

2019

ANNUAL REPORT

SEPARATE

2019

REPORT OF THE BOARD OF DIRECTORS

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

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

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ANNEXES

1. ANALYSIS OF THE ACTIVITY OF COMPA SOCIETY

1.1. Elements of general evaluation

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

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

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

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

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



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

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

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

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



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

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

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



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

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

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

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

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

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

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

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

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

1. the first, dedicated to a residential complex; in 2020 it is planned to start construction of the first buildings of about 20 apartments in total. This first step will serve to market prospecting and consolidation on a premium apartment segment, in one of the best locations in Sibiu. The supply on the local market of this type of apartments is very limited. With the use of these first apartments, the construction / development of this residential area is desired organically without putting pressure on the financial resources of the company.
2. the second, will be dedicated to the construction of a hotel complex; Unlike the residential area, which allows a great deal of organic development, and which is a relatively short-term investment, the investment in the hotel requires a significant investment at the beginning, and the period of recovery of the investment is approaching 10 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

Measures to eliminate the risk of Covid contamination 19

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

1. Awareness of all personnel regarding Coronavirus protection:

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

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

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

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

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

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

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

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

Table 1.1(lei)

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

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

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

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

1.2. Evaluation of the technical level of company COMPA

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

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

Table 1.2.1. (k RON)

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

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

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

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

Table 1.2.2.(k Euro)

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

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

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

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

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

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

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

Table 1.2.4.

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

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

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

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

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

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

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

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

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

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

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

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

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

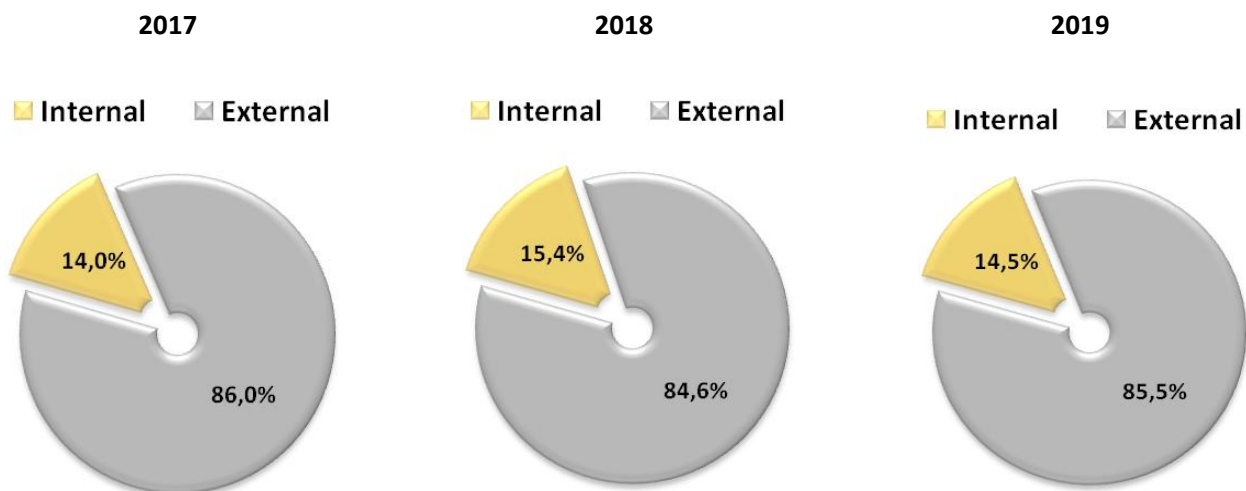
1.3.Evaluation of the supply activity (domestic and import sources)

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

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

Table 1.3.1.

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



a. Main domestic suppliers; share in purchasing total value

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

Table 1.3.2.a

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

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

Table 1.3.2.b

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

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

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

Table 1.3.2.c

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

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

1.4. Evaluation of sales activity

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

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

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

We look for occupancy of existing capacities, in particular

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

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

Tab.1.4.1.

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

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












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

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










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

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

Strategic guidelines of the training process in 2016 were:

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

Training objectives focused on:

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

Recruitment and selection policy

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

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

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

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

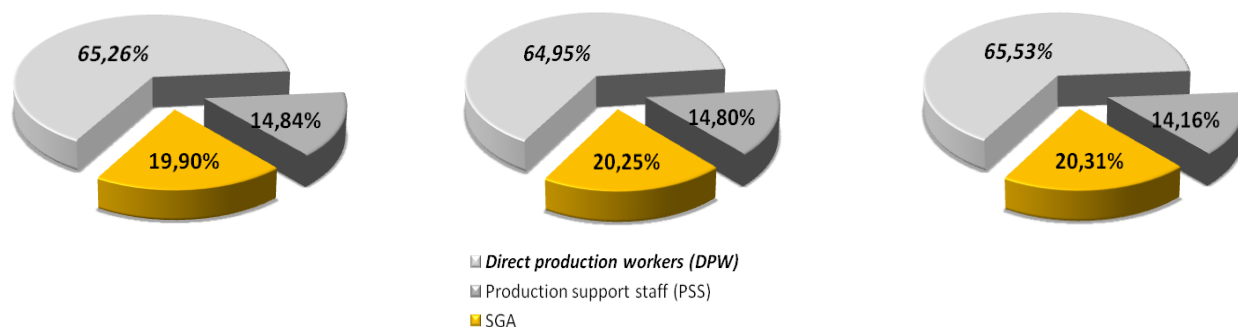
Social and wage policy

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

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

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

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



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

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

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

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

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







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

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

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

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

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

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

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

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



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




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

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

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







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

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

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






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

In 2019 was carried out environmental objectives, regarding:

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

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

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

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

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

1.7 Assessment of Research and Development activity

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

The following table presents the evolution of costs incurred:

Table 1.7.1.(thousand)

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

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

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

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

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

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

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

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

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

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

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

Developing new processes

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

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

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

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

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

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

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

The risks monitored by COMPA are:

1.8.1. Risks related to commercial activity

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

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

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

1.8.2. Currency risk

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

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

1.8.3. Investment risk

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

1.8.4 Risks arising from the lack of predictability of tax legislation

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

1.8.5. Insolvency risk

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

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

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

1.8.6. The risk of theft

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

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

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

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

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

1.9. Perspective elements in the company's business

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

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

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

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

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

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



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

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

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









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

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

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

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

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

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

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

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

Table 1.9.c.

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

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

2. TANGIBLE ASSETS OF COMPA S.A. SIBIU

2.1. Location and characteristics of the production capacity

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

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

Table 2.1.(Lei)

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

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

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

2.2. Degree of wear of the company's property

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

Table.2.2.(Lei)

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

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

2.3. Specifying potential issues related to ownership of tangible assets

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

3. MARKET OF SECURITIES ISSUED BY COMPA SA

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

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

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

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

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

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

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

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

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











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

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






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

4. COMPA'S MANAGEMENT






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

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

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






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

The general objectives that support the strategic axes are:










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

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

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

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

Thus, COMPA's efforts are directed towards:

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

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

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

b. Understanding or family relation

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

c. Transaction between the manager and society

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

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

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

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

COMPA - IT S.R.L.

RECASERV S.R.L.

TRANS CAS S.R.L.

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

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

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

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

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

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

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

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

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

5. FINANCIAL SITUATION- ACCOUNTING

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

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

Table 5.a.

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

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

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

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

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

- Real estate investments - the increase was 60% as a result of the revaluation carried out at the end of 2019, but the biggest increase comes from transfers of other classes of fixed assets or transfers from the same class of fixed assets to this category of assets.
- Current assets - decreased to 31.12.2019 as against 31.12.2018, the decrease represents 7.78% due to the reduction of the turnover from Q4 2019, on the one hand, but also as an effect of the measures taken by the COMPA management to reduce these categories of assets (stocks + receivables) in order to release the resources of the company under immobilization over the normal number of days
- Debts less than one year were reduced, as of 31.12.2019, with about 15% compared to the similar period of the previous year, the overwhelming share of these debts is represented by the Commercial Debts.
- Debts over one year increased by 41.16%, the biggest increase is Debts to banks, as a result of payments made in the investment activity during 2019
- Capital and reserves - increased in 2019 with respect to the previous year by 7.89% based on the realized profit and the revaluation of tangible assets (buildings + land) at 31.12.2019

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

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

Table 5.b

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

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

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

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

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

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

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

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

Table 5.c.

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

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

6. COMPLIANCE WITH CORPORATE GOVERNANCE BSE CODE

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

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

6.1. The Board of Directors

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

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

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

6.2. Executive management

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

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

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

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

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

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

6.4. Shareholders' rights

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

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

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

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

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

6.4.2. The right to introduce new points on the agenda

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

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

6.4.3. Presentation of resolution proposals

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

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

6.4.4. The right to ask questions

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

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

6.4.5. Voting by mail

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

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

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

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

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

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

6.5. Other elements of Corporate Governance

6.5.1. Transparency and Reporting

In order to meet the obligations of transparency and reporting established by applicable legislation in force, COMPA made in 2018 the following statements, send them to BSE and ASF(CNVM), according to the financial calendar and published them on the company's website www.compa.ro.



Financial communication calendar for 2019;



Current report on transactions of the type listed in art.82 of Law no.24 / 2017 at 31.12.2019;



Preliminary financial statements for 2019;



Convening notice of General Meeting (Ordinary and Extraordinary) of Shareholders dated 24.04.2019;



Decisions of the General Meeting (Ordinary and Extraordinary) of the Shareholders dated 24.04.2019;



Annual report for 2018 separate statements









Annual report for 2018 – consolidate statements



Financial-economic unbound statements at 31.12.2018;



Financial-economic bound statements at 31.12.2018;








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

6.6. The risk management








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

6.7. Social responsibility

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

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

The focus is on the following action plan:

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

CEO,
Ioan DEAC

CFO,
Ioan MICLEA

ANNEXES

To the ANNUAL REPORT 2019

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