

NOTE

Regarding Points 1, 2, 3, 4, 5, 6, 7, 8 and 9 from the Agenda of EGMS

I. General Context

It is common knowledge worldwide that the decline in production for Diesel powered cars components, due to the tendency to encourage the production and use of gasoline and electric cars.

The general trend worldwide to change the car powertrain, to significantly reduce the production of diesel powered cars and to increase the production of gasoline cars and more so electric cars, is already affecting the production of Compa. All these major modifications that are coming in the near future by increasing the market share of electric cars, who will be rapid increased, slightly increasing the share of gasoline cars and decreasing the market share of diesel cars, which are viewed as the most polluting, will have an impact on the production structure of Compa in the future. The electrification of the automotive market will drastically decrease the number of components required by the automotive OEMs. For example, the powertrain of an internal combustion engine can have more than 2000 components while the powertrain of a fully electric vehicle uses a number of components that is lower by even 100 fold.

In the 2019 Compa annual report, it was presented already the measures taken by the company to reduce the dependence on the manufacturing of diesel components in the following way

- Through the partnership created with one of the largest machine tools producers in the world, the DMG MORI group, the premises will be realised for production of large number with highly technical and complex non automotive products.
- Mass production of components for fluid pumps were assimilated in partnership with Wilo.
- Important purchases of CNC machines were made, dedicated for the manufacturing of non-diesel components which will remain in production for medium and long term.
- A new production facility was constructed with all the necessary equipment, which was partially finished in 2019, dedicated for the manufacturing of gasoline direct injection pump bodies for Delphi and CNC machine housing for DMG MORI.

The transformation process of the automotive industry was accelerated by the COVID 19 pandemic and, as a result, the decline of the demand for components dedicated to internal combustion engine, especially diesel.

We can say without a doubt that the automotive industry is going through a transformation process, through a massive restructuring. A significant part of the components produced by Compa today are facing an uncertain future on medium and long term. Given these facts our strategy needs to follow two directions:

1. On one hand we cannot renounce our expertise in the automotive industry and our experience of more than 130 years in this field. We have begun and will continue to invest in the production of automotive components that have a future, that are aligned with the new automotive industry and its challenges.
2. On the other hand, given the volatility of this industry in the next few years, the strategy of Compa must be one of diversification. We are making constant efforts to identify other industrial segments that have potential in the future. We have started a series of productions for other industrial sectors like the machine tool industry, water pumps etc.

II. DEVELOPING THE LOCATION IN SIBIU, VICTORIEI BOULEVARD NR. 42-44, ARINI HOSPITALITY SRL

1. INVESTMENT PROJECT DESCRIPTION

Compa owns a parcel of land measuring 37.032 mp in Sibiu Bd. Victoriei nr 42-44, situated next door to the Sub Arini Park. Currently the land is divided into 11 parcels noted in the Land Registry of Sibiu nr. 128905, 128904, 128910, 128911, 128912, 128913, 128908, 128907, 128909, 131805 si 131806.



Note: Proposal made in the PUZ

In the same context of identifying new solutions to reduce our dependency on components for internal combustion engines, especially diesel, one of the most important objectives for COMPA, other than industrial production, objective that has started already in the second half of 2019 and which will take several years, is the conversion of the asset centrally located in Sibiu, Victoriei Boulevard. This conversion will be to a residential area composed of:

- Hotel complex on the parcel measuring 7.591 sqm, from the Land Registry 131805 Sibiu ,
- Office buildings and premium apartment buildings on the rest of the land measuring 29.441 sqm, noted in the Land Registry of Sibiu nr. 128905, 128904, 128910, 128911, 128912, 128913, 128908, 128907, 128909, 131806.

Due to the ultra-central location, this land has an important development potential.

The strategy of Compa to develop this land has two components:

- a) The first component** will be dedicated to developing a residential complex. In 2020 it is planned to start construction of the first two buildings totaling 20 apartments. This first step will serve as a market study for premium apartments, in one of the best locations in Sibiu. The local market offer for this type of apartments is limited. As the first apartments are sold we plan to continue to develop organically without putting pressure on the financial resource of the company. The value obtained from selling the first 20 apartments should be enough to build the next step of the development process, and later the office buildings. The apartments and office space obtained in this way will be sold or rented in order to generate income for the company. In the same time, should a purchase offer be made, we must not rule out the possibility to sell the land in part or in its totality.

For this purpose it is proposed point 9 of the agenda of the EGMS. : Approval of the delegation of the Board of Directors of COMPA by the Extraordinary General Meeting of Shareholders in order to establish the strategy for capitalization of assets- land with destination class of business and adjoining areas - situation in Sibiu, Bd. Victoriei no. 42 - 44 in a total surface of 29,441 sqm registered in the Land Books of Sibiu Municipality no. 128905, 128904, 128910. 128911, 128912, 128913, 128908, 128907, 128909, 131806, either by building and selling or renting real estate and the related part of the land, or by selling all or part of these lands.

The Board of Directors of the company will be able, after a due analysis of the specific situation, to define the strategy to capitalize these assets, will make the necessary decisions to maximize the capitalization of the 29.441 sqm land to best benefit the company.

- b) The second component**, will be dedicated to building a hotel complex Mercure – ibis Styles from the Accor Group, which will be composed from a 4 star Mercure hotel and a 3 star Ibis Styles hotel. Unlike the residential area which allows for a mostly organic development, and which is a relatively short-term investment, the hotel needs a significant capital investment up front, a return of investment of almost 10 years. Furthermore, the management of a hotel on a competitive market requires a specific know how which is very different from our core business. Given all this, in order to combat these challenges, the strategy of Compa is:
- Founding a limited liability daughter company with Compa as its sole shareholder, ARINI HOSPITALITY S.R.L which will manage this activity. The share capital made by Compa will be in cash and assets, meaning the land of 7.591 sqm with the existing building.
 - The goal is to finance this investment with a combination of a state aid scheme as defined by HG 807/2014 and the bank loan that Arini Hospitality will contract.
 - The hotel management will be made by Accor through a hotel management contract. Accor is a company with an excellent reputation that will manage the new company and bring a steady source of income to Compa.

2. ARINI HOSPITALITY S.R.L.

a) Founding, naming, sole shareholder, main object of activity, registered office.

Regarding **point 1 of the agenda**, we show that the development of Mercure Sibiu Park Arini & ibis Styles Park arini will be the main object of activity of the affiliated company that must be founded. For this the National Trade Registered Office has released the document 43574/29.09.2020 showing the availability and reservation of the name ARINI HOSPITALITY S.R.L. as a prerequisite for the company founding.

It is proposed that the sole shareholder should be Compa SA, and the registered office to be in Sibiu, Henri Coanda street nr. 8.

The motivation to start a new limited liability company with Compa as sole shareholder:

- Given the modification through law nr. 102/2020 of art. 14 from Law 31/1990, it is possible for Compa to be sole shareholder in more than one companies. (Compa is already sole shareholder of SC COMPA IT SRL);
- The hotel activity is vastly different from the production activity of Compa, and as such, much easier to manage through a separate entity which will have the main object of activity Hotels and similar, CAEN code 5510.
- COMPA S.A. cannot access state aid based in H.G 807/2014, because is not founded through Law 31/1990;
- In order to contract a state aid through H.G. nr. 807/2014 the share capital of the company has to be minimum 100.000 lei.

b) Share Capital of company ARINI HOSPITALITY S.R.L.- COMPA – sole shareholder

Again **regarding point 1 of the agenda**, in order to found the company ARINI HOSPITALITY S.R.L., the sole shareholder COMPA S.A. will provide the share capital as follows:

- **Cash contribution** - 2.000.000 lei – this value is required to cover the expenses which the company will have prior to the state aid and bank loan as well as the expenses that cannot be covered by these.
 - **Contribution in kind** – representing the asset, property of COMPA S.A., located in Sibiu, Bd. Victoriei 42 - 44, registered in the Land Book no. 131805 Sibiu composed of land, with destination class of business and adjoining areas, mentioned under A1, register number 131805 with in surface of 7591 sqm with constructions mentioned under A1.1 register number 131805-C1 administrative building S+P+2E+M, contribution in kind that has a value of 17.703.000 lei (land – 9.135.000 lei and building – 8.568.000 lei), according to the evaluation report established on October 10, 2020, by the evaluator named by the de National Trade Registry.
- c) Approval of the delegation of the Board of Directors of COMPA S.A. to decide on the number of shares in which the share capital of ARINI HOSPITALITY S.R.L. will be divided and on their value and to decide on the provisions of the Statute of the company ARINI HOSPITALITY S.R.L. and on the appointment of the administrator of this company.***

Based on the **points 2 and 3** from the agenda of the EGMS the Board of Directors will decide on the number of shares in which the share capital of ARINI HOSPITALITY S.R.L. will be divided, on their value, on the provisions of the Statute of the company ARINI HOSPITALITY S.R.L. and on the appointment of the administrator of this company prior to the founding of the company.

- d) *The empowerment of the legal representative of the company COMPA S.A., Mr. Ioan Deac - Chairman of the Board of Directors and General Manager, to sign the Statute of the Company ARINI HOSPITALITY S.R.L., the declaration on one's own responsibility that the company meets the legal conditions to be a sole shareholder, as well as any other related documents necessary to setting up of the company.***

Regarding **point 4** from the agenda of the EGMS, the legal representative of the company COMPA S.A., Mr. Ioan Deac - Chairman of the Board of Directors and General Manager will be empowered to sign the Statute of the Company ARINI HOSPITALITY S.R.L., the declaration on one's own responsibility that the company meets the legal conditions to be a sole shareholder, as well as any other related documents necessary to setting up of the company.

- e) *Approval of the contracting by the affiliated company ARINI HOSPITALITY S.R.L. of non-reimbursable funds, in order to finance and develop the Hotel Project - Mercure Sibiu Park Arini Hotel & ibis Styles Sibiu Park Arini - in Sibiu, Bd. Victoriei no. 42 - 44. and approval of the delegation of the Board of Directors of COMPA S.A. by the Extraordinary General Meeting of Shareholders for the purpose to take the necessary decisions to contract non-reimbursable funds, in order to finance and develop the Hotel Project - Mercure Sibiu Park Arini Hotel & ibis Styles Sibiu Park Arini - in Sibiu, Bd. Victoriei no. 42 - 44.. Approval of the contracting by the affiliated company ARINI HOSPITALITY S.R.L. of bank loans with a maximum value of 8,000,000 euros (eight million euros) in order to finance and develop the Hotel Project Mercure Sibiu Park Arini Hotel & ibis Styles Sibiu Park Arini - in Sibiu, Bd. Victoriei no. 42 - and approval of guarantee the bank loan mentioned in point 7 by the affiliated company ARINI HOSPITALITY S.R.L with movable and immovable property from the patrimony of this company, including the building described in decision no. 1 above, registered in the Land Book no. 131805 Sibiu.***

Regarding **points 5,6,7 and 8** from the agenda of the EGMS, in order to develop the Hotel Complex a capital requirement of 8 million euro is estimated. For this it is proposed ARINI HOSPITALITY SRL contracts a state aid based on H.G. nr. 807/2014 in the amount of approximately 3 million euro, and the difference to be financed through a long-term bank loan. The object of the investment will represent the collateral for the bank loan beginning with the existing land and building and expanding to include new assets as they are created. In addition to that it is proposed that the company brings as collateral any mobile assets it may possess.

Regarding the state aid, it is proposed that the Board of Directors make all necessary decisions regarding contracting, in the event that the Contracting Authority will demand certain formalities be made.

3. DESCRIPTION OF THE INVESTMENT IN TO THE HOSPITALITY INDUSTRY



Note: Concept Image

The investment of Compa is composed of the conversion of an existing building in to a 3 star Ibis Styles hotel and the building of a new 4 star Mercure hotel on the land measuring 7591 sqm Land Registry nr. CF Sibiu 131905. These two hotels will form a complex including:

- Aproximately 190 rooms out of wich 70 ibis Styles and 120
- restaurant and bar areas
- A multifunctional room with a surface of more than 400 sqm
- Numerous conference areas
- A spa and swimming pool area

Both hotels are story tellers, inspired from the local Transylvanian tradition in order to provide a unique user experience. It is worth mentioning that Accor has vast experience managing these types of hotel as it currently manages 851 Mercure and 556 Ibis Styles worldwide.

4. INVESTMENT STEPS



Note: Concept Image

During 2020 and beginning of 2021 the intention is to finalize the design activity and to obtain all necessary permits, in order to begin construction in 2021. The construction is expected to take roughly 18 months. Once the investment is finalized the management of the affiliated company will be taken over by Accor as per the rules of the hotel management contract and will eventually become an additional income source for Compa.

The amount budgeted by Compa, based on estimates, to finalize this investment is approximately 11.6 million Euro composed of:

- The existing land and building with a value of 3.633.600 Euro (17.703.000 lei) based on the evaluation report
- The required additional capital in the amount of approximately 8 milioane euro.

As previously mentioned, the intention of Compa is to contract a state aid for this investment in the amount of approximately 3 million euro and to finance the remaining amount through a long term bank loan.

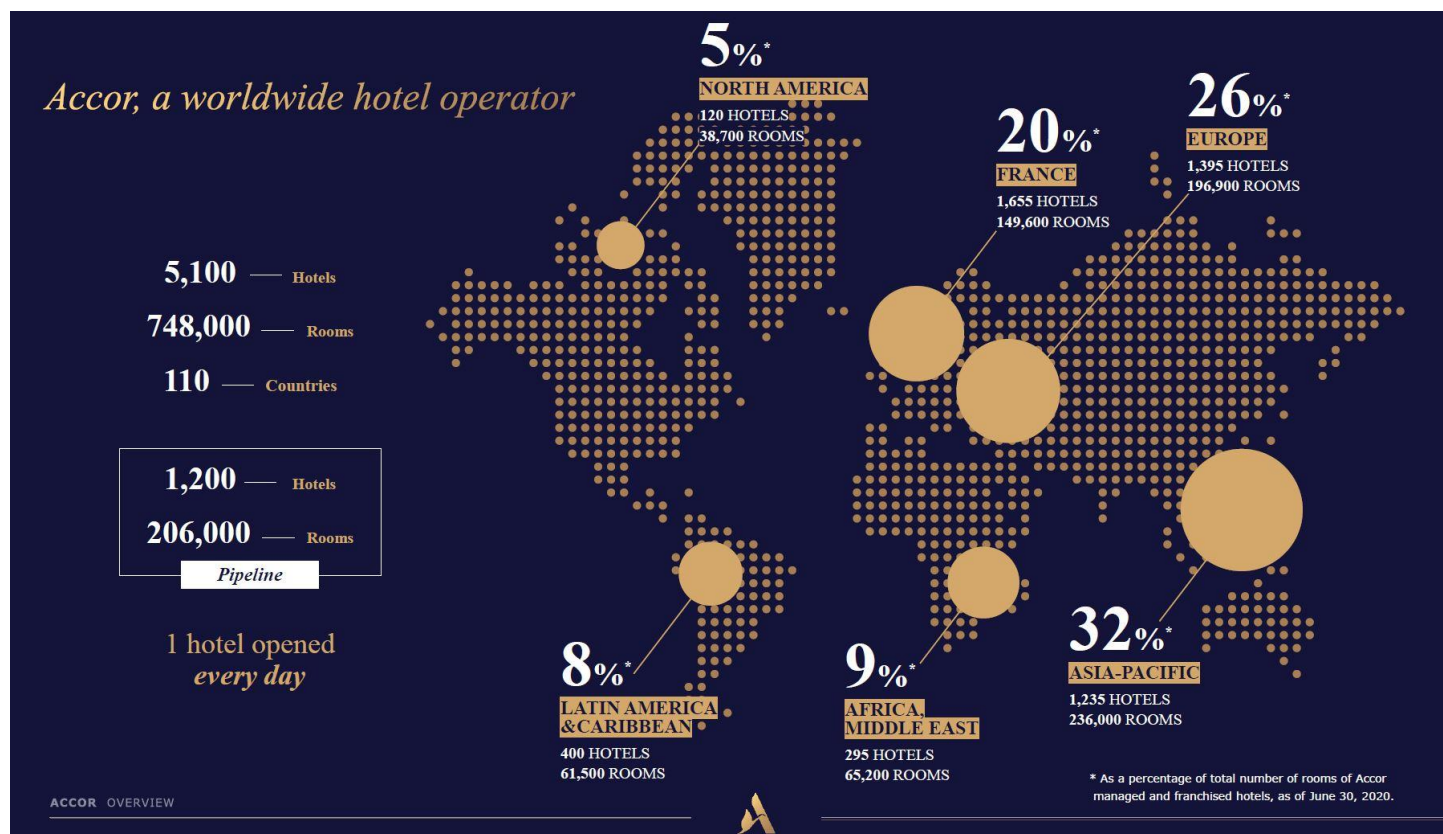
Based on existing business plans and financial projection made together with Accor we estimate a return of investment of 6-8 years for the 8 million euros and of 8-10 years for the complete investment from the moment the investment is

finalized and the hotels are running. Once the investment has reached maturity and the after it has been recovered, this asset should provide an additional income to Compa of more than 1 million euro per year.

5. WHY ACCOR?

Accor is a French multinational company with a global presence which:

- operates in 110 countries
- 5100 hotels + 1.200 in the pipeline
- 300.000 employees
- 748.000 rooms + 206.000 in the pipeline



Source: 2020 Accor Worldwide presentation

It is important to mention that Accor operates more than 2500 hotels with a management contract, in a similar fashion to the contract made with Compa SA. We believe that the experience of Accor in this field will be deciding contribution to the success of the affiliated company Arini Hospitality.

In Romania Accor operates 11 hotels out of which 8 based on management contracts. Furthermore there are 13 hotels the pipeline, all with management contracts.



Locally Inspired hotels

PASSION ABOUT LOCAL DISCOVERIES · GENUINE & ENTHUSIASTIC TEAMS
MODERN & ELEGANT DESIGN

Each Mercure hotel is a portal to its destination, offering travellers a high-quality stay and immersive local experiences. Every Mercure hotel is unique and an invitation to discover the local culture through design, F&B and Craftsmanship.



851 hotels
111,419 rooms
62 countries

PIPELINE
32,961 rooms

mercure.com

Source: Accor Worldwide presentation



Open to creativity
UNIQUE HOTELS, CREATIVE BY DESIGN



ibis Styles Tbilisi Center, Georgia



ibis Styles Konstanz, Germany



ibis Styles Roissy Charles de Gaulle, France

556 hotels
58,369 rooms
51 countries

PIPELINE
25,634 rooms

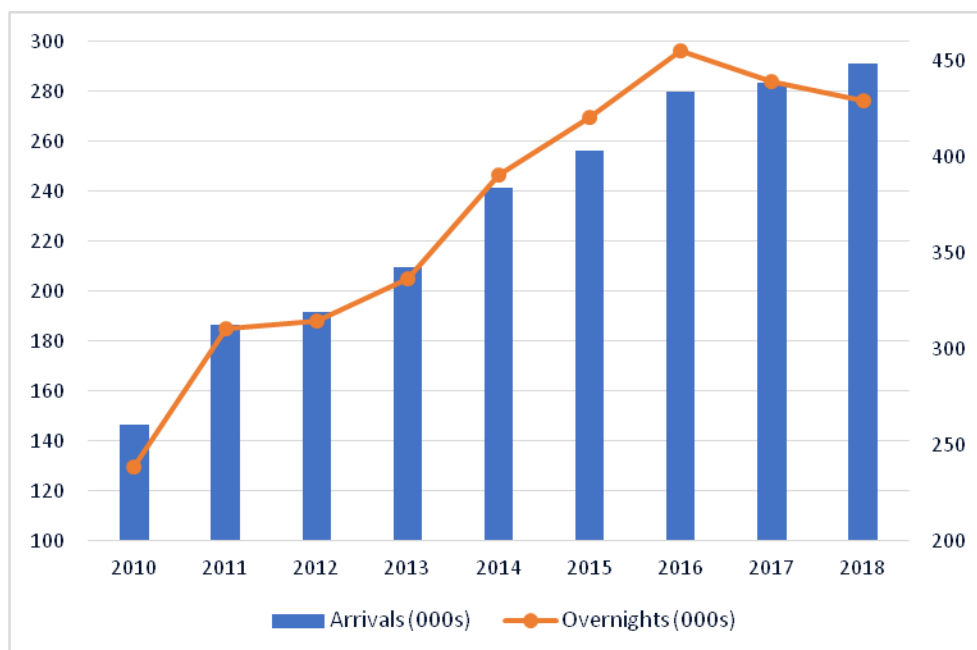
Creative design and a playful atmosphere are what travellers find when they stay with ibis Styles. With a unique design concept built around a precise theme and a creative, optimistic approach, ibis Styles hotels deliver simple, trendy and economical hospitality.

ibis.com

Source: 2020 Accor Worldwide presentation

6. LOCAL TOURISM MARKET

Sibiu has great potential for tourism and the hospitality industry. We refer to market analysis prior to the COVID 19 pandemic.



analysis of current demand (2010-2018)	future development opportunities
<ul style="list-style-type: none"> •hotel arrivals: +98,8% up to 291,307; CAGR +9% •overnights: +79,7% up to 429,017; CAGR +7,6% •avg length of stay in 2018: 1,5 days •arrivals mix: domestic 65%; international 35% •seasonality: highest demand: August and September, lowest demand: March 	<ul style="list-style-type: none"> •Sibiu – Pitesti highway will improve accessibility •City Hall plans to develop an aqua park in the Dumbrava Forest area, including skate park and sports pitches

In recent years the city has developed as a well-known cultural hub since its title of European Cultural Capital in 2007. In 2019, it held the title of European Region of Gastronomy.

The city features one of the largest annual International Theatre Festivals, expected to attract over 700,000 visitors across ten days in 2019, with more than 36,000 room nights payable out of festival budget.

Further events include the annual Sibiu Christmas Fair, which began in 2007, and the Sibiu Jazz Festival.

In 2019, in the context of the Romanian Presidency of the Council of the EU, Sibiu was selected to host the Informal Summit of Heads of State or Government of the European Union.

In 2018 Sibiu International Airport reached a record high of 700,353 passengers, meaning a 31,3% increase vs 2017.

CAGR stands at 15,8% over 2010-2018.

According to Airports Council International Europe – ACI EUROPE 2019 report, Sibiu International Airport ranked 3rd among European airports below 5 million passengers a year that showcased the highest traffic increase in 2018.

There are direct flights from Sibiu to various destinations such as Bucharest, Tel Aviv, Frankfurt Hahn, Dortmund, London, Madrid,

Munchen, Nurnberg, Stuttgart, Viena etc., operated by Tarom, Austrian Airlines, Lufthansa, WizzAir etc.

Sibiu Overall Accommodation Capacity

<i>Category</i>	<i>No. Of Units</i>	<i>No. Of Keys</i>	<i>No. Of Beds</i>
1&2 stars	44	352	1 021
3 stars	125	1 441	2 858
4 stars	24	674	1 324
5 stars	2	124	251
Total	184	2 591	5 454

Source: Ministry of Tourism, October 2019

Sibiu Hotel Supply

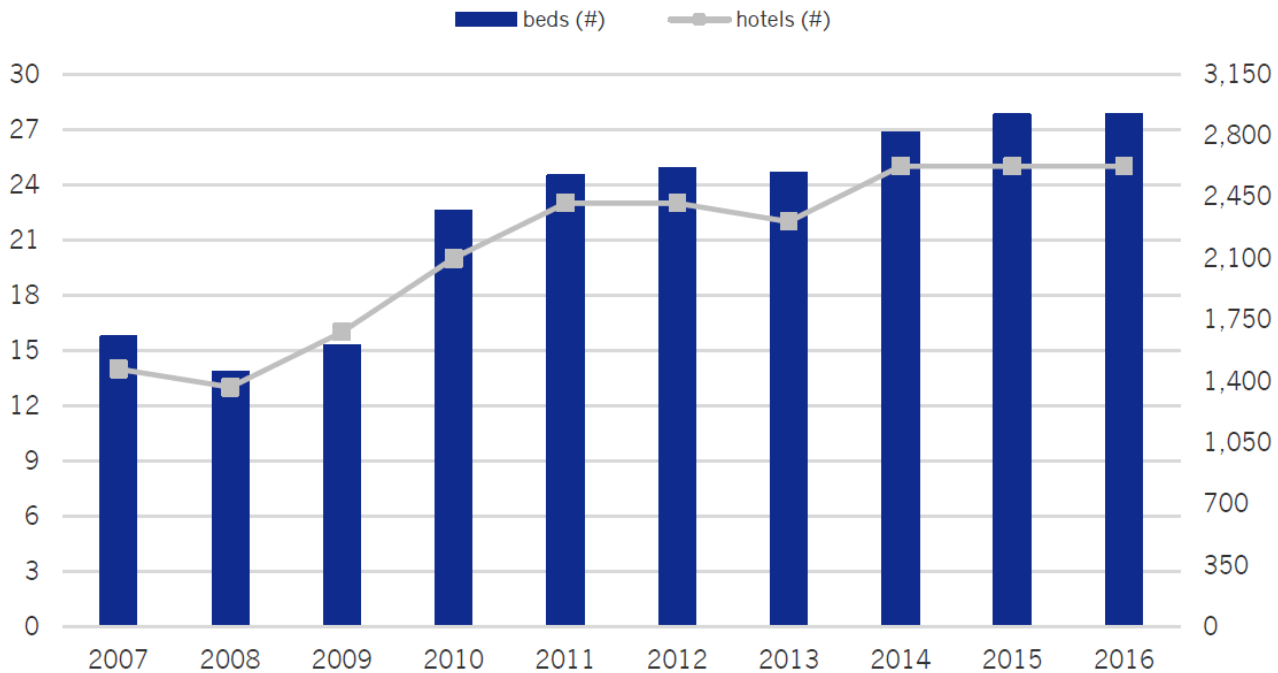
<i>Category</i>	<i>No. Of Units</i>	<i>No. Of Keys</i>	<i>No. Of Beds</i>
2 stars	2	30	67
3 stars	15	712	1 348
4 stars	9	570	1 114
5 stars	1	114	232
Total	27	1 426	2 761

Source: Ministry of Tourism, October 2019

Hotels in Sibiu account for 55% of the accommodation capacity in the city in terms of rooms.

Most of the hotels pertain to 3 stars (50%) and 4 stars (40%) categories, with only one hotel ranked 5 stars, Hilton Dumbrava.

Historic Supply Development



In recent years, since 2014, bed supply in Sibiu hotels, has plateaued at about 2,800 while overnight stay demand has continued to show a steadily positive trend since 2009. This has likely improved occupancy rates and net room rates for hoteliers in the city.

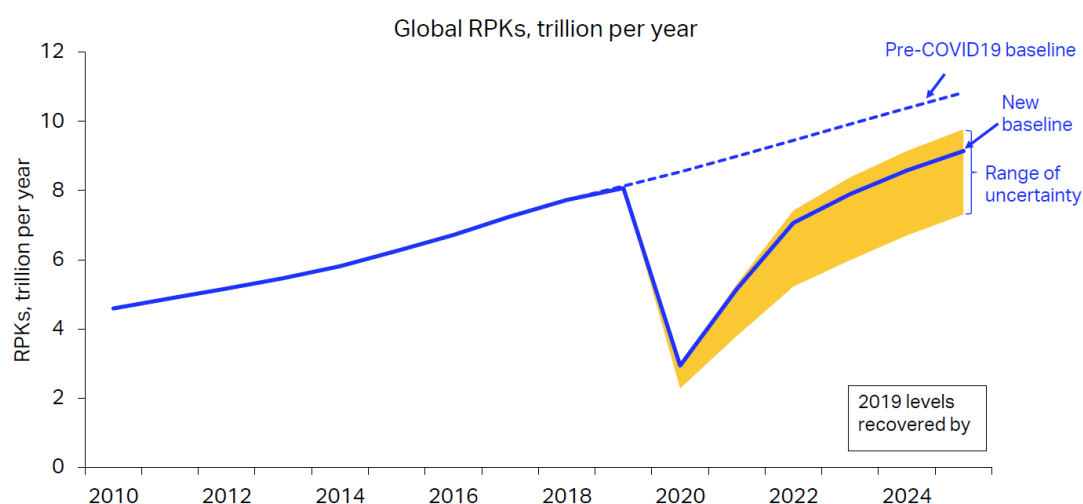
In 2018, the occupancy rate for midscale properties in Sibiu stood at 68,8%, with an ADR of 59,6 EUR.

7. COVID-19 IMPACT AND RECOVERY PERIOD

Of course, the global pandemic that we are all facing had a devastating impact on the global economy in general and tourism and the hospital industry in particular. Still we consider that by the time the investment is finalized and the hotels are opened in 2023 things would have returned to normal.

We base this assumption on several factors.

The tourism industry is in close connection with the passenger air transport industry and as such the conclusions of IATA are relevant.



Source: IATA/Tourism Economics 'Air Passenger Forecasts' July 2020

A return to pre pandemic conditions can be seen starting with 2023. Of course the projected growth of pre pandemic will not be realized and will be postponed.

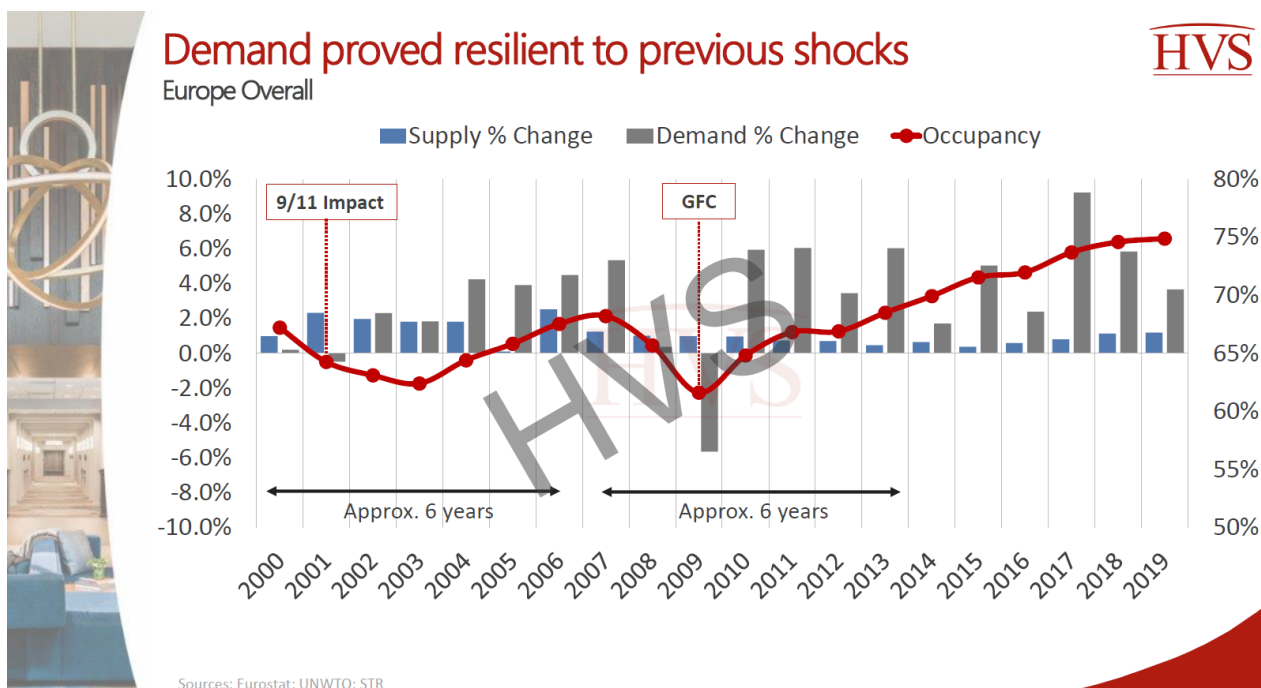
The HVS analysis, one of the most important consultants for the hospitality industry, from June 2020 presents a comeback in 2023:

Noticeable recovery anticipated from 2021

	Historical		Forecast				
	2018	2019	2020	2021	2022	2023	2024
Occupancy	72%	72%	35%	61%	66%	72%	72%
Percent Change		0.3%	-52.1%	75.9%	8.3%	9.2%	0.0%
Average Rate in €	113	111	93	97	104	109	117
Percent Change		-2.1%	-16.2%	3.8%	7.8%	5.0%	7.0%
RevPAR	82	80	32	59	69	79	84
Percent Change		-1.8%	-59.8%	82.7%	16.8%	14.6%	7.0%



At the same time it must be mentioned that the demand has proven resilient to previous shocks (ex: 9/11; financial crisis from 2009 etc).



Source Eurostat HVS

Note:

More details can be provided to interested shareholders at the headquarters of Compa, after signing a confidentiality agreement.

Sibiu, October 12, 2020

Chairman & CEO

Ioan DEAC

CFO,

Ioan MICLEA