products, offered to Compa's business partners

- **applied research**, which is decentralized at the company level, on the profit centers organized within the company, being assigned to these entities technical specialists, empowered with specific tasks for the implementation of processes and works that are required, approval and validation of products and processes with customers.

Since 2019, a Research and Development Center has been established in Compa, where the foundations are laid for the realization of products of a high technical and qualitative level.

Also, in this R&D Center, new projects and processes with applicability both within the company are carried out, as well as projects with advanced technology that can be made available to other companies.

As an example, here are some projects from the Center for Research and Development:

- Development of combined tooling with positive impact on product quality for different customers



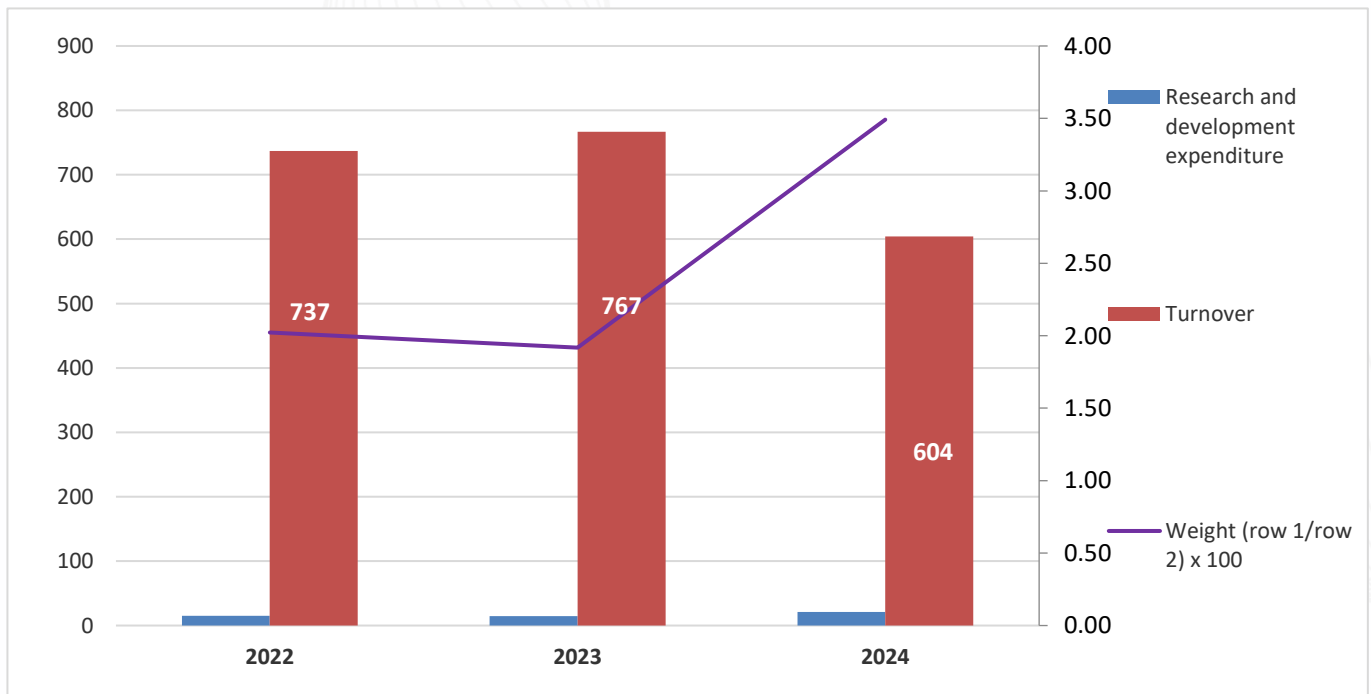
- Utilization of ferrous waste for the production of components/spare parts with a positive impact on raw material consumption
- Development of reconditioning processes for machine tool sub-assemblies using reverse engineering
- Development of processes for manufacturing components for the defense industry

R&D expenditure includes:

- expenditure on applied research carried out within the COMPA Research Center from own resources.
- expenditure on the development of new products, expenditure on constructive and technological design, including expenditure on the monitoring of new products and processes up to the time of their series production.
- expenses incurred by COMPA's technical specialists, who carry out the technological design operations in order to prepare price quotations, including those quotations which for various reasons do not result in a nomination of the company by the clients.

The evolution of R&D expenditure over the period 2022 - 2024 both in absolute terms and as a percentage of turnover is shown below:

| Indicators                           | 2022 | 2023  | 2024  |
|--------------------------------------|------|-------|-------|
| Research and development expenditure | 14.9 | 14.71 | 21.09 |
| Turnover                             | 737  | 767   | 604   |
| Weight (row 1/row 2) x 100           | 2.02 | 1.92  | 3.49  |



## 12. TANGIBLE ASSETS

COMPA owns tangible fixed assets, materialized in land, buildings, special constructions, machinery and means of transport, other fixed assets, fixed assets in progress. Their evolution over the last 3 years is presented as follows (net value):

| INDICATOR NAME                                            | 2022               | 2023               | 2024               | %            |              |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------|--------------|
|                                                           |                    |                    |                    | 2024/2022    | 2024/2023    |
| Land, buildings and real estate investments               | 180,541,656        | 174,966,637        | 206,152,910        | 114.19       | 117.82       |
| Technical installations and machinery                     | 238,317,690        | 208,811,873        | 179,861,149        | 75.47        | 86.14        |
| Other plant, machinery, furniture                         | 734,507            | 753,503            | 735,745            | 100.17       | 97.64        |
| Tangible fixed assets and investment property in progress | 13,972,841         | 16,622,741         | 8,465,181          | 60.58        | 50.93        |
| <b>TOTAL</b>                                              | <b>433,566,694</b> | <b>401,154,754</b> | <b>395,214,985</b> | <b>91.15</b> | <b>98.52</b> |

The degree of wear and tear of tangible fixed assets and investment property is shown in the table below:

| INDICATOR NAME                                                                | ANNUL       |             |             |
|-------------------------------------------------------------------------------|-------------|-------------|-------------|
|                                                                               | 2022        | 2023        | 2024        |
| <b>Construction and real estate investment in the nature of constructions</b> |             |             |             |
| - inventory value                                                             | 154,551,121 | 154,375,458 | 155,250,288 |
| - remaining value                                                             | 136,692,956 | 131,117,937 | 154,994,988 |
| - attrition                                                                   | 17,858,165  | 23,257,521  | 255,300     |
| - degree of wear                                                              | 11.55       | 15.07       | 0.16        |
| <b>Equipment and vehicles</b>                                                 |             |             |             |
| - inventory value                                                             | 692,381,826 | 679,185,274 | 673,270,319 |
| - remaining value                                                             | 238,317,690 | 208,811,873 | 179,861,149 |
| - attrition                                                                   | 454,064,136 | 470,373,401 | 493,409,170 |
| - degree of wear                                                              | 65.58       | 69.26       | 73.29       |
| <b>Other fixed assets</b>                                                     |             |             |             |
| - inventory value                                                             | 1,958,465   | 2,060,193   | 2,131,654   |
| - remaining value                                                             | 734,507     | 753,503     | 735,745     |
| - attrition                                                                   | 1,223,958   | 1,306,690   | 1,395,909   |
| - degree of wear                                                              | 62.50       | 63.43       | 65.48       |

### 13. CAPITAL MARKET

The company's shares have been traded since June 1997 on the regulated market administered by the Bucharest Stock Exchange. The nominal value of a share is 0,10 lei.

Main characteristics of the securities issued: 218,821,038 fully paid registered ordinary shares of equal value, issued in dematerialized form and evidenced by entry in the Register of Shareholders managed by the Central Depository S.A. Bucharest. COMPA is registered with ISIN code ROCMP5ACNOR9, stock exchange symbol CMP, in the Standard category.

As of December 31, 2024, the company had 7,134 shareholders, individuals and legal entities, Romanian and foreign, according to the Consolidated Register received from the Central Depository S.A. Bucharest.

Individuals - 159,107,171 shares

Legal entities - 59,713,867 shares

#### Change in average selling price and number of shares traded as at December 31, 2024



During the reporting period, Compa shares were traded and the volume of shares traded and total value of shares traded can be found at . The average price change during the reference period is decreasing.

#### 13.1 On the distribution of dividends to COMPA shareholders for the financial year 2023

Ordinary General Meeting of Shareholders was convened for 25/26.04.2024 and resolved that the net profit for the year 2023 be distributed as follows:

| Destination                                      | lei              |
|--------------------------------------------------|------------------|
| <b>TOTAL NET PROFIT, distributed as follows:</b> | <b>7.675.390</b> |
| - Development Fund                               | <b>6.140.312</b> |
| - Dividends                                      | <b>1.535.078</b> |

The distribution of the profit to the development fund is necessary to provide the necessary cash for the process of further investment in new high-yield equipment, for the modernization of existing equipment and for the development of new products envisaged in the company's future development strategy.

The proposed dividend distribution, subject to approval by the AGOA, takes place for the fourth consecutive year. The dividend payment date was 13.06.2024 and the gross dividend/share was set at 0.00705 lei.

### **13.2. Purchase of own shares**

By resolutions AGEA no. 18 and 19 of 27.04.2020 on the proposal of the Board of Directors, the share buyback program was approved in the amount of 3.89 million lei.

As of 13.08.2020, the Company has started the share buyback program in accordance with Hot. AGEA 18 and 19 of 27.04.2020

Program size: repurchase from the market of up to 15,000,000 own shares. Pric proposed acquisition is:

- Minimum price per share: 0.1 lei
- Maximum price per share: 1 lei

Maximum monetary amount allocated to the program: 3,890,000 lei, excluding brokerage commissions and other acquisition costs. The payment for the repurchased shares will be made, in accordance with Article 103<sup>1</sup> of Law 31/1990, from the distributable profit of the company, as recorded in the financial statement for 2019.

Duration of the program: 18 months from the date of publication of the decision in the Official Gazette of Romania, Part IV - a, (the decisions were published in the Official Gazette of Romania, Official Gazette of Romania, No.1712/15.05.2020).

The resolution of the AGEA of 09.09.2021 approves the implementation of a *stock option plan* type program with regard to the shares subject to the repurchase program approved by the AGEA resolutions no. 18 and 19 of 27.04.2020, with the objective of granting option rights for the free acquisition by the employees and members of the Company's management of the repurchased shares in order to maintain and motivate them and to reward them for their work within the Company. At the same time, it is approved to empower the Board of Directors to adopt all necessary measures and fulfill all formalities required for the implementation of the share repurchase plan and to establish the criteria for granting option rights.

By decision of the Board of Directors no. 92/13.08.2021 it was decided to start the buyback program. It ran from 17.08.2020 to 15.11.2021 and investors were informed about its completion by the current report dated 16.11.2021. Thus, 6,504,153 shares representing 2.9723% of COMPA's share capital were repurchased in 2020 and 2021 as follows:

- Total share repurchase value: 3.878.223,52 lei
- Average price/share: 0.5962 lei/share

In accordance with the decision of the Board of Directors No. 83/04.10.2021, the plan on the granting of stock options for free shares (stock option plan), registered under No. 81/30.09.2021 in the Company's Register of Decisions, was approved. According to the plan, based on certain allocation criteria, options under the plan for 6,500,000 shares are granted to the Company's managing directors and key employees. The earliest option exercise period is 08.11.2022.

By decision of the Board of Directors dated 13.12.2022, it is noted that 20 Beneficiaries of the Stock Option Plan, approved by the resolution of the Board of Directors no. 83/04.10.2022, have exercised their right to opt for a number of 6,060,000 shares by signing the Payment Agreement provided by Compa.

During the month of February 2023, following the submission to the Central Custodian of the documents concerning the exercise of the option right by the 20 Beneficiaries of the Plan, the transfer of shares from the company's account to the Beneficiaries' names was carried out.

The company currently holds 444,153 own shares.

### **13.3. Relations with shareholders and investors**

Shareholders/investors can obtain information about COMPA and main events on the website and on the website

In relation to the capital market, the company has fulfilled all the reporting obligations arising from the legal provisions by publishing the mandatory continuous and periodic reports in the electronic system of the Financial Supervisory Authority and the Stock Exchange as well as on the company's website.

In accordance with the provisions of the Corporate Governance Code, continuous and periodic information was disseminated simultaneously in Romanian and English.

#### **13.4. Aspects relating to the capital and management of the company**

The Board of Directors of the company is composed of 5 members elected on the basis of the AGOA of 22.04.2021 and subsequently on the basis of the AGOA of 25.04.2024 the election and appointment for a one-year term of office starting from 25.04.2024 of Mrs. Mihaela Dumitrescu, for the position of director in the Board of Directors of COMPA S.A. Mrs. Mihaela Dumitrescu held until this date the position of provisional director.

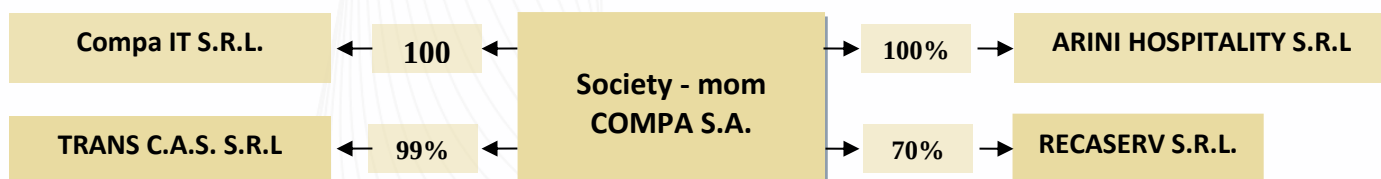
During 2024 there were no changes affecting the capital or management of the company. COMPA was also not unable to meet its financial obligations.

There were no major transactions entered into by the company with persons with whom it acts in concert or in which such persons were involved during the relevant time period.

#### **13.5. Relationship between the parent company and affiliated companies**

The parent company Compa has prepared and published consolidated financial statements in accordance with the applicable accounting regulations for the fiscal year ending 12/31/2024.

In this context, the Parent Company Compa has control, i.e. the proportion of its shareholdings in the share capital of the affiliated companies is more than 50% in the following affiliated entities:



## 14. MANAGEMENT OF THE COMPANY

On **22.04.2021**, following the expiration of the term of office of the members of the Board of Directors, the Ordinary General Meeting of Shareholders approved the election of a new Board of Directors for a term of four years consisting of the following members:

**DEAC** - Executive Administrator / President CA  
**MICLEA Ioan** - Non-executive Administrator  
**MAXIM Mircea-Florin** - Non-Executive Administrator  
**BALTEȘ** - Independent Non-Executive Director  
**NEACȘU Vlad-Nicolae** - Independent Non-Executive Director

By Decision no. 1A / 28.04.2021, the Board of Directors approves the election of Mr. Ioan Deac as Chairman of the Board of Directors of Compa S.A., for a 4-year term of office, starting 26.04.2021.

Through Decision no. 1B/ 28.04.2021, the Board of Directors approves the election of Mr. Ioan Miclea as Vice-Chairman of the Board of Directors of Compa S.A., for a 4-year term of office, starting 26.04.2021.

By decision no. 91/26.10.2023, the Board of Directors took note of the termination of the mandate of Mr. Ioan Miclea as administrator, as well as of the position of Vice-Chairman of the Board of Directors, as of 22.10.2023, due to his death.

By decision no. 96/8.11.2023 the Board of Directors approves the appointment of Mrs. Mihaela Dumitrescu as provisional administrator from 09.11.2023 until 30.04.2024, in accordance with the provisions of art. (1) of the Companies Act no. 31/1990 and her appointment as Vice-Chairwoman of the Board of Directors.

Thus, as of November 9, 2023, the Board of Directors of the Company is composed of the following members:

**DEAC** - Executive Administrator / President CA  
**DUMITRESCU Mihaela DUMITRESCU** - Executive Administrator/ Vice-Chairwoman of the Board of Directors  
**MAXIM Mircea-Florin** - Non-Executive Administrator  
**BALTEȘ** - Independent Non-Executive Director  
**NEACȘU Vlad-Nicolae** - Independent Non-Executive Director

49 / 25.04.2024 The General Meeting of Shareholders (AGOA) approves the election and appointment, for a one-year term of office starting from 25.04.2024, of Mrs. Mihaela Dumitrescu, residing in Sibiu, to fill the position of director in the Board of Directors of COMPA S.A., considering the vacant position provisionally occupied.

### Audit Committee

By Decision No. 4 dated April 28, 2021, the Board of Directors approved the election of the members of the Audit Committee for the new term of office. The Committee thus consists of the following members:

**BALȚES Nicolae** - Independent Non-Executive Director/ Chairman of the Audit Committee  
**NEACȘU Vlad-Nicolae NEACȘU** - Independent Non-Executive Director/ Member of the Audit Committee

## MEMBRII CONSILIULUI DE ADMINISTRAȚIE



**Ioan DEAC**  
Presedinte CA/  
Director General



**Mihaela DUMITRESCU**  
Vicepresedinte CA/  
Director Economic



**Mircea-Florin MAXIM**  
Administrator



**Nicolae BALTEȘ**  
Administrator  
Presedinte  
comitet audit



**Vlad-Nicolae NEACȘU**  
Administrator  
Membre  
comitet audit

| Name and First name | Age | Qualify                                                                                                                                                                                             | Professional experience | Function                                                                      | Seniority    | Share capital holdings |
|---------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------|--------------|------------------------|
| DEAC Ioan           | 75  | Engineer - Bachelor's Degree in Machine Building Technology - Polytechnic Institute Cluj - Faculty of Mechanics                                                                                     | 49                      | Chairman of the Board / Director General                                      | 33 years old | 19,4478%               |
| DUMITRESCU Mihaela  | 52  | Economist - Bachelor Degree in Economics - Babes Bolyai University Cluj Napoca                                                                                                                      | 29                      | Vice-President CA                                                             | 1 year       | 19,1687%               |
| MAXIM Mircea-Florin | 66  | Engineer - Bachelor Degree in Economic Engineering - University of Agronomic Sciences and Veterinary Medicine Bucharest                                                                             | 41                      | Non-executive member CA                                                       | 18 years     | 0,0157%                |
| BALTEȘ Nicolae      | 65  | Economist - Bachelor's Degree in Economics, specialization in Finance and Accounting - Academy of Economic Studies Bucharest, Faculty of Finance and Accounting                                     | 40                      | Independent non-executive member Board of Directors/ Chairman Audit Committee | 8 years      | 0%                     |
| NEACȘU VLAD-NICOLAE | 43  | Economist - Bachelor Degree in Service Management, Academy of Economic Studies Bucharest - Faculty of Management Master in Business Administration - Institute of Business Administration Bucharest | 17                      | Board Member/ Audit Committee Member                                          | 4 years      | 0,002%                 |

### 14.2 Executive Management

In accordance with the provisions of Law no. 31/1990, by Decision no. 2 dated 28.04.2021, the Board of Directors approved the appointment of Mr. **DEAC Ioan DEAC** as **General Manager** of COMPA S.A. with the delegation of management powers in this regard.

In accordance with the provisions of Law no. 31/1990, by Decision no. 96 of 8.11.2023, the Board of Directors

approved the appointment of Ms. **DUMITRESCU Mihaela DUMITRESCU** as **Economic Director of COMPA S.A.** from 09.011.2023 until 30.04.2024 with the delegation of the company's management duties.

In accordance with the provisions of art. 143 paragraph (1) of Law no. 31/1990, by Decision no.53 of 30.04.2024, the Board of Directors approved the extension of the mandate of Ms. **Mihaela DUMITRESCU DUMITRESCU** as Economic Director of Compa S.A., starting with 30.04.2024 until 30.04.2025, with the delegation of the company's management duties.

- |                       |                   |
|-----------------------|-------------------|
| 1. DEAC Ioan          | Director General  |
| 2. DUMITRESCU Mihaela | Economic Director |

### 14.3. Directors by function

Directors by function are responsible for taking all measures related to their area of activity, in compliance with the powers granted.

The Directors shall regularly inform the Board of Directors on the operations undertaken to achieve the objectives and indicators entrusted by the *Strategic Scorecard*, on their compliance with them, as well as on the fulfillment of other tasks received.

In the period 01.01.2024-06.05.2024 *The structure of the directorate by function* is as follows :

- |                             |                                             |
|-----------------------------|---------------------------------------------|
| 1. BAIĂȘU Dan-Nicolae       | Deputy General Manager/ Commercial Director |
| 2. ACU Florin - Stefan      | Technical Director                          |
| 3. BLAJ Robert              | Logistic Director                           |
| 4. DUMITRESCU Ștefan Cosmin | Management and Systems Director             |
| 5. ȚUICU Liviu-Laurențiu    | Director Quality - Environment              |
| 6. ȚUȚUREA Mihai            | Production Director                         |
| 7. FIRIZA Sorin Ioan        | Deputy Director. Productio                  |
| 8. DRAGOMIR Marius C-tin    | Head of Maintenance Department              |

Taking into account the more efficient organization of COMPA SA activities, by Decision of 07.05.2024, *the structure of the directorate by functions* has the following composition:

- |                             |                                                                 |
|-----------------------------|-----------------------------------------------------------------|
| 1. BAIĂȘU Dan-Nicolae       | Deputy General Manager/ Commercial Director                     |
| 2. ACU Florin - Stefan      | Technical Director - Projects Technical Direction               |
| 3. FIRIZA Sorin Ioan        | Technical Director - Processes and Products Technical Direction |
| 4. DUMITRESCU Ștefan Cosmin | Production Manager -Production 1                                |
| 5. ȚUȚUREA Mihai            | Production Director - Production 2                              |
| 3. BLAJ Robert              | Logistics Director                                              |
| 5. ȚUICU Liviu-Laurențiu    | Director Quality - Environment                                  |
| 8. DRAGOMIR Marius C-tin    | Head of Maintenance Department                                  |



**Ioan DEAC**  
Chairman

Investor Relations | Councilors | Personal Data Protection | Company Strategy | Information Security

Commercial &  
Deputy CEO



**Dan Băiașu**

**Director**  
Purchase  
Sales & Marketing  
Suppliers Development

Finance



**Mihaela Dumitrescu**

**Director**  
Controlling  
Financial - General  
Accounting  
Human Resources  
Training Center

Technical



**Florin Acu**

**Director**  
Research and  
Development

Technical



**Sorin Firiza**

**Director**  
Process Design  
Product Design  
Improvement

Quality & Environment  
Management Systems



**Liviu Țicu**

**Director**  
Product/Process/  
Environment Control  
Product process audit  
Measurements, Analysis  
& Testing  
System Documents  
Internal Audit  
Occupational Health &  
Safety

Production



**Cosmin Dumitrescu**

**Director**

Production



**Mihai Țuțurea**

**Director**

Logistic



**Robert Blaj**

**Director**  
Production logistics  
Purchasing logistics  
Warehouse - Internal flow  
Customs office  
Sales Logistics

Maintenance



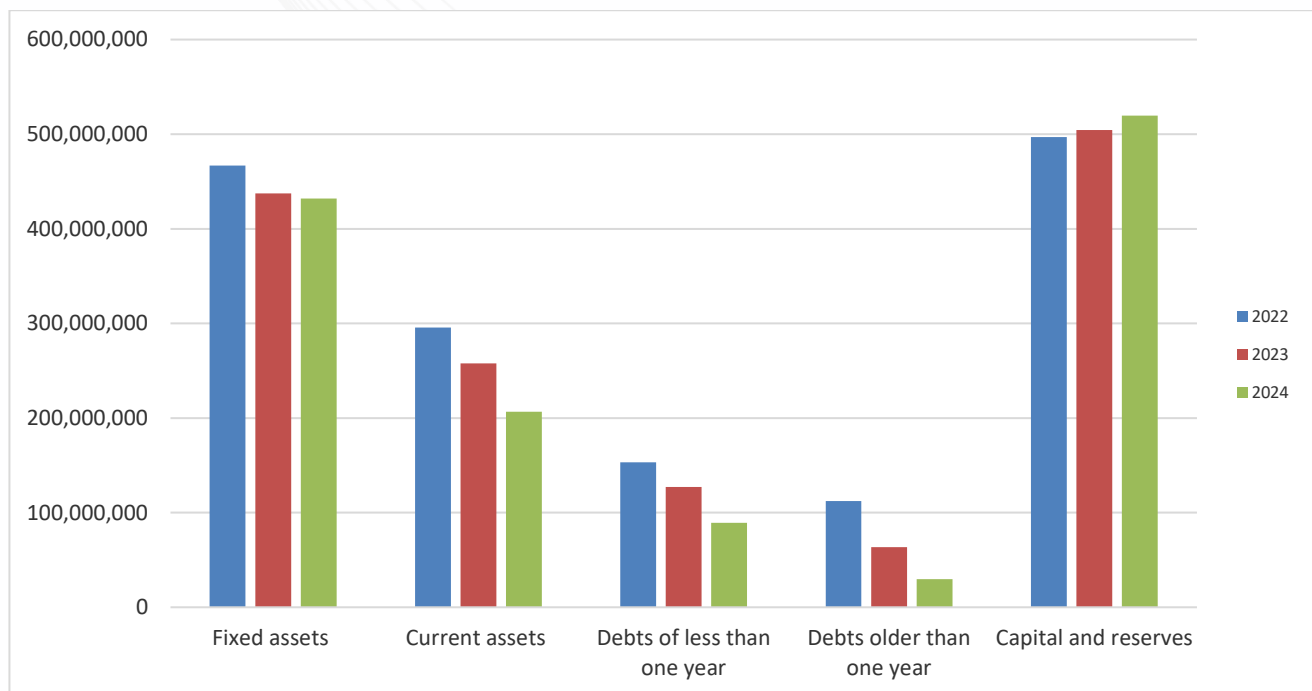
**Marius Dragomir**

**Chief Engineer**

## 15. FINANCIAL - STATEMENT

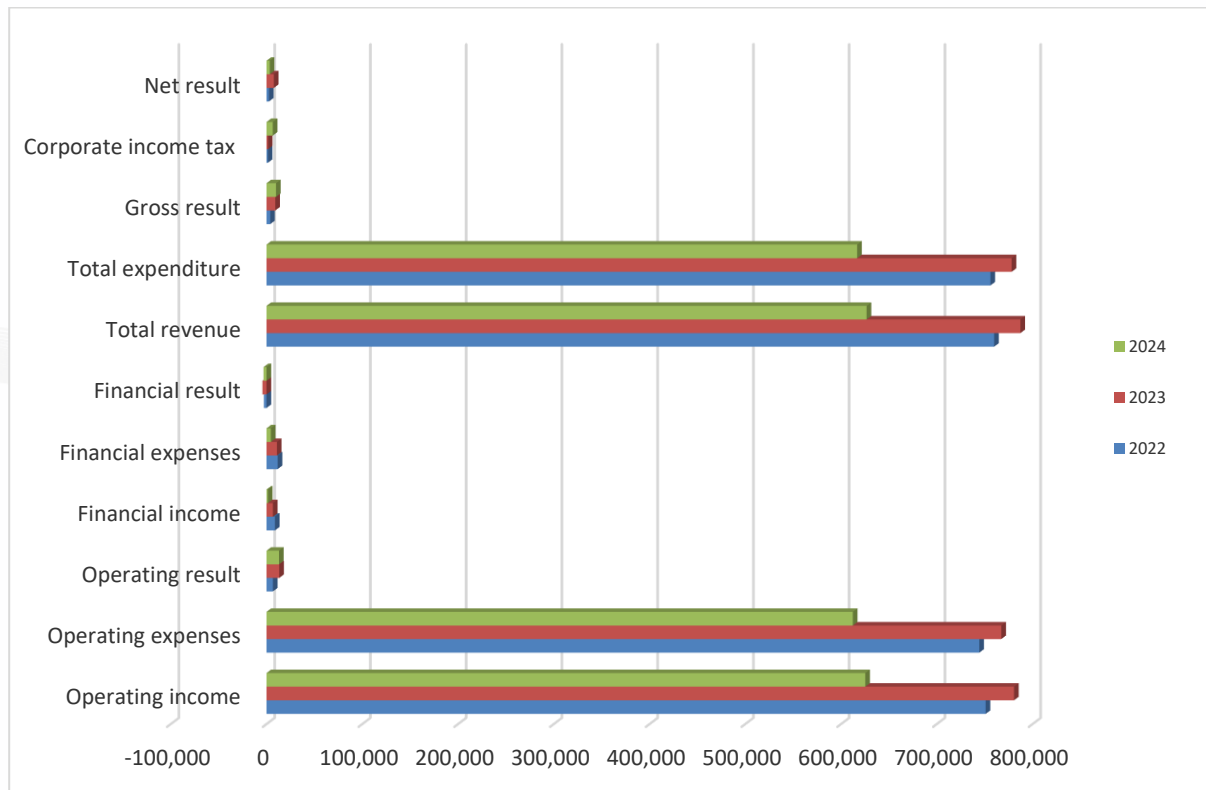
### 15.1. Main balance sheet items and their development over the last three years

| Indicator                   | 2022        | 2023        | 2024        |
|-----------------------------|-------------|-------------|-------------|
| Fixed assets                | 466,862,448 | 437,318,167 | 432,085,703 |
| Current assets              | 295,628,562 | 257,798,200 | 206,631,440 |
| Debts of less than one year | 153,119,238 | 127,149,825 | 89,238,505  |
| Debts older than one year   | 112,265,699 | 63,441,677  | 29,750,136  |
| Capital and reserves        | 497,106,073 | 504,524,865 | 519,728,502 |



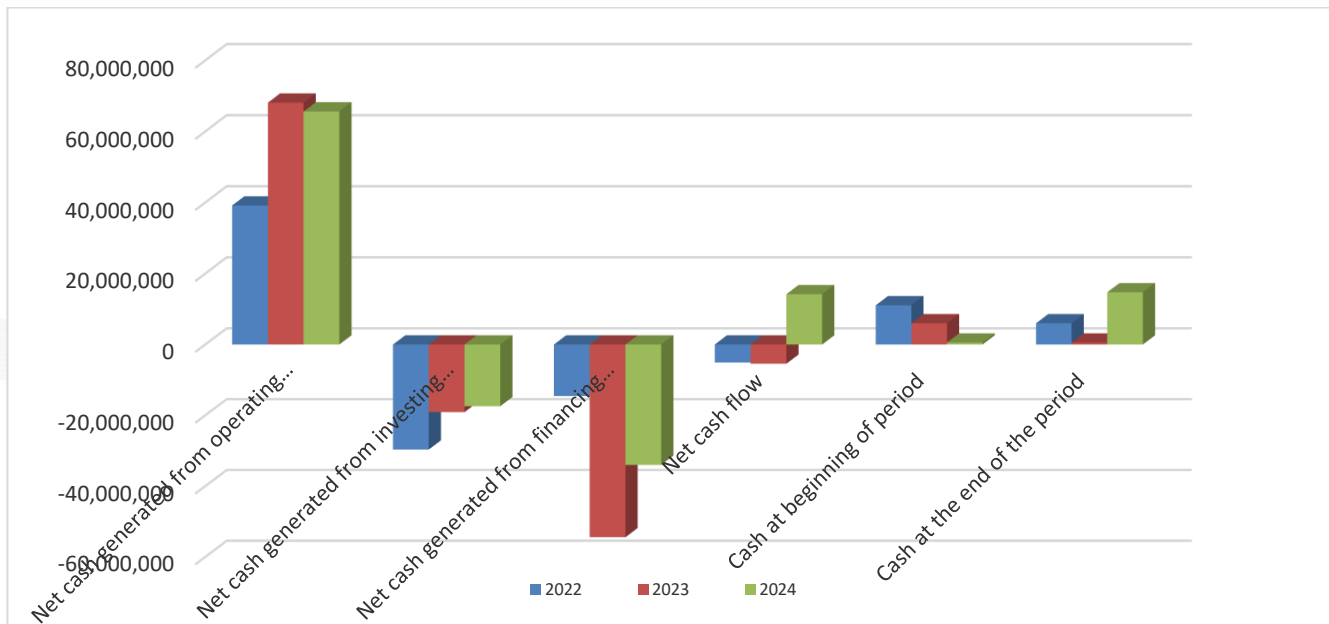
### 15.2. Income and expenditure situation in the period 2022-2024:

| Indicator            | 2022    | 2023    | 2024    |
|----------------------|---------|---------|---------|
| Operating income     | 751,059 | 780,736 | 625,365 |
| Operating expenses   | 744,424 | 767,399 | 612,361 |
| Operating result     | 6,635   | 13,337  | 13,004  |
| Financial income     | 8,814   | 6,642   | 1,391   |
| Financial expenses   | 11,613  | 10,843  | 4,508   |
| Financial result     | -2,799  | -4,201  | -3,117  |
| Total revenue        | 759,873 | 787,378 | 626,756 |
| Total expenditure    | 756,037 | 778,242 | 616,869 |
| Gross result         | 3,836   | 9,136   | 9,887   |
| Corporate income tax | 1,326   | 1,461   | 6,563   |
| Net result           | 2,511   | 7,675   | 3,324   |



### 15.3. Cash flow situation

|                                              | 2022        | 2023        | 2024        |
|----------------------------------------------|-------------|-------------|-------------|
| Net cash generated from operating activities | 39,139,616  | 68,078,902  | 65,620,022  |
| Net cash generated from investing activities | -29,679,565 | -19,098,263 | -17,427,502 |
| Net cash generated from financing activities | -14,542,301 | -54,424,177 | -34,003,021 |
| Net cash flow                                | -5,082,250  | -5,443,538  | 14,189,499  |
| Cash at beginning of period                  | 11,068,357  | 5,986,107   | 542,569     |
| Cash at the end of the period                | 5,986,107   | 542,569     | 14,732,068  |



## 16. COMPLIANCE WITH THE GOVERNANCE CODE

| Section / Provisions of the Code                      | Compliance Yes/ No/ PARTIAL | Reason for non-compliance                   |
|-------------------------------------------------------|-----------------------------|---------------------------------------------|
| <b>A. RESPONSIBILITIES</b>                            |                             |                                             |
| A1                                                    | FROM                        |                                             |
| A2                                                    | FROM                        |                                             |
| A3                                                    | FROM                        |                                             |
| A4                                                    | FROM                        |                                             |
| A5                                                    | FROM                        |                                             |
| A6                                                    | FROM                        |                                             |
| A7                                                    | FROM                        |                                             |
| A8                                                    | NO                          |                                             |
| A9                                                    | FROM                        |                                             |
| A10                                                   | FROM                        |                                             |
| A11                                                   | Not the case                | COMP A is rated in <b>Standard Category</b> |
| <b>B. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM</b> |                             |                                             |
| B1                                                    | FROM                        |                                             |
| B2                                                    | FROM                        |                                             |
| B3                                                    | FROM                        |                                             |
| B4                                                    | FROM                        |                                             |
| B5                                                    | FROM                        |                                             |
| B6                                                    | FROM                        |                                             |
| B7                                                    | FROM                        |                                             |
| B8                                                    | FROM                        |                                             |
| B9                                                    | FROM                        |                                             |
| B10                                                   | FROM                        |                                             |
| B11                                                   | FROM                        |                                             |
| B12                                                   | FROM                        |                                             |

| Section / Provisions of the Code                  | Compliance<br>Yes/ No/ PARTIAL | Reason for non-compliance                                                               |
|---------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|
| <b>A. RESPONSIBILITIES</b>                        |                                |                                                                                         |
| <b>C. FAIR REWARD AND MOTIVATION</b>              |                                |                                                                                         |
| <b>C1</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D. ADDING VALUE THROUGH INVESTOR RELATIONS</b> |                                |                                                                                         |
| <b>D1</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D2</b>                                         | <b>NO</b>                      | So far dividend decisions have been taken by the General Meeting of Shareholders.       |
| <b>D3</b>                                         | <b>PARTIAL</b>                 | Forecasts are provided annually in the Income and Expenditure Budget and Business Plan. |
| <b>D4</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D5</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D6</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D7</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D8</b>                                         | <b>FROM</b>                    |                                                                                         |
| <b>D9</b>                                         | <b>FROM</b>                    | According to the Financial Calendar                                                     |
| <b>D10</b>                                        | <b>FROM</b>                    |                                                                                         |

## 17. INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 .12.2024

### a. Individual statement of financial position for the year ending 31.12.2024

All amounts are expressed in lei unless otherwise specified

|                                      |                                                                | <b>Note</b> | <b>31.12.2024</b>  | <b>31.12.2023</b>  |
|--------------------------------------|----------------------------------------------------------------|-------------|--------------------|--------------------|
| <b>Fixed assets:</b>                 |                                                                |             |                    |                    |
|                                      | Tangible fixed assets                                          | 4.1         | 349,236,104        | 364,493,649        |
|                                      | Real estate investment                                         | 4.2         | 45,978,881         | 36,661,105         |
|                                      | Intangible fixed assets                                        | 5           | 6,697,242          | 8,056,305          |
|                                      | Other receivables (Grants and settlements from joint ventures) | 6           | 825,771            |                    |
|                                      | Other non-current assets                                       | 7           | 5,132,205          | 3,891,608          |
|                                      | Financial investments                                          | 20          | 24,215,500         | 24,215,500         |
| <b>Fixed assets - total</b>          |                                                                |             | <b>432,085,703</b> | <b>437,318,167</b> |
| <b>Current assets:</b>               |                                                                |             |                    |                    |
|                                      | Stocks                                                         | 8           | 93,270,508         | 111,126,503        |
|                                      | Trade and other receivables                                    | 6           | 96,207,494         | 146,001,118        |
|                                      | Other receivables (Grants and settlements from joint ventures) | 6           | 2,421,370          | 128,010            |
|                                      | Cash and cash equivalents                                      | 9           | 14,732,068         | 542,569            |
| <b>Current assets - total</b>        |                                                                |             | <b>206,631,440</b> | <b>257,798,200</b> |
| <b>Total assets</b>                  |                                                                |             | <b>638,717,143</b> | <b>695,116,367</b> |
| <b>Equity :</b>                      |                                                                |             |                    |                    |
|                                      | Issued capital                                                 | 11          | 21,882,104         | 21,882,104         |
|                                      | Share capital adjustments                                      | 11          | -265,638           | -265,638           |
|                                      | Book                                                           | 11          | 404,789,400        | 389,070,474        |
|                                      | Reserve adjustment                                             | 11          | 23,122,057         | 23,122,057         |
|                                      | Retained result                                                | 11          | 66,876,117         | 65,886,960         |
|                                      | Current result                                                 | 11          | 3,324,462          | 7,675,390          |
|                                      | Profit distribution                                            | 11          |                    | -2,846,482         |
| <b>Equity - total</b>                |                                                                |             | <b>519,728,502</b> | <b>504,524,865</b> |
| <b>Debts</b>                         |                                                                |             |                    |                    |
| <b>Long-term debt :</b>              |                                                                |             |                    |                    |
|                                      | Financial debts                                                | 12          | 5,292,700          | 38,787,077         |
|                                      | Revenue in advance (advance revenue, subsidies)                | 13          | 17,162,120         | 18,434,065         |
|                                      | Provisions                                                     | 14          | 7,295,316          | 6,220,535          |
| <b>Long-term liabilities - total</b> |                                                                |             | <b>29,750,136</b>  | <b>63,441,677</b>  |
| <b>Current debts:</b>                |                                                                |             |                    |                    |
|                                      | Financial debts                                                | 12          | 16,129,819         | 14,360,930         |
|                                      | Trade and similar debts;                                       | 13          | 53,797,217         | 90,367,315         |
|                                      | Customer contract debts                                        | 13          | 0                  | 3,505,877          |
|                                      | Other debts                                                    | 13          | 13,136,806         | 14,492,090         |
|                                      | Current tax liabilities                                        | 10;13       | 1,299,240          | 0                  |

|                                                          |    |                    |                    |
|----------------------------------------------------------|----|--------------------|--------------------|
| Revenue in advance<br>(revenue in advance,<br>subsidies) | 13 | 4,875,423          | 4,423,613          |
| <b>Current liabilities - total</b>                       |    | <b>89,238,505</b>  | <b>127,149,825</b> |
| <b>Total debts</b>                                       |    | <b>118,988,641</b> | <b>190,591,502</b> |
| <b>Total equity and debt</b>                             |    | <b>638,717,143</b> | <b>695,116,367</b> |

**b. Statement of profit or loss and other comprehensive income for the year  
closed on 31.12.2024**

All amounts are expressed in lei unless otherwise specified

|                                                                                                      | <b>Note</b> | <b>31.12.2024</b>   | <b>31.12.2023</b>   |
|------------------------------------------------------------------------------------------------------|-------------|---------------------|---------------------|
| <b>Revenues</b>                                                                                      | <b>15</b>   | <b>604,023,987</b>  | <b>767,200,685</b>  |
| Other revenue                                                                                        | 15          | 21,340,759          | 13,535,772          |
| <b>Total revenue</b>                                                                                 |             | <b>625,364,746</b>  | <b>780,736,457</b>  |
| Changes in stocks of finished goods and work in progress                                             | 16          | -5,374,047          | -7,518,811          |
| Raw materials and consumables used                                                                   | 16          | -355,403,859        | -478,633,865        |
| Expenditure on employee benefits                                                                     | 17          | -159,658,224        | -173,383,416        |
| Amortization and depreciation expenses                                                               | 4, 5, 16    | -51,219,531         | -54,570,295         |
| Services provided by third parties                                                                   | 16          | -31,019,089         | -40,308,108         |
| Other expenditure                                                                                    | 16          | -9,686,112          | -12,984,309         |
| <b>Total expenditure</b>                                                                             |             | <b>-612,360,862</b> | <b>-767,398,804</b> |
| <b>Operating result</b>                                                                              |             | <b>13,003,884</b>   | <b>13,337,653</b>   |
| Financial income                                                                                     | 18          | 112,357             | 113,060             |
| Financial expenses                                                                                   | 18          | -2,277,533          | -3,354,954          |
| Other financial gains/losses                                                                         | 18          | -951,586            | -959,094            |
| <b>Net financing costs</b>                                                                           |             | <b>-3,116,762</b>   | <b>-4,200,988</b>   |
| <b>Pre-tax profit</b>                                                                                |             | <b>9,887,122</b>    | <b>9,136,665</b>    |
| (Expenses) / Deferred corporate income tax revenues                                                  | 10          | -595,134            | 594,416             |
| <b>Current income tax expense</b>                                                                    | <b>10</b>   | <b>-5,967,526</b>   | <b>-2,055,691</b>   |
| <b>Net profit for the period</b>                                                                     |             | <b>3,324,462</b>    | <b>7,675,390</b>    |
| Other comprehensive income:                                                                          |             |                     |                     |
| Of which other comprehensive income that will not subsequently be<br>reclassified to profit or loss: |             |                     |                     |
| Income tax on other comprehensive income                                                             | 10          | -884,512            | 244,176             |
| <b>Other comprehensive income, net of tax</b>                                                        |             | <b>-884,512</b>     | <b>244,176</b>      |

|                                                          |           |                  |                  |
|----------------------------------------------------------|-----------|------------------|------------------|
| <b>Total overall result for the year</b>                 |           | <b>2,439,950</b> | <b>7,919,566</b> |
| <b>Non-consolidated result per basic / diluted share</b> | <b>19</b> | <b>0.015</b>     | <b>0.04</b>      |

**c. Individual statement of changes in equity for the year ending 31.12.2024 - All amounts are expressed in lei unless otherwise stated**

| Equity component                                                               | Share capital     | Share capital adjustments | Legal reserves   | Legal reserve adjustments | Revaluation reserve | Other reserves     | Adjustments to other reserves | Retained result   | Total              |
|--------------------------------------------------------------------------------|-------------------|---------------------------|------------------|---------------------------|---------------------|--------------------|-------------------------------|-------------------|--------------------|
| <b>Balance at 01.01.2023</b>                                                   | <b>21,882,104</b> | <b>-265,638</b>           | <b>4,376,421</b> | <b>22,679,066</b>         | <b>83,891,130</b>   | <b>296,193,865</b> | <b>442,991</b>                | <b>67,906,134</b> | <b>497,106,073</b> |
| <b>Profit for the year</b>                                                     |                   |                           |                  |                           |                     |                    |                               | <b>7,675,390</b>  | <b>7,675,390</b>   |
| <b>Other comprehensive income, of which:</b>                                   | <b>0</b>          | <b>0</b>                  | <b>0</b>         | <b>0</b>                  | <b>0</b>            | <b>244,176</b>     | <b>0</b>                      | <b>0</b>          | <b>244,176</b>     |
| Income tax on other comprehensive income                                       |                   |                           |                  |                           |                     | 244,176            |                               |                   | 244,176            |
| <b>Transactions with shareholders recognized directly in equity, of which:</b> | <b>0</b>          | <b>0</b>                  | <b>0</b>         | <b>0</b>                  | <b>0</b>            | <b>4,364,883</b>   | <b>0</b>                      | <b>-4,865,657</b> | <b>-500,774</b>    |
| Distribution of free shares                                                    |                   |                           |                  |                           |                     | 0                  |                               |                   | 0                  |
| Profit distribution                                                            |                   | 0                         |                  |                           |                     | 4,364,883          |                               | -4,865,657        | -500,774           |
| <b>Balance at 31.12.2023</b>                                                   | <b>21,882,104</b> | <b>-265,638</b>           | <b>4,376,421</b> | <b>22,679,066</b>         | <b>83,891,130</b>   | <b>300,802,924</b> | <b>442,991</b>                | <b>70,715,867</b> | <b>504,524,865</b> |

| Equity component                                                               | Share capital     | Share capital adjustments | Legal reserves   | Legal reserve adjustments | Revaluation reserve | Other reserves     | Adjustments to other reserves | Retained result   | Total              |
|--------------------------------------------------------------------------------|-------------------|---------------------------|------------------|---------------------------|---------------------|--------------------|-------------------------------|-------------------|--------------------|
| <b>Balance at 01.01.2024</b>                                                   | <b>21,882,104</b> | <b>-265,638</b>           | <b>4,376,421</b> | <b>22,679,066</b>         | <b>83,891,130</b>   | <b>300,802,924</b> | <b>442,991</b>                | <b>70,715,867</b> | <b>504,524,865</b> |
| <b>Profit for the year</b>                                                     |                   |                           |                  |                           |                     |                    |                               | <b>3,324,462</b>  | <b>3,324,462</b>   |
| <b>Other comprehensive income, of which:</b>                                   | <b>0</b>          | <b>0</b>                  | <b>0</b>         | <b>0</b>                  | <b>13,309,608</b>   | <b>-884,512</b>    | <b>0</b>                      | <b>989,157</b>    | <b>13,414,253</b>  |
| Revaluation of tangible fixed assets                                           |                   |                           |                  |                           | 14,401,660          |                    |                               |                   | 14,401,660         |
| Transfer reserves to result                                                    |                   |                           |                  |                           | -1,092,052          |                    |                               | 989,157           | -102,895           |
| Income tax on other comprehensive income                                       |                   |                           |                  |                           |                     | -884,512           |                               |                   | -884,512           |
| <b>Transactions with shareholders recognized directly in equity, of which:</b> | <b>0</b>          | <b>0</b>                  | <b>0</b>         | <b>0</b>                  | <b>0</b>            | <b>3,293,830</b>   | <b>0</b>                      | <b>-4,828,908</b> | <b>-1,535,078</b>  |
| Distribution of free shares                                                    |                   |                           |                  |                           |                     | 0                  |                               |                   | 0                  |
| Profit distribution                                                            |                   | 0                         |                  |                           |                     | 3,293,830          |                               | -4,828,908        | -1,535,078         |
| <b>Balance at 31.12.2024</b>                                                   | <b>21,882,104</b> | <b>-265,638</b>           | <b>4,376,421</b> | <b>22,679,066</b>         | <b>97,200,738</b>   | <b>303,212,242</b> | <b>442,991</b>                | <b>70,200,578</b> | <b>519,728,502</b> |

**d. Individual cash flow statement for the year ending 31.12.2024**

All amounts are expressed in lei unless otherwise specified

| Explanations                                                      | 2024               | 2023               |
|-------------------------------------------------------------------|--------------------|--------------------|
| <b>Cash flows from operating activities:</b>                      |                    |                    |
| Pre-tax profit                                                    | <b>9,887,122</b>   | <b>9,136,665</b>   |
| Expenses related to amortization and depreciation of fixed assets | 48,157,645         | 47,730,102         |
| (Increases) / Decreases in stocks                                 | 17,855,995         | 21,400,610         |
| (Cresteri) / Descresteri creant                                   | 45,433,896         | 10,986,214         |
| Increases/ (Decreases in debt)                                    | -40,132,042        | -24,634,114        |
| Adjust other non-monetary items                                   | -15,582,594        | 3,431,431          |
| <b>Net cash generated from operating activities</b>               | <b>65,620,022</b>  | <b>68,050,908</b>  |
| <b>Cash flows from investing activities:</b>                      |                    |                    |
| Acquisitions of tangible fixed assets and real estate investments | -16,898,464        | -17,969,405        |
| Acquisitions of intangible fixed assets                           | -529,038           | -1,100,864         |
| <b>Net cash generated from investing activities</b>               | <b>-17,427,502</b> | <b>-19,070,269</b> |
| <b>Cash flows from financial activity</b>                         |                    |                    |
| (Increases) / Decreases bank loans                                | -31,725,488        | -51,069,223        |
| Interest payments                                                 | -2,277,533         | -3,354,954         |
| <b>Net cash generated from financial activity</b>                 | <b>-34,003,021</b> | <b>-54,424,177</b> |
| <b>Net cash generated from total activity</b>                     | <b>14,189,499</b>  | <b>-5,443,538</b>  |
| <b>Cash and cash equivalents at beginning of period</b>           | <b>542,569</b>     | <b>5,986,107</b>   |
| <b>Cash and cash equivalents at the end of the period</b>         | <b>14,732,068</b>  | <b>542,569</b>     |

**e. NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
LA 31.12.**
**1. GENERAL INFORMATION**

COMP A is a joint-stock company with registered office in Sibiu. str.Henri Coandă nr.8. CP 550234.

**1.1. Field of**

The main activity according to CAEN is 2932 - Manufacture of other parts and accessories for motor vehicles and their engines.

**1.2. Form of company ownership**

COMP A S.A. is 100% privatized since September 1999. The company is listed. The shares have been traded on the Bucharest Stock Exchange since June 1997 and are currently traded in the Standard category. symbol CMP.

**1.3. Company evolution**

By the Government Decision no.1296/13.12.1990 the company became COMP A S.A.. coming from the Sibiu Auto Parts Enterprise (I.P.A.Sibiu). I.P.A.Sibiu was established in 1969 by the merger of two units: the Elastic Plant and the Automecanica Plant Sibiu. Since 1991. COMP A was organized in factories/workshops. constituted by product families. as cost centres. which in time became profit centres. in order to decentralize and facilitate the constitution of joint-ventures.

## **THE BASIS FOR DRAWING UP**

### **Declaration of conformity**

The separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the Order of the Minister of Public Finance No. 2844/2016. The Company has adopted IFRS reporting starting with the 2012 financial statements.

### **continuity principle**

The separate financial statements have been prepared on a going concern basis. This assumes that the Company will be able to carry on its business under normal conditions.

### **Evaluation basics**

The separate financial statements have been prepared on the historical cost basis, except for certain property, plant and equipment which are measured at revalued 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 the assets.

### **Presentation and functional currencies**

The individual financial statements are presented in Romanian **lei (RON)**, rounded to the nearest whole number. this is the functional currency of the Company.

### **Using estimates and judgments**

The preparation of separate financial statements in conformity with IFRS as adopted by the European Union requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and any 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 and in future periods if affected.

The change in estimates does not affect prior periods and is not a correction of an error.

Information about critical judgments in the application of the Company's accounting policies, whose effect is material on the amounts recognized in the financial statements is included in the notes to the:

### **Tangible and intangible fixed assets - Useful life of tangible fixed assets**

Tangible and intangible assets are depreciated over their useful lives. The Company's management uses professional judgment in determining useful life, and the evidence used in determining useful life includes the technical specifications of the machines, information from the commercial contracts that the Company has with customers, the history of products sold, market information related to the Company's products and the adaptability of the machines.

### **Tangible and intangible fixed assets - Adjustments for impairment of tangible fixed assets**

Intangible and tangible fixed assets are analyzed for indications of impairment at the date of the financial statements. If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognized to reduce the net carrying amount of that asset to its recoverable amount. If the reasons for recognizing the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the level of the net carrying amount that would have been determined had no impairment loss been recognized. Evidence that may result in impairment includes a decline in usefulness to the company, excessive physical wear and tear, the emergence of new production technologies.

### **Deferred taxes**

Deferred tax assets are recognized as assets to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management uses professional judgment in determining the amount of deferred tax assets that can be recognized as assets.

The management's decisions are based on information from the commercial contracts that the Company has concluded with customers, forecasts related to the automotive and automotive components market.

### **Provisions**

Provisions are recognized when the Company has a present legal or constructive legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be reliably measured. 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.

### **Recoverable value of assets**

The assessment for impairment of receivables is performed on an individual basis and is based on management's best estimate of the present value of the cash flows expected to be received. The Company reviews its trade and other receivables at each statement of financial position date, to assess whether it should recognize an impairment in the income statement. In particular, management's judgment is required to estimate the amount and to coordinate 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.

### **Fair value measurement of instruments**

When the fair value of financial assets and financial liabilities reflected in the statement of financial position cannot be measured on the basis of quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. Assumptions in these models are taken from available market information, but when this is not possible, reasoning is required to determine fair value. Reasoning includes determining assumptions such as credit risk and volatility.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1. New standards and interpretations effective in the current period and adopted by the Group on or after January 1, 2024, inclusive**

**Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"**. The Group considers the implications of the amendments, the impact of the amendments on the financial statements and the timing of their adoption.

**Amendments to IFRS 16 "Lease liabilities arising under leases held for sale and leaseback"**. The Group is analyzing the implications of the amendments, the impact of the amendments on the financial statements and the timing of adoption.

**Amendments to IAS 7 - "Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Vendor Arrangements"**. The Group considers the implications of the amendments, the impact of the amendments on the financial statements.

**IFRS S1 - "General requirements for the disclosure of financial information related to sustainability"**. Requires reporting of information related to sustainability risks and opportunities that affect the financial performance of entities. It includes sustainability governance and its impact on financial strategies and decisions. The company is ready to apply the new requirements to integrate sustainability in financial reporting, promoting transparency and global comparability.

**IFRS S2 - "Climate-related disclosures"** requires the reporting of risks and opportunities related to climate change and its impact on financial performance. It requires the use of climate scenarios to assess short, medium and long term risks. The company is prepared to adopt new processes for collecting and assessing climate data, reporting climate risks and opportunities and integrating these into its strategy and governance.

### **3.2. Standards and Interpretations issued by the IASB and adopted by the EU that are not yet effective and the Group does not apply them early**

At present, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB) with the exception of the following standards, amendments to existing standards and interpretations, which have not been endorsed for use:

The IASB has issued amendments to **IFRS 9 "Financial Instruments"** and **IFRS 7 "Financial Instruments: Disclosures"**. These amendments have been designed to clarify and standardize the classification and measurement of financial instruments, addressing issues such as: Classification and Measurement of Financial Instruments, recognition and derecognition of financial instruments and contracts that relate to nature-dependent electricity.

**IAS 1 and IAS 7** will be replaced by **IFRS 18**, which will address the same theme, but with updates and changes to reflect new financial reporting requirements and greater clarity in the presentation of financial information.

**IAS 33** Amended by **IFRS 18 *Presentation and Disclosure in Financial Statements*** (Amendments to IAS 33 permit an entity to disclose additional earnings per share in the notes only if the numerator is either a total or a subtotal identified in IFRS 18 or is a measure of management performance.)

**IAS 34** Amended by **IFRS 18 *Presentation and Disclosure in Financial Statements*** (Amendments to IAS 34 require an entity to include in its interim report the disclosures about management-defined performance measures required by paragraphs 121-125 of IFRS 18).

Except as described above, the Company expects that the adoption of the new standards, revisions and interpretations will not have a material impact on the Company's separate financial statements.

Except as described above, the Company expects that the adoption of the new standards, revisions and interpretations will not have a material impact on the Company's separate financial statements.

### **Foreign currency conversion**

In preparing the Company's separate financial statements, transactions in currencies, other than the Company's functional currency (foreign currencies), are recognized at exchange rates current at the transaction dates. Monetary items denominated in a foreign currency, at the end of the reporting period, are translated at the foreign exchange rates at that date. Non-monetary items carried at fair value, that are denominated in a foreign currency, are retranslated at rates current at the date when the fair value was determined. Non-monetary items, that are measured at historical cost in a foreign currency are translated at the rate at the date of the transaction.

Exchange differences arising on the retranslation of monetary items at the end of the reporting period are recognized in profit or loss.

### **Financial instruments**

#### ***Unrealized financial assets***

The Company recognizes loans and receivables on the date they are originated. All other financial instruments are recognized on trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified into: loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in 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 balances and cash, etc.) are generally held for the purpose of collecting cash flows under the 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 goods sold and services rendered in the course of the Company's business. They are generally collected in short periods and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, except when they contain a significant financing component, when they are recognized at fair value.

#### ***Initial recognition and assessment***

Trade receivables are initially recognized at trade date. All other financial assets and financial liabilities in its statement of financial position when Company becomes a party to the contractual provisions of the instrument. Financial assets (unless they contain a significant financing component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial receivables (other 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 receivables, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of assets or financial receivables at fair value through profit or loss are recognized immediately in individual profit or loss.

## **Classification and further assessment**

### **Financial assets**

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

Financial assets are not reclassified subsequent to initial recognition only if the company changes its business model for managing its financial assets. In which case all those affected financial assets are reclassified.

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

- the financial asset is held as part of a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount due.

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

- the financial asset is held as part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount due.

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

On initial recognition, The Company may designate a financial asset as irrevocably measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or liabilities or recognizing their gains and losses on a different basis.

### **The entity's business model for managing financial assets**

The Society 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 run and information is provided to management. Information considered includes:

- the stated policies and objectives for the portfolio and the operation of these policies in practice. These include considering whether management's strategy is focused on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of financial assets to the duration of any expected debt or cash outflows or realizing cash flows through the sale of assets;
- how portfolio performance is assessed 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 those risks are managed;**
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations regarding future sales activity.

### **Assess whether contractual cash flows are solely principal and interest payments**

For the purpose of this measurement, "Principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as a consideration for the time value of money and the credit risk associated with the principal amount receivable over a specified period of time, as well as for other risks and costs of borrowing base and a profit margin.

To assess whether the contractual cash flows are solely principal and interest payments, The Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows so that it does not meet that condition. A prepayment feature is compatible with the criterion of payment of principal and interest only, if the amount of the prepayment substantially represents the unpaid amounts of principal and interest related to the outstanding amount, which may include reasonable additional compensation for early termination of the contract.

### **Further valuation of financial assets**

After initial recognition, The Company measures a financial asset in accordance with the paragraphs at amortized cost; at fair value through other 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. Amortized cost is reduced by impairment losses. Interest income, Foreign currency gains and losses and depreciation are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

### ***Impairment of financial assets***

The Company recognizes loss adjustments related to expected credit losses for:

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

The allowance for loss on trade receivables and related contract assets is always measured at an amount equal to the expected credit losses over the lifetime.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company's historical experience and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to repay its credit obligations to the Company in full; or
- the financial asset is 365 days past its due date.

Lifetime expected credit loss data are the expected credit losses resulting from all possible implicit events over the expected life of a financial instrument.

12-month expected credit losses, represents the portion of expected credit losses that result from implicit events that are possible within 12 months from the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period considered in estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

### ***Measurement of expected credit loss amounts***

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

### ***Financial assets impaired due to credit risk***

At each reporting date, The Company assesses whether financial assets carried 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 have occurred that have a negative impact on the estimated future cash flows of the financial asset.

Evidence that a financial asset is credit-impaired includes the following observables:

- significant financial difficulty of the debtor;
- a breach of the contract, such as failure to perform obligations or exceeding the due date by 90 days; or
- the debtor is likely to enter bankruptcy or other financial reorganization;

### ***Presentation of the adjustment for expected credit losses in the statement of financial position***

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

### ***Off balance sheet***

The gross carrying amount of a financial asset is reduced when the Company has no reasonable expectation of recovering all or part of a financial asset. For individual customers, The Company has a policy of eliminating the gross carrying amount when the financial asset is 3 years past due, based on historical experience of recoveries of similar assets. For corporate customers, The Company makes an individual assessment regarding the timing and amount of the write-down, based on whether there is a reasonable expectation of recovery.

### ***Derecognition***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the assets expire or when the Company transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which it has transferred substantially all the risks and rewards of ownership of the financial ownership. On derecognition of a financial asset, the difference between the carrying amount of the asset and the amount of consideration received is recognized in profit or loss.

### ***Financial debts***

The Company recognizes a financial liability initially at its fair value plus, in the case of a financial liability that is not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance 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 at FVTPL if it is classified as held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL 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 foreign currency gains and losses are

recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The Company derecognizes a financial liability when contractual obligations are discharged or when those obligations expire or are cancelled. On derecognition of a financial liability, the difference between the carrying amount of a financial liability and the consideration paid (including any unconsolidated assets transferred or liabilities assumed) is recognized in profit or loss. Other financial liabilities include loans and borrowings, commitments, credit lines and trade and other payables.

#### ***Derivative financial instruments***

A derivative is a financial instrument or other contract within the scope of IFRS 9, that has the following three characteristics: its value changes in response to changes in certain interest rates, the price of a financial instrument, the price of a commodity, foreign 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 contractual party (sometimes referred to as "underlying"); requires no initial net investment or requires an initial net investment that is less than would be required for other types of contracts that are expected to have similar responses to changes in market factors; and is settled at a future date.

#### ***Capital instruments***

An equity instrument is any contract that creates a residual interest in the assets of an entity after deducting all of its liabilities. When a corporate equity instrument is redeemed, the amount paid, which also includes directly attributable costs, net of tax, is recognized as a deduction from equity. The Company does not recognize gain or loss in the income statement on the acquisition, sale, issue or cancellation of equity instruments.

#### ***Tangible fixed assets***

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and buildings, which are measured at revalued amount. Revalued amount is the fair value of the asset at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluation is performed for the entire class of fixed assets (land, buildings).

The cost of fixed assets includes expenses directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labor, other costs attributable to bringing the asset to its location and condition and the initial estimate of the costs of dismantling and removing the asset and restoring the site and the costs of borrowing when there is an obligation for these expenditures.

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

The Company performs revaluations with sufficient regularity to ensure that the carrying amount is not materially different from what would have been determined using fair value at the end of the reporting period.

When an asset is reclassified as investment property, the property is remeasured at fair value. Gains arising on revaluation are recognized in the income statement only to the extent of a property-specific impairment loss and any remaining gains recognized as other comprehensive income and presented within revaluation reserves in equity. Any loss is recognized immediately in the income statement.

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

Land is not depreciated. Depreciation is recognized to write off costs less residual values over their useful lives, using the straight-line method. Estimated useful lives, residual values and the method of depreciation are reviewed by Management at the end of each reporting period, taking into account the effect of any changes in accounting estimates.

Assets subject to finance leases are depreciated over their useful lives on the same basis as owned assets or, where the period is shorter, over the relevant lease period. The estimated useful lives for the current and comparative years of the significant groups of property, plant and equipment are:

- Buildings 12-50 years
- Technical installations and machinery 3-18 years

- Other plant, machinery and furniture 2-18 years

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

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from the continuing use of the asset. Any gain or loss resulting from the disposal or scrapping of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement in the period in which derecognition occurs.

### **Intangible fixed assets**

#### *Recognition and assessment*

For an item to be recognized as an intangible asset, the company must demonstrate that the item meets the following:

#### **(a) definition of an intangible asset**

- is separable, that is, it can be separated or divided from the entity and sold, transferred, licensed, leased or exchanged, either individually, or together with a related contract, asset or liability;
- arising from contractual or other legal rights, regardless of whether those rights are transferable or severable from the Company or from other rights and obligations.

#### **(b) criteria for recognition**

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

An intangible asset is initially measured at cost. The cost of a separately acquired intangible asset consists of:

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

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

The cost of an internally generated intangible asset is the amount of expenditure incurred from the date when the intangible asset first met the recognition criteria. Expenditure previously recognized as cost may not be reinstated. The cost of an internally generated intangible asset consists of 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:

- costs of materials and services used or consumed in generating the intangible asset;
- employee benefit costs arising from the generation of intangible assets;
- fees for registration of a legal right;
- amortization of patents and licenses that are used to generate intangible fixed assets.

To determine whether an internally generated intangible asset meets the recognition criteria, an entity divides the process of generating the asset into:

- a research phase;
- a development phase.

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

No intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Expenditure on research (or on the research phase of an internal project) shall be recognized as an expense when incurred.

An intangible asset arising from development is recognized if, and only if, the expenditure attributable to the intangible asset in the course of its development can be measured reliably, technical feasibility necessary to complete the intangible asset so that it is available for use or sale, management has the intention and ability to complete the intangible asset and to use or sell it.

**Recognition of expenses**

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria.

**Evaluation after recognition**

The Company accounts for intangible assets using the cost model. After initial recognition, an intangible asset shall be carried at cost or less any accumulated amortization and any accumulated impairment losses.

**Amortization**

The amortizable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization ceases at the earlier of the date the asset is classified as held for sale and the date the asset is derecognized.

Intangible fixed assets are amortized using the straight-line method over a period of 1-5 years or over the life of the contractual or legal rights when this is less than the estimated useful life. An intangible asset with an indefinite useful life is not amortized.

**Depreciation**

At the end of each reporting period the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment (if any). Recoverable amount is the higher of fair value less costs incurred to sell and its value in use.

Intangible assets with indefinite useful lives and intangible assets that are 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.

**Investment real estate**

An investment property is real estate (a plot of land or a building - or part of a building - or both) held by the Company for the purpose of earning rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

The cost of a purchased investment property includes its purchase price and any expenses directly attributable to the purchase. Directly attributable expenses include, for example, professional fees for legal services, fees for the transfer of ownership and other transaction costs.

The cost of a self-constructed investment property is the cost from the date of completion of the construction or development work. Until that date, the company applies IAS 16. At that date, the real estate becomes investment property.

After initial recognition, the Company chooses the fair value model and measures all its investment property at fair value.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss in the period in which it arises.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of real estate shall reflect market conditions at the balance sheet date.

Assets for which fair value is determined in the financial statements, are categorized in the fair value hierarchy based on the basis used to determine fair value as follows:

- Level 1 - Unadjusted market prices
- Level 2 - Inputs other than unadjusted market prices, but fair value is observable either directly or indirectly.
- Level 3 - Fair value measurement based on unobservable inputs

Gains or losses arising from the scrapping or disposal of an investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss in the period of retirement or disposal.

**Financial investments**

In accordance with IAS 27, separate financial statements are the statements presented by a company - mother, an investor in an associate or a venturer in a jointly controlled entity, in which investments are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. When an entity prepares separate financial statements, investments in subsidiaries, jointly controlled entities and associates shall be accounted for either:

- the cost.
- in accordance with IFRS 9 or using the equity method, as described in IAS 28.

Investments in subsidiaries are presented in these separate financial statements 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 includes the expenses incurred in acquiring inventories, production, and other costs of bringing inventories to their existing form and location. In the case of finished goods and work in progress. Costs also include a share of overheads based on normal production capacity.

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

**Employee benefits**

In the normal course of business, The Company makes payments to the pension, health and unemployment funds of the Romanian State, on behalf of its employees. The expenses for these payments are charged to the profit and loss account in the same period as the related salary expenses.

All employees of the Company are members of the Romanian state pension plan. There are no other pension schemes in operation within the Company and there are no other pension obligations.

Termination benefits are payable when employment is terminated for reasons not attributable to the employee. The Company recognizes termination benefits when it undertakes to terminate the employment contracts of current employees.

**Provisions**

Provisions are recognized when the Company has a present legal or constructive legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be reliably measured.

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. When a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the time value of money effect is material).

**Guarantees**

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

**Restructuring**

A restructuring provision is recognized when the Company has approved a detailed and formal plan for restructuring and the restructuring plan has either been initiated or the main features of the restructuring plan have been announced to those affected by it.

**Onerous contracts**

If the Company has an onerous contract, the present contractual obligation under the contract shall be recognized and measured as a provision. An onerous contract is defined as a contract in which the unavoidable costs of fulfilling the contractual obligations exceed the economic benefits expected to be obtained from the contract. The unavoidable costs of a contract reflect the net cost of exiting the contract, i.e. the lower of the cost of performance and any compensation or penalties for non-performance.

**Revenue recognition**

The accounting policies for the company's revenue from contracts with customers are disclosed in note 15.

**Government subsidies**

Government grants are assistance from the government in the form of transfers of resources to the Company in return for compliance, in the past or in the future, with certain conditions relating to the Company's operating activity. Grants exclude forms of government assistance that cannot reasonably be assigned a specific value, as well as transactions with the government that are indistinguishable from the entity's normal business transactions.

Government grants are recognized as revenue in the periods in which the related expenditures for which the grants are intended to compensate, on a systematic basis.

A government grant that is to be received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial assistance to the entity, without any future related costs, is recognized as revenue in the period in which it becomes receivable.

**Leasing**

At the beginning 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 specified period of time in exchange for consideration. To evaluate 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 applies to contracts entered into on or after January 1, 2019.

The Company recognizes right-of-use assets and a lease liability at the inception of the lease.

The company has not entered into any leases at the effective date of IFRS 16.

**The costs of debt**

Borrowing costs, directly attributable to the acquisition, construction or realization of qualifying assets, assets that require a significant period of time to be ready for use or sale, are added to the cost of those assets until the assets are substantially ready for the field of use or sale.

Proceeds from the temporary investment of specific indebtedness raised for the acquisition or construction of eligible assets shall be deducted from the costs of loans that may be capitalized.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Foreign exchange gains or losses are reported net as a gain or loss based on the result of movements in foreign exchange differences.

**Corporate income tax**

Income tax expense is the amount of taxes currently payable, and deferred taxes.

Liabilities or receivables in respect of income tax relating to the current and prior periods are measured at the amount to be paid or recovered to the tax authority using the legal regulations and tax rate in force at the date of the financial statements. The corporate income tax rate for the period ended December 31, 2018 was 16%.

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

**Current tax**

The tax currently payable is based on the taxable profit realized during the year. Taxable profit differs from the profit reported on the unconsolidated return of general income because of items of income or expense that are taxable or deductible in some years, as well as items that are never taxable or deductible. The Company's current tax liability is computed using tax rates that have been enacted or substantially enacted at the end of the reporting period.

**Tax deferred**

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 temporary taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be recovered.

The main differences result from the depreciation of fixed assets and the valuation of assets at fair value.

Deferred tax assets and liabilities are determined on the basis of the taxes that are expected to apply in the period when the deferred tax liability or receivable will be realized or settled.

**Segment reporting**

A business segment is a component of the Company that engages in business activities from which it may derive revenues and from which it may incur expenses (including revenues and expenses related to transactions with other components of the same Company), whose business results are reviewed periodically by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance and for which distinctive financial information is available.

The Company's management regularly evaluates the Company's business to identify business segments for which information should be separately reported. The Company has not identified components that qualify as business segments.

#### 4. FIXED ASSETS:

##### 4. 1.TANGIBLE FIXED ASSETS

The evolution of tangible fixed assets from January 1, 2023 to December 31, 2024 is as follows:

| Explanations                                                                                          | Land              | Construction       | Equipment and vehicles | Other tangible fixed assets | Tangible fixed assets in progress | Total              |
|-------------------------------------------------------------------------------------------------------|-------------------|--------------------|------------------------|-----------------------------|-----------------------------------|--------------------|
| <b>Inventory value</b>                                                                                |                   |                    |                        |                             |                                   |                    |
| <b>01/01/2023</b>                                                                                     | <b>43,848,700</b> | <b>114,106,837</b> | <b>692,381,826</b>     | <b>1,958,465</b>            | <b>13,746,700</b>                 | <b>866,042,528</b> |
| Entries 2023                                                                                          | 0                 | 3,861,652          | 11,368,536             | 117,358                     | 17,997,400                        | <b>33,344,946</b>  |
| lesiri 2023                                                                                           | 0                 | -27,995            | -24,565,088            | -15,630                     | -15,347,500                       | <b>-39,956,213</b> |
| <b>31/12/2023</b>                                                                                     | <b>43,848,700</b> | <b>117,940,494</b> | <b>679,185,274</b>     | <b>2,060,193</b>            | <b>16,396,600</b>                 | <b>859,431,261</b> |
| Revaluation inflows 2024                                                                              | <b>7,309,222</b>  | <b>7,851,831</b>   |                        |                             |                                   | <b>15,161,053</b>  |
| 2024 receipts from acquisitions                                                                       |                   |                    |                        |                             | 12,997,682                        | <b>12,997,682</b>  |
| Internally generated revenue 2024                                                                     |                   |                    |                        |                             | 3,692,091                         | <b>3,692,091</b>   |
| Inputs from commissioning 2024                                                                        |                   | 8,658,212          | 11,639,998             | 87,726                      |                                   | <b>20,385,936</b>  |
| Inflows from transfers from classes 2024                                                              |                   | 4,399,072          |                        |                             |                                   | <b>4,399,072</b>   |
| Inventory gains 2024                                                                                  |                   |                    |                        |                             |                                   | <b>0</b>           |
| 2024 revaluation losses                                                                               |                   | -952,430           |                        |                             |                                   | <b>-952,430</b>    |
| losses from reversal of amortization on revaluation of net values 2024                                |                   | -26,649,203        |                        |                             |                                   | <b>-26,649,203</b> |
| Outgoing transfers within the same class 2024                                                         |                   |                    |                        |                             |                                   | <b>0</b>           |
| Outflows from transfers to other asset classes 2024                                                   |                   |                    |                        |                             | -24,625,351                       | <b>-24,625,351</b> |
| 2024 sales revenue                                                                                    |                   |                    |                        |                             |                                   | <b>0</b>           |
| lesions in 2024 2024                                                                                  |                   | -1,972,411         | -17,554,953            | -16,265                     |                                   | <b>-19,543,629</b> |
| <b>31/12/2024</b>                                                                                     | <b>51,157,922</b> | <b>109,275,565</b> | <b>673,270,319</b>     | <b>2,131,654</b>            | <b>8,461,022</b>                  | <b>844,296,482</b> |
| <b>Amortization, depreciation</b>                                                                     |                   |                    |                        |                             |                                   |                    |
| <b>01/01/2023</b>                                                                                     | <b>0</b>          | <b>17,858,165</b>  | <b>454,064,136</b>     | <b>1,223,958</b>            | <b>0</b>                          | <b>473,146,259</b> |
| Expenditures 2023                                                                                     | 0                 | 5,399,356          | 40,483,026             | 98,362                      |                                   | <b>45,980,744</b>  |
| Depreciation, amortization, write-downs related to outflows 2023                                      | 0                 |                    | -24,173,761            | -15,630                     |                                   | <b>-24,189,391</b> |
| <b>31/12/2023</b>                                                                                     | <b>0</b>          | <b>23,257,521</b>  | <b>470,373,401</b>     | <b>1,306,690</b>            | <b>0</b>                          | <b>494,937,612</b> |
| Expenditure 2024                                                                                      | 0                 | 5,591,500          | 40,572,560             | 105,483                     | 0                                 | <b>46,269,543</b>  |
| Depreciation, amortization, depreciation related to entries from transfers within the same class 2024 | 0                 |                    |                        |                             |                                   | <b>0</b>           |

|                                                                                                      |          |                |                    |                  |          |                    |
|------------------------------------------------------------------------------------------------------|----------|----------------|--------------------|------------------|----------|--------------------|
| losses from reversal of amortization on revaluation of net values 2024                               |          | -26,649,203    |                    |                  |          | -26,649,203        |
| Depreciation, amortization, depreciation related to outflows on transfers within the same class 2024 | 0        |                |                    |                  |          | 0                  |
| Amortization, depreciation, write-offs 2024                                                          | 0        | -1,944,518     | -17,536,791        | -16,265          |          | -19,497,574        |
| Amortization, depreciation, depreciation on sales 2024                                               | 0        |                |                    |                  |          | 0                  |
| <b>31/12/2024</b>                                                                                    | <b>0</b> | <b>255,300</b> | <b>493,409,170</b> | <b>1,395,908</b> | <b>0</b> | <b>495,060,378</b> |
| <b>Remaining value</b>                                                                               |          |                |                    |                  |          |                    |
| <b>01/01/2023</b>                                                                                    |          |                |                    |                  |          | <b>392,896,269</b> |
| <b>31/12/2023</b>                                                                                    |          |                |                    |                  |          | <b>364,493,649</b> |
| <b>31/12/2024</b>                                                                                    |          |                |                    |                  |          | <b>349,236,104</b> |

Tangible assets representing "Tangible fixed assets in progress" are valued at historical cost. The Company has chosen the fair value revaluation model for the valuation of tangible fixed assets in the nature of land and buildings. The buildings and land have been revalued as at 31.12.2024 by an authorized independent valuer.

In the fair value hierarchy, revaluation of buildings and land of a company at fair value is classified as level 2 data.

The valuation technique used in Level 2 fair value appraisal is the price comparison method. Comparable prices of nearby buildings and structures are adjusted for specific characteristics such as property size, etc.

The most important input for this valuation method is price per square foot. There were no transfers between the levels at which the fair value assessments are categorized during 2024.

Depreciation of all tangible fixed assets is determined by the straight-line method. Fixed assets were reduced in 2024 through sale, disposal and depreciation. The inventory value of fixed assets scrapped and sold in 2024 amounted to 19,543,629 lei and the undepreciated value of thousand fixed assets scrapped and sold amounted to 46,056 lei.

As at 31.12.2024 the net book value of fixed assets mortgaged in favor of banks was 106,017,114 lei, of which 71,734,924 lei consisted of technological equipment and 34,282,190 lei of buildings and land.

#### 4.2. REAL ESTATE INVESTMENTS

The evolution of real estate investments from January 1, 2023 to December 31, 2024 is as follows:

| Explanations      | Real estate investment | Real estate investments in progress | Total             |
|-------------------|------------------------|-------------------------------------|-------------------|
| <b>01/01/2023</b> | <b>40,444,284</b>      | <b>226,141</b>                      | <b>40,670,425</b> |
| Entries 2023      |                        |                                     | 0                 |
| lesiri 2023       | -4,009,320             |                                     | -4,009,320        |

|                                                        |                   |                |                   |
|--------------------------------------------------------|-------------------|----------------|-------------------|
| <b>31/12/2023</b>                                      | <b>36,434,964</b> | <b>226,141</b> | <b>36,661,105</b> |
| Revaluation inflows 2024                               | <b>9,177,744</b>  |                | <b>9,177,744</b>  |
| 2024 receipts from acquisitions                        | 4,761,085         | 299,690        | <b>5,060,775</b>  |
| Internally generated revenue 2024                      |                   |                | <b>0</b>          |
| Inputs from commissioning 2024                         |                   |                | <b>0</b>          |
| Incoming transfers from other fixed asset classes 2024 |                   |                | <b>0</b>          |
| losses from transfers to other asset classes 2024      | -4,399,072        | -521,671       | <b>-4,920,743</b> |
| losses from transfers within the same asset class 2024 |                   |                | <b>0</b>          |
| Transfer losses on stocks 2024                         |                   |                | <b>0</b>          |
| <b>31/12/2024</b>                                      | <b>45,974,721</b> | <b>4,160</b>   | <b>45,978,881</b> |

## 5. INTANGIBLE FIXED ASSETS

The evolution of intangible fixed assets was as follows:

| Explanations                                           | Research and development expenditure | Computer programs and software licenses | Total             |
|--------------------------------------------------------|--------------------------------------|-----------------------------------------|-------------------|
| <b>Cost</b>                                            |                                      |                                         |                   |
| <b>01/01/2023</b>                                      | <b>4,714,181</b>                     | <b>15,324,285</b>                       | <b>20,038,466</b> |
| Entries 2023                                           |                                      | 1,100,864                               |                   |
| Exits 2023                                             |                                      | -2,147,874                              |                   |
| <b>31/12/2023</b>                                      | <b>4,714,181</b>                     | <b>14,277,275</b>                       | <b>18,991,456</b> |
| 2024 receipts from acquisitions                        |                                      | 529,038                                 | <b>529,038</b>    |
| Incoming transfers from other fixed asset classes 2024 |                                      |                                         | <b>0</b>          |
| lesions in 2024 2024                                   |                                      | -273,071                                | <b>-273,071</b>   |
| Outgoing transfers within the same class 2024          |                                      |                                         | <b>0</b>          |
| <b>31/12/2024</b>                                      | <b>4,714,181</b>                     | <b>14,533,242</b>                       | <b>19,247,423</b> |
| <b>Amortization, depreciation</b>                      |                                      |                                         |                   |
| <b>01/01/2023</b>                                      | <b>834,627</b>                       | <b>10,499,041</b>                       | <b>11,333,668</b> |
| Expenditure 2023                                       | 552,574                              | -951,091                                | <b>-398,517</b>   |
| <b>31/12/2023</b>                                      | <b>1,387,201</b>                     | <b>9,547,950</b>                        | <b>10,935,151</b> |
| Expenditure 2024                                       | 552,574                              | 1,335,527                               | <b>1,888,101</b>  |
| Amortization, depreciation, write-offs 2024            |                                      | -273,071                                | <b>-273,071</b>   |
| <b>31/12/2024</b>                                      | <b>1,939,775</b>                     | <b>10,610,406</b>                       | <b>12,550,181</b> |
| <b>Remaining value</b>                                 |                                      |                                         |                   |
| <b>01/01/2023</b>                                      |                                      |                                         | <b>8,704,798</b>  |
| <b>31/12/2023</b>                                      |                                      |                                         | <b>8,056,305</b>  |
| <b>31/12/2024</b>                                      |                                      |                                         | <b>6,697,242</b>  |

## 6. TRADE AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

| Explanations                                                          | 2024              | 2023               |
|-----------------------------------------------------------------------|-------------------|--------------------|
| Receivables from customers not overdue                                | 76,471,469        | 104,578,641        |
| Receivables past due but no impairment adjustments have been recorded | 10,701,548        | 31,531,751         |
| Receivables overdue but impairment adjustments have been recorded     | 1,424,117         | 732,889            |
| Impairment adjustments                                                | -1,424,117        | -732,889           |
| <b>Total trade receivables</b>                                        | <b>87,173,017</b> | <b>136,110,392</b> |

| Explanations                     | 2024              | 2023              |
|----------------------------------|-------------------|-------------------|
| Overdue between 0 and 90 days    | 10,762,549        | 29,164,741        |
| Overdue by 91 to 180 days        | 742,621           | 1,250,358         |
| Overdue from 181 to 1 year       | 179,030           | 598,603           |
| Expiry over 1 year               | 441,465           | 518,049           |
| <b>Total overdue receivables</b> | <b>12,125,665</b> | <b>31,531,751</b> |

The company recognized impairment allowances for customer receivables as follows:

|                              |                  |
|------------------------------|------------------|
| <b>01/01/2023</b>            | <b>494,894</b>   |
| Adjustments accrued in 2023  | 3,786,415        |
| Adjustments reversed in 2023 | -3,548,420       |
| <b>31/12/2023</b>            | <b>732,889</b>   |
| Adjustments accrued in 2024  | 1,180,376        |
| Adjustments reversed in 2024 | -489,148         |
| <b>31/12/2024</b>            | <b>1,424,117</b> |

**Other receivables** held by the Company are as follows:

| Explanations                                              | 2024              |                |                   | 2023              |           |                   |
|-----------------------------------------------------------|-------------------|----------------|-------------------|-------------------|-----------|-------------------|
|                                                           | Total, of which   | Long term      | Short deadline    | Total, of which   | Long term | Short deadline    |
| Advances paid to suppliers                                | 4,837,576         | 0              | 4,837,576         | 4,821,770         | 0         | 4,821,770         |
| Claims related to staff                                   | 12,224            | 0              | 12,224            | 23,845            | 0         | 23,845            |
| Claims related to the consolidated state and local budget | 3,322,686         | 0              | 3,322,686         | 3,175,062         | 0         | 3,175,062         |
| Sundry debtors                                            | 149,816           | 0              | 149,816           | 586,989           | 0         | 586,989           |
| Impairment adjustments for debtors                        | -94,053           | 0              | -94,053           | -94,053           | 0         | -94,053           |
| Advance expenses                                          | 806,228           | 0              | 806,228           | 1,377,113         | 0         | 1,377,113         |
| Grants receivable (European funds projects)               | 3,247,141         | 825,771        | 2,421,370         | 128,010           | 0         | 128,010           |
| <b>Total other receivables</b>                            | <b>12,281,618</b> | <b>825,771</b> | <b>11,455,847</b> | <b>10,018,736</b> | <b>0</b>  | <b>10,018,736</b> |

The company recognized impairment adjustments for other receivables as follows:

|                              |                  |
|------------------------------|------------------|
| <b>01/01/2023</b>            | <b>1,127,411</b> |
| Adjustments accrued in 2023  | 317,022          |
| Adjustments reversed in 2023 | -1,350,380       |
| <b>31/12/2023</b>            | <b>94,053</b>    |
| Adjustments accrued in 2024  | 0                |
| Adjustments reversed in 2024 | 0                |
| <b>31/12/2024</b>            | <b>94,053</b>    |

SSS

The Company's business policy requires the recording of impairment adjustments for other receivables in excess of 90 days and for those receivables for which there are indications that they are doubtful. Receivables in foreign currency are valued in lei at the official exchange rate of the BNR as of December 31, 2024.

## 7. OTHER NON-CURRENT RECEIVABLES

Other non-current receivables held by the Company are as follows:

| Explanations                                 | 2024             |                  |                | 2023             |                  |                |
|----------------------------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
|                                              | Total, of which  | Long term        | Short deadline | Total, of which  | Long term        | Short deadline |
| VAMA guarantee for customs clearance at home | 103,000          | 103,000          |                | 103,000          | 103,000          | 0              |
| Other guarantees                             | 33,165           | 33,165           |                | 25,906           | 25,906           | 0              |
| Amounts owed by subsidiaries                 | 4,974,100        | 4,974,100        |                | 3,746,178        | 3,746,178        | 0              |
| Interest on amounts owed by subsidiaries     | 21,940           | 0                | 21,940         | 16,524           | 16,524           | 0              |
| <b>Total other assets</b>                    | <b>5,132,205</b> | <b>5,110,265</b> | <b>21,940</b>  | <b>3,891,608</b> | <b>3,891,608</b> | <b>0</b>       |

## 8. STOCKS

The structure of stocks held by the Company is shown in the table below:

| Explanations                                                 | 2024              | 2023               |
|--------------------------------------------------------------|-------------------|--------------------|
| Raw materials                                                | 33,282,707        | 41,905,671         |
| Adjustments for depreciation of raw materials                | -2,934,948        | -2,942,406         |
| Materials and packaging                                      | 20,386,657        | 21,500,419         |
| Adjustments for depreciation of materials and packaging      | -4,392,182        | -2,334,195         |
| Semi-finished products and work in progress                  | 29,698,622        | 30,643,702         |
| Adjustments for impairment of manufactured goods             | -1,975,195        | -1,516,280         |
| Finished products and goods                                  | 20,277,532        | 25,081,063         |
| Adjustments for impairment of finished goods and commodities | -1,072,685        | -1,211,471         |
| <b>Total stocks</b>                                          | <b>93,270,508</b> | <b>111,126,503</b> |

The company has recognized inventory impairment adjustments as follows:

|                              |                   |
|------------------------------|-------------------|
| <b>01/01/2023</b>            | <b>403,681</b>    |
| Adjustments accrued in 2023  | 10,225,553        |
| Adjustments reversed in 2023 | -2,624,882        |
| <b>31/12/2023</b>            | <b>8,004,352</b>  |
| Adjustments accrued in 2024  | 4,481,554         |
| Adjustments reversed in 2024 | -2,110,896        |
| <b>31/12/2024</b>            | <b>10,375,010</b> |

Impairment adjustments are recorded for non-moving and slow-moving inventories for which the Company has indications that they are unlikely to generate future economic benefits

## 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are presented as follows:

| <b>Explanations</b>                    | <b>2024</b>       | <b>2023</b>    |
|----------------------------------------|-------------------|----------------|
| Bank accounts in RON                   | 1,554,793         | 487,225        |
| Currency bank accounts                 | 13,170,545        | 44,366         |
| Cash equivalent                        | 17                | 121            |
| House in RON                           | 6,713             | 10,857         |
| <b>Total cash and cash equivalents</b> | <b>14,732,068</b> | <b>542,569</b> |

The company holds accounts in lei and foreign currency with the following banking institutions: BRD Group Societe Generale, Bank. ING Bank. Treasury.

## 10 CORPORATE INCOME TAX

The Company's current corporate income tax is determined on the basis of statutory profit, adjusted for non-deductible expenses and non-taxable income, at a rate of 16% for 2024 and 2023.

In 2024 a new 1% turnover tax was introduced for companies with a turnover exceeding EUR 50,000,000 million in the previous year

At December 31, 2024 and 2023, the tax on profit consists of:

| <b>Explanations</b>                          | <b>2024</b>      | <b>2023</b>      |
|----------------------------------------------|------------------|------------------|
| Deferred income tax receipts/(income)        | 595,134          | -594,416         |
| The hassle with current corporate income tax |                  | 2,055,691        |
| 1% tax                                       | 5,967,526        |                  |
| <b>Total corporate income tax</b>            | <b>6,562,660</b> | <b>1,461,275</b> |

The numerical reconciliation between the income tax expense and the result of multiplying the accounting result by the effective tax rate is shown below:

| Explanations                                                                                                          | 2024             | 2023             |
|-----------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Pre-tax profit                                                                                                        | 9,887,122        | 9,136,665        |
| Profit tax expense 16%                                                                                                | 0                | 1,461,866        |
| (Sponsorship expenses to be deducted from corporate income tax)/Sponsorships to be refunded from corporate income tax |                  | 175,174          |
| Income tax due                                                                                                        | 0                | 1,637,040        |
| The effect of non-taxable income                                                                                      | -3,619,638       | -1,778,345       |
| Effect of non tax deductible expenses and temporary differences                                                       | 1,734,455        | 2,058,017        |
| The effect of tax exemption on reinvested profits                                                                     | 0                | -455,437         |
| Tax -1%                                                                                                               | 5,967,503        |                  |
| <b>Total corporate income tax expense</b>                                                                             | <b>6,562,660</b> | <b>1,461,275</b> |
| <b>Effective percentage of income tax</b>                                                                             | <b>66.38</b>     | <b>15.99</b>     |

The significant components of the current income tax included in the financial statements at December 31, 2024 and December 31, 2023 are as follows:

| Explanations                                      | 2024        | 2023             |
|---------------------------------------------------|-------------|------------------|
| Gross profit                                      | 9,887,122   | 9,136,665        |
| Non-taxable income                                | -22,622,737 | -11,114,654      |
| Non-deductible expenses                           | 64,899,541  | 72,411,581       |
| Other deductions-tax amortization                 | -54,052,950 | -53,644,207      |
| Tax profit                                        | -1,889,024  | 16,789,385       |
| Corporate income tax                              | 0           | 2,686,302        |
| Sponsorship amounts                               | 0           | -175,174         |
| Tax exemption on reinvested profits               | 0           | -455,437         |
| Bonus on current profit tax payment               | 0           | 0                |
| <b>Total current corporate income tax expense</b> | <b>0</b>    | <b>2,055,691</b> |
| <b>Effective tax rate on current income</b>       | <b>0.00</b> | <b>22.50</b>     |

The significant components of the turnover tax included in the financial statements at December 31, 2024 and December 31, 2023 are as follows:

| Explanations                                                  | 2024        | 2023 |
|---------------------------------------------------------------|-------------|------|
| Turnover                                                      | 604,023,987 |      |
| Other taxable income                                          | 2,938,997   |      |
| Deductions from current investments outstanding at 31.12.2024 | 9,677,208   |      |
| Depreciation deductions                                       | 533,219     |      |
| Taxable income                                                | 596,752,557 |      |
| 1% tax                                                        | 5,967,526   |      |

Evolution of deferred tax to be recovered in per. 01.01.2023 - 31.12.2024 is shown in the table below:

|                                                                                            |                 |
|--------------------------------------------------------------------------------------------|-----------------|
| <b>01/01/2023</b>                                                                          | <b>889,890</b>  |
| <b>Tax deferred through profit and loss account 2023</b>                                   | <b>-594,416</b> |
| <b>Deferred tax deferred recognized through other comprehensive income 2023, of which:</b> | <b>-244,176</b> |
| Tax deferred from revaluation of fixed assets                                              | -244,176        |
| <b>31/12/2023</b>                                                                          | <b>51,298</b>   |

| Type temporary difference                                                                  | Value of accumulated temporary differences | Accumulated deferred tax - credit | Accumulated deferred tax - debt | Accumulated deferred tax - net, of which: | Attributable to profit and loss account 2024 | Attributable to retained result account from change in accounting policies 2024 | Attributable Other comprehensive income 2024 |
|--------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------|---------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------|
| Revaluation of fixed assets                                                                | 32,294,606                                 |                                   | 5,167,137                       | <b>5,167,137</b>                          |                                              |                                                                                 | -884,512                                     |
| Legal reserves                                                                             | 4,376,421                                  |                                   | 700,227                         | <b>700,227</b>                            |                                              |                                                                                 |                                              |
| Different depreciation periods for tangible fixed assets                                   | -7,911,166                                 | -1,265,787                        |                                 | <b>-1,265,787</b>                         | 1,257,476                                    |                                                                                 |                                              |
| Other debts                                                                                | 19,191,462                                 | -3,070,634                        |                                 | <b>-3,070,634</b>                         | -662,342                                     |                                                                                 |                                              |
| <b>Total</b>                                                                               | <b>9,568,399</b>                           | <b>-4,336,420</b>                 | <b>5,867,364</b>                | <b>1,530,944</b>                          | <b>595,134</b>                               | <b>0</b>                                                                        | <b>-884,512</b>                              |
| <b>Deferred tax through profit and loss account 2024</b>                                   |                                            |                                   |                                 |                                           |                                              |                                                                                 | <b>595,134</b>                               |
| <b>Deferred tax deferred recognized through other comprehensive income 2024, of which:</b> |                                            |                                   |                                 |                                           |                                              |                                                                                 | <b>884,512</b>                               |
| Tax deferred from revaluation of fixed assets                                              |                                            |                                   |                                 |                                           |                                              |                                                                                 | 884,512                                      |
| <b>31/12/2024</b>                                                                          |                                            |                                   |                                 |                                           |                                              |                                                                                 | <b>1,530,944</b>                             |

The significant components of the deferred profit tax recoverable included in the Financial statements as of December 31, 2023 at a rate of 16%. are as follows:

| Type temporary difference                                | Value of accumulated temporary differences | Accumulated deferred tax - credit | Accumulated deferred tax - debt | Accumulated deferred tax - net, of which: | Attributable to profit and loss account 2023 | Attributable to retained result account from change in accounting policies 2023 | Attributable Other comprehensive income 2023 |
|----------------------------------------------------------|--------------------------------------------|-----------------------------------|---------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------|
| Revaluation of fixed assets                              | 26,766,411                                 |                                   | 4,282,626                       | <b>4,282,626</b>                          |                                              |                                                                                 | -244,176                                     |
| Legal reserves                                           | 4,376,421                                  |                                   | 700,227                         | <b>700,227</b>                            |                                              |                                                                                 |                                              |
| Different depreciation periods for tangible fixed assets | 15,770,391                                 | -2,523,263                        |                                 | <b>-2,523,263</b>                         | 1,454,764                                    |                                                                                 |                                              |
| Other debts                                              | 15,051,830                                 | -2,408,293                        |                                 | <b>-2,408,293</b>                         | -2,049,180                                   |                                                                                 |                                              |
| <b>Total</b>                                             | <b>320,611</b>                             | <b>-4,931,555</b>                 | <b>4,982,853</b>                | <b>51,298</b>                             | <b>-594,416</b>                              | <b>0</b>                                                                        | <b>-244,176</b>                              |

The significant components of the deferred profit tax included in the Financial statements as of December 31, 2024 at a rate of 16%. are as follows:

The Company recognizes deferred tax assets because it expects that future taxable profit will probably be available against which the deferred tax assets can be utilized.

## 11. EQUITY

The shareholder structure as at December 31, 2024 is as follows:

| Explanations                                       | No. Actions        | % of total share capital |
|----------------------------------------------------|--------------------|--------------------------|
| Romanian and foreign shareholders (legal entities) | 59,712,867         | 27.29%                   |
| Romanian and foreign shareholders (individuals)    | 159,107,171        | 72.71%                   |
| <b>Total number of shares</b>                      | <b>218,821,038</b> | <b>100.00%</b>           |

The Company's shares have a nominal value of RON 0.1 / share, the value of the share capital being RON 21.882.104.

Since June 1997 the Company's shares are traded on the Bucharest Stock Exchange, and since July 2001 they are in category II.

The Company's equity includes the following:

| Explanations                                                                | 2024               | 2023               |
|-----------------------------------------------------------------------------|--------------------|--------------------|
| Subscribed and paid-in capital                                              | 21,882,104         | 21,882,104         |
| Own shares                                                                  | -265,638           | -265,638           |
| Losses related to the repurchase of own shares                              | 0                  | 0                  |
| Revaluation reserves                                                        | 97,200,737         | 83,891,130         |
| Legal reserves                                                              | 4,376,421          | 4,376,421          |
| Legal reserve adjustment                                                    | 22,679,066         | 22,679,066         |
| Other non-distributable reserves - repurchase of own shares                 | 265,652            | 265,652            |
| Other reserves                                                              | 308,813,955        | 305,520,124        |
| Adjust other reserves                                                       | 442,991            | 442,991            |
| Current and deferred income tax recognized on equity                        | -5,867,364         | -4,982,852         |
| Retained result representing the surplus realized from revaluation reserves | 58,794,093         | 57,804,936         |
|                                                                             | 29,144             | 29,144             |
| Retained result from first-time adoption of IAS less IAS 29                 |                    |                    |
| Retained result from transition to IFRS less IAS 29                         | 8,611,538          | 8,611,538          |
| Retained result from change in accounting policies                          | 89,693             | 89,693             |
| Retained result from correction of accounting errors                        | 0                  | 0                  |
| Retained result arising from first-time adoption of IAS 29                  | -648,352           | -648,352           |
| Current profit                                                              | 3,324,462          | 7,675,390          |
| Profit distribution                                                         |                    | -2,846,482         |
| <b>Total equity</b>                                                         | <b>519,728,502</b> | <b>504,524,865</b> |

The Board of Directors will propose to the A.G.A. that the net profit be distributed as follows: 20% for dividends, in the amount of 664,892 lei, representing 0.00305 lei/share with voting and dividend rights and 80% for own sources of development, in the amount of 2,659,570 lei.

### Capital management

The Company's objectives related to capital management relate to maintaining the Company's ability to continue as a going concern in order to provide compensation to shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital and support the further development of the Company. There are no externally imposed capital requirements. The company monitors capital on the basis of leverage. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings as shown in the balance sheet) less cash and cash equivalents. Total

capital under management is calculated as "equity" as shown in the statement of financial position.

The evolution of the Company's indebtedness is as follows:

| Explanations              | 2024               | 2023               |
|---------------------------|--------------------|--------------------|
| Total debts               | 118,988,641        | 190,591,502        |
| Cash and cash equivalents | 14,732,068         | 542,569            |
| <b>Net debt</b>           | <b>104,256,573</b> | <b>190,048,933</b> |
| <b>Equity capital</b>     | <b>519,728,502</b> | <b>504,524,865</b> |
| <b>Indebtedness</b>       | <b>0.20</b>        | <b>0.38</b>        |

## 12. FINANCIAL DEBTS

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

| Currency - EUR                         |                        | 2024             |                       |                  | 2023              |                       |                  |
|----------------------------------------|------------------------|------------------|-----------------------|------------------|-------------------|-----------------------|------------------|
| Credit institution                     | Loan type              | Total, of which  | Long-term (< 5 years) | Short deadline   | Total, of which   | Long-term (< 5 years) | Short deadline   |
| BRD GROUP SOCIETE GENERALE-ROMANIA     | Production credit line | 0                | 0                     | 0                | 47,600            | 47,600                | 0                |
| BRD GROUP SOCIETE GENERALE-ROMANIA     | Investment credit      | 1,884,690        | 376,938               | 1,507,752        | 3,392,442         | 1,884,690             | 1,507,752        |
| ING BANK-SIBIU                         | Production credit line | 0                | 0                     |                  | 3,262,175         | 3,262,175             | 0                |
| ING BANK-SIBIU                         | Investment credit      | 2,068,648        | 344,775               | 1,723,873        | 3,447,746         | 2,068,648             | 1,379,098        |
| BT LEASING TRANSILVANIA IFN            | Financial leasing      | 11,136           |                       | 11,136           |                   |                       |                  |
| <b>Total financial liabilities-EUR</b> |                        | <b>3,964,474</b> | <b>721,713</b>        | <b>3,242,761</b> | <b>10,149,963</b> | <b>7,263,113</b>      | <b>2,886,850</b> |

Long and short-term financial liabilities in LEI currency are as follows:

| Currency - LEI                         |                        | 2024              |                       |                   | 2023              |                       |                   |
|----------------------------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| Credit institution                     | Loan type              | Total, of which   | Long-term (< 5 years) | Short deadline    | Total, of which   | Long-term (< 5 years) | Short deadline    |
| BRD GROUP SOCIETE GENERALE-ROMANIA     | Production credit line | 0                 | 0                     | 0                 | 236,791           | 236,791               | 0                 |
| BRD GROUP SOCIETE GENERALE-ROMANIA     | Investment credit      | 9,374,640         | 1,874,930             | 7,499,710         | 16,876,045        | 9,375,580             | 7,500,465         |
| ING BANK-SIBIU                         | Production credit line | 0                 | 0                     |                   | 16,228,016        | 16,228,016            | 0                 |
| ING BANK-SIBIU                         | Production credit line | 1,702,826         | 1,702,826             |                   | 2,655,995         | 2,655,995             | 0                 |
| ING BANK-SIBIU                         | Investment credit      | 10,289,661        | 1,714,944             | 8,574,717         | 17,151,160        | 10,290,695            | 6,860,465         |
| BT LEASING TRANSILVANIA IFN            | Financial leasing      | 55,392            |                       | 55,392            |                   |                       |                   |
| <b>Total financial liabilities-LAI</b> |                        | <b>21,422,519</b> | <b>5,292,700</b>      | <b>16,129,819</b> | <b>53,148,007</b> | <b>38,787,077</b>     | <b>14,360,930</b> |

As at 31.12.2024 the net book value of fixed assets mortgaged in favor of banks was 106,017,114 lei, of which 71,734,924 lei consisted of technological equipment and 34,282,190 lei of buildings and land.

In addition, to guarantee the committed loans, "pledges on receivables" were also constituted, in proportion to the value of the exposure to the financing banks.

The interest margin on loans taken out with banking institutions varies between:

- 1-month Euribor + 1% p.a. - 3-month Euribor + 1.5 % per annum
- 3-month Robor + 1% per annum

Foreign currency liabilities are valued in lei at the official exchange rate of the NBR on December 31, 2024.

### 13. TRADE AND OTHER DEBTS

The situation of trade and other payables is as follows:

| Explanations                                                    | 2024              |                   |                   | 2023               |                   |                    |
|-----------------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
|                                                                 | Total, of which   | Long term         | Short deadline    | Total, of which    | Long term         | Short deadline     |
| Suppliers                                                       | 53,201,776        | 0                 | 53,201,776        | 89,898,456         | 0                 | 89,898,456         |
| Advances received from customers                                | 595,441           | 0                 | 595,441           | 468,859            | 0                 | 468,859            |
| Customer contract debts                                         | 0                 | 0                 | 0                 | 3,505,877          | 0                 | 3,505,877          |
| Staff-related debts                                             | 5,438,870         | 0                 | 5,438,870         | 6,344,780          | 0                 | 6,344,780          |
| Debts to the consolidated general state budget and local budget | 8,703,645         | 0                 | 8,703,645         | 7,728,886          | 0                 | 7,728,886          |
| Dividend payments                                               | 293,456           | 0                 | 293,456           | 403,601            | 0                 | 403,601            |
| Sundry creditors                                                | 75                | 0                 | 75                | 14,823             | 0                 | 14,823             |
| Advance income                                                  | 2,055,911         | 717,226           | 1,338,685         | 737,173            | 0                 | 737,173            |
| Subsidies for investments from AMPOSDRU and AMPOSCEE contracts  | 19,981,632        | 16,444,894        | 3,536,738         | 22,114,562         | 18,428,122        | 3,686,440          |
| Inventory gains on fixed assets                                 | 0                 | 0                 |                   | 5,943              | 5,943             |                    |
| <b>Total trade and other payables</b>                           | <b>90,270,806</b> | <b>17,162,120</b> | <b>73,108,686</b> | <b>131,222,960</b> | <b>18,434,065</b> | <b>112,788,895</b> |

### 14. PROVISIONS

| Explanations                 | Provisions for guarantees given to customers | Provisions for employee benefits | Other provisions | Total provisions |
|------------------------------|----------------------------------------------|----------------------------------|------------------|------------------|
| <b>01/01/2023</b>            | <b>26,945</b>                                | <b>108,700</b>                   | <b>82,816</b>    | <b>218,461</b>   |
| Adjustments accrued in 2023  | 0                                            | 3,969,876                        | 5,623,170        | 9,593,046        |
| Adjustments reversed in 2023 | 0                                            | 0                                | -3,590,972       | -3,590,972       |
| <b>31/12/2023</b>            | <b>26,945</b>                                | <b>4,078,576</b>                 | <b>2,115,014</b> | <b>6,220,535</b> |
| Adjustments accrued in 2024  | 0                                            | 4,826,451                        | 3,637,536        | 8,463,987        |
| Adjustments reversed in 2024 | 0                                            | -4,800,840                       | -2,588,366       | -7,389,206       |
| <b>31/12/2024</b>            | <b>26,945</b>                                | <b>4,104,187</b>                 | <b>3,164,184</b> | <b>7,295,316</b> |

In the year 2024 the company did not make any additional provision for guarantees to customers. For employee benefits, provisions for retirement benefits amounting to 382,008

Provisions have been set aside representing 2024 statutory audit expenses which an invoice will be received in 2025.

Provisions for untaken vacation leave from the previous year amounting to 4,104,187 RON were also established. Other provisions include amounts of 1,739,011 related to invoices for tools that we have billed to customers and have not yet been purchased, to be reversed in the first months of 2024 after negotiation with the customer. Differences of 1,112,000 represent provisions related to the blocks constructed.

## 15. REVENUES AND BUSINESS SEGMENTS

The structure of income realized by the Company is as follows:

| Explanations                                                                                       | 2024               | 2023               |
|----------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Total turnover, of which:</b>                                                                   | <b>604,023,987</b> | <b>767,200,685</b> |
| Revenue from sales of finished products                                                            | 588,248,936        | 747,129,519        |
| Income from the provision of services                                                              | 2,677,544          | 2,793,084          |
| Revenue from the sale of goods                                                                     | 6,558,087          | 9,539,687          |
| Income from other activities (rents, sales of materials, waste, semi-finished products, packaging) | 6,474,812          | 7,292,010          |
| Income from grants related to turnover (projects and partnership contracts AMPOSDRU projects)      | 64,608             | 446,385            |
| <b>Other operating income</b>                                                                      | <b>21,340,759</b>  | <b>13,535,772</b>  |
| <b>Total operating income</b>                                                                      | <b>625,364,746</b> | <b>780,736,457</b> |

Other operating revenues realized in 2024 and 2023 are shown below:

| Explanations                                                                                           | 2024              | 2023              |
|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Income from production of fixed assets                                                                 | 3,714,062         | 6,517,191         |
| Income from grants for investments (projects and partnership contracts AMPOSDRU and AMPOSCEE projects) | 3,563,789         | 3,689,103         |
| Proceeds from the sale of assets                                                                       |                   | 2,751,837         |
| Income from revaluation of tangible fixed assets and investment property                               | 12,450,061        |                   |
| Other operating income                                                                                 | 1,612,847         | 577,641           |
| <b>Total Other operating income</b>                                                                    | <b>21,340,759</b> | <b>13,535,772</b> |

### Activity segments:

The Company's management regularly assesses the Company's business in order to identify the business segments for which information should be reported separately.

The company operates in Romania. The revenues of the company presented above are entirely attributed to the country of domicile.

Non-current fixed assets other than financial instruments, deferred tax assets, deferred tax assets

The Group's post-employment benefits and rights arising from insurance contracts are entirely located in Romania.

The company has no such fixed assets located in other countries.

The value of export realized in 2024 was 300.17 million lei, with a share of 49.69% of turnover.

Revenues of about 311.70 million lei come from the top 20 external customers, which hold a share of 51.60% of the turnover.

The revenues are attributable to the activity in Romania.

**16. EXPENDITURE BY NATURE**

The operating expenses realized in 2024 and 2023 by their nature are shown in the table below:

| Explanations                                                                             | 2024               | 2023               |
|------------------------------------------------------------------------------------------|--------------------|--------------------|
| Material expenses                                                                        | 323,082,749        | 434,017,009        |
| Different stock                                                                          | 5,374,047          | 7,518,811          |
| Energy and water expenditure                                                             | 32,321,110         | 44,616,856         |
| Expenditure on employee benefits                                                         | 159,658,224        | 173,383,416        |
| Value adjustments on fixed assets                                                        | 48,157,645         | 47,730,102         |
| Value adjustments on current assets                                                      | 3,061,886          | 6,840,193          |
| Expenditure on services provided by third parties                                        | 31,019,089         | 40,308,108         |
| Expenditure on other taxes, duties and similar charges                                   | 4,409,900          | 4,820,275          |
| Expenses related to the revaluation of tangible fixed assets and real estate investments | 3,362,458          |                    |
| Other operating expenditure                                                              | 1,913,754          | 8,164,034          |
| <b>Total operating expenditure</b>                                                       | <b>612,360,862</b> | <b>767,398,804</b> |

**17. ANALYSIS OF OPERATING RESULT**

| Explanations                                | 2024                | 2023                |
|---------------------------------------------|---------------------|---------------------|
| <b>Operating income</b>                     | <b>625,364,746</b>  | <b>780,736,457</b>  |
| <b>Cost of sales</b>                        | <b>-563,768,454</b> | <b>-724,698,916</b> |
| <b>Selling and distribution expenses</b>    | <b>-2,911,085</b>   | <b>-1,922,287</b>   |
| <b>Administrative expenses</b>              | <b>-24,591,455</b>  | <b>-26,063,250</b>  |
| <b>Research and development expenditure</b> | <b>-21,089,868</b>  | <b>-14,714,351</b>  |
| <b>Operating result</b>                     | <b>13,003,884</b>   | <b>13,337,653</b>   |

**18. EMPLOYEE BENEFITS EXPENSES**

Employee benefits expense includes salaries, wages, allowances and social security contributions. Short-term benefits are recognized as an expense as services are rendered.

| Explanations                                | 2024               | 2023               |
|---------------------------------------------|--------------------|--------------------|
| Salaries and allowances                     | 156,443,758        | 169,033,534        |
| Government subsidies for employee expenses  | 0                  | 0                  |
| Insurance and social protection expenditure | 3,214,466          | 4,349,882          |
| <b>Total</b>                                | <b>159,658,224</b> | <b>173,383,416</b> |

**19. FINANCIAL LOSSES (GAINS)**

The structure of financial losses (gains) is shown below:

| Explanations                                                                     | 2024              | 2023              |
|----------------------------------------------------------------------------------|-------------------|-------------------|
| Foreign exchange gains related to monetary items denominated in foreign currency | -385,630          | -416,242          |
| Interest losses                                                                  | -2,165,177        | -3,241,894        |
| Other financial gains                                                            | -565,955          | -542,852          |
| <b>Total losses / gains</b>                                                      | <b>-3,116,762</b> | <b>-4,200,988</b> |

**20. EARNINGS PER SHARE**

The earnings per share calculations for the years ended December 31, 2023 and 2022 are presented below:

| Explanations                                                  | 2024               | 2023               |
|---------------------------------------------------------------|--------------------|--------------------|
| Number of actions at the beginning of the year                | 218,821,038        | 218,821,038        |
| Shares issued during the year                                 | 0                  | 0                  |
| <b>Number of actions At the end of the year</b>               | <b>218,821,038</b> | <b>218,821,038</b> |
| <b>Net income</b>                                             | <b>3,324,462</b>   | <b>7,675,390</b>   |
| <b>Basic / diluted earnings per share (in RON per share):</b> | <b>0.0152</b>      | <b>0.0351</b>      |

The calculation of the gain/share with voting and dividend rights is as follows:

| Explanations                                                                             | 2024               | 2023               |
|------------------------------------------------------------------------------------------|--------------------|--------------------|
| Total number of shares                                                                   | 218,821,038        | 218,821,038        |
| Non-voting shares and dividends                                                          | -1,093,253         | -1,093,253         |
| <b>Number of shares with voting and dividend rights at the end of the year</b>           | <b>217,727,785</b> | <b>217,727,785</b> |
| <b>Net income</b>                                                                        | <b>3,324,462</b>   | <b>7,675,390</b>   |
| <b>Earnings per voting share and dividend rights (in RON per share) basic / diluted:</b> | <b>0.0153</b>      | <b>0.0353</b>      |

**21. FINANCIAL INVESTMENTS**

| Company holding the securities | Head office                                  | % in share capital | Value of securities | Main object of activity                |
|--------------------------------|----------------------------------------------|--------------------|---------------------|----------------------------------------|
| COMPA IT SRL                   | Str.Henri Coanda, nr.8, Sibiu, Sibiu county  | 100.00             | 200,000             | Custom software development activities |
| TRANS CAS SRL                  | 12, Henri Coanda Street, Sibiu, Sibiu county | 99.00              | 742,500             | Road haulage                           |
| RECASERV SRL                   | Str.Henri Coanda, nr.51, Sibiu, Sibiu county | 70.00              | 70,000              | Catering activities for events         |
| ARINI HOSPITALITY SRL          | Str.Henri Coanda, nr.8, Sibiu, Sibiu county  | 100.00             | 23,203,000          | Hotels and similar accommodation       |
| <b>TOTAL</b>                   |                                              |                    | <b>24,215,500</b>   |                                        |

The transactions carried out in 2024 and 2023 with companies in which COMPA holds participations were as follows (amounts include VAT):

| Explanations                                 | 2024               |                                 |                             | 2023               |                                 |                             |
|----------------------------------------------|--------------------|---------------------------------|-----------------------------|--------------------|---------------------------------|-----------------------------|
| THE COMPANY IN WHICH THE SECURITIES ARE HELD | LOAN TO AFFILIATES | PURCHASES OF GOODS AND SERVICES | SALES OF GOODS AND SERVICES | LOAN TO AFFILIATES | PURCHASES OF GOODS AND SERVICES | SALES OF GOODS AND SERVICES |
| TRANSCAS S.R.L.                              |                    | 7,957,035                       | 399,132                     |                    | 12,885,830                      | 536,211                     |
| COMPA IT S.R.L.                              |                    | 3,327,240                       | 109,710                     |                    | 3,395,165                       | 96,630                      |
| RECASERV S.R.L.                              |                    | 2,295,353                       | 42,494                      |                    | 2,122,998                       | 46,183                      |
| ARINI HOSPITALITY S.R.L.                     | 4,974,100          | 17,308                          | 8,750                       | 3,762,702          | 15,279                          | 457,896                     |

The mutual debts and receivables recorded at 31.12.2024 and 31.12.2023 are as follows:

**Receivables receivable by COMPA SA from:**

| Explanations             | 2024      | 2023      |
|--------------------------|-----------|-----------|
| TRANSCAS S.R.L.          | 86,306    | 104,971   |
| COMPA IT S.R.L.          | 14,490    | 14,369    |
| RECASERV S.R.L.          | 3,689     | 7,378     |
| ARINI HOSPITALITY S.R.L. | 4,996,040 | 4,048,044 |

**Debts to be paid by COMPA SA to:**

| Explanations             | 2024      | 2023      |
|--------------------------|-----------|-----------|
| TRANSCAS S.R.L.          | 1,335,430 | 1,444,027 |
| COMPA IT S.R.L.          | 544,544   | 581,672   |
| RECASERV S.R.L.          | 544,224   | 566,630   |
| ARINI HOSPITALITY S.R.L. | 4,762     | 15,279    |

**22. EMPLOYEE BENEFITS**

The Company makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund, in the course of normal business. All the Company's employees are members and are also legally obliged to contribute (through social security contributions) to the Romanian state pension system (a State defined contribution plan).

All related contributions are recognized in profit or loss in the period in which they are made.

The Company is obligated by the collective bargaining agreement to provide termination benefits when the employment contract is terminated for reasons not attributable to the employee. The benefits are in the amount of 0.5 - 5 employment wages, depending on the seniority of the employee in the Company.

Also, according to the legal regulations and the collective bargaining agreement, employees who retire due to old age are entitled to an end-of-career indemnity in the amount of an average salary corresponding to the position held at the date of retirement, adjusted according to the length of service of the employee in the Company.

**23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - is described in Chap.10**

**24. CONTINGENT LIABILITIES AND COMMITMENTS**

The company is subject to a number of legal actions arising in the normal course of business.

The Company's management believes, that other than the amounts already described in these financial statements as provisions or asset impairment adjustments and described in the notes to these financial statements, further legal actions will not have a material adverse effect on the Company's economic results and financial position.



In Romania, there are a number of agencies authorized to carry out controls (audits). These audits are similar in nature to tax audits carried out by tax authorities in many countries, but may extend not only to tax matters but also to other legal and regulatory matters in which the agency may have an interest. The Company is likely to continue to be subject to such audits periodically for violations or alleged violations of new and existing laws and regulations.

Although the Company may challenge alleged violations and related penalties when management believes that it is entitled to do so, enactment or implementation of laws and regulations in Romania could have a material effect on the Company.

The tax system in Romania is constantly evolving, being subject to many interpretations and constant changes, sometimes retroactively. The limitation period for tax audits is 5 years.

Romanian tax legislation has contained rules on transfer pricing between related persons since 2000. The current legislative framework defines the "market value" principle for transactions between related persons, as well as the methods for establishing transfer prices. As a result, it can be expected that the tax authorities will initiate detailed transfer pricing audits, to ensure that the tax result and/or the customs value of imported goods are not distorted by the effect of prices charged in related person transactions. The company cannot quantify the outcome of such verification.

**25. EVENTS AFTER THE SHEET DATE****In the first months of 2025 Compa is affected by:**

- a decline in volumes for certain customer parts in both the automotive and metal construction sectors.
- The introduction of new projects in production, especially in the defense sector, which generates high costs and low productivity, the first few months being dedicated to the necessary schooling of new products.

**Measures taken by Compa management to manage this**

- Reducing costs at all levels by implementing improvement and reorganization projects that lead to massive cost savings.
- Validation at an accelerated pace of all changes in the supply chain, discussions with suppliers to reduce volumes to be supplied
- In order to mitigate the volume reductions that have occurred, the commercial, technical and economic departments are working on finding new customers to cover the resulting drop in turnover at company level
- In this way we finalized offers and started negotiations for the introduction of new products in other areas depending on the specializations we have.
- Any delays manifested in the impossibility to carry out, for various reasons, the programs established for each case, will be brought to the attention of Compa Topmanagement in order to adopt exceptional measures in this crisis situation.

No other significant subsequent events have occurred that could have an impact on the financial statements. Other events occurring after the balance sheet date are described in chapter 3.2.

**On behalf of the Administrative Board, by:****President CA / Director General,**

Ioan DEAC

**Economic Director**

Mihaela Dumitrescu

## 26. STATEMENT OF COMPLIANCE OF THE FINANCIAL STATEMENTS

### STATEMENT

#### THE ADMINISTRATIVE BOARD

Separate annual financial statements as of 12/31/2023 have been prepared for:

|                             |                                                                                |
|-----------------------------|--------------------------------------------------------------------------------|
| Entity:                     | COMPA S.A.                                                                     |
| County:                     | 32 Sibiu                                                                       |
| Address:                    | Sibiu, str. Henri Coandă, nr. 8, postal code 550234                            |
| Tel .                       | +40269237878                                                                   |
| Fax                         | +40269212204                                                                   |
| Trade register number:      | J32/129/1991                                                                   |
| Form of ownership:          | 34 joint stock companies (S.A.)                                                |
| activity                    |                                                                                |
| (CAEN class code and name): | 2932 Manufacture of other parts and accessories for motor vehicles and engines |
| Unique registration code:   | RO 788767                                                                      |

The Board of Directors assumes responsibility for the preparation of the **separate financial statements** as at December 31, 2023 and confirms the following:

- The separate financial statements for 2023 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
- The accounting policies used in the preparation of the individual annual financial reports comply with the applicable accounting regulations.
- The non-consolidated annual financial statements give a true and fair view of the financial position, financial performance and other information relating to the business.
- The company operates on a going concern basis.

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

**President CA / Director General,**

Ioan DEAC

**Economic Director**

Mihaela Dumitrescu

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

Deva, Mărăști Street, Bldg. D3, 4th Entrance Apt. 44, Code 330099, Hunedoara County

Trade Register No.: J20/40/2000

TIN: RO 12600149

Telephone: 0730 009 909

E-mail: quantum\_ro@yahoo.com

**CAFR [Chamber of Financial Auditors of Romania] License: 118 / 28.11.2001****Annual e-visa ASPAAS no. 141773 / 03.06.2024**

No. 117 / 24.03.2025

**INDEPENDENT FINANCIAL AUDITOR'S REPORT**  
**regarding the annual individual financial statements prepared for the year**  
**2024 by**  
**COMPA S.A. Sibiu**

To the Shareholders,  
of COMPA S.A. Sibiu

**Report on individual financial statements as at 31.12.2024****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 31.12.2024, which include: individual statement of financial position as at 31.12.2024, 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:

**31<sup>st</sup> December 2024 (lei)**

|                                       |             |
|---------------------------------------|-------------|
| • Net assets / Total equity           | 519.728.525 |
| • Total assets                        | 638.717.143 |
| • Turnover (net sales)                | 604.023.987 |
| • Net result of the exercise (profit) | 3.324.485   |

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 31<sup>st</sup> December 2024, 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 Finance no. 107/2025 on the main aspects related to the preparation and submission of the annual financial statements and annual accounting reports of economic operators to the National Agency for Fiscal Administration, 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)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><i>Revenue recognition under IFRS 15</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Revenue recognised in 2024, 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"> <li>• 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;</li> <li>• assessment of income recognition principles in accordance with OMFP nr. 2844/2016 and in relation to the accounting policies of the company;</li> <li>• understanding how to recognise revenue from the sale of finished products by the Entity;</li> <li>• testing the existence and effectiveness of internal controls on the recognition of revenue from the sale of finished products</li> </ul> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| expectations), we consider revenue recognition for this type of revenue to be a key audit aspect                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>by the Entity;</p> <ul style="list-style-type: none"> <li>performing detailed tests in order to verify the correct recording of transactions;</li> <li>testing revenue by obtaining direct confirmations from customers and performing alternative procedures for customers from whom we have not obtained balance confirmation.</li> </ul>                                                       |
| <b>Recognition of deferred tax assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                      |
| <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"> <li>using professional tax judgement to assess measures taken by the Company that should enable the recovery of deferred tax assets;</li> <li>assessing the adequacy of statements in financial statements, including disclosures about the use of estimates and professional judgement.</li> </ul> |
| <b>Application of the tax incentive regarding the tax exemption on profit reinvested in technological equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                      |
| <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"> <li>using professional tax judgement to assess measures taken by the Company that should enable the recovery of deferred tax assets;</li> <li>assessing the adequacy of statements in financial statements, including disclosures about the use of estimates and professional judgement.</li> </ul> |

**Highlight some issues**

5. 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 2024. 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 individual financial statements, according to which in the first months of 2025, COMPA SA is affected, on the one hand, by the decrease in volumes for certain parts intended for customers both in the automotive and metal construction fields, and on the other hand, by the introduction of new projects in production, especially in the field of defense, which generates high costs and reduced productivity, the first months being dedicated to the training necessary for the use of the new products. 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)***

6. 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 31<sup>st</sup> December 2024, 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 31<sup>st</sup> December 2023, 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***

7. 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.
8. 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.
9. 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***

10. 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.
11. 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.
12. 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***

13. 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 31.12.2024 and confirm that, in our opinion, it presents, in all material respects, the information provided in Article 107 of Law 24/2017.
14. 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:
- 14.1. **The appointment of the auditor and the duration of the mission** – We were appointed the auditors of the Company with the approval of the Ordinary General Meeting of Shareholders (OGMS) on 07.03.2024, based on the service contract no. 37 / 20.05.2024, in order to audit the individual and consolidated financial statements of the Company for the financial year 2024. The total uninterrupted duration of our mission is 19 months, covering the financial years ended on 31.12.2023 and 31.12.2024. The previous auditor is Audit Account SRL.
- 14.2. **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.
- 14.3. **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 (1) 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***

- 14.4. 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 31.12.2024 ("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").
- 14.5. **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.

**14.6. 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 2024 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.

#### 14.7. 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 31.12.2024 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 31.12.2024 is included in the *Report section on the audit of the above financial statements*.

Date: 24.03.2025

Auditor's signature

**QUANTUM EXPERT S.R.L. Deva (CAFR License No. 118 / 28.11.2001, annual e-visa ASPAAS no. 141773 / 03.06.2024)**

**by Administrator**

**Ec. ALIC Deli Maria – Financial Auditor (CAFR Registration No. 1165, annual e-visa ASPAAS no. 141735 / 30.05.2024)**

Auditor's address: Deva, Mărăști Street, Bldg. D3, 4th Entrance, Apt. 44, Code 330099, Hunedoara County

