



compa
beyond expectations

INDIVIDUAL ANNUAL REPORT
2023



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REPORT 2023

C U P R I N S

A) REPORT OF THE MANAGEMENT BOARD

1. INTRODUCTION	2
2. COMPA – OVER 130 YEARS OF EXISTENCE AND PERFORMANCE	3
3. IMPORTANT EVENTS IN 2023	7
4. MAIN ECONOMIC AND FINANCIAL INDICATORS	17
5. PRODUCTS, PROCESSES	19
6. PROCUREMENT – SUPPLIERS	27
7. SALES	29
8. OUR EMPLOYEES	31
9. INTEGRATED QUALITY, ENVIRONMENT AND OSH POLICY	34
10. RISK MANAGEMENT	39
11. INVESTMENTS, NEW PRODUCTS AND RESEARCH AND DEVELOPMENT ACTIVITY	43
12. TANGIBLE ASSETS	46
13. CAPITAL MARKET	47
14. COMPANY MANAGEMENT	50
15. FINANCIAL AND ACCOUNTING SITUATION	55
16. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE	58
17. SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2023	59
18. STATEMENT OF CONFORMITY OF FINANCIAL STATEMENTS	90
19. NON-FINANCIAL STATEMENT 2023	

B) AUDITOR'S REPORT

C) INCOME AND EXPENDITURE BUDGET FOR 2024

A) REPORT OF THE MANAGEMENT BOARD

1. INTRODUCTION

PURPOSE OF THE REPORT

This ANNUAL REPORT for 2023 of the Board of Directors of COMP A S.A.Sibiu was prepared in accordance with the provisions of ASF Regulation no. 5/2018, Annex 15, addressed to companies listed on BVB whose financial statements are prepared based on IFRS standards.

The annual report has as major objective to inform investors, business partners and their own employees about the changes occurred in the economic, financial and social activity of the company. This document highlights the results achieved by COMP A S.A in 2023, despite the enormous challenges and difficulties faced by the company, due to multiple changes in volumes and prices during 2023.

MESSAGE FROM THE PRESIDENT - GENERAL MANAGER

It is a great joy to address you, the shareholders and employees of Compa, as well as all natural and legal persons interested in the evolution of our company, to present you with some important information about the problems we faced during 2023 and also about what we intend to do in the years to come.



To go further with the presentation, I must remind you that Compa is one of the largest manufacturers of automotive components in Romania, with a portfolio of prestigious clients at European and world level (Bosch, Garrett, Ina Scheafler, ZF, JTEKT, Haulotte, Phinia, DMG-MORI, VCST, Dacia Renault, etc.) and with a turnover of approximately 150 million Euro, intended almost exclusively for export.

Being part of this field of the automotive industry has helped us become what we are, a performant, reliable and very attractive company. The challenges faced by the automotive industry in recent years, related to the transition from gasoline and diesel vehicles to electric ones, the war in Ukraine, the increase in utility prices and then all other raw materials and materials, the lack of labor force on the Romanian market, have negatively influenced the company's activity and ultimately its performance.

The year 2023 was further marked by these challenges and our concern was to mitigate their effects as much as possible, by developing new projects other than those in the automotive field, developing existing partnerships with current customers, as well as improving the performance of Compa's activity in all areas of activity, in order to improve the company's profitability.

The essential element that dominated our activity in 2023 was to find the best solutions to reduce costs in all areas of activity of the company and also, together with our customers, to cover the additional costs resulting from the price increases charged by suppliers of raw materials and materials.

It was a great challenge, which, with great efforts, we managed to complete by the end of 2023. We have also managed to fill with good results the need for manpower with qualified personnel from Asia and we can say that as regards the workforce crisis, dominant in the first part of 2023, it has been very well solved.

We intend to further develop new projects, in areas demanded by the market, projects that will bring a stable future to Compa in the coming years and to increase the performance of the company's activity, in all areas of activity, by developing improvement projects related especially to increasing the efficiency of existing manufacturing processes in Compa as well as reducing energy consumption and using green energies in these processes.

Improving the quality of all Compa products remains a major concern throughout 2024 with the aim of improving Compa's profitability and meeting Compa customer requirements.

All the measures mentioned above have as a priority target the satisfaction of the interests of all shareholders as well as of the employees of Compa and we express our conviction that the implementation of these measures will lead to the achievement of the desired results.

IOAN Deac,

President & CEO of COMP A SA Sibiu

2. COMPA – OVER 130 YEARS OF EXPERIENCE AND PERFORMANCE

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

SHORT HISTORY

1886 - The first official documentary attestation of the blacksmith workshop Iózsef Datky (1844-1928), recognized as "Datky Joseph & Sons Body Workshop", which produced lamellar springs for carriages, forgings, bards, hatchets, hammers, teslas, etc. The workshop becomes a supplier of carriages for the Royal House of Vienna, and the recognition of the merits and quality of the products made is also attested by the participation in international exhibitions: Budapest (1896) and Paris (1898).



1920 - The beginning of the manufacture of springs for cars and wagons and the transformation of the blacksmith workshop into "Elastic A Datky" – the first Romanian spring factory and special blacksmith workshop.



1932 - The company "ELASTIC A.DATKY & Co" - the first factory of springs and piles - starts manufacturing piles and spiral springs. Also, the technology of manufacturing lamellar springs for trucks and cars was developed.

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

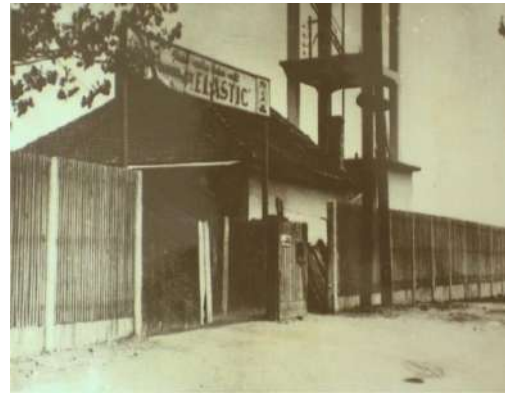
1961 - The Elastic Sibiu Plant is profiled on the manufacture of: leaf springs; hot-wrapped coil springs and cold-wrapped coil springs.

1969 - ESTABLISHMENT OF THE AUTO PARTS COMPANY SIBIU (IPAS), by merging two important companies in Sibiu, which had an independent individual path over time:

- Automecanica Sibiu Plant, with an impressive history during its development, from a Sibiu Artillery Arsenal that ensured the repair and manufacture of weapons for the defense of the Sibiu Fortress (before amalgamation) and up to the production of automotive equipment, combining the experience of the forefathers with the new advances in technology and management of those times;
- The Elastic Plant, with deep roots in the craftsmanship tradition of the fortress, was founded in the nineteenth century as a blacksmith workshop, which later develops into a body shop and finally, before merging in 1969, into the spring and forged products factory.



Automechanical Plant Elastic Plant



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

- Equipment for the braking system of motor vehicles;
- Cardan transmissions;
- Steering systems;
- Telescopic shock absorbers;
- Motor vehicle suspension systems.

1991 - The transformation of the AUTO PARTS ENTERPRISE SIBIU, following the change of regime in December 1989, into a joint stock company, a company with full state capital, named S.C.COMPA S.A.Sibiu.

1996 - The company Krupp Bilstein Compa is founded by Compa, together with a company from the German concern KRUPP, for the manufacture of telescopic shock absorbers for car production.

1997 - The company's shares are traded on the Bucharest Stock Exchange starting with June 12, 1997, under the symbol CMP. The securities issued by the company are traded on the Standard category of BVB.



1998 - Establishment of the second joint venture - Krupp Compa Arcuri, for the manufacture of leaf springs for trucks, vans and off-road cars

1999 - Full privatization of COMPA, by taking over the main package of shares by the Association of Employees COMPA (PAS). Privatisation was the most radical form of restructuring. The change of ownership meant a complex and profound change in the performance of all the functions of the company separately and as a whole. The premises for using human, material and financial resources with maximum profitability have been created

2000 - The first affiliated company is founded - Compa IT SRL, with full capital COMPA.

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

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

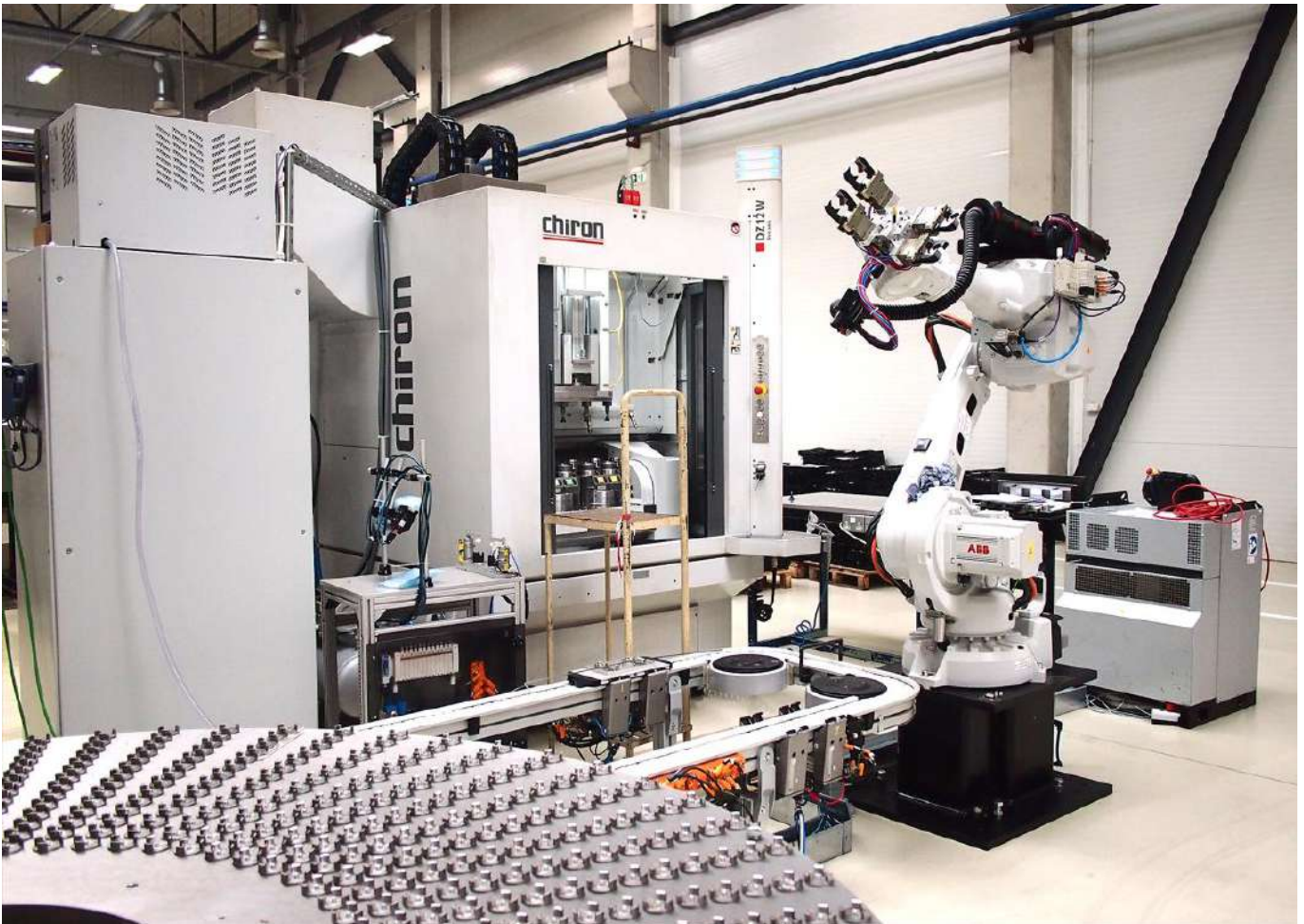
2004-2018 - Establishing collaboration partnerships with some of the most important automotive companies in the world, as well as with non-automotive companies, in order to develop components for the automotive industry worldwide.

During this period, rehabilitation works were carried out, especially of the halls and storage spaces, requiring their modernization and bringing them to a level of operation under the conditions imposed by our business partners. In order to ensure the production spaces at the level of requirements and standards of these periods, significant investment expenses were made. The overwhelming share of investment expenditures made from own sources but also from bank loans was mainly oriented towards financing the purchases of new, state-of-the-art machines and equipment, in order to be able to manufacture automotive components at the level of complexity, technicality and quality required by the **company's partners**:



2021 – Establishment of the limited liability company named Arini Hospitality SRL.

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



3. THE EVENTS OF 2023 AND MANAGEMENT'S VISION FOR THE FUTURE EVOLUTION OF THE BUSINESS

3.1. EVENTS RECORDED IN 2023

As important events recorded in the activity of Compa in 2023, we can highlight the meetings of the Board of Directors of Compa S.A. (CA), following the convocation of the President of the CA, as follows:

09.01.2023 – The Extraordinary General Meeting of Shareholders (AGEA) was held with the following agenda:

1. election of the secretary of the meeting of the Extraordinary General Meeting of Shareholders from among the shareholders present
2. approval of the increase of the share capital of the affiliated company ARINI HOSPITALITY S.R.L., to which Compa S.A. is the sole associate, with the amount of 3,500,000 (three million fifteen hundredth) lei, cash contribution
3. approval of the delegation of the Board of Directors of Compa S.A. to take the necessary decisions in order to increase the share capital of Arini Hospitality SRL, which will decide on any aspects related to the increase of the share capital, the number of shares and their value, status update, etc.
4. ratification of the decision of the Board of Directors of Compa S.A. nr. 143 / 23.11.2022 art. 1 approving the contracting by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan in the form of an investment loan up to a ceiling of EUR 1,800,000 (one million-eighthundredth) euros.
5. ratification of the decision of the Board of Directors of Compa S.A. nr. 143/23.11.2022 art. Article 2 approving the guarantee of the bank loan referred to in Art. 4 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu.
6. ratification of the decision of the Board of Directors of Compa S.A. nr. 143/23.11.2022 art. 3 approving the guarantee by Compa S.A., as guarantor and / or co-borrower, of the bank loan requested by Arini Hospitality SRL under art. 4 above if the financing bank requests it.
7. Approval of the amendment of the constitutive act of Compa S.A. by adding to item IX sub-item 12 the possibility of the members of the Board of Directors to participate in the meetings of the Board of Directors through means of distance communication, so that the amended text will have the following content:

i.IX. ADMINISTRATION AND REPRESENTATION OF THE COMPANY

(12) The Management Board shall meet at least once every 3 months. The participation of the members of the Board of Directors of the company in its meetings may also take place by means of distance communication, videoconference, teleconference, e-mail or fax. Members of the Board of Directors shall take out professional liability insurance.

8. approving the empowerment of the Chairman of the Board of Directors Deac loan or of any other administrator in case of impossibility of the President, to sign in the name and on behalf of the Company the addendum and the updated articles of incorporation of the Company in accordance with the decision of A.G.E.A from item 7.
9. approval of 10.02.2023 as registration date for identifying shareholders affected by the effects of the resolutions of the extraordinary general meeting of shareholders, in accordance with the provisions of art. 87 of the Law no. 24/2017 on issuers of financial instruments and market operations and of 09.02.2023 as ex date according to the provisions of Article 176 (1) of FSA Regulation no. 5/2018.
10. empowerment of natural persons who will carry out the formalities of publicity and registration of the resolutions of the extraordinary meeting of shareholders, including their signing

31.01.2023 – The Board of Directors of Compa S.A. has been convened. in which were analyzed and approved the proposals of the economic and financial department of the company regarding the results of the inventory of the company's patrimony for 2022 and which consist of:

- approval of scrapping of goods, nature of fixed assets and stocks of materials and finished products;
- approval of the registration of inventory minuses recorded in stocks
- approval of the assumption to income of debts prescribed and/or not recognized by partners
- approving the transition to baskets of debts that cannot be recovered
- approval of registration of impairment adjustments for customer receivables

- mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the decisions of the Board of Directors taken in the meeting convened for 31.01.2023.

24.02.2023 – During the meeting of the Board of Directors convened on 24.02.2023, the preliminary financial results for 2022, both the individual financial results for Compa and the preliminary financial results for 2022 for the Group, were analyzed and approved.

Also, during this meeting, the Board of Directors approved the *Integrated Campus Project for dual education – PRODUAL*, the total value of the project in the amount of 129,922,526.46 lei, as well as its own contribution to the project 6,197,247.60 lei, of which 870,686.00 lei the contribution of Compa S.A.

09.03.2023 – The Board of Directors of Compa S.A. was convened to approve the proposal to convene the Ordinary General Meeting of Shareholders (OGMS) for 26.04.2023, the first convocation (15:00) and 27.04.2023, the second convocation (15:00), as well as the proposal to convene the Extraordinary General Meeting of Shareholders (AGEA) for 26.04.2023, the first convocation (16:00) and 27.04.2023, Second convocation (4:00 p.m.).

The Board of Directors approved the agenda of the OGMS convened on 26/27.04.2023, in which were registered a number of 10 points (according to the convening notice) as well as the 8 points included in the Convening notice related to the EGM of 26/27.04.2023.

The Board of Directors also approved 11.04.2023 as the reference date for the OGMS and the EGMS of 26/27.04.2023, respectively.

23.03.2023 – During the meeting held on 23.03.2023, the Board of Directors approved the Individual and Consolidated Annual Report for the financial year 2022 prepared according to Annex 15 of ASF Regulation no. 5/2018. Also during this meeting, the Income and Expenditure Budget for 2023 and the Investment Program for 2023 were approved.

26.04.2023 – The Ordinary General Meeting of Shareholders (OGMS) was held with the following agenda:

- election of the meeting secretary from among the shareholders present;
- submitting, debating and approving individual annual financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards for the financial year 2022, based on the Reports submitted by the Board of Directors, accompanied by the Financial Auditor's Report;
- approval of the proposal of the Board of Directors for the distribution of the net profit for the financial year 2022, in the total amount of 2,510,594 lei, as follows:
 - - to own sources of development - value of 2,009,820 lei
 - - for granting dividends to shareholders - the value of 500,774 lei with a gross dividend / share of 0.0023 lei;
- approval of 15.06.2023 as the payment date for dividend payments. Payment of dividends will be made in RON. The method of payment of dividends will be notified to shareholders before the date of commencement of payment. The expenses occasioned by the payment of dividends are borne by the shareholders;
- adjudicating on the management of the Board of Directors for the financial year 2022, based on the reports submitted;
- presenting, debating and approving the Income and Expenditure Budget for 2023 and the investment program for 2023;
- fixing and approving the remuneration due to the members of the Board of Directors for the current year;
- appointing the external financial auditor to perform the Statutory Audit for 2023;
- approval of the remuneration report of the company's management prepared for the financial year 2022;
- approval of 23.05.2023 as registration date for identifying shareholders affected by the effects of the resolutions of the ordinary general meeting of shareholders, in accordance with the provisions of art. 87 of Law no. 24/2017 on issuers of financial instruments and market operations and of 22.05.2023 as *ex date* according to the provisions of Article 176 (1) of FSA Regulation no. 5/2018;
- empowerment of natural persons who will carry out the formalities of publicity and registration of the resolutions of the ordinary meeting of shareholders, including their signing.

26.04.2023 – The Extraordinary General Meeting of Shareholders (AGEA) was held with the following agenda:

- election of the secretary of the meeting of the Extraordinary General Meeting of Shareholders from among the shareholders present;
- approval for contracting and/or extending for 2023 and 2024 until the annual EGMS, investment loans, credit lines, leasing, letters of bank guarantee, and other banking financial products, within a cumulated total ceiling of EUR 40 million and the establishment of movable and immovable guarantees related to assets from the company's patrimony;
- delegation of the Board of Directors by the Extraordinary General Meeting of Shareholders to commit and/or extend investment loans, credit lines, leasing, letters of guarantee and other banking financial products, within the cumulative total ceiling of EUR 40 million approved in point 2, starting with the date of the EGM resolution until the next Extraordinary General Meeting in April 2024, as well as to provide security interests in movable and immovable property belonging to the company's patrimony;
- empowering persons to represent the Company when negotiating and signing credit, guarantee agreements and any other documents necessary to comply with the decision in points 2 and 3;
- delegation of the Board of Directors by the Extraordinary General Meeting of Shareholders to appoint the representative of COMPA S.A. in relation to the Management Authority / Financing Authorities and to empower the person / persons to sign in the name and on behalf of the Company the financing contracts that will run from 2023 and further until the next EGM in April 2024;
- mandating the persons empowered to sign in the name and on behalf of the Company, the contract with the financial auditor, appointed according to Decision no. 8 OGMS;
- approval of 23.05.2023 as registration date for identifying shareholders affected by the effects of the extraordinary shareholders meeting resolutions, in accordance with the provisions of art. 86(1) of Law no. 24/2017 on issuers of financial instruments and market operations and of 22.05.2023 as *ex date* according to the provisions of Article 176(1) of FSA Regulation no. 5/2018;
- empowerment of natural persons who will carry out the formalities of publicity and registration of meeting decisions, including their signing

01.05.2023 – The Decision on the appointment of Mr. Blaj Robert as Logistics Director has been issued. The decision applies from 01.05.2023.

12.05.2023 – During the meeting held on 12.05.2023, the Board of Directors approved:

- - individual and consolidated report for Q1 – 2023;
- - mandating the General Manager – Ioan Deac and the Economic Director – Mihaela Dumitrescu to sign, on behalf of and for the Board of Directors, the individual and consolidated quarterly report for Q1 – 2023;
- - Communiqué on the payment of dividends related to the financial year 2022, which also includes the Procedure for the distribution of dividends related to the financial year 2022;
- - mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the Communiqué on the payment of dividends for 2022 and the Procedure for distributing dividends for 2022.
- - mandating the Chairman of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors to sign the decisions of the Board of Directors taken in the meeting convened for 12.05.2023.

15.06.2023 – The action to pay dividends due to Compa shareholders for 2022 has started.

14.07.2023 - During the meeting held on 14.07.2023, the Board of Directors approved:

- empowering the President of the Board of Directors, Mr. Ioan Deac to sign, in the name and on behalf of Compa S.A. as associate of Trans C.A.S. S.R.L., the decision of the Extraordinary General Assembly of Trans C.A.S. S.R.L. Shareholders.
- mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors to sign the decisions of the Board of Directors taken in the meeting convened for 14.07.2023.

09.08.2023 – During the meeting held on 09.08.2023, the Board of Directors approved:

- Individual Financial Report for semester 1 - 2023 and Consolidated Financial Report for semester 1 - 2023;
- mandating the Chairman of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign on behalf of and for the Board of Directors the Individual Financial Report for the first semester - 2023 and the Consolidated Financial Report for the 1st semester - 2023.
- mandating the President of the Board of Directors and the General Manager – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the decisions of the Board of Directors taken in the meeting convened for 09.08.2023;
- the program regarding the realization and implementation of continuous improvement projects by engineers from Compa S.A.

30.08.2023 – During the meeting held on 30.08.2023, the Board of Directors approved:

- contracting by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan in the form of a credit line amounting to RON 3,500,000 (three million fifty hundred) lei for a period of 12 months with the possibility of extension;
- guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu;
- mandating the President of the Board of Directors – Ioan Deac to sign the decisions of the Board of Directors taken in the meeting convened for 30.08.2023.

29.09.2023 – During the meeting held on 29.09.2023, the Board of Directors approved:

- contracting by the affiliated company Arini Hospitality S.R.L. (in which Compa S.A. is the sole shareholder) of a bank loan worth RON 1,800,000 (one million eight hundredths) as a revolving facility for VAT financing/refinancing – Ibis - Mercure hotel complex project for a period of 12 months with the possibility of extension;
- guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu;
- empowering Mr. Ioan Deac – President of the Board of Directors and General Manager, as well as Mrs. Mihaela Dumitrescu – Economic Director to decide in the name and on behalf of Compa SA, sole shareholder of SC COMPA IT SRL (CUI 13656016), the designation of persons who will be empowered to perform operations on accounts opened with banks in the name of the affiliated company COMPA IT SRL;
- renewal / extension of the credit facility – credit agreement no. 22/31.01.2008 concluded with BRD Groupe Societe Generale S.A., amounting to EUR 15,000,000 (if necessary sub-ceiling of EUR 4,000,000 for issuing letters of guarantee / opening letters of credit / FINTRA) until 30.10.2024 and guaranteeing the credit facility with the goods already brought under guarantee;
- empowering General Manager Ioan Deac and Economic Director Mihaela Dumitrescu to represent the company on the occasion of negotiation and signing on behalf of and for Compa S.A. addenda and any other documents necessary for the extension and guarantee of the Credit Facility – Credit Agreement no. 22/31.01.2008 concluded with BRD Groupe Societe Generale S.A.;
- empowering General Manager Ioan Deac and Economic Director Mihaela Dumitrescu to sign in the name and on behalf of the company the real estate mortgage contracts, if applicable;
- mandating the President of the Board of Directors – Ioan Deac to sign the decisions of the Board of Directors taken in the meeting convened for 29.09.2023;

26.10.2023 – The Board of Directors meeting held on 26.10.2023 took note of the termination of the mandate of administrator, as well as of the position of Vice-President of the Board of Directors, of Mr. Ioan Miclea, starting with 22.10.2023, following his death.

08/11/2023 – The Board of Directors approves

- appointment of Mrs. Mihaela Dumitrescu as provisional administrator starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 1372 para. (1) of the Companies Law nr. 31/1990 and its appointment as Vice-President of the Board of Directors.
- appointment of Mrs. Mihaela Dumitrescu as Economic Director of the company starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 143 para. (1) of the Companies Law nr. 31/1990, with the delegation of management duties of the company.

9.11.2023 – The Board of Directors approves;

- Report on individual financial statements for the third quarter of 2023 and Report on consolidated financial statements for the third quarter of 2023.
- mandating the executive management to start preparations considering a potential division of the company, respectively the division of real estate activity from production activity (hiring experts, consultants, contacting a notary, discussions financing banks, etc.).
- empowering the general manager – Ioan Deac to represent the company on the occasion of signing the documents, apartment documentation and sale-purchase contracts for the apartments in constructions R3 and R4 built on the lands registered in CF Sibiu nr. 128912 and 128913.

17.11.2023 – The Board of Directors approves;

- in order to draw up the Project for the division of the company, submitting to the Trade Register Office attached to the Sibiu Tribunal the request for the appointment of an independent expert evaluator registered with the Financial Supervisory Authority in order to establish the price to be paid by the issuer for the shareholders who will exercise their right of withdrawal from the company according to art. 134 para. (1) of the Companies Law nr. 31/1990.
- that the expert appointed to carry out the expertise referred to in 1 to be the Company Value Management Consult SRL, based in Arad, str. Stefan Cicio Pop nr. 20, Arad County, having ANEVAR 0115 authorization, through Mr. Daniel Manațe, authorized evaluator ANEVAR EI, EPI, EIF, VE EI / EPI / EIF, MAAEI, registered in the ASF Public Register at section 16 position 3 with no. PFR16EVPF/020008/23.12.2014 registration certificate 2261/23.12.2014.
- the request for expert appointment is admitted by the Trade Register Office attached to the Sibiu Court on 20.11.2023.

20.12.2023 – The Board of Directors approves

- approves the Project for partial division of Company no. 107/20.12.2023 ("Draft Division"), as annexed as Annex no. 3 to this judgment and to the minutes dated 20.12.2023. The project proposed to divide the activity
- 31.12.2022 as the reference date for the Company's financial statements used for the Division (the "Reference Date").
- publication of the Draft Division in the Official Gazette of Romania, Part IV, in extract, according to art. 242 para. (2) of the Companies Law – respectively without annexes 1-6 of the Draft Division.
- mandating the President of the C.A. of the Company, respectively of Mr. Ioan Deac, to sign in the name and on behalf of the C.A. of the Company:
 - a. The Division Project, **in authentic form**, before a notary public;
 - b. The Division Project, in the form of a private document, in order to publish it in the registers provided by law (Trade Register, Official Gazette of Romania, etc.);
 - c. The Company's statement on how to publish the Draft Division;

d. Any and all documents related to or in connection with the Draft Division or the Division of the Company, including those to be signed before a notary public.

- mandating Reff & Associates S.PR.L., a law firm organized and operating under the laws of Romania, headquartered in Calea Griviței no. 82 – 98 and 100-102, "The Mark" building, 13th floor, Sector 1, Bucharest, Romania, established according to the Decision of the Bucharest Bar Council no. 1110 / 13.03.2006, by any of its lawyers (including but not limited to Alexandru Reff and Georgiana Singurel), to represent the Company at all stages of the Division and in all legal, administrative or other proceedings relating to the approval of the Division by the competent authority and the valid registration with the Trade Registry Office and any other institutions and authorities, as the case may be, of all decisions taken in connection with the Division and the draft terms of division, including without limitation:

- signing, on behalf of the Company and the Beneficiary Company, all documents necessary to fulfill the mandate granted, including any decision of the Company and the Beneficiary Company, any type of statements, requests, even before the notary public, and to rectify any potential material error occurred in the Division documents;

- to submit, on behalf of the Company and the Beneficiary Company, the documents necessary for the lawful registration of the above-mentioned operations, to pay any fees due and to collect any documents in connection with the Division;

- to represent the Company and the Beneficiary Company in all proceedings before the Trade Register Office, the designated person or the director of the institution, courts, public institutions, as well as any other authority, in order to fulfill the mandate granted herein.

In drafting the Draft Division, the Company informed through a current report that it was assisted by S.P.R.L. Reff & Associates, representing Deloitte Legal in Romania.

The project, published on the website www.compa.ro under the heading Investor Relations, proposes partial division in the interest of shareholders by transferring part of Compa's patrimony to a newly established company, according to Article 250¹ letter a) of the Companies Act.

According to the proposed draft, "the partial division of Compa by transferring a part of its patrimony, which concerns the Real Estate Activity, to the Beneficiary Company, will create, on the one hand, the premises for the separate development, improvement and optimization of the Production Activity, and on the other hand, the management, management, growth and capitalization in a separate, more efficient manner of the assets allocated to the Real Estate Activity. The spin-off will allow Compa and the Beneficiary Company to manage, monitor and distribute more efficiently the financial and human resources necessary for the development of the two branches of activity."

The division is proposed to be carried out in the interest of Compa's shareholders, in accordance with § 2501 lit. a) of the Companies Act. This implies the transfer to the Beneficiary Company of the Compa estate allocated exclusively to the Real Estate Activity (as described in the Project), in exchange for the symmetrical and proportional allocation of shares in the Beneficiary Company to the shareholders of Compa, in accordance with the terms and conditions set forth in this Project.

According to the Division Project, *"The price established by the Valuation Report to be paid by the Compa to shareholders exercising their right of withdrawal from Compa is RON 0.6001 per share."*

3.2. EVENTS AFTER THE REPORTING PERIOD

11.01.2024 – The Board of Directors approves taking into account the requests for clarifications received from some shareholders regarding the draft division, approves the interruption of the division process in order to reconsider the aspects related to the proposed operation, including from the perspective of valuation elements. It will then come back with a decision on the appropriateness of the parameters of the division and continuation of this process.

31.01.2024 – The Board of Directors approves

- empowering persons within the Company to sign in letter and electronic format bank documents representing operations performed by Compa S.A. through accounts opened with banking companies, respectively payment operations, in lei and foreign currency, setting up term deposits, currency exchanges, cash withdrawals, signing cheques and promissory notes, requests for issuing letters of bank guarantee.
- scrapping of fixed assets
- scrapping of material stocks / finished products, recording inventory minuses, recording depreciation adjustments of receivables and other unrecovered debts
- Recording depreciation adjustments of some materials

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

3.3. COMPA MANAGEMENT'S VISION REGARDING THE EVOLUTION OF THE BUSINESS IN THE FUTURE

3.3.1 COMPA's place in the automotive industry

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

As a result of the collapse of the Romanian manufacturing of trucks, buses, vans and off-road cars, the volume of orders decreased dramatically, COMPA being forced to turn to other partners, especially from the West, in order to start collaboration relationships with various customers.

In this context, prestigious partners from the automotive industry were approached with whom long-term collaboration partnerships have been made, such as: DELPHI current Phinia, Honeywell current Garret, Koyo currently JTEKT, BOSCH, THYSENKRUPP, etc., partners to whom COMPA still delivers the overwhelming share of its production.

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

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

COMPA produces components, for which it has no competition in Romania, the type of products that are manufactured at Compa are made only by competitors mainly from the West.

Due to the industrial tradition of the company, generally producing highly technical products with a high degree of precision, most of the production is obtained by machining, performed on CNC machine tools. Thus, a significant share of production is destined for diesel injection systems (passenger cars and commercial vehicles), steering systems for passenger cars, windshield wipers, transmission systems, etc.

The actions taken worldwide to reduce CO₂ emissions into the atmosphere to mitigate climate change finds Compa with a production structure focused in a fairly large proportion on the manufacture of components for internal combustion engines (gasoline and diesel), whose sharp downward trend is well known, which requires urgent measures at the level of the company's management to reconvert the activity within COMPA.

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

Aware of the clear global trends in reducing CO₂ emissions into the atmosphere, car manufacturers around the world have initiated concrete programmes to restructure the production of cars manufactured today. It is estimated that in the next 10 years electric vehicles will represent 25% of the total, hybrid vehicles about 35-40% and internal combustion vehicles around 40%.

It should be noted, however, that electric propulsion is mainly intended for urban mobility, and long-distance trips will be made with hybrid cars or combustion engines.

In this context, COMPA's strategy is:

- Stop investments for capacity increases for the production of new components for diesel engines, except for large goods trucks (TIR).
- Assimilation of new components mainly for non-automotive industries
- Investments are allowed only to ensure the production capacities necessary for the production of non-internal combustion engine automotive components or components for non-automotive fields.
- Promoting COMPA manufacturing processes and capabilities at various national and international trade fairs in order to win new customers from various industrial sectors.
- Intensifying research & development activity to help develop new technologies and/or optimize existing ones.

3.3.3. New areas of activity to be developed at Compa

- Development of the manufacturing of components for Wilo fluid pumps.

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

COMPA has entered into a business partnership with Wilo in recent years and expects to increase volumes and diversify these products in the future. The products are assimilated into COMPA manufacturing, approved, and their manufacture begins.

- Development of copper component manufacturing for air conditioning equipment and heat pumps. According to market information, in the coming years the demand for heat pumps will be increasing, and COMPA has already started assimilating new products that will be part of these heat pumps and also in various industrial air conditioning equipment.

- Development of manufacturing mechanical-welded components and structures for various industrial applications. Lately, series production has started for various metal components and housings for marine vessel coolers and oil and liquid collection tanks for CNC machines.

- Another area approached by the management of COMPA, in the context of the reconversion of manufacturing within the company, is the production of subassemblies for the manufacture of machine tools.

A partnership has been concluded with one of the largest machine tool manufacturers in the world, DMG MORI, for which COMPA has committed to produce the following product categories with a high share in machine tools:

1. Machined components of large size, made on machine tools with specialized numerical control, of high precision and complexity

2. Machine tool bodies of different sizes and types equipping a wide range of machine tool models.

They are extremely complex products, which have in their composition between 150 - 200 parts and subassemblies, which require a high level of qualification and equipment for their realization at COMPA.

- Green electricity production with photovoltaic panels

It is an implemented project carried out with partial funding 50% from the Norwegian Government, which will ensure an installed capacity of 1 Mw, electricity used exclusively in COMPA.

It is an area that can provide COMPA with part of the necessary electricity at an attractive price.

- Another area outside the manufacturing industry in which AMPA operates, is the one oriented towards capitalizing on the existing land owned by the company, respectively for the construction of residential blocks, commercial spaces, office buildings, on land located in the central areas of Sibiu and Cisnădie, very attractive.

4. MAIN ECONOMIC AND FINANCIAL INDICATORS

In terms of the evolution of the economic and financial activity, respectively on the results obtained during 2023, we could say that 2023 was a difficult year, influenced by the action of external factors that could only be partially controlled or counteracted, with all the efforts made by the responsible persons within the company.

The action of these factors had an adverse impact both on the achievement of the manufacturing program, respectively on the level of turnover, but especially on the level of profitability of the company, especially in the second half of 2023.

The main events that significantly influenced the financial results of 2023 are:

- **Maintaining high utility prices**

Since the beginning of 2023, electricity and methane gas prices have been kept at a still high price compared to countries in Europe, a reason that has made it difficult for management to expose these price increases to customers. Although the company's Top Management reacted quickly, deciding to recalculate delivery prices by including these influences, Unfortunately, most customers did not accept 100% of the impact in utility costs. In these circumstances, most of the influences from the increase in electricity and methane gas prices were reflected in Compa's results.

- **Continuous changes in the price of steels and other materials.**

Still high electricity and methane gas prices have also increased the prices of raw materials and basic materials, especially steel, which have a significant impact on Compa's production.

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

It should be mentioned that towards the end of the year there were also price reductions for materials with immediate effect in price, even if the company held stocks at other higher values

- **Acute shortage of qualified personnel**

The most sought after and necessary personnel category for Compa is represented by CNC machine operators, a category that is hard to find on the local market in large numbers.

During 2023, the fluctuation of orders led to a staff crisis, requiring the use of existing staff in extended shifts or paid days off with a double wage rate / hour, with a major impact on manufacturing costs.

- **Inflation in 2023**

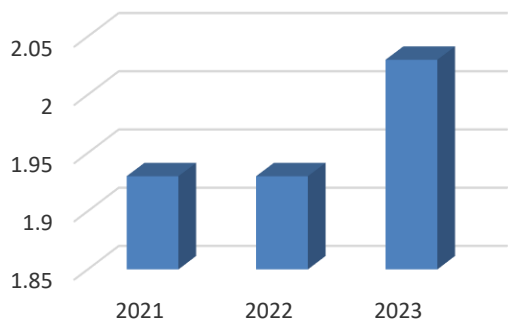
Inflation was another factor that generated high costs, especially in the category of wage costs, and we had to accept salary increases during negotiations with the Compa employees' union.

In the context of the above, the economic results, especially the gross and net profit obtained in 2023 was, compared to the level of provisions in the Income and Expenditure Budget, below the expectations of the company's management.

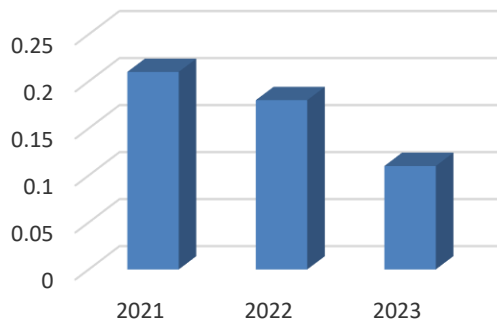
Lei

Indicators	2021	2022	2023
Turnover	705,725,717	737,001,238	767,200,685
Net profit	15,058,967	2,510,594	7,675,390
Investment volume	42,405,742	29,679,565	19,070,269
Average number of staff	1,879	1,807	1,792
Current liquidity	1.93	1.93	2.03
Indebtedness	0.21	0.18	0.11
Rotation speed of fixed assets	1.47	1.58	1.75
Rotational speed of flows – clients	66.64	68.85	67.31
EBITDA	63,716,237	53,301,309	67,061,914

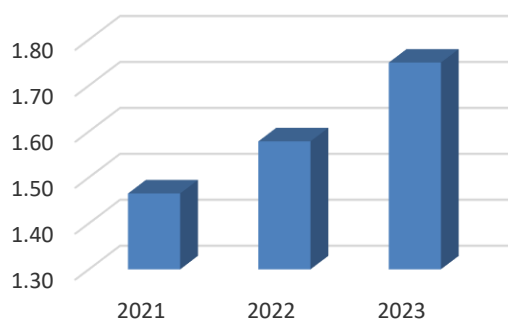
Lichiditate curenta



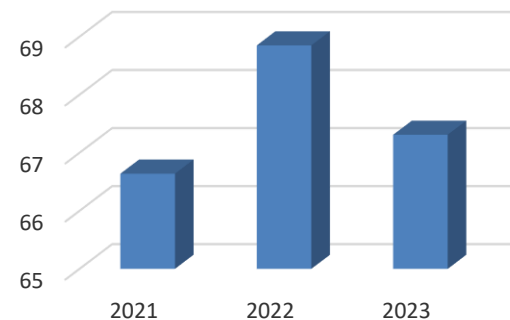
Gradul de indatorare



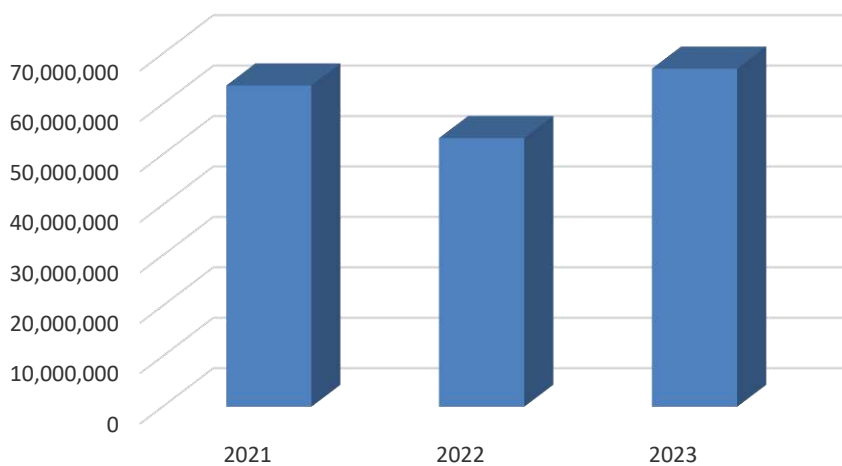
Viteza de rotație a activelor
imobilizate



Viteza de rotație a debitelor –
clienți



EBITDA



5.PRODUCTS, PROCESSES

5.1. PROFIT CENTER – Decentralized organizational structure for managing COMP A

The production activity within the parent company COMP A is organized into Profit Centers. These "*profit centers*" are actually production sections/workshops where families of similar products are made from a constructive and technological point of view, equipped with machines and equipment specific to the production of these products, being decentralized production units. The economic activity is organized in such a way that in each *profit center* the profit and loss account is prepared monthly, a document extremely important for knowing the income and expenses so that by summing up the profit and loss accounts of the profit and loss centers the profit and loss account is obtained at COMP A level.

There are also profit centers specialized in making a wide range of products similar in terms of manufacturing processes such as: forged products, products made by stamping, surface coatings (galvanizing, phosphating), heat treatments, etc., products for several customers. So, profit centers are structured for the realization of certain types of products, regardless of the customer to whom it is delivered.

By decentralizing the activity, respectively organizing these production sections/workshops, on profit centers, operations managers, those responsible for profitability management of these production units were entrusted with multifunctional teams, dimensioned with personnel, respectively directly productive workers and indirectly productive personnel, support services, in areas such as: production, technical, quality, maintenance, logistics, improvement, instruction.

Operations managers, managers of the multifunctional management team have the obligation to achieve each product at the profitability level included in the price negotiated with the business partner. In this direction is oriented the activity of multifunctional teams of profit centers: to comply with the established standard costs, to permanently reduce costs, to obtain the planned profit of each manufactured product.

COMP A manufactures a wide range of products and operates with various processes. Their grouping, in order to quantify the value of manufactured production both in the Annual Reports of the Board of Directors and for various statistical reports, etc., are based on a certain functional similarity of them, branches or industrial sectors, etc.

Thus, the organizational and logistical structure is coherent and can be understood by COMP A shareholders and investors, business partners, etc.



In addition to the obvious advantages of how COMP A is organized into profit centers, there are of course some disadvantages of the current decentralization of COMP A, with an impact on overall costs within the firm. Among these disadvantages of the current decentralization, implemented within COMP A, with impact on costs, we mention:

- an increased number of indirect technical and administrative personnel, specialized in carrying out operations specific to Profit Centers, people who at certain Profit Centers are not loaded to capacity,

- lack of flexibility and efficiency when in certain periods of time, at a certain profit center, urgent additional requirements arise from customers
- high volatility in the evolution of orders from customers in these very uncertain times, impacted by the unpredictable transformations and changes generated by political and military conflicts in Europe and worldwide. Therefore, the Board of Directors, the executive management of the company, considers the appropriate readjustment of the organization and management of the company's activity, to ensure the maximization of the degree of efficiency of all sectors and processes within the company.

5.2. Evolution of turnover

As can be seen from the tables presented below, the turnover achieved in 2023 registers an increase of 4% compared to 2021, and of 4% compared to 2022.

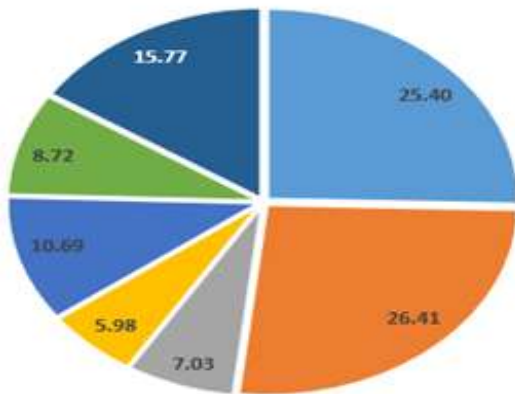
- **The evolution of turnover achieved between 2021 and 2023 by product groups is:**

No crt	Product group	Mil. RON		
		2021	2022	2023
1	Components for commercial vehicle engine injection systems	224.27	191.06	194.87
2	Components for car engine injection systems	141.83	154.28	202.64
3	Components for windshield wiper systems	50.60	38.78	53.91
4	Sprockets, steering boxes	31.80	39.15	45.86
5	Subassemblies for turbochargers	82.90	81.19	82.01
6	Mechano-welded subassemblies	42.81	63.54	66.93
7	Non-automotive products	131.62	169.00	120.99
TOTAL COMPA		705.70	737.00	767.20

- **The evolution of the share of turnover by product groups during 2021-2023**

PRODUCT CATEGORY	2021	2022	2023
Components for car engine injection systems	31.76	25.92	25.40
Components for commercial vehicle engine injection systems	20.10	20.93	26.41
Components for windscreen wiper systems	7.17	5.26	7.03
Sprockets, steering boxes	4.51	5.31	5.98
Turbo blower subassemblies	11.75	11.02	10.69
Welded mechanical subassemblies	6.07	8.62	8.72
Non-automotive products	18.65	22.93	15.77
TOTAL COMPANY	100.00	100.00	100.00

2023



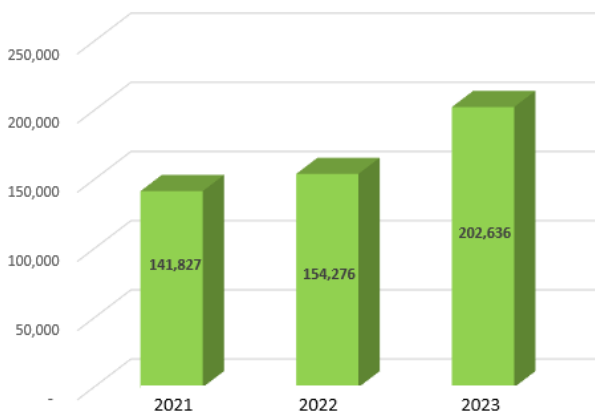
- Componente pentru sisteme injectie motor vehicule comerciale
- Componente pentru sisteme injectie motor autoturisme
- Componente pentru sisteme stergator parbriz
- Pinioane casete directie
- Subansamble turbo suflante
- Subansamble mecano sudate
- Produse non auto

• **The evolution of the turnover of components for car engine injection systems, during 2021-2023**

There is an increase in components for engine injection systems for cars, as a result of increases in the market, the volume of electric hands produced is different from the forecast.

We mention that this product group is intensively monitored in order to reduce its share in Compa's total business. In 2023, the share of groups for injector systems 26.41% of the total turnover compared to 20.93% recorded in the year.

Componente pentru sisteme injectie motor autoturisme

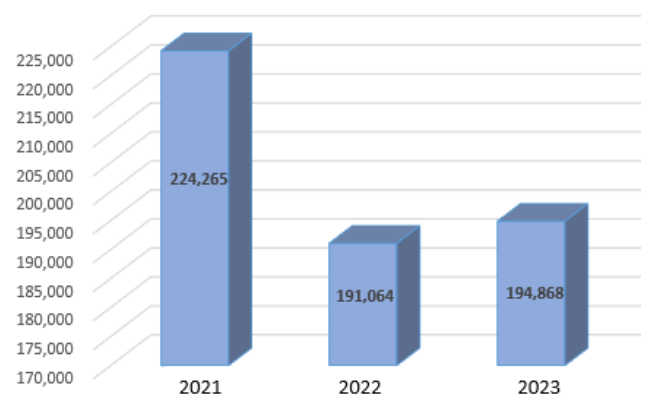


• **The evolution of the turnover of components for commercial vehicle engine injection systems, during 2021-2023**

In the chart below we can see the evolution of turnover in this group in the last three years:



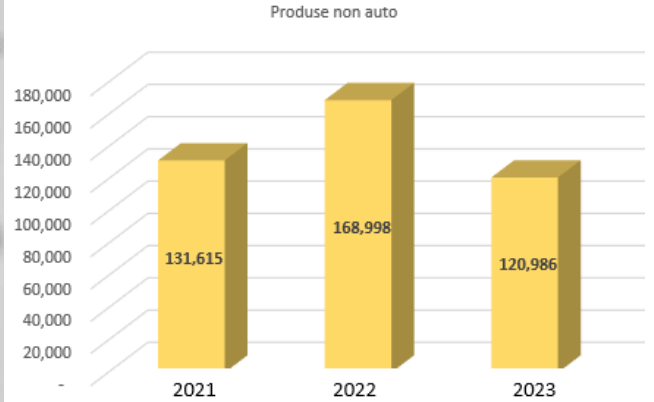
Componente pentru sisteme injectie motot vehicule comerciale



• **The evolution of the turnover of some non-automotive products, during 2021-2023**

In the non-automotive product group, which is also monitored mainly at the level of Compa Top Management, their share in total turnover increased from 15.77% in 2023 to 22.93% in 2022.

This trend will also manifest itself in the future, the company's management is mainly oriented towards achieving this desideratum.



5.3. NEW PRODUCTS, PROCESSES APPROVED IN 2023

The technical and research and development function has as main objective the development of new products, being deeply involved in actions to define and adopt the most efficient technological processes, so that the price offers presented to customers are as attractive as possible to win as many projects as possible.

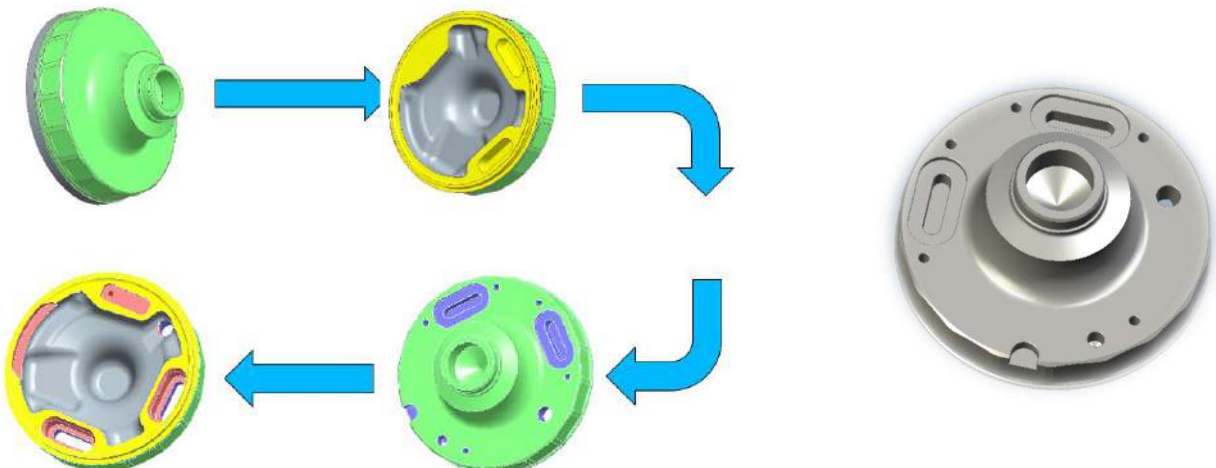
In this activity, there are important calls for tenders for products specific to Compa's manufacturing profile. In this context, the concerns of recent years are oriented towards the purpose of offering non-diesel or even non-automotive products, to ensure a portfolio of new, diversified products, less vulnerable to the profound changes of the last period, in the automotive field and beyond.

These are the reasons why Compa has also focused its concerns on the manufacture of complex, high-value-added components in the machine tool manufacturing industry. The transition to the realization of complex products in the field of machine tools, respectively to the manufacture of booths for CNC machines delivered to machine tool manufacturers, represents a positive, promising element in business development in this new field for COMPA.

In 2023, the production of new products continued, for which the necessary production capacities were ensured, with an impact on production in the next period as well.

Among these products we mention:

- "Deckel"-Cover for ZF new customer picture 2023; to standardize the processes for making these references, a new process was developed with the help of Chiron machines and Mazak lathes



- Intermediate axes for ZF customer – capacity increase; to standardize the processes of making these references, a new process was developed with the help of Chiron machines and Mazak lathes.



New types of components for WILO fluid pumps



New types of welded mechano subassemblies (baskets) approved in 2023 for lifting and working machines at height have been robotized



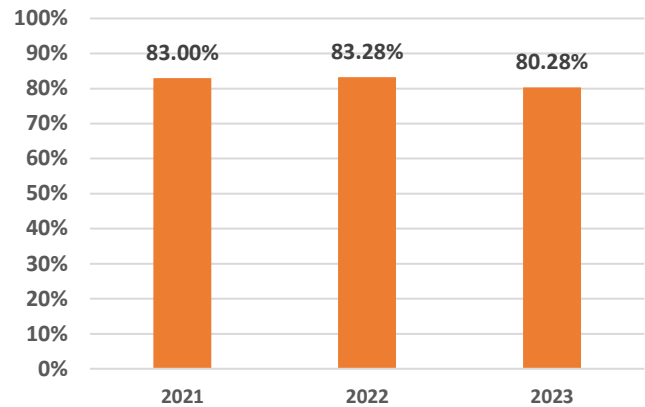
6. PROCUREMENT – SUPPLIERS

Valuation of purchasing activity:

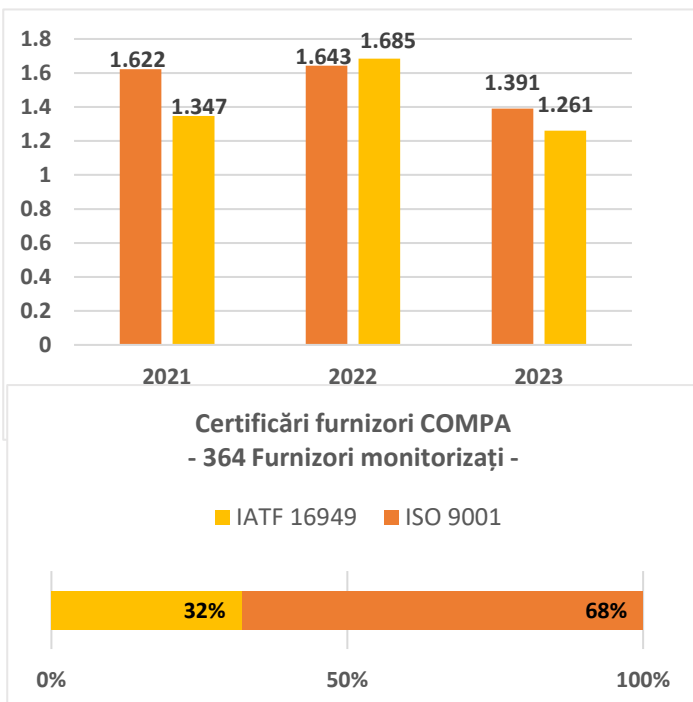
The purchasing activity has continuously developed in recent years with the development of the company. The company's focus on large customers in the automotive industry, but also on those in the non-automotive industry, has led to a considerable expansion of the supplier database as well as to an increase in the share of imported suppliers in total purchases. This is due to the high level of specialization required of suppliers.

Also, in the next period, it is estimated that the value of semi-finished products in total purchases will decrease, in favor of basic materials, largely due to the development of new processes in COMPA for both the automotive and non-automotive sectors with a high degree of integration for which most operations are executed internally.

Valoarea procentuala a achizițiilor din import în total cumpărări 2021-2023



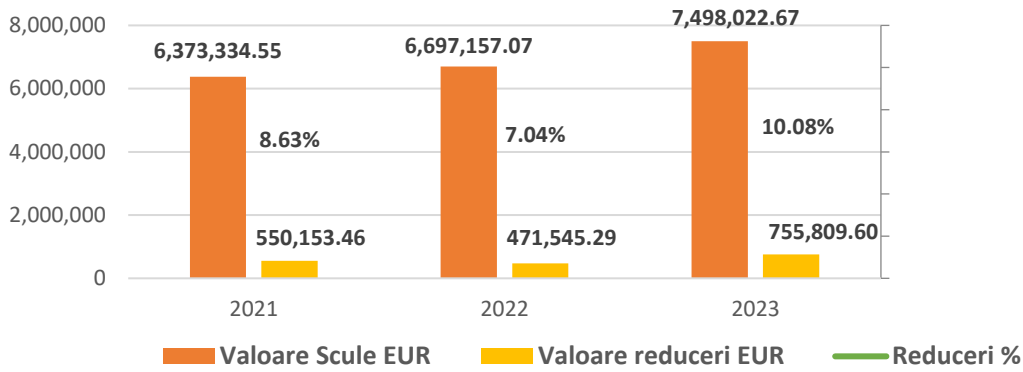
6.2. The main objectives of the department are:



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

Market prospecting and finding new supply solutions as well as developing suppliers with whom there are collaborations in order to obtain the best price and quality level in the products supplied by collaborating only with certified suppliers. COMPA monitors and evaluates on a monthly basis all suppliers whose products are incorporated or influence COMPA products. This category includes a number of over 360 suppliers who are evaluated according to criteria related to the quality of delivered products and logistical criteria.

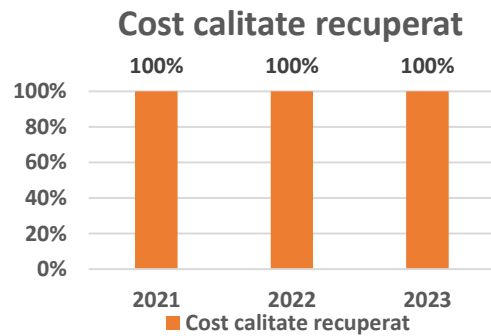
Improving the performance of cutting tools (e.g. drills, reamers, milling cutters, inserts, etc.) is achieved by testing and implementing new and innovative solutions that reduce the cost per part.



Recovery of costs generated by non-quality of supplied products. The costs generated by non-compliant products delivered by suppliers are monitored and recovered every year.

Establish a responsible supply chain by collaborating with suppliers who comply with COMP A's principles and vision in the field of quality, environment and occupational health and safety by adhering to and implementing policies and regulations addressing these issues, by adhering, certifying and aligning with regulations/standards addressing these issues.

COMP A maintains and requires its suppliers to take a proactive approach to managing environmental impact, social responsibility and the adoption of progressive labour, health and safety policies. COMP A encourages and supports the local business environment through existing commercial relationships, existing contracts and new/future projects in which its partners are/will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.



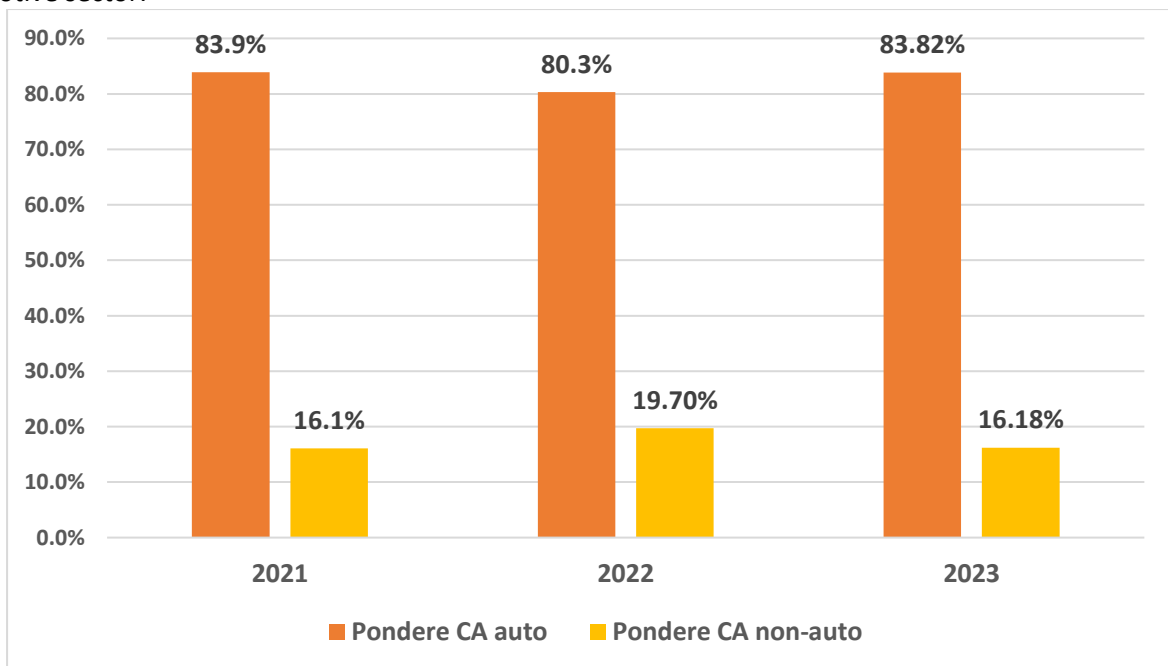
7. SALES

COMPAsALES ACTIVITY

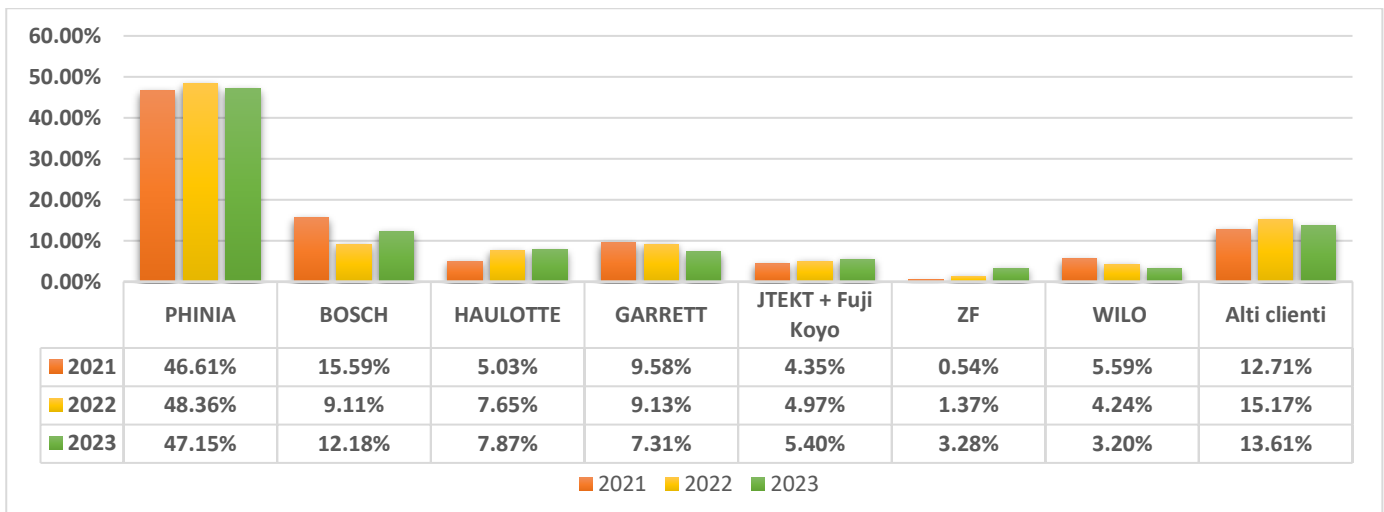
During the analyzed period, the marketing-sales activity was focused on several main activities, namely on expanding and strengthening collaboration with existing partners by assimilating new projects and attracting new customers from other non-automotive industries. It was also considered the assimilation of new projects in COMPAsworkshops where there is still free production capacity: hot forged parts, springs, stamped parts, tooling parts, drive shaft service, surface coatings and metrological services. In particular, the aim was to replace the production of parts for diesel engines, with a focus on components for electric cars that will represent the future of the automotive industry.

During 2023, production capacity for certain projects for the ZF customer was expanded, where volumes were increasing and sales prices were also updated in line with market developments.

The evolution of COMPAturnover in the automotive sector, compared to the evolution of turnover in the non-automotive sector:

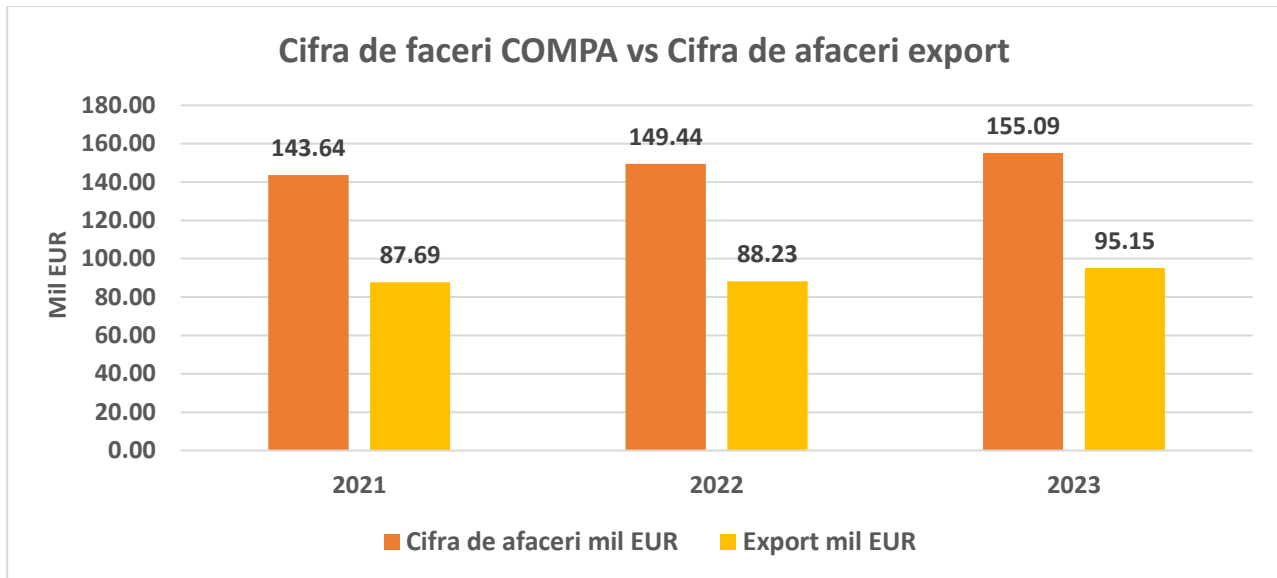


The share held by the main COMPAscustomers in turnover is highlighted in the following table:



Products made in COMPA are mainly intended for export. In the last 3 years, export accounted for an average of 60% of COMPA's turnover.

Evolution of export compared to turnover:



During 2023, several new projects were won, both for existing customers (WILO, DAIKIN, PHINIA) and for new customers (INTERLIT, MARSHALL, etc.). The annual turnover, generated by these projects at maturity, is 1.4 mil. euro.

Objectives, trends and strategies on medium-long term:

- development of new projects for non-automotive customers;
- strengthening commercial relations with existing customers;
- promoting manufacturing processes where Compa has free production capacity;
- assimilation of products with high added value;
- developing COMPA as an integrated supplier by using as many existing processes as possible in the portfolio;
- identifying and winning new projects for electric vehicles.

8. OUR EMPLOYEES

8.1 Staff, their values and belief

COMP A takes a strategic and coherent approach to how the organization's most important resources – people – are managed. Thus, human resources management aims at the process of achieving organizational objectives by attracting, retaining, developing and efficiently using human resources in the organization.

COMP A believes that the human factor has a major influence on achievements in society. The values and beliefs of human resources must be known and promoted for the formation and development of an organizational culture conducive to performance.

The following aspects are important and are milestones for development:

- Contribution to achieving the organization's objectives through people;
- Creating an optimal organizational structure;
- Ensuring competent human resources through recruitment and selection;
- Adapting human resources to requirements – development and training;
- Creating and strengthening motivation (material and non-material reward), performance management;
- Creating and maintaining fair relations between employer and employees.

As far as human capital management is concerned, it was assumed that the achievement of strategic objectives depends primarily on the human factor. The development of the company involves elements that create long-term value and can ensure the future performance of the organization.

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

- Ensuring the availability and continuity of the workforce by preserving the values in the organization;
- Early recruitment of graduates with higher education;
- Increasing the level of polyvalence by broadening the sphere of competences;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focusing training on the individual to increase staff skills and efficiency;
- Strengthening the payroll system after performance;
- Capitalizing on the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system.

8.2 Strategic objectives

The main strategic axes pursued are:

- Involvement in the development of university technical education, by supporting the integration of theoretical knowledge with practical ones, through internships at a potential job;
- Ensuring human resources through involvement in supporting dual education, apprenticeship programs, qualification, including through programs financed from European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Development of soft skills and specific skills;
- Developing the framework in which communication with employees takes place to support performance and trust, as well as in special crisis situations;
- Partial transfer of the training activity to the online environment;
- Re-evaluation of motivation strategies;
- Digitization and efficiency of human resources processes;
- Re-professionalization and transformation of skills correlated with technical and technological changes;
- Projects for the development of human resources financed from European funds;
- Programs for career development.

8.3. Recruitment and selection policy

In 2023, 1909 job offers (CVs, applications, letters of intent) were submitted. 905 people participated in interviews (interview, work tests, psychological tests) in order to fill vacancies.

Of these, 395 were hired, 97 were rejected for professional reasons at interview/work tests, 90 were rejected for other reasons (illiteracy, health problems incompatible with working conditions) and a number of 323 people gave up the offered position for various reasons (work environment, working hours, salary).

8.4. Wage and social policy

During the meeting between the representatives of the Employer COMPA S.A. and the representatives of the Independent Free Trade Union Sibiu in September 2023, the parties empowered to negotiate the Collective Labor Agreement for the years 2022-2024 agreed the following:

- Amending, starting with October 2023, the salary grid by including in the basic salary the gross amounts corresponding to salary increases (seniority bonus, bonus for attracting workforce, bonus for systematic overtime work, foreign language bonus, bonus for difficult working conditions, bonus for dangerous conditions, bonus for harmful conditions);

- With regard to the seniority increase, the parties established the following:

- For existing employees on 01.10.2023, the seniority benefit will be kept in the future, hereinafter referred to as fidelity in COMPA, and for new employees fidelity will be applied in COMPA;

- For employees existing in COMPA on 01.10.2023, the gross amount corresponding to the percentage corresponding to the seniority tranche existing at the time of the change has been added to the basic salary. After the amendment, a percentage salary increase of 5% is applied to the fulfillment of the current seniority installments until the completion of the last seniority installment as the period worked, namely 20 years;

- The seniority tranche existing at the time of the change is hereinafter referred to as fidelity in COMPA;

- For employees employed after 01.10.2023, the new fidelity clauses in COMPA apply;

- As regards the provisions relating to bonuses, they shall be amended as follows:

(1) The bonuses granted under the terms of this contract are:

a) bonus for overtime worked on days planned as working days: 75%;

b) increase for overtime hours worked on rest days: 85%;

c) bonus for overtime hours worked on public holidays in which, according to the law and the Collective Labor Agreement, no work is performed: 100%;

d) bonus for hours worked during the night: 25%;

e) bonus for exercising another function; an increase of up to 50% of the basic salary of the replaced position may be granted, starting with the 3rd month of cumulation;

The employee who fully fulfills the duties of a position superior to that on which he is employed, for a period longer than 2 months, will benefit from the salary of this position for the entire period worked under these conditions. During this period, the employee is relieved of the duties of the initial position.

- Also, starting with November 2023, a salary indexation of 7% was applied; With the indexation of the salary grid, the benefits deriving from it (Christmas and Easter bonus, holiday premium, travel allowance, etc.) were indexed with the same percentage.

In 2023, meal vouchers worth 30 lei / day were granted to all employees, and starting with October 2023, the value of the meal voucher changed to 35 lei / day. Occasional gift vouchers were also given.

Between the management of the company and the employees there are employment relations within the limits of the Labor Code and the Collective Labor Agreement.

On a weekly basis, briefings and consultations take place between management and employee representatives. Compared to previous years, relations have improved, understanding and communication have increased, and the two sides have participated in joint meetings. As a result, there were no periods of stagnation of the production process due to the onset of labor disputes.

8.5. Social responsibility

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

- Taking responsibility for the impacts we produce on society, economy and environment;

- Transparency of our decisions and activities, which may affect society and the environment;

- Respecting and promoting ethical behavior: honesty, equity and integrity, as values that concern us, in relation to people and the environment;

- Respect for the interests of stakeholders in our decisions and activities;

- Ensuring compliance with all applicable laws and regulations;
- Compliance with international norms of business behavior;
- Respect for and promotion of human rights, which we consider inalienable and universal.

8.6. Guidelines The main themes of action are:

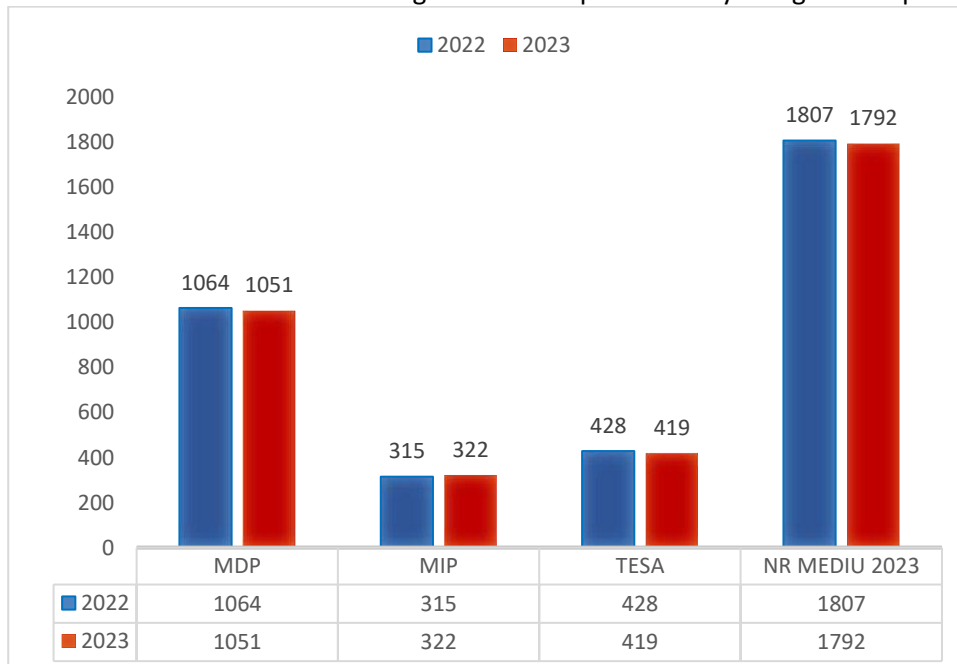
- Ensuring an organizational management as a way of managing and carrying out activities in an ethical and responsible manner;
- Respecting and promoting human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights;
- Applying appropriate labor practices to ensure working conditions and social protection according to applicable legal standards and regulations;
- Protecting the environment as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies;
- Applying fair practices as a way of ethical conduct in relations with other organizations and individuals, respecting applicable national and international laws and regulations;
- Responsibility towards customers and consumers for ensuring their right regarding the security of use, information, choice, expression, correction, education, in relation to the products and services provided by our organization;
- Involvement in community development as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or partnership with it.

8.7. Performance indicators of Human Resources processes

Average number of staff

The evolution of the average number of staff in 2023 registered an insignificant decrease compared to the same period of 2022, from 1807 employees to 1792 employees. This decrease occurred by correlating the number of personnel with the temporarily reduced volume of activity.

The graph below shows the evolution of the average number of personnel by categories of personnel:



	2022	%	2023	%
MDP (Direct Productive Workers)	1064	58,88%	1051	58,65%

MIP (Indirect Productive Workers)	315	17,43%	322	17,97%
TESA (technical-economic)	428	23,69%	419	23,38%
TOTAL	1807	100,00%	1792	100,00%

It is found that the average number of staff recorded an approximately constant value, the proportions of the three categories of staff also remaining approximately the same.

Labor productivity

Labour productivity, calculated as the ratio between turnover and average number of personnel, recorded the following evolution:

	2022	2023
Labor productivity (thousand lei/pers.)	429,62	449,70

At the end of 2023, labor productivity registered a cumulative value of 449.70 thousand lei/person, 4.7% higher than the value recorded for this indicator at the end of 2022.

Staff turnover

Staff turnover, calculated as the ratio between the number of voluntary departures and the total number of employees, recorded the following evolution during this period:

	2022	2023
Staff turnover (%)	25,82	19,14

Analyzing the evolution of staff turnover, there was a significant improvement of 25.9% of this indicator compared to the value recorded last year.

Staff training

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

In this context, all staff is involved in the continuous training process aimed at eliminating the gap between the skills required by the job and the existing ones, providing integrated, validated, certified personnel at the workstation, acquiring / broadening the scope of competences, in order to meet the challenges generated by the new wave in the technological evolution of production (Industrialization 4.0, digitization, etc.).

The training programs carried out in COMPA aim to meet the needs of each employee. To achieve this goal, the Vocational Training Centre was established in 2005. The programs developed through the center aimed to qualify / retrain employees in trades such as: CNC machine tool operators, welders, mechanical locksmiths, machine mechanics, tool-molders, metrology technicians, drillers-threaders, forklifters, crane machinists. So far, a total of 3276 people have acquired a qualification through this center. Next, we aim to diversify, adapt the educational offer by authorizing new programs required by the projects developed within COMPA and by our clients, to conclude partnerships and to access funding sources from European funds.

In order to ensure/maintain employees' skills at workstations, individual training needs are collected annually, which are centralized in the Annual Training Plan, structured by areas, so as to cover the needs of all functions. Regarding the number of hours of training for 2023, the target is 30 hours / employee / year.

Apprenticeship

For new employees who want to acquire a qualification or retrain, COMPA develops apprenticeship programs that enable them to easily integrate into new jobs, obtain a recognized certification, raise their level of knowledge, satisfaction and responsibility. Currently, 2 employees attend the apprenticeship program, and at the end of the training period they will obtain the qualification of MUCN operators. In the future, we intend to continue this program, to increase the chances of new employees to qualify/retrain.

Projects developed with European funds

In order to become increasingly competitive in terms of productivity, quality, customer satisfaction, resource and environmental conservation, investment in human capital will continue to grow, including by attracting European funds or from other sources.

So far, COMPA has implemented or is being implemented projects aimed at developing the skills of its own employees, projects aimed at facilitating the transition from school to the active life of pupils and students.

Since the beginning of the year, a number of 32 students from "Lucian Blaga" University of Sibiu, Faculty of Economic Sciences and Faculty of Engineering have completed internships in COMPA, within the project INSPIRE - Necessary Initiatives for Innovative Internships for Economic Revitalization - ID 133017.

Sustainable school-enterprise partnerships

The company's partnerships with technical and vocational university education institutions in Sibiu date back to the 70s, with the establishment of the Institute of Higher Education, currently the Faculty of Engineering "Hermann Oberth" and of the IPAS High School, currently the Technological High School "Henri Coanda".

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

The partnerships concluded mainly aim to involve COMPA in two directions related to improvement:

- Theoretical training through contributions to the adaptation of the university curriculum and adaptation of the curriculum in local development to the needs of the employer;
- Practical training by ensuring pupils' and students' access to modern work environments, to advanced technologies and equipment, to knowledge and understanding of processes developed on production lines.



COMPA and dual education

COMPA, throughout its existence of over 135 years, has permanently relied on vocational education, being one of the companies that anticipated the need to implement the dual education system. The beginnings of dual education in COMPA were in 2005, with the commissioning of the Vocational Training Center, a modern technical platform equipped with numerical control machines and which was made available to the "Henri Coanda" Technological High School, a high school with which we have partnerships since its establishment.

Every year, approximately 70 students from vocational education - CNC machine tool operator, respectively about 65 students from high school education - mechatronics technician, perform internships and technological laboratory hours in COMPA. All students who have internship contracts with COMPA, benefit from financial support: scholarships, payment of dormitory fees, meals, school supplies and employment offers upon graduation.

The campaigns to promote the educational offer and the benefits brought by dual education, in which COMPA participated together with the "Henri Coanda" Technological High School in a sustained manner, have materialized in constantly attracting students to vocational and technical education.

Risks identified in Human Resources activity

COMPA continuously carries out coordinated actions to direct and control the organization regarding risks in all areas and at all levels.

Regarding the human resources activity, during 2023, the following risks were identified that could determine the non-fulfillment or defective fulfillment of the human resources supply process:

- - temporary lack of qualified personnel for certain activities, either due to lack of supply on the labor market and due to the lack of correlation of the educational offer with the requirements of the labor market;
- - relatively high staff turnover mainly due to incomplete identification of employees' motivation needs and salaries uncorrelated with the local labor market for certain categories of personnel;
- - skills of staff below those required for job service, due to educational offer not correlated with market requirements as well as due to failure to properly observe the stages of the training process;
- - diminishing the company's activity due to the current context in the business environment;
- - more difficult communication with staff employed from abroad.

The potential effects of the identified risks may be mainly: delays in the activity of workshops, respectively delays in delivering products to customers as well as inadequate quality of work performed by employees.

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

- - involvement in the development of local technical education by providing resources for dual system education and for technological, high school education;
- - providing resources with qualified personnel from abroad;
- - apprenticeship programs for new employees;
- - effective internships for pupils and students;
- - qualifications / retraining / post-secondary school;
- - career management; succession management for key positions;
- - reducing staff mobility by transferring activities to the online environment;

Opportunities identified in Human Resources activity

Regarding the opportunities identified in the process of ensuring human resources, they are:

- the existence of the COMPA Vocational Training Center, whose mission is to align with European training standards and which ensures professional qualification and retraining, promoting modern training techniques and methods as well as developing the school-enterprise relationship. Training through the Vocational Training Center aims at reducing the integration period of new employees, rapid accumulation of skills and experience, increasing the performance of practical training, knowledge and adaptation to the industrial environment.
- involvement in correlating the educational offer with the requirements of the labor market. COMPA is a member of the Local Committee for Social Partnership Development Sibiu, a committee dealing with administrative organization and policies in the field of education and vocational training. In this capacity, COMPA is actively involved in developing annual schooling plans for vocational and technical education, in facilitating the conclusion of agreements for the practical training of pupils, promoting actions aimed at the transition from school to work, for socio-professional integration and in developing and implementing projects for the development of vocational and technical education at national/ regional/ county level;

9. INTEGRATED POLICY ON QUALITY, ENVIRONMENT AND HEALTH AND SAFETY AT WORK

Quality, environmental protection, health and safety at work are part of the values we hold dear, being integrated into the long-term development strategy of our organization and are some of the aspects that represent us. We are aware that both the quality of products and services, care for the environment, continuous improvement of working conditions and prevention of occupational risks and involvement in the life of the community to which we belong, in full compliance with the requirements of the legislation in force, are essential for our success.

By virtue of these things, for their implementation, the important directions in which we act are the following:

Climate impact

- We are committed to ensuring carbon neutrality related to energy supply and production;
- We continuously strive to reduce the carbon footprint of our products, logistics processes and products;

Power consumption

- Our organization has an extensive energy efficiency improvement program aimed at reducing energy consumption;
- We are engaged in a program of diversification of energy production aimed at increasing the share of renewable energy;

Resource Management

- Our cost reduction program focuses on identifying solutions to reduce the consumption of raw materials and materials with a direct impact on the type and quantity of waste generated;
- We are committed to the continuous improvement of wastewater treatment methods and reduction of the quantities of pollutants released into industrial water;
- We are firmly committed to continuously improving technologies that allow capturing and reducing the amount of gases emitted into the atmosphere.
- The most optimal management of various types of waste is at the heart of our concerns to improve internal processes

Product quality

We are committed to continuous improvement of our internal processes and associated services so as to permanently ensure the highest quality of products with direct impact on increasing customer satisfaction and reducing environmental impact by reducing the amount of scrap and waste generated.

Health and safety at work

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

Partnership with the community

- We have an active involvement in community life by supporting initiatives regarding education, sports and environmental protection;

Information Security

- Compa S.A. undertakes to maintain the confidentiality, integrity and availability of data provided, generated and held on behalf of third parties in accordance with data security requirements under GDPR – Regulation (EU) 2016/679.
- Data confidentiality is ensured by means such as access control, data encryption, employee training on data privacy and information security;

- Information integrity is ensured by maintaining internal and external consistency of the data and programs used;
- Data availability is promoted through back-up information systems that ensure permanent availability, preventing service interruptions.

9.1 Environmental aspects

Within the company are identified and evaluated the environmental aspects determined by the activities, products and services performed:

The main technological processes integrate on a large scale mechanical processing equipment (CNC type) associated with defect detection procedures and statistical control methods; in addition to them, laser processing technologies, surface coatings, heat treatments, hot or cold processing of materials (forging, pressing), welding, mechanical assemblies (partially or fully automated) are used;

The main groups of products made in COMPA are: subassemblies and injector components; windshield wiper components and subassemblies; central crankcases, flanges and rollers for turbochargers; gears for steering gears; steering column components; Bows; stamped, stamped parts; forgings; cardan transmissions; mechano-welded metal structures; components for air conditioning installations; injection system components and valves, moulds and tools.

The main services offered are: design and execution of industrial equipment, molds and tools, surface coatings, heat treatments, calibration and repair services for measuring instruments, laboratory physicochemical testing and analysis, cardan service (EDS), training courses.

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

Environmental aspects are assessed annually and whenever necessary, as a result of changes in execution technologies, introduction of new raw materials/materials/equipment, changes in legal, regulatory and customer or other stakeholder requirements, specific conditions at work sites, etc. Based on these analyses, the ways to control the environmental aspects associated with the firm's activities are updated.

9.2 Objectives and targets. Environmental management programs

Annually, at the level of each department, environmental objectives are established that take into account significant environmental aspects, compliance obligations and identified risks and opportunities.

When setting environmental objectives and targets, the following shall be taken into account:

- activities and services of the company;
- compliance obligations;
- significant environmental aspects;
- technological options;
- material, financial and human resources;
- Views of interested parties

The planning of actions to achieve environmental objectives is materialized in **the Annual Environmental Management Program**, whose main **objectives** in 2023 are:

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

The overall strategy for achieving these objectives and on the basis of which the actions specific to the Annual Environmental Management Programme are defined shall comprise the following points:

- programmes for monitoring and measuring environmental status indicators for the prevention and control of emissions into the atmosphere, waste water, noise, soil pollution, hazardous substances and mixtures, hazardous and non-hazardous waste
- preventive maintenance programmes for relevant installations and equipment;
- methods for recording maintenance and maintenance needs;

- Environmental management programs with environmental objectives and targets for pollution reduction and control
- plans to prevent and combat accidental pollution;
- trainings (courses, operative meetings) through which all staff is made aware of the implications of the regulation given by the integrated environmental authorization for the company's activity, of all environmental effects resulting from the operation in normal and abnormal conditions of the installations, awareness of the need to report the deviation from the integrated environmental authorization conditions, prevention of accidental emissions and taking measures when emissions occur accidental, awareness of the need to implement and maintain training records;
- reports and notifications to the competent environmental authorities in accordance with permits held by COMPA.

9.2.1 Partnership with the community

We have an active involvement in community life by supporting initiatives regarding education, sports and environmental protection.

9.2.2 Management systems considerations

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

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

The internal performance on compliance with the requirements of the standards, as of Q2 2023, is presented below (no notable events occurred):

For 2023:

<i>Management system</i>	<i>Target/objective</i>	<i>Achieved</i>
IATF 16949:2016	90,0%	75,0%
ISO 9001:2015	90,0%	80,0%
ISO 14001:2015	90,0 %	85.0%
ISO 45001:2018	90,0%	90,0%

In April 2023, a third-party, surveillance audit was conducted on all four of these systems. As a result, all four management systems were reconfirmed as effective and efficient.

10. RISK MANAGEMENT

10.1. General aspects of Risk Management in Compa

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

Within Compa there is a permanent concern for a pragmatic, proactive approach to risk management to identify all categories of risks that can act to achieve the company's objectives. An important step in managing risks in the company as a whole is to identify on all organizational levels of the company the types of risks that we know exist, as well as the consequences that may arise in achieving the objectives set at each level.

At the same time, responsibilities have been established at all levels in order to take specific measures to solve the problems arising from the action of those risks.

10.2. Categories of risks with potential impact on Compa's business

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

10.2.1. Risks from operational activity at profit center level

Risks arising from failure to insure resource needs during certain periods of the year

- failure to provide at order level the production capacities necessary to meet volumes required in excess of the initial provisions, ordered during certain periods. There are rare, occasional situations, and the risk of non-delivery of additional quantities ordered by certain customers in certain limited periods of time is solved by scheduling the manufacture of these additional volumes on days off (Saturday or Sunday)
- The temporary lack of materials or tools is a risk to be taken into account, especially in a year with major disruptions in the supply chain due to external European and global factors. The risk of stopping manufacturing at the customer has been eliminated by supply measures by fast means of transport (special transports by plane or nonstop transport vehicles) and other operative measures.
- providing human resources, especially the need for skilled workers, is one of the the most serious problems faced by companies in the Sibiu area.

In order to mitigate the effects of this risk, Compa contacted companies authorized to recruit labor force from outside Romania, so that currently a number of 76 qualified workers (CNC machine operator and welders) are already employed, coming from India, being in the process of insuring in the future other workers, also from India.

For these workers recruited from outside Romania, decent accommodation conditions were provided, being integrated in a short time into Compa's manufacturing processes. In addition to recruiting foreign personnel, great efforts are made within the company to stabilize existing staff, to reduce fluctuation, adopting measures to attract and retain AMPA staff.

The current legislation does not stipulate the obligation to respect the contracts concluded with local employers. There is a migration of skilled workers under contract to companies that pay better without the consent of their employers.

10.2.2. Risks with general impact on the activity of the entire company

Price risk

It was one of the risks with aggressive action, especially in the first part of 2022, due to the explosive increase in prices of utilities, methane gas and electricity, increases generated especially by the outbreak of the conflict in Ukraine.

COMPA's efforts to request and obtain from customers the price increases required to compensate for increases from suppliers did not materialize immediately, most COMPA customers delayed the application of these increased prices so that a large part of these influences from suppliers were borne by COMPA, with a major impact on the company's economic results in 2022.

Credit risk

Starting in 2021 and further in 2022, the Investment Programme was lower compared to previous years, especially in 2019 and 2020, when there was a peak in realised investment costs. Therefore, during 2022, credit risk had no impact on the firm's activity. The instalments related to the investment loan committed in 2019 were reimbursed at maturity and the credit lines were accessed as expected.

Liquidity risk

In order to know and avoid the impact of this risk on the company's activity, respectively liquidity risk management, cash flows, the degree of access to credit lines, as well as the evolution of receivables collection and stock levels are permanently monitored.

Investment financing resources were superior to investment expenditures, so this surplus of resources had a favorable influence on financial flows.

However, during this period, there were situations in which even the most important clients of COMP A had periods in which they exceeded the deadline for payment of invoices, requiring a permanent monitoring of the process of collecting receivables and interventions with customers, in order to comply with payment terms established by contracts.

Currency risk

The products manufactured and delivered by COMP A are intended for multinational companies, most of them outside Romania, but also for Romanian companies affiliated to multinationals. Under such conditions, almost all products manufactured and delivered by COMP A are negotiated in Euro, thus avoiding the impact of currency risk due to the evolution of the RON / EURO exchange rate.

Risk of changes in tax legislation

The lack of predictability in the field of tax legislation has a major impact on the entire economy, affecting both private and state-owned companies equally.

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

The change in the minimum wage in 2022 was a legislative change with a major impact on private companies, but we can appreciate that Compa was prepared to face such changes, so the effect of this risk was urgently counteracted.

The economic impact was easier to bear because within the company there were very few people employed with a gross salary at the level of the minimum wage in the economy.

On the other hand, the management of Compa has permanently intervened both at the level of the Employers' Organization and at the level of County and Municipal Organizations, openly expressing its opinion on certain ongoing legislative actions or even for amendments to the current legislation affecting the activity of companies.

Trends in risks and uncertainties in the period ahead

Since the second half of 2021, there has been a sharp jump in energy prices in the EU and around the world. Fuel prices have risen further as a result of Russia's unprovoked and unjustified aggression against Ukraine, which has also raised concerns about security of energy supply in the EU. Russia's decision to suspend gas supplies to several EU Member States has further affected the situation.

The recent events, namely the political and military instability in Europe and in the world, have lately created and will generate major effects on the entire world economy in the future. As a result, the price of oil, but especially methane gas, will register an unpredictable growth with a particularly strong impact on the world economy.

On the other hand, climate change as a result of increased CO₂ emissions into the atmosphere causes immense environmental disturbances and atmospheric changes.

In recent years, it has started changing the structure of car production by increasing the production of electric cars and reducing those equipped with internal combustion engines.

This rapid change is one of the major risks in COMP A's business, which has a large production exposure for cars with internal combustion engines and diesel engines respectively. In this regard, one of the major concerns of the company's management is to change manufacturing by increasing non-auto and non-diesel production.

11. INVESTMENTS, NEW PRODUCTS AND RESEARCH AND DEVELOPMENT ACTIVITY

11.1 INVESTMENT

The development strategy of Compa, respectively the preparation of production stations to the standards required by the collaboration partners, as well as the endowment of the company with state-of-the-art machines and equipment was taken after the full privatization of the company in 1999.

In the investment activity, funds were used for:

- purchase of equipment;
- modernization of existing machinery and installations;
- arrangements of production areas.

The funds necessary for carrying out the investment activity in the amount of 29.68 million MDL were provided from own sources and from European funds. The economic effects through the purchase of new equipment and technological lines are:

- increasing labor productivity;
- reduction of repair costs;
- improving the technological flow;
- increasing the quality of manufactured parts and reducing scrap;
- reducing energy consumption;
- increasing the machining precision of parts;
- increasing the safety in operation of equipment;
- reducing non-quality costs;
- increasing the efficiency of the activity through efficiency;

11.2 RESEARCH AND DEVELOPMENT ACTIVITY

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

Research and Development areas in Compa structured on two components:

- **fundamental research** that is mainly oriented by developing new products and processes applicable within Compa, and depending on the opportunities and requirements that will arise, can be extended with projects to companies other than Compa.

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

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

Within the Research and Development Center, established since 2019, the foundations are laid for the production of products of a high technical and qualitative level.

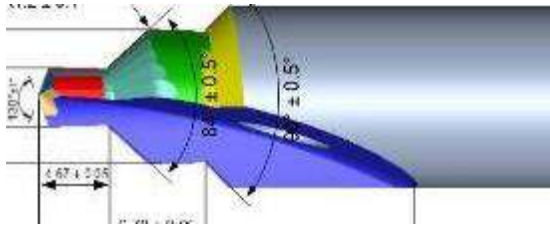
Also, in this Research and Development Center are carried out new projects and processes with applicability both within the company, but also projects with advanced technology that can be made available to other companies.

For example, we mention some projects within the Research and Development Center:

- development of the process of making electrodes necessary for electrochemical deburring used in the manufacturing processes of "GDI pump body"



- development of topical tools necessary to improve the quality of the "Nozzle NNC" part;



- development of technologies for reprofiling knives for hot cutting of bars for forging



- Development of the realization of the prototype batch for the two-cam shaft

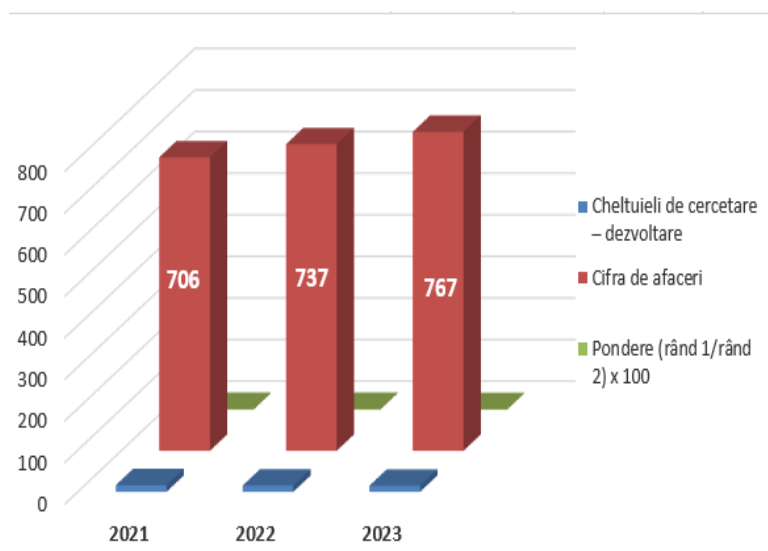


- development of spare parts, of high complexity, necessary within Compa



The evolution of R&D expenses for the period 2021 - 2023 both as an absolute value and as a share in turnover is presented below:

Indicators	2021	2022	2023
Research and development expenses	16.1	14.9	14.71
Turnover	705.7	737	767
Weight (row 1/row 2) x 100	2.28	2.02	1.92



12. TANGIBLE ASSETS

COMPAs owns tangible assets, materialized in land, buildings, special constructions, machines and means of transport, other fixed assets, ongoing assets. Their evolution in the last 3 years is as follows (net value):

INDICATOR NAME	2021	2022	2023	%	
				2023/2021	2023/2022
Land, construction and real estate investment	180,882,237	180,541,656	174,966,637	96.73	96.91
Technical installations and machines	233,750,477	238,317,690	208,811,873	89.33	87.62
Other installations, machinery, furniture	731,794	734,507	753,503	102.97	102.59
Property, plant and equipment and ongoing investment in real estate	35,470,123	13,972,841	16,622,741	46.86	118.96
TOTAL	450,834,631	433,566,694	401,154,754	88.98	92.52

The degree of wear and tear of tangible assets and real estate investments is shown in the table below:

INDICATOR NAME	YEAR		
	2021	2022	2023
Constructions and real estate investments of construction nature			
- inventory value	149,351,129	154,551,121	154,375,458
- remaining value	137,033,537	136,692,956	131,117,937
-Wear	12,317,592	17,858,165	23,257,521
- degree of wear	8.25	11.55	15.07
Equipment and vehicles			
- inventory value	660,076,885	692,381,826	679,185,274
- remaining value	233,750,477	238,317,690	208,811,873
-Wear	426,326,408	454,064,136	470,373,401
- degree of wear	64.59	65.58	69.26
Other property, plant and equipment			
- inventory value	1,920,092	1,958,465	2,060,193
- remaining value	766,796	734,507	753,503
-Wear	1,153,296	1,223,958	1,306,690
- degree of wear	60.06	62.50	63.43

13. CAPITAL MARKET

The company's shares have been traded since June 1997 on the regulated market managed by the Bucharest Stock Exchange. The nominal value of a share is 0.10 lei.

The main characteristics of the issued securities: 218,821,038 registered shares, ordinary, of equal value, fully paid-up, issued in dematerialized form and highlighted by registration in the Shareholders' Registry managed by Depozitarul Central S.A. Bucharest. COMP A is registered with ISIN code ROCMP5ACNOR9, ticker symbol CMP, in the Standard category.

According to the Register of Shareholders as of 31.12.2023, the company has a number of 7236 shareholders, of which 27.0963% are legal entities and 72.9037% are individuals.

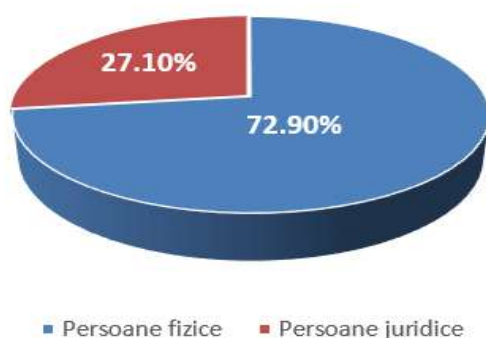
Change in the average selling price and nr.de shares traded at 31.12. 2023

Published on TradingView.com, February 22, 2024 14:27:45 EET
 BVB: CMP, D: 0,7660 H: 0,7660 L: 0,7500 C: 0,7660



TradingView

2023-Structura actionariat



During the reference period there were a number of 5075 transactions on Compa shares, and the volume of traded shares and the total value of traded shares can be found at <https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=cmp>. The change in the average price during the reference period increases.

13.1. Regarding the distribution of dividends to COMP A shareholders for 2023, distribution decided in the OGMS of 26.04.2023

The Ordinary General Meeting of Shareholders decided on 26.04.2023 that the net profit for 2022 will be distributed as follows:

Destination	Lei
TOTAL NET PROFIT, distributed as follows:	2.510.594
- Development Fund	2.009.820
-Dividends	500.774

The distribution of profit to the development fund was considered opportune for continuing the company's modernization process, further investing with new, modern, state-of-the-art equipment for modernizing existing machines and installations.

The distribution of dividends takes place for the third consecutive year, is a requirement of the company's shareholders and an obligation to its shareholders, who support the company's development policy.

The dividend payment date was 15.06.2023. The gross dividend per share was set at RON 0.0023.

13.2. Acquisition of own shares

By EGM decisions no. 18 and 19 of 27.04.2020, at the proposal of the Board of Directors, the buy-back program of own shares was approved, amounting to MDL 3.89 million.

Starting with 13.08.2020, the Company started the share buy-back program, in accordance with Hot. EGM 18 and 19 of 27.04.2020

Program size: market buy-back of a maximum of 15,000,000 own shares. Price

The proposed acquisition is:

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

Maximum monetary value allocated to the program: 3,890,000 lei, excluding brokerage commissions and other acquisition costs. The payment of the repurchased shares will be made, according to the provisions of Article 103¹ of Law 31/1990, from the distributable profit of the company, recorded in the financial statement for 2019.

Duration of the program: 18 months from the date of publication of the decision in the Official Gazette of Romania part IV (decisions were published in MO no.1712/15.05.2020).

The EGM decision of 09.09.2021 approves the implementation of the shares subject to the buy-back program approved by the EGM decisions no. 18 and 19 of 27.04.2020 of a *stock option plan* program having as objective the granting of option rights for the acquisition, free of charge, by the Company's employees and management members of the repurchased shares, in order to maintain and motivate them, as well as: rewarding them for their work within the Society. At the same time, it is approved the empowerment of the Board of Directors to adopt all necessary measures and to fulfill all the formalities required for the implementation of the share buy-back plan and to establish the criteria for granting option rights.

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

- Total share buy-back value: 3,878,223.52 lei
- Average price/share: 0.5962 lei/share

In accordance with the decision of the Board of Directors nr. 83/04.10.2021 The plan on conferring the option to acquire shares for free (stock option plan), registered under no. 81/30.09.2021 in the Company's Decision Register. According to the plan, based on allocation criteria, options are granted under the plan for 6,500,000 shares to delegated directors and key employees of the company. The deadline for exercising the option is 08.11.2022 at the earliest.

The decision of the Board of Directors dated **13.12.2022** establishes the exercise by 20 Beneficiaries of the Plan on conferring the option to acquire shares free of charge (Stock Option Plan), approved by the decision of the Board of Directors no. 83/04.10.2022 of the right to opt for a number of 6,060,000 shares by signing the Payment Agreement provided by Compa.

During February 2023, following the transmission to the Central Depository of the documents regarding the exercise of the right of option by the 20 Beneficiaries of the Plan, the transfer of shares from the company's account to the name of the Beneficiaries was made. .

13.3. Relationship with shareholders and investors

Shareholders/investors can obtain information about COMP A and the main events on the website www.compa.ro

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

According to the provisions of the Corporate Governance Code, continuous and periodic information was disseminated simultaneously, both in Romanian and English.

13.4. Matters relating to the capital and management of the company

By the decision of the OGMS dated 22.04.2021, a new Board of Directors consisting of 5 members was elected.

During the reference period there were changes regarding the capital or management of the company, as follows:

By decision no. 91/26.10.2023, the Board of Directors declares the termination of the mandate of administrator, as well as of the position of Vice-President of the Board of Directors, of Mr. Ioan Miclea starting with 22.10.2023, following his death. By decision nr. 96/8.11.2023 The Board of Directors approves the appointment of Mrs. Mihaela Dumitrescu as provisional administrator starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 1372 para. (1) of the Companies Law nr. 31/1990 and appoints her Vice-President of the Board of Directors. By the same decision, the Board of Directors approves the appointment of Mrs. Mihaela Dumitrescu as Economic Director of the company starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 143 para. (1) of the Companies Law nr. 31/1990, with the delegation of management duties of the company.

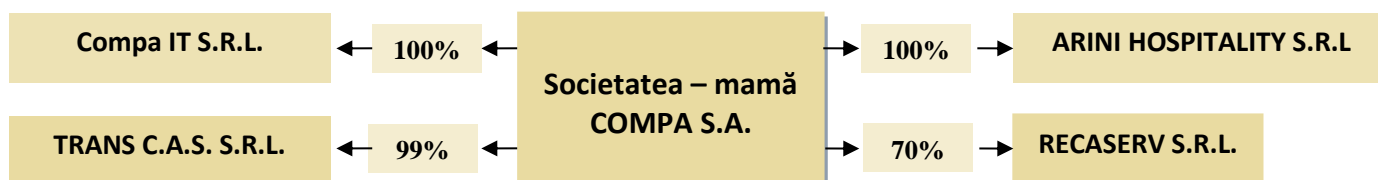
Regarding the share capital structure, on 4.12.2023, the Company is notified by Mrs. Mihaela Dumitrescu, as a person with management responsibilities, regarding the inheritance transaction, according to which it acquired a no. of 41,042,480 CMP shares. At the same time, by notification dated 4.12.2023, Mrs. Mihaela Dumitrescu informs the Company about exceeding the holding threshold, showing that she holds a number of 41,942,480 CMP shares, respectively 19.1675% of the share capital. Following these notifications, the Company prepared and submitted current reports.

During the reference period, COMP A was not unable to meet its financial obligations.

13.5. Relationship Society – parent and affiliated companies

The parent company COMP A prepares and publishes consolidated financial statements in accordance with the applicable accounting regulations, for the financial year ended 31.12.2022.

In this context, the parent company COMP A has control, respectively the share of its participations in the share capital of affiliated companies is higher than 50% in the following affiliated entities:



14. COMPANY MANAGEMENT

14.1. Board of Directors

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

- DEAC IOAN** - Executive Administrator / President of the Board of Directors
- MICLEA IOAN** - Non-executive director
- MAXIM Mircea-Florin** - Non-executive director
- BALTEȘ Nicolae** - Independent non-executive director
- NEACȘU Vlad-Nicolae** - Independent non-executive director

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

By Decision No. 1B / 28.04.2021, the Board of Directors approves the election of Mr. Ioan Miclea as Vice-President of the Board of Directors of Compa S.A., for the 4-year mandate, starting with 26.04.2021.

By Decision No. 91/26.10.2023, the Board of Directors took note of the termination of the mandate of administrator, as well as of the position of Vice-President of the Board of Directors, of Mr. Ioan Miclea, starting with 22.10.2023, following his death.

By Decision No. 96/8.11.2023, the Board of Directors approves the appointment of Mrs. Mihaela Dumitrescu as provisional administrator starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 1372 para. (1) of the Companies Law nr. 31/1990 and its appointment as Vice-President of the Board of Directors.

Thus, starting with 9.11.2023, the Board of Directors of the Company consists of the following members:

- DEAC Ioan** - Executive Administrator / President of the Board of Directors
- DUMITRESCU Mihaela** - Executive Administrator/ Vice-President of the Board of Directors
- MAXIM Mircea-Florin** - Non-executive director
- BALTEȘ Nicolae** - Independent non-executive director
- NEACȘU Vlad-Nicolae** - Independent non-executive director

Audit Committee

By Decision No. 4 of 28.04.2021, the Board of Directors approved, for the period of the new mandate, the election of the members of the Audit Committee. Thus, the Committee shall consist of the following members:

- BALTEȘ Nicolae** - Independent non-executive director/ Chairman of the Audit Committee
- NEACȘU Vlad-Nicolae** - Independent Non-Executive Director/ Member of the Audit Committee





Organizational Structure

About Us



Ioan DEAC
Chairman

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

Commercial & Deputy CEO



Dan Bălașu
Director
Purchase
Sales & Marketing
Suppliers Development

Finance



Mihaela Dumitrescu
Director
Controlling
Financial - General
Accounting
Human Resources
Training Center

Technical



Florin Acu
Director
Product Design
Process Design
Research and Development

Logistic



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

Quality & Environment



Liviu Țuicu
Director
Product/Process/
Environment Control
Product process audit
Measurements, Analysis
& Testing

Management Systems & Improvement



Cosmin Dumitrescu
Director
System Documents
Internal Audit
Improvement
Occupational Health & Safety

Production



Mihai Țuțurea
Director

Production



Sorin Firiza
Deputy Director

Maintenance



Marius Dragomir
Chief Engineer

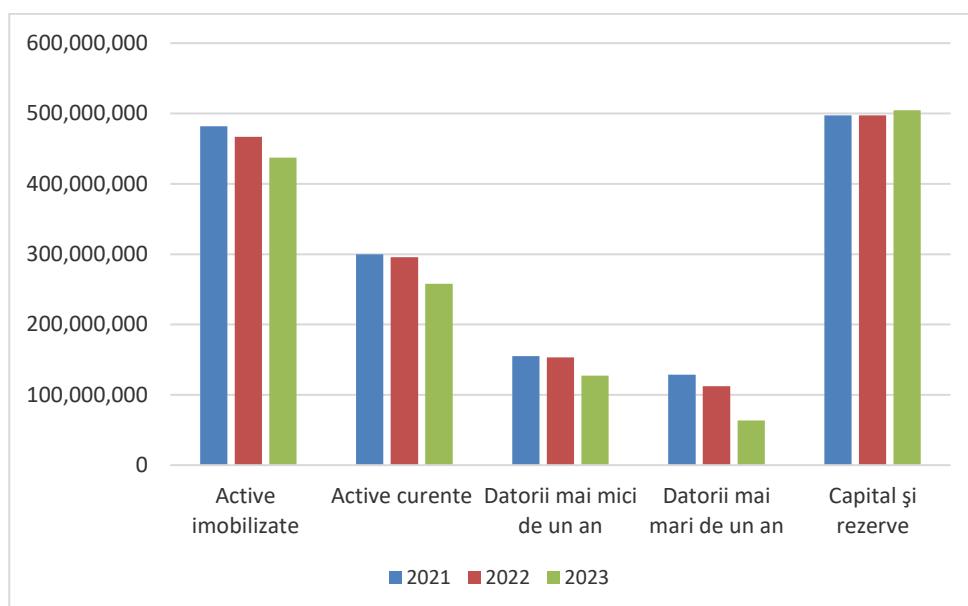


Main Menu

15. FINANCIAL AND ACCOUNTING STATEMENT

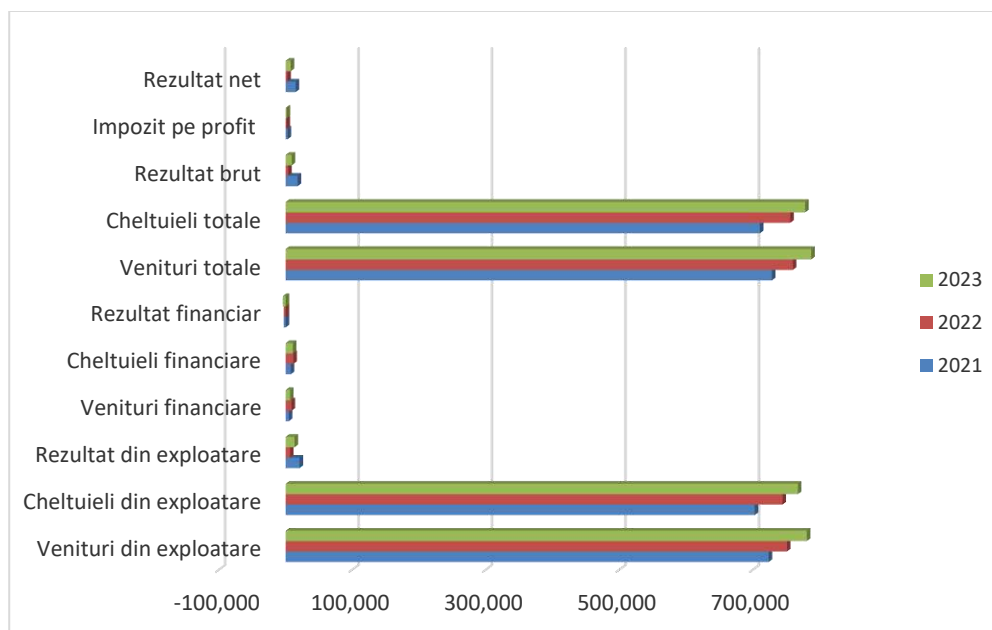
15.1. Main balance sheet items and their evolution in the last three years

Indicator	2021	2022	2023
Non-current assets	481,668,764	466,862,448	437,318,167
Current assets	299,565,637	295,628,562	257,798,200
Debts less than one year	155,179,418	153,119,238	127,149,825
Debts more than one year	128,710,606	112,265,699	63,441,677
Capital and reserves	497,344,378	497,106,073	504,524,865



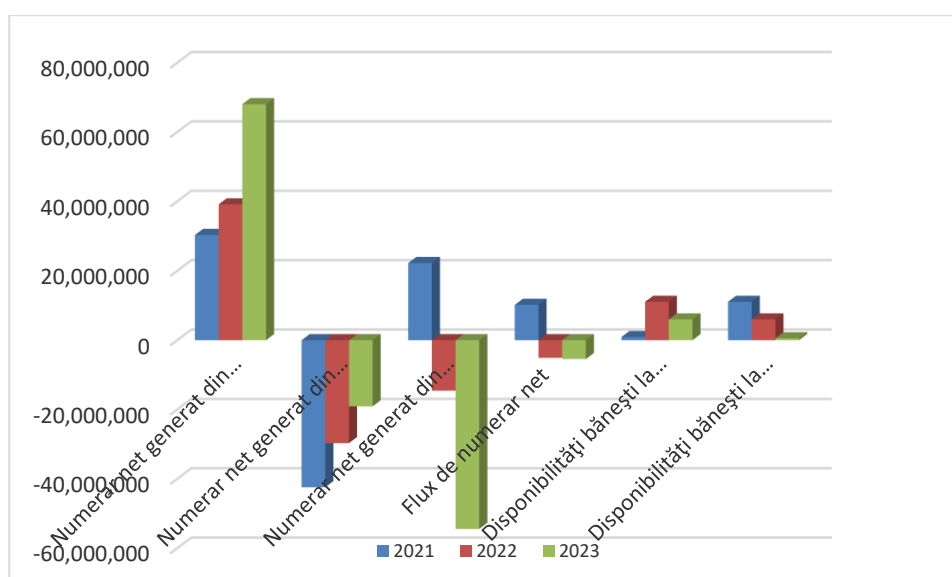
15.2. Statement of income and expenses 2021-2023:

Indicator	2021	2022	2023
Operating income	723,696	751,059	780,736
Operating expenses	702,765	744,424	767,399
Operating result	20,931	6,635	13,337
Financial income	4,810	8,814	6,642
Financial expenses	7,709	11,613	10,843
Financial result	-2,899	-2,799	-4,201
Total revenue	728,506	759,873	787,378
Total expenses	710,474	756,037	778,242
Gross result	18,032	3,836	9,136
Corporate income tax	2,973	1,326	1,461
Net result	15,059	2,511	7,675



15.3. Cash-flow statement

	2021	2022	2023
Net operating cash	30,339,415	39,139,616	68,050,908
Net cash generated from investment activities	-42,405,742	-29,679,565	-19,070,269
Net cash generated from financial activity	22,246,797	-14,542,301	-54,424,177
Net cash flow	10,180,470	-5,082,250	-5,443,538
Cash availability at the beginning of the period	887,887	11,068,357	5,986,107
Cash availability at the end of the period	11,068,357	5,986,107	542,569



16. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Section / Provisions of the Code	Compliance Yes/ No/ PARTIALLY	Reason for non-compliance
A. RESPONSIBILITIES		
A1	YES	
A2	YES	
A3	YES	
A4	YES	
A5	YES	
A6	YES	
A7	YES	
A8	NOT	
A9	YES	
A10	YES	
A11	This is not the case	COMPA is listed in Standard Category
B. RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL		
B1	YES	
B2	YES	
B3	YES	
B4	YES	
B5	YES	
B6	YES	
B7	YES	
B8	YES	
B9	YES	
B10	YES	
B11	YES	
B12	YES	
C. JUST REWARD AND MOTIVATION		
C1	YES	
D. ADDING VALUE THROUGH INVESTOR RELATIONSHIPS		
D1	YES	
D2	NOT	So far, dividend decisions have been adopted by the General Meeting of Shareholders.
D3	PARTIALLY	Forecasts are provided annually in the Revenue and Expenditure Budget and Business Plan.
D4	YES	
D5	YES	
D6	YES	
D7	YES	
D8	YES	
D9	YES	According to the Financial Calendar
D10	YES	

17. INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2023

a. Individual statement of financial position for the year ended 31.12.2023

All amounts are expressed in lei, unless otherwise specified

	Note	31.12.2023	31.12.2022
Active			
Non-current assets:			
Property, plant and equipment	4.1	364,493,649	392,896,269
Real estate investments	4.2	36,661,105	40,670,425
Intangible assets	5	8,056,305	8,704,798
Other non-current receivables	7	3,891,608	3,875,456
Financial investments	20	24,215,500	20,715,500
Non-current assets - total		437,318,167	466,862,448
Current assets:			
Stocks	8	111,126,503	132,527,113
Trade receivables and other receivables	6	146,001,118	156,083,113
Other receivables (Subsidies and settlements from joint operations)	6	128,010	1,032,229
Cash and cash equivalents	9	542,569	5,986,107
Current assets - total		257,798,200	295,628,562
Total assets		695,116,367	762,491,010
Equity:			
Issued capital	11	21,882,104	21,882,104
Share capital adjustments	11	-265,638	-265,638
Reserves	11	389,070,474	384,461,415
Reserve adjustment	11	23,122,057	23,122,057
Retained earnings	11	65,886,960	65,886,960
Current result	11	7,675,390	2,510,594
Profit distribution	11	-2,846,482	-491,419
Equity - total		504,524,865	497,106,073
Debt			
Long-term debts:			
Financial liabilities	12	38,787,077	89,934,825
Advance income (advance income, subsidies)	13	18,434,065	22,112,413
Provisions	14	6,220,535	218,461
Long-term liabilities - total		63,441,677	112,265,699
Current liabilities:			
Financial liabilities	12	14,360,930	14,282,405
Trade and similar debts;	13	90,367,315	112,377,533
Payables from contracts with customers	13	3,505,877	2,919,520
Other debts	13	14,492,090	17,702,343
Current tax liabilities	10; 13	0	0
Advance income (advance income, subsidies)	13	4,423,613	5,837,437
Current liabilities - total		127,149,825	153,119,238
Total liabilities		190,591,502	265,384,936
Total equity and liabilities		695,116,367	762,491,010

b. Separate statement of profit or loss and other comprehensive income for the year ended on 31.12.2023

All amounts are expressed in lei, unless otherwise specified

	<u>Note</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
Income	15	767,200,685	737,001,238
Other income	15	13,535,772	14,057,849
Total revenue		780,736,457	751,059,087
Change in stocks of finished goods and work in progress	16	-7,518,811	-5,827,912
Raw materials and consumables used	16	-478,633,865	-483,762,954
Employee benefits expenses	17	-173,383,416	-156,275,015
Depreciation and depreciation charges	4 ,5, 16	-54,570,295	-47,282,721
Third Party Services	16	-40,308,108	-42,317,193
Other expenses	16	-12,984,309	-8,958,256
Total expenses		-767,398,804	-744,424,051
Operating result		13,337,653	6,635,036
Financial income	18	113,060	57,459
Financial expenses	18	-3,354,954	-2,182,355
Other financial gains/losses	18	-959,094	-673,907
Net financing costs		-4,200,988	-2,798,803
Profit before tax		9,136,665	3,836,233
(Expenses) / Deferred income tax revenue	10	594,416	-1,290,684
Current income tax expense	10	-2,055,691	-34,955
Net profit for the period		7,675,390	2,510,594
Other comprehensive income: Of which other comprehensive income which will not subsequently be reclassified to profit or loss:			
Income tax on other comprehensive income	10	244,176	277,951
Other comprehensive income, net of tax		244,176	277,951
Total overall result for the year		7,919,566	2,788,545
Unconsolidated earnings per base / diluted share	19	0.04	0.0115

c. Individual statement of changes in equity for the year ended 31.12.2023 - All amounts are expressed in lei, unless otherwise specified

Equity item	Share capital	Share capital adjustments	Legal reserves	Adjustments to legal reserves	Reserve revaluation	Other reserves	Adjustments other reserves	Retained earnings	Total
Balance on 01.01.2022	21,882,104	-650,415	4,376,421	22,679,066	83,891,130	283,777,154	442,991	80,945,927	497,344,378
Profit of the year								2,510,594	2,510,594
Other comprehensive income, showing separately:	0	0	0	0	0	277,951	0	0	277,951
Income tax on other comprehensive income						277,951			277,951
Transactions with shareholders, recorded directly in equity, of which:	0	384,777	0	0	0	12,138,760	0	-15,550,387	-3,026,850
Share distribution free of charge		384,777				-384,777			0
Profit distribution		0				12,523,537		-15,550,387	-3,026,850
Balance at 31.12.2022	21,882,104	-265,638	4,376,421	22,679,066	83,891,130	296,193,865	442,991	67,906,134	497,106,073

Equity item	Share capital	Share capital adjustments	Legal reserves	Adjustments to legal reserves	Reserve revaluation	Other reserves	Adjustments other reserves	Retained earnings	Total
Balance on 01.01.2023	21,882,104	-265,638	4,376,421	22,679,066	83,891,130	296,193,865	442,991	67,906,134	497,106,073
Profit of the year								7,675,390	7,675,390
Other comprehensive income, showing separately:	0	0	0	0	0	244,176	0	0	244,176
Income tax on other comprehensive income						244,176			244,176
Transactions with shareholders, recorded directly in equity, of which:	0	0	0	0	0	4,364,883	0	-4,865,657	-500,774
Share distribution free of charge						0			0
Profit distribution		0				4,364,883		-4,865,657	-500,774
Balance at 31.12.2023	21,882,104	-265,638	4,376,421	22,679,066	83,891,130	300,802,924	442,991	70,715,867	504,524,865

d. Individual cash flow statement for the year ended 31.12.2023

All amounts are expressed in lei, unless otherwise specified

Explanation	2023	2022
Cash flows from operating activities:		
Profit before tax	9,136,665	3,836,233
Depreciation and depreciation charges on fixed assets	47,730,102	47,331,376
(Increases) / Stock decreases	21,400,610	9,743,194
(Increases) / Decreases receivables	10,986,214	-13,874,479
Increases / (Debt decreases)	-24,634,114	-1,780,245
Adjustment of other non-monetary items	3,431,431	-6,116,463
Net operating cash	68,050,908	39,139,616
Cash flows from investment activity:		
Acquisitions of tangible assets and real estate investments	-17,969,405	-28,531,396
Acquisitions of intangible assets	-1,100,864	-1,148,169
Net cash generated from investment activities	-19,070,269	-29,679,565
Cash flows from financial activity		
(Increases) / Decreases in bank loans	-51,069,223	-12,359,946
Interest payments	-3,354,954	-2,182,355
Net cash generated from financial activity	-54,424,177	-14,542,301
Net cash generated from total business	-5,443,538	-5,082,250
Cash and cash equivalents at the beginning of the period	5,986,107	11,068,357
Cash and cash equivalents at the end of the period	542,569	5,986,107

**e. NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED
ON 31.12.2023**
1. GENERAL INFORMATION

COMP A is a joint stock company. based in Sibiu. Str. Henri Coandă no.8. CP 550234.

1.1. Field of activity

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

1.2. Form of ownership of the company

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

1.3. Company evolution

By Government Decision no. 1296/13.12.1990 the company became the Commercial Company COMP A S.A. coming from **the Auto Parts Company Sibiu (I.P.A. Sibiu)**. I.P.A.Sibiu was founded in 1969 by unifying two units: Elastic Plant and Automecanica Sibiu Plant. Since 1991. COMP A was organized into factories/workshops. constituted by product family. as cost centers. which over time became profit centers. for the purpose of decentralisation and facilitating the establishment of joint ventures.

2. BASICS OF DRAWING UP

Declaration of conformity

The separate financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union and with the Order of the Minister of Public Finance no. 2844/2016. The company adopted IFRS reporting as of the 2012 financial statements.

Business continuity principle

The separate financial statements were prepared on a going concern basis, which implies that the Company will be able to carry on its business under normal conditions.

Basis of assessment

The separate financial statements were prepared on the basis of historical cost, except for certain property, plant and equipment that is measured at revalued value or fair value as explained in accounting policies. Historical cost is generally based on the fair value of the consideration for assets.

Presentation currency and functional currency

Separate financial statements are presented in **Romanian lei (RON)**, rounded to the nearest amount, this being the functional currency of the Society.

Use of estimates and judgments

The preparation of separate financial statements in accordance with IFRS adopted by the European Union requires management to use estimates, judgments and assumptions affecting the application of accounting policies as well as the reported value of assets, debt, revenue and expenditure. Estimates and judgments are generally based on historical information and any other sources considered representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions shall be reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if they are affected.

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

Information about critical judgments in the application of the Company's accounting policies, the effect of which is material on the amounts recognised in the financial statements shall be included in the notes relating to:

Tangible and intangible assets — Useful life of property, plant and equipment

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

Property, plant and equipment — Impairment adjustments for property, plant and equipment

Intangible assets and property, plant and equipment are analysed to identify whether they show signs of impairment at the date of the financial statements. Whether the net carrying amount of an asset is greater than its recoverable amount. An impairment loss is recognised to reduce the net carrying amount of that asset to the recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to net carrying amount, which would have been determined if no impairment loss had been recognised. Evidence that can cause impairment includes a decrease in utility to society, excessive physical wear, the emergence of new production technologies.

Deferred taxes

Deferred tax assets are recognised as assets, to the extent that it is probable that there will be taxable profit from which losses can be covered. The Company's management uses professional judgement in determining the amount of deferred tax assets that can be recognised as assets.

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

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arising from a past event. It is probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation and a reliable estimate of the amount of the obligation may be feasible. The amount recognised as a provision constitutes the best estimate of the expense required to settle the present obligation at the end of the reporting period.

Recoverable amount of assets

The valuation for impairment receivables is carried out individually and is based on management's best estimate of the present value of cash flows expected to be received. The company shall review its trade and other receivables at each date of its financial position. to assess whether they should record impairment in value in the profit and loss account. In particular, management's professional judgement is required to estimate amount and coordinate future cash flows when determining impairment loss. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. These estimates are based on assumptions about several factors. and actual results may differ. leading to future changes in adjustments.

Fair value measurement of financial instruments

When the fair value of financial assets and liabilities reflected in the statement of financial position cannot be measured on the basis of quoted prices in active markets. Their fair value shall be measured using valuation techniques. including the discounted cash flow model. The assumptions in these models are taken from available market information. but when it is not possible. Judgement is required in determining fair value. Judgements include determining assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. New standards and interpretations entered into force in the current period and adopted by the Company starting with January 1, 2022, including

IFRS 17 "Insurance Contracts" (effective under the IASB for annual periods beginning on or after 1 January 2023). The Company's individual financial statements are not affected by the entry into force of the Standard.

Amendments to IAS 12 - "Deferred Tax on Assets and Liabilities Arising from a Single Transaction". The Company's individual financial statements are not affected by the entry into force of amendments.

Amendments to IAS 1 and IFRS Practice Situation 2 - "Presentation of accounting policies". The Company's individual financial statements are not affected by the entry into force of amendments.

Amendments to IAS 8 - "Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". The entry into force of amendments has no effect on transactions and balances.

Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information". The Company's individual financial statements are not affected by the entry into force of amendments.

Amendments to IAS 12 – "International Tax Reform Model Rules of Pillar Two". The Company's individual financial statements are not affected by the entry into force of amendments.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force and the Company does not apply them early

Currently, IFRS adopted by the EU do not differ significantly from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to existing standards and interpretations, which have not been approved for use:

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

Amendments to IFRS 16 "Lease Sale and Leaseback Liability". The company analyzes the implications of amendments, the impact of amendments on financial statements and the timing of their adoption.

3.3. IASB Standards and Interpretations but not yet adopted by the EU

Currently, IFRS adopted by the EU do not differ significantly from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to existing standards and interpretations, which have not been approved for use:

Amendments to IAS 7 'Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Arrangements'. The company considers the implications of amendments, the impact of amendments on the financial statements and the timing of their adoption.

Amendments to IAS 21 "Effects of Changes in Foreign Exchange Rates: Lack of Interchangeability (issued 15 August 2023)". The company analyzes the implications of amendments, the impact of amendments on financial statements and the timing of their adoption.

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

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

Conversion to foreign currencies

When preparing the company's individual financial statements. transactions in currencies. other than the Company's functional currency (currencies). are recognised at current exchange rates on transaction dates. Monetary items expressed in a foreign currency. at the end of the reporting period. are converted at the exchange rates on that date. Non-monetary items carried at fair value. which are expressed in a foreign currency. are converted back to current rates at the date fair value is determined. Non-monetary items. that are valued at historical cost in a foreign currency are converted at the rate at the date of the transaction.

Foreign exchange differences arising from the retranslation of monetary items at the end of the reporting period are recognised in profit or loss.

Financial instruments

Non-derivative financial assets

The company recognises loans and receivables on the date on which they arise. All other financial instruments are recognised at the trade date. which is the date on which the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified into: loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. other than those which the Company intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables. bank and cash balances, etc.) are generally held for the purpose of receiving cash flows under contracts and are measured at amortised cost using the effective interest method. minus any depreciation.

Commercial receivables are amounts to be collected from customers for products sold and services rendered in the course of the Company's activity. They are generally received in short periods and are thus classified as current. Trade receivables are initially recognised at the amount of unconditional consideration. unless they contain a significant funding component. when recognised at fair value.

Initial recognition and assessment

Trade receivables are initially recognised on the transaction date. All other financial assets and financial liabilities in its statement of financial position when. The company becomes a party to the contractual provisions of the instrument.

Financial assets (unless they contain a significant funding component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial receivables (other than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial receivables. where applicable. on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial receivables to fair value through profit or loss are recognised immediately in the individual profit or loss.

Classification and subsequent evaluation

Financial assets

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

Financial assets shall not be reclassified after initial recognition unless. The company is changing its business model for managing its financial assets. in which case all those affected financial assets shall be reclassified.

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

- the financial asset is held under a business model the objective of which is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount due.

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

- the financial asset is held under a business model the objective of which is achieved by collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount due.

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

On initial recognition, the company could irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or materially reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or liabilities or recognising their gains and losses on different bases.

Entity's business model for managing financial assets

The company shall make an assessment of the objective of the business model in which a financial asset is held at a portfolio level. Because it best reflects how the business is managed and information is provided to management.

The information considered shall include:

- the stated policies and objectives for the portfolio and the functioning of these policies in practice. These include looking at whether management's strategy focuses on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of financial assets with the duration of any expected liabilities or cash outflows, or realising cash flows through the sale of assets;

- how portfolio performance is assessed and reported to the Company's management;

- **risks affecting business model performance (and financial assets held under that business model) and how those risks are managed;**

- Frequency, the volume and timing of sales of financial assets in previous periods, the reasons for such sales and expectations for future sales activity.

Assessing whether contractual cash flows are capital payments and interest only

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as a consideration of the time-value of money and credit risk associated with the principal amount receivable over a given period of time, as well as for other basic credit risks and costs and a profit margin.

To assess whether contractual cash flows are only capital payments and interest, the company takes into account the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of cash flows contracted so that it does not meet this condition

A prepayment feature is compatible with the criterion of payment of principal and interest only, where the amount of the prepayment substantially represents outstanding principal amounts and interest on the outstanding amount, which may include reasonable additional compensation for early termination of the contract.

Subsequent valuation of financial assets

After initial recognition, the company values a financial asset in accordance with points at amortised cost; at fair value through other comprehensive income; or at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign currency gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

The Company recognises loss adjustments for expected credit losses for:

- financial assets valued at amortised cost;
- contract assets.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and the estimation of expected credit losses, the Company considers reasonable and justified information that is relevant and available at no undue cost or effort. This includes quantitative and qualitative information and analysis, based on the historical experience of the Society and including forward-looking information.

The company considers a financial asset to be in default where:

- the borrower is unlikely to pay off his credit obligations to the Company in full; or
- The financial asset is past 365 days after maturity.

The expected lifetime credit loss data shall be the expected credit losses resulting from all possible implicit events over the expected life of a financial instrument.

Expected 12-month credit losses. is the portion of expected credit losses resulting from implicit events that occur within 12 months of the reporting date (or a shorter period if the life of the instrument is less than 12 months).

The maximum period taken into account in estimating expected credit losses is the maximum contractual period during which the Company is exposed to credit risk.

Measurement of expected credit loss amounts

Expected credit losses are a likely estimate of credit losses. Credit losses are measured as the present value of the cash deficit (ie the difference between the cash flows owed to the entity under the contract and the cash flows that the Company expects to receive).

Impaired financial assets due to credit risk

At each reporting date. The company assesses whether financial assets carried at amortised cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is " impaired as a result of credit risk " when one or more events have occurred that adversely affect the financial asset's expected future cash flows.

The evidence that a financial asset is affected by credit includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract. such as default or 90-day overdue date; or
- the debtor is likely to go bankrupt or other financial reorganisation;

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

Adjustments for financial assets. valued at depreciated cost. are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income. loss adjustments are recognised in the statement of financial performance and recognised in Other comprehensive income.

Write-off

The gross carrying amount of a financial asset is reduced when the Company does not have a reasonable expectation of recovery of all or part of a financial asset. For individual customers. The company has a policy of removing gross carrying amount when the financial asset is 3 years after maturity. based on historical experience of recoveries of similar assets. For corporate clients. The company makes an individual assessment of the timing and amount of the discount. depending on whether there is a reasonable expectation of recovery.

Derecognition

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

Financial liabilities

The company recognises a financial liability initially at its fair value plus. in the case of a financial liability that is not at fair value through profit or loss. transaction costs directly attributable to the acquisition or issuance of the financial instrument.

The company classifies financial liabilities as subsequently measured at amortised cost or fair value through profit or loss. A financial liability is classified as being with the FVTPL if it is classified as held for trading. is a derivative or designated as such at initial recognition. Financial liabilities to the FVTPL are measured at fair value. and net gains and losses. including any interest charges. are recognised in profit or loss. Other financial liabilities are then measured at amortised cost using the effective interest method. Interest expense and foreign currency gains and losses are recognised in profit or loss. Any gain or loss from derecognition is. also. recognised in profit or loss. The company recognises a financial liability when contractual obligations are entered into or when those obligations expire or are cancelled. Upon derecognition of a financial liability. The difference between the carrying amount of a financial liability and the consideration paid (including any unconsolidated assets transferred or liabilities assumed) is recognised in profit or loss. Other financial liabilities include loans and loans. Commitments. lines of credit and commercial and other debts.

Derivatives

A derivative is a financial instrument or other contract within the scope of IFRS 9, which has the following three characteristics: its value changes in response to changes in certain interest rates, the price of a financial instrument, the price of goods, currency exchange rates, price indices or rates, credit rating or credit index, or other variables, provided that, in the case of a non-financial variable, it is not specific to a contractual party (sometimes referred to as 'basic'); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts expected to react similarly to changes in market factors; and is settled at a future date.

Capital instruments

A capital instrument is any contract that creates a residual right to an entity's assets after deducting all its liabilities. When a Company's equity instrument is redeemed, the amount paid, which also includes directly attributable costs, net of fees, is recognised as a deduction from capital. The company does not recognise gain or loss in the statement of financial performance on purchase, sale, issue or cancellation of equity instruments.

Property, plant and equipment

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

The cost of fixed assets includes expenses directly attributable to the acquisition of the asset. The cost of a self-built asset includes the cost of materials and direct labor, other costs attributable to bringing assets into place and in working order, and the initial estimate of the costs of dismantling and removing the asset and restoring the site and borrowing costs where there is an obligation for such expenditure.

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

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

When an asset is reclassified as investment property, the property is revalued at fair value. Revaluation gains are recognised in the statement of financial performance only to the extent that there is an impairment loss specific to that property and any other remaining gains recognised as other comprehensive income and presented under the equity revaluation reserve. Any loss is recognised immediately in the statement of financial performance or loss.

Subsequent costs are capitalised only when it is probable that the expense will generate future economic benefits to the Company. Maintenance and repair works are expenses of the period.

Land is not depreciated. Depreciation is recognised so that costs less residual values can be deducted over their useful life using the linear method. Estimated useful life, residual values and depreciation method are reviewed by the Company's Management at the end of each reporting period, taking into account the effect of any changes in accounting estimates.

Fixed assets subject to a finance lease are impaired over their useful life on the same basis as the assets owned or, where the period is shorter, over the relevant lease period. The estimated useful life for the current year and the years of comparison of significant groups of property, plant and equipment are:

- Buildings 12-50 years
- Technical installations and machines 3-18 years
- Other installations, machinery and furniture 2-18 years

Whether the recoverable amount of an asset (or cash-generating units) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment is recognised immediately in profit or loss, if the relevant asset is not carried at a revalued amount, in which case depreciation shall be treated as a reduction in revaluation.

Property, plant and equipment are derecognised as a result of disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss arising from the disposal or disposal of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period in which recognition occurs.

Intangible assets

Recognition and evaluation

In order to recognise an item as an intangible asset, the Company must demonstrate that the item meets the following:

(a) Definition of an intangible asset

- is separable, that is, it can be separated or divided from the entity and sold, transferred, authorised, rented or exchanged, or individually, or together with a contract, a corresponding asset or liability; or
- arises from contractual or other legal rights, whether those rights are transferable or separable from the Company or from other rights and obligations.

(b) the criteria for recognition

- it is probable that the expected future economic benefits attributable to the asset will flow to the Company;
And
- The cost of immobilization can be reliably assessed.

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

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

In certain cases, an intangible asset can be acquired free of charge, or for symbolic consideration, through a government grant. Society initially recognizes both intangible immobilization, and the fair value subsidy.

The cost of an internally generated intangible asset is the sum of expenses incurred since the date on which the intangible asset first met the recognition criteria. You cannot reincorporate expenses previously recognised as cost. The cost of an internally generated intangible asset is composed of all directly attributable costs required to create it, producing and preparing the asset to be able to operate in the manner intended by management.

Examples of directly attributable costs are:

- costs of materials and services used or consumed to generate the intangible asset;
- costs of employee benefits arising from the generation of intangible assets;
- fees for registration of a legal right; And
- depreciation of patents and licenses that are used to generate the intangible asset.

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

- a research phase; And
- a development phase.

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

No intangible assets arising from research (or from the research phase of an internal project) should be recognised. Research expenses (or those incurred in the research phase of an internal project) shall be recognised as a cost when incurred.

A development intangible asset is recognised if, and only if, expenses attributable to the intangible asset can be measured reliably during its development, the technical feasibility required to complete the intangible asset so that it is available for use or sale. Management has the intention and ability to complete the intangible asset and use or sell it.

Recognition of expenses

Expenses with an intangible item shall be recognised as costs when incurred, unless they form part of the cost of an intangible asset that meets the recognition criteria.

Assessment after recognition

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

Amortization

The depreciable amount of an intangible asset with a fixed useful life is allocated on a systematic basis over its useful life. Depreciation begins when the asset is available for use, that is, when it is in the place and condition necessary to be able to function in the manner intended by management. Depreciation ceases on the earlier of the date on which the asset is classified as held for sale and the date on which the asset is derecognised.

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

Impairment

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use shall be tested at least annually for impairment and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Real estate investments

An investment property is property (land or building - or part of a building - or both) owned by the Company rather to obtain rental income or to increase the value of capital. or both. than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the normal course of business.

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

The cost of a self-built real estate investment is the cost at the date of completion of the construction or fit-out works. Until that date. The company applies the requirements of IAS 16. On that date. Real estate becomes real estate investment.

After initial recognition. The company chooses the fair value model and measures all of its investment property at fair value.

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

The fair value of investment property is the price at which the property could be traded between knowledgeable and interested parties. in an arm's length transaction. The fair value of a property shall reflect market conditions at the balance sheet date.

Assets for which fair value is determined in the financial statements. are categorised in the fair value hierarchy according to the basis used to determine fair value as follows:

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

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

Financial investments

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

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

Investments in subsidiaries are disclosed in these separate financial statements at cost.

Stocks

Inventories are measured at the lower of cost and net realisable value. Stock costs are set on a first-in-principle basis. first out. And it includes expenses generated by the acquisition of inventories. Production. and other costs of bringing stocks into existing form and location. In the case of finished products and production in progress. The costs shall also include a share of overheads based on normal production capacity.

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

Employee benefits

In the normal course of business. The company makes payments to pension funds. health and unemployment of the Romanian State. on behalf of its employees. Expenditure on these payments shall be entered in the profit and loss account in the same period as the related wage costs.

All employees of the Company are members of the pension plan of the Romanian state. There are no other ongoing pension schemes within the Company and, respectively, there are no other obligations relating to pensions.

Benefits for termination of employment may be paid when the employment contract is terminated for reasons not attributable to the employees. The company recognizes the benefits for termination of employment contract when it undertakes to terminate the employment contracts of current employees.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arising from a past event. It is probable that an outflow of resources incorporating economic benefits will be necessary to settle the obligation and a reliable estimate of the amount of the obligation may be feasible.

The amount recognised as a provision constitutes the best estimate of the expense required to settle the present obligation at the end of the reporting period. When a provision is measured using estimated cash flows to settle the present obligation. Its carrying amount is the present value of those cash flows (where the effect of the time value of money is significant).

Guarantees

Provisions for the estimated costs of warranty obligations under local law and the contractual provisions of the sale of goods are recognised at the date of sale of the products. The provision shall be based on the history of collateral and the balancing of all possible results.

Restructuring

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

Onerous contracts

If the Company has an onerous contract. The current contractual obligation under the contract shall be recognised and measured as a provision. An onerous contract is defined as a contract where the unavoidable costs incurred in fulfilling the contractual obligations exceed the economic benefits expected from the contract in question. The unavoidable costs of a contract reflect the net cost of exiting the contract. i.e. the lesser of the cost of fulfilling the contract and any compensation or penalty arising from non-performance of the contract.

Revenue recognition

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

Government subsidies

Government grants are assistance provided by the government in the form of transfers of resources to the Company in exchange for compliance. in the past or in the future. with certain conditions relating to the operating activity of the Company. Subsidies exclude forms of government assistance that cannot reasonably be attributed a certain amount. and transactions with the government indistinguishable from the entity's normal business transactions. Government grants are recognised as revenue during the periods corresponding to the related expenses that such grants are intended to offset. on a systematic basis.

A government grant to be received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial assistance to the entity. with no future costs. is recognised as income in the period in which it becomes receivable.

Leasing

At the beginning of a contract. The company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The company uses the definition of a lease in IFRS 16.

This policy applies to concluded contracts. after or after 1 January 2019.

The company recognises right-of-use assets and a lease liability at the commencement date of the lease.

The company does not have leases entered into at the effective date of IFRS 16.

Borrowing costs

Borrowing costs, directly attributable to the purchase, construction or realisation of eligible assets, assets that require a significant amount of time to be ready for use or sale, is added to the cost of those assets until the assets are significantly prepared for use or sale.

Income from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets shall be deducted from the costs of capitalisable loans.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Foreign exchange gains or losses are reported net of gain or loss depending on the outcome of exchange rate movements.

Corporate income tax

Income tax expenses are the amount of taxes currently payable, and deferred fees.

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

Current and deferred taxes are recognised in the statement of financial performance unless they relate to items that are recognised in other comprehensive income or directly in equity. In which case current and deferred tax are also recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit made during the year. Taxable profit differs from profit reported in the non-consolidated general income statement because of items of income or expense that are taxable or deductible in some years, as well as items that are never taxable or deductible. The Company's current tax liability is calculated using tax rates that have been adopted or largely adopted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on the basis of temporary differences between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements. Deferred tax liabilities are generally recognised for all temporary taxable differences.

Deferred tax assets are recognised to the extent that there is a likelihood of a future taxable profit from which the temporary difference can be recovered.

Principal differences result from depreciation of non-current assets and measurement of assets at fair value.

Deferred tax assets and liabilities are determined on the basis of taxes that are assumed to be applied in the period in which the deferred tax liability or asset will be realised or settled.

Segment reporting

A business segment is a component of the Company that engages in business activities from which it may derive income and from which it may incur expenses (including income and expenses related to transactions with other components of the same Company), whose results from the activity are periodically examined by the main operational decision-maker of the Company in order to make decisions regarding the resources to be allocated to the segment and to evaluate its performance, and for which distinctive financial information is available.

The Company's management regularly evaluates the company's activity in order to identify the segments of activity for which information must be reported separately. The company did not identify components that qualified as business segments.

4. PROPERTY, PLANT AND EQUIPMENT:

4. 1. PROPERTY, PLANT AND EQUIPMENT

The evolution of property, plant and equipment as of 1 January 2022 to 31 December 2023 is as follows:

Explanation	Land	Construction	Equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
Inventory value						
1/1/2022	43,848,700	107,664,773	660,076,885	1,920,092	35,329,784	848,840,234
Entries 2022	0	6,445,678	44,742,489	98,847	28,447,444	79,734,458
Lees 2022	0	-3,614	-12,437,548	-60,474	-50,030,528	-62,532,164
12/31/2022	43,848,700	114,106,837	692,381,826	1,958,465	13,746,700	866,042,528
Acquisitions 2023					11,424,219	11,424,219
Internally generated Intrari 2023					6,545,186	6,545,186
Commissioning 2023		3,861,652	11,368,490	117,358		15,347,500
Class transfers 2023					27,995	27,995
Intrari from inventory pluses 2023			46			46
Exits from transfers within the same class 2023						0
Exits from transfers to other classes of assets 2023		-27,995			-15,347,500	-15,375,495
Sales leases 2023			-14,521,050			-14,521,050
Leases from Casari 2023			-10,044,038	-15,630		-10,059,668
12/31/2023	43,848,700	117,940,494	679,185,274	2,060,193	16,396,600	859,431,261
Depreciation, depreciation						
1/1/2022	0	12,317,592	426,326,408	1,188,298	0	439,832,298
Expenses 2022	0	5,540,573	40,144,854	96,134	0	45,781,561
Depreciation, impairments related to outflows 2022	0		-12,407,126	-60,474	0	-12,467,600
12/31/2022	0	17,858,165	454,064,136	1,223,958	0	473,146,259
Expenses 2023	0	5,399,356	40,483,026	98,362	0	45,980,744
Depreciation, impairments related to inflows from transfers within the same class 2023	0				0	0
Depreciation, impairments related to outflows from transfers within the same class 2023	0				0	0
Depreciation, depreciation related to scrapping 2023	0		-9,652,711	-15,630	0	-9,668,341
Depreciation, depreciation related to sales 2023	0		-14,521,050		0	-14,521,050
12/31/2023	0	23,257,521	470,373,401	1,306,690	0	494,937,612
Remaining value						
1/1/2022						409,007,936
12/31/2022						392,896,269
12/31/2023						364,493,649

Tangible assets representing 'Property, plant and equipment in progress' are valued at historical cost.

The company has chosen the fair value revaluation model for the valuation of property, plant and equipment of the nature of land and buildings. The buildings and land were revalued on 31.12.2019 by an authorized independent valuer.

In the fair value hierarchy, the revaluation of the company's buildings and land at fair value is classified as Level 2.

The measurement techniques used in measuring fair value within Level 2 is the price comparison method. Prices comparable to nearby buildings and constructions are adjusted according to specific characteristics such as property size, etc.

The most important input for this valuation method is the price per square meter. There were no transfers between the level at which fair value measurements are classified during 2023.

The depreciation of all property, plant and equipment shall be determined on a straight-line basis. Non-current assets decreased in 2023 through sale, scrapping and depreciation. The inventory value of the fixed assets scrapped and sold in 2023 was 24,580,718 lei, and the undepreciated value of the scrapped and sold fixed assets was 391,327 lei.

As of 31.12.2023, the net book value of mortgaged assets in favour of banks was RON 116,914,804, of which RON 86,367,854 consisting of technological equipment and RON 30,546,950 in construction and land.

The company's obligations deriving from fixed asset procurement contracts amount to 1,711,127 lei.

4.2. REAL ESTATE INVESTMENT

The evolution of real estate investments from January 1, 2022 la December 31, 2023 is as follows:

Explanation	Real estate investments	Real estate investments in progress	Total
1/1/2022	41,686,356	140,339	40,670,425
Entries 2022	7,526	86,061	93,587
Lees 2022	-1,249,598	-259	-1,249,857
12/31/2022	40,444,284	226,141	40,670,425
Acquisitions 2023			0
Internally generated Intrari 2023			0
Commissioning 2023			0
Intrari from transfers from other classes of assets 2023			0
Leaching from transfers to other classes of assets 2023	-4,009,320	0	-4,009,320
Leaching from transfers within the same asset class 2023			0
Leaching from transfers to stocks 2023			0
12/31/2023	36,434,964	226,141	36,661,105

5. INTANGIBLE ASSETS

The evolution of intangible assets was as follows:

Explanation	Research and development expenses	Software and software liicente	Total
Cost			
1/1/2022	4,714,181	14,176,116	18,890,297
Entries 2022		1,829,536	1,829,536
Outputs 2022		-681,367	-681,367
12/31/2022	4,714,181	15,324,285	20,038,466
Acquisitions 2023		1,100,864	1,100,864
Intrari from transfers from other classes of assets 2023			0
Leashes from Casari 2023		-2,147,874	-2,147,874
Exits from transfers within the same class 2023			0
12/31/2023	4,714,181	14,277,275	18,991,456
Depreciation, depreciation			
1/1/2022	282,053	9,501,801	9,783,854
Expenses 2022	552,574	997,240	1,549,814
12/31/2022	834,627	10,499,041	11,333,668
Expenses 2023	552,574	1,196,783	1,749,357
Depreciation, depreciation related to scrapping 2023		-2,147,874	-2,147,874
12/31/2023	1,387,201	9,547,950	10,935,151
Remaining value			
1/1/2022			9,106,443
12/31/2022			8,704,798
12/31/2023			8,056,305

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The statement of trade receivables is as follows:

Explanation	2023	2022
Receivables from customers that have not exceeded maturity	104,578,641	129,537,841
Overdue receivables but no impairment adjustments recorded	31,531,751	20,015,764
Overdue receivables but with impairment adjustments	732,889	494,895
Impairment adjustments	-732,889	-494,895
Total trade receivables	136,110,392	149,553,605

Explanation	2023	2022
Maturity exceeded between 0 and 90 days	29,164,741	19,466,757
Due date exceeded by 91 to 180 days	1,250,358	331,470
Maturity exceeded by 181 to 1 year	598,603	217,537
Maturity exceeded over 1 year	518,049	0
Total overdue receivables	31,531,751	20,015,764

The company has established adjustments for impairment of customer receivables as follows:

1/1/2022	361,522
Adjustments constituted in 2022	464,933
Reversed adjustments in 2022	-331,561
12/31/2022	494,894
Adjustments constituted in 2023	3,786,415
Reversed adjustments in 2023	-3,548,420
12/31/2023	732,889

The situation **of other receivables** held by the Company is as follows:

Explanation	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Advances paid to suppliers	4,821,770	0	4,821,770	3,449,480	0	3,449,480
Claims in relation to personnel	23,845	0	23,845	16,485	0	16,485
Receivables related to the consolidated state budget and the local budget	3,175,062	0	3,175,062	1,439,009	0	1,439,009
Miscellaneous debtors	586,989	0	586,989	1,524,218	0	1,524,218
Adjustments for depreciation of debtors	-94,053	0	-94,053	-1,127,411	0	-1,127,411
Advance expenses	1,377,113	0	1,377,113	1,227,727	0	1,227,727
Subsidies receivable (European funds projects)	128,010	0	128,010	1,032,229	0	1,032,229
Total other receivables	10,018,736	0	10,018,736	7,561,737	0	7,561,737

The company made impairment adjustments for other receivables, as follows:

1/1/2022	839,069
Adjustments constituted in 2022	289,953
Reversed adjustments in 2022	-1,611
12/31/2022	1,127,411
Adjustments constituted in 2023	317,022
Reversed adjustments in 2023	-1,350,380

12/31/2023	94,053
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The Company's commercial policy requires impairment adjustments to be recorded for other receivables exceeding 360 days and for those receivables for which there are indications that they are uncertain. Foreign currency receivables are valued in RON at the official exchange rate of the NBR as of 31.12.2023.

7. OTHER NON-CURRENT RECEIVABLES

The statement of other fixed assets receivables held by the Company is as follows:

Explanation	2023			2022		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
VAMA guarantee for customs clearance at home	103,000	103,000	0	103,000	103,000	0
Other warranties	25,906	25,906	0	34,192	34,192	0
Amounts owed by subsidiaries	3,746,178	3,746,178	0	3,725,695	3,725,695	0
Interest on amounts owed by subsidiaries	16,524	16,524	0	12,569	12,569	0
Total other assets	3,891,608	3,891,608	0	3,875,456	3,875,456	0

8. STOCKS

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

Explanation	2023	2022
Raw	41,905,671	50,450,835
Adjustments for depreciation of raw materials	-2,942,406	-144,929
Materials and packaging	21,500,419	23,156,508
Adjustments for depreciation of materials and packaging	-2,334,195	-80,432
Semi-finished products and production in progress	30,643,702	40,768,671
Adjustments for depreciation of semi-finished products	-1,516,280	
Finished products and goods	25,081,063	18,554,780
Adjustments for depreciation of finished products and goods	-1,211,471	-178,320
Total stocks	111,126,503	132,527,113

The company made adjustments for depreciation of inventories as follows:

1/1/2022	887,006
Adjustments constituted in 2022	0
Reversed adjustments in 2022	-483,325
12/31/2022	403,681
Adjustments constituted in 2023	10,225,553
Reversed adjustments in 2023	-2,624,882
12/31/2023	8,004,352

Depreciation adjustments are recorded for non-moving and slow-moving stocks, which the Company has indications are unlikely to generate future economic benefits.

9. CASH AND CASH EQUIVALENTS

Cash availabilities and cash equivalents shall be presented as follows:

Explanation	2023	2022
Bank accounts in RON	487,225	5,935,145
Bank accounts in foreign currency	44,366	28,188
Cash equivalents	121	309
House in RON	10,857	22,465
Total cash availability and equivalents	542,569	5,986,107

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

10. CORPORATE TAX

The Company's current profit margin is determined on the basis of statutory profit, adjusted for non-deductible expenses and non-taxable income, at a rate of 16% for 2023 and 2022.

As of December 31, 2022 and 2021, the corporate income tax consists of:

Explanation	2023	2022
Deferred income tax expense/(income)	-594,416	1,290,684
Current profit tax expense	2,055,691	34,955
Total corporate income tax	1,461,275	1,325,639

The numerical reconciliation between income tax expense and the result of multiplying the accounting result by the tax percentage in force is shown below:

Explanation	2023	2022
Profit before tax	9,136,665	3,836,233
Corporate tax expense 16%	1,461,866	613,797
(Chelt.de sponsorship to be deducted from corporate income tax)/Sponsorships to be refunded to corporate income tax	175,174	34,955
Corporate income tax due	1,637,040	648,752
Effect of non-taxable income	-1,778,345	-576,200
Effect of non-tax deductible expenses and temporary differences	2,058,017	1,331,714
Effect of tax exemption on reinvested profit	-455,437	-78,627
Total income tax expense	1,461,275	1,325,639
Effective corporate tax rate	15.99	34.56

The significant components of the current income tax included in the financial statements on 31.12.2023 and 31.12.2022 are as follows:

Explanation	2023	2022
Gross profit	9,136,665	3,836,233
Non-taxable income	-11,114,654	-3,601,252
Non-deductible expenses	72,411,581	53,099,371
Other tax depreciation deductions	-53,644,207	-52,842,933
Tax profit	16,789,385	491,419
Corporate income tax	2,686,302	78,627
Sponsorship amounts	-175,174	34,955
Tax exemption on reinvested profit	-455,437	-78,627
Bonus granted for payment of current profit imp.profit	0	0

Total current income tax expense	2,055,691	34,955
Current income tax effective percentage	22.50	0.91

The evolution of the deferred tax to be recovered in per. 01.01.2022 - 31.12.2023 is presented in the table below:

1/1/2022	-122,843
Tax deferred through profit and loss account 2022	1,290,684
Deferred tax recognised by other 2022 comprehensive income, of which:	-277,951
Tax deferred from revaluation of fixed assets	-277,951
12/31/2022	889,890
Tax deferred through profit and loss account 2023	-594,416
Deferred tax recognised by other 2023 comprehensive income, of which:	-244,176
Tax deferred from revaluation of fixed assets	-244,176
12/31/2023	51,298

The material components of deferred income tax to recover included in the financial statements as at December 31, 2022 at a rate of 16%. are as follows:

Temporary difference type	Value of cumulative temporary differences	Cumulative deferred tax - receivable	Cumulative deferred tax - debt	Cumulative deferred tax - net, of which:	Attributable to profit and loss account 2022	Attributable to retained earnings account from changes in accounting policies 2022	Attributable Other 2022 comprehensive income
Revaluation of assets	28,265,562	0	4,522,490	4,522,490			-277,951
Legal reserves	4,376,421	0	700,227	700,227			
Differences in depreciation periods for fixed assets	-24,862,666	-3,978,027	0	-3,978,027	1,279,835		
Other debts	-2,217,503	-354,800	0	-354,800	10,848	0	
Total	5,561,814	-4,332,827	5,222,717	889,890	1,290,683	0	-277,951

The material components of deferred income tax included in the financial statements as at December 31, 2023 at a rate of 16%. are as follows:

Temporary difference type	Value of cumulative temporary differences	Cumulative deferred tax - receivable	Cumulative deferred tax - debt	Cumulative deferred tax - net, of which:	Attributable to the profit and loss account 2023	Attributable to retained earnings account from changes in accounting policies 2023	Attributable Other 2023 comprehensive income
Revaluation of assets	26,766,411		4,282,626	4,282,626			-244,176
Legal reserves	4,376,421		700,227	700,227			
Differences in depreciation periods for fixed assets	-15,770,391	-2,523,263		-2,523,263	1,454,764		
Other debts	-15,051,830	-2,408,293		-2,408,293	-2,049,180		

Total	320,611	-4,931,555	4,982,853	51,298	-594,416	0	-244,176
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The company recognises deferred tax assets because it estimates that there is likely to be future taxable profit against which those assets can be used.

11. EQUITY

The shareholding structure as at 31.12.2023 is as follows:

Explanation	No. of shares	% of total share capital
Romanian and foreign shareholders (legal entities)	59,292,362	27.10%
Romanian and foreign shareholders (individuals)	159,528,676	72.90%
Total number of shares	218,821,038	100.00%

The shares of the Company have a nominal value of RON 0.1 / share, the value of the share capital being RON 21,882,104.

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

The Company's equity includes the following:

Explanation	2023	2022
Subscribed and paid-in capital	21,882,104	21,882,104
Own shares	-265,638	-265,638
Losses related to the redemption of own shares	0	0
Revaluation reserves	83,891,130	83,891,130
Legal reserves	4,376,421	4,376,421
Adjustment of legal reserves	22,679,066	22,679,066
Other non-distributable reserves - redemption of own shares	265,652	265,652
Other reserves	305,520,124	301,155,241
Adjustment of other reserves	442,991	442,991
Current and deferred income tax recognised on account of equity	-4,982,852	-5,227,028
Retained earnings representing the surplus realised from revaluation reserves	57,804,936	57,804,936
Retained earnings arising from first-time adoption of IAS, less IAS 29	29,144	29,144
Retained earnings from transition to IFRS, less IAS 29	8,611,538	8,611,538
Retained earnings arising from changes in accounting policies	89,693	89,693
Retained earnings arising from correction of accounting errors	0	0
Retained earnings arising from first-time adoption of IAS 29	-648,352	-648,352
Current year profit	7,675,390	2,510,594
Profit distribution	-2,846,482	-491,419
Total equity	504,524,865	497,106,073

In 2023, Compa used the tax facility regarding the tax exemption on profit reinvested in technological equipment and, according to legal regulations, distributed to its own sources of development the profit for which the facility was applied, amounting to 2,846,482 lei. The Board of Directors will propose to A.G.A. that the net profit be distributed as follows: 20% for dividends, in the amount of 500,774 lei, representing 0.0023 lei/share with voting and dividend rights and 80% for own sources of development, in the amount of 2,009,820 lei.

Capital Management

The Company's objectives related to capital management refer to maintaining the Company's ability to continue its activity in order to provide compensation to shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce capital costs and support the further development of the Company. There are no externally imposed capital requirements. The company monitors capital on the basis of leverage. This coefficient is calculated as net debt divided by total capital. Net debt is calculated as total loans (including current and long-term loans, as shown on the balance sheet), less cash and cash equivalent. Total capital under management is calculated as "equity" as shown in the statement of financial position.

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

Explanation	2023	2022
Total liabilities	190,591,502	265,384,936
Cash and cash equivalents	542,569	5,986,107
Net liabilities	190,048,933	259,398,829
Equity	504,524,865	497,106,073
Indebtedness	0.38	0.52

12. FINANCIAL LIABILITIES

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

Currency - EUR		2023			2022		
Credit institution	Loan type	Total, of which	Long term (< 5 years)	Short term	Total, of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Production credit line	47,600	47,600	0	6,979,070	6,979,070	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Investment loan	3,392,442	1,884,690	1,507,752	4,900,194	3,392,442	1,507,752
ING BANK-SIBIU	Production credit line	3,262,175	3,262,175	0	4,358,941	4,358,941	0
ING BANK-SIBIU	Investment loan	3,447,746	2,068,648	1,379,098	4,826,845	3,447,746	1,379,098
Total financial liabilities - EUR		10,149,963	7,263,113	2,886,850	21,065,051	18,178,199	2,886,851

The long- and short-term financial liabilities in LEI are as follows:

Currency - LEI		2023			2022		
Credit institution	Loan type	Total, of which	Long term (< 5 years)	Short term	Total, of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Production credit line	236,791	236,791	0	34,528,252	34,528,252	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Investment loan	16,876,045	9,375,580	7,500,465	24,243,222	16,783,768	7,459,453
ING BANK-SIBIU	Production credit line	16,228,016	16,228,016	0	21,565,425	21,565,425	0

ING BANK-SIBIU	Production credit line	2,655,995	2,655,995	0	0	0	0
ING BANK-SIBIU	Investment loan	17,151,160	10,290,695	6,860,465	23,880,333	17,057,379	6,822,952
Total financial liabilities-LEI		53,148,007	38,787,077	14,360,930	104,217,232	89,934,823	14,282,405

As of 31.12.2023, the net book value of mortgaged assets in favour of banks was RON 116,914,804, of which RON 86,367,854 consisting of technological equipment and RON 30,546,950 in construction and land.

Also, in order to guarantee the committed loans, "securities guarantees on receivables" were established, proportional to the value of the exposure to the financing banks.

The interest margin of loans committed to banking institutions varies between:

- Euribor at 1 month + 1 % per year - Euribor at 3 months + 1.5 % per year
- Robor at 3 months + 1% per year

Foreign currency liabilities are valued in RON at the official exchange rate of the NBR as of 31.12.2023.

12. TRADE AND OTHER DEBTS

The statement of trade and other debts is as follows:

Explanation	2023			2022		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Suppliers	89,898,456	0	89,898,456	111,691,969	0	111,691,969
Advances received from customers	468,859	0	468,859	685,564	0	685,564
Payables from contracts with customers	3,505,877	0	3,505,877	2,919,520	0	2,919,520
Debts related to personnel	6,344,780	0	6,344,780	5,824,473	0	5,824,473
Debts to the general consolidated budget of the state and the local budget	7,728,886	0	7,728,886	11,345,853	0	11,345,853
Dividends payable	403,601	0	403,601	390,174	0	390,174
Miscellaneous lenders	14,823	0	14,823	141,843	0	141,843
Advance income	737,173	0	737,173	2,098,749	0	2,098,749
Investment subsidies from AMPOSDRU AND AMPOSCEE contracts	22,114,562	18,428,122	3,686,440	25,829,594	22,090,906	3,738,688
Inventory additions of the nature of fixed assets	5,943	5,943		21,507	21,507	0
Total trade and other debts	131,222,960	18,434,065	112,788,895	160,949,246	22,112,413	138,836,833

14. PROVISIONS

Explanation	Provision for guarantees to customers	Provisions for employee benefits	Other provisions	Total provisions
1/1/2022	26,945	108,700	89,000	224,645
Adjustments constituted in 2022	0	0	2,778,571	2,778,571
Reversed adjustments in 2022	0	0	-2,784,755	-2,784,755
12/31/2022	26,945	108,700	82,816	218,461
Adjustments constituted in 2023	0	3,969,876	5,623,170	9,593,046
Reversed adjustments in 2023	0	0	-3,590,972	-3,590,972
12/31/2023	26,945	4,078,576	2,115,014	6,220,535

In 2023, the company did not make additional provisions for guarantees granted to customers. For employee benefits, provisions were made for retirement benefits amounting to 106,195

Provisions have been made for expenses with the statutory audit for 2023, for which the invoice will be received in 2024.

Also, provisions were made for unpaid holidays for the previous year amounting to RON 3,969,876

Other provisions include amounts related to invoices whose price is higher than the one agreed by the customer in the amount of 1,533,014, to be reversed in the first months of 2024 after negotiation with the client.

Differences of 582,000 represent provisions related to built blocks.

15. REVENUE AND BUSINESS SEGMENTS

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

Explanation	2023	2022
Total turnover, showing separately:	767,200,685	737,001,238
Revenue from sales of finished products	747,129,519	722,742,099
Revenue from services	2,793,084	2,768,940
Income from the sale of goods	9,539,687	8,992,168
Income from other activities (rents, sales of materials, waste, semi-finished products, packaging)	7,292,010	1,194,038
Revenues from subsidies related to turnover (projects and contracts partnership projects AMPOSDRU)	446,385	1,303,993
Other operating income	13,535,772	14,057,849
Total operating income	780,736,457	751,059,087

Other operating income achieved in 2023 and 2022 is disclosed below:

Explanation	2023	2022
Income from the production of fixed assets	6,517,191	8,123,725
Income from investment subsidies (projects and partnership contracts AMPOSDRU and AMPOSCEE projects)	3,689,103	4,550,906
Revenue from asset sales	2,751,837	2,753
Other operating income	577,641	1,380,465
Total Other operating income	13,535,772	14,057,849

Activity segments:

The management of the Company regularly evaluates the company's activity in order to identify the segments of activity for which information must be reported separately.

The company operates in Romania. The income of the company presented above is entirely assigned to the country of residence.

Non-current assets other than financial instruments, deferred tax assets, receivables regarding post-employment benefits and rights resulting from insurance contracts are located in Romania in full. The company has no such non-current assets located in other countries.

The value of exports in 2023 was 417.8 million lei, with a share of 54.46% of turnover.

Revenues of about 422.1 million lei come from the first 20 external customers, who hold a share of 55.02% of the achieved turnover.

The revenues are attributable to the activity in Romania.

16. EXPENDITURE BY KIND

Operating expenses incurred in the years 2023 and 2022 by their nature are shown in the table below:

Explanation	2023	2022
Material expenses	434,017,009	442,290,196
Stock differences	7,518,811	5,827,912
Energy and water costs	44,616,856	41,472,758
Employee benefits expenses	173,383,416	156,275,015
Value adjustments relating to fixed assets	47,730,102	47,331,376
Value adjustments in respect of current assets	6,840,193	-48,655
Expenditure on services provided by third parties	40,308,108	42,317,193
Expenditure on other taxes, duties and similar payments	4,820,275	7,234,475
Other operating charges	8,164,034	1,723,781
Total operating expenses	767,398,804	744,424,051

17. ANALYSIS OF OPERATING RESULT

Explanation	2023	2022
Operating income	780,736,457	751,059,087
Cost of sales	-724,698,916	-705,829,822
Sales and distribution expenses	-1,922,287	-1,891,797
Administrative expenditure	-26,063,250	-21,769,218
Research and development expenses	-14,714,351	-14,933,214
Operating result	13,337,653	6,635,036

18. EMPLOYEE BENEFITS EXPENSES

Employee benefit expenses include salaries, allowances and social security contributions. Short-term benefits are recognised as an expense as services are rendered.

Explanation	2023	2022
Salaries and allowances	169,033,534	152,083,020
Government subsidies for employee spending	0	0
Insurance and social protection costs	4,349,882	4,191,995
Total	173,383,416	156,275,015

19. FINANCIAL LOSSES (GAINS)

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

Explanation	2023	2022
Foreign exchange gains on monetary items denominated in foreign currency	-416,242	-130,650
Interest losses	-3,241,894	-2,124,896
Other financial gains	-542,852	-543,257
Total losses / gains	-4,200,988	-2,798,803

20. EARNINGS PER SHARE

The earnings per share calculation for the years ended December 31, 2023 and 2022 is set out below:

Explanation	2023	2022
Number of shares at the beginning of the year	218,821,038	218,821,038
Shares issued during the year	0	0
Number of shares Take year-end	218,821,038	218,821,038
Net profit	7,675,390	2,510,594
Earnings per share (in RON per share) based / diluted:	0.0351	0.0115

The calculation of earnings/shares with voting rights and dividends is as follows:

Explanation	2023	2022
Total number of shares	218,821,038	218,821,038
Non-voting and dividend shares	-1,093,253	-1,093,253
Number of shares with voting rights and right to dividend Take the end of the year	217,727,785	217,727,785
Net profit	7,675,390	2,510,594
Earnings per share with voting right and right to dividend (in RON per share) based / diluted:	0.0353	0.0115

21. FINANCIAL INVESTMENTS

Company with which the securities are held	Registered office	% in share capital	Value of securities	Main object of activity
COMPAs IT SRL	Str.Henri Coanda, nr.8, Sibiu, jud. Sibiu	100.00	200,000	Custom software development activities
TRANS CAS SRL	Str.Henri Coanda, nr.12, Sibiu, jud. Sibiu	99.00	742,500	Road transport of goods
RECASERV SRL	Str.Henri Coanda, nr.51, Sibiu, jud. Sibiu	70.00	70,000	Event catering
ARINI HOSPITALITY SRL	Str.Henri Coanda, nr.8, Sibiu, jud. Sibiu	100.00	23,203,000	Hotels and similar accommodation facilities
TOTAL			24,215,500	

The transactions carried out in 2023 and 2022 with the companies in which COMPAs holds participations were as follows
(amounts include VAT)

Explanation	2023			2022		
	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES
THE COMPANY WITH WHICH THE SECURITIES ARE HELD						
TRASCAS S.R.L.		12,885,830	536,211		14,350,028	497,800
COMPA IT S.R.L.		3,395,165	96,630		3,052,778	50,229
RECASERV S.R.L.		2,122,998	46,183		1,587,105	45,783
ARINI HOSPITALITY S.R.L.	3,762,702	15,279	457,896	3,738,264		10,564

The mutual debts and receivables registered on 31.12.2023 and 31.12.2022 are as follows:

Receivables receivable by COMPA SA from:

Explanation	2023	2022
TRASCAS S.R.L.	104,971	78,897
COMPA IT S.R.L.	14,369	5,048
RECASERV S.R.L.	7,378	18,445
ARINI HOSPITALITY S.R.L.	4,048,044	3,740,025

Debts payable by COMPA SA to:

Explanation	2023	2022
TRASCAS S.R.L.	1,444,027	2,488,231
COMPA IT S.R.L.	581,672	773,119
RECASERV S.R.L.	566,630	443,415
ARINI HOSPITALITY S.R.L.	15,279	0

22. EMPLOYEE BENEFITS

The company makes payments on behalf of its employees to the pension system of the Romanian state. health insurance and unemployment fund. in the normal course of business. All employees of the Company are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a determined contribution plan of the State).

All related contributions are recognised as a result of the period in which they are made.

The company undertakes by the collective labor agreement to provide benefits upon termination of the employment contract when the employment contract terminates for reasons not attributable to the employees. Benefits are worth 0.5 - 5 employment salaries. depending on the seniority of employees in the Company.

Also, according to the legal regulations and the collective labor agreement, employees who retire for old age are entitled to an end-of-career allowance amounting to an average employment salary corresponding to the position occupied at the date of retirement, adjusted to the seniority of employees in the Company.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS

The company is the subject of a number of court actions resulting in the normal course of business.

The management of the Society considers, that in addition to amounts already described in these financial statements as provisions or impairment adjustments for assets and described in the notes to those financial statements, other court actions shall have no material adverse effects on the Company's economic results and financial position.

In Romania, There are a number of agencies authorised to carry out controls (audits). These controls are similar in nature to tax audits carried out by tax authorities in many countries. But they can extend not only to tax issues, but also to other legal and regulatory issues in which the agency may be interested. It is likely that the Company will continue to be subject to such periodic checks for violations or alleged violations of new and existing laws and regulations.

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

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

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as transfer pricing methods. As a result, Tax authorities are expected to initiate thorough transfer pricing checks, to ensure that the tax result and/or customs value of imported goods are not distorted by the effect of prices charged in relations with related persons. The company cannot quantify the outcome of such verification.

25. EVENTS AFTER THE BALANCE SHEET DATE

In the first months of 2024, Compa is affected by:

- a decrease in volumes for certain customer parts both in the automotive field and in the metal construction fields.

Measures taken by Compa management to manage this situation

- Cost reduction at all levels by implementing improvement and reorganization projects that lead to massive cost reductions.
- Accelerated validation of all changes in the supply chain, discussions with suppliers to reduce supply volumes
- In order to mitigate the volume reductions, the departments: commercial, technical, and economic are working to find new customers to cover the decrease in turnover resulting at company level
- In this way, offers were finalized and negotiations were started for the introduction of new products from other fields depending on the specializations we have.
- Any delays manifested in the impossibility of carrying out for various reasons the programs established for each case, will be brought to the attention of the Compa Topmanagement in order to adopt exceptional measures in this crisis situation.

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

On behalf of the Board of Directors, by:

President of the Board of Directors / General Manager, Economic Director

Ioan DEAC Mihaela Dumitrescu



18 STATEMENT OF CONFORMITY OF FINANCIAL STATEMENTS

**STATEMENT
MANAGEMENT BOARD**

Annual individual financial statements have been prepared on 31.12.2023 for:

Entity:	COMPAs S.A.
County:	32 Birmingham
Address:	Sibiu, str. Henri Coanda, nr. 8, postal code 550234
Tel.	+40269237878
Fax	+40269212204
Trade register number:	J32/129/1991
Form of ownership:	34 joint stock companies (S.A.)
Predominant activity (NACE class code and designation):	2932 Manufacture of other parts and accessories of motor vehicles and motor vehicles
Unique registration code:	EN 788767

The Board of Directors assumes responsibility for preparing **the individual financial statements** on 31.12.2023 and confirms the following:

- The separate financial statements for 2023 are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.
- The accounting policies used to prepare individual annual financial reports are in accordance with applicable accounting regulations.
- Unconsolidated annual financial reports give a true and fair view of financial position, financial performance and other information related to the activity carried out.
- The company operates in conditions of continuity.

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

President of the Board of Directors / General Manager, Economic Director

Ioan DEAC

Mihaela Dumitrescu



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

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

Trade Register No.: J20/40/2000

TIN: RO 12600149

Telephone / Fax: (004)0254-231.680

E-mail: quantum_ro@yahoo.com

CAFR [Chamber of Financial Auditors of Romania] License: 118 / 28.11.2001**Annual e-visa ASPAAS no. 137604 / 12.06.2023**

No. 137 / 22.03.2024

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

To the Shareholders,
of COMPA S.A. Sibiu

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

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

	<u>31st December 2023 (lei)</u>
• Net assets / Total equity	504.524.865
• Total assets	695.116.367
• Turnover (net sales)	767.200.685
• Net result of the exercise (profit)	7.675.390

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

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

The basis for the opinion

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

Key audit issues

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

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



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

Highlight some issues

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



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

Our opinion is not modified in these respects.

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

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

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

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

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

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

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

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

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

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

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

9. Our objectives consist in obtaining a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The reasonable assurance represents a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can be caused either by fraud or by error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the user's economic decisions, taken on the basis of these financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain the professional skepticism throughout the audit. Moreover:
 - We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, we project and perform audit procedures as a response to those risks and we obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - We obtain an understanding of the internal control relevant for the audit, in order to project the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Report on other legal and regulatory provisions

12. Requirements relating to the information in the Remuneration Report – in accordance with the requirements of Article 107 (7) of Law No 24/2017, as amended ("Law 24/2017"), we have read the Remuneration Report drawn up by the Company for the financial year ended on 31.12.2023 and confirm that, in our opinion, it presents, in all material respects, the information provided in Article 107 of Law 24/2017.
13. Requirements for the audit of public-interest entities – in accordance with Article 10 (2) of Regulation (EU) No 537/2014, we provide the following information in our independent audit report, which is necessary in addition to the requirements of International Audit Standards:
- 13.1. **The appointment of the auditor and the duration of the mission** – We have been appointed the auditors of the Company with the approval of the Ordinary General Meeting of Shareholders (AGOA) from 26.04.2023, based on the service contract no. 32 / 30.05.2023, in order to audit the individual and consolidated financial statements of the Company for the financial year 2023. The total uninterrupted duration of our mission is 7 months, covering the financial year ended on 31.12.2023. The previous auditor is Audit Account SRL.
- 13.2. **Consistency with the Additional Report presented to the Audit Committee** – On the date of issue of this audit report, the Company has an Audit Committee, to which we issue an additional report. Our audit opinion is consistent with the additional report submitted to the Company Audit Committee, which we issued on the same date that we issued this report. Also, in conducting our audit, we have maintained our independence from the audited entity.
- 13.3. **Provision of non-audit services** – We declare that we have not provided the Company with prohibited services that are not similar to the audit, referred to in Article 5 (1) of



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

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

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

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

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

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

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

13.7. Conclusion

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

Date: 22.03.2024

Auditor's signature

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

by Administrator

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

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

Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit : QUANTUM EXPERT-SRL
Registrul Public Electronic : FA 118



Autoritatea pentru Supravegherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar : ALIC DELI MARIA
Registrul Public Electronic : AF1165



NON-FINANCIAL REPORT 2023

COMPA



compa
beyond expectations

CONTENT

COMPA GROUP.....	1
EMPLOYMENT	5
GENDER DIVERSITY	5
TOTAL STAFF DISTRIBUTION	6
MEASURES APPLIED TO PROTECT THE ENVIRONMENT	7
MEASURES APPLIED TO PROTECT OCCUPATIONAL HEALTH AND SAFETY.....	8
PROCEDURE FOR RECEIVING AND RESOLVING COMPLAINTS.....	10
COMBATING CORRUPTION AND BRIBERY	10
COMMUNITY INVOLVEMENT	10
COMPA SA	11
STRATEGIC DIRECTIONS; PRODUCT DEVELOPMENT	11
THE SWOT ANALYSIS.....	12
INTEGRATED POLICY IN THE FIELD OF QUALITY, ENVIRONMENT AND HEALTH AND SAFETY AT WORK	13
THE IMPACT ON THE ENVIRONMENT GENERATED BY THE ENERGY CONSUMPTIONS IN THE COMPA.....	25
CYBER SECURITY	31
MANAGEMENT AND HUMAN RESOURCES ACTIVITY.....	32
COMMERCIAL ACTIVITY	53
MANUFACTURING	70
QUALITY - ENVIRONMENT ACTIVITY	79
LOGISTICS ACTIVITY	84
TECHNICAL ACTIVITY.....	91
MAINTENANCE ACTIVITY	97
I.C.R. DEPARTMENT	111



COMPAS GROUP

COMPAS SA Sibiu, a prestigious brand of the Romanian industry, has gained its reputation over time due to the quality and diversity of its products, car and railway subassemblies, technological equipment, springs and car trailers. Formed by the merger of two companies: Sibiu Automecanica Plant and Elastic Factory Sibiu, COMPAS becomes one of the most powerful car-building economic units in the country and continues the industrial tradition of the forerunners by harmoniously combining the experience of the forerunners with the new advances in technology and management. The first of the two companies - Automated Plant comes from the Sibiu Artillery Arsenal whose development is due and overlaps with the historical development of the city of Sibiu. The second enterprise - Factory Elastic has deep roots in the craft tradition of the fortress, being from the century 19th as a blacksmith's workshop, which later developed into a body shop and later into a factory for springs and forged products. A milestone in the development of the company is the year 1969 when, through the unification of the two factories, a new economic entity is born, the Sibiu Auto Parts Company (IPAS).

In 1970, following the contracting of the "MAN" license for trucks and buses, the Sibiu Auto Parts Company entered a national development program and started a very diversified production of automotive components, manufactured under various licenses: shock absorbers, appliances brake, cab subassemblies, cardan transmissions, steering boxes, springs, becoming the main supplier of components for the Romanian automotive industry. In 1991 the company was transformed into a joint stock company with the name of S.C. COMPAS S.A.

Throughout its 130 years of existence, the COMPAS Group has steadily progressed technically and technologically, constantly investing in the quality of its products and services. COMPAS Group is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. COMPAS Group map covers 23 countries on 3 continents. The top processes applied in the projects of the COMPAS Group, widely integrate CNC equipment (centers with numerical control) associated with defect detection procedures and statistical control methods that allow constant quality assurance. Use of modern cutting technologies, use of laser for cutting or control, metal or film coatings, heat treatments, robotic cells,

COMPAS Group collaborates with renowned partners in the automotive and non-automotive industries. the company's focus has recently been on increasing turnover in the non-automotive field by attracting and developing projects in this regard. Major projects such as the construction of cabins for a reputable numerically controlled machine manufacturer, the manufacture of industrial pumps for one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, water management and other industries. The manufacture of parts for the shipbuilding industry or for air conditioning installations or equipment for lifting people and materials are just some of the company's successful examples in this direction. An important and noteworthy project in the above context is the manufacture of high-pressure injection pump components for petrol and hybrid engines. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or for the steering box were also assimilated, products that are outside the diesel sphere and are of the future. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or steering gear have also been assimilated, products that are outside the diesel sphere and are of the future. It is a project that



counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or for the steering box were also assimilated, products that are outside the diesel sphere and are of the future.

Another strategic direction that the COMPA Group places great emphasis on is development as an integrated supplier, offering customers complex products and assemblies that involve the use of as many existing processes as possible within the COMPA Group. By developing as an integrated supplier, more added value is generated, the level of know-how is automatically increased and implicitly the company's profitability.

The non-financial statement for 2023 contains information through which the management of COMPA Group communicates, in a transparent manner, to the stakeholders represented by business partners, employees, investors, the local community and other stakeholders, the actions taken to improve the quality system of environmental management, health and occupational security as well as corporate governance.

COMPA together with the other three companies within the COMPA Group constantly acts in the field of continuous improvement of product and service quality, environmental protection, occupational health and safety, human resources, social responsibility, business ethics and integrity and the prevention / fight against corruption.

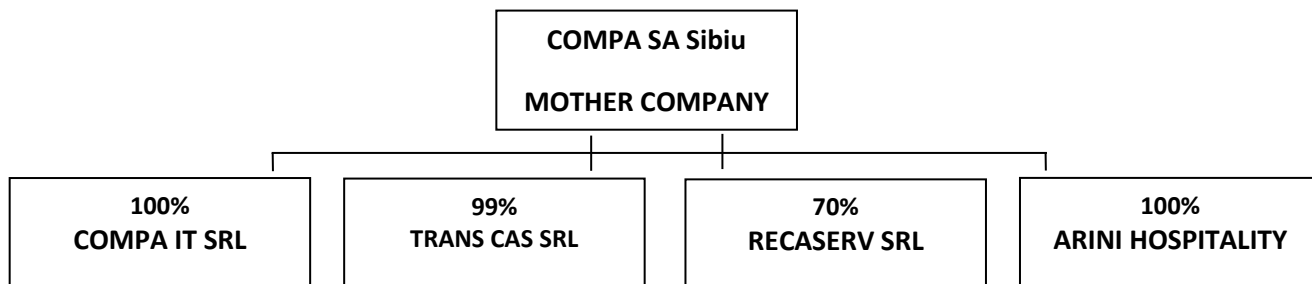
In the period 2000-2004, COMPA underwent an organizational restructuring in order to better adapt to the changes produced by the fulfillment of the strategic objectives. As a direct consequence, some ancillary activities were detached from the object of COMPA's activity, being outsourced. This was a successful model that allowed outsourced companies to focus on providing superior quality in the core field. Following the outsourcing, the COMPA Group was set up, which means the parent company, COMPA, from which the following emerged:

1. COMPA S.A.

It is a company with 100% private capital. It was privatized in September 1999, by buying the majority stake in the COMPA Sibiu Employees Association (PAS), which became the company's main shareholder. In 2018, the COMPA Sibiu Employees Association (PAS) was dissolved, the shares being transferred to the members of the association, depending on the number of shares held and purchased by each. COMPA SA is the mother company, organized on Profit Centers, integrated units without legal personality with a decentralized activity, structured for the realization of products for a single customer or for the realization of similar products for several customers, such as: Forging, Heat Treatments, Galvanization, Pressed - stamped parts, mechanical - welded subassemblies, etc



The structure of the COMPA Group



The management of the mother company COMP A, as well as of the entire COMP A Group is ensured by the Board of Directors elected by the Ordinary General Meeting of Shareholders, for a period of 4 years.

Social headquarters	Sibiu, Str. Henri Coandă no.8
The main object of activity	2932 "Manufacture of other parts and accessories for motor vehicles and their engines"
Social capital	21,882,103.8 lei
Fiscal value	767,200,685 lei
Number of employees	1713

2. COMP A I.T. S.R.L.

It was established in 2000 for the purpose of designing and implementing an integrated IT system for the parent company and third parties, at international standards. The company offers IT solutions, services and software maintenance. By implementing the integrated system in the parent company, COMP A-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.



Social headquarters	Sibiu, Str.Henri Coandă Nr.8
The main object of activity	6201 "Custom software development activities"
Share capital (lei)	200,000 lei
Fiscal value	2,216,900 lei
Shareholder	COMP A SA company
Number of employees	9

3. TRANS C.A.S. S.R.L.

Founded in 2002, by outsourcing the car transport activity within COMP A, the company offers freight and passenger transport services domestically and internationally. Some of the owned

vehicles are the property of the parent company COMPA SA, rented, and some of them are the property of TRANS CAS SRL.

TRANS CAS SRL currently owns a number of over 60 vehicles, of which an important share is held by Mercedes-type trailer trucks, with a capacity of over 20 tons payload, intended for the transport of materials and finished products for both COMPA and other customers. The overwhelming share of TRANS CAS's transport is held by international freight transport in almost all of Europe.



Social headquarters	Sibiu, 12 Henri Coandă Street
The main object of activity	4941 "Freight transport by road"
Share capital, of which:	1,500,000 lei
Shareholders: COMPA SA Sibiu	1,498,450 lei
Fiscal value	14,460,846 lei
Number of employees	45

4. RECASERV S.R.L.

It was established in 2004 by outsourcing within the parent company activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA, catering and cleaning services.



Social headquarters	Sibiu, Str. Henri Coandă No.51
The main object of activity	5629 "Other food service activities n.e.c."
Share capital, of which:	100,000 lei
Shareholders: COMPA SA Sibiu	70%
Boroș Daniela (individual person)	30%
Fiscal value	2,070,481 lei
Number of employees	32

5. ARINI HOSPITALITY SRL

ARINI HOSPITALITY SRL is an SPV (special purpose vehicle), with the sole shareholder of COMPA SA. Established in 2021 in order to manage the construction and development of the MERCURE SIBIU PARK ARINI Hotel Complex.

Due to the fact that the specificity of the hotel business is totally different from the automotive components production activity of the main company, COMPA management decided that it is much easier to manage by a new company having as main object of activity that of - Hotels and other accommodation facilities similar CAEN code 5510. This is how ARINI HOSPITALITY was born.

The company wants to enter the hotel market as a player in partnership with ACCOR with which it has concluded a hotel management contract. ACCOR is an international augmented hospitality group specializing in the hospitality industry, a world market leader with unique experiences in over 5,100 hotels in 110 countries with over 300,000 employees. The group has acquired hospitality expertise for more than 50 years, through a portfolio of 39 hotel brands.

Social headquarters	Sibiu, 8 Henri Coandă Street
The main object of activity	5510 "Hotels and similar accommodation"
Share capital, of which:	23,203,00, lei
Shareholders: COMPA SA Sibiu	23,203,000 lei

EMPLOYMENT

Between 2021 and 2023, the total staff of the COMPA Group decreased in 2023 by 4.60% compared to 2022, and by 6.82% compared to 2021, decreases mainly due to a reduction in the work volume of the "parent company" but also because of an increase in labour productivity.



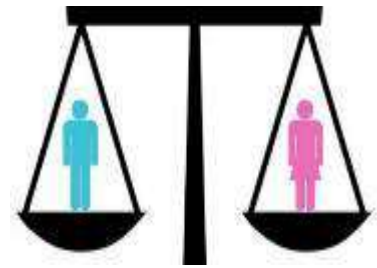
Staff on 31 December	2021	2022	2023	2023/ 2022	2023 / 2021
COMPA SA	1851	1806	1713	94,85%	92,54%
COMPA IT SRL	9	9	10	111,11%	111,11%
TRANSCAS SRL	48	45	44	97,78%	91,67%
RECASERV SRL	27	30	36	120,00%	133,33%
TOTAL GROUP	1935	1890	1803	95,40%	93,18%

GENDER DIVERSITY

(Share of women of the total employment on the 31st of December 2023)

Within the COMPA Group, the proportion of female employees is approximately one third, mainly due to technological changes but also due to the confidence in the area of responsibilities and skills coverage.

Share of women in total employees (%)	2023
COMPAs SA	30,94%
COMPAs IT SRL	20,00%
TRANSCAS SRL	13,64 %
RECASERV SRL	86,11%
TOTAL GRUP	31,55%



TOTAL STAFF DISTRIBUTION

(On the 31th of December 2023 by qualifications structure - according to COR Codes and gender)

An analysis of the qualifications structure within the COMPAs Group shows that the proportion differs from one company to another, within the Group, depending on the specifics of the activities carried out.

Thus, while COMPAs IT SRL is dominated by staff with higher education, COMPAs SA and TRANSCAS SRL are dominated by qualified workers, while RECASERV SRL is dominated by unqualified workers.

Qualifications structure of COR		COMPAs SA	COMPAs IT SRL	TRANSCAS SRL	RECASERV SRL	TOTAL GRUP
1. Leading staff	TOTAL, of which	106	2	2	2	112
	Women	11	1	1	2	15
2. Specialists with higher education	TOTAL, of which	196	7	6	1	210
	Women	79	1	4	1	85
3. Technicians and other specialists in the technical and accounting field	TOTAL, of which	129	1	0	5	135
	Women	66	0	0	2	68
4. Administrative officials	TOTAL, of which	134	0	0	0	134
	Women	118	0	0	0	118
5. Service workers	TOTAL, of which	13	0	0	5	18
	Women	0	0	0	3	3
6. Skilled and assimilated workers	TOTAL, of which	951	0	35	0	986
	Women	187	0	0	0	187
7. Unskilled workers	TOTAL, of which	184	0	1	23	208
	Women	69	0	1	23	93

MEASURES APPLIED TO PROTECT THE ENVIRONMENT



COMP A Group supports and recommends throughout the supply chain the promotion of voluntary activities for the protection of the environment, biodiversity, the natural environment, the conservation of energy and non-recoverable natural resources, reducing the amount of waste generated and improving the means of transport of materials and products. COMP A Group also promotes and recommends the reduction and efficiency of packaging for products to be delivered to the entire COMP A Group, especially the use of reusable packaging, the use of substitutes for disposable wooden pallets, and the implementation of the design and use of environmentally friendly packaging.

COMP A Group is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions. COMP A Group, together with its suppliers, maintains a collaborative supply chain that minimizes environmental impact and improves long-term sustainability for the planet and the communities it serves through innovation and performance. (A recent example of the change in sustainable packaging has been the provision of durable protective masks in response to the COVID-19 pandemic, COMP A Group, together with a local partner, has replaced disposable masks with reusable face masks. Thus, the environmental impact of this type of waste has been considerably reduced).

COMP A Group has regulated hazardous substances and mixtures that regulate and determine the purchase, transport, handling, storage, use and management of hazardous substances and mixtures, in order to ensure environmental protection, employee safety and to control and minimize the risk of accidents in which involve hazardous substances and mixtures. In this regard, COMP A Group aligns and transmits throughout the supply chain alignment with the requirements in terms of quality, environment and health and safety at work on the products supplied, such as the content of elements and chemicals, product components and quantity and hazardous effects. of the elements and chemicals contained, the safety data sheets,



Achieving the set objectives is done by adhering to ISO 45001 and ISO 14001, as well as adopting the United Nations Practices and Objectives for Sustainable Development - <https://www.un.org/sustainabledevelopment/>

COMP A Group also aligns and requires all its Suppliers to comply with a number of principles and requirements in the field of quality, environment and health and safety at work by adhering to and implementing policies and regulations that address the following issues:

- REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - <https://echa.europa.eu/legislation>
- CLP 1272/2008 (Classification, Labeling and Packaging of substances and mixtures) - <https://echa.europa.eu/legislation>
- Conflict Minerals - <https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/>

The handling and storage of dangerous substances is carried out in compliance with the mandatory measures governing the activity of purchase, transport, handling, storage, use and management of dangerous substances and mixtures within the Group. This ensures the protection of the environment,

the safety of employees and the control / minimization of the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemicals and preparations is done taking into account the compatibility between the substances. The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program. The companies within the Group have the support provided by the managers of COMPA SA. The persons who handle, use, store and transport dangerous substances / mixtures are trained and know the measures to be taken in case of emergency situations.

Annually, environmental management programs plan targets to reduce flue gas consumption from technological processes in order to reduce flue gas emissions (carbon emissions). The flue gases (CO, dust) from the technological processes and from the electrothermal power plant are annually measured, in emission, in the chimney, by an accredited laboratory.

MEASURES APPLIED TO PROTECT OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is an integral part of COMPA Group's mission to improve the quality of life. COMPA Group makes a sustained effort to achieve an organizational culture of occupational health and safety and performance in this field.

COMPA Group adopts progressive labor, health and safety, ethics and environmental policies that meet or exceed all applicable international human rights laws, norms and standards. Policy guided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the principles set out in the International Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

COMPA Group applies a Business Conduct Guide, which describes a progressive work policy towards employees, suppliers, partners and local communities. This policy includes ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay, individual confidentiality, reporting and anti-retail policies. The use of child labor, forced labor or trafficking in human beings in any form is not tolerated - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain. This policy of the COMPA Group is transmitted throughout the supply chain through the COMPA Supplier's Guide of Conduct.



COMPA Group complies with the laws regarding safety, individual security, prohibitions on trafficking human beings and child forced labor, together with the laws ensuring freedom of association and the rights to collective negotiations, and complies with the relevant regulations on minimum wage and overtime, as the case may be, and provide decent living conditions.

COMPA Group respects the right of employees to join or not to join a trade union of their choice and the right to collective negotiations, without any form of retaliation, intimidation or harassment. Adopts policies and practices that guarantee that employees can freely associate at work in accordance with applicable laws and regulations, ensure that employee representatives are elected freely, without interference from the management, and that they are recognized by the management in accordance with applicable law.

Freedom of association can be suggestively exemplified in the table below.

From the data presented, the percentage of staff associated to a trade union is of 51.47%.

The Group's management undertakes to adopt an impartial position towards trade unions and their representatives.



	Staff on 31 December 2023	No. employees affiliate to a union	Union members (%)
COMP A SA	1713	891	52.01%
COMP A IT SRL	10	0	0%
TRANSCAS SRL	44	11	25,00 %
RECASERV SRL	36	26	72,22%
TOTAL GROUP	1803	928	51,47%

During the meeting between the representatives of COMP A S.A. and the representatives of the Free Independent Trade Union of COMP A S.A. in September 2023, the parties empowered to negotiate the Collective Labor Agreement for the years 2022-2024 agreed on the following:

- The modification, as of October 2023, of the pay scale by including in the basic salary the gross amounts corresponding to the salary bonuses (seniority bonus, bonus for attracting labor force, bonus for systematic overtime work, bonus for foreign language, bonus for hard working conditions, bonus for dangerous working conditions, bonus for harmful working conditions);
- In regard to the seniority bonus, the parties agreed as follows:
 - For existing employees up until 01.10.2023, the seniority bonus will continue to apply in the future, hereinafter referred to as COMP A fidelity bonus, and the COMP A fidelity bonus will apply to new employees also;
 - For existing employees in COMP A on 01.10.2023, the gross amount corresponding to the percentage of the seniority tranche existing at the time of the change was added to the basic salary. Subsequent to the change, a 5% salary percentage increase is applied on the completion of the current seniority bands until the last seniority band in terms of time worked, i.e. 20 years;
 - The seniority band existing at the time of the change is still referred to as fidelity bonus in COMP A;
 - For employees hired after 01.10.2023, the new COMP A fidelity clauses apply;
 - In regard of the provisions of the bonuses, they are amended as follows:
 - (1) The allowances to be granted under the terms of this contract are:
 - (a) overtime pay for hours worked on scheduled working days: 75%;
 - b) bonus for overtime worked on days off: 85%;
 - c) bonus for overtime worked on public holidays when, according to the law and the Collective Labor Agreement, are days off: 100%;
 - d) bonus for hours worked at night: 25%.
 - e) bonus for working in another position in the company; a bonus of up to 50% of the basic salary of the position replaced will be granted, starting from the 3rd month of multiple jobholding;

An employee who performs the full duties of a position higher than the one in which he/she is employed for a period of more than 2 months will receive the salary of that position for the entire period worked under these conditions. During this period, the employee shall be relieved of the duties of the original position.

- Also, starting with November 2023, a salary indexation of 7% was applied; with the indexation of the salary scale, the benefits deriving from it (Christmas and Easter bonus, holiday bonus, travel allowance, etc.) were also indexed by the same percentage.

In 2023, all employees were granted meal vouchers, with the value of 30 lei/day, and starting with October 2023, the value of the meal voucher increased to 35 lei/day. Gift vouchers were also granted occasionally.

Between the company management and the employees there is an employment relationship within the limits of the Labor Code and the Collective Labor Agreement.

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

The Group integrates the principles of Social Responsibility through management based on the principles of leadership and a vigilant approach to the impact of the decisions made by the Company on societies, the environment, and economic factors.

PROCEDURE FOR RECEIVING AND RESOLVING COMPLAINTS

Within the Group, there is a system for resolving employee complaints that regulates how they can address the management of affiliated companies, with petitions made in their own name. The petitions concern social issues related to work. The system stipulates how these petitions are registered, distributed for settlement and the way of sending the answers to the petitioners.



COMBATING CORRUPTION AND BRIBERY

In COMP A Group there is implemented a procedure regarding the possibility of reporting by employees, customers, suppliers, shareholders, third parties, etc., the acts of corruption, acts of violation of laws and regulations, values, principles, and norms applicable in society.



The procedure regulates the way of receiving, examining, and resolving reports, the rights and obligations of the persons carrying out reports on law violations, as well as protection measures for these persons.

COMMUNITY INVOLVEMENT

To increase the impact on the local community, the COMP A Group works with protected unit type entities as well as ECOVADIS certified suppliers. An example in this direction is given by the print fleet of the COMP A Group, which includes over 90% EPSON equipment (platinum winner ECOVADIS 2020 - a verification tool for companies covering a wide range of non-financial management systems such as: environment, labor and human rights, ethics but also the impact of sustainable procurement). COMP A Group also works with suppliers in both the CSR Romania 2020 top and the CSR Europe top. (CSR - Corporate Social Responsibility).

COMP A Group is actively involved in the community to which it belongs, with a history of over 130 years, COMP A has been permanently present in the consciousness of the community of which it is part and which it constantly supports in various ways:

- Providing the technical and technological support necessary for professional and specialized training in pre-university and university education.
- Supporting sports competitions: cycling, car, cross country, etc.
- Contributions to the provision of resources for projects in the field of public health, culture, and cults.



1. COMPA SA**PREAMBLE**

Throughout its 130 years of existence, COMPA has consistently progressed technically and technologically, constantly investing in the quality of its products and services. Thus, COMPA is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. The COMPA map covers over 20 countries on 3 continents, including: France, Germany, the United States, the Czech Republic, Slovakia, Belgium, the Netherlands, England, Italy, China and India.

The main product groups made in COMPA are: subassemblies and components for injection systems; windscreen wiper subassemblies and components; components and subassemblies for turbochargers; steering gear sprockets; steering column components; springs; stamped parts; forged parts; cardan transmissions; Metal fabrications; mechano-welded components; components for air conditioning installations; cabins and other high precision components for machine tools, components and injection system, a wide range of tools (cutting tools, sharpening cutting tools, punches and forging dies).

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

The top processes applied in COMPA projects, which widely integrate CNC equipment associated with defect detection procedures and statistical control methods, allow constant quality assurance.

The use of modern cutting technologies, the use of laser for cutting or control, metal or film coatings, robotic cells, dimensional control technique, associated with the "lean" operational concept, make COMPA a successful company with remarkable results in recent years.









The organizational structure adopted by COMPA is a mixed, functional - divisional (matrix) structure. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer requests. It is a structure based on a wide autonomy of multifunctional teams.

Strategic objectives of the company COMPA follow: increasing the company's profitability, increasing the value for the customer, achieving operational excellence, increasing staff performance, increasing environmental performance, occupational health and safety.

The global influence of all the internal factors of the society creates the "climate" of its work and manifestation, a climate in which the whole range of activities takes place.

This internal "climate" forms the level of satisfaction and existence to which all the staff of the organization is connected and within which the whole series of activities that participate in the realization of our products and processes takes place, strongly influencing the relational interface with external environmental factors.

STRATEGIC DIRECTIONS; PRODUCT DEVELOPMENT

-  with existing customers
-  with new customers
-  development of high value-added products
-  development of products for the manufacture of commercial vehicles
-  developing COMPA as an integrated supplier
-  growing business with prime component manufacturers (OEMs)
-  replacement of products intended for the manufacture of diesel engines
-  the development of the COMPA Development Research Center and the increase of investments in R&D activity
-  significant increase in non-auto activity

The business model as well as the adopted strategy have the role of maintaining the company at the current level of short-term performance and medium and long-term development, in close correlation with the evolution of the world economy.

Relevant information on the business model, including strategy and objectives will be presented in the next part of this statement detailing the activities that the company carries out in order to maintain a level of performance in line with the objectives assumed.

THE SWOT ANALYSIS

Weaknesses

- Excessive size and diversity (waste of resources, increased costs with general administration, reduced flexibility, diversity of positions and skills, cumbersome management of information flow);
- Manufacture of products with a small share in turnover;
- Loss of significant supplier position in the Romanian automotive industry;
- Limited know-how in product design activity;
- Execution according to customer projects (lack of products - COMPA brands).

Strong points

- Salary levels aligned with the market;
- High professional workforce, especially in support services;
- Good image in business;
- Listing on the Bucharest Stock Exchange;
- Integrated system, for quality - environment - occupational health and safety, certificate;
- High level of process integration;
- Own high-performance know-how for auxiliary processes: heat treatments, surface coatings, paints;
- Production facilities at the level of the world automotive industry;
- Medium and long term partnerships with reputable clients;
- Organizational structure with autonomous business units - profit centers;
- Involvement in the development of technical and vocational education (supporting dual education);
- Good command of modern manufacturing processes in the field of processing and assembly;
- Engaging the company's management in extensive development projects.
- Significant profit margins that ensure development.

Risks

- Gradual reduction of diesel vehicles
- Insufficient resources on the labor market;
- Accelerated growth in labor, materials and energy costs;
- Expensive loans;
- High dependence on a relatively small number of customers;

Opportunities

- Accelerated development of the Romanian business environment (based on foreign investments);
- Accessing EU funds;
- Increasing the turnover from related activities offered to the regional market (metal coatings, metrology, physico-chemical laboratory, professional training) and from the integration of processes (forging);
- Development of car manufacturing in Romania;
- Availability of current customers for the development of collaboration (increasing volumes of current products and requesting new references);
- Availability and resources for business development in other fields (real estate).

All of the above were data and have been taken into account in the activities of analysis, identification and treatment of risks and opportunities that may arise in the COMPA processes and in determining how we respond to and harmonize with this whole context in which we exist and carry out our activities.

INTEGRATED POLICY IN THE FIELD OF QUALITY, ENVIRONMENT AND HEALTH AND SAFETY AT WORK

- ☞ Quality, environmental protection, health and safety at work are among the values we care about, being integrated into the long-term development strategy of our organization and are some of the aspects that represent us.
- ☞ We are aware that the quality of products and services, care for the environment, continuous improvement of working conditions and prevention of occupational hazards as well as involvement in the life of the community to which we belong, in full compliance with the requirements of applicable law, are essential for our success
- ☞ In this sense, we are dedicated to the continuous understanding of the needs of all stakeholders so as to ensure the long-term sustainability of our activities, throughout the value chain: procurement → production and associated services → customers, government authorities and the local society / community.

PROCUREMENTS:

We take responsibility and are committed to ensuring sustainability for the entire life cycle of our products. We work closely with our suppliers to ensure the protection of the environment and the climate, the conservation and regeneration of the resources used, to respect human rights in our collaborative relationships and to ensure decent working conditions.

PRODUCTION AND ASSOCIATED SERVICES:

In the realization of our products and associated services, we are continuously committed to reducing energy consumption and the necessary resources, in this sense having implemented the most modern environmental management systems (ISO 14001). We are constantly concerned with improving the working conditions of our employees, being aware that they are our most important resource. For this, we strictly comply with the provisions of the latest standards in the field (ISO 45001). Promoting diversity and equal opportunities is another important aspect of our policies, considering that every human being can make a decisive contribution to the development and sustainability of the business, applying in this way

CLIENTS, GOVERNMENT AUTHORITIES, SOCIETY / LOCAL COMMUNITY:

One of our most important commitments is to guarantee our customers and government authorities products of the highest quality and with a high degree of safety of use, rigorously applying the highest standards in the field (ISO 9001 and IATF 16949).

We are an active member of society and the local community, being involved in a wide range of activities that support education, sports and environmental protection.

For the implementation of this integrated policy of quality, environment, health and occupational safety, we are guided by the following principles and values that we are firmly committed to:

Orientation towards thinking based on the identification, assessment and treatment of risks.

Customer orientation to demonstrate that its requirements and expectations are met.

Orientation towards our employees and partners by ensuring a friendly work environment and respecting an atmosphere of high professional ethics.

Orientation towards continuous improvement of effectiveness and efficiency integrated quality management system, environment, health and safety at work.

Orientation towards compliance with the legislation in force but also with the regulations and requirements of the interested parties which we assume and subscribe to.

Orientation towards society and the local community by voluntary involvement in providing the necessary support to increase living conditions.

Strategic directions in which we act to implement these policies throughout our value chain are the following: COMPA SA Sibiu has implemented an Environmental Management System according to the ISO 14001 standard. This system was first certified in 2003 and recertified in 2015 by the German certification body TÜV Rheinland. A new recertification of the system by the same certification body, TÜV Rheinland, was obtained in 2021. The activities regulated by this system are maintained and continuously improved, being systematically supervised by internal audit, but also by the certifying authority.

2.1. Environmental aspects

The company identifies and evaluates the environmental aspects determined by the technologies used, the products made and the services offered:

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

The main product groups made in COMPA are: injector subassemblies and components; windscreen wiper subassemblies and components; center housings, flanges and rollers for turbofans; steering gear sprockets; steering column components; arches; stamped, stamped parts; forged parts; cardan transmissions; mechanically welded metal fabrications; components for air conditioning installations; injection system components and valves, molds and tools.

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

Thus, the environmental aspects associated with these technologies, products and services take into account, as appropriate, air emissions, water discharges, soil contamination, waste management, resource consumption, noise, vibration, etc.

Environmental issues are assessed annually and whenever necessary, as a result of changes in execution technologies, the introduction of new raw materials / materials / equipment, changes in legal, regulatory and customer or other stakeholder requirements, specific conditions in points work, etc. Based on these analyzes, the ways of keeping under control the environmental aspects associated with the company's activities are updated.

The main environmental issues identified in 2023 refer to waste, accidental spillage of substances / mixtures, energy consumption and emissions into the atmosphere and noise, the rest of the environmental aspects being in a smaller share (Figure 1).

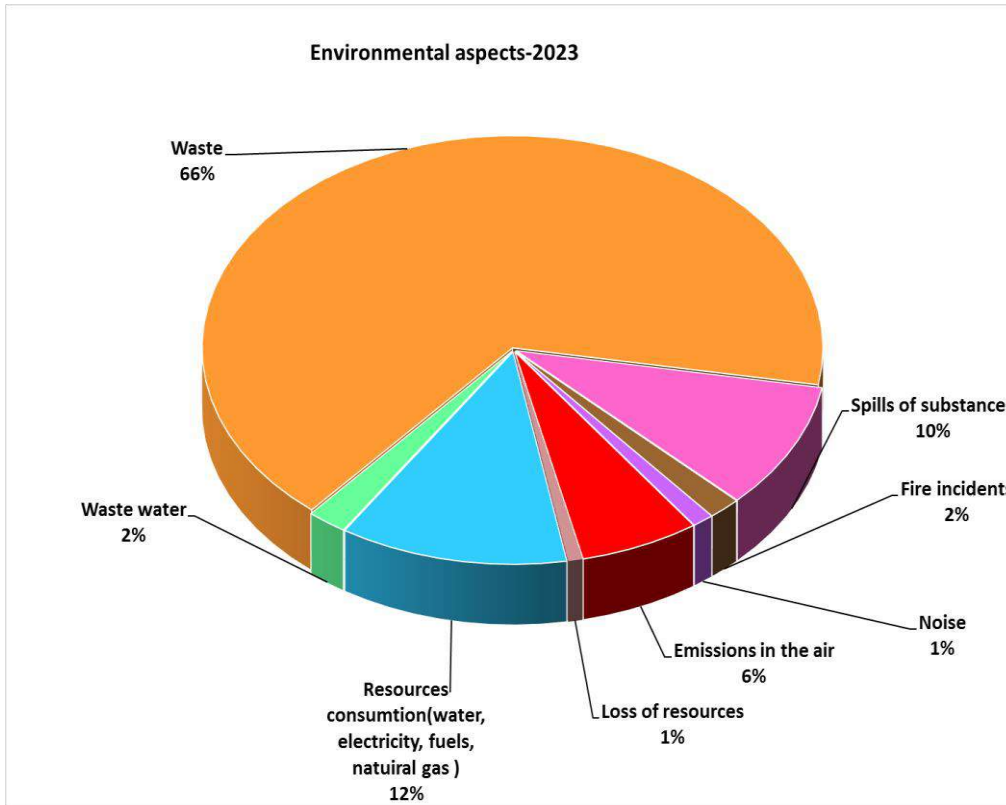


Figure No. 1

Of these, only 1 % were identified as significant in relation to legal requirements and internal risk analyzes. These are those aspects that have or may have a significant impact on the environment and are included as a priority in the risk analysis as the main sources of risk generation (Figure 2).

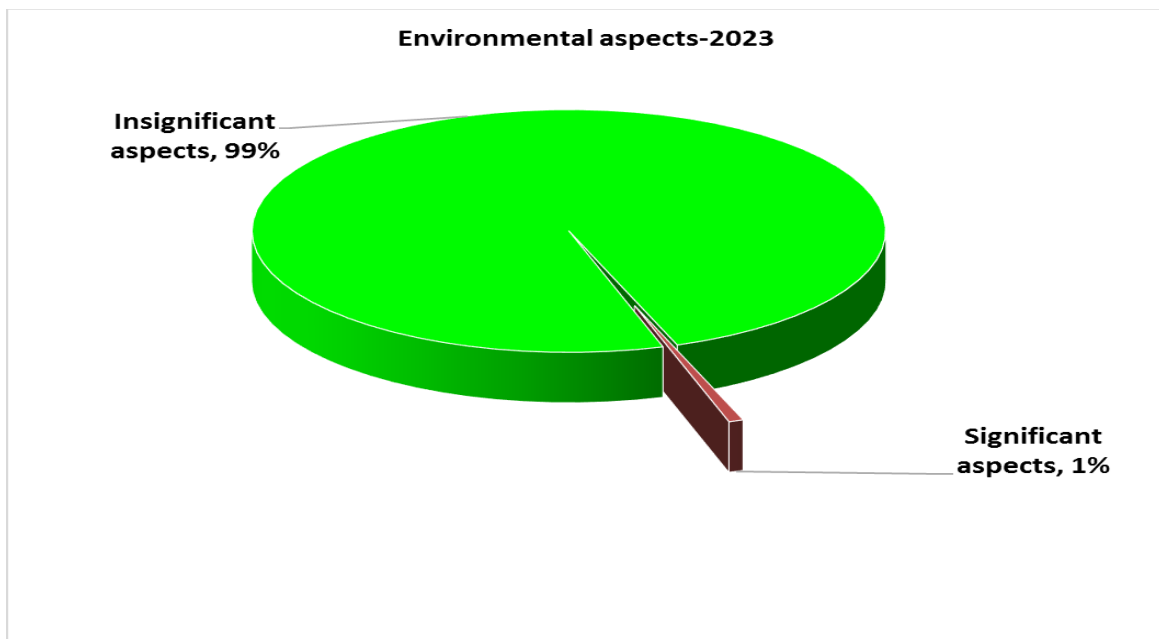


Figure No.2

2.2 Risks (negative / threats and positive / opportunities)

Following the environmental risk analysis (threats and opportunities), the main environmental risks identified at the level of 2023 are the following:

Non-compliance with compliance obligations related to waste management, namely:

- non-selectively collected waste
- waste delivered for recovery / disposal without compliant documents (approved transport annexes)
- risk of being left with waste on site (declared quantities no longer correspond to generated quantities)

Non-compliance with compliance obligations regarding wastewater management, namely:

- wastewater quality indicators discharged into the sewerage network above the maximum permitted limit

Non-compliance with compliance obligations on atmospheric emissions, namely:

- the risk of emitting quality indicators in the atmospheric air above the maximum allowed limit

Non-compliance with the requirements for the management of hazardous chemicals, namely:

- the existence of expired safety data sheets
 - unauthorized use of hazardous chemicals with special regime
 - **Recurrence of non-conformities identified in environmental inspections / operational inspections.**

Lack of competent staff to respond to environmental problems at the manufacturing level (frequent change of environmental managers in manufacturing)

Extension of emergency response times

For all these, the analysis of the potential causes was carried out, taking measures that would lead either to the decrease of the criticality of the negative impact, or to the increase of the degree of capitalization of the identified opportunities.

Negative risks / threats:

RISK	POTENTIAL CAUSES	ACTIONS
Potential non-compliance with legal obligations regarding waste management	Potentially low level of employees' knowledge of selective collection. Variety of waste types that could lead to failure to identify the expiration date on hazardous waste transport forms in a timely manner. New legal requirements potentially unidentified in time.	Awareness of staff through repeated training / Awareness of newly hired staff related to the importance of observing the method of selective collection Frequent verification of waste shipment approval forms. Verification of compliance obligations to identify new legal requirements more frequently.
Potential non-compliance with legal obligations regarding wastewater management	Potential damage to treatment plants. Potential improper handling of chemical means of transport. The potential lack of sufficiently aware staff.	Staff awareness through repeated training. Planning and performing simulations so that the intervention is performed in real time and with the necessary equipment, easily accessible.
Potential non-compliance with legal obligations regarding emissions into the atmosphere	Potential non-compliance with the change frequency of activated carbon filters. In the planned maintenance, potential inefficiency in identifying problems with the chimneys.	Timely replacement of filters. Performing preventive maintenance on the chimneys.
Potential non-compliance with the requirements for the management of hazardous chemicals	Potential non-compliance with the frequency of updating the documentation at the places of use. Potential ignorance of the regulatory requirements related to the chemical regime	Updating the documentation at the places of use Awareness of the regime of dangerous chemicals.
Potential recurrent non-conformities identified in environmental inspections / operational inspections / internal audits.	Ineffective potential in the analysis of actions by the team. Ineffective potential in rigorously establishing actions, potential ignorance of the correct way to identify root causes	Training staff on the correct way to analyze the root cause. Analysis of actions by the whole team.
Potential lack of competent personnel to respond to environmental issues at the manufacturing level	Potential frequent change of environmental managers / insufficiently trained staff from a professional point of view	Appointment of environmental officials with whom to be prepared to respond to environmental issues
Potential extension of the intervention period in case of emergencies	Potential lack of materials needed for the intervention	In internal audits, emphasis will be placed on monitoring the existence of intervention materials where necessary.

Positive risks / opportunities:

RISK	POTENTIAL CAUSES	ACTIONS
Existence of internal opportunities to design technologies to reduce air and soil pollution with metal powders and oil	Existence of specialized personnel within the maintenance department able to design technologies to reduce air and soil pollution with metal powders	Designing and implementing efficient capture and retention systems for powders and oil vapors.

2.3 Objectives and targets. Environmental management programs

Annually, at the level of each department, environmental objectives are set that take into account the significant environmental aspects, the compliance obligations and the identified risks and opportunities.

In setting environmental objectives and targets, the following are taken into account:

- the company's activities and services;
- compliance obligations;
- significant environmental issues;
- technological options;
- material, financial and human resources;
- the views of stakeholders

The main points of the Annual Environmental Management Program for 2023 are the following:

Objective	Actions
Reduction the amount of waste generated	<ul style="list-style-type: none"> - The reuse of plastic and steel waste from the manufacturing processes of SDVs; - The use of sheet metal waste resulting from laser cutting, for the execution of other milestones - Replacing the semi-finished product with a larger diameter with a semi-finished product with a smaller diameter for the manufacture of the NNC nozzle landmark; - Recovery of the processing oil from the retention trays and chip collection containers, from each machine, by using an absorption and filtration pump, adapted to each machine, in order to recover and reintroduce the processing oil into the machine; - Optimizing technological processes through improvement projects/proposals (e.g. Use of non-compliant parts due to appearance (pores), during the machine adjustment operation); - Semi-annual staff training on the importance of preventing the generation and minimizing the amount of waste; - Reduction of carbide waste resulting from technological processes. - Redevelopment of an area dedicated to selective collection

Reducing the consumption of raw materials and energy	<ul style="list-style-type: none"> - Reducing electricity consumption for lighting by replacing current bulbs with LED bulbs; - Stopping the electricity supply during meal breaks and during the preparation of the manufacturing shift; - The purchase and installation of two compressors and two high-performance transformers; - Reducing the consumption of abrasive paste, due to the elimination of the honing process in the soft phase (non-heat treated parts) of all parts
Reducing the amount of emissions in the atmosphere	<ul style="list-style-type: none"> - Reduction of oil vapor emissions by replacing the current capture systems with a power plant with an efficiency of 99.97%; - Decommissioning the dust removal room left after the relocation of the cold springs workshop
Hazardous Substance/Waste Storage Improvement	<ul style="list-style-type: none"> - Repair of the floor in the hazardous waste warehouse

2.4 Results of the Environmental Management Program

a. Results of water monitoring

The following categories of waters are monitored in COMPA:

Sewage in the sewer system;

Hydrocarbon separating effluent;

Groundwater from the observation well;

The table below lists the waters to be monitored, the number of indicators and the monitoring frequency

Water category	What is being monitored	Monitoring frequency
Wastewater in the sewer network	7 channels 15 indicators	Monthly with internal laboratory Quarterly with accredited laboratory
Hydrocarbon separating effluent	4 channels 3 indicators	Semester (2 samples / year) with accredited laboratory
Groundwater from the observation well	1 observation drilling 13 indicators	Semester (2 samples / year) with accredited laboratory The results of the chemical analyzes at the end of each semester, performed by an accredited laboratory, are sent to SGA Sibiu

The quality indicators of wastewater discharged into the sewerage network and the maximum allowed values are presented in the table below:

Water category	Parameter	Allowed values
Domestic and technological wastewater in the sewerage network	pH	6.5-8.5
	Total suspensions	350 mg / l
	CBO5	500 mg / l
	COD,	300 mg / l
	Extractable with organic solvents	30 mg / l
	Ammoniacal nitrogen	30.0 mg / l
	sulphides	1.0 mg / l
	Sulfates SO42-	600 mg / l
	Zinc Zn2 +	1.0 mg / l
	Total chromium Cr3 ++ Cr6 +	1.5 mg / l
	Hexavalent chromium Cr6 +	0.2 mg / l
	Total manganese	2.0 mg / l
	Copper With 2+	0.2 mg / l
	Nickel Ni2 +	1.0 mg / l
CN Cyanide	1.0 mg / l	

b. Results of monitoring emissions into the atmosphere

In 2023, a number of 41 chimneys for the emission into the atmosphere were monitored.

The pollutants monitored were:

- Volatile organic compounds (VOCs);
- Powders;
- Nitrogen oxides (NOx);
- Carbon monoxide (CO);
- Hydrochloric acid (HCl);
- Hydrofluoric acid (HF);
- Sulfuric acid (H2SO4);
- Phosphoric acid (H3PO4);
- Chlorine (Cl2);
- Trivalent chromium (Cr3 +)

No exceedances were found in the concentrations of pollutants emitted into the atmosphere.

c. Noise monitoring results

The main sources of noise are fans, cooling systems, machines plant transport, equipment, compressors, etc.

In general, noise sources are located inside halls or closed modules. Those that are exterior are provided with sound-absorbing panels so as to comply with the maximum continuous equivalent sound level (NAEC) allowed of 65 dB (A) at the limit of the company's functional space.

d. Results of monitoring substances and mixtures

In COMPA the management of hazardous substances and mixtures is regulated by the Environmental Procedure "Management of hazardous substances and mixtures in COMPA" which establishes the purchase, transport, handling, storage, use and management of hazardous substances and mixtures in COMPA SA, in order to ensure protection the environment, employee safety and the control and minimization of the risk of accidents involving hazardous substances and mixtures.

The purchase of hazardous substances / mixtures is done in accordance with the procedure "Market research, evaluation and selection of suppliers-Conclusion of the order / contract with suppliers". Before purchasing any substance or mixture, the supplier in the Order / Contract Safety Data Sheet (SDS) is required in accordance with REACH Regulation (EC) No 1907/2006 and Regulation 830/2015 amending Regulation No 1907/2006 (REACH).

On entry, it is checked whether the substances and mixtures are labeled in accordance with Regulation (EC) No 1272/2008 (CLP).

The company owns and updates annually the list of substances and mixtures used.

e. Results of waste monitoring

In COMPA, waste management is done according to a specific procedure that regulates the collection, storage, disposal, evidence, reporting and transport of waste generated in COMPA SA, to prevent environmental pollution.

This procedure applies to all manufactures and compartments in the company.

Each waste is identified and coded with a 6-digit code according to the activity from which it comes, in accordance with GD 856-2002 on waste management records. The company has a list of all identified waste.

Each waste generated is recorded in the Waste Management Record Sheet and is monitored monthly: quantity generated, quantity remaining in stock, quantity recovered and quantity disposed of.

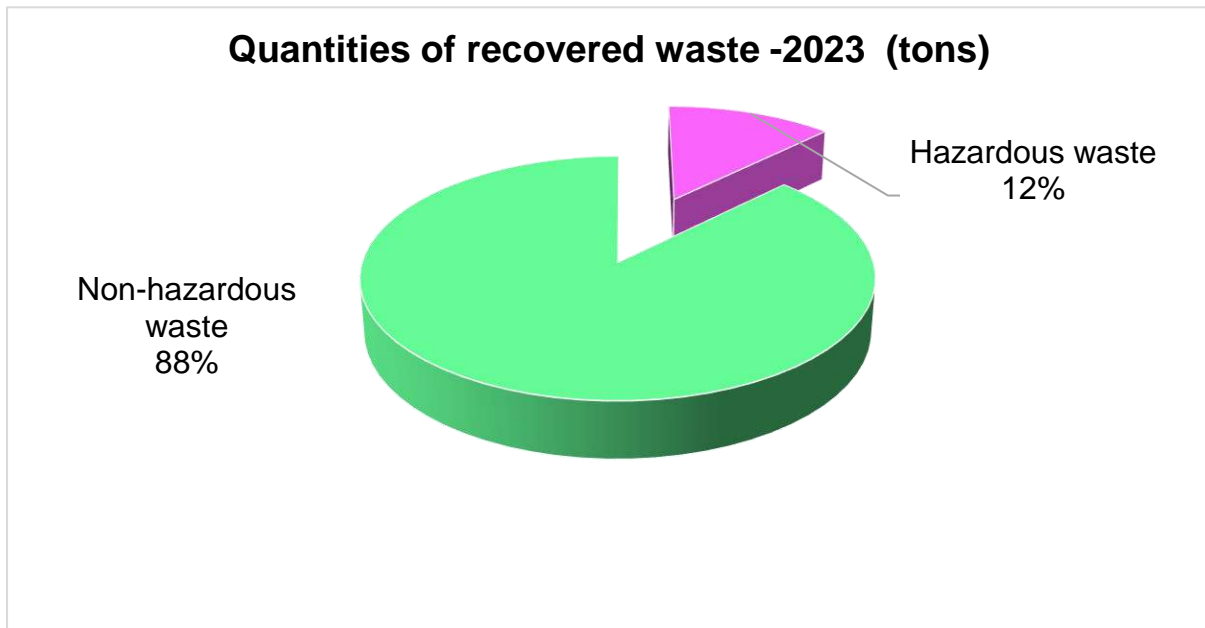
The waste identified in our company is non-hazardous waste and hazardous waste. Each waste is treated according to the waste management procedure.

In 2023, a number of 84 wastes were monitored.

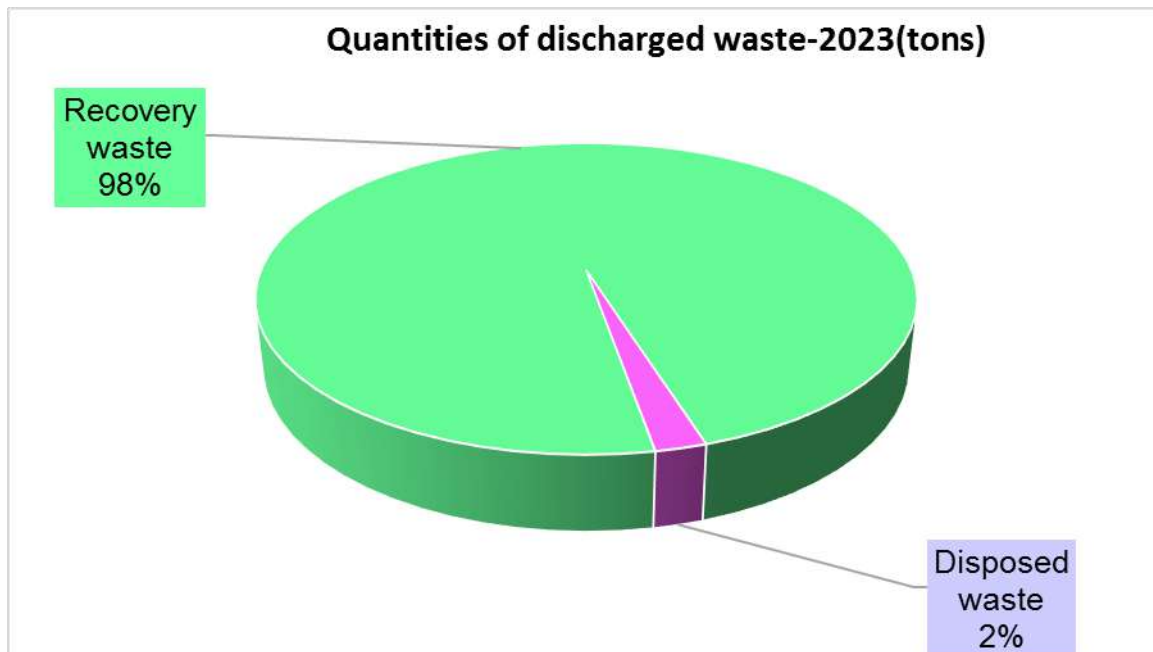
Of the total quantities of waste generated, 54 % is hazardous waste:



Of the total quantities of waste recovered, 12% is represented by hazardous waste and 88% by non-hazardous waste, in the same proportions as the waste generated.



Of the total quantities of generated waste, 99.6% is recovered and only a very small percentage of 0.4% is eliminated by controlled storage at authorized economic agents.



f. Results of global environmental performance

At the company level, an overall environmental performance indicator has been established that is calculated based on environmental management performance (provides information on management efforts to influence the environmental performance of the organization) and environmental operational performance (which provides information on results environmental performance of the organization’s activities).

The Global Environmental Performance Indicator (GEPI) is calculated annually as follows:

GEPI = 50% EMPI + 50% EOPI, where:

Where: EMPI = Environmental Management Performance Indicator. Provides information on management efforts to influence the environmental performance of the organization;

EOPI = Environmental Operational Performance Indicator. Provides information on the operational results of the environmental performance of the organization's activities.

The Environmental Management Performance Indicator (EMPI) is calculated as follows:

$EMPI = 35\% NA + 35\% CL + 30\% LAEO$, where

NA - aptitude level of the environmental management system resulting from the environmental audit = arithmetic mean of the aptitude levels obtained at the internal audit according to ISO 14001.

In 2023: NA =88 %

CL - level of compliance with the applicable compliance obligations = arithmetic mean of the compliance levels with the compliance obligations of the manufactures / directions.

In 2023: CL= 100%

LAEO - level of achievement of environmental objectives and targets in environmental management programs = number of objectives met / total number of objectives x 100.

For 2023 LAEO was 90.32 %

EMPI was un 2023=92.9%

The Environmental Operational Performance Indicator (EOPI) is calculated as follows

$EOPI = 33.3\% IPA + 33.3\% DCM + 33.3\% DC$, where

IPA - degree of compliance with the maximum permitted level of pollutants in water = no. pollutants emitted in water that comply with CMA / no. total pollutants emitted into the water) x 100.

IPA was in 2023= 94.44%

DCM - degree of compliance with the maximum level of pollutants in the atmosphere = no. of air pollutants complying with VLE / no. total pollutants emitted into the air x 100.

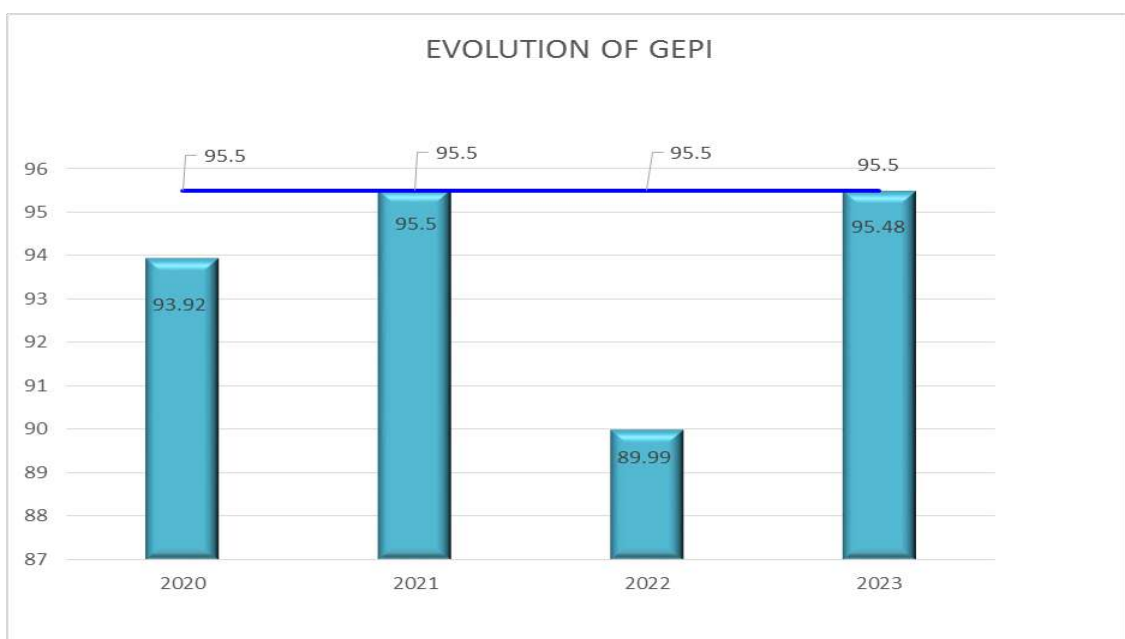
DC - degree of collection, recovery / selective disposal of waste = no. selectively collected waste (recovered / disposed of) / no. total waste generated x 100.

DC=100%

In 2023: EOPI = 98.05 %

In 2023 GEPI = 95.48 %

The evolution of GEPI in the last 4 years is presented in the graph below:



2.5 Environmental projects. Improvement

The main improvement project was to reduce the quantities of oils used as coolant by filtering the oils from the cooling tanks of the machines using the filtration system.

2.6 Internal audit of the environmental management system

Internal environmental audit

COMP A has implemented an environmental management system in accordance with the requirements of the international standard ISO 14001 from 2015.

The internal environmental audit is performed by the internal auditors of the "Systems Audit" department, every six months, to determine whether the requirements of the standard are implemented and maintained effectively and efficiently and to communicate to the top management the results of internal audits in analysis meetings.

The scheduling of the internal audit is done on the audit program prepared at the beginning of the year, and the manufacturing departments are announced through an audit plan on the elements to be audited. The actual conduct of the internal audit is carried out in accordance with the "Internal Audit" system procedure.

The results of the audits, the level of suitability, and the non-conformities identified / proposals for improvement are recorded on the audit report, which is sent to the auditee in order to establish the necessary measures.

The average level of aptitude of the environmental management system in relation to the requirements of the ISO 14001: 2015 standard was in 2023 of 88%

External environmental audit

The environmental management system implemented according to the ISO 14001: 2015 standard is certified and supervised by the TUV Rheinland certification body.

The external supervision audit of the environmental management system takes place annually and once every 3 years the recertification audit takes place.

In 2023, the surveillance audit for the environmental management system according to ISO 14001/2015 will follow.

Over the years, during the external audit of the environmental management system, no non-conformities were found, only proposals for improvement were identified.

THE IMPACT ON THE ENVIRONMENT GENERATED BY THE ENERGY CONSUMPTIONS IN THE COMPA
Measures to reduce energy consumption achieved and forecast to be achieved in the next years.

Through the production structure, COMPA Sibiu is an important consumer of energy.

Thus, at the level of the COMPA platform, the following energy resources were consumed in 2023:

Electricity = 43,924,294 Kwh, equivalent to 3,776.80 toe (tons of oil equivalent)

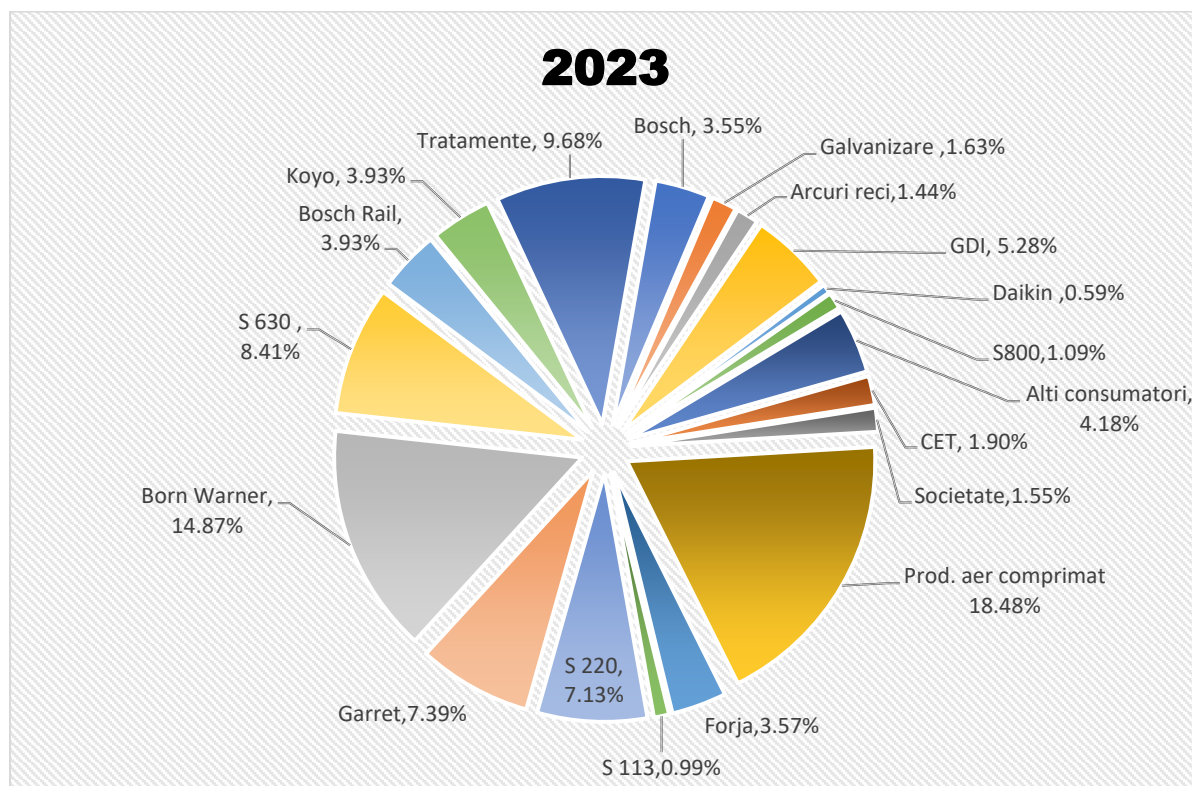
Natural gas = 3,852,634 m3, equivalent to 3,634.99 toe of which:

- Technological processes COMPA platform =508,819 m3, the equivalent of 480.07 toe
- Combined production of electricity and heat = 3,254,026 m3, equivalent to 3,070,20 toe
- Thermal energy 10,405 Gcal the equivalent of 1040,5 toe
- Compressed air 55,060 thousand cubic meters (produced in COMPA, the electricity consumption related to the production of compressed air is included in the total electricity consumption of the company)
- Water 75,592 mc

The consumption of these energy resources was released into the atmosphere in 2023

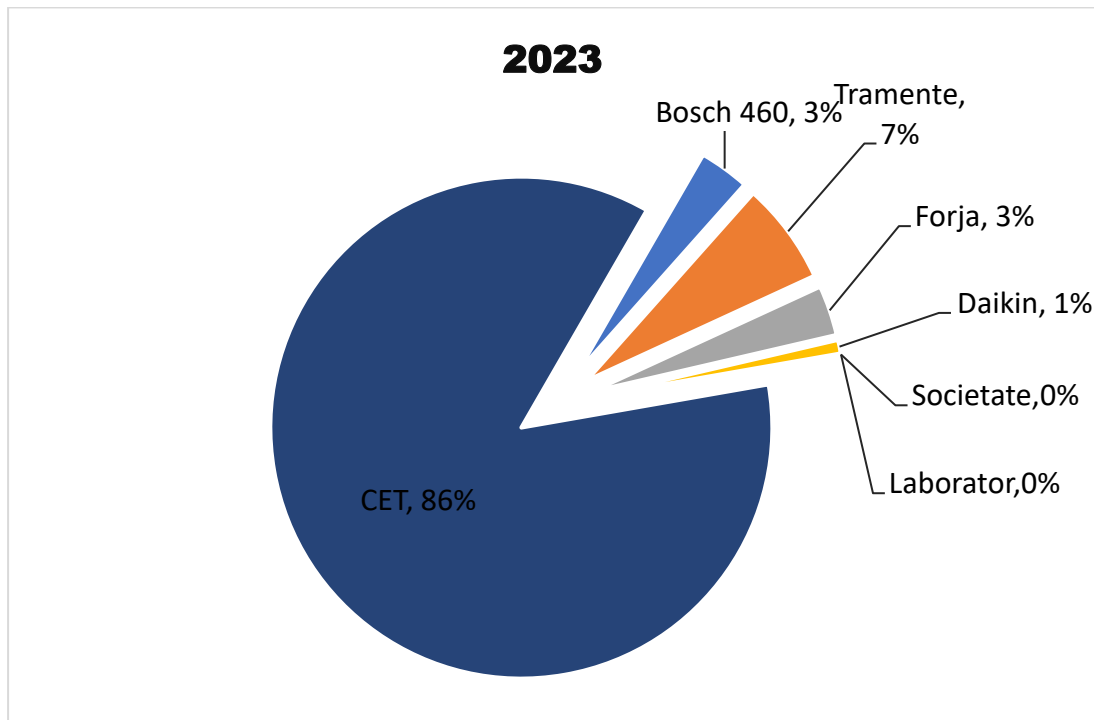
Electricity - In the electricity consumption achieved in 2023, 725 tons of CO₂ should have been released into the atmosphere, but all the electricity consumed was from hydro sources, it was practically green energy without CO₂ emissions. In addition, by putting the photovoltaic plant into operation in COMPA SA, a quantity of 1020 MWh was produced in 2023, which led to a reduction of CO₂ emissions by 225.10 tons.

Electricity

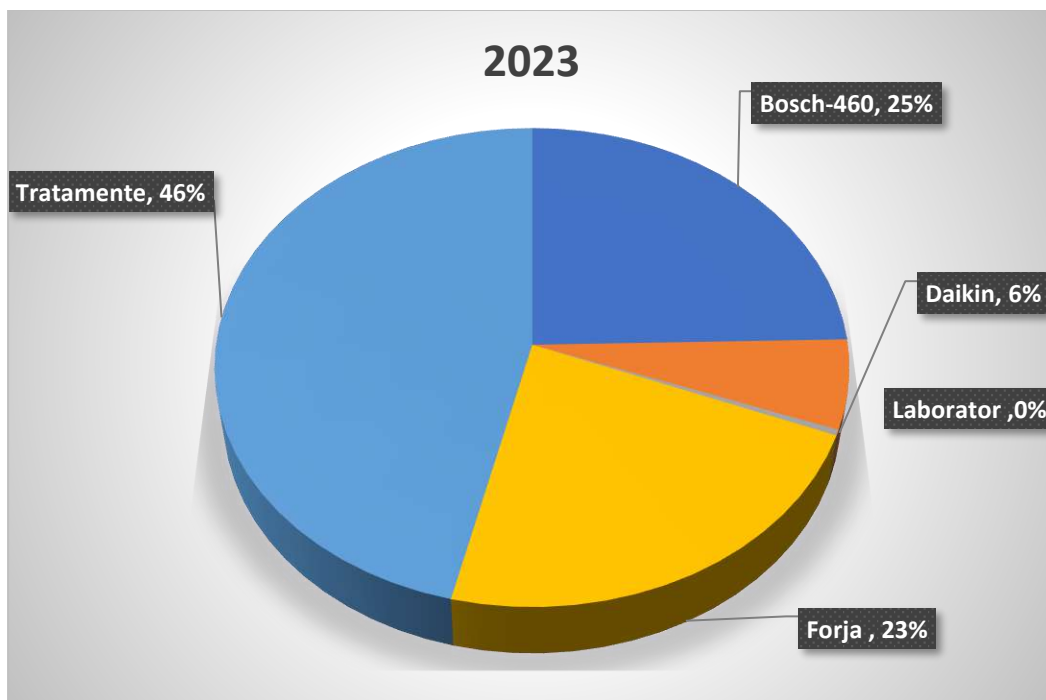


Natural gas for technological consumption and heat production

The structure of total natural gas consumption in COMPA in 2023 is as follows:



Regarding the consumption of natural gas for technological purposes, the structure of consumption in 2023 looks like this:



Aware that the reduction of energy consumption leads to a decrease in emissions into the atmosphere, COMPA Sibiu has established clear indicators of energy performance as well as a coherent policy of permanent implementation of measures to improve technologies (with reduced energy consumption and modernization of energy equipment).

I Energy performance indicators

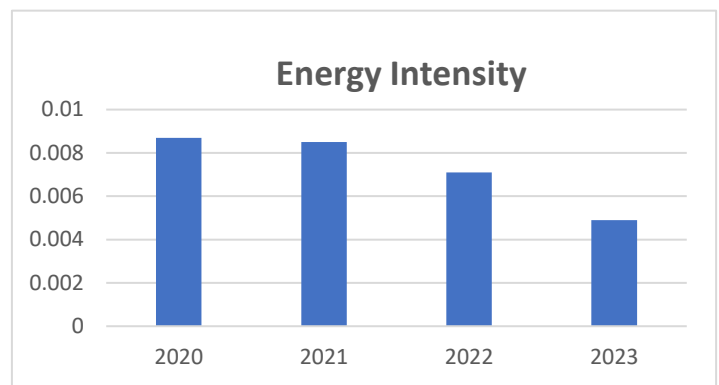
Good management of energy resources also involves establishing specific energy performance indicators with precise targets and clear responsibilities for departments and individuals.

The established indicators are the following:

The energy intensity of the manufacturing processes at COMPA Sibiu, an intensity that is determined by relating the energy consumption recorded by COMPA Sibiu to the value of goods production.

Corresponding to the recorded production and energy consumption, the situation of this indicator is as follows:

- Energy intensity year 2020 ----- 0.0087 tons of oil equivalent / thousand lei prod. goods (preliminary)
- Energy intensity year 2021 ----- 0.0081 tons of oil equivalent / thousand lei prod. goods (preliminary)
- Energy intensity year 2022 ----- 0.0071 tons of oil equivalent / thousand lei prod. goods
- Energy intensity year 2023 ----- 0.0049 tons of oil equivalent / thousand lei prod. goods



Note: In 2023, there was a decrease in energy intensity by 69% compared to 2022.

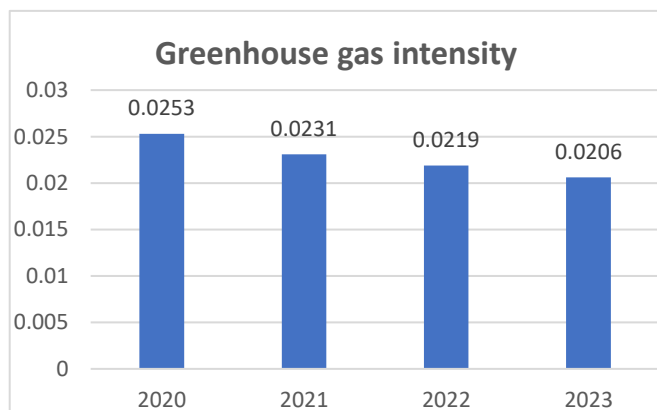
This decrease is justified by:

- assimilation of the new products
- the energy was used more efficiently.

The intensity of greenhouse gases- intensity which is determined by the ratio of CO₂ emissions to the value of production.

Corresponding to the recorded production, the situation of this indicator is as follows:

- intensity of greenhouse gases year 2020 --- 0.0253 tons of CO₂ / thousand lei of goods
- greenhouse gas intensity year 2021 ----- 0.0231 tons CO₂ / thousand lei prod. cargo (preliminary)
- greenhouse gas intensity year 2022 ----- 0.0219 tons CO₂ / thousand lei prod. cargo
- greenhouse gas intensity year 2023 ----- 0.0206 tons CO₂ / thousand lei product goods



In the case of this indicator, too, there is a decrease in the intensity of greenhouse gases (relative to commodity production) compared to previous years, partially, due to the acquisition of energy from regenerable sources.

Specific electricity consumption, consumption which is determined by relating the consumption of electricity to the production of goods.

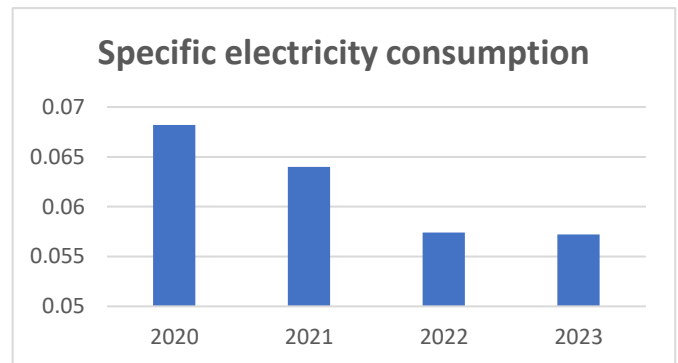
The situation by years is as follows:

Specific consumption year 2020 --- 0.0682 MWh / thousand lei of goods production

Specific consumption year 2021 ---- 0.0640 MWh / one thousand lei production of goods

Specific consumption year 2022 ---- 0.0574 MWh / one thousand lei production of goods

Specific consumption in 2023 ---- 0.0572 MWh / thousand lei of goods production



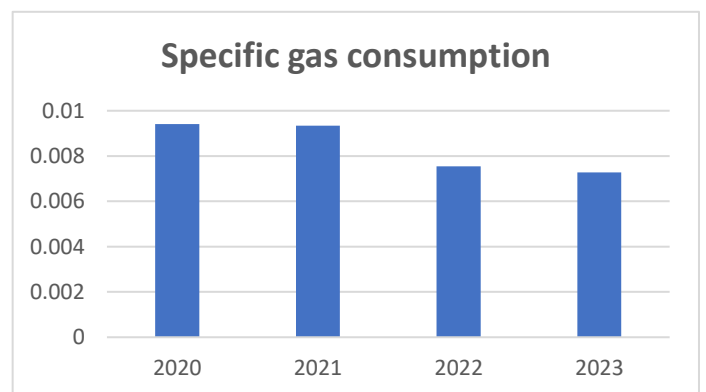
Specific gas consumption for technology, consumption which is determined by relating the consumption of natural gas to the production of goods. The situation by years is as follows:

Specific consumption year 2020 --- 0.00940 MWh / one thousand lei production of goods

Specific consumption year 2021 --- 0.00934 MWh / one thousand lei production of goods

Specific consumption year 2022 --- 0.00755 MWh / one thousand lei production of goods

Specific consumption year 2023 --- 0.00727 MWh / one thousand lei production of goods



II Measures to reduce energy consumption taken so far:

Realization of cogeneration installation

The combined production of electricity and heat is a concept that allows to obtain these energy resources at a high overall efficiency.

Considering the low efficiency of the boilers in the thermal power plant (put into operation in 1970) COMPA Sibiu installed on the site of the thermal power plant a cogeneration installation with an installed capacity of 3 x 1.01 Mw electric and 3 x 1.343 Mw thermal.

This cogeneration plant was qualified by ANRE as a high efficiency plant, benefiting from the bonuses related to this production.

In 2023, 8672 Mwh of electricity and 7692 Mwh of heat were produced in this plant.

The production of electricity in cogeneration in the condition of the volatility of the electricity prices on the market allowed in 2023 in COMPA Sibiu to balance the costs with the acquisition of electricity from SEN, thus leading to the reduction of the manufacturing costs.

Improving the energy efficiency of manufacturing processes at COMPA Sibiu

In 2013-2014 COMPA Sibiu through the POSCCE project Priority Axis 4 "Increasing energy efficiency and security of supply, in the context of combating climate change", the field of intervention "Efficient and sustainable energy", carried out the project "Improving energy efficiency manufacturing processes at COMPA Sibiu".

This project allowed the implementation of extensive measures to improve the energy infrastructure of COMPA Sibiu, so the following measures were implemented:

Central heating modernization. Through this project:

- 2 hot water boilers with a capacity of 2 x 3.5 MW were installed
- 2 steam boilers with a capacity of 2 x 2.5 t / h were installed
- a high-performance heat pump system was installed

Rehabilitation of electricity transmission and distribution system. Through this project:

- 86 medium voltage cells were rehabilitated
- 4 transformers of 20 / 0.4 Kv of 1600 Kva were replaced (high consumption areas)
- the internal electricity distribution system in the main areas of the Company was rehabilitated

Rehabilitation of compressed air production system. Through this project:

- a 160 kW variable speed compressor was installed
- a 132 kW fixed speed compressor was installed
- a compressed air monitoring and control system was installed
- a compressed air dryer / refrigerator was installed

Rehabilitations of water pumping system. Through this project, high-performance water pumping systems were installed in the company's hydrophore stations.

Implementation of energy management system. An important step in the digitization of energy networks is the installation of smart metering systems. Through this project, the monitoring of energy resources on the profit centers in the company (electricity, methane gas, thermal energy, compressed air) was performed. Thus, all consumption is recorded locally and is taken over in the company's intranet network, allowing: real-time management of energy consumption, preparation of hourly reports, daily monthly and taking measures to reduce unjustified energy consumption in real time.

Realization of saving system on the lighting installations in the production workshops

Realization of microclimate installation and technological water cooling Bosch workshop.

The implementation of this project allowed, according to the audit carried out by an ANRE authorized company, the obtaining of annual savings of:

Electricity 2108.84 Mwh - corresponding to CO₂ emissions of 558.19 tons / year

Natural gas 9215.86 Mwh - corresponding to emissions of 1809.89 tons / year

TOTAL EMISSIONS REDUCTION 2368.08 tons of CO₂

According to the energy balance, it is observed that electricity consumption was reduced by 5.8%, and natural gas by 23%.

The significant reduction in natural gas is justified by the reduction of natural gas consumption in the thermal power plant, so the old thermal power plant of the company was designed and executed as a zone thermal power plant with very large installed capacities:

- 2 hot water boilers CAF 5 of 2 x 50 Gcal / h
- 1 hot water boiler CAF 6 of 25 Gcal / h
- 3 steam boilers CR 9 of 3 X10 tons of steam / h

With the abandonment of the companies connected to this thermal power plant to purchase more thermal energy from COMPA (including residential neighborhoods), the provision of the thermal energy from old sources (put into operation in 1970) has become completely inefficient due to outdated technology and boiler charging. Well below rated capacity. The company's application to the POSCCE project Priority Axis 4" Increasing energy efficiency and security of supply, in the context of combating climate change" allowed the modernization of the thermal power plant with the purchase of new, high-performance boilers sized according to the company's thermal energy needs. Taking into account the energy efficiency of the local production of photovoltaic electricity and the opportunity to access non-refundable funds for the installation of such installations, COMPA Sibiu in 2023 realized through the Innovation Norway Program a photovoltaic power plant with an installed power in direct current of 1.126Mwp, respectively an installed power in alternating current

of 0.96Mw,the plant will produce a quantity of 1202.46Mwh/year, a fact that will lead to the reduction of electricity purchase costs and to the reduction of emissions of CO₂ with 318.28 tons/year.

III Projects generating energy savings with an impact on the reduction of CO2 emissions, preliminary to be carried out starting with 2023

For the year 2023, the following actions aimed at reducing energy consumption have been started:

- replacement of 2 screw compressors put into operation in 1997
- replacement of 2 power transformers of 20/0.4kW with an installed power of 2000KWA and 1000KWA

The following projects are also under evaluation and finding the possibility of financing with non-reimbursable European funds:

- the transformation of the COMPA cogeneration facility into a trigeneration facility
- modernization of the energy management system.

IV. Risks related to the provision of energy resources on the COMPA industrial platform

a) Electricity

By Romania's accession to the European Union, the entire energy system was put in front of the transition to free market conditions with the need to comply with the new environmental requirements / conditions.

Under these new conditions, many of the old energy capacities have been reduced or closed. This fact has led to a decrease in production capacity, and according to Transelectrica studies in the next period if no new investments are made in the construction of new power plants (energy capacity) there will be a deficit of power (energy) in the system. This power deficit is observed especially in the periods when the energy demand is high in the national energy system, and part of the electricity is taken from the outside (Romania is interconnected with the countries of the European Community).

The war in Ukraine also has a negative influence on the electricity market. This war led to a substantial increase in electricity prices. In order to reduce the impact of the increase in energy prices on the country's economy, the Romanian Government adopted the decision to capping until March 31,2025 of the price of electricity. Even if the price of electricity will be capped, compared to similar periods last year, the price of electricity invoiced by COMPA has increased by 37%,which will lead to an impact negative of manufacturing costs.

b) Natural gas

As in the case of electricity, through Romania's accession to the European Community, the liberalization of the natural gas market and the interconnection of the national natural gas transmission system with the transmission networks in neighboring countries.

Similar to electricity, due to the substantial increase in the trading price of natural gas on the European market, the Government took measures to cap the trading price of methane gas until March 31,2025.In the case of methane gas, this capping had a positive impact on production costs, the price of methane gas billed to companies being reduced by about 200% compared to the market price.

CYBER SECURITY

Cyber security is an area of great importance in today's digital age, as cyber threats are increasingly advanced and sophisticated. From cyber-attacks, phishing and cyber-crime to cyber-espionage and the spread of malware, cyber-security is a major concern for any organization, regardless of its size and nature.

COMP A SA recognized the importance of cyber security and aligned itself with global trends by using modern protection solutions.

Considering the increased level of digital exposure imposed by today's way of working, we had to increase the level of cyber security and the level of information of the company's employees.

To meet these requirements, we have implemented the solution from FortiNET that allows better firewall security as well as real-time access to databases with virus signatures and real-time protection by monitoring Internet traffic. The FortiMail module is also implemented within the solution, which allows the prevention and detection of email-based attacks including spam, phishing, malware, impersonation.

Although the risk of cyber-attacks is increasing, there have been no incidents that have impacted us. To keep risk as low as possible, we keep in touch with application and equipment providers to always have up-to-date solutions with security packages. Considering the need to increase the level of transparency and trust between COMP A S.A. and its partners, TISAX (AL2) was implemented within COMP A S.A., a certified aspect in the audit of November 23, 2022. TISAX is a cyber security standard developed by the industry German car that is recognized globally. This certification demonstrates COMP A SA's commitment to cyber security and compliance with international standards in this matter.

To diversify the strategies of the HR department, we have integrated the Success Factors solution within the company, which will enable finding, training, and managing the workforce, and also feedback with operational data about how people feel, thus creating exceptional experiences for employees. Also, as part of the strategy expansion, we implemented the SAP HCM solution that will allow time management and attendance tracking, standardized payroll processes and organizational management.

With the implementation in COMP A S.A. of the SAP solution (Software solution) we opened the way to new digitization solutions that allow integration with COMP A S.A. customers and suppliers. for better and more efficient collaboration. The automation of logistics, financial, production, human resources processes bring with it greater job satisfaction as well as a greater ability to create better products.

We also started the implementation of the process automation solution from Webcon that allows the automation of the registration of invoices from suppliers through OCR processes.

We are also considering expanding the EDI platform that will create faster and more efficient communication with our partners.



During 2023, COMP A did not have any incidents of cyber-attack or data leakage, nor did it receive any complaints regarding the violation of personal data management rules. Also, no fines, sanctions or warnings were applied as a result of the violation of the regulations in force.

Also implemented is Lansweeper, which is an IT management solution that provides automatic network inventory, monitoring, asset management and more. This solution can help identify vulnerabilities and ensure network security.

In conclusion, COMP A has aligned itself with global trends in cyber security by using modern protection solutions. This approach highlights the company's commitment and concern for cybersecurity, which can help keep the organization's information and assets, as well as those of its customers, safe.

MANAGEMENT AND HUMAN RESOURCES ACTIVITY

1. BUSINESS MODEL

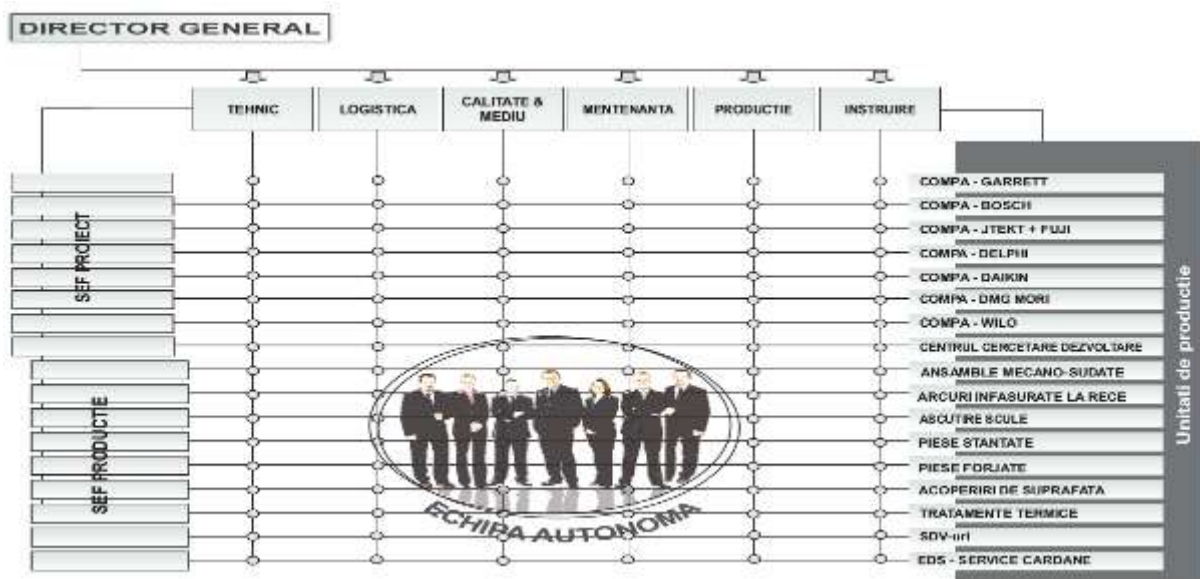
a) The organizational structure

The main elements that configure the organizational structure of COMP A are:

- ☞ defining and implementing the purpose and function of each compartment and workstation, as organizational subdivisions in a form as simple, flexible and easy to understand, endowed with clear objectives, broken down at the level of each relevant structural component and achieved through a synchronization of the three factors that form the golden triangle of a robust organization: the formal authority given by competence - task - responsibility;
- ☞ establishing and implementing in a documented way the way of communication between the compartments and the functions of the organizational structure as well as the collaboration relations between them.
- ☞ establishing and implementing the processes, technologies, and techniques used by the organization to transform internal organizational resources into products or services.
- ☞ defining and implementing management systems focused on quality, environment, health and safety of employees and continuous improvement of COMP A processes.

The organizational structure adopted by the company COMP A SA is a matrix structure, of mixed functional-divisional type. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer demands. It is a structure that is based on a wide autonomy of the multifunctional team.

On the other hand, this dual, functional and divisional system must promote a focus on operational performance.



The matrix structure presents vertically the flow of functional responsibility (logistics, technique, maintenance, quality) and horizontally the flow of operational responsibilities (manufacturing).

The role of the staff assigned to represent the functions is primarily that of being a member of a multifunctional team, under the leadership of the head of manufacturing, responding directly through performance indicators to the specific activities they coordinate.

The multifunctional team consisting of the staff assigned to the support functions is subordinated to the head of manufacturing in terms of daily tasks, and from a methodical point of view is subordinated to the director of the department / department to which it belongs.

The head of the function has administrative authority over the staff. He is the owner of all the processes specific to the function he leads. With regards to decentralized staff, it makes decisions of a technical, methodological nature, involving them in the development and improvement of processes.

The organizational structure requires not only control and monitoring by the head of manufacturing but also by directors and heads of departments, aimed in particular at identifying drifts from performance indicators, meeting the deadlines set for development stages and improvement projects, major non-compliances and environmental incidents, events that may affect the customer.

The head of manufacturing has full authority over the multifunctional team regarding the current tasks and is responsible for its performance following the achievement of the indicators specific to each function. He is consulted by the team heads on significant costs assigned to the cost center.

b) Processes and their interaction

In the systematization of the organizational structure, in our company was used the so-called "process-based approach" which takes into account the process as a succession of activities that transform certain input data (usually requirements) into output data (usually a product or service), using various categories of resources (as standard, machinery / equipment, processing methods, materials and human resources). The performance of these processes is measured using performance indicators. The interaction between the various processes of the organization is based on the principle that some output data from certain processes are input data into other processes.

Based on this principle, the following categories of processes have been defined:

- management processes that refer to the activities of: coordination, analysis and decision, ensuring the necessary resources to carry out activities and improving activities and processes;
- the basic processes corresponding to the realization of the products (sale of products, supply, logistics of products, manufacture of products, design and development of products and processes);
- support processes (monitoring and control of compliant / non-compliant product, maintenance of equipment and machinery, internal audit);
- the interaction between processes and how to evaluate their performance.

The structuring of the processes and the interactions between them in a management system was done starting from the following principles:

Risk identification and treatment.

Carrying out activities according to the PDCA principle

Therefore, our management systems addressed in COMPA are structured as follows:



In this iterative cycle of activities (according to PDCA) the emphasis is on continuous improvement, namely on the permanent identification of problems / potential problems and then on the implementation of the necessary corrections (immediate and provisional solution of problems) and subsequently on corrective actions (permanent solution problems, eliminating the possibility of their recurrence) and preventive actions (performing a risk analysis on the problems that have occurred in order to prevent the occurrence of these

problems in other similar situations or other similar processes). The efficiency of the actions taken is constantly monitored, following, as a performance indicator, the recurrence of problems.

c) Staff, values and beliefs

Within COMPA, it is considered that the human factor is ultimately responsible for all the achievements of society, so it is particularly important to know and properly lead its values and beliefs, leading to the formation and development of a true cultures of our organization.

The following aspects are important and constitute development landmarks:

- Contribution to achieving the goals of the organization through people;
- Creating an optimal organizational structure;
- Ensuring competent human resources through recruitment and selection;
- Adaptation of human resources to requirements - development and training;
- Creating and strengthening motivation (material and non-material reward), performance management;
- Creating and maintaining fair relationships between employer and employees.

d) Management methods and techniques

COMPA usually uses modern management methods, such as:

- change and innovation management, to cope with competitiveness with a highly dynamic external environment, by implementing programs to improve the organization's processes and activities;
- goal-based management applied at all levels, to mobilize the intellectual and practical potential, in order to achieve the performance of the organization;
- strategic management, in order to make the connection between the opportunities of the environment and the possibilities of the company and the management of actions towards the fulfillment of the strategic goals;
- project management, to stimulate the development and efficient management of resources in order to quickly and efficiently assimilate new products, technologies;
- participatory management, in order to emphasize the active participation of employees in the functioning of the organization;
- the prospective dashboard, for measuring and keeping under control the critical parameters of the business (internal processes, human resources, customer satisfaction, economic and financial management, environment).
- cost management, by implementing cost reduction programs aimed at process improvement and optimization projects as well as monthly analysis and monitoring of cost categories.

2. MAIN RISKS AND THEIR MANAGEMENT

Risks identified in the Human Resources activity

In COMPA, there are ongoing coordinated actions to direct and control the organization regarding risks in all areas and at all levels.

Regarding the human resources activity, in the previous year the following risks were identified that could determine the non-fulfillment or defective fulfillment of the human resources insurance process:

- temporary lack of qualified staff for certain activities, either due to lack of supply in the labor market or mismatch between job requirements and educational background, educational supply with labor market;
- high staff turnover, mainly due to insufficient motivation of employees and salary not in line with the local labor market;
- competences of the staff below the level required for the service, due to the educational offer not correlated with the market requirements as well as due to the non-observance of the stages of the training process;

- difficult communication with staff from abroad.

The potential effects of the identified risks can be, mainly: delays in the activity of the workshops, respectively delays in the delivery of the products to the clients as well as inadequate quality of the works performed by the employees.

Therefore, for the risks with high criticality, ie with high probability of occurrence or with a significant impact on the company's activity, a series of measures have been taken, such as:

- involvement in the development of local technical education by providing resources for dual education and for technological, high school education;
- apprenticeship programs for new employees;
- effective internships for pupils and students;
- qualifications / requalification's / post-secondary school;
- career management; succession management for key positions;
- implementation of telework;
- restricting staff mobility by transferring activities online;
- providing qualified personnel from abroad.

Opportunities identified in the Human Resources activity

Regarding the opportunities identified in the process of securing human resources, they are:

- the existence of the COMPA Vocational Training Center, whose mission is to align with European training standards and which ensures professional qualification and retraining, the promotion of modern training techniques and methods as well as the development of the school-enterprise relationship;
- Training through the Vocational Training Center aims to reduce the integration period of new employees, the rapid accumulation of skills and experience, increase the performance of practical training, knowledge and adaptation to the industrial environment.
- involvement in correlating the educational offer with the requirements of the labor market.

COMPA, through the Management Director, is a member of the Local Development Committee of the Sibiu Social Partnership, a committee that deals with the administrative organization and policies in the field of education and training. In this capacity, COMPA is actively involved in the development of annual schooling plans for vocational and technical education, in facilitating the conclusion of agreements for the practical training of students, promoting actions aimed at the transition from school to work for socio-professional integration and in elaboration and implementation of projects for the development of vocational and technical education at national / regional / county level;

3. THEMATIC ASPECTS

a) Social Responsibility Policy

We define and assume the following principles as a way of understanding how to approach Social Responsibility within our organization:

Taking responsibility on the impacts we produce on society, the economy and the environment;

Transparency of decisions and of our activities, which can affect society and the environment;

Respecting and promoting ethical behavior: honesty, fairness and integrity, as values that concern us, in relation to people and the environment;

Respect for stakeholders of our decisions and activities;

Ensuring compliance to all applicable laws and regulations;

Compliance with international rules of conduct in business;

Respect and promotion of human rights, which we consider inalienable and having a universal character.

COMP A integrates the principles of Social Responsibility within the organization by conducting a management based on the principles of leadership and vigilant approach in relation to the impact of our decisions on society, the environment and economic factors.

With reference to the International Standard ISO 26000:2011, as well as the Ten UN Compact Global Principles and the ILO Labor Standards, we adopt the following guidelines as main themes for action:

Ensuring organizational management as a way of conducting and conducting activities in an ethical and responsible manner; all COMP A employees and contractors will adopt the Social Responsibility considerations described in this policy in their daily work. COMP A managers will act as role models by integrating these considerations into the decision-making process and into all activities.

Respect and promotion of human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights; COMP A will not tolerate human rights abuses and will not engage in or be complicit in any activity that uses, or encourages, any abuse of human rights;

Applying work practices adequate to ensure working conditions and social protection in accordance with applicable legal standards and regulations; COMP A is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal behavior in the workplace. COMP A ensures a safe and healthy work environment and will not compromise the health and safety of any person. All employees are responsible for promoting safe work attitudes;

Environmental protection as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies; COMP A works to continuously improve its environmental performance.

Applying fair practices as a form of ethical conduct in relations with other organizations and individuals, in compliance with applicable national and international laws and regulations; COMP A is committed to maintaining standards of integrity and corporate governance practices applicable to the capital market, in order to promote the trust in the systems with which it works. COMP A engages in a timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities.

Responsibility to customers and consumers to ensure their right to security of use, information, choice, expression, correction, education, in relation to the products and services provided by our organization;

Involvement in community development as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or of the partnership with it. COMP A will contribute to the quality of life in the community to which it belongs by supporting innovative programs in the fields of health, education, social and environmental services as well as cultural and civil projects. This involvement will always ensure the independence of individuals and communities from COMP A.

COMP A managers constantly ensure that there are and operate efficiently, adequate organizational structures to effectively identify, monitor and manage the aspects of Social Responsibility and performance relevant to our business. COMP A is committed to measuring, auditing and reporting on the performance of its Social Responsibility actions.

The lines of action are implemented in a credible way, through a wide action of communication with the stakeholders of our programs in this field and by engaging the entire staff of our organization in this regard.

COMP A will inform its partners, contractors and providers of the Social Responsibility Policy and will involve them to achieve coherence with this policy.

b) Social and related aspects workforce

In the context of the difficult labor market climate generated by the Covid-19 pandemic, COMP A has pursued a policy of increasing the adaptability of staff to the changes the company is going through. During this period, the company relies on the availability of employees to develop new skills as well as to take over additional responsibilities in case of restructuring certain activities.

With a staff of almost 1800 employees, COMP A is one of the main employers in Sibiu County.

3.1. Employment workforce

Total numbers as of December 31, 2021 - 2023

Between 2021 and 2023, COMPA staff decreased in 2023 by 5.1% compared to 2022 and by 7.5% compared to 2021, decreases mainly due to a reduction in the volume of work adapted to the business environment, but also to an increase in labor productivity.

The reduction of staff was made mainly due to natural losses (resignations, retirements).

	2021	2022	2023
Employees with ILC for an indefinite period	1654	1702	1566
Employees with ILC for a determined period	197	104	147
TOTAL STAFF	1851	1806	1713

3.2. Gender diversity - Share of women in total employment as of December 31, 2021 - 2023

The number of women in the total number of employees in the period 2021 - 2023 remained relatively constant, with a slight decrease in the share in 2023 of 30.94%. The relatively high share of women in an industrial environment is mainly due to technological changes, but also to the confidence given to the area of responsibilities and skills coverage.

	2021	2022	2023
Share of women in total employees (%)	31,71%	31,78%	30,94%

3.3. Age diversity

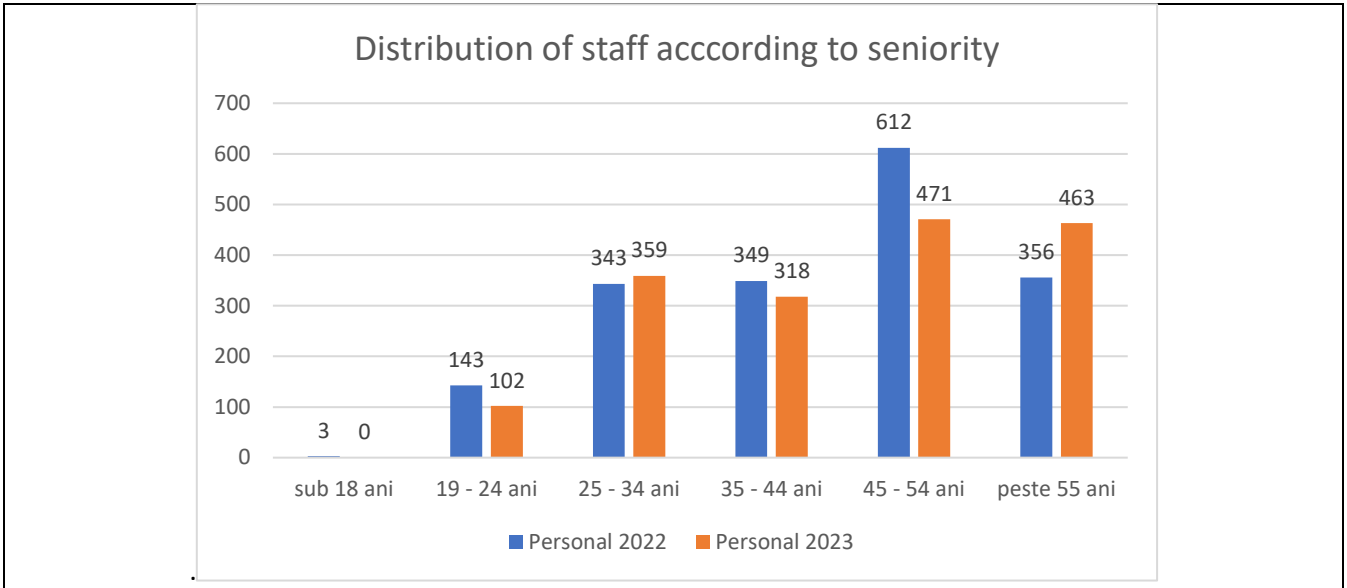
Breakdown by age and occupational category of the total workforce at 31 December 2023

The most representative age category for both men and women is staff aged over 45.

Age	TOTAL from which:	MDP	MIP	TESA execution	TESA management
Under 18	TOTAL, of which:	0	0	0	0
	Women	0	0	0	0
19 - 24 years	TOTAL, of which:	102	64	28	10
	Women	33	19	10	4
25 - 34 years	TOTAL, of which:	359	173	73	97
	Women	91	27	20	42
35 - 44 years	TOTAL, of which:	318	127	72	79
	Women	99	44	18	33
45 - 54 years	TOTAL, of which:	471	265	110	61
	Women	183	111	34	34
Over 55 years	TOTAL, of which:	463	245	132	58
	Women	124	68	27	28

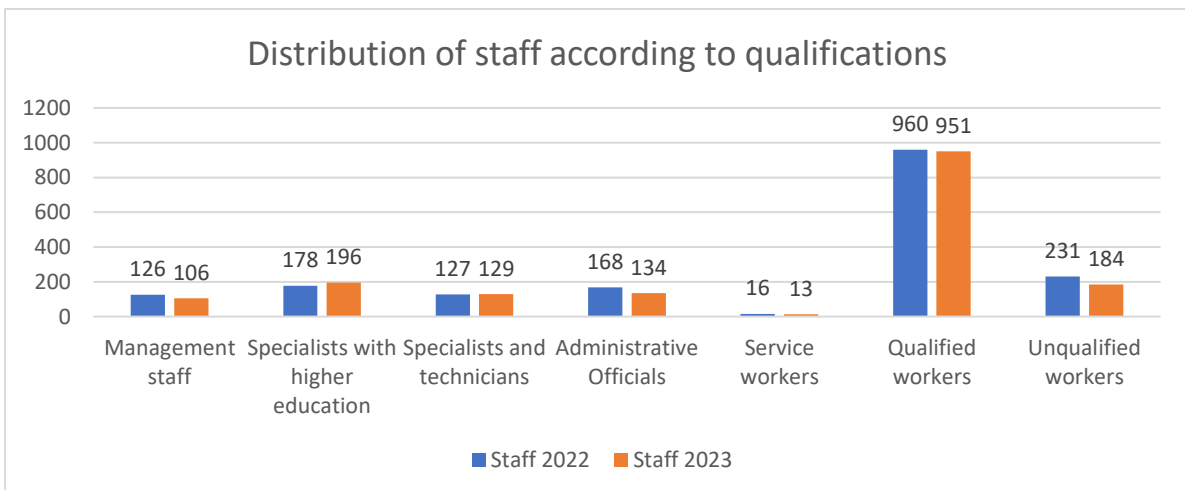
COMPA is concerned with the development of staff throughout its professional career, on the one hand helping young people to integrate as well as possible in organization, but also ensuring and using the experience of the elderly.

The graph below shows the age distribution of staff in 2023 compared to 2022. The analysis of the evolution shows a substantial decrease in the share of staff aged 45 to 54 years, compensated by a slight increase in the share of young staff (25 to 34 years) and experienced staff (over 55 years).



3.4. Distribution of the total staff at 31 December 2023 according to qualifications structure (according to COR - classification of occupations in Romania)

	TOTAL from which:	Women
Management staff	106	11
Specialists with higher education	196	79
Specialists and technicians	129	66
Administrative officials	134	118
Service workers	13	0
Qualified workers	951	187
Unqualified workers	184	69



3.5. Distribution of staff according to ethnicity

In order to make up for the lack of qualified staff on the Romanian labour market, COMPA has hired staff from abroad, mainly from India, since 2021. Their share has continuously increased and they now represent 7.71% of the total employees.

	2021	2022	2023
Share of staff from abroad	0,32%	3,70%	7,71%

3.6. Personnel fluctuation

An analysis of the evolution of staff turnover over the last 3 years showed a deterioration of this indicator in 2022, mainly due to a lack of manpower in the local market and insufficient staff motivation, followed by a substantial improvement during last year.

	2021	2022	2023
Staff turnover	22,16%	25,82%	19,14%

3.7. People with disabilities on December 31, 2022

Number of disabled workers by staff category and by sex

The number of employees with disabilities in COMPA, 33 people, was well below the 4% of total employees (72 people) required by law, despite COMPA's efforts to attract people with disabilities.

In addition, to compensate for the amount of money left by the difference in jobs not filled by people with disabilities, COMPA has purchased, on a partnership basis, products made from the work of disabled people employed in approved sheltered units.

		TOTAL from which:	MDP	MIP	TESA execution	TESA management
People with disabilities	TOTAL, of which	33	16	5	3	0
	Women	9	7	0	2	0

3.8. People on childcare leave

Number of employees on parental leave, by staff category and by sex

The situation presented below shows that the beneficiaries of parental leave are both women and men.

		TOTAL from which:	MDP	MIP	TESA execution	TESA management
Employed on parental leave	TOTAL, of which	35	14	14	7	0
	Women	31	11	13	7	0

3.9. Continuous training for staff

The staff training policy aims at the continuous development of human resources by training the staff's skills that support the company's development strategy.

By involving all staff in the continuous training process, the aim is to close the gap between the skills required by the job and the existing ones, to provide integrated, validated, certified staff at the job, to acquire/broaden the range of skills to meet the challenges generated by the new wave in the technological evolution of production (Industrialization 4.0, digitalization, etc.).

The training programs outgoing in COMPA aim to meet the needs of each employee. To achieve this objective, the Vocational Training Centre was set up in 2005. The programs developed through the center aimed at qualifying/re-qualifying employees in trades such as: numerically controlled machine tool operators, welders, locksmiths, machine mechanics, toolmakers, sculptors-matrixes, metrology technicians, drillers-spinners, etc. In 2021, the educational offer was diversified by authorizing the "Entrepreneurial Skills" course.

So far 3,276 people have acquired a qualification on the job.

The Vocational Training Centre is the place where new employees are familiarized with operating the MUCN and the specific requirements of the job, a necessary step in the process for integration and validation in the workplace.

For dual and technological high school students, the Training Centre is the place where they discover the mysteries of CNC machine operation in the laboratory and practical classes, prepare and take the skills certification exam.

The situation of the qualification/specialization courses held in the last three years is as follows:

QUALIFICATION / SPECIALIZATION COURSE TYPE	NUMBER OF CERTIFIED PERSONS		
	2021	2022	2023
NUMERIC CONTROL MACHINE TOOL OPERATOR	5	4(apprentices)	8(apprentices)
WELDER	20	19	8
METROLOGICAL TECHNICIAN	31		
FORKLIFT OPERATOR	46	57	51
CRANE OPERATOR		16	19
DRILLER-THREADER	0	1(apprentices)	
INDUSTRIAL MAINTENANCE AND REPAIR MECHANIC LOCKSMITH	22		
ENTREPRENEURIAL SKILLS	19	31	30

In order to ensure/maintain the skills of the employees at their jobs, individual training needs are collected annually and centralized in the Annual Training Plan, structured by areas, in which COMPA employees participated.

The main areas are:

THE FIELD OF QUALITY	NUMBER OF PARTICIPANTS		
	2021	2022	2023
Requirements Integrated Quality-Environment-OSH compliant management	1851	1871	1789
IATF 16949: 2016, ISO 14001: 2015 and ISO 45001: 2018			
Quality Management Industry 4.0			43
MSA+Skills			20
VDA Auditor 6.3	1		3
8D and 5 Why?	39	37	41
THE TECHNICAL FIELD			
STAUBLI/ABB ROBOTS robot training		3	3
InspectionXpert			11
FMEA /XFMEA		15	6
NX CAD/CAM		14	7

SuccessFactors/SAP		131	34
ISCIR AUTHORIZATIONS			
Lifting equipment operators (forklift operators, crane operators, handlers, etc.)	192	200	356
Training courses (forklift operators, crane operators)		38	31
ANNUAL CERTIFICATION OF SPECIAL PROCESS OPERATORS			
Thermists, galvanizers, painters, welders, brazers, etc.	89	85	135
INFORMATION SECURITY			
Policy, objectives, requirements, compliance issues			121
TRAIN ON CUSTOMERS SITE			
(5-axis Chiron machine programming; Mazarom CNC programming)	4		4
POSITION VALIDATION OF NEW/TRANSFERRED EMPLOYEES *			
Number of people trained	585	434	276
Number of training / employee hours	100.82	91.45	88.6

*Note that when calculating the indicator no. of training hours/employee/year, these hours have not been included.

The COMPA dashboard monitors the indicator number of hours/employee/year. We are interested in achieving this indicator and want to make COMPA a continuous learning organization.

Analyzing the evolution of the indicator over the last 3 years we notice a decrease in the value of this indicator in 2021 and 2022. The causes that contributed to the decrease of the indicators in the two years are related to difficulties in finding training providers willing to support the courses, restrictions imposed by the COVID 19 pandemic, insufficient financial resources. In 2023 the target was reached thanks to the diversification of the internal offer of programs, the organization of trainings at the COMPA Training Centre in Păltiniș, the participation in European funded programs and a closer monitoring of this indicator.

No. of training hours / employee / year	2021	2022	2023
Target	30	30	30
Achieved	27.83	18.70	31.8

3.10. Apprenticeship

For new employees wishing to acquire a qualification or a professional reconversion, COMPA develops apprenticeship programs that enable them to integrate easily into their new jobs, obtain a recognized certification, raise their level of knowledge, satisfaction and responsibility. Currently 4 COMPA employees are following these programs and at the end of their two years of study they will obtain the qualification of CNC machine tool operator.

In 2023, 8 people have been included in this program. Of the 8 people enrolled in this program, one has been certified as a MUCN operator, two people are continuing their apprenticeship and the rest have left the company. In the future, we aim to increase the number of new employees who take level 3 apprenticeship programs (CNC machine tool operator and welders).

3.11. Projects developed with European funds

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

In the period 2021 - 2023, projects aimed at developing the skills of its own employees have been or are being implemented in COMPA, projects aimed at facilitating the transition from school to working life of pupils and students. In the coming period we aim to conclude partnerships and attract new sources of funding dedicated both to the development of human capital skills in COMPA and to preparing future graduates to integrate as easily as possible into the labour market.

Project	Title	Implementation period
PROJECTS BEING IMPLEMENTED		
POCU/626/6/13/133017 Objective: To optimize the transition of 325 students from the education system to the professional environment	INSPIRE - Initiatives Needed for Innovative Internships for Economic Revitalization	18.10.2021 – 13.09.2023
POCU/633/6/14/132241 Objective: Development of sustainable skills through the organization and implementation of internships including dual technical education in a future workplace for 183 students.	Start for a qualification and a secure job!	09.09.2020 - 09.09.2022
POCU/469/3/12/128888 Objective: To develop the skills of 142 employees in order to adapt staff to the dynamics of economic sectors with competitive potential.	Skilled workers for a more secure future!	02.09.2019-15.05.2021

3.12. Sustainable school-business partnerships

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

The proximity to the university and vocational education institutions is part of COMP A's policy to train future generations of specialists, to develop the employability of young people by facilitating the transition from school to working life through practical training programs, internships, masters, private scholarships, implementation and development of projects benefiting from non-reimbursable funds, etc.

The partnerships concluded mainly aim at involving COMP A on two improvement-related directions:

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

3.13. The practical learning program of pupils and students in COMP A

Technological practice and laboratory classes for pupils and students have been held since 2005 both in the Vocational Training Centre, a modern technical platform equipped with state-of-the-art equipment, and also in the production workshops.

The Vocational Training Centre is the place where final-year students undertake laboratory classes regarding the CNC machine tool machining technology, and students discover the secrets of operating CNC machines, how to measure and maintain the equipment, and learn how to program the equipment. By equipping the center in 2021 with two welding simulators, dual education students who will become toolmakers and people who follow the "Welder" qualification course will have the opportunity to acquire the skills required by this profession.

The 3D printer, another machine acquired for the center, contributes to the development of students' digital skills, programming and physical realization of parts, various objects, helps to increase practitioners' interest and involvement in solving work tasks.

Since 2015 high school students and university students with specialization in mechatronics, automation, electronics, electrical engineering have the opportunity to complete their knowledge and form the necessary skills for troubleshooting electronic and automation components in the Laboratory for electronics and automation. This is the right place where students can always learn something new, experiment and develop their skills. Every year, around 30 students and more than 100 trainees can be found on the manufacturing lines, in the laboratories or in the design workshops.



3.14. COMPA and the dual education system.

COMP A, throughout its existence of over 135 years, has always relied on vocational education, being one of the companies that anticipated the need to implement the dual education system.

The start of dual education in COMP A was in 2005 with the opening of the Vocational Training Centre, a modern technical platform equipped with numerically controlled machines, which was placed at the disposal of the "Henri Coandă" Technological High School, with which we have had a partnership since its foundation.

Year after year, about 50 students have followed the CNC machine tool operator and mechatronics courses, studying in a traditional educational system, but with many dual elements: internships, laboratories, scholarships, various financial benefits (payment of fees for the accommodation, meals, transport, school supplies) and job offers for all graduates.

The campaigns to promote the educational system offer and the benefits of dual education in which COMP A has participated together with the "Henri Coandă" Technological High School have resulted in the constant attraction of students to vocational and technical education.



The following classes and specializations currently operate in the high school:

CLASS IX			No students	SPECIALTY	Qualification level	Practice contract with COMP A
Dual education			35	Machine tool operator with numerical control	3	16
Technological education	high school		22	Mechatronics technician	4	1
CLASS X						
Dual education			34	Machine tool operator with numerical control	3	23
Technological education	high school		20	Mechatronics technician	4	0

CLASS XI						
Dual education			21	Machine tool operator with numerical control	3	14
Technological education	high school		24	Mechatronics technician	4	8
CLASS XII						
Technological education	high school		26	Mechatronics technician	4	2

During the three years of study for students in dual education, specializing in numerically controlled machine tool operator, respectively 4 years of study for technical high school specializing in mechatronics technician, COMPA offers students the following benefits package:

Financial support / Incentive / Form of support provided to students	Value / student (lei / student)
Monthly scholarship	300 lei/ month – dual education 300-350/ month - highschool*
Compulsory occupational health examinations and medical examinations in preparation for the practical training period (depending on the field of activity)	95 lei / student
Work equipment	200 lei / student
Protection equipment	360 lei / student
Providing a meal / day at the combined practice site	15 lei / day
Necessary supplies during practice	100 lei
Accommodation for students	200 lei / month
Meal for the accommodated students	25 lei / day
Tools	810 lei / year / student
Semi-products	59 lei / year
The maintenance of the equipment from the COMPA Training Center is ensured	The costs are at the level of those actually incurred for these services as required

*The scholarship rate per student/month for secondary education is: 300 lei/month for classes IX, X, XI and 350 lei/month for senior year.

At the end of 2023, 74 high school students from the "Henri Coandă" Technological High School have concluded internship contracts. COMPA offers them educational support and, at the end of their studies, a job corresponding to their training.

Some of them will graduate from the dual education system and will be qualified as numerically controlled machine tool operators, while the graduates of the technological high school will become mechatronics technicians.

Please note that COMPA offers the same facilities and benefits to students in technological secondary education as to students in the dual education system, although the methodological rules for this level of qualification have not yet been approved.

Graduates seeking employment with COMPA can take up positions ranging across a broad spectrum of manufacturing, maintenance, control, etc. with career development prospects ranging from entry-level operator/technician to production line manager.

COMPA supports its partner educational institutions on an ongoing basis by contributing substantially to their material base through sponsorship, machinery, SDVs, semi-finished products and equipment for practical training.

Thus the "Henri Coandă" Technological High School has benefited from:

- three fully equipped locksmith stands with 18 workstations;
- a CNC lathe equipped with the necessary SDVs;
- two welding simulators were made available to the students;
- a 3D printer, and the support does not stop there.

In the future we aim to:

- implement tools to increase students' interest in practical work;
- that the practical test in the competence exam will give students the opportunity to show their ability to fulfill the job requirements, respecting the quality and quantity requirements demanded by customers;
- to improve student-instructor-practice teacher communication;
- to identify early on deviations from the performance standards set for students;
- to increase the role of COMPA representatives in competency examination committees;
- to enter into partnerships for the vocational training of students in the dual education system and with other technological secondary schools, with the goal to train students in electrical, electronics-automation - electromechanical and electronic appliance and equipment qualifications.

Also, COMPA, in partnership with higher education institutions in Sibiu, technical education institutions and economic agents, will implement the project "Integrated Campus for Dual Education - PRODUAL" which has obtained funding through the PNRR program and is still concerned with attracting new sources of funding aimed at improving the skills of employees, training through internships for pupils and students to ensure a smoother transition from school to working life.

3.15. Relationship with trade unions

Trade union membership on 31 December 2023

COMPA recognizes the free exercise of trade union rights, according to the legislation in force and the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee. In order to exercise trade union rights, COMPA also provides, free of charge, the material basis necessary for the functioning of trade unions.

The representatives of the employees elected in the management bodies of the trade unions benefit from the reduction of the working time by 5 days every month, for trade union activities. This right is also enjoyed by the representatives of non-union employees.

Also, for them, the employer undertakes to guarantee the maintenance of the job for the entire period of maintaining the position and two years after the expiration of the term.

In order to communicate well with the unions, the company's management organizes weekly meetings with them in order to solve the current problems that have arisen in the activity.

Freedom of association can be suggestively exemplified in the table below.

From the presented data it results that the number of personnel belonging to a union is 52,01%.

	No union	Independent Free Trade Union	Arsenal union	TESA union
Nr. pers. / Union	822	807	65	19
Trade union membership (%)	47,99%	47,11%	3,79%	1,11%

3.16. Human capital management

Regarding human capital management, we started from the premise that the achievement of strategic objectives depends primarily on the human factor. The development of the company involves elements that create long-term value and that can ensure the future performance of the organization.

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

- Ensuring the availability and continuity of the workforce by preserving the values of the organization;
- Early recruitment of graduates with higher education;
- Increasing the level of versatility by broadening the scope of competencies;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focusing on individual training to increase staff skills and efficiency;
- Consolidation of the performance pay system;
- Capitalizing on the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system;

Strategic objectives

The main strategic axes pursued in the projection of the following years are:

- Involvement in the development of university, high school and professional technical education, by supporting the integration of theoretical knowledge with practical ones, through internships at a potential job;
- Providing human resources through involvement in supporting dual education, apprenticeship, qualification programs, including through programs funded by European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Creating a culture of coaching and mentoring;
- Development of soft skills and specific skills;
- Development of the framework in which communication with employees is carried out to support performance and trust, as well as in special crisis situations;
- Partial transfer of the training activity in the online environment;
- Reassessment of motivation strategies, including for staff involved in on-the-job training;
- Digitization and efficiency of HR processes;
- Re-professionalization and transformation of skills, including for digitization;
- Human resources development projects, financed from European funds;
- Career development programs.

Respecting the human rights

The human rights program implemented in COMPA includes an ensemble consisting of:

Code of business conduct

This code aims to define, for all COMPA affiliated entities - employees, shareholders, suppliers, customers, etc., the integrity standards and their observance in the company's activities. The code is an integrated element of the COMPA principles, which describes the basic rules of conduct, which we must follow and refers to: employees, company, customers, suppliers, shareholders, community and the world.

Procedure for receiving and resolving employee complaints

In COMPA there is a system for resolving employee complaints that regulates how they can address petitions filed in their own name. The petitions concern social issues related to work. The system stipulates how these petitions are recorded, distributed for settlement and dispatch of responses to petitioners.

The procedure for reporting and sanctioning acts of corruption

In COMPA, a reporting procedure was implemented where reports can be filed by employees, customers, suppliers, shareholders, third parties, etc., with respect to issues concerning corruption, acts of violation of the law and regulations, values, principles and applicable rules in society.

The procedure also establishes measures to protect those who report such violations. Its main purpose is to strengthen transparency and encourage the disclosure of actions giving rise to suspicions of serious breaches of the COMPA Policy, without fear of consequences.

There were no cases of corruption during COMPA 2023, but there is a constant concern in preventing such situations by making staff aware of ethical rules.

Procedure for applying disciplinary sanctions

This procedure allows the sanctioning of the company's employees in case of violation of the legal norms, of the provisions of the Internal Regulation or of the applicable Collective Labor Agreement, of the instructions, orders or legal dispositions of the hierarchical managers. These issues are dealt with in the Rules of Procedure, which contain specific provisions regarding their application.

During 2023, a number of 227 disciplinary sanctions were applied for various disciplinary offenses, as follows:

Type of disciplinary misconduct	Nr. sanctions applied
Non-compliance with the work schedule	16
Promotion of non-compliant parts	52
Failure to observe the way of working	46
Other disciplinary offenses (alcohol consumption, attempted theft, smoking in illegal places, circumvention of the access system, etc.)	22
Unmotivated absences	91

During the above-mentioned period, no disciplinary violation was reported related to the violation of the principle of equal treatment, respectively of discrimination of employees, of intimidating behaviors or of hostility towards any employee. Likewise, no acts related to sexual harassment or any other unwanted behavior at work were reported.

Type of sanction applied	Nr. sanctions applied
Written warning	113
Reduction of the basic salary for a period of 1 - 3 months by 5% - 10%	23
Disciplinary termination of the individual employment contract	91

Mainly, the latter were due to the fact that during the periods of reduction or interruption of activity, a fairly large number of people left the company, presenting themselves at work and accumulating unjustified absences.

Respect for freedom of association

The COMPA administration recognizes the free exercise of trade union rights, according to the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee.

The COMPA administration undertakes to adopt an impartial position towards trade unions and their representatives in society.

The union is the official representative body of the union members, of the COMPA employees before the administration, and it recognizes the union as a democratic organization and a factor of progress and supports its activity. The connection with the unions is based on trust, good faith and promptness in informing.

Trade unions defend the rights of their members, arising from labor law, the Collective Bargaining Agreement within the company, individual employment contracts, before the courts, other institutions or state authorities through their own or elected defenders. The employer has the obligation to invite elected delegates

of the representative trade union organizations to participate in the boards of directors or in other bodies assimilated to them, in discussing the issues of professional, economic, social, cultural or sports interest.

4. OCCUPATIONAL HEALTH AND SAFETY

Maintaining good health, improving safety and ensuring motivating working conditions for COMP A employees is a legal and social obligation, and is also an essential element of the company's success.

The benefits of good occupational safety and health:

- helps to demonstrate that the company is socially responsible,
- protects and improves brand image and brand value,
- helps to maximize worker productivity,
- improves employees' devotion to the company,
- builds a more competent and healthier workforce,
- reduces costs and downtime,
- allows the company to meet customer expectations regarding OSH and
- encourages the workforce to stay active longer.

The main principles of applicable OSH are:

- Commitment and leadership to improve OSH
- Active OSH policies and procedures
- Proactive risk assessments
- Trained and competent workers
- Effective measures to keep young people under control
- Continuous monitoring and review processes

a. Accidents at work (with ITM> 3 days)

	2021	2022	2023
No. of work accidents complicated	3	2	3

The organization has established, implements and maintains a process of reporting, investigation and taking concrete actions to control and correct all occurrences.

Accidents at work with temporary incapacity for work were investigated, according to relevant regulations, by a commission which establishes the circumstances and causes that led to the occurrence of the event, the violated regulations and the measures that must be taken to prevent the occurrence of other similar cases. Corrective action is appropriate to the effects or potential effects of the incident.

b. Distribution of accidents at work by causes

	2021	2022	2023
No. of accidents related to serious risks	0	1	0
No. of accidents related to uneven areas complicated, slip uneven areas	0	0	1
No. of accidents caused machines malfunction	0	0	1
No. of traffic accidents - handling - storage of materials	1	1	0
No. of accidents due inadequate workload	0	0	1
Nr. of accidents due to wrong actions of the worker	2	0	0

Accidents at work in 2023 had as causes:

- inadequate training on the handling and positioning of parts on the platform of the interoperable means of transport
- the lack of adequate information regarding the way of working when handling equipment, in order to correct it

c. Slight accidents without ITM or with ITM <3 days

	2021	2022	2023
Head injuries	0	0	0
Eye injuries	0	0	1
Injuries to the trunk	0	0	0
Injuries to the upper limbs	0	0	10
Injuries to the lower limbs	0	0	2
No. of light accidents	0	0	13

Most minor accidents (50%) resulted in injuries to the upper limbs. The main cause is contact in the upper limbs with objects with sharp or moving edges (moving parts or components of moving machines, tools, chips). Actions have been taken to eliminate or control the causes that led to the accidents.

d. Occupational diseases

	2021	2022	2023
Nr.de occupational diseases	0	0	0

In the last three years, no occupational diseases have been reported due to the appropriate environmental conditions that comply with occupational health and safety requirements.

e. Number of days of temporary incapacity for work due to accidents at work

Temporary incapacity for work - temporary reduction of physical, psycho-sensory or intellectual potential due to an accident.

	2021	2022	2023
No. of days temporary incapacity of work	187	194	308
No. of incapacity temporary work	3	2	3

f. Number of permanent disabilities (partial and total) reported

Permanent, partial / total disability (disability) - permanent reduction of the physical, psycho-sensory or intellectual potential due to an accident.

	2021	2022	2023
No. of days incapacity partial permanent	0	0	0
No. of incapacity partial permanent	0	0	0
TOTAL incapacity permanent	0	0	0

Work accidents in 2023 did not have consequences requiring permanent work incapacity.

g. Number of fatal accidents: work, road

	2021	2022	2023
No. of fatal work accidents	0	0	0
No. of fatal road accidents	0	0	0
TOTAL fatal accident	0	0	0

h. Control and monitoring of activities in high and specific risk areas

High and specific risk areas are those areas where risks have been identified that may lead to accidents or occupational diseases with serious, irreversible consequences, respectively death or disability (eg explosion hazard, noise above the permissible limit and electrocution).

	hazards	No. of workers
Boiler room	explosion, hearing loss	4
Cogeneration station	noise	4
PA8 etand transformation points	electrocution	8
Pressure receptacle storage areas	explosion	0
Noise areas above the permissible limit complicated	hearing loss	292
TOTAL		308

Based on the risk assessment, technical and / or organizational measures are established and applied for these areas to reduce the exposure of workers such as: appropriate signaling of the area, delimitation of the area and limiting access to them. Actions to implement the measures established following the risk assessment for high and specific risk areas are a priority in the prevention and protection plan.

i. Number of accidents whose victims were employees of personnel leasing companies or companies providing services in the company

	2021	2022	2023
No. of accidents of temporary employees or service providers	0	1	0

The work accident was registered at the company providing services regarding the rehabilitation of a COMPA building.

j. Emergency situations and ability to respond

Possible emergencies are identified and plans are implemented for the planned response to these situations, including first aid. Measures are taken to train workers for planned responsiveness and for regular testing and exercise of responsiveness.

k. Number of fires

	2021	2022	2023
No. of fires recorded	0	1	4

The causes of the fires were non-compliance with legal regulations regarding smoking and ignition of the electrical installation at the work equipment.

In order to increase the response capacity, according to the legal provisions, a Private Service for Emergency Situations (SPSU), type P2, is set up, equipped with two intervention trucks.

l. Ensuring consultation and participation of workers in OSH issues

The organization has established and implemented a mechanism for consulting workers' representatives and which allows their balanced participation in discussing all issues related to safety and health at work. Emphasis is placed on consulting and participating in workers who do not hold managerial positions.

Consultation involves two-way communication based on dialogue and exchange of ideas
Participation allows workers to contribute to OSH decision-making processes

	2021	2022	2023
No. of CSSM meetings	2	2	4

The lower number of OSH meetings in 2020 and 2021 is due to the pandemic during 2020.

m. Monitoring the health of workers

Occupational medicine ensures the surveillance of the health of workers in order to ensure the prevention, detection, dispensary of occupational and occupational diseases, as well as the maintenance of the health and working capacity of workers.

1) Number of clinical examinations, by type of examination

	2021	2022	2023
Nr. clinical examinations at employment	183	543	353
Nr. transfer clinical examinations	200	150	130
Nr. exams consult occupational medicine	8	13	15
Nr. of clinical examinations at the resumption of work	-	10	12
Nr. of consultation exams for participation in trainings	-	21	18
Nr. periodic clinical examinations	1767	1631	1580

2) Number of employees declared fit / unfit for employment by the occupational physician

	2021	2022	2023
No. employees declared "conditioned fit" on the job	164	131	140
No. employees declared "unfit" for the job	0	0	0

Workers declared "fit" were made by the occupational physician recommendations on dispensary care to specialists, avoiding risk factors for workers' health.

n. Sensitive groups

Specific risk-sensitive groups, such as: pregnant women, young people under 18 and people with disabilities, are protected against the dangers that specifically affect them, according to the legislation in force.

1) Number of pregnant women and young people under 18 years

	2021	2022	2023
Nr. pregnant women	20	13	19
Nr. young people under 18	17	16	10

The working conditions, nature, degree and duration of exposure of persons belonging to sensitive groups and carrying out activities likely to present specific risks for them generated by chemical agents, processes and working conditions shall be assessed.

o. Hazard identification and risk assessment of occupational injury and illness

A continuous and proactive process for identifying hazards is established and implemented in the organization, a process that takes into account:

- non-routine activities and situations
- human factors
- relevant past incidents, including potential emergencies
- design of workspaces, processes, installations, machines / equipment, operational procedures and work organization, including their adaptation to the needs and capabilities of workers
- existing and proposed changes in organization, operations, processes, activities and OSH management system.

The essence of the method consists in identifying all hazards in the analyzed system (job, activity) based on predefined checklists and quantifying the size of the hazard based on the combination of severity and frequency of the maximum foreseeable consequence.

The hazards were identified and the risks related to all activities carried out in COMPA were assessed.

In order to eliminate, reduce or control the risk factors, measures have been proposed that are an integral part of the prevention and protection plans related to the compartments / workshops.

Level of occupational safety and health risk:

Global risk level	Low	Medium	High
Risk level by compartments / workshops (no.)	29	1	0

In conclusion, the results obtained from identifying and assessing the levels of safety risk at work and at the level of compartments / workshops indicate a good level of safety and health at work.

p. Working conditions

COMPAs pays constant and sustained attention to the conditions of the working environment with regard to measures to eliminate or minimize the risks posed by exposure to noxious substances, in particular by:

- compliance with the exposure limit values;
- the design of work processes and the use of appropriate equipment and materials in such a way as to avoid or minimize the emission of noxious substances which may present a risk to the safety and health of workers at work;
- the application of collective protection measures at the source of the risk, such as: adequate ventilation and appropriate organizational measures;
- the application of individual protection measures if exposure cannot be prevented by other means.

Annually the determinations of the quality indices of the work environment are made: mineral oil vapors, aliphatic hydrocarbons, powders, fumes, acids, bases, noise, microclimate (temperature, currents, lighting, humidity, CO), etc., and in the SSM management programs reduction targets are planned.

No exceedances of the quality indices of the working environment were found, except for the noise level in the processes of stamping, polishing or generated by some installations (eg boilers, compressors, etc.).

COMMERCIAL ACTIVITY

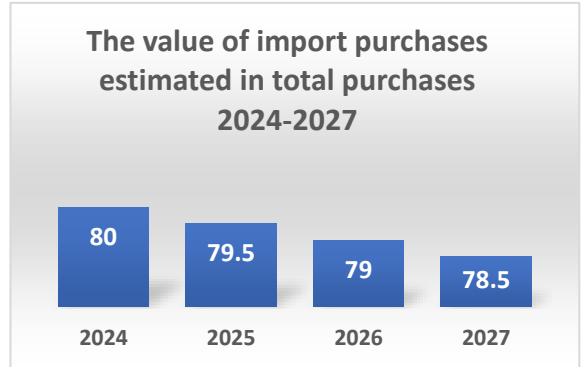
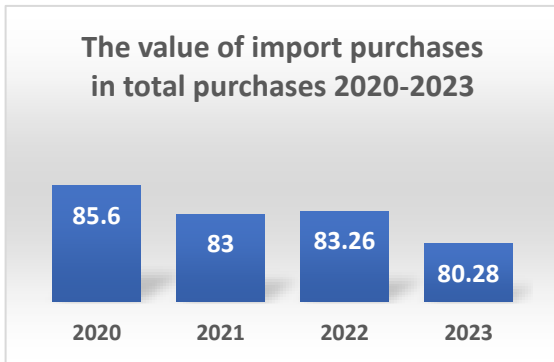
1. PURCHASING ACTIVITY:



The purchasing activity has developed continuously in recent years, with the development of the company. The company's focus on large customers in the automotive industry but also on those in the non-automotive industry, has led to a considerable expansion of the database of suppliers as well as an increase in the share of suppliers in imports, in total purchases. This is due to the high level of specialization required of suppliers.

COMPAs has gone from the purchase of mainly basic materials to the purchase of imported semi-finished products, due to the increase of the technological level of the company and implicitly of the specialization in certain fields. In the context of the current market, a continuation of the trend for the coming years can be estimated.

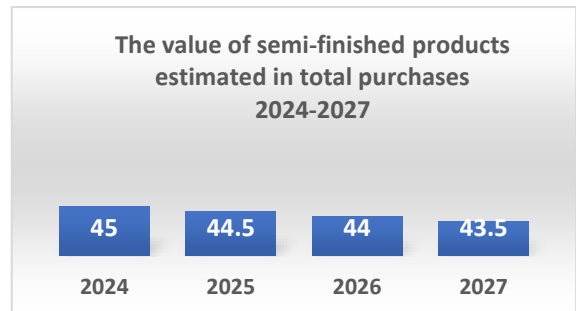
However, the company's strategy is to increase the share of domestic procurement in order to minimize transport costs and ensure better integration of suppliers. This has not been possible in the past, as the high degree of specialization of most of the products supplied has made it impossible to insure them domestically.



1.1 ESTIMATED EVOLUTION OF THE PURCHASE OF SEMI-FINISHED PRODUCTS

In the next period it can be estimated that the value of semi-finished products in total purchases will decrease in favor of basic materials, largely due to the development of new processes in both the automotive and non-automotive sectors for which most operations are done in-house.

The development of these projects will lead to an increase in raw material purchases, especially forging raw materials. The purchasing strategy is also based on finding internal suppliers, to shorten delivery times and reduce delivery costs.



2. RISKS AND OPPORTUNITIES IDENTIFIED WITHIN THE PURCHASING DEPARTMENT:

- Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.
- ❖ Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.
- ❖ Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMPA or its customers.



At the level of the Purchasing department, the following risks and opportunities are identified and treated:

- **RISKS:**

- The likelihood of entering a new global recession, which will affect the car industry more than in the past.
- Economic instability of certain suppliers as well as insolvency of some suppliers.
- Increased flexibility is required of suppliers, reference quantities are fewer and variety is greater; the accuracy and quality requirements are increasing and complex.
- Monopol position on the market of suppliers of components and raw materials with special characteristics.
- Quality problems generated by suppliers with an impact on end customers that affect the image of COMPA.
- Large number of suppliers at company level to be managed.
- Long supply times from some suppliers and minimum quantities imposed by them.
- The accelerated rise in prices generated by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.

- **OPPORTUNITIES:**

- Strengthen trade relations with existing suppliers.
 - Development of local suppliers for both ongoing and new projects.
 - Expanding the supplier base on existing products in series production or new projects.
 - Know-how in a wide range of processes and areas that offer a strategic advantage.
 - Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.
- Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization and development of opportunities.

3. THE MAIN OBJECTIVES OF THE PURCHASING DEPARTMENT ARE:

In the context of market globalization - the need to align the market with stock quotes for most products by obtaining a price index with 100% inclusion in MEPS. (Management Engineering and Production Services - price indicator on the metallurgical market, which provides price estimates).

Finding sources of supply to ensure the highest possible competitiveness of the prices of raw materials and materials supplied, stability and sustainability of the supply chain.

Market research and finding new supply solutions as well as the development of suppliers with whom there are collaborations in order to obtain the best level of price and quality in the supplied products.

Collaborate with suppliers that respect COMPA standards, principles and vision in the field of quality, environment and occupational health and safety by holding certifications, such as:



- ✓ **ISO 9001** (Formalized system that documents the structure, responsibilities and procedures needed to achieve quality management effectively).
Certification to the ISO 9001 standard is a minimum requirement, mandatory for all suppliers of COMPA products and services, this being an exclusion criterion in the market prospecting phase.
- ✓ **IATF 16949** (International Automotive Task Force - this standard aims to develop a quality management system that ensures continuous improvement, focusing on preventing defects and reducing variations and waste in the supply chain, regulations applicable and valid in the automotive industry).
 - ❖ COMPA wants all its suppliers of raw materials and materials whose products are part of the automotive sector to improve their quality management system by joining the IATF. To this end, COMPA provides support to its suppliers through the supplier development program. COMPA annually promotes a supplier development program, through which it selects an existing supplier, which it provides support in improving quality-environment systems by optimizing production and control processes, training on techniques applied in lean-manufacturing, 6sigma, quality core tools, Kaizen (continuous improvement), 5S, etc.
- ✓ **ISO 14001** (eco-management standard that allows organizations to minimize environmental effects and compliance with laws, regulations and other environmental requirements as well as the continuous improvement of these aspects).
COMPA suppliers must adopt a similar environmental policy by attesting to ISO 14001, this is one of the main criteria for selecting suppliers.
- ✓ **ISO 45001** (standard for occupational health and safety management systems, the objective of ISO 45001 is to reduce accidents at work and occupational diseases, but also to promote and protect physical and mental health).
COMPA suppliers must adopt a similar occupational health and safety policy, by attesting to ISO 45001. This is a second main criterion applied in the selection of suppliers.

▪ **ENVIRONMENT**

COMPA gives priority to environmentally friendly purchases and raw materials, materials, chemicals, parts, components, equipment and protective materials. A particularly important aspect for the protection of the environment is the proper management and management of chemicals and hazardous waste. For this reason, COMPA has aligned itself and requires its suppliers to align with a number of requirements in the field, such as:



REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - a regulation of the European Union, adopted to improve the protection of human health and the environment against the risks posed by chemicals, while increasing the completeness of the EU chemical industry. It also promotes alternative methods for assessing the hazards of substances, in order to reduce the number of animal tests.

In principle, REACH applies to all chemicals; not only those used in industrial processes, but also in our daily lives, for example in cleaning products, paints, as well as in items such as clothes, furniture and electrical appliances. Therefore, the regulation has an impact on most

EU companies.

- ★ **CLP 1272/2008** (Classification, Labeling and Packaging of substances and mixtures) The Regulation on Classification, Labeling and Packaging is based on the United Nations Global Harmonized System (GHS) and aims to ensure a high level of protection of health and the environment; free movement of substances, mixtures and articles.
- ★ **Conflict Minerals** - a regulation aimed at stopping the financing of armed groups through trade in minerals from conflict zones. The regulation obliges EU companies to responsibly choose the source of their imports of tin, tantalum, tungsten and gold and to ensure that their supply chains do not contribute to the financing of armed conflicts.

COMPA suppliers must comply with these requirements and provide information on the products supplied, such as the content of elements and chemicals, the components of the products and the quantity and hazardous effects of the elements and chemicals contained, safety data sheets, warranty periods and regulatory compliance. to which COMPA aligned (REACH, CLP, Mineral Conflict, etc.).

All this information must be transmitted by COMPA as well as by COMPA suppliers throughout the supply chain.



- COMPA promotes and recommends its suppliers to promote voluntary activities to protect the environment, biodiversity, the natural environment, the conservation of energy and irrecoverable natural resources, reduce the amount of waste generated by their organization and improve the means of transport of their own materials and products. It also recommends reducing and streamlining packaging for products to be delivered to COMPA, especially the use of reusable packaging, the use of substitutes for single-use wooden pallets, and the implementation of the design and use of environmentally friendly packaging.
- COMPA suppliers must align themselves with a number of clear environmental protection objectives that COMPA requires, through the Green Procurement Guide:

- ✓ Compliance with legal and environmental requirements.
- ✓ Selection of raw materials and materials with low impact on the environment.
- ✓ Purchase of products with low energy consumption and natural resources, low pollution risks.
- ✓ Design of ecological / recoverable packaging eg: reusable boxes, reusable pallets.
- ✓ Use of recyclable materials with high energy efficiency.
- ✓ Establishment of a system for the collection / recovery of waste from the packaging provided.
- ✓ Selection of authorized companies for the recovery / disposal of waste from the packaging provided.
- ✓ Designing processes that generate small amounts of waste and scrap.
- ✓ Reducing the loss of materials and energy resources used.
- ✓ Promoting sustainable procurement.

COMPA is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions, requiring suppliers to take a similar approach in this direction. COMPA and its suppliers maintain a collaborative supply chain that minimizes environmental impact and improves long-term sustainability for the planet and the communities it serves through innovation and performance. (A recent example of the change in sustainable packaging has been the provision of durable products for protective masks in response to the COVID-19 pandemic. COMPA, together with a local partner, has replaced disposable masks with reusable face masks. , the environmental impact of this type of waste has been considerably reduced).

COMPA ensures a continuous supply flow by using its own transport fleet, correlating deliveries with product supply, reducing the impact on the environment by reducing the carbon footprint.



COMPA suppliers must adopt progressive labor, health and safety, ethics and environmental policies that meet or exceed all applicable international human rights laws, norms and standards. Policy guided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the principles set out in the International Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

COMPA suppliers must have a policy that covers employees, suppliers, partners and communities. This policy must include ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay, individual confidentiality, reporting and anti-retaliation policies. Do not tolerate the use of child labor, forced labor or trafficking in human beings in any form - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain.

Suppliers and business partners of COMPA must comply with the laws on safety, individual security, prohibitions on trafficking in human beings and the use of minor children, together with the laws ensuring freedom of association and collective bargaining rights and comply with the relevant minimum wage and maximum regulations. , including overtime pay, as appropriate, and provide decent living conditions.

All COMPA suppliers must comply with applicable laws and regulations. They must not have been sanctioned / penalized by law enforcement for non-compliance with the law or the occurrence of incidents that significantly affected the environment, or social incidents (work without legal forms, discrimination, etc.), these aspects being regulated in the policy of COMPA procurement.

To increase the impact on the local community, COMPA works and encourages its suppliers to work with protected unit entities as well as ECOVADIS certified suppliers. An example in this direction is given by the COMPA print fleet, which comprises over 90% EPSON equipment (platinum winner ECOVADIS 2020 - a verification tool for companies covering a wide range of non-financial management systems such as: environment; work and human rights; ethics but also the impact of sustainable procurement).

COMPA also works with suppliers in both the top CSR Romania 2020 and the top CSR Europe. (CSR - Corporate Social Responsibility).

The specific requirements for responsible supply chain practices are also found in the IATF 16949 quality standard through the item "Corporate governance". These requirements include an employee code of conduct, an anti-bribery policy and an ethics-raising policy ("warning policy"). Adopting the requirements for responsible supply chain practices and transmitting them throughout the supply chain as well as adopting the requirements of the IATF 16949 management system is a priority for COMPA and its suppliers.





The selection of COMPA suppliers, their monitoring and evaluation, is done in accordance with the rules of IATF 16949 and following a market prospecting and a comparative analysis. To this end, suppliers of products and services must demonstrate that they have adopted, or are willing to adopt, an approach similar to that of COMPA, in relation to the environment and social responsibility, and are achieving good results in this regard. This proof is made by certification to ISO 14001 and ISO 45001 and verification is done by completing the self-assessment questionnaires that COMPA sends annually to suppliers, through which suppliers declare whether there have been environmental or occupational health and safety incidents within their company. .

Through quality contracts and agreements concluded with its suppliers, COMPA ensures the transmission throughout the supply chain to

suppliers and sub-suppliers of the requirements of quality, environment, social responsibility of both COMPA and its customers.

Suppliers are monitored in a database of accepted suppliers in order to maintain ISO and IATF certifications and are required to notify COMPA in advance if they wish to waive one of the certifications registered at the beginning of the collaboration. COMPA will analyze and make a decision on the continuation of the collaboration with the supplier in question.

COMPA has developed and requires its suppliers to develop a contingency plan for key suppliers by diversifying the supply chain that can be put in place in case of emergencies. By implementing this requirement in the supply chain to suppliers as well, a constant production flow is ensured in order to meet customer requirements throughout the supply chain.

The evaluation of service suppliers is made taking into account the problems of quality, environment, health and safety at work and emergencies, related to the respective provider. The final score in the evaluation is given according to these indicators.

The monthly monitoring and evaluation of suppliers of products and services and their information on a quarterly basis by issuing a scorecard on the level of fitness recorded ensures an approach based on the principles and values of the quality of the automotive sphere. If the supplier is in the yellow or red zone, it will be placed in the database of suppliers with problems, requiring the preparation and follow-up of a corrective action plan with clear actions, deadlines and people responsible for solving problems and relocating the supplier to the green zone.

COMPA maintains and requires its suppliers to take a proactive approach to environmental impact management by maintaining and continuously aligning internal procedures and regulations with legal / environmental requirements regulated by national and international bodies as well as transmitting these requirements throughout the supply chain. In order to verify the alignment of suppliers to these procedures, the annual re-verification of COMPA suppliers is done on the basis of self-assessment questionnaires that include sections on environmental issues, occupational health and safety, local factors, transparency, etc.



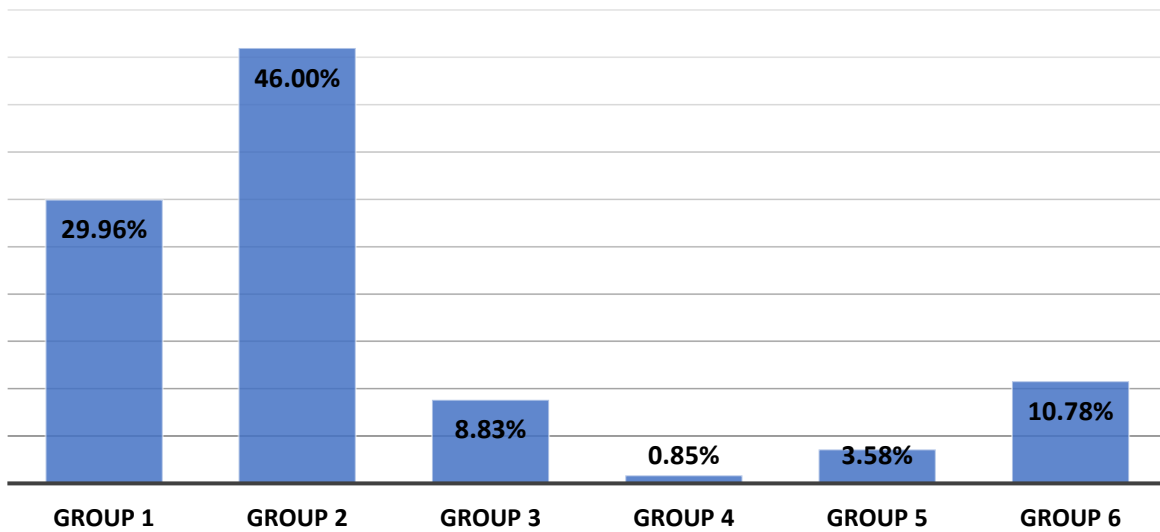
COMPA suppliers must comply with the requirements of quality, environment and social responsibility, COMPA ensures compliance with these aspects by drawing up an audit plan, which seeks to conduct audits of suppliers of raw materials and materials, as well as by annual survey of all suppliers. of products and services.

By annually recertifying approximately 100 suppliers of raw materials and supplies, COMPA ensures that product quality is maintained throughout the supply chain.

COMPA encourages and supports the local business environment through existing business relationships, existing contracts and new / future projects in which these partners are / will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.

The distribution of COMPA suppliers is as follows:

Weight of purchases by groups of materials



Group description:

Group 1 - Sheet metal, Tape, Bar, Pipe, Wire, Stainless steel

Group 2 - Components & Semi-finished products

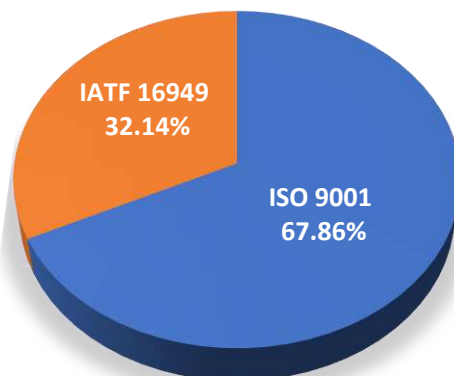
Group 3 - Tools & devices

Group 4 - Plastics, Rubber, Abrasives, Verifiers, Rubber parts, etc.

Group 5 - Chemicals, Lubricants, Paints, Gases, etc.

Group 6 - Miscellaneous, Packaging, Services, Maintenance, Labor Protection etc.

SUPPLIER CERTIFICATIONS



4. Future strategy:

In order to increase confidence in the Mineral Policy in conflict areas, starting with 2021, COMPA will require suppliers to prove their adherence to the Conflict Minerals policy by completing the "Responsible minerals initiative" questionnaire regulated by the relevant authorities.

In order to manage a responsible supply chain, COMPA implemented in 2021 a "Guide to social responsibility" which aims to encourage its partners and suppliers in terms of compliance with the principles of social responsibility. The terms and conditions of COMPA shall clearly provide for a prohibition against any use of child labor or any other form of forced or involuntary labor, ill-treatment of employees or corrupt business practices in the provision of goods and services. COMPA contracts with suppliers will set out the expectations regarding the legal observance of data protection and privacy, salaries, hours and conditions of employment, selection of subcontractors, anti-discrimination, health and safety at work.

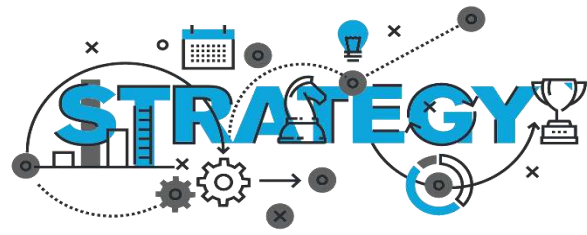
COMPA has integrate ethical, social, environmental and gender criteria, including occupational health and safety, into purchasing, distribution and contracting practices and policies to improve coherence with social responsibility objectives and will continue to pursue these issues throughout the supply chain. COMPA also supports the encouragement of supply chain organizations to adopt similar policies, without allowing anti-competitive behavior. These points will be included in the conditions of purchase and contracting of COMPA. Monitoring of supply chain organizations in order to prevent compromising the organization's social responsibility commitments will be done annually by completing a self-assessment questionnaire by suppliers that will include a set of questions assigned to social responsibility, as well as by direct audit of suppliers.

COMPA aims to support SMEs by raising awareness of the areas of action of social responsibility and good practice and providing additional assistance in achieving socially responsible goals. The organization's commitment to pay fair compensation for the goods it purchases or uses through contracts / purchase orders.

For better information on the social and environmental conditions in which the purchased goods and services are produced, COMPA is requesting the completion of a Self-Assessment Questionnaire of the potential supplier for products or services that will include issues related to social and environmental conditions.

In addition, COMPA suppliers will certify by survey the following points:

- Applying the company's business practices in accordance with the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt your own code of conduct or similar document expressing a commitment to conduct business ethically, honestly and in accordance with all applicable laws.
- Distribution to suppliers of the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt a security policy that is in line with the principles set out in the COMPA Supplier Code of Conduct.
- Suppliers' responses to the survey will be reviewed and scaled, if necessary, to address the risk.



II. COMPA SALES ACTIVITY

1. SALES STRATEGY

The activity of the sales department consists in promoting the products and services offered in order to develop the company in an efficient, sustainable way and to of course increase the company's profitability.

Particular attention is paid to the promotion of new technologies in the field of hot forging and surface coating with ZnNi alloy in order to assimilate new products to cover existing production capacities.

COMPA currently operates in the automotive sector with a share of approximately 83.8%.

The partnerships developed with the major Tier 1 suppliers in this industry (PHINIA, BOSCH, GARRETT, JTEKT, ZF, DACIA-RENAULT, SCHAEFFLER, etc.) ensure a continuous and sustainable development of the company. The great variety of existing processes in COMPA ensures the constant expansion of the products offered. The resulting positive effect is to increase the level of know-how on each process and maintain a high degree of diversity in terms of products made.



However, the car industry is sensitive to global economic change. In response to the negative effects of the decline of diesel engines, COMPA, with relatively high exposure to component production for this application, has already established strategies to win new projects completely independent of diesel engines.

An important and noteworthy project in the above context is the manufacture of high pressure injection pump components for petrol and hybrid engines. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the

company. Other new types of products for the transmission system for 100% electric cars or steering gear have also been assimilated, products that are outside the diesel sphere and are of the future.

It is well known globally that the production of automotive components for diesel vehicles has decreased, due to the trend to encourage the production and use of petrol or electric vehicles. The pandemic caused by COVID 19, corroborated with the war in Ukraine, accelerated this process, transforming the automotive industry and, consequently, decreasing the demand for internal combustion engine components, especially diesel.

It is therefore a certainty that the car industry is currently undergoing a transformative process and a massive restructuring. A range of components that COMPA produces today have an uncertain future in the medium and long term. In this sense, our strategy must follow two directions:

Thanks to its experience in this field, COMPA will continue to invest in the production of future car components that align with the requirements of this new car industry with all its challenges.

Given the volatility of this industrial segment in the coming years, COMPA strategy must be one of diversification. Continuous efforts are being made by society to identify industrial areas that have potential in the future. In recent years, COMPA has started a series of production activities for other industrial segments, such as: the CNC machine building industry, water pump components, mechanical-welded assemblies for the marine industry, etc.

During 2023, contacts were also established with potential new clients from various other industries, which represents a huge potential for the development of COMPA in the future.

Given the high percentage of activity in the automotive sector, a strategic direction has also been established to ensure the reduction of dependence on this industry. In this context, the organization has also established a performance indicator that aims at an annual increase in turnover in the non-automotive sector.

The Marketing-Sales Department is directly responsible for this indicator, and with the support of the other functions involved, it has a continuous concern in identifying and developing new projects with clients from other industries.

Another strategic direction that COMPA places great emphasis on is development as an integrated supplier. Integrated supplier means the possibility to offer customers complex products and assemblies that involve the use of as many processes as possible in COMPA, these being listed here:

- ✓ Hot forging
- ✓ Mechanical processing (turning, milling, gearing, grinding)
- ✓ Machining on multi-axis machines
- ✓ Tool manufacturing
- ✓ Processing on special materials
- ✓ Manufacture of metal components through a 3D printing process
- ✓ Embossing
- ✓ Electrochemical deburring and abrasive paste deburring
- ✓ Welding
- ✓ Laser cutting of tubes, pipes and sheets
- ✓ Cutting sheets with large thicknesses up to 50mm with Oxigaz
- ✓ Spring Manufacturing
- ✓ Brazing
- ✓ Heat treatments
- ✓ Cataphoretic, liquid and powder coating
- ✓ Galvanic coatings (Zinc plating, ZnNi)
- ✓ Washing on special machines, including in a vacuum environment
- ✓ Automated cell assembly
- ✓ Measurements and control of parts on machines in 3D coordinates

By developing as an integrated supplier, more added value is generated, the level of know-how is automatically increased and implicitly the company's profitability. Starting from this strategy, considerable investments have been made in recent years in the hot forging process and in its optimization. Hot forging is a technological process that underlies many components required by the automotive industry and beyond. Having this technological process in the factory, we can offer complete / integrated solutions for making products to customers.

Some examples of forged parts, made or which could be produced in COMPA:



To ensure a prosperous business relationship with its partners, COMPA also strictly pursues another important indicator aimed at customer satisfaction. This activity or line of action is also imposed by the specific quality standard for the automotive industry, namely IATF 16949. Through this indicator, all customers in the automotive industry and all important customers of the company that generates a turnover are monitored on a monthly basis. significant. The main aim is performance in terms of quality, logistics, etc.

This indicator monitors the collaboration with each client in real time and can intervene quickly if certain problems are detected that may damage the business relationship with that client or, on the contrary, actions can be taken to improve the collaboration.

Another aspect worth mentioning regarding the satisfaction of customers requirements is the one related to social responsibility. COMPA's main customers are multinational companies with a minimum of 10,000 employees and who are aware of the role and impact of their business in society. Each of these customers has a code of conduct that defines their ethical and social responsibility principles to be respected throughout the supply chain. Thus, COMPA has also integrated these social responsibility requirements into its working procedures, acting accordingly.

2. RISKS AND OPPORTUNITIES IDENTIFIED WITHIN THE SALES DEPARTMENT

Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.

- ❖ Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.
- ❖ Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMPA or its customers.

At the level of the Sales department, the following risks and opportunities are identified and treated:



• **RISKS:**

- Volatility of the car market: Diesel decline where COMPA has an important portfolio of products, increasing the share of electric cars that have much fewer components.
- Global decrease in component orders for the automotive industry due to the COVID 19 pandemic and the semiconductor crisis.
- The accelerated rise in prices caused by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.- The likelihood of entering a new global recession, which will affect the car industry more than in the past in the context of a global pandemic.
- Economic instability of certain customers as well as the insolvency of some customers.
- Increased flexibility of deliveries is required, the quantities per reference are less and the variety is greater; the quality requirements being more and more complex.
- Quality issues generated with impact on end customers affect the image of COMPA.

✓ **OPPORTUNITIES:**

- Strengthen business relationships with existing customers.
- Identification and development of business with customers in the field of hot forging on specific HATEBUR, where COMPA has free production capacities.
- Expansion in other industries outside the automotive sphere, in order to diversify the range of customers (eg WILO, DMG MORI, VESTAS, AIRCOIL, DAIKIN, HAULOTTE).
- Extension of the customer range on products already existing in series production (eg: sprockets, forged axles and parts for the steering box, mechano-welded assemblies for various industries, etc.)

- Focus on the execution of parts-parts in order to increase the added value.
- Know-how in a wide range of processes and areas that offer a strategic advantage.
- Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.

Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization and development of opportunities.

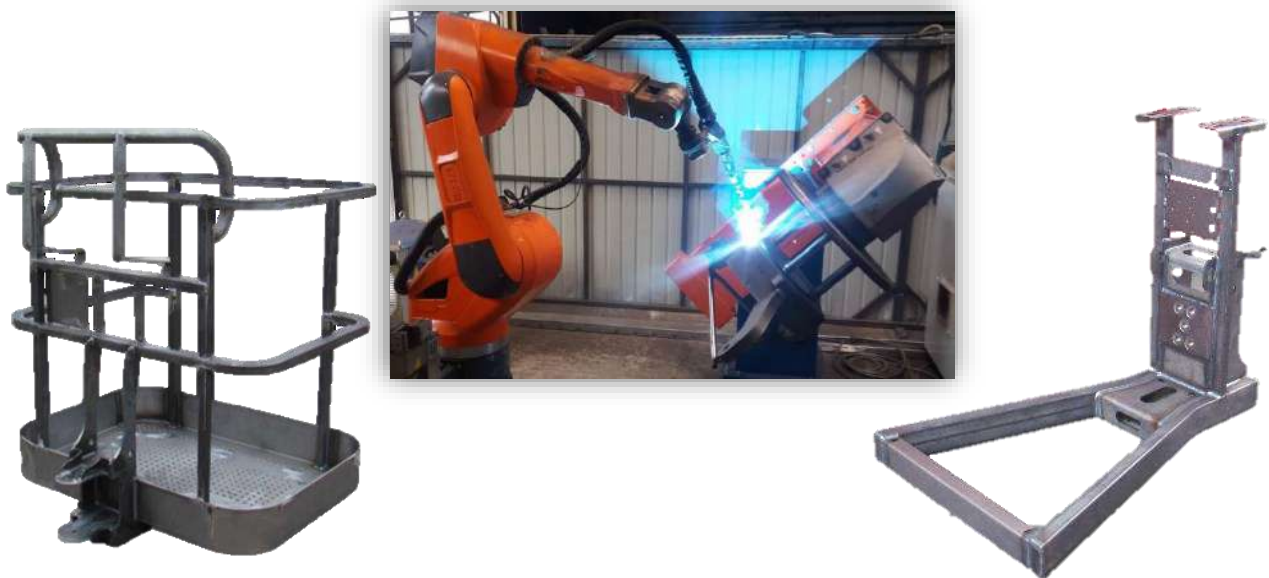


3. EXISTING NON-AUTO PROJECTS AND NEW NON-AUTO PROJECTS

Starting with 2018, the partnerships with various renowned companies from other industries have intensified. These new businesses bring a number of benefits to the company such as: increasing turnover, reducing dependence on a single industry, developing new technologies, increasing the level of know-how, increasing the level of flexibility, creating new jobs, and so on



3.1 THE HAULOTTE PROJECT - TRADITIONAL NON-AUTO PARTNER



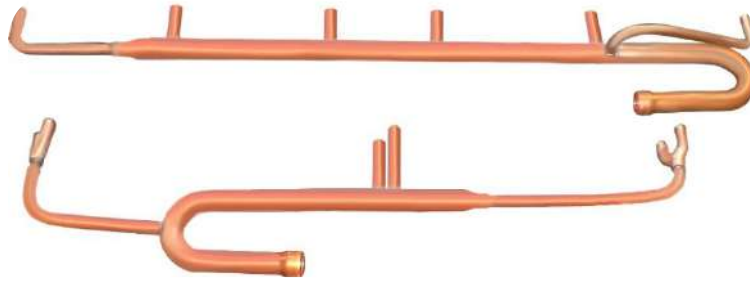
A successful non-auto project that has developed in recent years in COMPA is the one with the French company HAULOTTE. It is a world leader in the production of lifting equipment and materials. No less than 235 different mechanically-welded components and structures are made in COMPA, generating an annual consumption of > 6,000 tons of steel.

Several dedicated production areas have been allocated in COMPA for this type of products.

3.2 THE DAIKIN PROJECT - TRADITIONAL NON-AUTO PARTNER



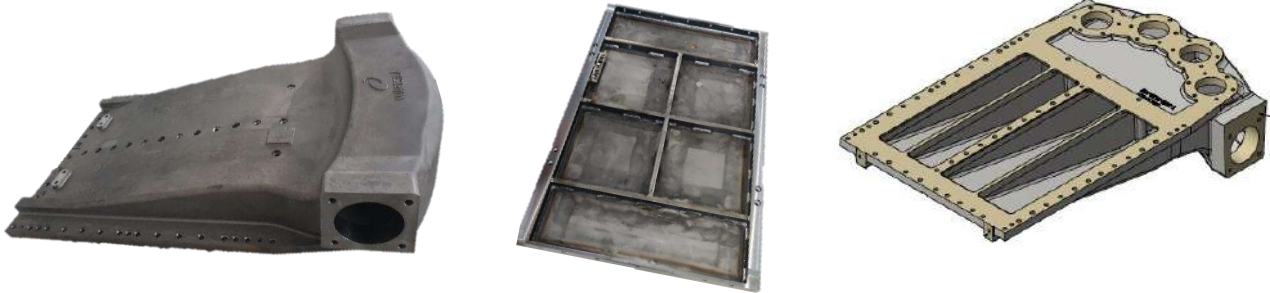
The partnership with DAIKIN started in 2005. The company is one of the world's largest manufacturers of air conditioning systems, and COMPA produces a wide range of copper pipes, through a special brazing process. This customer is delivered annually a number of ~ 185,000 pieces made from 23 different references. And in this relationship with DAIKIN, COMPA has set up a dedicated production workshop. During the year of 2022, DAIKIN expressed its intention to grow the business with COMPA and as such we offered and we won some new projects which will lead to a significant turnover increase in the following years. In this relationship with DAIKIN, COMPA has set up a dedicated production workshop too.



3.3 VESTAS AIRCOIL PROJECT - NEW NON-AUTO PARTNER

During 2020, a new business was started with VESTAS AIRCOIL, a Danish manufacturer, a leader in the production of cooling systems for the marine industry and other industrial applications. In COMPA, various precision mechano-welded assemblies are produced, which are then processed on CNC machines and protected against corrosion by a process of liquid painting or thermal galvanizing, depending on the final application.

A few examples of parts which are produced in COMPA for this client:



3.4 DMG-MORI PROJECT - NEW NON-AUTO PARTNER

A large-scale project was concluded between COMPA and DMG MORI, one of the world leaders in the production of CNC machinery and equipment.

COMPA has already arranged 2 dedicated workshops where both the complete cabins and a number of > 160 different components that are part of the CNC machines are produced, and the development plan continues. During 2021, a new, automated electrostatic painting line will be installed to ensure quality at the highest standards in an environmentally friendly process.

COMPA enjoys the recognition of efficiency from customers, the most recent event of this kind being the award of the strategic partner award in 2019 by DMG MORI during the 22nd edition of the EMO (Machine Tool World Exposition) in Hanover.





3.5 THE WILO PROJECT

Another important project outside the automotive sphere and which strongly strengthens the business and the future of COMP A is the partnership developed with WILO, one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, management water and other industries. This company offers innovative solutions and smart products for water transport in an intelligent, efficient and environmentally friendly way. Through the sustainability strategy and together with its partners, the company makes an important contribution to the protection of the climate and the environment.



COMP A has set up a production workshop dedicated to this customer, in which over 200 types of pumps are produced on lathes and state-of-the-art CNC machining centers, and then the parts are phosphated and painted cataphoretically for corrosion protection. Due to the war between Russia and Ukraine, the production for this customer registered a decrease as WILO closed its factories on the Russian territory. However, during the year 2023, several new packages of parts were won, which will go into series production during the year 2024.



Both above-mentioned customers are directly following global carbon reduction trends and have strong commitments in this regard.

3.6 RESEARCH & DEVELOPMENT CENTER



The research - development activity, component of the COMPA strategy on medium and long term, knows a significant intensification and allocation of resources in the last years. In this sense, a new Research & Development center was inaugurated. The main objectives of the center are to carry out machinability studies in order to optimize current technological processes, making prototype parts and to test alternative processing technologies to be implemented in mass production.

By using state-of-the-art technologies, such as 3D printing of metal components and ultrasonic processing on advanced materials,

COMP A aims to develop new products.

Within the research and development center, various prototypes are produced using a wide range of processing processes.

The turnover on the non-automotive sector has doubled in value in the last 5 years. COMP A's intention is to maintain this trend in the future so that production for non-automotive components represents at least 25% of total turnover.



In the images below are some examples of prototype pieces made during 2023:



MANUFACTURING

The Manufacturing Department within COMPA SA carries out its activity in order to fulfill the general objectives of the company in the Strategic Dashboard.

The production activity within COMPA SA consists in the creation of a diversified portfolio of automotive components (injection components, subassemblies and turbocharger components, windscreen wiper subassemblies and components, cassette and steering column subassemblies, cold-wound springs, stamped parts, forged parts, etc.) as well as non-automotive (metal fabrications, air conditioning pipes, various machined components for machine tools, industrial pumps, etc.) which involve the use of various manufacturing processes as follows:

- Machining on numerically controlled machine tools
- Deep drilling
- Tothing
- Running grooves
- Reworking
- EDM processing
- Robot welding
- Processing of parts from strips and sheets by cold forming
- High accuracy wash
- Cathaphoretic dyeing
- Electrostatic field painting with water-based paint or powder paint
- Galvanic coatings
- Brazing copper pipes
- Heat treatments
- Electrochemical deburring
- Assembly
- Forging
- Laser cutting
- Oxygen cutting
- Cold winding

Description of the objectives, targets and responsibilities established for the performance of the activity of the Manufacturing Department in performance conditions

The objectives of the manufacturing activity are mainly derived from the objectives of the company and refer to:

- increasing the company's profitability to cover operating costs and allow future developments
- reducing costs by identifying improvement projects
- reducing costs with non-quality
- increase process performance
- increasing the level of safety at work.

The indicators necessary to achieve the objectives of the Manufacturing Department were established following the decisions of the managerial analysis performed at the beginning of the year. It is necessary to constantly adapt to the conditions in which it operates, in order to reduce risks and establish development opportunities.

Following the audits carried out by the certified bodies, the Manufacturing Department contributed to maintaining the certifications of the Integrated Management System (according to ISO 9001, ISO 14001, ISO 45001, IATF 16949) valid for the period 2018-2022.

Compliance with the legal requirements regarding quality, environment and OSH as well as the reduction of occupational safety and health risks for all current and special activities, has been achieved through the use of appropriate techniques and practices, by ensuring adequate working conditions to reduce the number of accidents at work and / or occupational diseases.

The Manufacturing Department is organized on profit centers, structured to meet the requirements and needs of each customer, at the level of each workshop there are available all the necessary support functions: logistics, maintenance, technical, quality. Risks and opportunities are treated individually by each manufacture, depending on the specifics and requirements of existing processes. The following are the most important existing manufacturing workshops within COMPA SA.

Punched parts workshop 130

Types of machines

Presses from 16t to 400t

Automatic presses	Mechanical presses	Welding robot
Washing machines	Rotofinish	Lathe Machine
Guillotine scissors	Belt sanders	

Manual, excentric and hydraulic presses

❖ Workshop surface	2679 m²
❖ Direct workers	27
❖ Indirect workers	7
❖ Magnetic framework	583.380 pcs/year
❖ Dacia flywheel 2	1.079.468 pcs/year
❖ BOS levers	541.590 pcs/year
❖ BOS Toyota 9904407195	682.850 pcs/year

Injector machining and assembly workshop 620

Production area 6.646 m²

Number of direct productive workers 228

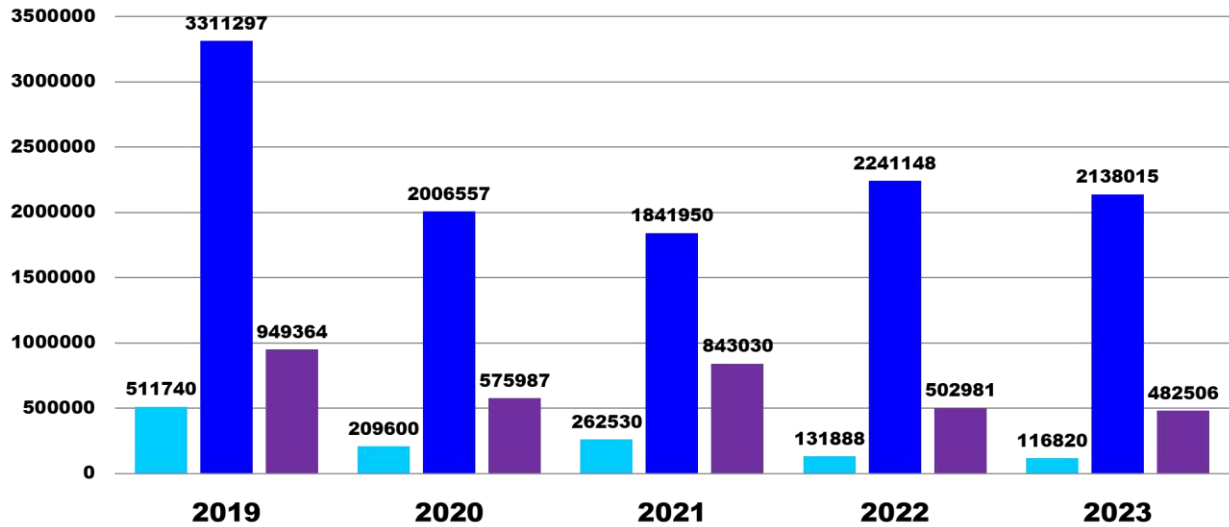
Number of indirect productive workers 53

Processes:

- Machining - CNC Chiron, Spinner, Mazak, Supfina, Rene Clement, SW, SMOC, Thielenhaus,
- Electrochemical deburring - Sermatec
- Abrasive Deburring - Kennametal
- Phosphating - COMPA SA
- Laser marking - SEF Touraine, ES TECHNOLOGY
- Assembly - CMO, CIMA, SANVER
- Washing - Aquaresse, Curtis, Durr, Ecoclean, Hidroem, Sermatec

Injector type	Processing lines	Assembly cells	No. of injector types
NHB 1.3	1/2	1	11
NHB 1.5 & 1.6	4	3	14
NHB DAF F2P	2	1	9

VOLUME PRODUCTIE



Direct injection pump body machining workshop 640

Production area 1.651 m²
 Number of direct productive workers 24
 Number of indirect productive workers 20
 Processing capabilities 2.000.000 pcs/year
 Customers: VW, PSA, Renault

The automatic production line served by robots, integrates the following processes:

- Machining – multispindle CNC Index turning machine with 6 spindles and counter-spindle (7 machines for machining op. 10 and op.20)
- Electrochemical deburring - Extrude Hone
- Laser engraving
- Washing - Eco Clean
- COMPA SA automatic control stands

Turned parts and abrasive deburring workshops 630 & 320

	Workshop 630	Workshop 320
❖ Direct workers	180	25
❖ Shopfloor area	3.216 m ²	781 m ²
❖ Auxiliary shopfloor area (logistics & maintenance)	706 + 155 m ²	
❖ Installed capacity	Pcs/ day	P/Ns
▪ NHB	12.000	10
▪ Nozzle GMC	35.000	35
▪ Nozzle ZBLN	2.400	2
▪ Nozzle NNC	12.000	6
▪ Nozzle (op.25)	12.000	8
▪ Piston Guide	750	2
▪ Axial NHB MX / JCB	3.000	6



▪ Capnut	2.400	2
▪ Spring Chambers	750	4
▪ AFM valve	18.000	14
▪ AFM Nozzle	7.000	4
▪ ZF intermediate shafts	8.000	4

<u>Equipment</u>	<u>Manufacturer</u>
Lathes	Spinner; Mazak
CNC machining centers	Spinner; Chiron
Washing machines	DÜRR
Lathes	Star; Citizen; Hardinge; Spinner; DMG MORI (Wasino)
Multispindle lathes	DMG GMC
Gundrilling machines	Mikron
Electrochemical deburring machines	Sermatec
Multispindle lathes	DMG Multisprint
Lathes	Okuma; Emco
CNC machining centers	Spinner
Honing machines	Vector Hone Kennametal; Extrude Hone;

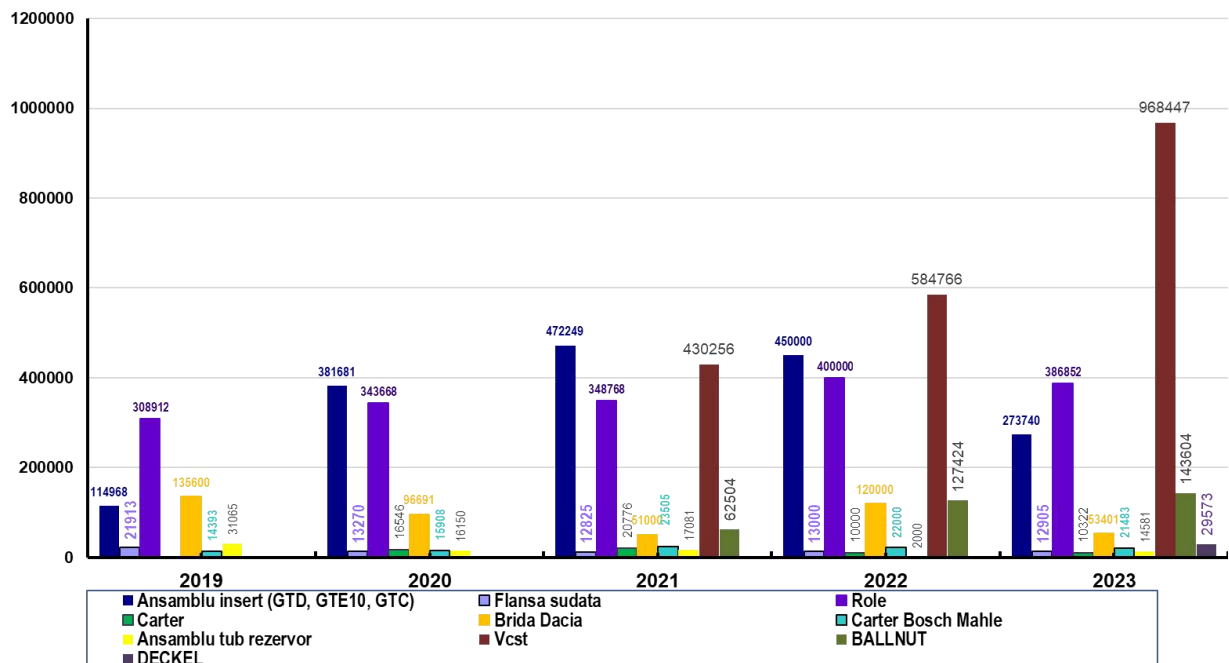
Turbo charger component machining and assembly workshop 750

Production area	4.319 m ²
Number of direct productive workers	86
Number of indirect productive workers	4

CAPACITY	pcs / day	P/Ns
Cartridge / Nozzle Ring	1.800	4
Nozzle Assembly (Cartridge / Insert & Nozzle Assembly)	1.400	26
Center Housing Assembly	600	15
Rollers	1.500	4
Output long trans line	570	1
VCST	4.600	2
BALLNUT ZF	600	1

Processes and facilities:

Products	Machinery	Manufacturer	SOP
Assembled flanges	Numerical control machine	Mazak	2019
Carters	Numerically controlled machine (horizontal + vertical)	Spinner	2014
Insert assembly		Mazak Gildemeister	
	Numerical control centers	Spinner Mazak	2003
	Mounting stands (marking; riveting; pressing; welding)	COMP SA	2003
	Marking - riveting - pressing unit	COMP SA	2018
	Washing machines	Unitech Annemasse	2003
Rollers	Numerically controlled machine	Swing	2004
Dacia flange	Numerically controlled machine	Spinner Mazak	2015
	Brooch machine	Klink	2015
	Washing machine	Mafac	2015
VCST	Numerically controlled machine	Mazak DMG	2018
	Inspection station	Compa	2023
BALLNUT	Numerically controlled machine	Mazak	2018 2021



Steering column pinion machining and heat treatment workshop 450 & 760

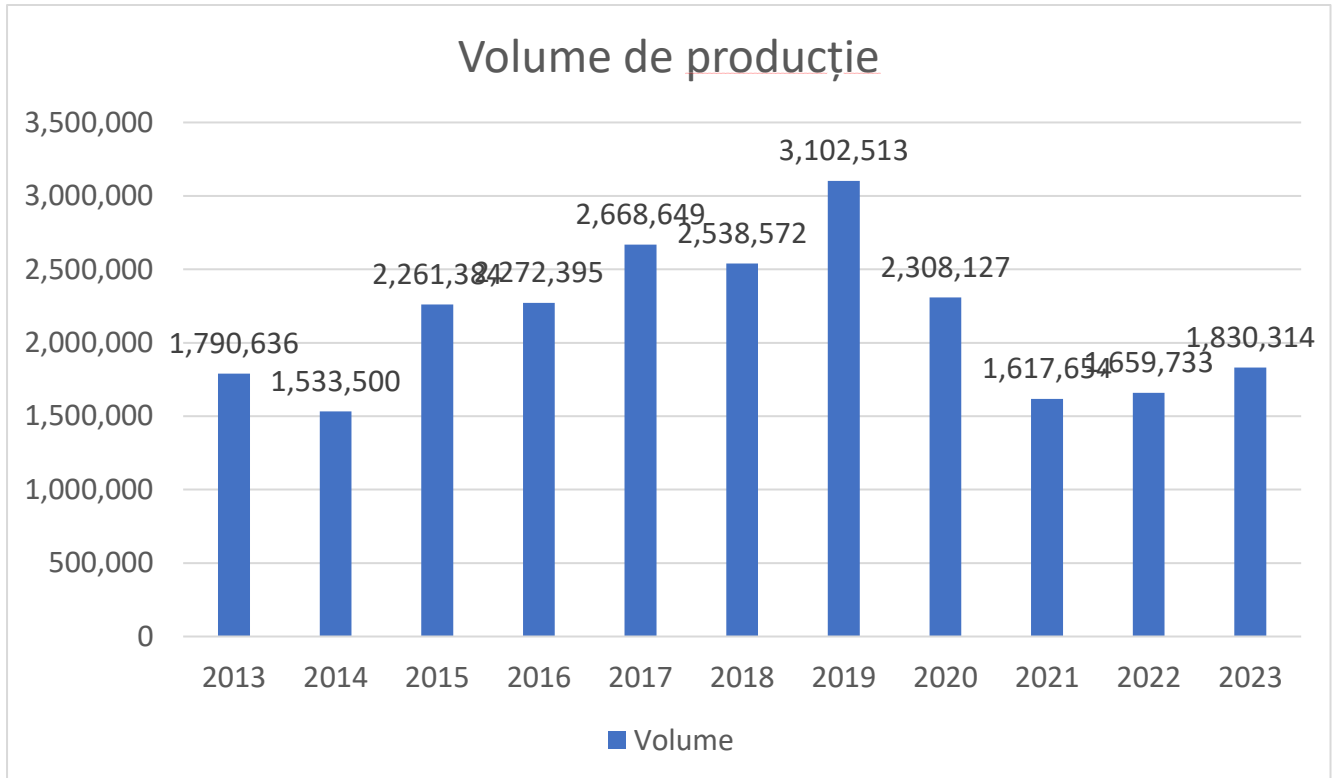
Production area	2.600 m ² + 1.700 m ² HT
Number of direct productive workers	83
Number of indirect productive workers	23
Production capacity	9.000 pcs / day
Pinion variants	10
ZF axis variant	2
Rack Stopper variant	1

Roughing processes

Line	Machine	Pcs	Line	Machine	Pcs
D	Disc saw	2	Traub	Traub lathe	2
	Milling and centering machine	2	XNCe	Mazak QTN 200	3
EP	Mazak QTN 200	2		Profiroll	1
	Chamfering machine	1	EPSe	Mazak QTN 200	4
	Profiroll	1		DMG	2
AEP	Mazak QTN 200	2	TD	Gleason Pfauter	2
	Rollex	1		Mazak QTN 100	1
	Marking station	1		Mazak QTN 200	1
				Deburring lathe	1
			E	EMCO	2

Finishing processes

Line	Machine	Pcs	Line	Machine	Pcs
XNCf	Galdabini	2		Gleason Pfauter	1
	Tacchella	1		Mazak VTC 200	1
	Studer S22	1		Mazak QTN 250	1
FP	Studer S22	1	DMG	DMG CTV 160	4
	Gleason Pfauter	4	Packaging	Uniflux	3
PF	DMG CTV 160	1		Java	2
PHf	Mazak QTN 100	4			
	Studer S22	1			



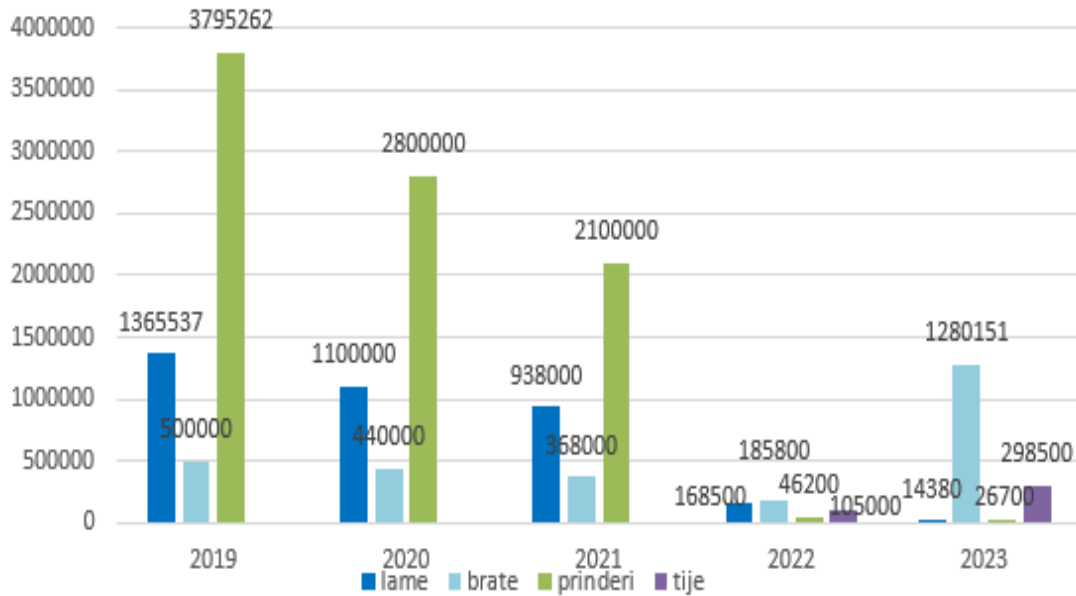
The forecast received from the client as well as the new ongoing projects have insured additional volumes in 2023.

Heat treatment machines

Cementing & carbonitriding furnaces	9	UTTIS
Return ovens	5	UTTIS
Vacuum tempering furnace	2	IPSEN; RUBIG
Induction hardening system	1	INDUCTOHEAT
Hardening installation below 0 degrees	2	

Windscreen wiper workshop 460

Production area 5.031 m²
 Number of direct productive workers 63
 Number of indirect productive workers 27



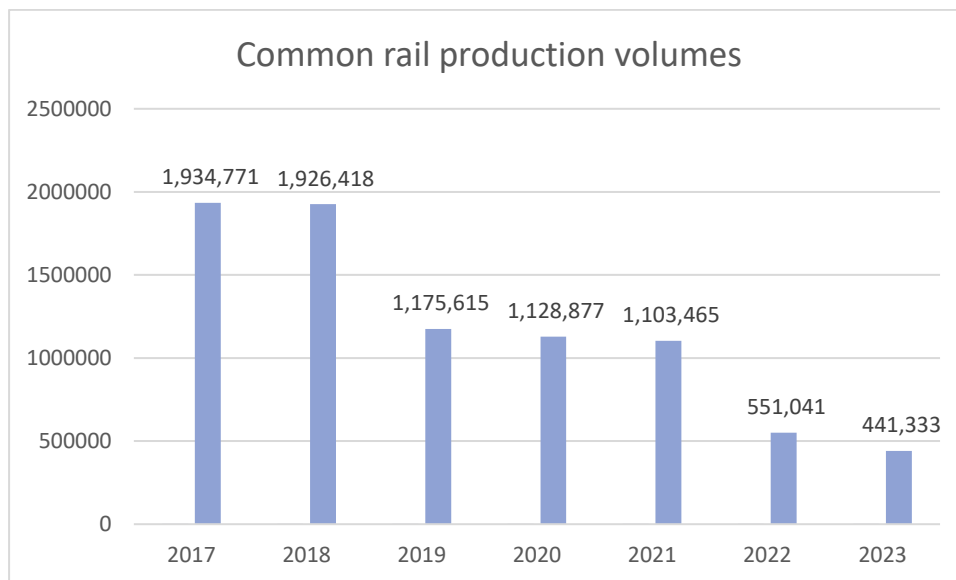
Machinery	Pcs.	Manufacturer
Wiper blade assembly lines	1	COMPA
Wiper arm mounting lines	4	Pekon, others
Preparation for painting (phosphating) + drying installation	1	Eisemann
Automatic cataphoretic painting line	1	Eisenmann
Automatic water-based paint installation	1	Eisenmann, Wagner GmbH
Drying oven	1	Eisenmann
Automatic wiper rod stamping line	1	Burger Felss

This workshop has continued to release assembly processes for various OEM wiper arms, most important customers being BMW, FCA and Renault, as well as developing new wiper rods for the European, Mexican and Brazilian markets.

Common rail machining workshop 770

Production area 2.160 m²
 Number of direct productive workers 21
 Number of indirect productive workers 10
 Investment in machinery 10 mil €
 Processing capabilities 720.000 pcs/ year
 P/Ns 24
 Customers FPT, BMW, HMC, Deutz, Iveco, Cummins, Mercedes

Machinery	Pcs.	Manufacturer
Percussion marking stand	6	COMPA SA
Chiron DZ18.2 KW Magnum 4 axys machining center	6	Chiron
Mollart Drillsprint MK4 LD2-750 deep hole drilling	6	Mollart
Deburring stand	6	COMPA SA
Washing machine	2	Mafac
Deep hole endoscope inspection posts	2	COMPA SA



Commercial vehicle steering column valve slide machining workshop 650

Production area	972 m ²
Number of directly productive workers	21
Number of indirectly productive workers	9
Investment in machinery	4 million €
P/Ns	12
Customers	Iveco, Mercedes
An SOP	February 2021
Annual capacities	350.000 pcs/ year

Process	Machinery	Manufacturer
Turning	Multispindle turning machine	Index
Marking	DMC marking stand	COMPA SA
Gear rolling	Gear rolling machine	Profiroll
Electrochemical deburring	Electrochemical deburring machine	Extrude Hone
Induction hardening	Electric induction hardening machine	Inductoheat
Grinding	Automatic grinding machine	Studer
Micro-crack inspection and demagnetization	Microcrack inspection stand	Uniflux
Washing	Closed chamber washing machine	Ecoclean
Endoscope internal inspection	Endoscope stand	COMPA SA

QUALITY - ENVIRONMENT ACTIVITY



COMP A quality and environmental system consists of policies, procedures, plans, resources, processes, practices, and specification of responsibilities and authority designed to achieve product quality levels, customer satisfaction and company objectives. The Quality and Environmental Department’s goal is to assure the quality and safety of COMP A products.

For several years now, COMP A has been certified according with IATF 16949: 2016 and ISO 9001: 2015 standards, and adapted the quality system to customer requirements, needs and expectations.

COMP A Quality-Environment organization chart is structured as follows:

- Process and Product Quality Department assigned to each workshop, with the following processes:
 - Incoming inspection and management of supplier quality complaints
 - Product/process checking and measurements
 - Carrying out final checks and audits before delivery
 - Production quality and environment non-conformities management
 - Quality customer service
 - Quality planning and process validation
 - Measurement laboratories equipped with state-of-the-art measuring equipment Fig. 1, 2, 3, 4
 - Cost of poor quality and managing the measures to reduce the material waste and additional controls.
- Product and process audit performed according with VDA 6.3 and VDA 6.5 standards
- Cleanliness expert responsible for improving the cleanliness condition and testing according with customer specifications and VDA 19
- Physical-chemical laboratory responsible for analyses and tests according with applicable norms and customer specification
- Heat treatment laboratory responsible for preparing and testing of heat treated products. In 2021 COMP A invested in new equipment for better process control and to prevent customer complaints. Fig 5, 6, 7, 8



Fig. 1 CMM Zeiss (COMP A has 20 machines available for complex measurements)



Fig 2. Precise and accurate optical machines



Fig. 3 Accretech form tester (0.5 μm accuracy)

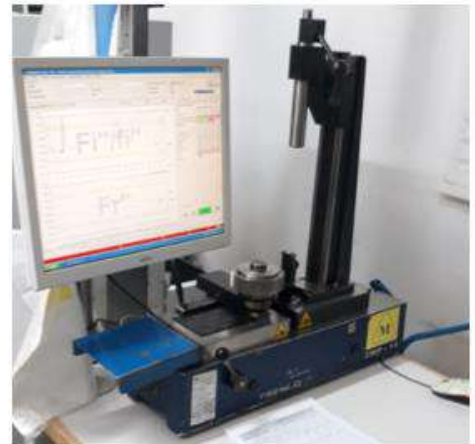


Fig. 4 Gear inspection machine



Fig. 5 MICROSCOP ZEISS AXIOSCOPE 5



Fig. 6 Cito-Press30



Fig. 7 Duramin-40 AC1



Fig. 8 Ammonia gas analyzer

Every year, we review the adequacy and effectiveness of our Management System and adapt it to customer requirements, changed risks, and new legal requirements.

COMP A monitor the processes during the year based on key performance indicators (KPIs) that include safety and quality performance. To figure out these indicators, we check, among other things, whether formal requirements are met, and the content is complete. We use these activities as a basis for defining any required improvement measures, which are implemented by the responsible functions and then checked on a regular basis. The relevant management levels of COMP A continuously receive reports on these monitoring activities.

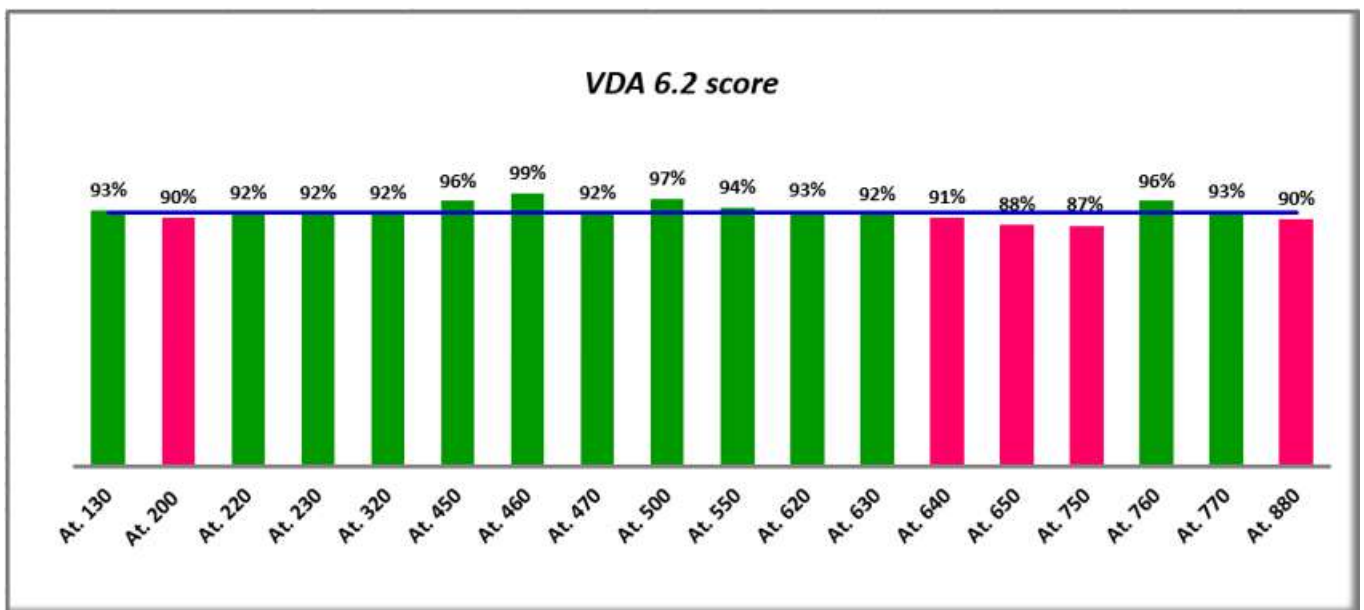
Although 2021-2023 period has been a difficult, with global crisis caused by pandemic, the results in terms of product safety and quality were maintained. In the table below, one of the most important quality indicator PPM (parts claimed per million delivered) shows a steady trend and it can be observed the remarkable result in automotive business where single digit PPM was achieved during the last two years.

	2020	2021	2022	2023
	Customer PPM			
Automotive	8	9	7	8
Non-automotive	336	420	336	211

In terms of customer satisfaction, in accordance with automotive practices, the performance is usually monitored on the customer portal which provides a monthly dashboard with COMP A evaluation. In particular, the scoreboard monitors the performance of several indicators (i.e., quality, procurement, logistics and responsiveness) and additional information about product development and available certifications. These results are then shared internally with the board of directors as part of a monthly quality report.

Any failure to meet the scorecard objectives is the subject of corrective action plans shared with the customer and their long processing times can trigger internal audits focused on specific issues.

Following the internal audit VDA 6.3, the distribution of the score on each workshop is presented below.



In 2023, COMPA revised the system for assessing and monitoring the risks related to product integrity (product safety and conformity). For this purpose, following the nominalization and training of PSO representative, the quality assurance system was updated with a matrix of responsibilities as can be seen in the table below.

#	Roles / Organizational units; R: Responsabil, A: Approvale, S: Support, I: Information							Input data	Action	Release dates	Applicable documents
	Quality - environmental	Technical responsible	Project manager	Quality Manager	Manager Operational	Audit	PSO				
1	I	R	R	I	I	I	I	Legal requirements / standard requirements / customer requirements	Identify and define special product or process characteristics	Identify the characteristics related to IP	Special characteristics treatment according internal documentation
2	S	R	S	I	S	I	I	IP characteristics - product-process	Risk Analysis - DFMEA / FMEA	Actions taken to eliminate or control risks	Special characteristics treatment according internal documentation
3	R	R	S	I	I	I	I	List of special characteristics	Identifying the characteristics in documents: PC, PO, Work Instructions etc	Marking and identification of risks in documents	Elaboration procedura of internal documents
4	S	S	S	A	A	R	I	Results of previous audits / documentation / customer satisfaction / IP incident history / risk analysis	Planning and perform the audit	Plan / audit program	Quality system audit and Process product audit according internal procedure
5	S	S	S	S	S	R	I	Audit Questionnaire	Perform audit	Audit results	Quality system audit and Process product audit according internal procedure
6	R	R	S	S	R	S	I	Identifying IP issues found following the audit	Measure Audit Plan	Establishing the actions, deadlines and people responsible for solving identified	Quality system audit and Process product audit according internal procedure
7	S	S	S	S	S	R	I	Re-audit of identified issues / products	Close audit report	Effective actions implemented - Closed action plan	Quality system audit and Process product audit according internal procedure
8	R	R	R	A	R	S	S	IP customer complaints	Treatment of internal or external non-conformities regarding IP following informations or customers complaints received	Closed action plan / 8D analysis with corrective actions implemented	Analysis and treatment of customer complaints internal instruction
9	R	I	I	I	I	I	S	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring specialized portals + customer satisfaction	Identify possible IP issues for similar	Product Integrity and Safety Procedure
10	R	I	I	I	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA / RAPEX)	Reporting IP issues that may affect COMPA products and convening the analysis team to prepare the analysis and	Identifying possible IP problems with similar products and treating them	Product Integrity and Safety Procedure
11	R	I	I	A	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring indicators	Achieving an indicator in the imposed targets	Product Integrity and Safety Procedure
12	I	I	I	R	I	I	I	Legal requirements / standard requirements / customer requirements	Nomination of PSO responsible and responsibilities definition	responsibilities defined in the internal procedures and job description	Product Integrity and Safety Procedure
13	S	S	S	I	S	S	R	Duties and responsibilities defined in the internal procedures and job description	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
14	R	I	I	I	I	I	S	Duties and responsibilities defined in the internal procedures and job description with reference to IP	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
15	R	I	I	I	I	I	S	Analysis of previous problems and actions taken	Applying the Lesson Learned	Prevent IP problems	Lesson Learned Procedure

The recalls reported on the RAPEX (Rapid Exchange Information System) portal are checked and similar risks are assessed. If potential problems are identified, an internal analysis is performed and the client's opinion is requested.

RISKS AND OPPORTUNITIES

RISKS:

Increase of customer complaints and internal scraps for the new projects developed in 2023 (intermediate shaft, NHB PSA and Deckel) due to failure modes not identified during PFMEA analyse.

Repetitive complaints received from final customers caused by unappropriated root cause analyse.

Customer complaints received for new projects with a high degree of complexity due to improper deployment of customer requirements.

Degradation of serial production not identified with statistical controls

Delayed responses to customer complaints and requirements due to insufficient resources and qualifications

Safety issues, caused by products not complying with customer and legal requirements

Inadequate training and integration of new operators

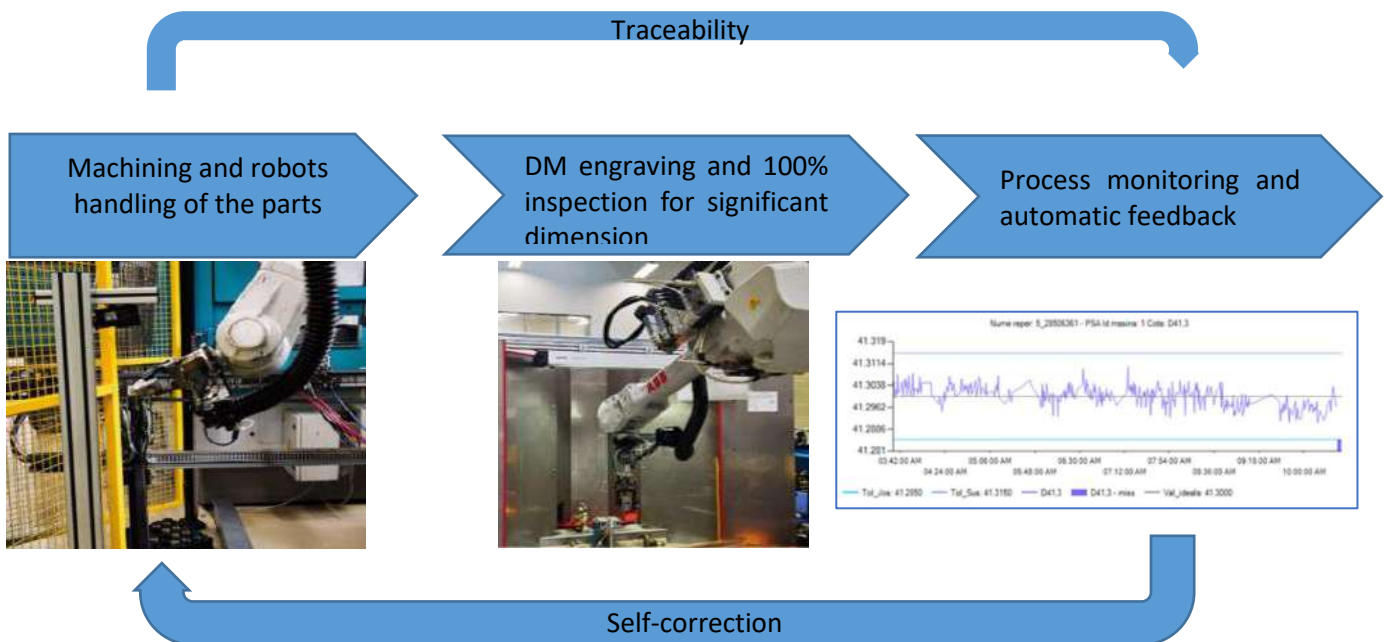
Quality complains not closed in time due to complexity of the issue.

All management levels evaluate the risks on a yearly basis to keep them under control. Based on risk evaluation, action plans are established in order to prevent and mitigate the impact.

OPPORTUNITIES:

COMP A continued to identify efficient and smart solutions applied in production and to take the opportunity to implement them in similar processes.

- New projects are designed with automatic controls located in between process operations, to minimize the time for reaction in case of non-conformity or process degradation.
- The next step was to create the algorithm used for self-correction of the machine if process degradation is detected on the control station. Automated systems have been developed that consist of devices (usually programmable logic controllers (PLCs) or other commercial hardware modules) that can acquire and transmit data and are integrated with an automated interface that provides centralized monitoring and control for many inputs and outputs of the process.



OPPORTUNITIES:

Continuous development of detection and prevention systems with the help of the design / automation team (aspect noticed by many customers)

Improving the statistical monitoring software of the processes.

Opportunities to change production processes that can eliminate the risk of certain quality complaints.

Digitization of quality management data (Pareto diagrams, process performance, capabilities, etc.)

Introduction of the Process Flow Control system for product engraved with Data Matrix. Under this system, if a non-compliant product is accidentally promoted, the next operation step will automatically isolate that product.

Lesson learned implementation.

Product quality and safety assurance is essential for Quality - Environment department activity and the goal is to obtain a high level of customer's satisfaction that can determine their loyalty.

LOGISTICS ACTIVITY

The activity of the Logistics Department within COMP A SA is subject to clear rules, in order to contribute to the achievement of the general objectives of the company and at the same time responding to the specifications requested by the customer.

The Logistics function currently integrates the activities on the logistics flow: Supply, Production Logistics, Warehousing / internal flow, Sales.

Among the most important activities within the departments of the Logistics Department we can list:

Supply

Orders of raw materials, materials, semi-finished products to COMP A accredited suppliers;

Reducing stocks of raw materials and materials by optimizing orders to suppliers.

Organizing the timely and safe transport of raw materials.

Customs Service.

Storage. Internal flow

Preparation of entry documents for raw materials and supplied materials

Storage / storage of products according to well-established rules, depending on their nature in specially designed spaces and using appropriate means of handling in order to preserve their integrity.

Release of raw materials and materials to production departments

Internal transport of raw materials and materials to production

Disposal of waste from production sections to the landfill service and the RVMR service

Semestrial Inventories

Production Logistics

Production planning according to orders received from customers.

Launch of products in manufacturing.

Elaboration of the necessary materials for the realization of the manufacturing program.

Production Tracking.

Inclusion in the production costs of raw materials and materials.

Sale

Launching orders received from customers in the SAP computer system.

Delivery of products according to delivery terms agreed with customers.

Organizing the timely and safe transport of finished products.

Ensuring the timely collection of receivables.

Description of potential risks associated with these activities

The results and activity of the Company may be influenced by specific operational risks, including within the Logistics Department the following risks:

Risks with major impact

Degradation of materials during transport

Delay in production due to lack of raw materials, materials.

Backlogs towards customers

Risk of accidental spillage of liquid hazardous substances / waste into the sewer system due to improper handling or uncontrolled storage

Failure to comply with compliance obligations related to waste management, i.e. delivery of waste for recovery/disposal without compliant documents (transport attachments)

Risks with medium impact

Supply of non-compliant material

Incorrect stocks in the integrated inventory system.

Failure to achieve the scheduled quantities on the manufacturing flow

Risk of waste generation of hazardous substances and mixtures if the expiry date expires.

Risk of accidental spillage due to improper handling or uncontrolled storage of hazardous waste

Efficient risk control has materialized through:

- measures to implement and comply with the documented procedures of the integrated system
- staff training,
- internal audits and controls of the integrated management system with verification of compliance with documented procedures;
- providing with human resources skills necessary to carry out the activities and processes within the COMPA SA.

Low impact risks

Degradation of materials / goods as a result of inadequate storage spaces

Stealing some materials / valuables

These risks have been minimized by measures to rehabilitate storage spaces as well as discouraging the criminal phenomenon through video monitoring and security.

Description of the objectives, targets and responsibilities established for the performance in conditions of performance of the activity of the Logistics Department

The objectives and targets of the logistics activity are mainly derived from the company's objectives and refer to:

- realization of the programmed BF (business figure) .
- achieving the turnover rate of trade receivables
- reduction of stocks of raw materials, tools and finished products
- delivery performance

The targets for the objectives of the Logistics Department were set following the decisions of the managerial analysis performed at the beginning of the year.

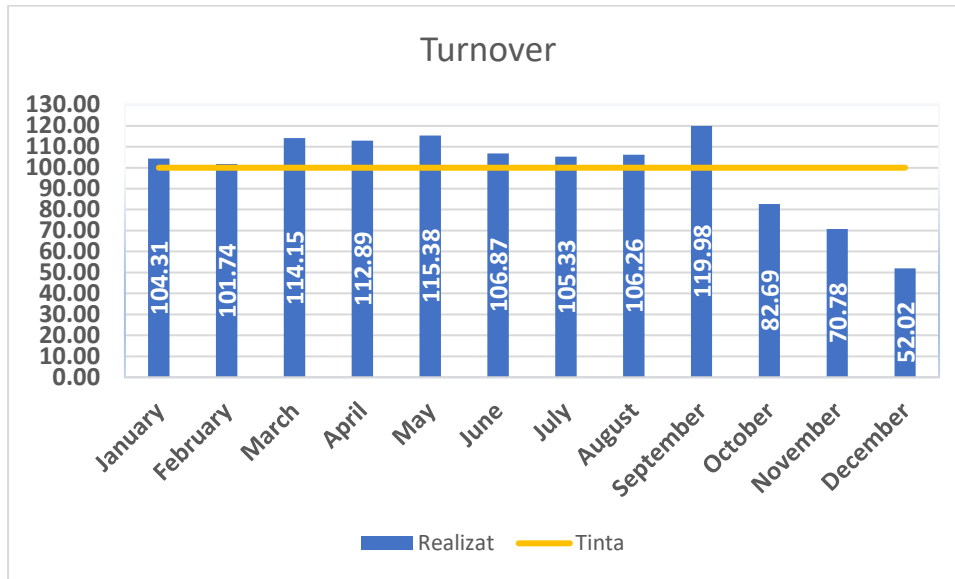
Year 2023 was a more prolific year than the year before but in the same time there were some problems due to the fact of political-economic that affected us.

As you can see also in the evolution of the below indicators these issues affected us for the whole 2023. Comparing with the year before we can see an improvement of the turnover, stocks of raw materials, but also keeping the other indicators, respective delivery performance, turnover rate of trade receivables, stocks tools and stocks of finished products this is why the logistics objectives for 2024 are in this way.

All objectives, related indicators and their target performances were analyzed during the monthly analysis sessions and monitored according to the graphs.

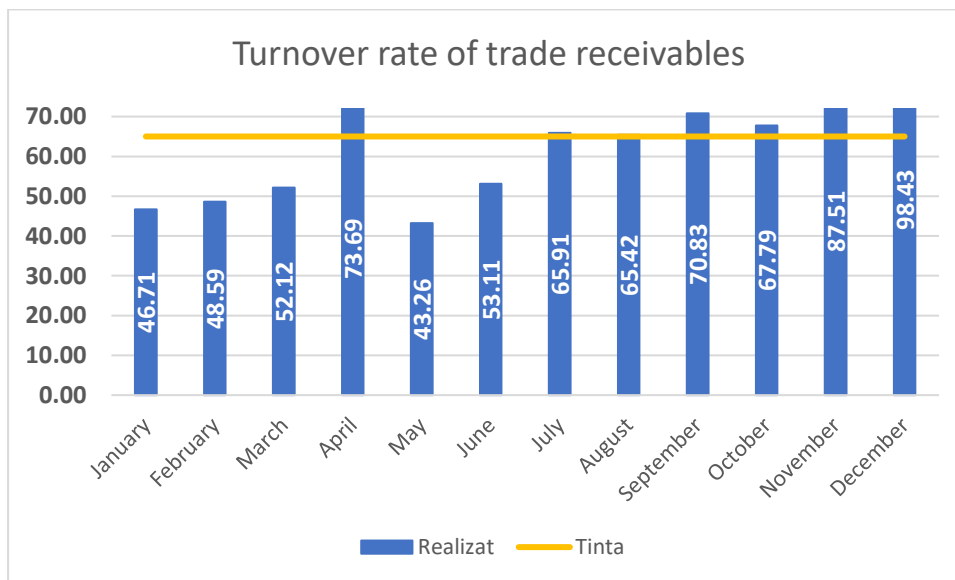
For the indicators that did not have acceptable performances, analysis reports, action plans and changes in the system were established so that their result is a positive one that tends to fit into the proposed target.

D1.1 Turnover



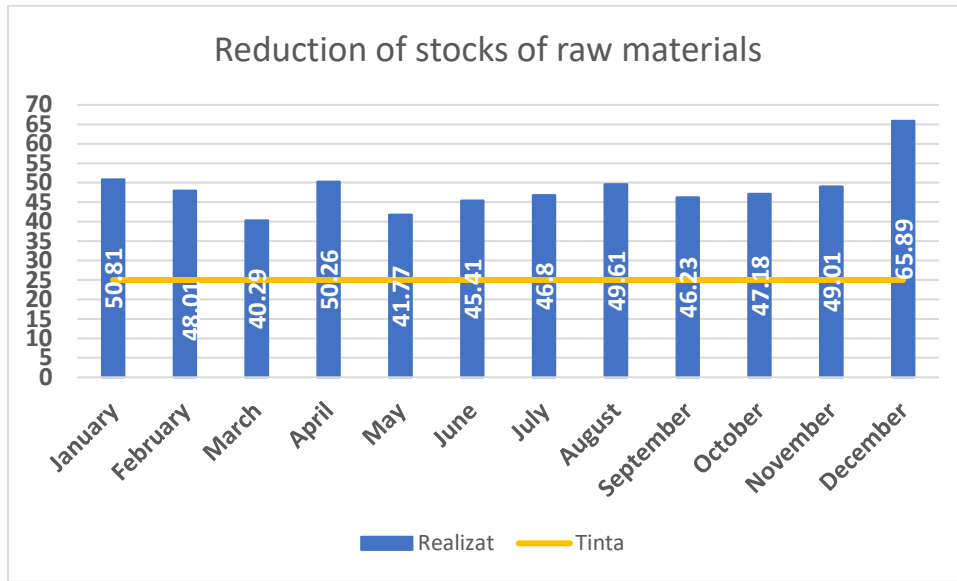
The realization of the turnover had a negative impact in the targeting period during October - December 2023 due to decreasing volumes from some clients.

D1.4 Turnover rate of trade receivables

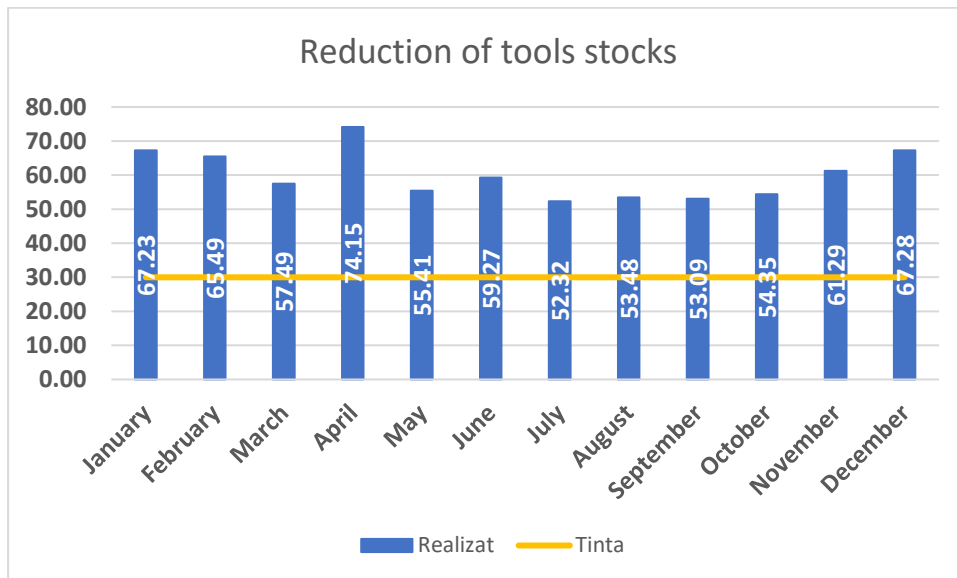


The turnover rate of trade receivables is keeping the trend compared to the year before, achieving the establish target for months January, February, March, May, June, July and August.

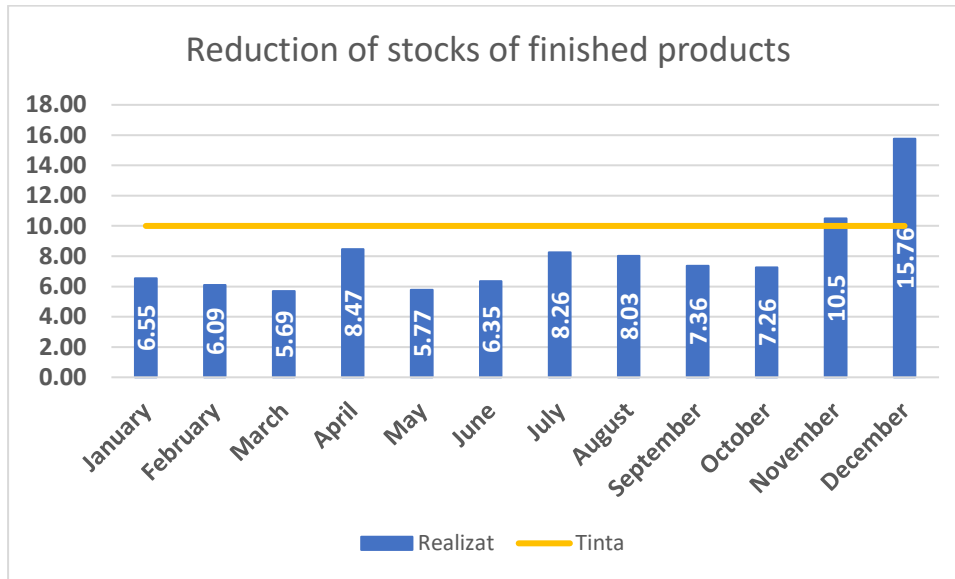
D3.9.1 Reduction of stocks of raw materials, materials



D3.9.2 Reduction of tool stocks



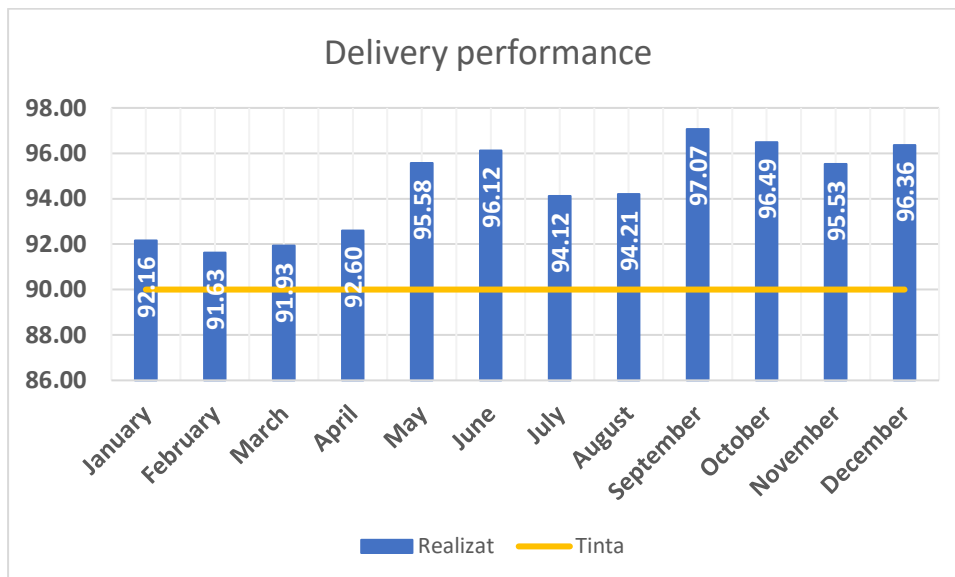
D10.1 Reduction of stocks of finished products



The level of stocks at COMPA in 2023 are at the same ascend trend compared to the last year which means that the actual way of working is good but also there is some room for improvement to achieve the establish target.

Due to the monthly analysis, adjusting the orders towards suppliers, optimization the raw material flux on the workshops level, seeking the optimal solutions for the stocks with no movement, the desire is to achieve the target planned for 2024.

D10.3 Delivery performance



Delivery performance been targeted throughout 2023, which indicates an intense concern of all those involved in customer satisfaction.

Means and methods used by the Logistics Department

In 2014, COMPA implemented the Applications and Products System (SAP), a high-performance management system, more reliable and more capacitive than the previous IT system. The SAP applications related to the Logistics Department aim at a better control of the logistics processes, as follows:

Materials management:

Elaboration of reports of necessity for auxiliary materials

Correct estimation of the need for raw materials, materials, which must be ordered from the supplier taking into account several variables, such as: stock, technological consumption, customer orders or supply period.

Accurate management and monitoring in real time, on all stocks of raw materials, materials.

Performing fast entries, exits and transfers of goods.

Warehouse management:

Defining and organizing complex storage structures with locations.

Optimizing the flow of goods by entering raw materials, materials in stock and collecting them from stock.

Production planning:

Production planning and necessary materials in the long, medium and short term. This is where both supply and production proposals are created, as well as their planning over time.

Operational production scheduling by allocating production orders to production lines and leveling production capacities.

Monitoring the execution of production orders, confirmation of activities performed and material consumption and their closing and settlement functions.

Cost control on each production order.

Sales and distribution:

Development and maintenance of nomenclatures: customers, contacts, products, services, etc

Creating sales orders for products or services based on orders received from customers

Creation and maintenance of delivery agreements for finished products.

Delivery of products with the following secondary activities:

- creating the delivery
- product packaging (if applicable)
- highlighting the removal of materials from stock
- issuing specific documents (packing list, shipping notice, etc.)

Preparation of the shipping notice and the tax invoice.

The creation and maintenance of delivery agreements is done automatically through EDI at the moment only for the Bosch customer, but its extension is intended for other customers as well.

For customers where there is no automatic interface, a specific interface will be used. Delivery requests will be downloaded from the customer's portal (Supply ON, Covisint, Garrett) and will be centralized by COMPA in a file that will be uploaded to the system through a transaction developed for this purpose.

Objectives 2024

Proposing and implementing plans to improve the results of the Logistics Department's activity is an ongoing process that is reviewed annually, thus setting new objectives and targets.

For 2024, the targets for the strategic objectives have been set according to the scoreboard:

No. Crt	The trial	COO 2024	The objective	COO 2023	Indicator	Target	Limita de alerta	Collection source	Measurement frequency
THE OBJECTIVES- STRATEGIC SCOREBOARD									
1	Sales Logistics	AS 1.1.	Achieving turnover	D 1.1	Turnover (mil. RON)	652	600	Sales Logistics/ Economic direction	monthly
2	Sales Logistics	AS 1.4.	Reducing the turnover rate of trade receivables	D 1.4	Turnover rate of trade receivables (day)	65	75	Economic direction	monthly
3	Purchasing Logistics/Production Logistics/Warehouses internal flow	AS 3.7	Reduction of stocks of raw materials, materials and components	D 3.9.1	Stock days	25	40	Purchasing Logistics/ Warehouses internal flow	monthly
4	Purchasing Logistics/Production Logistics/Warehouses internal flow	AS 3.8	Reduction of tool stocks	D 3.9.2	Stock days	30	55	Purchasing Logistics/ Warehouses internal flow	monthly
5	Sales Logistics/Production Logistics/Warehouses internal flow	AS 3.9	Reduction of stocks of finished products	D 3.10	Stock days	10	15	Sales Logistics/ Warehouses internal flow	monthly
THE OBJECTIVES- DIRECTION									
6	Sales Logistics	D 4.1	Compliance with delivery quantities agreed quantities agreed with customers	D 10.3	On time deliveries (%)	98	85	Sales Logistics	monthly
7	Production Logistics/ Sales Logistics	D 4.2	The fit in total planned transport cost	D 10.2	Transport costs(RON)	planned SAP	+10%	Production Logistics/ Sales Logistics	monthly

Health, safety and environmental aspects.

Underlying the occupational health and safety and environment policy is the identification and control of environmental issues and risks associated with all activities carried out within the Logistics Department, to ensure compliance with legal and other applicable requirements, pollution and accident prevention. occupational diseases, but also respect for the right of stakeholders to live in an unpolluted environment.

According to the laws, government decisions as well as the orders in force regarding health and safety at work, the list of legal requirements for SSO has been drawn up, from which we extract some of the most important obligations of the Logistics Department:

- measures for the operation of protection systems and devices, ventilation systems and other installations for the control of noxious substances in the work environment, as well as alarm, warning, emergency signaling and safety systems, if applicable
- first aid measures by designating workers applying first aid measures
- measures to maintain the technical condition of Logistics areas and premises, work equipment and related devices
- achieving a level of hygiene corresponding to the logistics areas and premises
- equipping the Logistics areas with medical kits for first aid
- signaling of emergency routes and exits, fire extinguishers, first aid kits related to Logistics areas
- making available to workers only work equipment appropriate to the work performed, which can be used by workers without endangering their safety
- training of workers in occupational safety and / or health in accordance with their own OSH instructions and the OSH training program
- maintenance and use, for the purpose for which they were made, the fire protection equipment provided
- compliance with fire protection rules, specific to the activities they organize or carry out
- ensuring the existence at each workplace of specific technical instructions for the normal use of the installation / equipment

The Logistics Department is committed to supporting actions aimed at limiting environmental risks by complying with applicable legislation, compliance with instructions and procedures, as well as training staff to know and learn their responsibilities regarding environmental issues and legal requirements.

Thus, the Logistics Department contributes to the positive change by supporting the staff to permanently improve their environmental practices.

The use of hazardous chemicals or biocides, the handling and storage of hazardous substances shall also be carried out in accordance with the safety data sheets submitted by suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of hazardous mixtures in COMPA, in order to ensure the protection of the environment, the safety of employees and to control and minimize the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemical substances and preparations is done taking into account the compatibility between the substances.

The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program.

Persons handling, using, storing and transporting dangerous substances / mixtures are trained quarterly and know the measures to be taken in case of emergencies.

The Logistics Department carries out its activities in accordance with the environmental legislation, reflected in the company's environmental policy.

TECHNICAL ACTIVITY

Description of the activities realized by the Technical Direction

The technical and development activities carried out by the COMPA play an important role in the company's engagement for the development of the new processes and products according to the demand of the market and also the improvement of the processes existing in mass production.

In 2023 (new products; prototypes and homologation)

Percentage of new products in the last two years:

2022 semester I = 1.28%

2022 semester II = 0,15%

2022 semester I = 0,11%

2022 semester II = 1,04%

During 2023, new products were assimilated into manufacturing for which the necessary production capacities were ensured, with an impact on production in the following years. Despite the restriction due to Covid-19 we managed to approve new products presented in the list below:

- Injector body JCB(4 types of axial references and 2 types of radial references), customer Phinia ;
- Two types, components in body pumps, customer WILLO;
- Intermediate shafts for electric vehicles, customer ZF;
- "Ball nut" references, customer ZF
- Steering gear pinion, customer VCST;
- Fuel pump body, customer Phinia
- 3 parts insert(3PI), GTD and GTE generation, customer Garret
- Mechanical-welded assemblies, customer Interlit

The main activities of Technical Direction go in the following directions:

6. Process development of:

1.1. Cold forming: successive stamping and transfer stamping;

1.2. Hot forming: warm forging at high temperatures between 950°C and 1300°C , vertical and horizontal;

1.3. Cold coil springs;

1.4. Welded mechanical components;

- 1.5. Machining processes – the argest volume of processes ;
- 1.6. Special technologies: Heat Treatments, Painting, Electro-Chemical Coatings, Welding;
- 7. Development and design of special devices and other non-standard components required in COMPA processes;
- 8. Development and design of industrial automation and robotics carried out by COMPA;
- 9. Applied and experimental development research for COMPA manufacturing;
- 10. Continuous improvement of existing processes in COMPA;
- 11. Digitalization of production;
- 12. Creation and implementation of the Industry 4.0 standard.

The most important projects carried out during 2023, targeted:

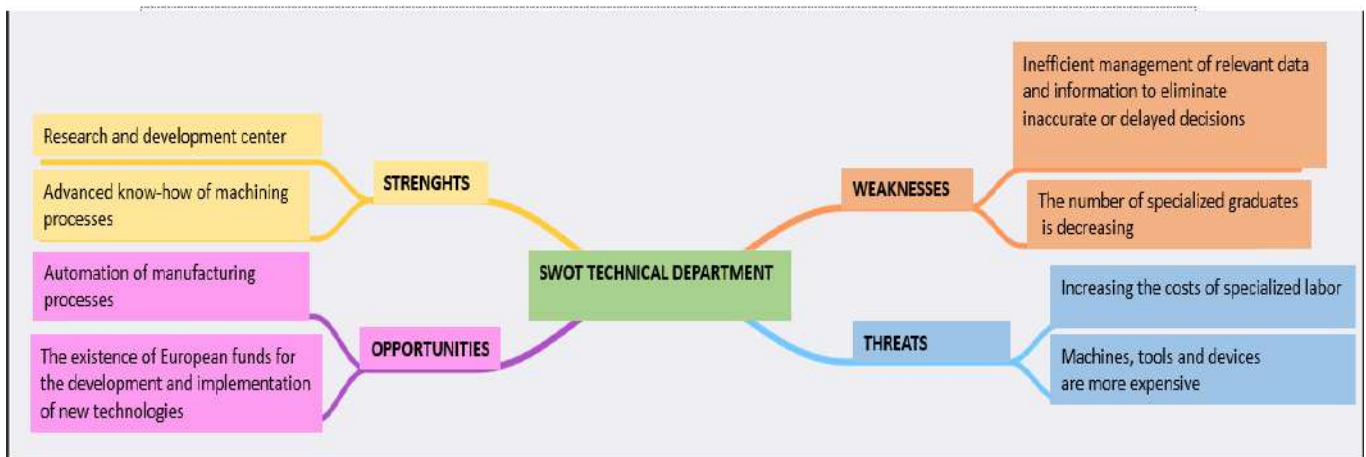
Pump Body Manufacturing Process, RENAULT reference: process based on multi-spindle lathes, interoperable transfer with automated machines, checking characteristics during the process and an extension to the existing manufacturing line, composed by five-axis machining.

Implementation of Additive Manufacturing, Ultrasonic technologies for prototyping and study of the optimization to the different phases of realization of machining technology, tools and active parts.

Optimization of horizontal forging processes with large volumes of parts.

Manufacturing cabin process with sheet metal cutting and bending operations, welding, sandblasting, phospho-degreasing, electrostatic painting, polymerization and assembly.

The potential risks of these activities



Objectives, targets, responsibilities

One of the major objectives is to diversify the type of products made by targeting non-diesel products for the automotive industry and targeting other non-automotive industries.

Medium and long term strategy:

- Implementation of the Industry 4.0.
- Robotization of cells and production lines, both for handling parts in machining, also for welding, assembly etc.
- Implementation of technologies with the lowest possible CO₂ footprint. The CO₂ footprint will need to be calculated for each process, new or old. It becomes an important point in the nomination of a project.
- Increasing the precision of processing and the accuracy of the products.
- Digitalization of manufacturing processes.
- Increasing the skills of process engineers and design engineers.

The Research and Development activity is a component of the medium and long term COMP A. It has received significant resources in recent years, becoming the COMP A Development Research Center, designed to test, validate, optimize and validate new technologies and improve existing technologies.

Objectives:**1. Machining:**

- a. Achieving negotiated process variables (cycle time, cutting tools, productivity, workers use, etc.) annually for the first 5 processes in which they are not fulfilled.
- b. Annual improvement of PRODUCTIVITY, with at least 3% for the main (5) processes, relative to the turnover.
- c. Redesign the manufacturing processes after Kaizen principles and techniques in order to achieve the best performance in terms of productivity, ergonomics, health and safety, automatization and robotics.

2. Forging:

- a. New and Reprofiled active parts execution technology:
 - i. Increasing the number of possible profiles;
 - ii. Manufacturing technology as simple as possible;
- b. Optimization of forging tool design:
 - i. Finite element analysis, using Forge software and using its facilities: semi-finished product optimization, „Die Analysis”, „Mastering the software” etc.);
 - ii. Geometric optimization of the active parts;
- c. Optimizing the execution of forging tools. Defining concepts to minimize the number of operations and execution time;
- d. Decreasing material consumption (semi-finished product optimization);
- e. Optimization of manufacturing change (of the reference):
 - i. Change of active parts;
 - ii. Change of reference;

3. Pressing:

- a. Use of specific carbons and surface coatings in making active parts;
- b. The study of the increase of the cadence of the pressing;
- c. Optimization of manufacturing change (of the reference):
 - i. Change of active parts;
 - ii. Change of reference;
- d. Determination of the algorithm for calculating the durability of the active parts.

4. Automation and Robotics:

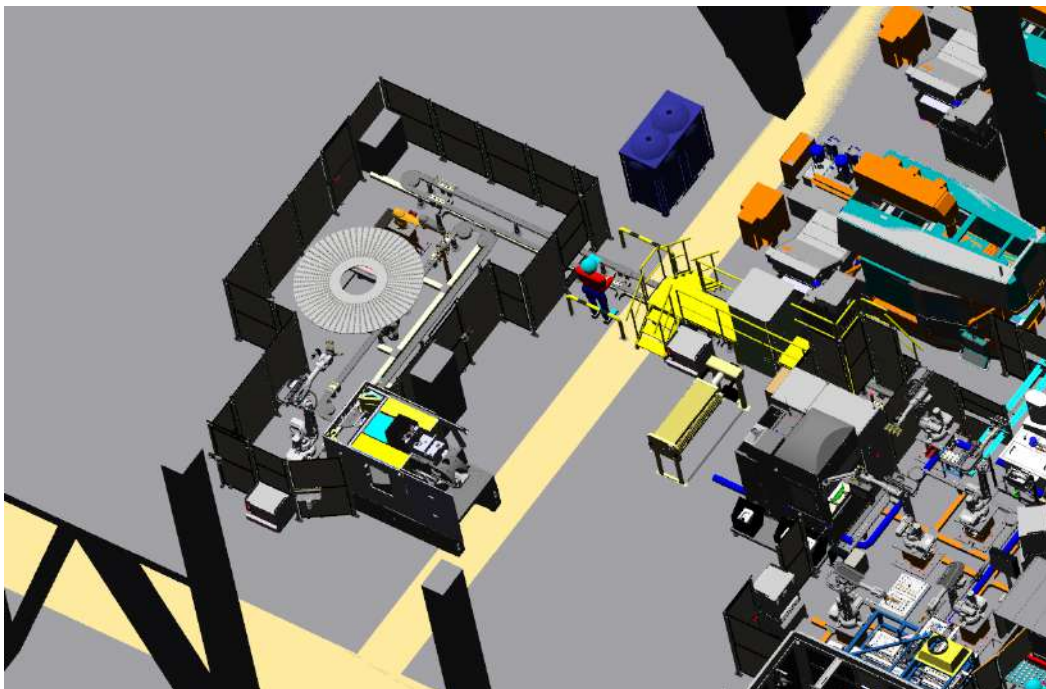
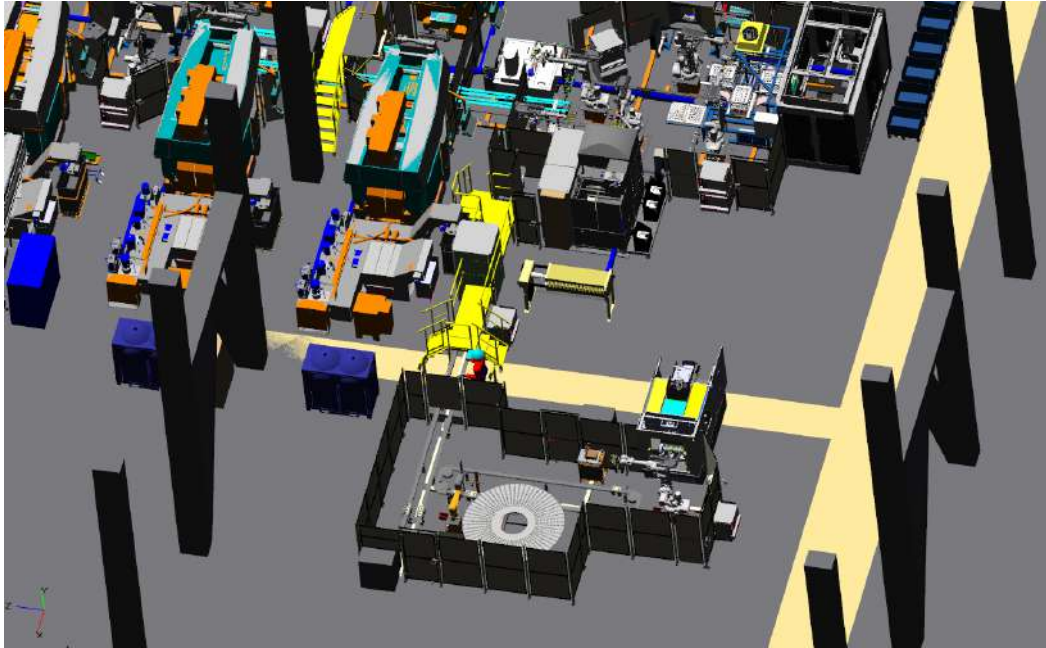
- a. Study of the implementation of robots in the operation and control of machine tools.

In 2021, several projects were carried out.

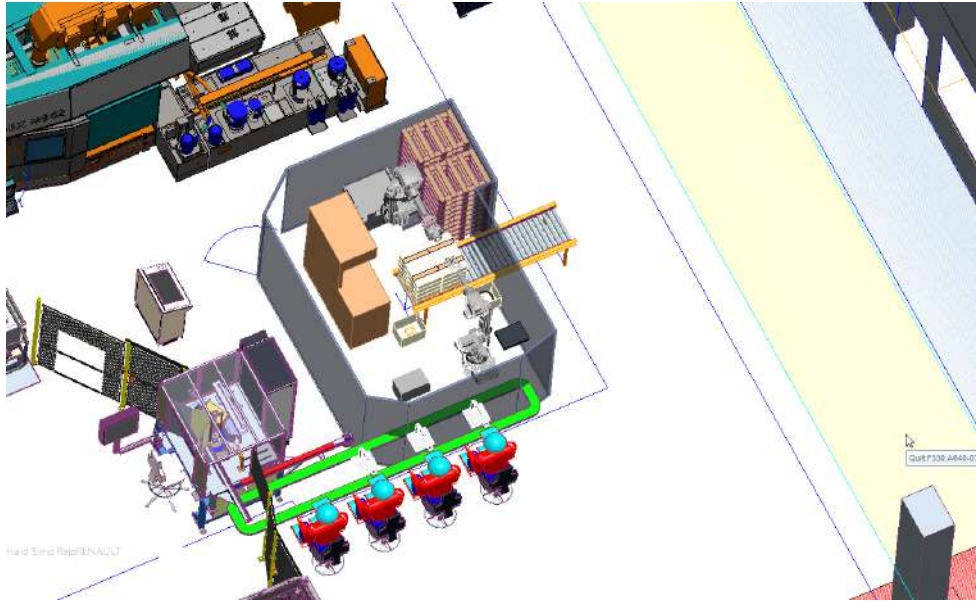
- b. Implementation the robots in scoring operations and continuous welding operations of large cords.

In 2023, several projects were carried out, which we briefly present below:

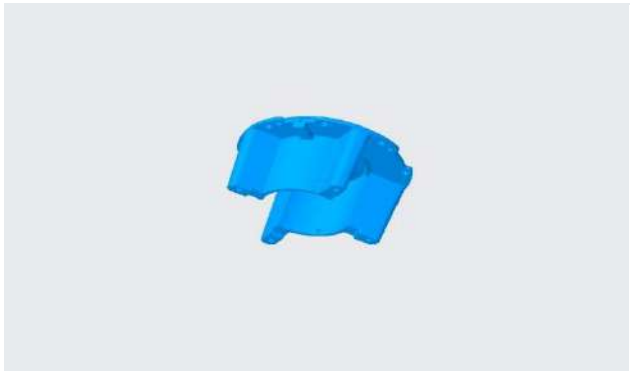
- In workshop 640 –GDI Pump Body, was performed the „Renault Extension” of the additional operation for the new Renault Pump Body reference. The extension is an automated appendix added to the Pump Body manufacturing cell:



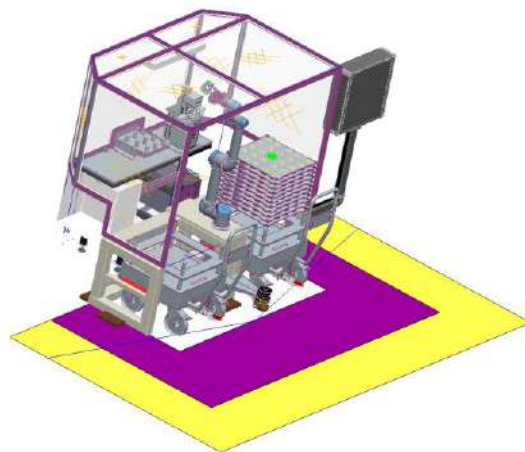
- The need for automation and robotization of manufacturing flows requires the realization of projects for automatic packaging of parts:



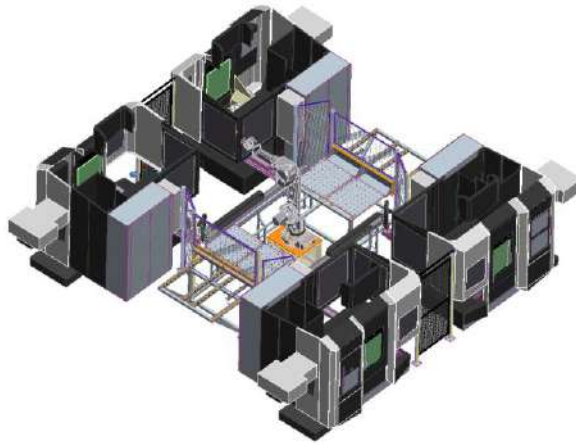
- In the WILLO workshop have been developed two types of housing which are components of a pump assembly:



- Robotic inspection and control stands implemented for VCST project



- For VCST project an automatic loading was implemented for DMG lathes for productivity increase.



MAINTENANCE ACTIVITY

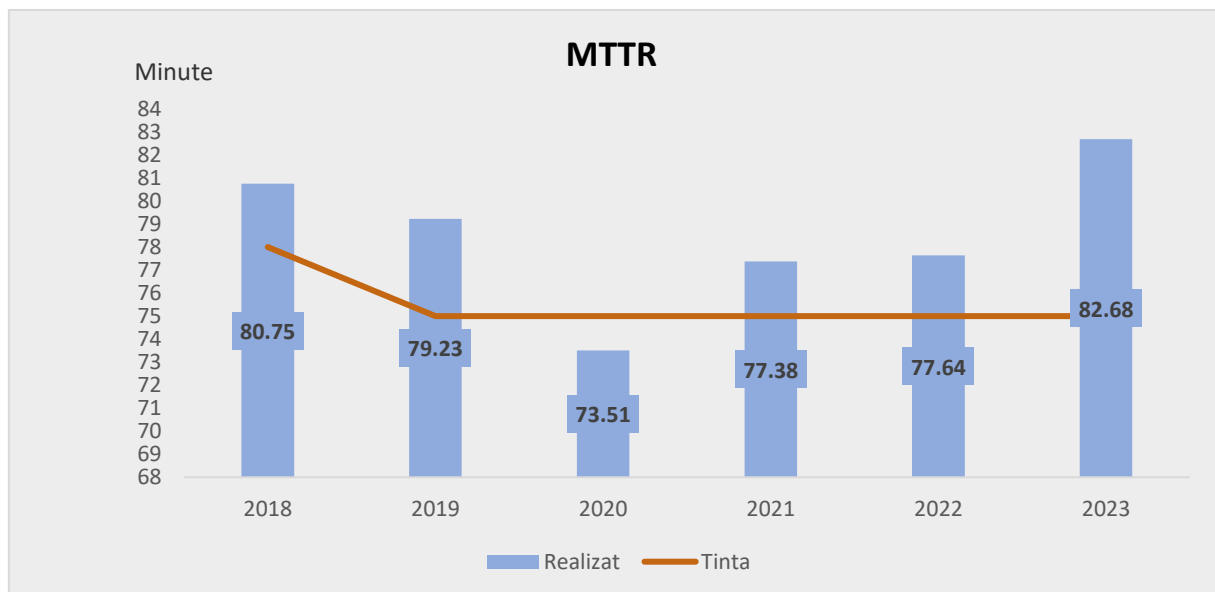
Description of Maintenance Department activities

The Maintenance Department's main objective is to keep the machinery and technological equipment in good working condition at COMPA. Maintenance activity is provided for approximately 1700 production vehicles with a wide variety, given the different production processes existing in COMPA. Among the types of machinery found at COMPA are:

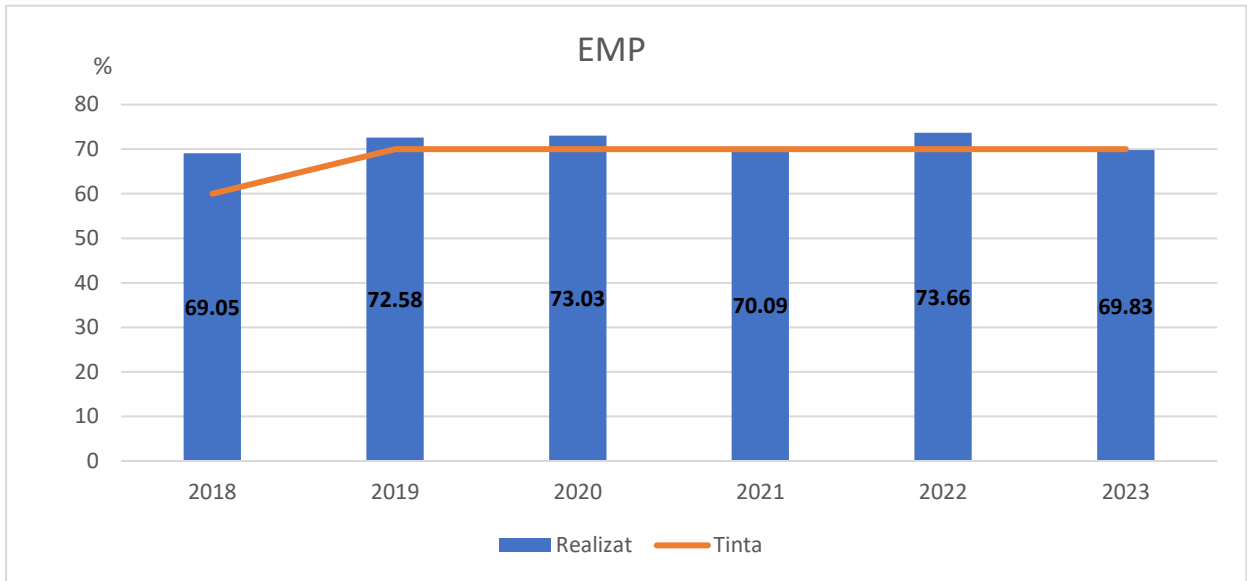
- CNC milling and turning machines by Mazak, Spinner, DMG, Okuma, Chiron, Traub, Index, Wasino, Mikron, Star, Fermat;
- Vertical CNC drilling machines by Rene Clement and Mollart;
- CNC grinding machines by Studer and Thielenhaus;
- CNC gear milling machines by Gleason Pfauter;
- Profiroll thread rolling machines;
- Laser cutting machines by Mazak and Bystronic;
- Schuller automatic presses;
- ABB welding robots;
- Electrostatic KTL and powder coating Durst painting installations;
- Heat treatment lines;
- Galvanizing and phosphating lines, etc.
-

The maintenance activities that ensure the planned production on these machines are:

Corrective maintenance monitored by the Total Repair Time Media indicator - MTTR.



Preventive maintenance monitored by the Preventive Maintenance Efficiency indicator - EMP.

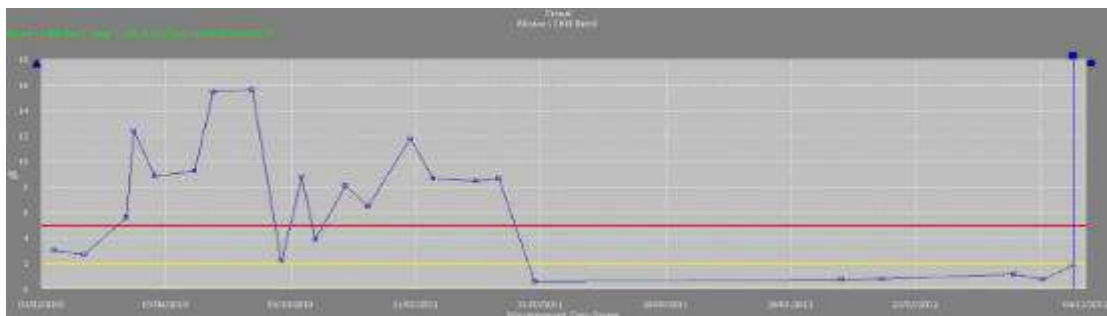


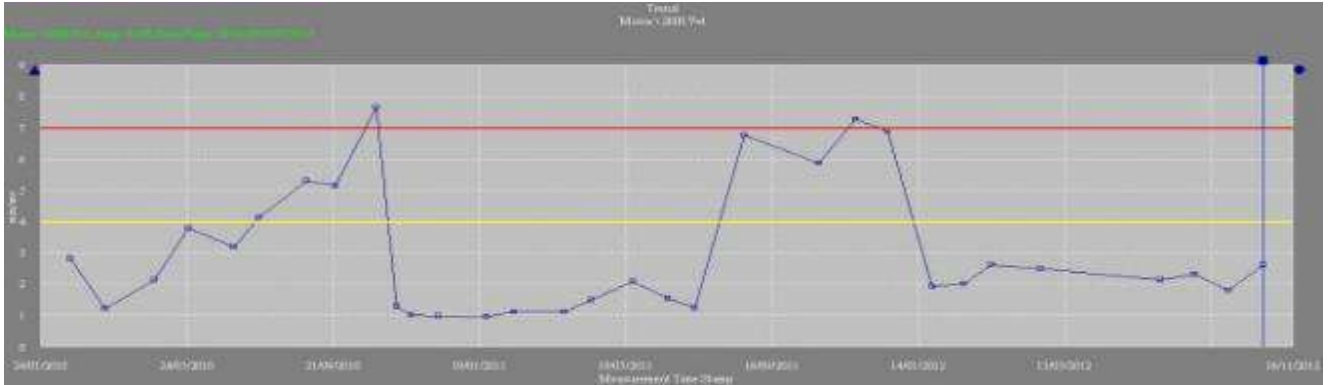
Predictive maintenance for critical machinery and technological equipment, carried out with:

- a. The SKF toolkit for analyzing vibrations of moving mechanical assemblies.

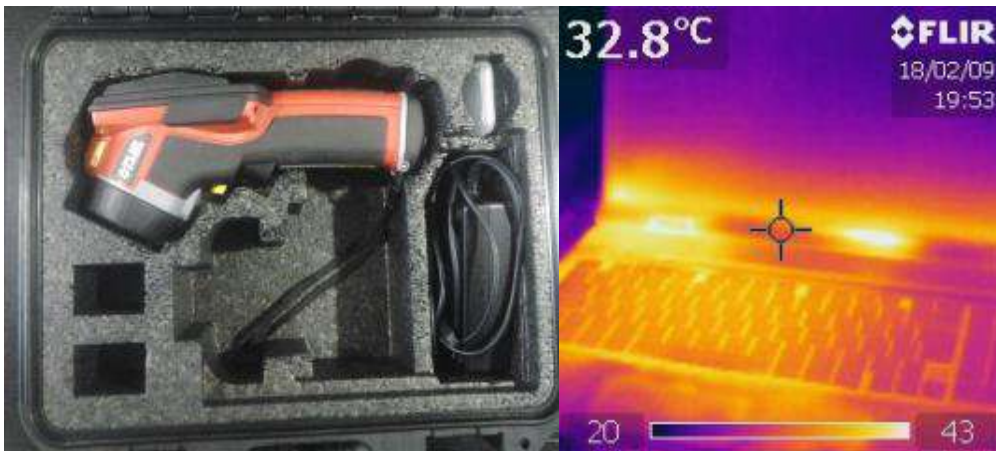


- producing vibration analysis reports in the following format:



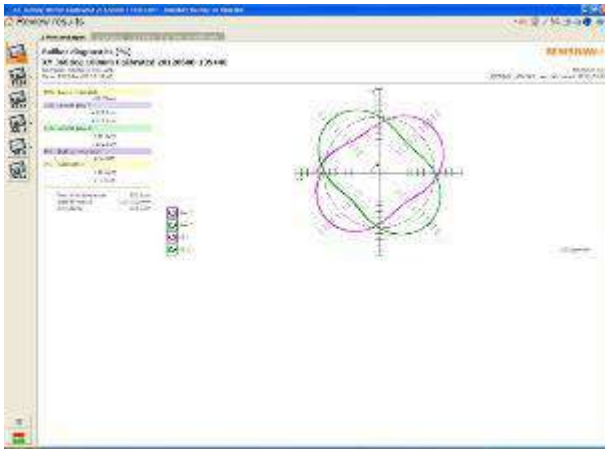


b. Thermographic analysis, carried out with a thermal imaging device.

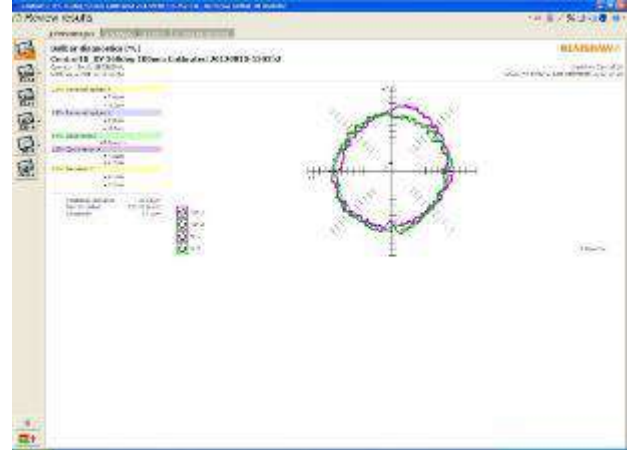


c. Qualitative analysis of the machine tool axis geometry, carried out with the Renishaw QC20 BallBar toolkit.





Problem



Corrected

And services:

Machine retrofitting and modification based on the needs of the parts that need to be processed.

Retrofitting and modification by implementing an additional X-axis on the Mazak VTC 200 machine, carried out internally by the maintenance department team at COMPA.



Repairs of electronic equipment in the Electronics Laboratory, which benefits from the following facilities:

- 11 workbenches equipped with tools and equipment for maintaining automation electronic equipment.



- 1 mechanical bench for dismantling and assembling automation electronic equipment.
- 1 washing and drying line consisting of:
 - 2 washing machines (the first one based on using a solution with microorganisms, the second one based on using alkaline solutions in an ultrasonic field);
 - 2 drying installations (the first one based on hot air circulation, the second one based on a dehumidification system).



- 1 station for soldering and desoldering components using infrared heating, with precise component positioning

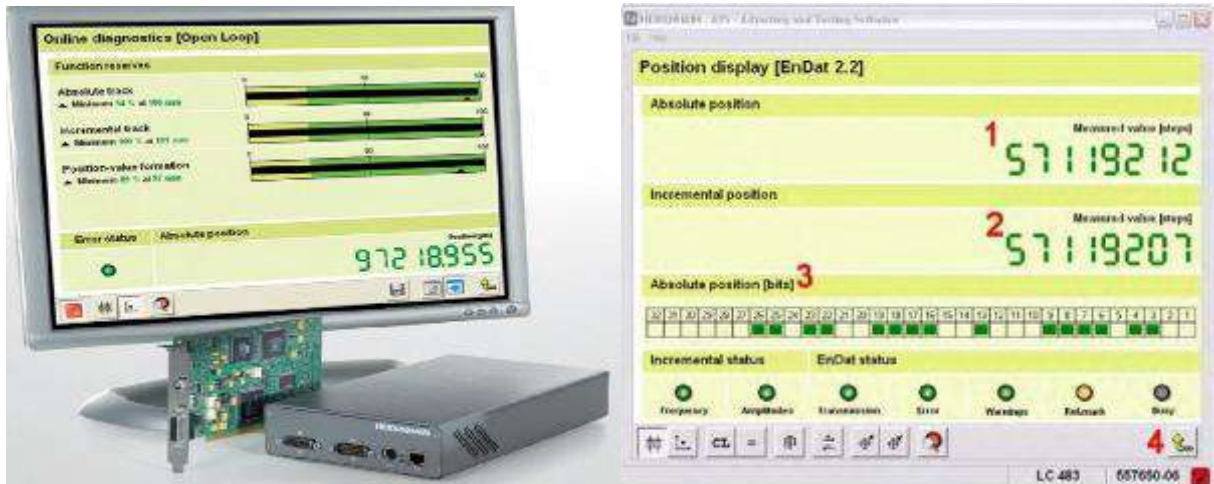


- 1 microscope for visual inspection of electronic circuits



- Data acquisition interfaces for diagnosing measurement systems such as encoders and optical rulers, namely the PWM20 and IK215 products from Heidenhain, and the PGT11 from Sick.





- Toolkits for predictive maintenance: the SKF toolkit for vibration analysis, a thermography camera, and the Renishaw QC20 ballbar toolkit.

Activities carried out in the laboratory:

- Repairs of electronic automation equipment regardless of type and manufacturer. Types of repaired equipment include: power supplies, frequency converters, servo drives, measurement systems, optical rulers, encoders, distributed peripheral modules, keyboards, display and operating panels, computers, numerical controls, programmable logic controllers, motors with attached measurement systems (alignments), and others, with the most represented manufacturers being Siemens, Fanuc, Mitsubishi, Rexroth (Bosch), Sew, Danfoss, Yaskawa, Heidenhain, Sick, Staubli, etc.
- Troubleshooting software, parameterization, and loading of programs into equipment.
- Testing of equipment.
- Training for maintainers.
- Organization of workshops with our supplier collaborators.
- Predictive maintenance through vibration measurements, thermographic measurements, and testing of axis geometry.

Repairs and balancing of spindles for machines such as Mazak, Chiron, cylindrical grinders, etc.



Transfer and relocation of machines and production lines. Over time, machines and production lines have been transferred from:

- France - Delphi Blois (see below for a picture of a grinding and deburring line transferred to COMPA from a section that was entirely relocated to COMPA).



- England - Delphi Sudbury,
- Turkey - Borgwarner Izmir (transfer of an entire manufacturing line),
- Romania - Borgwarner Iasi (transfer of two Sermatec electrochemical deburring machines),
- Germany - Wilo-Dortmund and
- Bosch Rexroth (see below for a picture of an automatic press for Bosch wiper rods)



- Italy - DMG (see below for a picture of CNC machining centers from a section in Bergamo that was entirely relocated to COMPA).

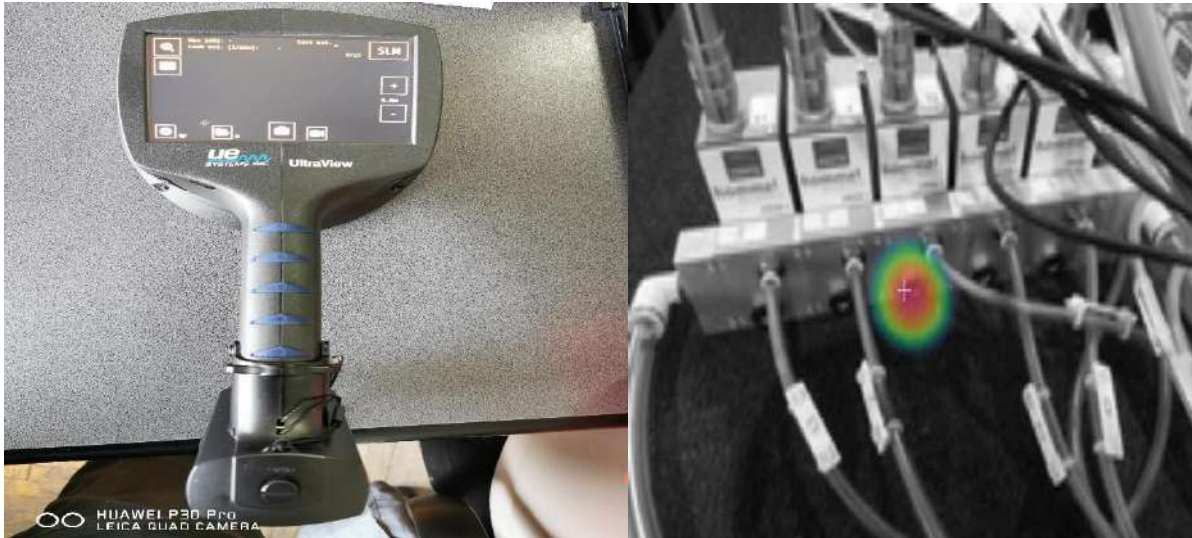


- Installation of a new machine in the year 2023, CNC reaming, drilling and milling-Fermat, machine used to process large parts.



Repairs and inspections for lifting and internal transport equipment according to ISCIR regulations.

Activities that have an impact on social and environmental aspects or resource conservation, such as installing air conditioning and filtering systems in COMPA workshops to create a better climate and the purchase of an ultrasonic air leak detector to reduce air consumption by eliminating leaks.



The Maintenance Department of COMPA SA had an average of 116 employees in 2023.

The Maintenance Department Objectives for 2024

The Maintenance Department objectives regarding maintenance activities are to achieve the established targets for maintenance indicators, namely:

- MTTR - 75 minutes
- EPM - 70%
- Adherence to planned maintenance budgets.

The maintenance department objectives regarding services for the year 2024 are:

- Completion of commissioning of the transferred line from Wilo-Dortmund - December 2024
- Relocation of the ZF production part workshop to a new location - May 2024
- Refurbishment of the runway for cranes in the Chief Mechanic Hall and installation of a new crane on this runway - May 2024

The quality policies of the Maintenance Department ensure full compliance with explicit requirements and expectations of collaborators, while also considering their implicit expectations, maintaining certifications of the Integrated Management System according to reference standards, and ensuring that products and services provided to collaborators are maintained at the same level of quality throughout their entire use. The department aims to achieve the following objectives:

- Maintaining certifications of the Integrated Management System according to reference standards
- Continuous improvement of collaborator satisfaction levels
- Maintaining maintenance costs in the efficiency zone for carried out activities

In terms of quality of maintenance activities, the following risks have been identified: Risks with a high initial impact (in case of hypothetical risk occurrence, these would have a major impact). This category includes the risk of audits ending with major non-conformities, which could lead to suspension/cancellation of certifications and loss of contracts. Risks with a medium initial impact (in case of hypothetical risk occurrence, these would have a moderate impact). This category includes the following risks: decreasing effectiveness of the Quality Management System. In case of these risks occurring, activity may be affected by decreased collaborator satisfaction, loss of competitiveness, production losses, etc. Risks are kept under control through

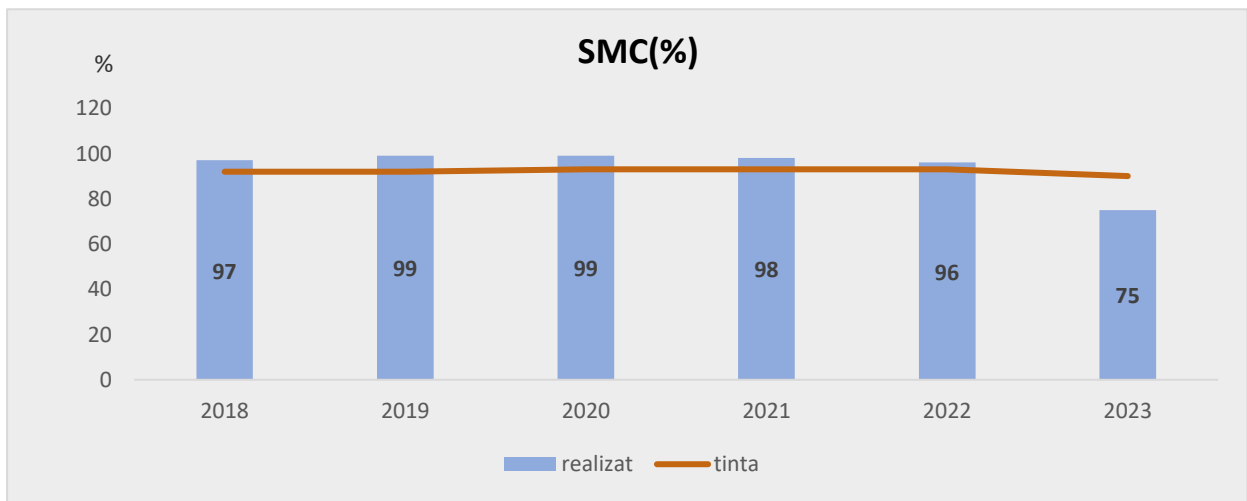
implementation and respect of analysis procedures carried out by company management and internal audits; monitoring and measuring customer satisfaction; and fulfilling the training program.

As a result of successful audits, the Maintenance Department did not create any issues in maintaining valid Integrated Management System certifications (according to ISO 9001, ISO 14001, OHSAS 18001, IATF 16949) for the 2018-2023 period in 2023.

The system audits of maintenance activities quality did not identify major non-conformities.

The main key performance indicator in the field of maintenance activity quality is:

Level of aptitude of the SMC



The policies regarding Environment and Health and Occupational Safety aim to identify and control environmental aspects and risks associated with all activities carried out by the organization, in order to ensure compliance with legal requirements and other applicable requirements subscribed to by the organization, prevent pollution and work accidents, occupational illnesses, and respect the rights of interested parties to live in an unpolluted environment.

The Maintenance Department's policy in this area aims to:

- Minimize the amounts of waste generated and manage them safely when their appearance cannot be avoided;
- Reduce the consumption of natural resources;
- Reduce the impact on the environment associated with the maintenance department's current and future activities by gradually replacing some technologies with others that have a reduced environmental impact;
- Prevent the occurrence of emergency situations with an impact on the environment and health and occupational safety by establishing and implementing coherent and effective measures to prevent major accidents involving hazardous substances;
- Adopt a preventive behavior towards environmental pollution to continuously improve environmental performance;
- Ensure an optimal working environment for employees in order to maintain, primarily through preventive activities, the health and safety of employees;
- Continuously monitor the health status of employees and take action to improve their health and prevent accidents and occupational illnesses.

In the field of environmental protection and occupational safety and health, the following risks have been identified:

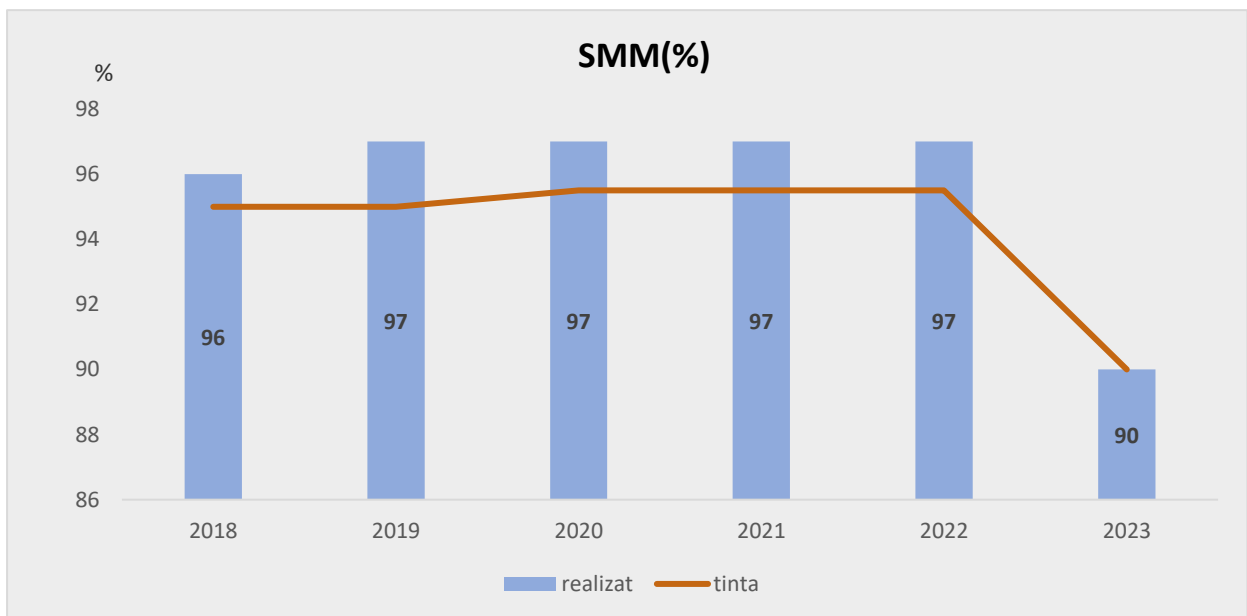
- Risks with a high initial impact (in the hypothetical case of risk occurrence, they would have a significant impact). This category includes emergency situations with an impact on the environment and occupational safety and health; unsafe waste management; non-preventive behavior, and increased environmental impact due to equipment wear and tear.
- Risks with a moderate initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes unjustified increases in natural resource consumption, lack of measures to monitor employee health, prevent accidents and occupational illnesses.

In the event of these risks occurring, sanctions may be applied for violating environmental norms, endangering the health and safety of employees and interested parties, and restricting production capacity by reducing the number of fit-for-work employees.

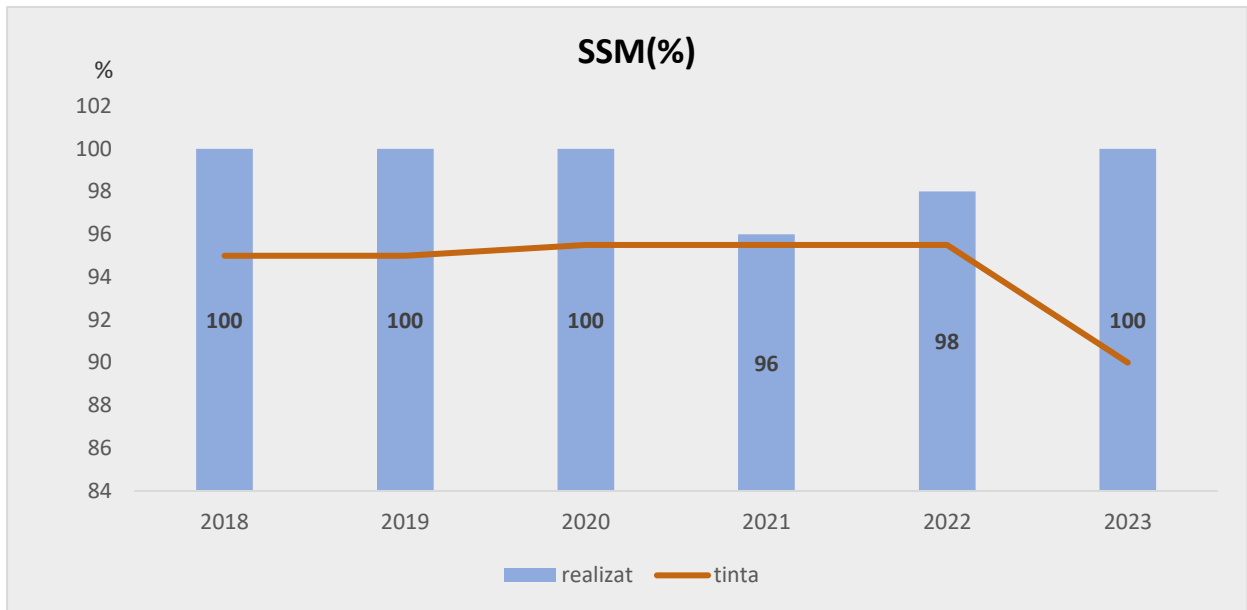
As a result of the measures taken in 2023, all the previously mentioned risks were kept at a low impact level. This effective control of environmental and occupational safety and health risks was possible through the implementation and compliance with waste management procedures, emergency procedures, maintaining an in-house medical cabinet, and periodic specific medical analysis.

The main key performance indicators of the maintenance department in the field of environmental protection and occupational safety and health are:

Level of aptitude of the SMM



Level of aptitude of the SSM



No new cases of occupational diseases, major environmental impacts or incidents with major effects on health and safety have been identified within the department, and audits have not identified any major non-conformities.

The Maintenance Department, through the Human Resources Department, develops and implements an internal regulatory system to organize department activities efficiently by allocating necessary resources, identifying risks and taking necessary measures to eliminate/reduce them to an acceptable level. The most important resource required to achieve objectives are well-trained, motivated, integral and adequately equipped employees. Socially, the department aims to maintain a constructive collaboration with the employees' organizations within the department and other stakeholders, based on relevant legislation, by:

- Supporting constructive union activity and concluding a Collective Labor Agreement specific to the employees of SC COMPA SA;
- Maintaining continuous communication with trade unions on all major aspects of organizational and business development, considering employees as a third party interested in the success of the business;
- Establishing and implementing ways to assist disadvantaged individuals and/or those in special family situations;
- Establishing and implementing various benefits for all employees, based on the potential of the organization and identified needs;
- Monitoring the health of employees through periodic specialized check-ups;
- Supporting employees and their families when facing difficult health situations;
- Covering at least 50% of the cost of spa treatment tickets for employees;
- Providing meal vouchers;
- Supporting disadvantaged individuals and/or communities through sponsorships, as requested by employees of COMPA SA.
- COMPA SA ensures equal opportunities for its current or potential employees by:
 - o Recruiting/promoting staff in a transparent manner, considering the necessary professional competence and experience, as well as the integrity of the candidates;

- Ensuring conditions for continuous training and improvement in the professions they work in, but also for environmental protection and occupational health and safety;
- Evaluating activities and skills based solely on objective, sustainable, measurable, appropriate, consistently and transparently monitored performance criteria for all employees;
- Creating optimal working conditions to stabilize staff.

The risks in this sector are initially moderate (in the hypothetical case of risk occurrence, they would have a moderate impact).

In 2023, the following identified risks remain relevant: decreased retention rate of existing personnel or new hires, and allocation of an insufficient number of professional training hours. In the event of these risks occurring, the company may face increased recruitment costs and decreased quality of maintenance activities and services provided.

Through the measures adopted, most of the identified risks have been kept at a low level, except for the risk of retention of existing and new employees, which is at a moderate level, influenced by the shortage of candidates on the labor market, especially with regard to qualified personnel.

For risk management in this field, measures have been taken to motivate personnel through financial incentives and creating a pleasant working environment, achieving the annual training and professional development plan, implementing a plan for the instruction and integration of new employees. The union organization has a high degree of representation among personnel, is a party to negotiating the collective contract, and is a partner in implementing social and personnel policies.

Among the actions of interest for the local community, we mention the agreement concluded several years ago with Henri Coanda and Energetic high schools, and Lucian Blaga University of Sibiu for conducting a number of practice hours by trainees within the company, and granting scholarships for the best among them, and conducting professional retraining courses through European projects with the participation of qualified personnel from the Maintenance Department.

The main performance indicators achieved in 2023 in this field will be presented by the Human Resources Department.

The description of the policy regarding human rights compliance, risk factors, key performance indicators, and the effect of implementing this policy:

The Maintenance Department of COMP A SA guarantees the respect of human rights, in accordance with legal provisions, for its employees and collaborators, as well as for stakeholders through:

- providing working conditions that respect individual dignity and appropriate job positions in terms of safety and health at work;
- prohibiting any form of intimidation through language, attitude, gestures, or any other form of personal attack;
- eliminating any form of discrimination based on gender/age/race/religion/political beliefs;
- firmly rejecting child exploitation;
- rejecting collaboration with organizations that do not respect human rights.

Violation of human rights can lead to falling under the law, protests from employees or the public, and loss of prestige in society. The risk of violating human rights has a medium initial impact, but through control measures, these risks have been kept at a low level. Provisions related to the respect of human rights have been included in the internal regulations and collective labor agreement.

In 2023, there were no reported cases of intimidation or personal attacks, nor cases of discrimination based on gender/age/race/religion/political beliefs for the personnel within the Maintenance Department.



The Building and Networks Maintenance Department is a support structure for all the processes and activities that take place within the company.

1 Description of the activity of the ICR Department

-The ICR department is organized and carries out its activity in three workshops

- maintenance, repairs and modernization of buildings, roads, sidewalks, platforms and parking lots
- maintenance, repairs and modernization of water networks, compressed air, domestic hot water, heating, hydrants and sewers
- maintenance, repairs and modernization of telephone networks, data, video, lighting, gates.

-The most important achievements according to the Performance Indicator refer to:

- the permanent maintenance of the production platform and all the functions of the company in optimal condition.
- solving emergency situations and requests, repairing and maintaining functional parameters of buildings, networks, installations, roads and access roads, which will streamline logistics, allow the production process to be carried out in appropriate conditions and provide staff with optimal security work according to SSM requirements.
- the modernization of the existing work spaces, the utility networks and the setting up of new objectives, which correspond to the company's requirements, in accordance with the legislation in force.

- In this regard, the following achievements should be highlighted in the last period:

- at the level of the Unit I production platform, H. COANDA str., in 2022, a number of 589 maintenance works, repairs, modernizations and investments were carried out, of which we mention a few:

- Arrangement of dormitory for workers in the rented space (all utilities for 80 places)
- Designing the space for service housing in the COMPA canteen space
- Installation of two new compressors in the compressor station
- Replaced the heating plant Central Pavilion -ground floor
- Rehabilitated the entrance stairwell and the service stairwell at the central pavilion
- Rehabilitated internal road at the intersection with the Hendrickson company
- Rehabilitated internal road in front of the research center
- Rehabilitated the connecting alley between the roads, in front of the new spring's treatments workshop
- Renovation of the Bosch wiper hall to complete the arm manufacturing line
- Decommissioning the old internal flyover next to the secondary road, which was no longer functional.

- Dismantling utility networks from old machines and connecting new transferred machines
 - Connecting (digitalizing) machines from the production departments to the company's data network.
 - Connection to coupler furnaces for cleaning the return pipes at the Treatment Workshop.
 - Insulated pipes and external ACM networks (there are still small portions that are still being worked on)
 - Replaced and insulated Estacada heating pipes (Atelier Sharpening area, At 220 and Hatebur)
 - Replaced the old 204 ml potable water pipe at the monobloc hall - At. DMG and At.460
 - Insulating old pipes, cooling water at Workshop 620 and Workshop 630 - the work continues
 - Replaced old and damaged storm sewer pipes at the DMG Workshop, Galvanization, Jtekt
 - Repaired skylights and replaced polycarbonate on 75% of the production halls - to be continued
 - Repaired and replaced 80% of the total number of drains on the halls - to be continued
 - Repaired and replaced waterproofing on sheds and buildings in damaged areas - to be continued
 - Repaired epoxy resins at At 620, At 630, At 650, At Bosch, Jtekt – to be continued
 - Replaced incandescent lighting fixtures, according to their failure, with LED lighting
 - Repaired or replaced gates and access doors and related automation in halls and buildings
 - Fixed, replaced fiber cabling and monitored data, telephony, video and GSM access networks
 - Enclosed and protected pool and cooling tower from thermal treatments
 - Renovated social groups at At 620 and At 900 - mechanically welded
 - Made a foundation for the Fermat machine and crane, for processing at the mechanical-welded workshop
- at the level of the production platform Unit II, B-dul Victoriei Nr. 42-44**
- The project of reconversion of the production space into space intended for housing, offices and a hotel complex is in full swing. 4 blocks with living spaces and annexes as well as the Mercure-Ibis hotel complex were put into operation.
 - The works have been executed and are being executed with specialized companies, and the ICR Department is monitoring the execution.
- at the level of the production platform Unit III, Cismadie**
- the unit was dissolved and the buildings and halls were demolished to receive another destination after completing the cadastral formalities.

2 – The main risks and their management

- Risks

- The activity of the ICR department can sometimes be negatively impacted by:
 - the long periods of supply with materials necessary for the works due to:
 - the supply circuit through SAP from the moment of the request until the approval and ordering of the materials or services
 - supply delays due to suppliers
 - Insufficient qualified personnel, who can perform the complex, diverse and most of the time urgent works, which are the responsibility of the ICR Department.

Risk management**The supply chain**

- The supply chain does not have a major impact on the development of the works that are executed according to the plans, but for emergency works, the decision-making supply chain and effective delivery can often negatively impact the development of the production process and especially the deadlines for completing the works

- Short, medium and long term perspectives. For normal supply through SAP, no other measures are required, but for materials that need to be supplied urgently, another, more flexible approach is needed.

Remedial measures

-A remedial measure could be to ensure a minimum buffer stock of the materials that have the greatest impact on emergency works and to be refreshed according to the consumption generated by these works.

-Another measure could be a direct line with a supplier and an open order within a capped amount, for materials with an urgent impact and to be checked weekly by the purchasing department and the general director.

-Regarding the lack of staff, in addition to attracting qualified workers from the labor market, the solution of schooling within the society of young people with skills and their job qualification for the jobs of welder, plumber and electrician should also be addressed.

3 . Description of the objectives, targets and responsibilities established for the performance of these activities**Strategy and objectives**

- The strategy and objectives of the ICR Dept. follows the general strategic line of the company and within it has in mind the following phased objectives. (short, medium and long term)

- Clarification of the legal, cadastral and topo situation of the company premises.
- Digitization of drawing data, situation plans and documentation Dep. I.C.R.
- Modernization, maintenance and repair of fences and access gates
- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms
- Maintenance and modernization of buildings, halls, warehouses and warehouses
- Maintenance, repair and renovation of water, air, thermal and canal networks
- Modernization and repair of data networks, telephony, video, lighting and access gates

The main factors that can affect future development.

The main factors that can affect future development are related to the general situation of the Romanian economy, of the automotive industry, but also of an internal nature, related to the lack of personnel, especially the qualified one, and the technical equipment that must be permanently completed and modernized.

4. Programs developed during this period to achieve these objectives

- In order to clarify the cadastral situation, the activity of registering in the eTerra platform of OCPI Sibiu - the Land Register of all the company's premises has been initiated. All the premises on the platform Unitatea I, Str. H. Coanda are registered and we still have two positions that are being processed and for which I have not yet received the registration.

- The digitization of documentation and data is a necessity and work is being done to update situation plans and drawings - permanently

- The modernization, maintenance and repair of the fences and access gates is done in stages following a project proposed by the architect.

- The modernization and rehabilitation of roads and access roads is planned to continue with connecting alleys, sidewalks and parking lots, which require interventions.

- The maintenance and modernization of buildings, halls, warehouses and warehouses is part of the object of activity and is a permanent concern of the ICR department.
- The COMPA canteen on the first floor, service quarters and the exterior fence will be renovated and are being finished.
- The dormitory with 80 places for workers was arranged (rented space)
- Interior and exterior fitting-out works are being carried out at the central warehouse and at the production halls.
- The maintenance, repair and renovation of water, air, thermal and sewage networks is also a permanent activity, but it also involves the phased replacement of old or morally worn pipes, especially those of drinking water.
- Modernization and repair of data networks, telephony, video, lighting and access gates is in full swing and is treated as a priority.

5. Permanent monitoring of the results obtained and the workplace policy

- All programs, projects and executed works are permanently monitored at the level of the three heads of workshops as well as by the head of the activity of the I.C.R. department.
- Analysis reports and proposals are made monthly in which the problems that have arisen, the stage of their resolution, those responsible for their follow-up and completion, as well as measures and proposals for the future are highlighted.
- The workplace policy takes into account the company's regulations, but also takes into account the specifics of the department, which is related to the fact that each work is performed in different locations and each intervention is specific (has a very low repeatability) and requires different dimensional and functional materials, as well as distinct and complex activities at each intervention.

6. Environmental problems, health and safety of the workplace

- Information regarding the prevention and control of pollution
- With regard to the prevention and control of pollution, the equipping and installation of the equipment is monitored and action is taken in an emergency regime to stop any damage and to prevent the replacement of defective parts or their remedy and the removal of the causes that could generate events, so that it is not affected the air and the soil so that substances with potential pollution do not reach the sewage network.
- The ICR Department collaborates with the other structures of SC COMPA SA for the implementation of the project, which has been executed, to produce energy from renewable sources (photovoltaic cells).
- Regarding the extraction of mineral resources, the ICR Department carries out the maintenance and repair of fireplaces, pipes related to wells for fire water, which supply the Water Tower with the reservoir for the company's hydrant network.

Workplace health and safety

The health and safety of the staff is a constant concern both at the level of society and of the ICR Department.

In this regard, at the ICR department, the equipment of the workers with protective and work equipment and the compliance with the labor protection rules are monitored and checked periodically, taking into account the fact that the works are performed at height or in hard-to-reach places such as sewage manholes, is performed in various locations near the machines while they are working and must be done without affecting the continuity of the production processes.

- Regarding the safety of buildings and halls, the ICR Department has generated a program for monitoring the behavior over time, for intervention where necessary and for reporting to the State Construction Inspectorate, to ensure the smooth development of the company's activity.

This current tracking program targets functionality, status and integrity:

- Facades, plinths, and walls
- Resistance structure (pillars, beams, caissons)
- Concrete floors (most are covered with epoxy resins)

- Covers, skylights and drain and ventilation openings
- Doors, gates, windows, and access roads
- Installations and networks of potable, industrial and cooling water
- Heating, steam and domestic hot water installations
- Compressed air installations
- Plumbing
- Electrical installations, lighting, telephony, and data networks
- Fire prevention and alarm installations
- Hydrant installations
- Roads, sidewalks, alleys, platforms, and parking lots

All activities were carried out according to the schedule and requirements and there were no delays in terms of tracking, evaluating, maintaining, and reporting their status or events that would target or affect the health and safety of the staff.

Starting from these evaluations of their condition and functionality, preventive intervention was carried out through current maintenance works, repairs or modernizations that ensure safe working conditions and health for all the company's personnel.

During the production processes, unforeseen situations occurred that required emergency interventions. They were executed every time in a timely manner, without affecting the good progress of production.

A special attention was given and is given to the sanitary installations related to the social groups, the toilets, showers and changing rooms, which are executed according to norms and standards and permanently maintained at quality parameters through current maintenance works, repairs, and renovations.

7. Objectives, targets and responsibilities for the 2025 program

All this fits into the general strategy and planned objectives:

- Clarification of the legal, cadastral and topo situation of the company premises

By the end of 2024, we propose that the legal status of all spaces on the platform Unit I Str. H. The queue should be clarified and entered in eTerra at the OCPI Sibiu Land Registry

Responsible – **Forsea Alexandru and Boabes Nicolae**

- Digitization of drawing data, situation plans and documentation Dep. I.C.R.

The situation plans and drawings are being worked on so that they are permanently updated.

Responsible - **Forsea Alexandru and Neghina Dorin**

- Modernizing and rehabilitating the interior and exterior of the central warehouse.

Interior renovation of the spaces, social groups, as well as the exterior walls is being implemented

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms - permanent

They propose the phased rehabilitation of the alley from gate 1 to gate 2.

It is proposed to partially rehabilitate the connecting alley in front of the school and in front of the central pavilion

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Maintenance and modernization of buildings, halls, warehouses and warehouses - permanently

Current waterproofing works are carried out in buildings and halls and replacement of skylights and rainwater drains

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Maintenance, repair and renovation of water, air, thermal and channel networks - permanent

Current works, repairs and modernizations and commissioning works are carried out at the workshops.

Responsible - **Forsea Alexandru and Boabes Nicolae**

- Modernization and repair of data networks, telephony, video, lighting and access gates

It is a permanent concern, especially when replacing incandescent lighting fixtures with LED lighting fixtures as the current fixtures break down.

Responsible: - **Forsea Alexandru and Neghina Dorin**



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CONSOLIDATED ANNUAL REPORT 2023

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SRL SIBIU

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CONSOLIDATED ANNUAL REPORT - 2023



CUPRINS

A.	REPORT OF THE MANAGEMENT BOARD	2
1.	INTRODUCTION	2
1.1.	LEGAL FRAMEWORK, PURPOSE AND NECESSITY OF PREPARING FINANCIAL STATEMENTS CONSOLIDATED ANNUALS	2
1.2.	CONSOLIDATION METHODS APPLIED	2
2.	SHORT HISTORY	3
3.	INFORMATION ON GROUP ENTITIES	4
4.	MAJOR EVENTS IN THE GROUP'S ACTIVITY IN 2023	7
5.	INTRA-GROUP TRANSACTIONS DURING 2021-2023	14
6.	THE MAIN ECONOMIC AND FINANCIAL INDICATORS OF THE COMPA GROUP	14
7.	MAIN INDIVIDUAL INDICATORS FOR GENERAL EVALUATION OF ACTIVITY ENTITIES WITHIN THE GROUP	15
8.	TANGIBLE ASSETS OF THE GROUP	16
9.	ACCOUNTING STATEMENTS OF THE GROUP	17
10.	CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2023	20
11.	STATEMENT OF CONFORMITY OF FINANCIAL STATEMENTS	55
B)	AUDITOR'S REPORT	
C)	CONSOLIDATED NON-FINANCIAL STATEMENT 2023	



A. REPORT OF THE MANAGEMENT BOARD

1. INTRODUCTION

1.1. LEGAL FRAMEWORK, PURPOSE AND NECESSITY OF PREPARING CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

COMPAS S.A. Sibiu, whose securities are admitted to trading on the regulated market of the Bucharest Stock Exchange, has been applying International Financial Reporting Standards (IFRS) since 2012.

In accordance with the accounting regulations in accordance with Directive VII of the European Economic Community, COMPAS S.A. Sibiu (parent company) meets the conditions according to point 12. Based on item 3 of these regulations, consolidated annual financial statements were prepared.

The set of rules for accounting registration of economic and financial operations for the preparation, approval and statutory audit of the consolidated annual financial statements of companies are provided in the "Accounting regulations in accordance with IFRS" approved by OMFP 2844/2018.

All these normative acts constituted the legal basis necessary for the preparation of the consolidated financial statements of the Group for the year ended on 31.12.2023.

The consolidated annual report of the COMPAS Group has as main objective to inform investors and business partners of the parent company, as well as affiliated companies.

The documents drawn up highlight the results achieved by the COMPAS Group for 2023.

1.2. CONSOLIDATION METHODS APPLIED

According to the legal regulations, the preparation of consolidated financial statements is carried out by the entity hereinafter referred to as company (company) – parent, which holds participation titles in another entity, called subsidiary or affiliated company.

In this context, COMPAS S.A.Sibiu as parent company has control, respectively the share of its participations in the share capital of affiliated companies is higher than 50% in the following affiliated entities:

COMPAS I.T. S.R.L.	100,00 %
TRANS C.A.S. S.R.L.	99,00 %
RECASERV S.R.L.	70,00 %
ARINI HOSPITALITY S.R.L	100,00 %

The company COMPAS S.A. Sibiu, the parent company, exercises an effective power, having a dominant influence, respectively it has control over the Group's companies. Taking into account the accounting regulations as well as the existing recommendations in this field, the consolidation method used with these companies is *the "Global integration method"*.



2. SHORT HISTORY

Although this chapter was presented in detail in the COMPA individual annual report for 2021, we consider it necessary and appropriate that certain episodes in the history of the parent company are also highlighted in the 2021 consolidated annual report of the COMPA Group.

1886 - The industrial operation of the Jozsef Datky blacksmith workshop is officially attested, where lamellar springs were produced for the carriages of the time, but also of parts and tools obtained by forging.

The workshop developed so that the products made within this family company were found at international exhibitions within the Austro-Hungarian Empire (Vienna and Budapest).

1948 - It is the year when private companies, such as the predecessor Elastic Plant, profiled at that time in the manufacture of leaf springs, hot or cold wrapped helical springs, were nationalized as a result of the installation of the communist regime in Romania.

1969 - The Auto Parts Enterprise Sibiu (IPAS) is founded, by merging two large companies, which operated in Sibiu that year, namely:

- Automecanica Sibiu Plant, which in its turn had an impressive history, from an Artillery Arsenal of Sibiu, which ensures the repair and manufacture of weapons necessary for the defense of the Sibiu Fortress, to the realization of car equipment with advanced technology at the date of amalgamation;

- Elastic Plant Sibiu, with craft tradition since the year of foundation of the Datky Workshop, which it has permanently developed, realizing at the date of merger a wide and diversified range of lamellar springs for the manufacture of vehicles made in Romania and of a wide range of coil springs, hot and cold wound, intended for the entire rural material industry (locomotives, wagons), of the machine building industry throughout Romania.

1991 - The auto parts company Sibiu is transformed into S.C.COMPA S.A.Sibiu, as a result of the political and economic framework created by Romania's transition from a totalitarian communist state to a state with a market economy.

1999 - It is the year of privatization of the parent company, S.C.COMPA S.A. by buying the majority stake by the State Property Fund (FPS). This historical stage provides the premises for the development in conditions of competitiveness and profitability of the company, the development of business partnerships with representative companies from the world industry, on principles of equality and competence, fair competition.

2000 - The foundation of the COMPA Group is laid by transforming the Information Service, which functioned within the parent company with the activity of software design and internal network administration, into a separate commercial company S.C.Compa IT S.R.L., with full COMPA capital. As a result of the establishment of this company in an economic unit with an object of activity mainly in information technology (IT), the premises for the development of this sector of activity were created, both for the realization of an integrated information system of COMPA, but also for software products for other companies outside the Compa Group.

2001 - The second affiliated company S.C.TRANS C.A.S. S.R.L. Sibiu is established, a limited liability company, with a preponderant contribution to COMPA, resulting from the transformation of the existing transport base within the parent company, into a separate company specialized in domestic and international road transport. By setting up this company specialized strictly in transport activity, the conditions for the development of these companies were created, which provide transport services, not only for the parent company, but also for other companies in Romania and Europe.

The company has developed a lot since its establishment, investing in the acquisition mainly of heavy trucks (TIR) used for the transport of raw materials and materials from suppliers and the transport of finished products, both for COMPA and for various companies in Romania, but especially with companies in Europe.

2004 - The third affiliated company is established, namely S.C. RECASERV S.R.L., by transforming the activity of the COMPA canteen into a separate company in which COMPA holds the control position, being the majority shareholder.

2021 - The affiliated company ARINI HOSPITALITY S.R.L. is established, which will carry out hotel activity, following the development of the construction project of the Ibis-Mercure hotel complex.

CONSOLIDATED ANNUAL REPORT - 2023



3. INFORMATION ON GROUP ENTITIES

Company COMPA S.A.

Registered office	Sibiu, str. Henri Coandă no.8
Trade Register No.	J32/129/1991
Unique Registration Code	CUI 788767
Main object of activity	2932 "Manufacture of other parts and accessories for motor vehicles and motor vehicles"
Share capital	21.882.103,8 lei
Board of Directors	Deac Ioan – President of the Board / General Manager Miclea Ioan – Vice President CA/Administrator until 26.10.2023 Dumitrescu Mihaela- Vice President CA/Director of Econ. Since 09.11.2023 Maxim Mircea-Florin – non-executive director Balteş Nicolae – chairman of the audit committee / administrator NEACȘU Vlad- Nicolae – audit committee member / administrator

Form of ownership: COMPA S.A. is a company with 100% private capital. It was privatized in September 1999, through the purchase of the majority stake by the Compa Sibiu Employees Association (PAS), which became the main shareholder of the company.

In 2018, the Compa Sibiu Employees Association (PAS) was dissolved, the shares being transferred to the members of the association, depending on the number of shares owned and bought by each.

As detailed in the **Annual Individual Report 2023**, the parent company is organized into Profit Centers, integrated units without legal personality with a decentralized activity, structured for the realization of products for a single customer or for the realization of similar products for several customers, such as: Forge, Heat Treatment, Electroplating, Pressed Parts – Stamped, mechanical - welded subassemblies.

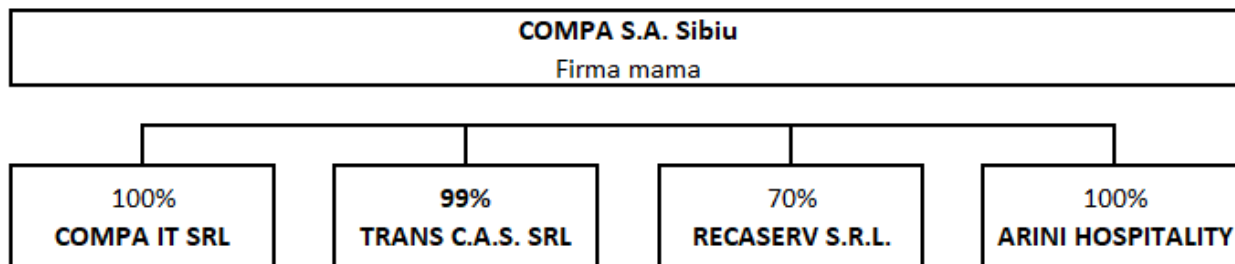
Financial investments of the parent company COMPA consisting of participation titles and shares in the other 4 affiliated companies, as follows:

Company with which the titles are held	Registered office	Value of securities held by COMPA	% in share capital
COMPA I.T. S.R.L.	8 Henri Coandă Street, Sibiu	200,000	100%
TRANS .C.A.S. S.R.L.	12 Henri Coandă Street, Sibiu	742,500	99%
RECASERV S.R.L.	51 Henri Coandă Street, Sibiu	70,000	70%
ARINI HOSPITALITY S.R.L.	8 Henri Coandă Street, Sibiu	23,203,000	100%
TOTAL		24,215,500	

CONSOLIDATED ANNUAL REPORT - 2023



Schematically, the structure of the COMPA Group is:



The management of the parent company COMPA, as well as of the entire Compa Group, is ensured by the Board of Directors elected by the Ordinary General Meeting of Shareholders, for a period of 4 years.

Company COMPA I.T. S.R.L

The purpose of the establishment was to design and implement an *integrated information system* for the parent company, at existing international standards and to ensure the requirements imposed by the organization on profit centers of COMPA, as well as to ensure an extensive computer computer network throughout COMPA.

By implementing the integrated system in the parent company, COMPA-IT ensures the superior functioning of this system, elaborates reports and presents the new facilities of the system in order to capitalize on the highest level of opportunities that this very complex and competitive system can offer.

Registered office	Sibiu, 8 Henri Coandă Street
Trade Register No.	J32/17/2001,
Unique Registration Code	CUI 13656016
Main object of activity	6201 "Custom software development activities"
Share capital (lei)	200,000
Single shareholder	Company COMPA S.A
Administrator	Acu Florin-Stefan

Societatea TRANS CAS S.R.L.

The reason for setting up the company was to outsource the car transport activity initially existing within COMPA, in order to expand and develop this activity different from COMPA's activity profile.

Some of these vehicles are the property of the parent company COMPA S.A., rented, and part of them are the property of TRANS C.A.S. S.R.L.

TRANS C.A.S. S.R.L. currently owns a number of over 60 vehicles, of which an important share is held by Mercedes tractors with trailers, with a capacity of over 20 tons of payload, intended for the transport of materials and finished products both for COMPA and for other customers.

The significant share of TRANS C.A.S. transports is held by international freight transports in almost all of Europe.

CONSOLIDATED ANNUAL REPORT - 2023



Trade Register No.	J32/633/2002
Unique Registration Code	CUI 14836511
Main object of activity	4941 "Road transport of goods"
Share capital, of which:	750.000 lei
Shareholders: COMPA S.A.Sibiu	742.500 lei
Maxim Mircea Florin and Mihăilă Daniela	7.500 lei
Administrator	Maxim Mircea Florin

Company RE CASERV S.R.L.

The purpose of setting up the company was to outsource from the parent company COMPA S.A. activities different from its main activity profile, activities such as: public catering performed through the canteen and microcanteens operating inside COMPA.

By setting up RE CASERV S.R.L., the conditions for the development of this activity were ensured by completing it with secondary services: catering and cleaning services.

Registered office	Sibiu, 51 Henri Coandă Street
Trade Register No.	J32/704/2004
Unique Registration Code	CUI 164408228
Main object of activity	5629 "Other food activities n.e.c."
Share capital, of which:	100,00 lei
Shareholders: COMPA S.A.Sibiu	70%
Boroş Daniela (individual)	30%
Administrator	BOROŞ Daniela

Societatea ARINI HOSPITALITY S.R.L.

The company ARINI HOSPITALITY SRL was founded in January 2021, which will carry out activity hotel, as a result of the development of the project for the construction of the hotel complex Ibis-Mercure.

Registered office	Sibiu, 8 Henri Coandă Street
Trade Register No.	J32/77/2021
Unique Registration Code	CUI 43581594
Main object of activity	5310 "Hotels and similar accommodation facilities"
Share capital, of which:	23,203,000 lei
Shareholders: COMPA S.A.Sibiu	100%
Administrator	BAIASU Dan-Nicolae

CONSOLIDATED ANNUAL REPORT - 2023



4. EVENTS RECORDED IN THE GROUP'S ACTIVITY IN 2023

4.1 EVENTS RECORDED DURING THE REPORTING PERIOD

As important events recorded in the activity of Compa in 2023, we can highlight the meetings of the Board of Directors of Compa S.A. (CA), following the convocation of the President of the CA, as follows:

09.01.2023 – The Extraordinary General Meeting of Shareholders (AGEA) was held with the following agenda:

1. election of the secretary of the meeting of the Extraordinary General Meeting of Shareholders from among the shareholders present
2. approval of the increase of the share capital of the affiliated company ARINI HOSPITALITY S.R.L., to which Compa S.A. is the sole associate, with the amount of 3,500,000 (three million fifteen hundredth) lei, cash contribution
3. approval of the delegation of the Board of Directors of Compa S.A. to take the necessary decisions in order to increase the share capital of Arini Hospitality SRL, which will decide on any aspects related to the increase of the share capital, the number of shares and their value, status update, etc.
4. ratification of the decision of the Board of Directors of Compa S.A. nr. 143 / 23.11.2022 art. 1 approving the contracting by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan in the form of an investment loan up to a ceiling of EUR 1,800,000 (one million-eighthundredth) euros.
5. ratification of the decision of the Board of Directors of Compa S.A. nr. 143/23.11.2022 art. Article 2 approving the guarantee of the bank loan referred to in Art. 4 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu.
6. ratification of the decision of the Board of Directors of Compa S.A. nr. 143/23.11.2022 art. 3 approving the guarantee by Compa S.A., as guarantor and / or co-borrower, of the bank loan requested by Arini Hospitality SRL under art. 4 above if the financing bank requests it.
7. Approval of the amendment of the constitutive act of Compa S.A. by adding to item IX sub-item 12 the possibility of the members of the Board of Directors to participate in the meetings of the Board of Directors through means of distance communication, so that the amended text will have the following content:

i.IX. ADMINISTRATION AND REPRESENTATION OF THE COMPANY

(12) The Management Board shall meet at least once every 3 months. The participation of the members of the Board of Directors of the company in its meetings may also take place by means of distance communication, videoconference, teleconference, e-mail or fax. Members of the Board of Directors shall take out professional liability insurance.

8. approving the empowerment of the Chairman of the Board of Directors Deac loan or of any other administrator in case of impossibility of the President, to sign in the name and on behalf of the Company the addendum and the updated articles of incorporation of the Company in accordance with the decision of A.G.E.A from item 7.
9. approval of 10.02.2023 as registration date for identifying shareholders affected by the effects of the resolutions of the extraordinary general meeting of shareholders, in accordance with the provisions of art. 87 of the Law no. 24/2017 on issuers of financial instruments and market operations and of 09.02.2023 as ex date according to the provisions of Article 176 (1) of FSA Regulation no. 5/2018.
10. empowerment of natural persons who will carry out the formalities of publicity and registration of the resolutions of the extraordinary meeting of shareholders, including their signing

31.01.2023 – The Board of Directors of Compa S.A. has been convened. in which were analyzed and approved the proposals of the economic and financial department of the company regarding the results of the inventory of the company's patrimony for 2022 and which consist of:

- approval of scrapping of goods, nature of fixed assets and stocks of materials and finished products;
- approval of the registration of inventory minuses recorded in stocks
- approval of the assumption to income of debts prescribed and/or not recognized by partners
- approving the transition to baskets of debts that cannot be recovered
- approval of registration of impairment adjustments for customer receivables

CONSOLIDATED ANNUAL REPORT - 2023



- mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the decisions of the Board of Directors taken in the meeting convened for 31.01.2023.

24.02.2023 – During the meeting of the Board of Directors convened on 24.02.2023, the preliminary financial results for 2022, both the individual financial results for Compa and the preliminary financial results for 2022 for the Group, were analyzed and approved.

Also, during this meeting, the Board of Directors approved the *Integrated Campus Project for dual education – PRODUAL*, the total value of the project in the amount of 129,922,526.46 lei, as well as its own contribution to the project 6,197,247.60 lei, of which 870,686.00 lei the contribution of Compa S.A.

09.03.2023 – The Board of Directors of Compa S.A. was convened to approve the proposal to convene the Ordinary General Meeting of Shareholders (OGMS) for 26.04.2023, the first convocation (15:00) and 27.04.2023, the second convocation (15:00), as well as the proposal to convene the Extraordinary General Meeting of Shareholders (AGEA) for 26.04.2023, the first convocation (16:00) and 27.04.2023, Second convocation (4:00 p.m.).

The Board of Directors approved the agenda of the OGMS convened on 26/27.04.2023, in which were registered a number of 10 points (according to the convening notice) as well as the 8 points included in the Convening notice related to the EGM of 26/27.04.2023.

The Board of Directors also approved 11.04.2023 as the reference date for the OGMS and the EGMS of 26/27.04.2023, respectively.

09.03.2023 - On 9.03.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved:

- increase of the share capital of the company by the amount of 3,500,000 lei (three million fifteen hundred lei), cash contribution, so that the share capital of the company becomes 23,203,000 lei (twenty-three million twelve hundred thirds) of which:

- 5,500,000 lei (five million five hundred lei) cash contribution;

- **17,703,000 LEI** (seventeen million seventeen hundred thirds), representing **contribution in kind**, constituted by **the entire building located in Sibiu, Victoriei Boulevard nr. 42-44, Sibiu County, registered in the Land Book nr. 131805 of the municipality of SIBIU, composed of construction yards land with an area of 7591 sqm., partially fenced, lot 2, having no. of order A1, nr. cadastral 131805, and construction: ADMINISTRATIVE BUILDING B+GF+2F+M, with a ground built area of 673 sqm. and the developed built area of 2365 sqm., having no. serial number A1.1, nr. cadastral register 131805-C1**, with a value of 17,703,000 LEI, according to the evaluation report no. 282 dated 09.10.2020 drawn up by ESTIMAR SRL, through expert Păun Radu Constantin, having the approval of the Trade Register Office Sibiu under no. R/45074 dated 07.10.2020.

- division of the share capital, totaling RON 23,203,000 (RON 5,500,000 cash contribution and RON 17,703,000 in-kind contribution) for the affiliated company ARINI HOSPITALITY SRL and approving the nominal value of the shares as follows: The share capital totaling RON 23,203,000 is divided into 232,030 shares, with a nominal value of RON 100 each, belonging entirely to the sole shareholder, company COMPA S.A.

- empowering Mr. Ioan Deac, President of the Board of Directors and General Manager of Compa SA, to sign the updated articles of association of Arini Hospitality SRL.

23.03.2023 – During the meeting held on 23.03.2023, the Board of Directors approved the Individual and Consolidated Annual Report for the financial year 2022 prepared according to Annex 15 of ASF Regulation no. 5/2018. Also, during this meeting, the Income and Expenditure Budget for 2023 and the Investment Program for 2023 were approved.

23.03.2023 - On 23.03.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved: financial statements of the company (balance sheet, profit and loss account) for the financial year 2022

26.04.2023 – The Ordinary General Meeting of Shareholders (OGMS) was held with the following agenda:

➤ election of the meeting secretary from among the shareholders present.

➤ submitting, debating and approving individual annual financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards for the financial year 2022, based on the Reports submitted by the Board of Directors, accompanied by the Financial Auditor's Report;

CONSOLIDATED ANNUAL REPORT - 2023



- approval of the proposal of the Board of Directors for the distribution of the net profit for the financial year 2022, in the total amount of 2,510,594 lei, as follows:
 - to own sources of development - value of 2,009,820 lei
 - for granting dividends to shareholders - the value of 500,774 lei with a gross dividend / share of 0.0023 lei;
- approval of 15.06.2023 as the payment date for dividend payments. Payment of dividends will be made in RON. The method of payment of dividends will be notified to shareholders before the date of commencement of payment. The expenses occasioned by the payment of dividends are borne by the shareholders.
- adjudicating on the management of the Board of Directors for the financial year 2022, based on the reports submitted;
- presenting, debating and approving the Income and Expenditure Budget for 2023 and the investment program for 2023;
- fixing and approving the remuneration due to the members of the Board of Directors for the current year;
- appointing the external financial auditor to perform the Statutory Audit for 2023;
- approval of the remuneration report of the company's management prepared for the financial year 2022;
- approval of 23.05.2023 as registration date for identifying shareholders affected by the effects of the resolutions of the ordinary general meeting of shareholders, in accordance with the provisions of art. 87 of Law no. 24/2017 on issuers of financial instruments and market operations and of 22.05.2023 as *ex date* according to the provisions of Article 176 (1) of FSA Regulation no. 5/2018;
- empowerment of natural persons who will carry out the formalities of publicity and registration of the resolutions of the ordinary meeting of shareholders, including their signing.

26.04.2023 – The Extraordinary General Meeting of Shareholders (AGEA) was held with the following agenda:

- election of the secretary of the meeting of the Extraordinary General Meeting of Shareholders from among the shareholders present;
- approval for contracting and/or extending for 2023 and 2024 until the annual EGMS, investment loans, credit lines, leasing, letters of bank guarantee, and other banking financial products, within a cumulated total ceiling of EUR 40 million and the establishment of movable and immovable guarantees related to assets from the company's patrimony;
- delegation of the Board of Directors by the Extraordinary General Meeting of Shareholders to commit and/or extend investment loans, credit lines, leasing, letters of guarantee and other banking financial products, within the cumulative total ceiling of EUR 40 million approved in point 2, starting with the date of the EGM resolution until the next Extraordinary General Meeting in April 2024, as well as to provide security interests in movable and immovable property belonging to the company's patrimony;
- empowering persons to represent the Company when negotiating and signing credit, guarantee agreements and any other documents necessary to comply with the decision in points 2 and 3;
- delegation of the Board of Directors by the Extraordinary General Meeting of Shareholders to appoint the representative of COMPASS S.A. in relation to the Management Authority / Financing Authorities and to empower the person / persons to sign in the name and on behalf of the Company the financing contracts that will run from 2023 and further until the next EGM in April 2024;
- mandating the persons empowered to sign in the name and on behalf of the Company, the contract with the financial auditor, appointed according to Decision no. 8 OGMS;
- approval of 23.05.2023 as registration date for identifying shareholders affected by the effects of the extraordinary shareholders meeting resolutions, in accordance with the provisions of art. 86(1) of Law no. 24/2017 on issuers of financial instruments and market operations and of 22.05.2023 as *ex date* according to the provisions of Article 176(1) of FSA Regulation no. 5/2018;
- empowerment of natural persons who will carry out the formalities of publicity and registration of meeting decisions, including their signing

01.05.2023 – The Decision on the appointment of Mr. Blaj Robert as Logistics Director has been issued. The decision applies from 01.05.2023.

CONSOLIDATED ANNUAL REPORT - 2023



12.05.2023 – During the meeting held on 12.05.2023, the Board of Directors approved:

- individual and consolidated report for Q1 – 2023;
- mandating the General Manager – Ioan Deac and the Economic Director – Mihaela Dumitrescu to sign, on behalf of and for the Board of Directors, the individual and consolidated quarterly report for Q1 – 2023;
- Communiqué on the payment of dividends related to the financial year 2022, which also includes the Procedure for the distribution of dividends related to the financial year 2022;
- mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the Communiqué on the payment of dividends for 2022 and the Procedure for distributing dividends for 2022.
- mandating the Chairman of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors to sign the decisions of the Board of Directors taken in the meeting convened for 12.05.2023.

15.06.2023 – The action to pay dividends due to Compa shareholders for 2022 has started.

29.06.2023 - On 29.06.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved:

- updating the object of activity of the company
- Moving the registered office of Arini Hospitality S.R.L. from Sibiu, str. Henri Coandă nr. 8, Sibiu County, in Sibiu, Bd. Victoriei nr. 48, Sibiu County.
- Updating the articles of incorporation of Arini Hospitality S.R.L., taking into account the changes in the object of activity and the relocation of the registered office

14.07.2023 - During the meeting held on 14.07.2023, the Board of Directors approved:

- empowering the President of the Board of Directors, Mr. Ioan Deac to sign, in the name and on behalf of Compa S.A. as associate of Trans C.A.S. S.R.L., the decision of the Extraordinary General Assembly of Trans C.A.S. S.R.L. Shareholders.
- mandating the President of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors to sign the decisions of the Board of Directors taken in the meeting convened for 14.07.2023.

09.08.2023 – During the meeting held on 09.08.2023, the Board of Directors approved:

- Individual Financial Report for semester 1 - 2023 and Consolidated Financial Report for semester 1 - 2023;
- mandating the Chairman of the Board of Directors – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign on behalf of and for the Board of Directors the Individual Financial Report for the first semester - 2023 and the Consolidated Financial Report for the 1st semester - 2023.
- mandating the President of the Board of Directors and the General Manager – Ioan Deac and the Vice-President of the Board of Directors – Ioan Miclea to sign the decisions of the Board of Directors taken in the meeting convened for 09.08.2023;
- the program regarding the realization and implementation of continuous improvement projects by engineers from Compa S.A.

30.08.2023 – During the meeting held on 30.08.2023, the Board of Directors approved:

- contracting by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan in the form of a credit line amounting to RON 3,500,000 (three million fifty hundred) lei for a period of 12 months with the possibility of extension;
- guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu;
- mandating the President of the Board of Directors – Ioan Deac to sign the decisions of the Board of Directors taken in the meeting convened for 30.08.2023.

30.08.2023 - On 30.08.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved:

CONSOLIDATED ANNUAL REPORT - 2023



- Contracting, by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan in the form of a credit line amounting to RON 3,500,000 (thirty million fifty) lei for a period of 12 months with the possibility of extension
- Guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu

29.09.2023 – During the meeting held on 29.09.2023, the Board of Directors approved:

- contracting by the affiliated company Arini Hospitality S.R.L. (in which Compa S.A. is the sole shareholder) of a bank loan worth RON 1,800,000 (one million eight hundredths) as a revolving facility for VAT financing/refinancing – Ibis - Mercure hotel complex project for a period of 12 months with the possibility of extension;
- guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu;
- empowering Mr. Ioan Deac – President of the Board of Directors and General Manager, as well as Mrs. Mihaela Dumitrescu – Economic Director to decide in the name and on behalf of Compa SA, sole shareholder of SC COMPA IT SRL (CUI 13656016), the designation of persons who will be empowered to perform operations on accounts opened with banks in the name of the affiliated company COMPA IT SRL;
- renewal / extension of the credit facility – credit agreement no. 22/31.01.2008 concluded with BRD Groupe Societe Generale S.A., amounting to EUR 15,000,000 (if necessary sub-ceiling of EUR 4,000,000 for issuing letters of guarantee / opening letters of credit / FINTRA) until 30.10.2024 and guaranteeing the credit facility with the goods already brought under guarantee;
- empowering General Manager Ioan Deac and Economic Director Mihaela Dumitrescu to represent the company on the occasion of negotiation and signing on behalf of and for Compa S.A. addenda and any other documents necessary for the extension and guarantee of the Credit Facility – Credit Agreement no. 22/31.01.2008 concluded with BRD Groupe Societe Generale S.A.;
- empowering General Manager Ioan Deac and Economic Director Mihaela Dumitrescu to sign in the name and on behalf of the company the real estate mortgage contracts, if applicable;
- mandating the President of the Board of Directors – Ioan Deac to sign the decisions of the Board of Directors taken in the meeting convened for 29.09.2023;

29.09.2023 - On 29.09.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved:

- Contracting by the affiliated company Arini Hospitality S.R.L. (to which Compa S.A. is the sole shareholder) of a bank loan worth RON 1,800,000 (one million-eight hundredths) as a revolving facility for VAT financing/refinancing – Ibis - Mercure hotel complex project for a period of 12 months with the possibility of extension.
- Guarantee of the bank loan referred to in 1 with movable and immovable property from the patrimony of Arini Hospitality, including the building registered in the Land Book no. 131805 Sibiu

26.10.2023 – The Board of Directors meeting held on 26.10.2023 took note of the termination of the mandate of administrator, as well as of the position of Vice-President of the Board of Directors, of Mr. Ioan Miclea, starting with 22.10.2023, following his death.

08/11/2023 – The Board of Directors approves

- appointment of Mrs. Mihaela Dumitrescu as provisional administrator starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 1372 para. (1) of the Companies Law nr. 31/1990 and its appointment as Vice-President of the Board of Directors.
- appointment of Mrs. Mihaela Dumitrescu as Economic Director of the company starting with 09.11.2023 until 30.04.2024, in accordance with the provisions of art. 143 para. (1) of the Companies Law nr. 31/1990, with the delegation of management duties of the company.

9.11.2023 – The Board of Directors approves;

- Report on individual financial statements for the third quarter of 2023 and Report on consolidated financial statements for the third quarter of 2023.

CONSOLIDATED ANNUAL REPORT - 2023



- mandating the executive management to start preparations considering a potential division of the company, respectively the division of real estate activity from production activity (hiring experts, consultants, contacting a notary, discussions financing banks, etc.).
- empowering the general manager – Ioan Deac to represent the company on the occasion of signing the documents, apartment documentation and sale-purchase contracts for the apartments in constructions R3 and R4 built on the lands registered in CF Sibiu nr. 128912 and 128913.

17.11.2023 – The Board of Directors approves;

- in order to draw up the Project for the division of the company, submitting to the Trade Register Office attached to the Sibiu Tribunal the request for the appointment of an independent expert evaluator registered with the Financial Supervisory Authority in order to establish the price to be paid by the issuer for the shareholders who will exercise their right of withdrawal from the company according to art. 134 para. (1) of the Companies Law nr. 31/1990.
- that the expert appointed to carry out the expertise referred to in 1 to be the Company Value Management Consult SRL, based in Arad, str. Stefan Cicio Pop nr. 20, Arad County, having ANEVAR 0115 authorization, through Mr. Daniel Manațe, authorized evaluator ANEVAR EI, EPI, EIF, VE EI / EPI / EIF, MAAEI, registered in the ASF Public Register at section 16 position 3 with no. PFR16EVPF/020008/23.12.2014 registration certificate 2261/23.12.2014.
- the request for expert appointment is admitted by the Trade Register Office attached to the Sibiu Court on 20.11.2023.

20.12.2023 – The Board of Directors approves

- approves the Project for partial division of Company no. 107/20.12.2023 ("Draft Division"), as annexed as Annex no. 3 to this judgment and to the minutes dated 20.12.2023.
- 31.12.2022 as the reference date for the Company's financial statements used for the Division (the "Reference Date").
- publication of the Draft Division in the Official Gazette of Romania, Part IV, in extract, according to art. 242 para. (2) of the Companies Law – respectively without annexes 1-6 of the Draft Division.
- mandating the President of the C.A. of the Company, respectively of Mr. Ioan Deac, to sign in the name and on behalf of the C.A. of the Company:
 - a. The Division Project, **in authentic form**, before a notary public;
 - b. The Division Project, in the form of a private document, in order to publish it in the registers provided by law (Trade Register, Official Gazette of Romania, etc.);
 - c. The Company's statement on how to publish the Draft Division;
 - d. Any and all documents related to or in connection with the Draft Division or the Division of the Company, including those to be signed before a notary public.
- mandating Reff & Associates S.PR.L., a law firm organized and operating under the laws of Romania, headquartered in Calea Griviței no. 82 – 98 and 100-102, "The Mark" building, 13th floor, Sector 1, Bucharest, Romania, established according to the Decision of the Bucharest Bar Council no. 1110 / 13.03.2006, by any of its lawyers (including but not limited to Alexandru Reff and Georgiana Singurel), to represent the Company at all stages of the Division and in all legal, administrative or other proceedings relating to the approval of the Division by the competent authority and the valid registration with the Trade Registry Office and any other institutions and authorities, as the case may be, of all decisions taken in connection with the Division and the draft terms of division, including without limitation:
 - signing, on behalf of the Company and the Beneficiary Company, all documents necessary to fulfill the mandate granted, including any decision of the Company and the Beneficiary Company, any type of statements, requests, even before the notary public, and to rectify any potential material error occurred in the Division documents;
 - to submit, on behalf of the Company and the Beneficiary Company, the documents necessary for the lawful registration of the above-mentioned operations, to pay any fees due and to collect any documents in connection with the Division;
 - to represent the Company and the Beneficiary Company in all proceedings before the Trade Register Office, the designated person or the director of the institution, courts, public institutions, as well as any other authority, in order to fulfill the mandate granted herein.

CONSOLIDATED ANNUAL REPORT - 2023



In drafting the Draft Division, the Company informed through a current report that it was assisted by S.P.R.L. Reff & Associates, representing Deloitte Legal in Romania.

The project, published on the website www.compa.ro under the heading Investor Relations, proposes partial division in the interest of shareholders by transferring part of Compa's patrimony to a newly established company, according to Article 250¹ letter a) of the Companies Act.

According to the proposed draft, *"the partial division of Compa by transferring a part of its patrimony, which concerns the Real Estate Activity, to the Beneficiary Company, will create, on the one hand, the premises for the separate development, improvement and optimization of the Production Activity, and on the other hand, the management, management, growth and capitalization in a separate, more efficient manner of the assets allocated to the Real Estate Activity. The spin-off will allow Compa and the Beneficiary Company to manage, monitor and distribute more efficiently the financial and human resources necessary for the development of the two branches of activity."*

The division is proposed to be carried out in the interest of Compa's shareholders, in accordance with § 2501 lit. a) of the Companies Act. This implies the transfer to the Beneficiary Company of the Compa estate allocated exclusively to the Real Estate Activity (as described in the Project), in exchange for the symmetrical and proportional allocation of shares in the Beneficiary Company to the shareholders of Compa, in accordance with the terms and conditions set forth in this Project.

According to the Division Project, *"The price established by the Valuation Report to be paid by the Compa to shareholders exercising their right of withdrawal from Compa is RON 0.6001 per share."*

20.12.2023 - On 20.12.2023, the meeting of Arini Hospitality AGA took place, during which the following were approved:

- Establishment of a working point of Arini Hospitality SRL at the address in Sibiu, Bd. Victoriei nr. 48 Constructia C1, building registered in the land book Sibiu nr. 131805.

3.2. EVENTS AFTER THE REPORTING PERIOD

11.01.2024 – The Board of Directors approves taking into account the requests for clarifications received from some shareholders regarding the draft division, approves the interruption of the division process in order to reconsider the aspects related to the proposed operation, including from the perspective of valuation elements. It will then come back with a decision on the appropriateness of the parameters of the division and continuation of this process.

31.01.2024 – The Board of Directors approves

- empowering persons within the Company to sign in letter and electronic format bank documents representing operations performed by Compa S.A. through accounts opened with banking companies, respectively payment operations, in lei and foreign currency, setting up term deposits, currency exchanges, cash withdrawals, signing cheques and promissory notes, requests for issuing letters of bank guarantee.

- scrapping of fixed assets

- scrapping of material stocks / finished products, recording inventory minuses, recording depreciation adjustments of receivables and other unrecovered debts

- Recording depreciation adjustments of some materials

31.01.2024- On 31.01.2024, the meeting of Arini Hospitality AGA took place, during which the following were approved:

- Abolition of the sedundar headquarters – working point of Arini Hospitality SRL from the address in Sibiu, str. Henri Coanda nr. 8, Sibiu County.

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

CONSOLIDATED ANNUAL REPORT - 2023



5. INTRA-GROUP TRANSACTIONS DURING 2021-2023

The transactions carried out in 2023 and 2021 between the companies within the group were as follows:

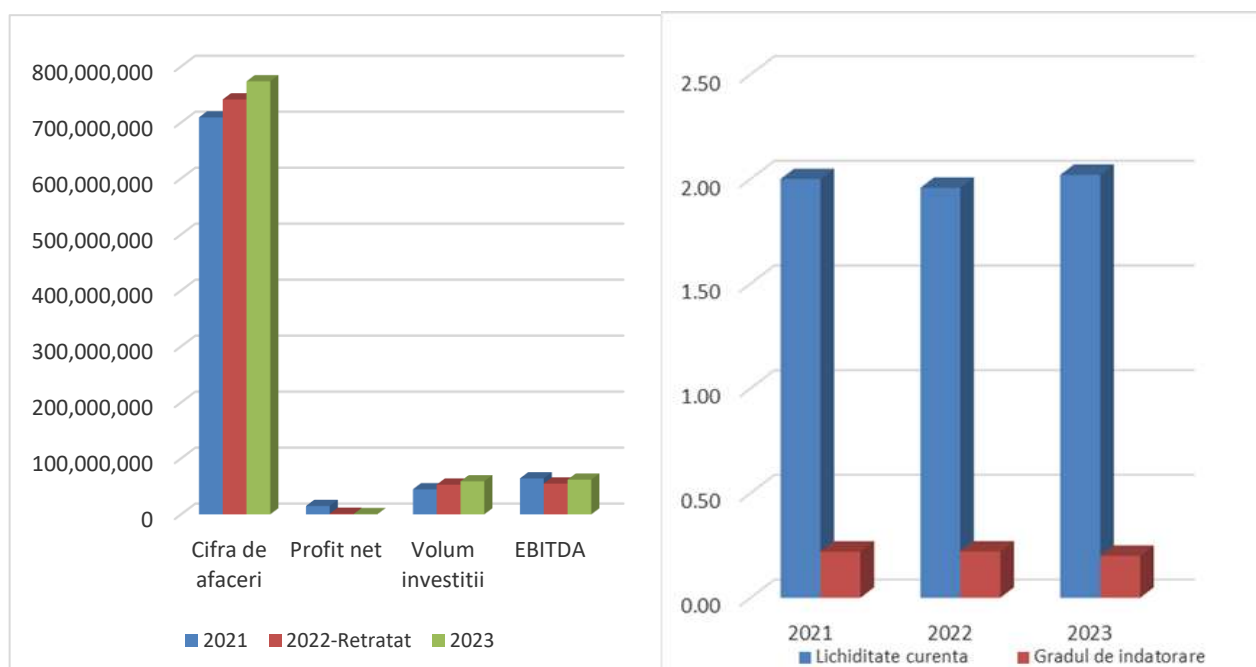
Explanation	2021			2022			2023		
	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES
TRANSCAS S.R.L.	0	16,767,657	453,461	14,350,028	497,800		12,885,830	536,211	
COMPA IT S.R.L.	0	2,846,123	47,365	3,052,778	50,229		3,395,165	96,630	
RECASERV S.R.L.	0	1,299,848	12,578	1,587,105	45,783		2,122,998	46,183	
ARINI HOSPITALITY S.R.L.	500,887	0	832,699	3,738,264	10,564		3,762,702	15,279	457,896

The relations were conducted in free market commercial terms, their price being agreed by negotiation, within the levels practiced on the market

6. THE MAIN ECONOMIC AND FINANCIAL INDICATORS OF THE COMPA GROUP

Indicator	2021	2022-Restated	2023
Turnover	709,056,249	741,193,468	773,610,888
Net profit	15,038,228	1,223,732	548,151
Investment volume	44,820,186	53,161,220	59,133,249
EBITDA	64,346,052	55,129,796	62,005,745
Current liquidity	2.00	1.96	2.02
Indebtedness	0.22	0.22	0.20

The net profit and EBIDA indicators for 2022 have been modified due to the recording in 2023 of material expenses related to 2022 on account of the retained result. For the correct presentation of information, the year 2022 has been restated:



CONSOLIDATED ANNUAL REPORT - 2023



7. MAIN INDIVIDUAL INDICATORS FOR GENERAL EVALUATION OF THE ACTIVITY OF ENTITIES WITHIN THE GROUP

a) COMPA S.A. Sibiu

POINTER	UM	2021	2022	2023
Turnover	Lei	705,725,717	737,001,238	767,200,685
Net profit	Lei	15,058,967	2,510,594	7,675,390
Total assets	Lei	781,234,401	762,491,010	695,116,367
Total liabilities	Lei	283,890,023	265,384,936	190,591,502
Average staff number	Person.	1,879	1,807	1,792

b) COMPA I.T. S.R.L. Sibiu

POINTER	UM	2021	2022	2023
Turnover	Lei	2,391,700	2,565,360	2,853,080
Net profit	Lei	20,116	16,744	28,627
Total assets	Lei	1,025,395	1,058,247	1,108,545
Total liabilities	Lei	184,921	201,029	222,700
Average staff number	Person.	9	9	9

c) TRANS C.A.S. S.R.L. Sibiu

POINTER	UM	2021	2022-Restated	2023
Turnover	Lei	17,698,303	16,450,779	15,553,764
Net profit	Lei	326,323	-380,262	-241,567
Total assets	Lei	6,951,592	6,633,044	7,155,889
Total liabilities	Lei	1,475,300	1,537,015	2,301,427
Average staff number	Person.	49	47	45

d) RECASERV S.R.L. Sibiu

POINTER	UM	2021	2022	2023
Turnover	Lei	1,245,289	1,623,485	2,070,481
Net profit	Lei	169	21,082	13,413
Total assets	Lei	643,365	703,663	759,852
Total liabilities	Lei	130,612	169,828	212,604
Average staff number	Person.	25	29	32

e) ARINI HOSPITALITY S.R.L. Sibiu

POINTER	UM	2021	2022	2023
Turnover	Lei	27,639	41,444	2,391,656
Net profit	Lei	-367,347	-944,426	-6,927,712
Total assets	Lei	35,233,541	63,145,760	88,990,207
Total liabilities	Lei	15,897,888	44,754,532	74,026,692
Average staff number	Person.	1	2	18

The items Net profit and Total assets related to 2022 at TRANS C.A.S. S.R.L have been changed, due to the registration in 2023 of material expenses related to 2022 on account of the reported result. For the correct presentation of information, the year 2022 has been restated.

CONSOLIDATED ANNUAL REPORT - 2023



8. TANGIBLE ASSETS OF THE GROUP

8.1. Tangible assets and real estate investments

Within the Group there are owned by the following categories of tangible assets and real estate investments, presented in the table below (net worth):

EXPLANATIONS	2021	2022	2023
Land and buildings	158,976,083	159,884,348	202,920,675
Equipment and vehicles	234,807,379	238,880,750	213,896,469
Other property, plant and equipment	734,634	737,347	3,773,910
Property, plant and equipment in progress	37,387,676	39,286,246	28,833,084
Real estate investments	39,749,495	38,586,451	34,577,131
TOTAL PROPERTY, PLANT AND EQUIPMENT	471,655,267	477,375,142	484,001,269

8.2. Degree of wear and tear of Group properties

The degree of wear and tear of the Group's property, plant and equipment between 2021 and 2023 is shown in the following table:

EXPLANATIONS	2021	2022	2023
Construction:			
Inventory value	118,309,975	124,758,813	173,386,819
Remaining value	105,992,383	106,900,648	149,936,975
Wear	12,317,592	17,858,165	23,449,844
Degree of wear (%)	10.41	14.31	13.52
Equipment and vehicles			
Inventory value	671,301,534	703,606,475	693,242,882
Remaining value	234,807,379	238,880,749	213,896,469
Wear	436,494,155	464,725,726	479,346,413
Degree of wear (%)	65.02	66.05	69.15
Other property, plant and equipment			
Inventory value	1,922,932	1,961,305	5,096,173
Remaining value	734,634	737,347	3,773,910
Wear	1,188,298	1,223,958	1,322,263
Degree of wear (%)	61.80	62.41	25.95

The entire area of land included in the accounting records is owned by the Group, being tabulated and registered in *the Land Book*, there being no problems related to the ownership of tangible assets, respectively land, buildings and equipment

CONSOLIDATED ANNUAL REPORT - 2023

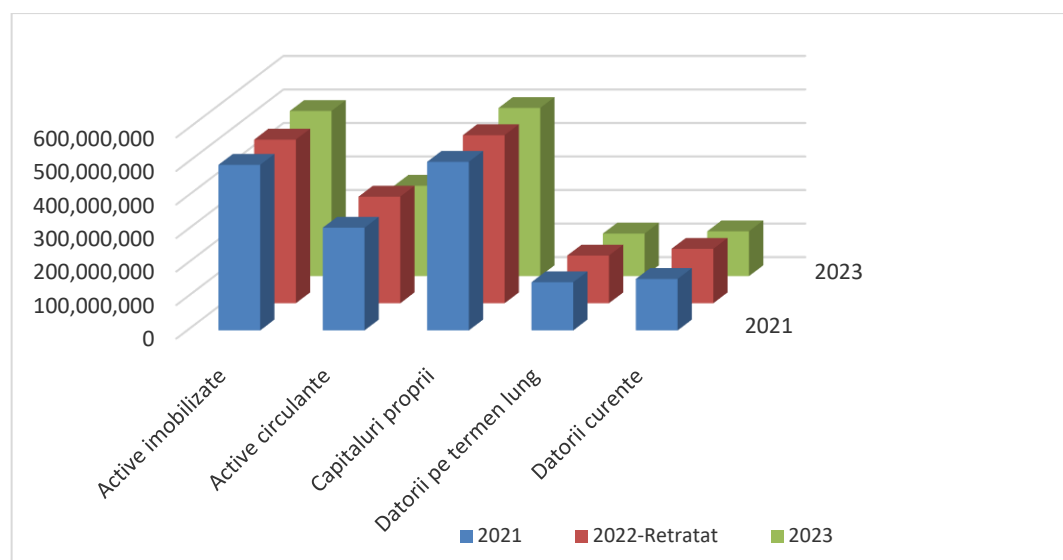


9. GROUP'S ACCOUNTS

9.1. Main balance sheet items and their evolution in the last three years

EXPLANATIONS	2021	2022- Restated	2023
Non-current assets	493,637,032	487,915,974	492,480,211
Current assets	306,122,688	317,773,171	269,558,770
Equity	502,683,179	501,158,012	501,449,564
Long-term liabilities	143,673,974	142,191,127	126,907,775
Current liabilities	153,402,568	162,340,006	133,681,642

Current assets and equity items for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the profit or loss. For the correct presentation of information, the year 2022 has been restated.



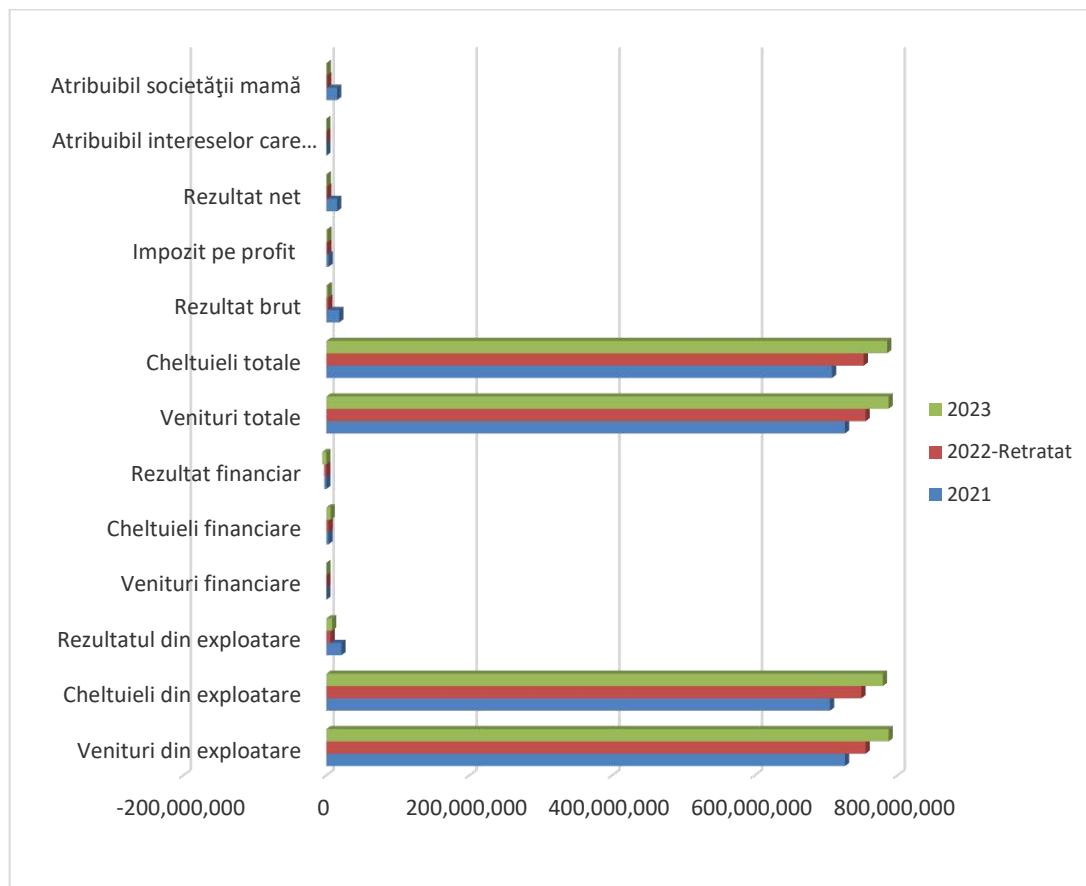
9.2. Statement of income and expenditure 2021-2023:

EXPLANATIONS	2021	2022-Restated	2023
Operating income	726,439,819	755,331,085	787,555,914
Operating expenses	705,427,413	749,440,328	779,605,659
Operating result	21,012,406	5,890,757	7,950,255
Financial income	2,714	57,480	47,807
Financial expenses	2,901,966	3,335,639	5,976,579
Financial result	-2,899,252	-3,278,159	-5,928,772
Total revenue	726,442,533	755,388,565	787,603,721
Total expenses	708,329,379	752,775,967	785,582,238
Gross result	18,113,154	2,612,598	2,021,483
Corporate income tax	3,074,926	1,388,866	1,473,332
Net result	15,038,228	1,223,732	548,151
Attributable to non-controlling interests	3,314	2,522	1,608
Attributable to parent company	15,034,914	1,221,210	546,543

CONSOLIDATED ANNUAL REPORT - 2023



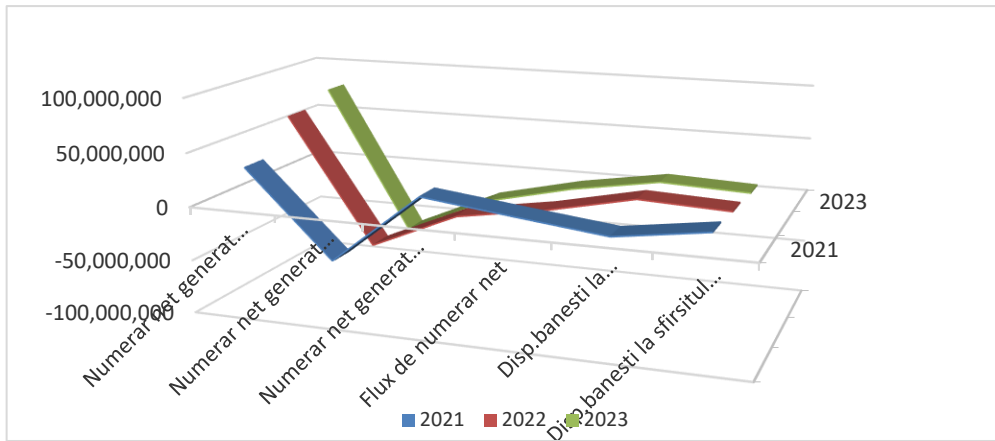
The items Operating expenses, Operating result, Total expenses, Gross income, Income tax Net income, Net result attributable to non-controlling interests and parent company sticker for 2022 have been amended due to the recording in 2023 of some material expenses related to 2022 on account of the profit or loss. For the correct presentation of information, the year 2022 has been restated.



9.3. Cash flow statement 2021-2023:

Indicator	2021	2022	2023
Net operating cash	34,829,175	66,552,164	78,219,698
Net cash generated from investment activities	-44,820,186	-53,161,220	-59,133,249
Net cash generated from financial activity	21,860,785	-17,059,439	-22,328,516
Net cash flow	11,869,774	-3,668,495	-3,242,067
Disp.banesti at the beginning of the period	2,250,970	14,120,744	10,452,249
Disp.banesti at the end of the period	14,120,744	10,452,249	7,120,182

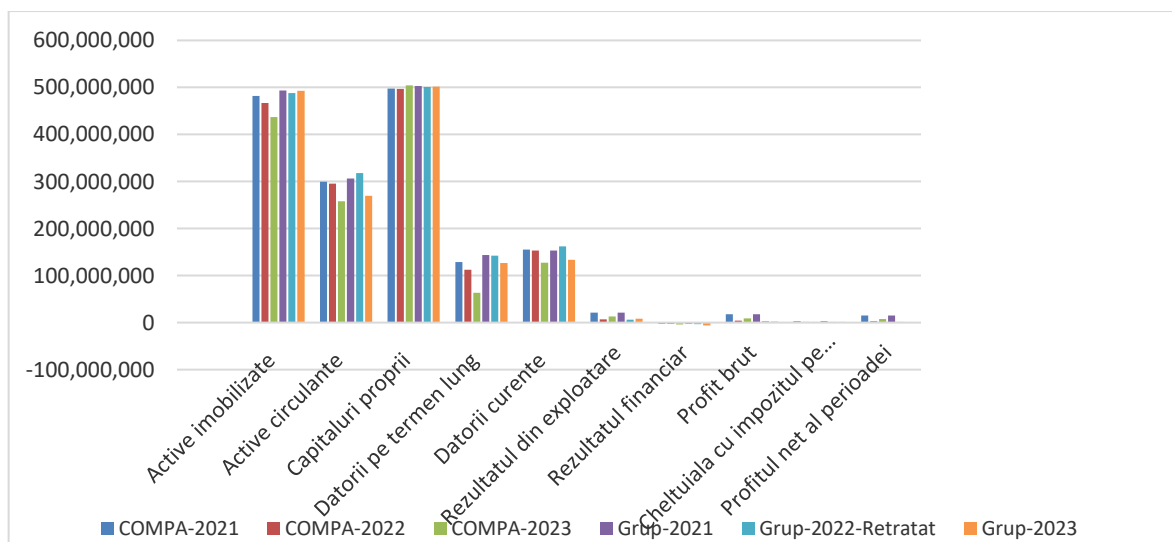
CONSOLIDATED ANNUAL REPORT - 2023



9.4. Comparison of the main indicators group – parent company during 2021-2023

INDICATORS	COMPA-2021	COMPA-2022	COMPA-2023	Group-2021	Group-2022-Retrated	Group-2023
Non-current assets	481,668,764	466,862,448	437,318,167	493,637,032	487,915,974	492,480,211
Current assets	299,565,637	295,628,562	257,798,200	306,122,688	317,773,171	269,558,770
Equity	497,344,378	497,106,073	504,524,865	502,683,179	501,158,012	501,449,564
Long-term liabilities	128,710,606	112,265,699	63,441,677	143,673,974	142,191,127	126,907,775
Current liabilities	155,179,418	153,119,238	127,149,825	153,402,568	162,340,006	133,681,642
Operating result	20,931,371	6,635,036	13,337,653	21,012,407	5,890,757	7,950,255
Financial result	-2,899,110	-2,798,803	-4,200,988	-2,899,252	-3,278,159	-5,928,772
Gross profit	18,032,260	3,836,233	9,136,665	18,113,154	2,612,598	2,021,483
Corporate income tax expense	2,973,293	1,325,639	1,461,275	3,074,926	1,388,866	1,473,332
Net profit for the period	15,058,967	2,510,594	7,675,390	15,038,228	1,223,732	548,151

Items Current assets, Equity, Operating result, Gross profit and Net profit for the period 2022 have been changed due to the recording in 2023 of material expenses related to 2022 on account of the referred result. For the correct presentation of information, the year 2022 has been restated.



CONSOLIDATED ANNUAL REPORT - 2023



10. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2023

10.1. Consolidated statement of financial position for the year ended 31.12.2023

All amounts are expressed in Lei, unless otherwise specified

	Note	31.12.2023	12/31/2022- Restated
Active:			
Non-current assets:			
Property, plant and equipment	4.1.	449,424,138	438,788,991
Real estate investments	4.2.	34,577,131	38,586,451
Intangible assets	5	8,348,064	8,819,693
Other receivables (Subsidies and settlements from joint operations)	6	0	1,581,768
Other non-current receivables	7	130,878	139,071
Deferred tax assets	10	0	0
Non-current assets - total		492,480,211	487,915,974
Current assets:			
Stocks	9	112,607,657	132,795,167
Trade receivables and other receivables	6	148,006,788	161,948,096
Other receivables (Subsidies and settlements from joint operations)	6	1,734,143	12,577,659
Cash and cash equivalents	9	7,210,182	10,452,249
Current assets - total		269,558,770	317,773,171
Total assets		762,038,981	805,689,145
Equity:			
Issued capital	11	21,882,104	21,882,104
Share capital adjustments	11	-376,509	-376,509
Reserves	11	390,288,749	388,034,753
Reserve adjustment	11	23,150,986	23,150,986
Retained earnings	11	65,744,973	67,034,358
Current result	11	546,543	1,221,210
Minority interests	11	212,718	211,110
Equity - total		501,449,564	501,158,012
Long-term debts:			
Financial liabilities	12	87,777,093	104,964,984
Advance income (advance income, subsidies)	13	32,821,952	37,007,682
Provisions	14	6,308,730	218,461
Long-term liabilities - total		126,907,775	142,191,127
Current liabilities:			
Financial liabilities	12	17,905,283	18,479,985
Trade and similar debts;	13	91,559,005	116,745,110
Other debts	13	15,847,314	18,353,181
Payables from contracts with customers	13	3,505,877	2,919,520
Current tax liabilities	13	5,651	4,773
Advance income (advance income, subsidies)	13	4,858,512	5,837,437
Current liabilities - total		133,681,642	162,340,006
Total liabilities		260,589,417	304,531,133
Total equity and liabilities		762,038,981	805,689,145

The items Inventories, Current assets-total, Total assets, Current income, Minority interests, Equity-total and Total equity and liabilities for 2022 have been changed, due to the recording in 2023 of material expenses related to 2022 on account of the profit or loss. For the correct presentation of information, the year 2022 has been restated.

CONSOLIDATED ANNUAL REPORT - 2023



10.2 Consolidated statement of profit or loss and other comprehensive income for the year ended on 31.12.2023

All amounts are expressed in lei, unless otherwise specified.

	Note	31.12.2023	12/31/2022- Restated
Income	15	773,610,888	741,193,468
Other income	15	13,945,026	14,137,617
Total revenue		787,555,914	755,331,085
<hr/>			
Change in stocks of finished goods and work in progress	16	-7,464,516	-5,780,868
Raw materials and consumables used	16	-486,489,227	-489,456,055
Employee benefits expenses	17	-181,964,449	-162,642,592
Depreciation and depreciation charges	16	-55,418,339	-47,817,705
Third Party Services	16	-34,218,550	-34,502,390
Other expenses	16	-14,050,578	-9,240,718
Total expenses		-779,605,659	-749,440,328
<hr/>			
Operating result		7,950,255	5,890,757
<hr/>			
Financial income	18	47,807	57,480
Financial expenses	18	-4,565,923	-2,517,138
Other financial gains/losses	18	-1,410,656	-818,501
Net financing costs		-5,928,772	-3,278,159
<hr/>			
Profit before tax		2,021,483	2,612,598
<hr/>			
(Expenses) / Deferred income tax revenue	10	608,527	-1,333,391
Current income tax expense	10	-2,081,859	-55,475
<hr/>			
Net profit for the period, showing separately:		548,151	1,223,732
Attributable to non-controlling interests		1,608	2,522
Attributable to mother wife		546,543	1,221,210
<hr/>			
Other comprehensive income:			
Of which, other comprehensive income that will not subsequently be reclassified to profit or loss:	10	244,176	277,951
Other comprehensive income, net of tax		244,176	277,951
<hr/>			
Total comprehensive result for the year, of which:		792,327	1,501,683
Attributable to non-controlling interests		1,608	2,522
Attributable to mother wife		790,719	1,499,161
<hr/>			
Unconsolidated earnings per base / diluted share		0.0025	0.0056

The items Raw materials and consumables used, Total expenses, Operating result, Profit before tax, Net profit of the period from which attributable to non-controlling interests and Attributable to parent, Total result of the year, of which attributable to non-controlling interests and attributable to parent company for 2022 have been amended, due to the recording in 2023 of material expenses related to 2022 on account of the result reported. For the correct presentation of information, the year 2022 has been restated.

CONSOLIDATED ANNUAL REPORT - 2023



.10.3 Consolidated statement of changes in equity for the year ended 31.12.2023- All amounts are expressed in lei, unless otherwise specified

Equity item	Share capital	Share capital adjustments	Losses related to own shares	Legal reserves	Adjustments to legal reserves	Revaluation reserves	Other reserves	Adjustments other reserves	Retained earnings	Total attributable to shareholders of the company	Non-controlling interests	Total
Balance on 01.01.2022	21,882,104	-715,325	-3,285,532	4,957,516	22,679,066	83,891,130	290,500,278	472,028	82,093,326	502,474,591	208,588	502,683,179
Profit of the year									1,221,210	1,221,210	2,522	1,223,732
Other comprehensive income, showing separately:	0	0	0	0	0	0	277,951	0	0	277,951		277,951
Income tax on other comprehensive income							277,951	0		277,951		277,951
Transactions with shareholders, recorded directly in equity, of which:	0	338,816	3,285,532	0	0	0	8,407,878	-108	-15,058,968	-3,026,850	0	-3,026,850
Share distribution free of charge		338,816	3,285,532						0	3,624,348		3,624,348
Profit distribution							8,407,878	-108	-15,058,968	-6,651,198		-6,651,198
Balance at 31.12.2022-Restated	21,882,104	-376,509	0	4,957,516	22,679,066	83,891,130	299,186,107	471,920	68,225,568	500,946,902	211,110	501,241,967

Equity item	Share capital	Share capital adjustments	Losses related to own shares	Legal reserves	Adjustments to legal reserves	Revaluation reserves	Other reserves	Adjustments other reserves	Retained earnings	Total attributable to shareholders of the company	Non-controlling interests	Total
Balance on 01.01.2023	21,882,104	-376,509	0	4,957,516	22,679,066	83,891,130	299,186,107	471,920	68,225,568	500,946,902	211,110	501,241,967
Profit of the year									546,543	546,543	1,608	548,151
Other comprehensive income, showing separately:	0	0	0	0	0	0	244,176	0	0	244,176		244,176
Income tax on other comprehensive income							244,176	0		244,176		244,176
Transactions with shareholders, recorded directly in equity, of which:	0	0	0	0	0	0	4,856,302	0	-5,357,077	-500,775	0	-500,775
Share distribution free of charge									0	0		0
Profit distribution							4,856,302		-5,357,077	-500,775		-500,775
Balance at 31.12.2023	21,882,104	-376,509	0	4,957,516	22,679,066	83,891,130	304,286,585	471,920	63,445,034	501,236,846	212,718	501,449,564

The items Profit of the Year, Total Attributable to shareholders of the company, Non-controlling Interests and Total Equity related to 2022 have been changed, due to the recording in 2023 of some material expenses related to 2022 on account of the reported result. For the correct presentation of information, the year 2022 has been restated.

10.4. Consolidated cash flow statement for the year ended 31.12.2023

All amounts are expressed in lei, unless otherwise specified

Explanation	2023	2022-Restated
Cash flows from operating activities:		
Profit before tax	2,021,483	2,612,598
Depreciation and depreciation charges on fixed assets	48,578,146	47,862,784
(Increases) / Stock decreases	20,271,465	9,653,148
(Increases) / Decreases receivables	24,784,824	-14,088,625
Increases / (Debt decreases)	-27,104,737	5,126,028
Adjustment of other non-monetary items	9,668,517	15,386,231
Net operating cash	78,219,698	66,552,164
Cash flows from investment activity:		
Acquisitions of tangible assets and real estate investments	-57,803,410	-52,013,051
Acquisitions of intangible assets	-1,329,839	-1,148,169
Net cash generated from investment activities	-59,133,249	-53,161,220
Cash flows from financial activity		
(Increases) / Decreases in bank loans	-17,762,593	-12,359,946
Interest payments	-4,565,923	-4,699,493
Net cash generated from financial activity	-22,328,516	-17,059,439
Net cash generated from total business	-3,242,067	-3,668,495
Cash and cash equivalents at the beginning of the period	10,452,249	14,120,744
Cash and cash equivalents at the end of the period	7,210,182	10,452,249

The items Profit before tax, Inventory decreases and adjustment of other non-monetary items for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the referred result. For the correct presentation of information, the year 2022 has been restated.

10.5. Explanatory notes to the consolidated financial statements for the year ended 31.12.2023
1. GENERAL INFORMATION
a) Society COMPA - parent company

COMPASS is a joint stock company, headquartered in Sibiu, str. Henri Coandă nr.8, CP 550234

The company's field of activity: design, production and marketing of components for the manufacture of cars, transport vehicles, buses, trailers, tractors, wagons, locomotives and various industrial machinery, services and technical assistance.

The main object of activity, according to NACE code is 2932 "Manufacture of other parts and accessories for motor vehicles and motor vehicles"

Form of ownership of the company

COMPASS S.A. has been privatized 100% since September 1999. The company is listed, the shares are traded on the Bucharest Stock Exchange in the Standard category, symbol CMP.

Company evolution

By Government Decision no. 1296/13.12.1990 the company became S.C.COMPASS S.A., coming from **the Auto Parts Enterprise Sibiu (I.P.A.Sibiu)**. I.P.A. Sibiu was founded in 1969 by unifying two units: Elastic Plant and Automecanica Sibiu Plant.

CONSOLIDATED ANNUAL REPORT - 2023



Since 1991, COMPA has been organized into factories / workshops, constituted by product families as cost centers, which in time became profit centers, in order to decentralize and facilitate the establishment of joint ventures.

Financial investments of COMPA S.A. as parent company, representing participation securities held in shares or shares in commercial entities are presented in the table below:

The company with which the titles are held	Registered office	Value of securities held by COMPA (lei)	% in share capital
COMP A I.T. S.R.L.	Str.Henri Coandă nr.8, Sibiu, jud. Sibiu	200,000	100.00
TRANS C.A.S. S.R.L.	Str.Henri Coandă nr.12, Sibiu, jud. Sibiu	742,500	99.00
RECASERV S.R.L.	Str.Henri Coandă nr.51, Sibiu, jud. Sibiu	70,000	70.00
ARINI HOSPITALITY SRL	Str.Henri Coandă nr.8, Sibiu, jud. Sibiu	23,203,000	100.00
TOTAL		24,215,500	

The management of COMPA was ensured by a Board of Directors consisting of:

- John Deac – President and CEO,
- John Miclea – Vice-president of the Board until 26.10.2023
- Dumitrescu Mihaela – vice-president of the Board of Directors and Economic Director since 09.11.2023
- Maxim Mircea-Florin – CA member
- Balteş Nicolae – CA member
- NEACŞU Vlad- Nicolae – CA member

b) Subsidiaries

The company COMPA I.T. S.R.L with headquarters in Sibiu, str. Henri Coandă nr.8, jud. Sibiu. The company was founded in 2001, being registered with the Trade Registry under no. J32/17/2001, CUI 13656016.

The purpose of the establishment was to design and implement an *integrated information system* for the parent company, at existing international standards and to ensure the requirements imposed by the organization on profit centers of COMPA, as well as to ensure an extensive computer network throughout COMPA.

The object of activity, according to the NACE code is 6201 – "Custom software development activities"

The share capital of the company is 200,000 RON, fully owned (100%) by COMPA S.A. The company's administrator is Mr. Acu Florin-Stefan.

Company TRANS C.A.S. S.R.L. with headquarters in Sibiu, str. Henri Coandă nr.12, jud. Sibiu. The company was founded in 2002, being registered with the Trade Registry under no. J32/633/2002, CUI 14836511. The reason for setting up the company was to outsource the car transport activity, initially existing within COMPA, in order to expand and develop this activity different from COMPA's activity profile. TRANS C.A.S. S.R.L. currently owns a number of over 60 vehicles, of which an important share is held by Mercedes tractors with trailers, with a capacity of over 20 tons of payload, intended for the transport of materials and finished products both for COMPA and for other customers.

The main object of activity of the company, according to the NACE code is 4941 "Road transport of goods".

On 31.12.2021 the shareholding structure was:

- COMPA S.A. holds a number of 29,700 shares, worth 742,500 RON.
- Maxim Mircea Florin and Mihăilă Daniela, individuals, hold a total of 300 shares worth 7,500 RON.

The management of the company is ensured by Maxim Mircea-Florin – administrator.

CONSOLIDATED ANNUAL REPORT - 2023



Company RECASERV S.R.L. with headquarters in Sibiu, Str.Henri Coandă nr.51, jud. Sibiu, founded in 2004, being registered with the Trade Registry under no. J32/704/2004, CUI 16408228. The purpose of setting up the company was to outsource within the parent company (COMPAS S.A.) activities different from its main activity profile, activities such as: public catering performed through the canteen and microcanteens operating within COMPAS. By setting up the company RECASERV S.R.L. with a public catering profile, the conditions for the development of this activity were ensured by completing it with secondary services (catering and cleaning services).

The main object of activity, according to NACE code, is 5629 "Other food activities n.c.a.", consisting of catering services for employees of COMPAS S.A. and other companies in Sibiu, organization of events with public catering profile for companies and educational units in Sibiu.

The share capital of the company is RON 100,000 owned by:

- COMPAS S.A.Sibiu, 70%
- Boroş Daniela, individual, 30%

RECASERV S.R.L. Sibiu holds at COMPAS S.A.Sibiu a number of 649,100 shares worth RON 64,910 purchased by trading on BVB which are registered in the Financial Statements of the company on 31.12.2021.

The administrator of the company is Mrs. Boroş Daniela.

ARINI HOSPITALITY S.R.L. with headquarters in Sibiu, Str.Henri Coandă nr.8, jud. Sibiu was founded in 2021, being registered with the Trade Registry under no. J32/77/2021, CUI 43581594. The purpose of setting up the company was to carry out hotel activity, following the development of the construction project of the Ibis-Mercure hotel complex.

The object of activity, according to NACE code is 5510 – "Hotels and other similar accommodation activities"

The share capital of the company is 23,203,000 RON, fully owned (100%) by COMPAS S.A. The company's administrator is Mr. Baiasu Dan-Nicolae.



2. BASICS OF PREPARATION

Declaration of conformity

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("EU") and with the Order of the Minister of Public Finance nr. 2844/ 2016.

The Group adopted IFRS reporting as of the 2012 financial statements.

Basis of assessment

Separate financial statements have been prepared on a historical cost basis, except for certain property, plant and equipment that are measured at revalued value or fair value as explained in accounting policies. Historical cost is generally based on the fair value of the consideration for assets.

Presentation currency and functional currency

The financial statements are presented in **Romanian lei (RON)**, rounded to the nearest leu, which is the functional currency of the company.

Use of estimates and judgments

The preparation of separate financial statements in accordance with IFRS adopted by the European Union requires management to use estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. Estimates and judgments are generally based on historical information and any other sources considered representative of the situations encountered. Actual results may differ from these estimates.

Estimates and assumptions shall be reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if they are affected.

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

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

- **Tangible and intangible assets — Useful life of property, plant and equipment**

Tangible and intangible assets are depreciated over their useful life.

The Group's management uses professional judgement in determining the useful life, and the evidence used to determine this includes the technical specifications of the machines, information from the commercial contracts that the Group has concluded with customers, the history of the products sold, market information related to the Group's products and the adaptability of the machines.

- **Property, plant and equipment — Impairment adjustments for property, plant and equipment.**

Intangible assets and property, plant and equipment are analysed to identify whether they show signs of impairment at the date of the financial statements.

If the net carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised to reduce that asset's net carrying amount to its recoverable amount. If the reasons for recognising the impairment loss disappear in subsequent periods, the net carrying amount of the asset is increased to the net carrying amount that would have been determined if no impairment loss had been recognised.

Evidence that may cause impairment includes a decrease in utility for the Group, excessive wear and tear, the emergence of new production technologies.

Deferred taxes

Deferred tax assets are recognised as assets to the extent that it is probable that there will be taxable profit from which losses can be covered. Group management uses professional judgement in determining the amount of deferred tax assets that can be recognised as assets. Management decisions are based on information from commercial contracts that the Group has concluded with customers, forecasts related to the automotive market and automotive components.

CONSOLIDATED ANNUAL REPORT - 2023



- Provisions

Provisions are recognised when the Group has a current legal or constructive obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation may be achievable. The amount recognised as a provision is the best estimate of the expense required to settle the current obligation at the end of the reporting period.

- Recoverable amount of assets

The valuation for impairment receivables is carried out individually and is based on management's best estimate of the present value of cash flows expected to be received. The Group shall review its trade and other receivables at each date of its financial position in order to assess whether it is due to an impairment of value in the profit and loss account. In particular, management's professional judgement is required to estimate amount and coordinate future cash flows when determining impairment loss. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. These estimates are based on assumptions about several factors and actual results may differ, leading to future changes in adjustments.

- Fair value measurement of financial instruments

When the fair value of financial assets and liabilities reflected in the statement of financial position cannot be measured using quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model. The assumptions in these models are taken from available market information, but where that is not possible, judgement is required to determine fair value. Judgements include determining assumptions such as credit risk and volatility.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("EU")

3.1. New standards and interpretations entered into force in the current period and adopted by the Group as of January 1, 2022, inclusive

IFRS 17 "Insurance Contracts" (effective under the IASB for annual periods beginning on or after 1 January 2023). The consolidated financial statements of the Group are not affected by the entry into force of the Standard.

Amendments to IAS 12 - "Deferred Tax on Assets and Liabilities Arising from a Single Transaction". The consolidated financial statements of the Group are not affected by the entry into force of the amendments.

Amendments to IAS 1 and IFRS Practice Situation 2 - "Presentation of accounting policies". The consolidated financial statements of the Group are not affected by the entry into force of the amendments.

Amendments to IAS 8 - "Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". The entry into force of amendments has no effect on transactions and balances.

Amendments to IFRS 17 "Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information". The consolidated financial statements of the Group are not affected by the entry into force of the amendments.

Amendments to IAS 12 – "International Tax Reform Model Rules of Pillar Two". The consolidated financial statements of the Group are not affected by the entry into force of the amendments.

3.2. Standards and Interpretations issued by the IASB and adopted by the EU but not yet in force and the Group do not apply them early

Currently, IFRS adopted by the EU do not differ significantly from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to existing standards and interpretations, which have not been approved for use:

CONSOLIDATED ANNUAL REPORT - 2023



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

Amendments to IFRS 16 "Lease Sale and Leaseback Liability". The group analyses the implications of amendments, the impact of amendments on financial statements and the timing of their adoption.

3.3. Standards and Interpretations issued by the IASB but not yet adopted by the EU

Currently, IFRS adopted by the EU do not differ significantly from regulations adopted by the International Accounting Standards Board (IASB) except for the following standards, amendments to existing standards and interpretations, which have not been approved for use:

Amendments to IAS 7 'Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Arrangements'. The Group shall consider the implications of amendments, the impact of amendments on the financial statements and the timing of their adoption.

Amendments to IAS 21 "Effects of Changes in Foreign Exchange Rates: Lack of Interchangeability (issued 15 August 2023)". The group analyses the implications of amendments, the impact of amendments on financial statements and the timing of their adoption.

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

Fundamentals of consolidation

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date. The date of purchase is the date on which control is transferred to the buyer. Control is the power to establish an entity's financial and operational policies to benefit from its activities. In assessing control, the Group shall take into account potential voting rights that are currently exercisable.

Professional judgement is applied to determine the date of acquisition and whether the transfer of control between the parties has taken place.

The group measures goodwill at the fair value of the consideration transferred, including the recognised amount of uncontrolled interests in the acquiree, less the net recognised value (fair value) of identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

The consideration transferred includes the fair value of the assets transferred, liabilities owed by the Group to previous shareholders of the acquired entity and equity instruments issued by the Group.

The consideration transferred also includes the fair value of the contingent consideration.

A contingent liability of the acquired entity is assumed in a business combination only if such liability is a present obligation arising from a prior event and its amount can be measured reliably.

Non-controlling interests

The group shall measure uncontrolled interests as the minority shareholders' share of the acquiree's identifiable net assets.

Group transaction costs relating to a business combination, such as brokering fees, fees for legal advice, due diligence fees and other professional and advisory services fees, are recognised in the statement of financial performance when incurred.

The revised standard specifies that changes in a parent's interest in a subsidiary that do not result in loss of control should be recorded as equity transactions. Under the revised standard, acquisitions of interests without control are accounted for as transactions with shareholders in their capacity as owners and, as a result of such transactions, goodwill is not recognised. The result of these transactions is recognised by the Group in "Other reserves".



Subsidiaries

Subsidiaries are all entities over which the Group has control. The group controls an entity when it has full power over the entity, is exposed to and entitled to variable income from its interest and has the ability to bring its authority over the entity to influence the amount of such income. Subsidiaries shall be included in the consolidation from the date on which control is transferred to the group. Subsidiaries shall be excluded from consolidation from the date on which control ceases. The accounting policies of subsidiaries have been modified, where necessary, to align them with the policies adopted by the Group.

Investments in associates (investments accounted for using the equity method)

Associates are those entities over which the Group exercises significant influence but has no control over the financial and operational policies of the entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights in another entity. Joint ventures are those entities over which the Group's activities exercise joint control established by contractual arrangement and requiring unanimous agreement to make decisions on financial and operational strategies.

Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified at acquisition net of any accumulated impairment losses.

The consolidated financial statements shall include the Group's share of income, expenses and changes in equity of investments accounted for using the equity method, after adjustments to align accounting policies with those of the Group, from the date on which they commence to the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the investment accounted for using the equity method, the carrying amount of the interest, including any long-term investment, is reduced to zero and recognition of subsequent losses is discontinued unless the Group has an obligation or has made payments on behalf of the investee.

Joint commitments:

A joint arrangement is an arrangement in which two or more parties have joint control. Joint arrangements are accounted for using the equity method. Under the equity method, the investment in a common arrangement is initially recognised at cost and the carrying amount is increased or decreased so that it can recognise the group's share of post-acquisition profits or losses and movements of other comprehensive income. Where the group's share of losses incurred in an association exceeds the interests in the association, the group shall not recognise additional losses unless there are obligations or it has made payments on behalf of the association.

Unrealised gains from transactions between the group and its associations shall be eliminated to the extent of the group's interest in the association. Unrealised losses are also eliminated unless the transaction proves to cause injury to the transferred asset.

Transactions eliminated on consolidation

Balances and transactions within the Group and any unrealised profits or losses arising from intra-Group transactions shall be eliminated in the preparation of consolidated financial statements. Unrealised profits on transactions with associates accounted for using the equity method are eliminated as consideration for the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no signs of impairment in value.

Conversion to foreign currencies

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

Foreign exchange differences arising from the retranslation of monetary items at the end of the reporting period are recognised in profit or loss.

Financial instruments

Non-derivative financial assets

The Group recognises loans and receivables on the date on which they arise. All other financial instruments are recognised on the transaction date, which is the date on which the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Group intends to sell immediately or in the near future. Loans and receivables (including trade and other receivables, bank and cash balances, etc.) are generally held for the purpose of receiving cash flows under contracts and are measured at amortised cost using the effective interest method, less any depreciation.

Trade receivables are amounts to be collected from customers for products sold and services rendered in the course of the Group's activity. They are generally collected in short periods and are thus classified as current. Trade receivables are initially recognised at the amount of unconditional consideration unless they contain a significant financing component, when they are recognised at fair value.

Initial recognition and assessment

Trade receivables are initially recognised on the transaction date. All other financial assets and financial liabilities in its statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (unless they contain a significant funding component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial receivables (other than financial assets and financial receivables at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial receivables, as applicable, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial receivables to fair value through profit or loss are recognised immediately in the individual profit or loss.

Classification and subsequent evaluation

Financial assets

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

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing its financial assets, in which case all those affected financial assets are reclassified.

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

- the financial asset is held under a business model the objective of which is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount due.

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

- the financial asset is held under a business model the objective of which is achieved by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise, on certain dates, to cash flows that are exclusively payments of principal and interest on the principal amount due.

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

On initial recognition, the Group could irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or materially reduces a measurement or recognition inconsistency that would otherwise result from measuring the assets or liabilities or recognising their gains and losses on different bases.

Entity's business model for managing financial assets



The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, as it best reflects how the business is managed and information is provided to management. The information considered shall include:

- the stated policies and objectives for the portfolio and the functioning of these policies in practice. These include considering whether management's strategy focuses on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of financial assets to the duration of any expected liabilities or cash outflows, or realizing cash flows through the sale of assets;
- how portfolio performance is assessed and reported to Group management;
- risks affecting business model performance (and financial assets held under that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Assessing whether contractual cash flows are capital payments and interest only

For the purposes of this measurement, 'principal' is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as consideration for the time value of money and credit risk associated with the principal amount receivable over a given period of time, as well as for other underlying credit risks and costs and a profit margin.

In order to assess whether the contractual cash flows are only capital payments and interest, the Group shall consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of cash flows contracted so that it does not meet this condition

An advance payment feature is compatible with the criterion of payment of principal and interest only, where the amount of the prepayment substantially represents outstanding principal amounts and interest on the outstanding amount, which may include reasonable additional compensation for early termination of the contract.

Subsequent valuation of financial assets

After initial recognition, the Group measures a financial asset in accordance with paragraphs at amortised cost; at fair value through other comprehensive income; or at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

The Group recognises loss adjustments for expected credit losses for:

- financial assets valued at amortised cost;
- contract assets.

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

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and the estimation of expected credit losses, the Group shall consider reasonable and substantiated information that is relevant and available at no undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Group's historical experience and including forward-looking information.

The Group shall consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full; or
- the financial asset is past 365 days after maturity.

The expected lifetime credit loss data shall be the expected credit losses resulting from all possible implicit events over the expected life of a financial instrument.



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

The maximum period taken into account in estimating expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

Measurement of expected credit loss amounts

Expected credit losses are a likely estimate of credit losses. Credit losses are measured as the present value of the cash deficit (ie the difference between the cash flows owed to the entity under the contract and the cash flows that the Group expects to receive).

Impaired financial assets due to credit risk

At each reporting date, the Group shall assess whether financial assets carried at amortised cost and financial assets at fair value through other comprehensive income are affected by credit risk. A financial asset is "impaired as a result of credit risk" when one or more events have occurred that adversely affect the financial asset's expected future cash flows.

The evidence that a financial asset is affected by credit includes the following observable data:

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

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

Adjustments for financial assets, measured at amortised cost, are deducted from the gross carrying amount of assets. For financial assets at fair value through other comprehensive income, loss adjustments are recognised in the statement of financial performance and recognised in Other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written down when the Group has no reasonable expectation of recovery of all or part of a financial asset. For individual clients, the Group has a policy of removing gross carrying amount when the financial asset is 3 years after maturity, based on historical experience of recoveries of similar assets. For corporate clients, the Group makes an individual assessment of the timing and amount of the discount, depending on whether there is a reasonable expectation of recovery.

Derecognition

The Group derecognises a financial asset when contractual rights to cash flows from assets expire or when the Group transfers rights to receive contractual cash flows relating to the financial asset in a transaction by which it has transferred substantially all risks and rewards incidental to ownership.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset and the amount of consideration received is recognised in profit or loss.

Financial liabilities

The Group recognises a financial liability initially at its fair value plus, in the case of a financial liability that is not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

The group classifies financial liabilities as subsequently measured at amortised cost or fair value through profit or loss. A financial liability is classified as being with the FVTPL if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities to the FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are then measured at amortised cost using the effective interest method. Interest expense and foreign currency gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

CONSOLIDATED ANNUAL REPORT - 2023



The Group recognises a financial liability when contractual obligations are entered into or when those obligations expire or are cancelled. Upon derecognition of a financial liability, the difference between the carrying amount of a financial liability and the consideration paid (including any unconsolidated assets transferred or liabilities assumed) is recognised in profit or loss.

Other financial liabilities include loans and loans, commitments, lines of credit and commercial debts and other debts.

Derivatives

A derivative is a financial instrument or other contract within the scope of IFRS 9 that meets the following three characteristics: its value changes in response to changes in certain interest rates, the price of a financial instrument, the price of commodities, foreign exchange rates, price indices or rates, credit rating or credit index, or other variables, provided that, in the case of a non-financial variable, it is not specific to a contractual party (sometimes referred to as 'basic'); does not require any initial net investment or requires an initial net investment that is lower than would be required for other types of contracts expected to react similarly to changes in market factors; and is settled at a future date.

Capital instruments

A capital instrument is any contract that creates a residual right to an entity's assets after deducting all its liabilities. When a company equity instrument is redeemed, the amount paid, including directly attributable costs net of taxes, is recognised as a deduction from capital. The Group does not recognise gain or loss in the statement of financial performance on the acquisition, sale, issue or cancellation of equity instruments.

Property, plant and equipment

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

The cost of fixed assets includes expenses directly attributable to the acquisition of the asset. The cost of a self-constructed asset includes the cost of materials and direct labor, other costs attributable to bringing the assets into place and working order, and the initial estimate of the costs of dismantling and removing the asset and restoring the placement, and borrowing costs when there is an obligation to do so.

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

The Group performs revaluations with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using fair value at the end of the reporting period. When an asset is reclassified as investment property, the property is revalued at fair value.

Revaluation gains are recognised in the statement of financial performance only to the extent that there is an impairment loss specific to that property and any other remaining gains recognised as other comprehensive income and presented in capital revaluation reserves. Any loss is recognised immediately in the statement of financial performance or loss.

Subsequent costs are capitalised only when it is likely that the expense will generate future economic benefits to the Group. Maintenance and repair works are expenses of the period.

Land is not depreciated. Depreciation is recognised in order to be able to subtract residual values from costs less over their useful life using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed by Group Management at the end of each reporting period, taking into account the effect of any changes in accounting estimates.

Fixed assets subject to a finance lease shall be impaired over their useful lives on the same basis as the assets owned or, where shorter, over the relevant lease term.

The estimated useful life for the current year and the years of comparison of significant groups of property,



plant and equipment are:

- Buildings 12-50 years
- Technical installations and machines 3-18 years
- Other installations, machinery and furniture 2-18 years

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

Property, plant and equipment are derecognised as a result of disposal or when future economic benefits are no longer expected from the continued use of the asset. Any gain or loss arising from the disposal or disposal of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period in which recognition occurs.

Intangible assets

Recognition and evaluation

In order to recognise an item as an intangible asset, the Group must demonstrate that the item meets the following:

(a) the definition of an intangible asset;

- is separable, that is, it can be separated or divided from the entity and sold, transferred, authorized, leased or exchanged, either individually or together with a corresponding contract, asset or liability; or
- arises from contractual or other legal rights, whether those rights are transferable or severable from the Group or from other rights and obligations.

(b) the criteria for recognition

- it is probable that the expected future economic benefits attributable to the asset will flow to the Group; and the cost of immobilization can be assessed reliably.

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

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

In certain cases, an intangible asset may be acquired free of charge, or for symbolic consideration, through a government grant. The Group initially recognises both the intangible asset and the fair value grant.

The cost of an internally generated intangible asset is the sum of expenses incurred since the date on which the intangible asset first met the recognition criteria. You cannot reincorporate expenses previously recognised as cost. The cost of an internally generated intangible asset is composed of all directly attributable costs necessary to create, produce and prepare the asset to be able to operate in the manner intended by management. Examples of directly attributable costs are:

- a. costs of materials and services used or consumed to generate the intangible asset;
- b. costs of employee benefits arising from the generation of intangible assets;
- c. fees for registration of a legal right; And
- d. depreciation of patents and licenses that are used to generate the intangible asset.

In determining whether an internally generated intangible asset meets the recognition criteria, an entity divides the asset generation process into:

- (a) a research phase;
- (b) a development phase.

If the Group cannot distinguish between the research and development phases of an internal project to create an intangible asset, the Group treats project expenses as expenses incurred exclusively during the research phase.

No intangible assets arising from research (or from the research phase of an internal project) should be recognised. Research expenses (or those incurred in the research phase of an internal project) shall be

recognised as a cost when incurred.

A development intangible asset is recognised if, and only if, the expenses attributable to the intangible asset can be measured reliably during its development, the technical feasibility necessary to complete the intangible asset so that it is available for use or sale, management has the intention and ability to complete the intangible asset and to use or sell it.

Recognition of expenses

Expenses on an intangible item shall be recognised as costs when incurred unless they form part of the cost of an intangible asset that meets the recognition criteria.

Assessment after recognition

The Group accounts for intangible assets using the cost model.

After initial recognition, an intangible asset shall be carried at cost or less any accumulated depreciation and accumulated impairment losses.

Amortization

The depreciable amount of an intangible asset with a fixed useful life is allocated on a systematic basis over its useful life. Depreciation begins when the asset is available for use, i.e. when it is in the place and condition necessary to operate in the manner intended by management. Depreciation ceases on the earlier of the date on which the asset is classified as held for sale and the date on which the asset is derecognised.

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

Impairment

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use shall be tested at least annually for impairment and whenever there is an indication that the asset may be impaired.

Derecognition

An intangible asset is derecognised upon disposal or when future economic benefits are no longer expected from its use or disposal.

Real estate investments

An investment property is property (land or a building - or part of a building - or both) owned by the Group for the purpose of obtaining rental income or increasing the value of capital, or both, rather than to be used for the production or supply of goods or services or for administrative purposes or to be sold in the ordinary course of business.

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

The cost of a self-built real estate investment is the cost at the date of completion of the construction or fit-out works. Until that date, the Group shall apply the provisions of IAS 16. At that time, real estate becomes real estate investment.

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

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

CONSOLIDATED ANNUAL REPORT - 2023



The fair value of investment property is the price at which the property could be traded between knowledgeable and interested parties in an arm's length transaction. The fair value of a property shall reflect market conditions at the balance sheet date.

Assets for which fair value is determined in the financial statements are categorised in the fair value hierarchy according to the basis used to determine fair value as follows:

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

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

Stocks

Inventories are measured at the lower of cost and net realisable value.

Inventory costs are established on a first-in, first-out basis and include expenses generated by inventory acquisition, production and other costs of bringing stocks into existing form and location. In the case of finished products and work in progress, costs shall also include a share of overheads based on normal production capacity.

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

Employee benefits

In the normal course of business, the Group makes payments to the pension, health and unemployment funds of the Romanian state, on behalf of its employees. Expenditure on these payments shall be entered in the profit and loss account in the same period as the related wage costs.

All employees of the Group are members of the pension plan of the Romanian state. There are no other ongoing pension schemes within the Group and there are no other pension obligations.

Benefits for termination of employment may be paid when the employment contract is terminated for reasons not attributable to the employees. The Group recognises employment termination benefits when it undertakes to terminate the employment contracts of current employees.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising from a past event, it is probable that an outflow of resources incorporating economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation may be feasible.

The amount recognised as a provision constitutes the best estimate of the expense required to settle the present obligation at the end of the reporting period. When a provision is measured using estimated cash flows to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Guarantees

Provisions for the estimated costs of warranty obligations under local law and the contractual provisions of the sale of goods are recognised at the date of sale of the products. The provision shall be based on the history of collateral and the balancing of all possible results.

Restructuring

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

Onerous contracts

If the Group has a contract for onerous, the current contractual obligation under the contract shall be recognised and measured as a provision. An onerous contract is defined as a contract where the unavoidable costs incurred in fulfilling the contractual obligations exceed the economic benefits expected from the contract in question.

CONSOLIDATED ANNUAL REPORT - 2023



The unavoidable costs of a contract reflect the net cost of exiting the contract, i.e. the lower of the cost of performing the contract and any compensation or penalty arising from non-performance of the contract.

Revenue recognition

The accounting policies for Group revenue from customer contracts are set out in note 15.

Government subsidies

Government grants are assistance provided by government in the form of transfers of resources to the Group in exchange for past or future compliance with certain conditions relating to the Group's operating activity. Subsidies exclude forms of government assistance that cannot reasonably be attributed a particular amount, as well as transactions with government that are indistinguishable from the entity's normal business transactions. Government grants are recognised as revenue in the periods corresponding to the related expenditure that such grants are intended to offset on a systematic basis.

A government grant to be received as compensation for expenses or losses already incurred or for immediate financial assistance to the entity without future costs is recognised as revenue in the period in which it becomes receivable.

Leasing

Leases are presented as finance leases when the terms of the lease substantially transfer all risks and rewards incidental to ownership to the user.

All other leases are classified as operating leases. Initially, assets held under finance leases are recognised at the lesser of their fair value at the inception of the lease and the present value of the minimum lease payments. The corresponding obligation to the owner is included in the statement of financial position as an obligation associated with the finance lease.

Assets held under operating leases are classified as operating leases and are not presented in the statement of financial position.

Operating lease payments are recognised as an expense over the lease term.

The minimum lease payments are divided between financing expenses and diminishing the obligation. Financial charges are recognised in profit or loss in accrual accounting if they are not directly attributable to the assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Borrowing costs

Borrowing costs, directly attributable to the acquisition, construction or realisation of eligible assets, assets that require a significant period of time to be ready for use or sale, are added to the cost of those assets until the assets are materially prepared for use or sale.

Income from the temporary investment of specific indebtedness obtained for the acquisition or construction of eligible assets shall be deducted from the costs of capitalisable loans. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign exchange gains or losses are reported net of gain or loss depending on the outcome of exchange rate differences.

Corporate income tax

Income tax expense is the sum of taxes currently payable, as well as deferred fees. Income tax liabilities or receivables relating to the current and prior periods are measured at the amount to be paid or recovered to the tax authority using the legal regulations and tax rate in force at the date of the financial statements. The corporate income tax for the closing period of December 31, 2021 was 16%.

Current and deferred taxes are recognised in the statement of financial performance unless they relate to items that are recognised in other comprehensive income or directly in equity, in which case current and deferred taxes are also recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit made during the year. Taxable profit differs from profit reported in the non-consolidated general income statement because of items of income or expenses that are taxable or deductible in some years, as well as items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been adopted or largely adopted at the end of the reporting

CONSOLIDATED ANNUAL REPORT - 2023



period.

Deferred tax

Deferred tax is recognised on the basis of temporary differences between the carrying amount of assets and liabilities and the tax bases of assets and liabilities in the financial statements.

Deferred tax liabilities are generally recognised for all temporary taxable differences.

Deferred tax assets are recognised to the extent that there is a likelihood of a future taxable profit from which the temporary difference can be recovered.

Principal differences result from depreciation of non-current assets and measurement of assets at fair value.

Deferred tax assets and liabilities are determined on the basis of taxes that are assumed to be applied in the period in which the deferred tax liability or asset will be realised or settled.

Segment reporting

A business segment is a component of the Group that engages in business activities from which it can derive income and from which it may incur expenses (including income and expenses related to transactions with other components of the same company), the results of which from the activity are periodically reviewed by the Group's main operational decision-maker with a view to deciding on resources to be allocated per segment, and evaluating its performance and for which distinctive financial information is available.

The management of the company regularly evaluates the Group's activity in order to identify the segments of activity for which information must be reported separately. The Group did not identify components that qualify as business segments.

4. 1. PROPERTY, plant and equipment

The evolution of property, plant and equipment as of 1 January 2022 la 31 December 2023 is as follows:

Explanation	Land	Construction	Equipment and vehicles	Other property, plant and equipment	Property, plant and equipment in progress	Total
Inventory value						
1/1/2022	52,983,700	118,309,975	671,301,534	1,922,932	37,387,676	881,905,817
Entries 2022		6,452,452	44,742,489	98,847	51,929,098	103,222,886
Lees 2022	0	-3,614	-12,437,548	-60,474	-50,030,528	-62,532,164
12/31/2022	52,983,700	124,758,813	703,606,475	1,961,305	39,286,246	922,596,539
Acquisitions 2023					51,258,224	51,258,224
Internally generated Intrari 2023					6,545,186	6,545,186
Commissioning 2023		48,656,001	16,478,068	3,150,498		68,284,567
Class transfers 2023					27,995	27,995
Intrari from inventory pluses 2023			46			46
Exits from transfers within the same class 2023						0
Exits from transfers to other classes of assets 2023		-27,995			-68,284,567	-68,312,562
Sales leases 2023			-16,797,669			-16,797,669
Leashes from Casari 2023			-10,044,038	-15,630		-10,059,668
12/31/2023	52,983,700	173,386,819	693,242,882	5,096,173	28,833,084	953,542,658
Depreciation, depreciation						
1/1/2022	0	12,317,592	436,494,155	1,188,298	0	450,000,045
Expenses 2022	0	5,540,573	40,641,097	96,134	0	46,277,804
Depreciation, impairments related to outflows 2022	0		-12,409,526	-60,474	0	-12,470,000
12/31/2022	0	17,858,165	464,725,726	1,223,958	0	483,807,849
Expenses 2023	0	5,591,679	41,071,067	113,935	0	46,776,681
Depreciation, impairments related to inflows from transfers within the same class 2023	0				0	0
Depreciation, impairments related to outflows from transfers within the same class 2023	0				0	0

CONSOLIDATED ANNUAL REPORT - 2023



Depreciation, depreciation related to scrapping 2023	0	-9,652,711	-15,630	0	-9,668,341
Depreciation, depreciation related to sales 2023	0	-16,797,669		0	-16,797,669
12/31/2023	0	23,449,844	479,346,413	1,322,263	504,118,520
Remaining value					
1/1/2022					431,905,772
12/31/2022					438,788,690
12/31/2023					449,424,138

Tangible assets representing 'Property, plant and equipment in progress' are valued at historical cost. The Group has chosen the fair value revaluation model for the valuation of property, plant and equipment in the nature of land and buildings. The buildings and land were revalued on 31.12.2019 by an authorized independent valuer.

In the fair value hierarchy, the revaluation of the group's buildings and land at fair value is classified as Level 2. The measurement techniques used in measuring fair value within Level 2 is the price comparison method. Prices comparable to nearby buildings and constructions are adjusted according to specific characteristics such as property size, etc. The most important input for this valuation method is the price per square meter.

There were no transfers between the level at which fair value measurements are classified during 2023.

The depreciation of all property, plant and equipment shall be determined on a straight-line basis. Non-current assets decreased

in 2023 by sale, scrapping and depreciation. The inventory value of scrapped fixed assets in 2023 was 10,044,038 lei, and the undepreciated value of scrapped fixed assets was 391,327 lei and the value of fixed assets sold in 2023 was 16,797,669 lei.

As of 31.12.2023, the net book value of mortgaged assets in favour of banks was RON 178,965,316, of which RON 87,535,782 consisting of technological equipment and RON 91,429,534 in construction and land.

The group's obligations deriving from fixed asset procurement contracts amount to RON 1,808,927.

4. 2. REAL ESTATE INVESTMENT

The evolution of real estate investments from January 1, 2022 la December 31, 2023 is as follows:

Explanation	Real estate investments	Real estate investments in progress	Total
1/1/2022	39,609,154	140,341	41,239,843
Entries 2022	7,526	86,061	93,587
Lees 2022	-1,256,372	-259	-1,256,631
12/31/2022	38,360,308	226,143	38,586,451
Acquisitions 2023			0
Internally generated Intrari 2023			0
Commissioning 2023			0
Intrari from transfers from other classes of assets 2023			0
Leaching from transfers to other classes of assets 2023	-4,009,320	0	-4,009,320
Leaching from transfers within the same asset class 2023			0
Leaching from transfers to stocks 2023			0
12/31/2023	34,350,988	226,143	34,577,131

Investment property is measured at fair value. A gain or loss arising from a change of the fair value of investment property is recognised in profit or loss in the period in which it arises. Non-current assets "Investment real estate in progress" are valued at historical cost.

CONSOLIDATED ANNUAL REPORT - 2023



5. INTANGIBLE ASSETS

The evolution of intangible assets was as follows:

Explanation	Research and development expenses	Formation expenses	Software and software liicente	Total
Cost				
1/1/2022	4,714,181	184,687	14,178,917	19,077,785
Entries 2022			1,829,536	1,829,536
Outputs 2022			-681,367	-681,367
12/31/2022	4,714,181	184,687	15,327,086	20,225,954
Acquisitions 2023			1,329,839	1,329,839
Intrari from transfers from other classes of assets 2023				0
Exits from transfers within the same class 2023			-2,279,460	-2,279,460
12/31/2023	4,714,181	184,687	14,377,465	19,276,333
Depreciation, depreciation				
1/1/2022	282,053	33,860	9,502,974	9,818,887
Expenses 2022	552,574	36,937	997,863	1,587,374
12/31/2022	834,627	70,797	10,500,837	11,406,261
Expenses 2023	552,574	36,937	1,211,957	1,801,468
Depreciation, depreciation related to scrapping 2023			-2,279,460	-2,279,460
12/31/2023	1,387,201	107,734	9,433,334	10,928,269
Remaining value				
1/1/2022				9,258,898
12/31/2022				8,819,693
12/31/2023				8,348,064

The Group capitalizes on R&D costs due to the fact that the criteria for their recognition as an intangible asset item are met, namely:

- the expected future economic benefits attributable to the asset are likely to return to the Group;
- the cost of immobilization can be reliably assessed.

6. TRADE RECEIVABLES AND OTHER RECEIVABLES

The situation of trade receivables is as follows:

Explanation	2023	2022
Receivables from customers that have not exceeded maturity	104,891,429	129,918,395
Overdue receivables but no impairment adjustments recorded	31,747,759	20,015,764
Overdue receivables but with impairment adjustments	749,306	511,311
Impairment adjustments	-749,306	-511,311
Total trade receivables	136,639,188	149,934,159

As at 31 December 2023 and 2022, the statement by seniority of receivables that have matured maturity and for which no impairment adjustments have been recorded is as follows:

CONSOLIDATED ANNUAL REPORT - 2023



Explanation	2023	2022
Maturity exceeded between 0 and 90 days	29,364,332	19,466,757
Due date exceeded by Ia 91 Take 180 days	1,250,358	331,470
Maturity exceeded by Ia 181 to 1 year	598,603	217,537
Maturity exceeded over 1 year	534,466	0
Total overdue receivables	31,747,759	20,015,764

The Group has established impairment adjustments for customer receivables as follows:

1/1/2022	377,939
Adjustments constituted in 2022	464,933
Reversed adjustments in 2022	-331,561
12/31/2022	511,311
Adjustments constituted in 2023	3,786,415
Reversed adjustments in 2023	-3,548,420
12/31/2023	749,306

The situation of **other receivables** held by the Group is as follows:

Explanation	2023			2022		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Advances paid to suppliers	4,985,506	0	4,985,506	6,357,481	0	6,357,481
Claims in relation to personnel	23,845	0	23,845	16,485	0	16,485
Receivables related to the consolidated state budget and the local budget	4,216,761	0	4,216,761	3,858,099	0	3,858,099
Miscellaneous debtors	601,869	0	601,869	1,576,733	0	1,576,733
Adjustments for depreciation of debtors	-94,053	0	-94,053	-1,127,411	0	-1,127,411
Advance expenses	1,633,672	0	1,633,672	1,332,550	0	1,332,550
Subsidies receivable (European funds projects)	1,734,143	0	1,734,143	14,159,427	1,581,768	12,577,659
Total other receivables	13,101,743	0	13,101,743	26,173,364	1,581,768	24,591,596

The Group constituted impairment adjustments for other receivables as follows:

1/1/2022	839,069
Adjustments constituted in 2022	289,953
Reversed adjustments in 2022	-1,611
12/31/2022	1,127,411
Adjustments constituted in 2023	317,022
Reversed adjustments in 2023	-1,350,380
12/31/2023	94,053

The Group's commercial policy requires impairment adjustments to be recorded for other receivables exceeding 365 days and for those receivables for which there are indications that they are uncertain. Foreign currency receivables are valued in RON at the official exchange rate of the NBR as of 31.12.2023.

CONSOLIDATED ANNUAL REPORT - 2023



7. OTHER NON-CURRENT RECEIVABLES

The situation of other fixed assets receivables held by the Group is as follows:

Explanation	2023			2022		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
VAMA guarantee for customs clearance at home	103,000	103,000	0	103,000	103,000	0
Other warranties	27,878	27,878	0	36,071	36,071	0
Total other assets	130,878	130,878	0	139,071	139,071	0

8. STOCKS

The structure of stocks held by the Group is presented in the table below:

Explanation	2023	2022-Restated
Raw	41,906,673	50,451,890
Adjustments for depreciation of raw materials	-2,942,407	-144,929
Materials and packaging	22,872,049	23,418,687
Adjustments for depreciation of materials and packaging	-2,334,195	-80,432
Semi-finished products and production in progress	30,643,702	40,768,671
Adjustments for depreciation of semi-finished products	-1,516,280	
Finished products and goods	25,189,586	18,559,600
Adjustments for depreciation of finished products and goods	-1,211,471	-178,320
Total stocks	112,607,657	132,795,167

The items Materials and packaging and Total stocks related to 2022 have been modified due to the recording in 2023 of material expenses related to 2022 on account of the retained result. For the correct presentation of information, the year 2022 has been restated.

The Group constituted impairment adjustments for inventories as follows:

1/1/2022	887,006
Adjustments constituted in 2022	
Reversed adjustments in 2022	-483,325
12/31/2022	403,681
Adjustments constituted in 2023	10,225,553
Reversed adjustments in 2023	-2,624,882
12/31/2023	8,004,352

9. CASH AND CASH EQUIVALENTS

Cash availabilities and cash equivalents shall be as follows:

Explanation	2023	2022
Bank accounts in RON	4,185,682	8,024,023
Bank accounts in foreign currency	2,905,100	2,331,575
Cash equivalents	121	309
House in RON	76,489	83,382
House in foreign currency	42,790	12,960
Total cash availability and equivalents	7,210,182	10,452,249

CONSOLIDATED ANNUAL REPORT - 2023



The Group holds accounts in lei and foreign currency with the following banking institutions: BRD GROUP SOCIETE GENERALE, ING BANK, TREASURY.

10. CORPORATE TAX

The Group's current profit margin is determined on the basis of statutory profit, adjusted for non-deductible expenses and non-taxable income, at a rate of 16% for 2023 and 2022.

In 2023, the Group calculated, in addition to corporate income tax, microenterprise income tax.

As of December 31, 2023 and 2022, the corporate income tax consists of:

Explanation	2023	2022
Deferred income tax expense/(income)	-608,527	1,333,391
Microenterprise income tax expenditure	20,715	16,649
Current profit tax expense	2,061,144	38,826
Total corporate income tax	1,473,332	1,388,866

The numerical reconciliation between income tax expense and the result of multiplying the accounting result by the tax percentage in force is shown below:

Explanation	2023	2022-Restated
Pre-tax profit related to corporate income tax	1,987,155	3,519,293
Pre-tax profit related to microenterprise income tax	34,128	-906,695
Corporate tax expense 16%	317,945	563,087
Microenterprise income tax expenditure	20,715	16,649
Chelt.de sponsorship to be deducted from corporate income tax	175,174	34,955
Corporate income tax due	513,834	614,691
Effect of non-taxable income	-1,792,456	-576,200
Effect of non-tax deductible expenses and temporary differences	3,207,391	1,429,002
Effect of tax exemption on reinvested profit	-455,437	-78,627
Bonus granted for payment of current profit imp.profit		
Total profit/income tax expense	1,473,332	1,388,866
Effective percentage of profit/income tax	74.14	39.46

The items Profit before tax related to income tax, Income tax expense 16%, Income tax due and Effect of non-tax deductible expenses and timed differences related to 2022 have been changed, due to the recording in 2023 of material expenses related to 2022 on account of the reported result. For the correct presentation of information, the year 2022 has been restated.

The significant components of the current income tax included in the financial statements on 31.12.2023 and 31.12.2022 are as follows:

Explanation	2023	2022-Restated
Gross profit	2,021,483	2,612,598
Non-taxable income	-11,202,849	-3,601,252
Non-deductible expenses	79,647,019	54,784,140
Other tax depreciation deductions	-53,644,207	-52,842,933
Tax profit	16,823,469	952,553
Corporate income tax	2,691,755	152,408
Sponsorship amounts	-175,174	-34,955
Tax exemption on reinvested profit	-455,437	-78,627
Bonus granted for payment of current profit imp.profit	0	0
Total current income tax expense	2,061,144	38,826
Current income tax effective percentage	101.96	1.49

The items Profit Gross Profit, Non-Deductible Expenses, Tax Profit, Profit Tax and Effective Current Income Tax Percentage for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the reported result. For the correct presentation of information, the year 2022 has been restated.

The evolution of the deferred tax during the period 01.01.2022-31.12.2023 is presented in the table below:

CONSOLIDATED ANNUAL REPORT - 2023



1/1/2022	-134,578
Tax deferred through profit and loss account 2022	1,333,391
Deferred tax recognised by other 2022 comprehensive income, of which:	-277,951
Tax deferred from revaluation of fixed assets	-277,951
Tax deferred from tax-deductible legal reserves	
12/31/2022	920,862
Tax deferred through profit and loss account 2023	-608,527
Deferred tax recognised by other 2023 comprehensive income, of which:	-244,176
Tax deferred from revaluation of fixed assets	-244,176
12/31/2023	68,159

The Group recognises deferred tax assets because it estimates that there is likely to be future taxable profit against which those assets can be used.

11. EQUITY

The shareholding structure as at 31.12.2023 is as follows:

Explanation	No. of shares	% of total share capital
Romanian and foreign shareholders (individuals)	59,292,362	27.10%
Romanian and foreign shareholders (legal entities)	159,528,676	72.90%
Total number of shares	218,821,038	100.00%

SGrupului shares have a nominal value of RON 0.1 / share, the share capital value being RON 21,882,104. Since June 1997 the Group's shares have been traded on the Bucharest Stock Exchange and since July 2001 they are in category II.

The Group's equity includes the following:

Explanation	2023	2022-Restated
Subscribed and paid-in capital	21,882,104	21,882,104
Own shares	-376,509	-376,509
Revaluation reserves	83,891,130	83,891,130
Legal reserves	4,957,516	4,957,516
Adjustment of legal reserves	22,679,066	22,679,066
Other reserves	304,286,585	299,677,526
Adjustment of other reserves	471,920	471,920
Retained earnings	65,744,973	67,034,358
Current year profit	546,543	1,221,210
Profit distribution	-2,846,482	-491,419
Minority interests	212,718	211,110
Total equity	501,449,564	501,158,012

The items Current Year's Profit, Minority Interests and Total Equity for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the retained result. For the correct presentation of information, the year 2022 has been restated.

Capital Management

The Group's objectives related to capital management relate to maintaining the Group's ability to continue its business in order to provide compensation to shareholders and benefits to other stakeholders, and to maintain

CONSOLIDATED ANNUAL REPORT - 2023



an optimal capital structure so as to reduce capital costs and support the further development of the Group. There are no externally imposed capital requirements. The Group monitors capital on a leveraged basis. This coefficient is calculated as net debt divided by total capital. Net debt is calculated as total loans (including current and long-term loans, as shown on the balance sheet), less cash and cash equivalent. Total capital under management is calculated as "equity" as shown in the statement of financial position.

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

Explanation	2023	2022-Restated
Total liabilities	260,589,417	304,531,133
Cash and cash equivalents	7,210,182	10,452,249
Net liabilities	253,379,235	294,047,910
Equity	501,449,564	501,158,012
Indebtedness	0.51	0.59

The group aims not to exceed the 0.99 threshold.

Equity items for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the profit or loss. For the correct presentation of information, the year 2022 has been restated.

12. FINANCIAL LIABILITIES

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

Currency - EUR		2023			2022		
Credit institution	Loan type	Total, of which	Long term (< 5 years)	Short term	Total, of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Production credit line	6,979,070	47,600	0	6,979,070	6,979,070	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Investment loan	3,392,442	1,884,690	1,507,752	4,900,194	3,392,442	1,507,752
ING BANK-SIBIU	Production credit line	3,262,175	3,262,175	0	4,358,941	4,358,941	0
ING BANK-SIBIU	Investment loan	3,447,746	2,068,648	1,379,098	4,826,845	3,447,746	1,379,098
BANCA TRANSILVANIA SIBIU	Investment loan	8,649,998	8,318,998	331,000	3,037,992	3,037,992	0
BANCA TRANSILVANIA SIBIU	Investment loan	1,186,144	1,095,250	90,894	834,679	0	834,679
BANCA TRANSILVANIA SIBIU	VAT credit			0			0
BANCA TRANSILVANIA SIBIU	State aid bridge loan						
IMPULS-Leasing Romania I.F.N. SA	Financial leases	194,137.05	136,059	58,078	13,765	0	13,765
Total financial liabilities - EUR		27,111,712	16,813,419	3,366,822	24,951,485	21,216,191	3,735,293

CONSOLIDATED ANNUAL REPORT - 2023



The long- and short-term financial liabilities in LEI are as follows:

Currency - LEI		2023			2022		
Credit institution	Loan type	Total, of which	Long term (< 5 years)	Short term	Total, of which	Long term (< 5 years)	Short term
BRD GROUP SOCIETE GENERALE-ROMANIA	Production credit line	236,791	236,791	0	34,528,251	34,528,251	0
BRD GROUP SOCIETE GENERALE-ROMANIA	Investment loan	16,876,044	9,375,579	7,500,465	24,243,220	16,783,769	7,459,451
ING BANK-SIBIU	Production credit line	2,655,995	2,655,995	0	0	0	0
ING BANK-SIBIU	Production credit line	16,228,016	16,228,016	0	21,565,424	21,565,424	0
ING BANK-SIBIU	Investment loan	17,151,161	10,290,696	6,860,465	23,880,331	17,057,380	6,822,952
BANCA TRANSILVANIA SIBIU	Investment loan	43,030,279	41,383,686	1,646,593	15,030,160	15,030,161	0
BANCA TRANSILVANIA SIBIU	Investment loan	5,900,590	5,448,428	452,161	4,129,499	0	4,129,499
BANCA TRANSILVANIA SIBIU	VAT credit	1,156,682	0	1,156,682	0	0	0
BANCA TRANSILVANIA SIBIU	State aid bridge loan	0	1,481,065	0			
IMPULS-Leasing Romania I.F.N. SA	Financial leases	965,754	676,837	288,917	68,099	0	68,099
Total financial liabilities-LEI		104,201,312	87,777,093	17,905,283	123,444,985	104,964,985	18,480,000

As of 31.12.2023, the net book value of mortgaged assets in favour of banks was RON 178,965,316, of which RON 87,535,782 consisting of technological equipment and RON 91,429,534 in construction and land.

Also, in order to guarantee the committed loans, securities guarantees were established on receivables, securities guarantees on future equipment and facilities related to the Arini Hospitality Hotel Complex Project, real estate guarantees on the future construction consisting of the Ibis-Mercure hotel complex, a project currently in progress, securities guarantees on the universality of receivables resulting from the hotel activity to be carried out by Arni Hospitality SRL.

Under the loan agreement concluded between Arini Hospitality and Banca Transilvania for financing the Ibis-Mercure Hotel Complex project, the parent company Compa SA is a co-debtor.

The interest margin of loans committed to banking institutions varies between: 1% p.a. – 9.1% p.a.

Foreign currency liabilities are valued in RON at the official exchange rate of the NBR as of 31.12.2023.

CONSOLIDATED ANNUAL REPORT - 2023



13. TRADE AND OTHER DEBTS

The situation of commercial and other debts is as follows:

Explanation	2023			2022		
	Total, of which	Long term	Short term	Total, of which	Long term	Short term
Suppliers	90,985,267	0	90,985,267	116,059,440	0	116,059,440
Advances received from customers	573,738	0	573,738	685,670	0	685,670
Payables from contracts with customers	3,505,877	0	3,505,877	2,919,520	0	2,919,520
Debts related to personnel	6,839,020	0	6,839,020	6,069,510	0	6,069,510
Debts to the general consolidated budget of the state and the local budget	8,588,119	0	8,588,119	11,751,643	0	11,751,643
Current income tax liabilities	5,651	0	5,651	4,773	0	4,773
Dividends payable	403,601	0	403,601		0	390,174
Miscellaneous lenders	16,574	0	16,574	141,855	0	141,855
Advance income	737,173	0	737,173	2,098,749	0	2,098,749
Investment subsidies from AMOSDRU AND AMOSCEE contracts	36,937,348	32,816,009	4,121,339	40,724,863	36,986,175	3,738,688
Inventory additions of the nature of fixed assets	5,943	5,943	0	21,507	21,507	0
Total trade and other debts	148,598,311	32,821,952	115,776,359	180,477,530	37,007,682	143,860,022

Foreign currency liabilities are valued in RON at the official exchange rate of the NBR as of 31.12.2023.

14. PROVISIONS

The statement of provisions as at 31.12.2023 is presented in the table below:

Explanation	Provision for guarantees to customers	Provisions for employee benefits	Other provisions	Total provisions
1/1/2022	26,945	108,700	89,000	224,645
Adjustments constituted in 2022	0	0	2,778,571	2,778,571
Reversed adjustments in 2022	0	0	-2,784,755	-2,784,755
12/31/2022	26,945	108,700	82,816	218,461
Adjustments constituted in 2023	0	4,058,071	5,623,170	9,681,241
Reversed adjustments in 2023	0	0	-3,590,972	-3,590,972
12/31/2023	26,945	4,166,771	2,115,014	6,308,730

In 2023, the group did not make additional provisions for guarantees to customers. and for employee benefits, considering that there have been no changes compared to the situation existing on 31.12.2022.

Provisions have been made for expenses with the statutory audit for 2023, for which the invoice will be received in 2024, provisions have been made for the leaves left unpaid by employees on 31.12.2023 and provisions have been made for the road that will be ceded to Sibiu City Hall within the residential complex built by Compa.

CONSOLIDATED ANNUAL REPORT - 2023



15. REVENUE AND BUSINESS SEGMENTS

The income structure of the Group is as follows:

Explanation	2023	2022
Total turnover, showing separately:	773,610,888	741,193,468
Revenue from sales of finished products	746,741,770	722,660,262
Revenue from services	8,847,972	7,139,330
Income from the sale of goods	10,523,170	9,217,038
Income from other activities (rents, sales of materials, waste, semi-finished products, packaging)	7,051,591	872,845
Revenues from subsidies related to turnover (projects and contracts partnership projects AMPOSDRU)	446,385	1,303,993
Other operating income	13,945,026	14,137,617
Total operating income	787,555,914	755,331,085

Other operating income consists of:

Explanation	2023	2022
Income from the production of fixed assets	6,517,191	8,123,725
Income from investment subsidies (projects and partnership contracts AMPOSDRU and AMPOSCEE projects)	3,761,586	4,550,906
Revenue from asset sales	3,044,536	2,753
Other operating income	621,713	1,460,233
Total Other operating income	13,945,026	14,137,617

Activity segments

The Group's management regularly evaluates its work in order to identify areas of activity for which information needs to be reported separately. The Group operates in Romania. The group income presented above is entirely attributed to the country of residence. Non-current assets other than financial instruments, deferred tax receivables, claims on post-employment benefits and rights arising from insurance contracts are located in Romania in full. The Group has no such non-current assets located in other countries. The revenues are attributable to the activity in Romania.

16. NATURE OF EXPENDITURE

Operating expenses incurred in the years 2023 and 2022 according to their nature are shown in the table below:

Explanation	2023	2022-Restated
Material expenses	441,702,254	447,938,298
Stock differences	7,464,516	5,780,868
Energy and water costs	44,786,973	41,472,758
Employee benefits expenses	181,964,449	162,642,592
Value adjustments relating to fixed assets	48,578,146	47,862,784
Value adjustments in respect of current assets	6,840,193	-45,079
Expenditure on services provided by third parties	34,218,550	34,502,390
Expenditure on other taxes, duties and similar payments	5,865,591	7,493,824
Other operating charges	8,184,987	1,746,893
Total operating expenses	779,605,659	749,440,328

CONSOLIDATED ANNUAL REPORT - 2023



The items Material expenses and Total operating expenses for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the retained result. For the correct presentation of information, the year 2022 has been restated.

17. ANALYSIS OF OPERATING RESULT

Explanation	2023	2022-Restated
Operating income	787,555,914	755,331,085
Cost of sales	-763,513,210	-708,656,643
Sales and distribution expenses	-2,078,137	-1,904,331
Administrative expenditure	-28,728,663	-23,946,140
Research and development expenses	14,714,351	-14,933,214
Operating result	7,950,255	5,890,757

The items Cost of Sales and Operating Result for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the retained result. For the correct presentation of information, the year 2022 has been restated.

18. EMPLOYEE BENEFITS EXPENSES

Employee benefit expenses include salaries, allowances and social security contributions. Short-term benefits are recognised as an expense as services are rendered.

Explanation	2023	2022
Salaries and allowances	177,373,281	158,269,327
Government subsidies for employee spending	0	0
Insurance and social protection costs	4,591,168	4,373,265
Total	181,964,449	162,642,592

19. FINANCIAL LOSSES (GAINS)

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

Explanation	2023	2022
Foreign exchange gains on monetary items denominated in foreign currency	-763,275	-207,251
Interest losses	-4,518,116	-2,459,658
Other financial gains	-647,381	-611,250
Total losses / gains	-5,928,772	-3,278,159

20. EARNINGS PER SHARE

The calculation of earnings per share for the years ended December 31, 2023 and 2022 can be summarized as follows:

Explanation	2023	2022-Restated
Number of shares at the beginning of the year	218,821,038	218,821,038
Shares issued during the year	0	0
Number of shares Take year-end	218,821,038	218,821,038
Net profit	548,151	1,223,732

CONSOLIDATED ANNUAL REPORT - 2023



Earnings per share (in RON per share) based / diluted:	0.0025	0.0056
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The calculation of earnings/shares with voting rights and dividends is as follows:

Explanation	2023	2022-Restated
Total number of shares	218,821,038	218,821,038
Non-voting and dividend shares	-1,093,253	-1,093,253
Number of shares with voting rights and right to dividend Take the end of the year	217,727,785	217,727,785
Net profit	548,151	1,223,732
Earnings per share with voting right and right to dividend (in RON per share) based / diluted:	0.0025	0.0056

The items Net Profit, Earnings Per Share and Voting Earnings Per Share for 2022 have been amended due to the recording in 2023 of material expenses related to 2022 on account of the referred earnings. For the correct presentation of information, the year 2022 has been restated.

21. RELATED PARTIES

The affiliated entities of COMPA SA are the following:

Company with which the securities are held	Registered office	% in share capital	Value of securities	Main object of activity
COMPAS IT SRL	Str.Henri Coanda, nr.8, Sibiu, jud. Sibiu	100.00	200,000	Custom software development activities
TRANS CAS SRL	Str.Henri Coanda, nr.12, Sibiu, jud. Sibiu	99.00	742,500	Road transport of goods
RECASERV SRL	Str.Henri Coanda, nr.51, Sibiu, jud. Sibiu	70.00	70,000	Event catering
ARINI HOSPITALITY SRL	Str.Henri Coanda, nr.8, Sibiu, jud. Sibiu	100.00	23,203,000	Hotels and similar accommodation facilities
TOTAL			24,215,500	

The affiliated entities of S.C. COMPA S.A. Sibiu were established in time, as a result of the need to outsource from COMPA S.A. specific activities such as: software design, domestic and international car transport; public catering, hotel activity, outsourcing done to streamline these activities as well as to benefit from some facilities granted by the state to some activities (IT activity, transport licenses, etc.).

The transactions carried out in 2023 and 2022 between the companies within the group were as follows:

Explanation	2023			2022		
THE COMPANY WITH WHICH THE SECURITIES ARE HELD	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES	LOAN TO AFFILIATES	PURCHASES OF GOODS AND SERVICES	SALES OF GOODS AND SERVICES
TRANSCAS S.R.L.		12,885,830	536,211		14,350,028	497,800
COMPAS IT S.R.L.		3,395,165	96,630		3,052,778	50,229
RECASERV S.R.L.		2,122,998	46,183		1,587,105	45,783
ARINI HOSPITALITY S.R.L.	3,762,702	15,279	457,896	3,738,264		10,564

CONSOLIDATED ANNUAL REPORT - 2023



The mutual debts and receivables registered on 31.12.2023 and 31.12.2022 are as follows:

Receivables receivable by COMPA SA from:

Explanation	2023	2022
TRANSCAS S.R.L.	104,971	78,897
COMPA IT S.R.L.	14,369	5,048
RECA SERV S.R.L.	7,378	18,445
ARINI HOSPITALITY S.R.L.	4,048,044	3,740,025

Debts payable by COMPA SA to:

Explanation	2023	2022
TRANSCAS S.R.L.	1,444,027	2,488,231
COMPA IT S.R.L.	581,672	773,119
RECA SERV S.R.L.	566,630	443,415
ARINI HOSPITALITY S.R.L.	15,279	

Group Management

List of Group Directors as at 30.12.2023 :

NAME AND SURNAME	FUNCTION
DEAC John	Administrator President of the Board / General Manager
DUMITRECU Mihaela	Administrator, Vice-President of the Board / Economic Director
MAXIM Mircea Florin	Administrator
BALTEȘ Nicolae	Administrator/ Chairman of the Audit Board
NEACȘU Vlad- Nicolae	Administrator / Member of the Audit Committee



22. EMPLOYEE BENEFITS

The Group makes payments on behalf of its employees to the Romanian state pension system, health insurance and unemployment fund in the course of normal business. All employees of the Company are members and also have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a determined contribution plan of the State). All related contributions are recognised as a result of the period in which they are made.

The Group undertakes by the collective labor agreement to provide benefits upon termination of the employment contract when the employment contract terminates for reasons not attributable to the employees. The benefits are worth 0.5 - 5 salaries, depending on the seniority of employees in the Group.

Also, according to the legal regulations and the collective labor agreement, employees who retire for old age are entitled to an end-of-career allowance amounting to an average employment salary, corresponding to the position occupied at the date of retirement, adjusted by a percentage corresponding to the seniority of employees.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

is described in Chapter 10 of the Individual Annual Report 2023

24. CONTINGENT LIABILITIES AND COMMITMENTS

The COMPA Group is the subject of a number of court actions resulting in the ordinary course of business.

The Company's management believes that, apart from amounts already described in these financial statements as provisions or impairment adjustments (described in the notes to these financial statements), other court actions will have no material adverse effects on the Company's economic results and financial position.

In Romania, there are a number of agencies authorised to carry out controls (audits).

These controls are similar in nature to tax audits carried out by tax authorities in many countries but may extend not only to tax aspects but also to other legal and regulatory aspects in which the agency may be interested. It is likely that the Group will continue to be subject to such periodic controls for violations or alleged violations of new and existing laws and regulations.

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

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

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as transfer pricing methods. As a result, it is expected that tax authorities will initiate thorough transfer pricing checks to ensure that the tax result and/or customs value of imported goods are not distorted by the effect of prices charged in relations with related parties. The Group cannot quantify the outcome of such verification.

CONSOLIDATED ANNUAL REPORT - 2023



25. EVENTS AFTER THE BALANCE SHEET DATE

At the meeting of the Board of Directors on 21.02.2024, the preliminary consolidated financial statements on 31.12.2023 were presented and approved.

In the context of the difficult economic environment of 2023, Compa has taken strategic decisions to limit:

- increasing prices for all categories of materials and their transport with a major influence on the company's costs and implicitly on its profitability.
- the still high cost of utilities in Romania
- a decrease in volumes generally due to concluded contracts or contracts with a decreasing trend.

Cost optimization is for Compa a continuous action by implementing optimization programs to reduce production costs and increase efficiency. These programs include reducing energy consumption, reducing raw material consumption and optimizing processes.

There are several investment projects started or continued in 2023, most of them have a large weight in the Company's strategy to align with customer requirements.

Overall, the strategic actions of the Compa Group have enabled the Company to mitigate the impact of the difficult economic and political conditions facing the automotive industry in Europe and Romania and to remain a competitive player on the local and global market.

Compa being a company that has securities traded on a regulated market and financial statements in accordance with International Financial Reporting Standards (IFRS) must comply with the European **Single Electronic Format (ESEF) reporting requirement** .

Thus, according to the European regulatory framework, we prepared between March 1-15, 2023 consolidated financial statements that take into account the fact that they must be marked using the eXtensible Business Reporting Language (XBRL), according to the IFRS taxonomy – ESEF.

For the 2023 financial year, in addition to the primary financial statements, the labeling of balance sheet notes has also become mandatory.

On behalf of the Board of Directors, by:
President of the Board / General Manager,
John DEAC

Director Economic
Mihaela Dumitrescu

11. STATEMENT OF CONFORMITY OF FINANCIAL STATEMENTS

CONSOLIDATED ANNUAL REPORT - 2023



STATEMENT

MANAGEMENT BOARD

The Board of Directors assumes responsibility for preparing **the consolidated financial statements** of the Group for the financial year ended 31.12.2023 and confirms the following:

- a) The consolidated financial statements for 2023 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
- b) The accounting policies used in preparing the consolidated annual financial reports are in accordance with the applicable accounting regulations.
- c) Consolidated annual financial reports provide a true and fair view of financial position, financial performance and other information relating to the activity carried out.

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

President of the Board of Directors / General Manager, Economic Director

Ioan DEAC Mihaela Dumitrescu

A handwritten signature in blue ink, appearing to be 'Ioan DEAC', written in a cursive style.

A handwritten signature in blue ink, appearing to be 'Mihaela Dumitrescu', written in a cursive style.

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

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CAFR [Chamber of Financial Auditors of Romania] License: 118 / 28.11.2001**Annual e-visa ASPAAS no. 137604 / 12.06.2023**

No. 138 / 22.03.2024

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

To the Shareholders,
of COMPA S.A. Sibiu

Report on consolidated financial statements as at 31.12.2023

Opinion

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

	<u>31st December 2023 (lei)</u>
• Net assets / Total equity	501.449.564
• Total assets	762.038.981
• Turnover (net sales)	773.610.888
• Net result of the exercise (profit)	546.543

2. **In our opinion, the annexed consolidated financial statements provide a true and fair view, in all material aspects, of the consolidated financial position of COMPA S.A. Sibiu on 31st December 2023, as well as the result of its operations and consolidated cash flows for the financial year ended on this date in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as amended (“OMFP no. 2844/2016”) and with the Order of the Minister of Public Finance no. 5394/2023 on the main issues related to the preparation and submission of**



annual financial statements and annual accounting reports of economic operators to the territorial units of the Ministry of Finance, as well as for the regulation of some accounting issues.

The basis for the opinion

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

Key audit issues

4. The key aspects of the audit are those aspects which, on the basis of our professional reasoning, were of the utmost importance for the audit of the consolidated financial statements of the current period. These issues have been addressed in the context of the audit of the consolidated financial statements as a whole and in the formation of our opinion on them, and we do not offer a separate opinion on these key issues. We believe that the key issues described below are the key issues that need to be communicated in our report.

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



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

Highlight some issues

- Without expressing any reservations, we draw attention to the following points with regard to the consolidated financial statements:
- The Group's management analyzed and found that the consolidation criteria provided by the legislation in force are met for the financial year 2023. Thus, the Management of the



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

- We draw attention to Explanatory Note 25 of the separate financial statements, according to which the Group's management estimates that the future activities of the Group may be negatively influenced by interruptions in the supply of raw materials, by the uncontrolled increase in raw materials and energy prices, but also by the cost of transporting materials as a result of changing current supply routes and changing current suppliers in Europe, with suppliers located outside conflict zones, concomitantly with a decrease in volumes for certain parts destined for customers who had factories in Russia or Ukraine and who had to close these production facilities. According to the statements of the Management, the Group has taken measures to mitigate or eliminate these negative effects, so that no significant difficulties are estimated that may affect the continuity of business for a period of at least 12 months from the date of the financial statements.

Our opinion is not modified in these respects.

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

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

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

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

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

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

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

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

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

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

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

9. Our objectives consist in obtaining a reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The reasonable assurance represents a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can be caused either by fraud or by error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the user's economic decisions, taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain the professional skepticism throughout the audit. Moreover:
 - We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we project and perform audit procedures as a response to those risks and we obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - We obtain an understanding of the internal control relevant for the audit, in order to project the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Report on other legal and regulatory provisions

12. Requirements relating to the information in the Remuneration Report – in accordance with the requirements of Article 107 (7) of Law No 24/2017, as amended ("Law 24/2017"), we have read the Remuneration Report drawn up by the Group for the financial year ended on 31.12.2023 and confirm that, in our opinion, it presents, in all material respects, the information provided in Article 107 of Law 24/2017.
13. Requirements for the audit of public-interest entities – in accordance with Article 10 (2) of Regulation (EU) No 537/2014, we provide the following information in our independent audit report, which is necessary in addition to the requirements of International Audit Standards:
- 13.1. **The appointment of the auditor and the duration of the mission** – We have been appointed the auditors of the Company with the approval of the Ordinary General Meeting of Shareholders (AGOA) from 26.04.2023, based on the service contract no. 32 / 30.05.2023, in order to audit the individual and consolidated financial statements of the Company for the financial year 2023. The total uninterrupted duration of our mission is 7 months, covering the financial year ended on 31.12.2023. The previous auditor is Audit Account SRL.
- 13.2. **Consistency with the Additional Report presented to the Audit Committee** – On the date of issue of this audit report, the Group has an Audit Committee, to which we issue an additional report. Our audit opinion is consistent with the additional report submitted to the Group Audit Committee, which we issued on the same date that we issued this report. Also, in conducting our audit, we have maintained our independence from the audited entity.
- 13.3. **Provision of non-audit services** – We declare that we have not provided the Group with prohibited services that are not similar to the audit, referred to in Article 5 (1) of



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

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

13.4. We have been appointed to carry out a reasonable assurance mission on the compliance of the consolidated financial statements in XHTML format of COMPA S.A parent company group. ("Society") and its subsidiaries at 31.12.2023 ("XHTML" Situations), with the provisions of Delegated Regulation (EU) 2018/815 of the European Commission, which sets out regulatory technical standards for specifying a single electronic reporting format ("RTS on ESEF").

13.5. **Our responsibility** – Our responsibility is to express, on the basis of the evidence obtained, a conclusion as to the extent to which XHTML Situations conform, in all material respects, to the RTS requirements on the ESEF.

- Our reasonable assurance mission was carried out in accordance with the International Standard on Insurance Missions 3000 (revised) - *Assurance missions other than audits or revisions of historical financial information* ("ISAE 3000") issued by the International Audit and Insurance Standards Board.
- A reasonable assurance mission in accordance with ISAE 3000 requires procedures to be carried out to obtain evidence of compliance with the RTS on the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgement, including the assessment of the risk of material deviations from the provisions laid down in the RTS on the ESEF caused by either fraud or error. A reasonable assurance mission shall include:
 - obtaining an understanding of the process of preparing XHTML Situations (digital files) by the Group in accordance with the RTS on the ESEF, and of the relevant internal controls;
 - assessment of whether the financial statements have been prepared in a valid XHTML format;
 - reconciliation of XHTML Situations (digital files) with audited consolidated financial statements prepared by the Group in accordance with OMFP 2844/2016 for submission to the relevant authorities;
 - assessing whether all markings, including voluntary markings, on the information in the notes to the consolidated financial statements meet the following requirements:
 - XBRL marking language was used;
 - the basic taxonomy elements specified in Annex VI to the ESEF Regulation with the nearest accounting meaning have been used, unless an element of the extended raxonomia has been created in accordance with Annex IV to the ESEF Regulation;
 - marcajele utilizate sunt în conformitate cu regulile comune privind marcajele conform Regulamentului ESEF.

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

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

- The Board of the Group is responsible for preparing XHTML Situations (digital files) according to the RTS on ESEF. This responsibility presupposes:
 - ensure consistency between XHTML and financial statements prepared for submission to relevant authorities in accordance with OMFP 2844/2016;
 - design, implement and maintain relevant internal control for the preparation and presentation of XHTML Situations in accordance with the ESEF RTS that are free from significant distortions caused by fraud or errors;
 - selection and affixing of appropriate XBRL markings, using professional judgement, if necessary;
 - ensuring consistency between digital files and consolidated financial statements to be published in accordance with OMFP 2844/2016.
- The management of the Company has analyzed and found that at the level of the financial year 2023 the consolidation criteria provided by the legislation in force are met. Thus, the Management of the Entity proceeded to consolidate the financial statements, and in this case there is the obligation to prepare and present the individual financial statements and consolidated financial statements in accordance with the format of ESEF, respectively XHTML digital files for individual financial statements and the obligation to label XBRL of the consolidated financial statements, according to the provisions of Articles 3 and 4 of Delegated Regulation (EU) 815/2018.

13.7. Conclusion

- In conclusion, the parent company COMPA S. A. and its subsidiaries were required to submit consolidated financial statements in XHTML format in accordance with the RTS on ESEF ("The Technical Regulatory Standard on the Single European Electronic Reporting Format" or ESEF) for the financial year ended on 31.12.2023.
- In this report, we do not express an audit opinion, a review conclusion or any other assurance conclusion regarding consolidated financial statements. Our audit opinion on the Group's separate financial statements for the financial year ended on 31.12.2023 is included in the *Report section on the audit of the above financial statements* above.

Date: 22.03.2024

Auditor's signature

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

by Administrator

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

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

Autoritatea pentru Supragherea Publică a
Activității de Audit Statutar (ASPAAS)
Firma de audit : QUANTUM EXPERT SRL
Registrul Public Electronic : FA 118

Hunedoara County



Autoritatea pentru Supragherea Publică a
Activității de Audit Statutar (ASPAAS)
Auditor financiar : ALIC DELI MARIA
Registrul Public Electronic : AF1165



CONSOLIDATED NON-FINANCIAL REPORT

COMPA 2023



compa
beyond expectations

compa  **it**



TRANS C.A.S.
SRL SIBIU

transport intern si international

ARINI HOSPITALITY

CONTENT

COMPA GROUP.....	1
1. COMPA SA.....	11
2. COMPA IT	117
5. TRANS CAS SRL	121
4. SC RECASERV SRL.....	125
9. ARINI HOSPITALITY SRL.....	128



COMPAS GROUP

COMPAS SA Sibiu, a prestigious brand of the Romanian industry, has gained its reputation over time due to the quality and diversity of its products, car and railway subassemblies, technological equipment, springs and car trailers. Formed by the merger of two companies: Sibiu Automecanica Plant and Elastic Factory Sibiu, COMPAS becomes one of the most powerful car-building economic units in the country and continues the industrial tradition of the forerunners by harmoniously combining the experience of the forerunners with the new advances in technology and management. The first of the two companies - Automated Plant comes from the Sibiu Artillery Arsenal whose development is due and overlaps with the historical development of the city of Sibiu. The second enterprise - Factory Elastic has deep roots in the craft tradition of the fortress, being from the century 19th as a blacksmith's workshop, which later developed into a body shop and later into a factory for springs and forged products. A milestone in the development of the company is the year 1969 when, through the unification of the two factories, a new economic entity is born, the Sibiu Auto Parts Company (IPAS).

In 1970, following the contracting of the "MAN" license for trucks and buses, the Sibiu Auto Parts Company entered a national development program and started a very diversified production of automotive components, manufactured under various licenses: shock absorbers, appliances brake, cab subassemblies, cardan transmissions, steering boxes, springs, becoming the main supplier of components for the Romanian automotive industry. In 1991 the company was transformed into a joint stock company with the name of S.C. COMPAS S.A.

Throughout its 130 years of existence, the COMPAS Group has steadily progressed technically and technologically, constantly investing in the quality of its products and services. COMPAS Group is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. COMPAS Group map covers 23 countries on 3 continents. The top processes applied in the projects of the COMPAS Group, widely integrate CNC equipment (centers with numerical control) associated with defect detection procedures and statistical control methods that allow constant quality assurance. Use of modern cutting technologies, use of laser for cutting or control, metal or film coatings, heat treatments, robotic cells,

COMPAS Group collaborates with renowned partners in the automotive and non-automotive industries. the company's focus has recently been on increasing turnover in the non-automotive field by attracting and developing projects in this regard. Major projects such as the construction of cabins for a reputable numerically controlled machine manufacturer, the manufacture of industrial pumps for one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, water management and other industries. The manufacture of parts for the shipbuilding industry or for air conditioning installations or equipment for lifting people and materials are just some of the company's successful examples in this direction. An important and noteworthy project in the above context is the manufacture of high-pressure injection pump components for petrol and hybrid engines. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or for the steering box were also assimilated, products that are outside the diesel sphere and are of the future. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or steering gear have also been assimilated, products that are outside the diesel sphere and are of the future. It is a project that



counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the company. Other new types of products for the transmission system for 100% electric cars or for the steering box were also assimilated, products that are outside the diesel sphere and are of the future.

Another strategic direction that the COMPA Group places great emphasis on is development as an integrated supplier, offering customers complex products and assemblies that involve the use of as many existing processes as possible within the COMPA Group. By developing as an integrated supplier, more added value is generated, the level of know-how is automatically increased and implicitly the company's profitability.

The non-financial statement for 2023 contains information through which the management of COMPA Group communicates, in a transparent manner, to the stakeholders represented by business partners, employees, investors, the local community and other stakeholders, the actions taken to improve the quality system of environmental management, health and occupational security as well as corporate governance.

COMPA together with the other three companies within the COMPA Group constantly acts in the field of continuous improvement of product and service quality, environmental protection, occupational health and safety, human resources, social responsibility, business ethics and integrity and the prevention / fight against corruption.

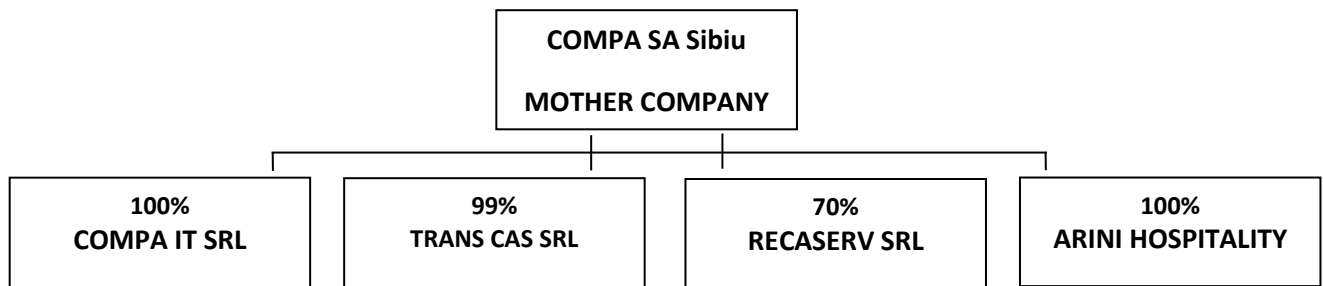
In the period 2000-2004, COMPA underwent an organizational restructuring in order to better adapt to the changes produced by the fulfillment of the strategic objectives. As a direct consequence, some ancillary activities were detached from the object of COMPA's activity, being outsourced. This was a successful model that allowed outsourced companies to focus on providing superior quality in the core field. Following the outsourcing, the COMPA Group was set up, which means the parent company, COMPA, from which the following emerged:

1. COMPA S.A.

It is a company with 100% private capital. It was privatized in September 1999, by buying the majority stake in the COMPA Sibiu Employees Association (PAS), which became the company's main shareholder. In 2018, the COMPA Sibiu Employees Association (PAS) was dissolved, the shares being transferred to the members of the association, depending on the number of shares held and purchased by each. COMPA SA is the mother company, organized on Profit Centers, integrated units without legal personality with a decentralized activity, structured for the realization of products for a single customer or for the realization of similar products for several customers, such as: Forging, Heat Treatments, Galvanization, Pressed - stamped parts, mechanical - welded subassemblies, etc



The structure of the COMPA Group



The management of the mother company COMP A, as well as of the entire COMP A Group is ensured by the Board of Directors elected by the Ordinary General Meeting of Shareholders, for a period of 4 years.

Social headquarters	Sibiu, Str. Henri Coandă no.8
The main object of activity	2932 "Manufacture of other parts and accessories for motor vehicles and their engines"
Social capital	21,882,103.8 lei
Fiscal value	767,200,685 lei
Number of employees	1713

2. COMP A I.T. S.R.L.

It was established in 2000 for the purpose of designing and implementing an integrated IT system for the parent company and third parties, at international standards. The company offers IT solutions, services and software maintenance. By implementing the integrated system in the parent company, COMP A-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.



Social headquarters	Sibiu, Str. Henri Coandă Nr.8
The main object of activity	6201 "Custom software development activities"
Share capital (lei)	200,000 lei
Fiscal value	2,216,900 lei
Shareholder	COMP A SA company
Number of employees	9

3. TRANS C.A.S. S.R.L.

Founded in 2002, by outsourcing the car transport activity within COMPA, the company offers freight and passenger transport services domestically and internationally. Some of the owned vehicles are the property of the parent company COMPA SA, rented, and some of them are the property of TRANS CAS SRL.

TRANS CAS SRL currently owns a number of over 60 vehicles, of which an important share is held by Mercedes-type trailer trucks, with a capacity of over 20 tons payload, intended for the transport of materials and finished products for both COMPA and other customers. The overwhelming share of TRANS CAS's transport is held by international freight transport in almost all of Europe.



Social headquarters	Sibiu, 12 Henri Coandă Street
The main object of activity	4941 "Freight transport by road"
Share capital, of which:	1,500,000 lei
Shareholders: COMPA SA Sibiu	1,498,450 lei
Fiscal value	14,460,846 lei
Number of employees	45

4. RECASERV S.R.L.

It was established in 2004 by outsourcing within the parent company activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA, catering and cleaning services.



Social headquarters	Sibiu, Str. Henri Coandă No.51
The main object of activity	5629 "Other food service activities n.e.c."
Share capital, of which:	100,000 lei
Shareholders: COMPA SA Sibiu	70%
Boroş Daniela (individual person)	30%
Fiscal value	2,070,481 lei
Number of employees	32

5. ARINI HOSPITALITY SRL

ARINI HOSPITALITY SRL is an SPV (special purpose vehicle), with the sole shareholder of COMPA SA. Established in 2021 in order to manage the construction and development of the MERCURE SIBIU PARK ARINI Hotel Complex.

Due to the fact that the specificity of the hotel business is totally different from the automotive components production activity of the main company, COMPA management decided that it is much easier to manage by a new company having as main object of activity that of - Hotels and other accommodation facilities similar CAEN code 5510. This is how ARINI HOSPITALITY was born.

The company wants to enter the hotel market as a player in partnership with ACCOR with which it has concluded a hotel management contract. ACCOR is an international augmented hospitality group specializing in the hospitality industry, a world market leader with unique experiences in over 5,100 hotels in 110 countries with over 300,000 employees. The group has acquired hospitality expertise for more than 50 years, through a portfolio of 39 hotel brands.

Social headquarters	Sibiu, 8 Henri Coandă Street
The main object of activity	5510 "Hotels and similar accommodation"
Share capital, of which:	23,203,00, lei
Shareholders: COMPA SA Sibiu	23,203,000 lei

EMPLOYMENT

Between 2021 and 2023, the total staff of the COMPA Group decreased in 2023 by 4.60% compared to 2022, and by 6.82% compared to 2021, decreases mainly due to a reduction in the work volume of the "parent company" but also because of an increase in labour productivity.



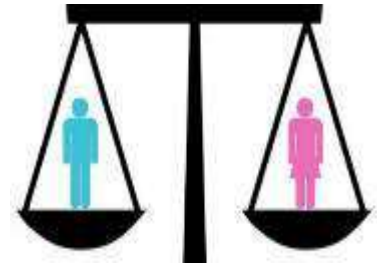
Staff on 31 December	2021	2022	2023	2023/ 2022	2023 / 2021
COMPA SA	1851	1806	1713	94,85%	92,54%
COMPA IT SRL	9	9	10	111,11%	111,11%
TRANSCAS SRL	48	45	44	97,78%	91,67%
RECA SERV SRL	27	30	36	120,00%	133,33%
TOTAL GROUP	1935	1890	1803	95,40%	93,18%

GENDER DIVERSITY

(Share of women of the total employment on the 31st of December 2023)

Within the COMPA Group, the proportion of female employees is approximately one third, mainly due to technological changes but also due to the confidence in the area of responsibilities and skills coverage.

Share of women in total employees (%)	2023
COMP A SA	30,94%
COMP A IT SRL	20,00%
TRANSCAS SRL	13,64 %
RECASERV SRL	86,11%
TOTAL GRUP	31,55%



TOTAL STAFF DISTRIBUTION

(On the 31st of December 2023 by qualifications structure - according to COR Codes and gender)

An analysis of the qualifications structure within the COMP A Group shows that the proportion differs from one company to another, within the Group, depending on the specifics of the activities carried out.

Thus, while COMP A IT SRL is dominated by staff with higher education, COMP A SA and TRANSCAS SRL are dominated by qualified workers, while RECASERV SRL is dominated by unqualified workers.

Qualifications structure of COR		COMP A SA	COMP A IT SRL	TRANSCAS SRL	RECASERV SRL	TOTAL GRUP
1. Leading staff	TOTAL, of which	106	2	2	2	112
	Women	11	1	1	2	15
2. Specialists with higher education	TOTAL, of which	196	7	6	1	210
	Women	79	1	4	1	85
3. Technicians and other specialists in the technical and accounting field	TOTAL, of which	129	1	0	5	135
	Women	66	0	0	2	68
4. Administrative officials	TOTAL, of which	134	0	0	0	134
	Women	118	0	0	0	118
5. Service workers	TOTAL, of which	13	0	0	5	18
	Women	0	0	0	3	3
6. Skilled and assimilated workers	TOTAL, of which	951	0	35	0	986
	Women	187	0	0	0	187
7. Unskilled workers	TOTAL, of which	184	0	1	23	208
	Women	69	0	1	23	93

MEASURES APPLIED TO PROTECT THE ENVIRONMENT



COMP A Group supports and recommends throughout the supply chain the promotion of voluntary activities for the protection of the environment, biodiversity, the natural environment, the conservation of energy and non-recoverable natural resources, reducing the amount of waste generated and improving the means of transport of materials and products. COMP A Group also promotes and recommends the reduction and efficiency of packaging for products to be delivered to the entire COMP A Group, especially the use of reusable packaging, the use of substitutes for disposable wooden pallets, and the implementation of the design and use of environmentally friendly packaging.

COMP A Group is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions. COMP A Group, together with its suppliers, maintains a collaborative supply chain that minimizes environmental impact and improves long-term sustainability for the planet and the communities it serves through innovation and performance. (A recent example of the change in sustainable packaging has been the provision of durable protective masks in response to the COVID-19 pandemic, COMP A Group, together with a local partner, has replaced disposable masks with reusable face masks. Thus, the environmental impact of this type of waste has been considerably reduced).

COMP A Group has regulated hazardous substances and mixtures that regulate and determine the purchase, transport, handling, storage, use and management of hazardous substances and mixtures, in order to ensure environmental protection, employee safety and to control and minimize the risk of accidents in which involve hazardous substances and mixtures. In this regard, COMP A Group aligns and transmits throughout the supply chain alignment with the requirements in terms of quality, environment and health and safety at work on the products supplied, such as the content of elements and chemicals, product components and quantity and hazardous effects. of the elements and chemicals contained, the safety data sheets,



Achieving the set objectives is done by adhering to ISO 45001 and ISO 14001, as well as adopting the United Nations Practices and Objectives for Sustainable Development - <https://www.un.org/sustainabledevelopment/>

COMP A Group also aligns and requires all its Suppliers to comply with a number of principles and requirements in the field of quality, environment and health and safety at work by adhering to and implementing policies and regulations that address the following issues:

- REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - <https://echa.europa.eu/legislation>
- CLP 1272/2008 (Classification, Labeling and Packaging of substances and mixtures) - <https://echa.europa.eu/legislation>
- Conflict Minerals - <https://ec.europa.eu/trade/policy/in-focus/conflict-minerals-regulation/>

The handling and storage of dangerous substances is carried out in compliance with the mandatory measures governing the activity of purchase, transport, handling, storage, use and management of dangerous substances and mixtures within the Group. This ensures the protection of the environment,

the safety of employees and the control / minimization of the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemicals and preparations is done taking into account the compatibility between the substances. The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program. The companies within the Group have the support provided by the managers of COMP A SA. The persons who handle, use, store and transport dangerous substances / mixtures are trained and know the measures to be taken in case of emergency situations.

Annually, environmental management programs plan targets to reduce flue gas consumption from technological processes in order to reduce flue gas emissions (carbon emissions). The flue gases (CO, dust) from the technological processes and from the electrothermal power plant are annually measured, in emission, in the chimney, by an accredited laboratory.

MEASURES APPLIED TO PROTECT OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is an integral part of COMP A Group's mission to improve the quality of life. COMP A Group makes a sustained effort to achieve an organizational culture of occupational health and safety and performance in this field.

COMP A Group adopts progressive labor, health and safety, ethics and environmental policies that meet or exceed all applicable international human rights laws, norms and standards. Policy guided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the principles set out in the International Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

COMP A Group applies a Business Conduct Guide, which describes a progressive work policy towards employees, suppliers, partners and local communities. This policy includes ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay, individual confidentiality, reporting and anti-retail policies. The use of child labor, forced labor or trafficking in human beings in any form is not tolerated - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain. This policy of the COMP A Group is transmitted throughout the supply chain through the COMP A Supplier's Guide of Conduct.



COMP A Group complies with the laws regarding safety, individual security, prohibitions on trafficking human beings and child forced labor, together with the laws ensuring freedom of association and the rights to collective negotiations, and complies with the relevant regulations on minimum wage and overtime, as the case may be, and provide decent living conditions.

COMP A Group respects the right of employees to join or not to join a trade union of their choice and the right to collective negotiations, without any form of retaliation, intimidation or harassment. Adopts policies and practices that guarantee that employees can freely associate at work in accordance with applicable laws and regulations, ensure that employee representatives are elected freely, without interference from the management, and that they are recognized by the management in accordance with applicable law.

Freedom of association can be suggestively exemplified in the table below.

From the data presented, the percentage of staff associated to a trade union is of 51.47%.

The Group's management undertakes to adopt an impartial position towards trade unions and their representatives.



	Staff on 31 December 2023	No. employees affiliate to a union	Union members (%)
COMP A SA	1713	891	52.01%
COMP A IT SRL	10	0	0%
TRANSCAS SRL	44	11	25,00 %
RECASERV SRL	36	26	72,22%
TOTAL GROUP	1803	928	51,47%

During the meeting between the representatives of COMP A S.A. and the representatives of the Free Independent Trade Union of COMP A S.A. in September 2023, the parties empowered to negotiate the Collective Labor Agreement for the years 2022-2024 agreed on the following:

- The modification, as of October 2023, of the pay scale by including in the basic salary the gross amounts corresponding to the salary bonuses (seniority bonus, bonus for attracting labor force, bonus for systematic overtime work, bonus for foreign language, bonus for hard working conditions, bonus for dangerous working conditions, bonus for harmful working conditions);
- In regard to the seniority bonus, the parties agreed as follows:
 - For existing employees up until 01.10.2023, the seniority bonus will continue to apply in the future, hereinafter referred to as COMP A fidelity bonus, and the COMP A fidelity bonus will apply to new employees also;
 - For existing employees in COMP A on 01.10.2023, the gross amount corresponding to the percentage of the seniority tranche existing at the time of the change was added to the basic salary. Subsequent to the change, a 5% salary percentage increase is applied on the completion of the current seniority bands until the last seniority band in terms of time worked, i.e. 20 years;
 - The seniority band existing at the time of the change is still referred to as fidelity bonus in COMP A;
 - For employees hired after 01.10.2023, the new COMP A fidelity clauses apply;
 - In regard of the provisions of the bonuses, they are amended as follows:
 - (1) The allowances to be granted under the terms of this contract are:
 - (a) overtime pay for hours worked on scheduled working days: 75%;
 - b) bonus for overtime worked on days off: 85%;
 - c) bonus for overtime worked on public holidays when, according to the law and the Collective Labor Agreement, are days off: 100%;
 - d) bonus for hours worked at night: 25%.
 - e) bonus for working in another position in the company; a bonus of up to 50% of the basic salary of the position replaced will be granted, starting from the 3rd month of multiple jobholding;

An employee who performs the full duties of a position higher than the one in which he/she is employed for a period of more than 2 months will receive the salary of that position for the entire period worked under these conditions. During this period, the employee shall be relieved of the duties of the original position.

- Also, starting with November 2023, a salary indexation of 7% was applied; with the indexation of the salary scale, the benefits deriving from it (Christmas and Easter bonus, holiday bonus, travel allowance, etc.) were also indexed by the same percentage.

In 2023, all employees were granted meal vouchers, with the value of 30 lei/day, and starting with October 2023, the value of the meal voucher increased to 35 lei/day. Gift vouchers were also granted occasionally.

Between the company management and the employees there is an employment relationship within the limits of the Labor Code and the Collective Labor Agreement.

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

The Group integrates the principles of Social Responsibility through management based on the principles of leadership and a vigilant approach to the impact of the decisions made by the Company on societies, the environment, and economic factors.

PROCEDURE FOR RECEIVING AND RESOLVING COMPLAINTS

Within the Group, there is a system for resolving employee complaints that regulates how they can address the management of affiliated companies, with petitions made in their own name. The petitions concern social issues related to work. The system stipulates how these petitions are registered, distributed for settlement and the way of sending the answers to the petitioners.



COMBATING CORRUPTION AND BRIBERY

In COMPA Group there is implemented a procedure regarding the possibility of reporting by employees, customers, suppliers, shareholders, third parties, etc., the acts of corruption, acts of violation of laws and regulations, values, principles, and norms applicable in society.



The procedure regulates the way of receiving, examining, and resolving reports, the rights and obligations of the persons carrying out reports on law violations, as well as protection measures for these persons.

COMMUNITY INVOLVEMENT

To increase the impact on the local community, the COMPA Group works with protected unit type entities as well as ECOVADIS certified suppliers. An example in this direction is given by the print fleet of the COMPA Group, which includes over 90% EPSON equipment (platinum winner ECOVADIS 2020 - a verification tool for companies covering a wide range of non-financial management systems such as: environment, labor and human rights, ethics but also the impact of sustainable procurement). COMPA Group also works with suppliers in both the CSR Romania 2020 top and the CSR Europe top. (CSR - Corporate Social Responsibility).

COMPA Group is actively involved in the community to which it belongs, with a history of over 130 years, COMPA has been permanently present in the consciousness of the community of which it is part and which it constantly supports in various ways:

- Providing the technical and technological support necessary for professional and specialized training in pre-university and university education.
- Supporting sports competitions: cycling, car, cross country, etc.
- Contributions to the provision of resources for projects in the field of public health, culture, and cults.



1. COMPA SA**PREAMBLE**

Throughout its 130 years of existence, COMPA has consistently progressed technically and technologically, constantly investing in the quality of its products and services. Thus, COMPA is among the first companies with Romanian capital, present in the top 100 of Romanian exporters. The COMPA map covers over 20 countries on 3 continents, including: France, Germany, the United States, the Czech Republic, Slovakia, Belgium, the Netherlands, England, Italy, China and India.

The main product groups made in COMPA are: subassemblies and components for injection systems; windscreen wiper subassemblies and components; components and subassemblies for turbochargers; steering gear sprockets; steering column components; springs; stamped parts; forged parts; cardan transmissions; Metal fabrications; mechano-welded components; components for air conditioning installations; cabins and other high precision components for machine tools, components and injection system, a wide range of tools (cutting tools, sharpening cutting tools, punches and forging dies).

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

The top processes applied in COMPA projects, which widely integrate CNC equipment associated with defect detection procedures and statistical control methods, allow constant quality assurance.

The use of modern cutting technologies, the use of laser for cutting or control, metal or film coatings, robotic cells, dimensional control technique, associated with the "lean" operational concept, make COMPA a successful company with remarkable results in recent years.










The organizational structure adopted by COMPA is a mixed, functional - divisional (matrix) structure. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer requests. It is a structure based on a wide autonomy of multifunctional teams.

Strategic objectives of the company COMPA follow: increasing the company's profitability, increasing the value for the customer, achieving operational excellence, increasing staff performance, increasing environmental performance, occupational health and safety.

The global influence of all the internal factors of the society creates the "climate" of its work and manifestation, a climate in which the whole range of activities takes place.

This internal "climate" forms the level of satisfaction and existence to which all the staff of the organization is connected and within which the whole series of activities that participate in the realization of our products and processes takes place, strongly influencing the relational interface with external environmental factors.

STRATEGIC DIRECTIONS; PRODUCT DEVELOPMENT

-  with existing customers
-  with new customers
-  development of high value-added products
-  development of products for the manufacture of commercial vehicles
-  developing COMPA as an integrated supplier
-  growing business with prime component manufacturers (OEMs)
-  replacement of products intended for the manufacture of diesel engines
-  the development of the COMPA Development Research Center and the increase of investments in R&D activity
-  significant increase in non-auto activity

The business model as well as the adopted strategy have the role of maintaining the company at the current level of short-term performance and medium and long-term development, in close correlation with the evolution of the world economy.

Relevant information on the business model, including strategy and objectives will be presented in the next part of this statement detailing the activities that the company carries out in order to maintain a level of performance in line with the objectives assumed.

THE SWOT ANALYSIS

Weaknesses

- Excessive size and diversity (waste of resources, increased costs with general administration, reduced flexibility, diversity of positions and skills, cumbersome management of information flow);
- Manufacture of products with a small share in turnover;
- Loss of significant supplier position in the Romanian automotive industry;
- Limited know-how in product design activity;
- Execution according to customer projects (lack of products - COMPA brands).

Strong points

- Salary levels aligned with the market;
- High professional workforce, especially in support services;
- Good image in business;
- Listing on the Bucharest Stock Exchange;
- Integrated system, for quality - environment - occupational health and safety, certificate;
- High level of process integration;
- Own high-performance know-how for auxiliary processes: heat treatments, surface coatings, paints;
- Production facilities at the level of the world automotive industry;
- Medium and long term partnerships with reputable clients;
- Organizational structure with autonomous business units - profit centers;
- Involvement in the development of technical and vocational education (supporting dual education);
- Good command of modern manufacturing processes in the field of processing and assembly;
- Engaging the company's management in extensive development projects.
- Significant profit margins that ensure development.

Risks

- Gradual reduction of diesel vehicles
- Insufficient resources on the labor market;
- Accelerated growth in labor, materials and energy costs;
- Expensive loans;
- High dependence on a relatively small number of customers;

Opportunities

- Accelerated development of the Romanian business environment (based on foreign investments);
- Accessing EU funds;
- Increasing the turnover from related activities offered to the regional market (metal coatings, metrology, physico-chemical laboratory, professional training) and from the integration of processes (forging);
- Development of car manufacturing in Romania;
- Availability of current customers for the development of collaboration (increasing volumes of current products and requesting new references);
- Availability and resources for business development in other fields (real estate).

All of the above were data and have been taken into account in the activities of analysis, identification and treatment of risks and opportunities that may arise in the COMPA processes and in determining how we respond to and harmonize with this whole context in which we exist and carry out our activities.

INTEGRATED POLICY IN THE FIELD OF QUALITY, ENVIRONMENT AND HEALTH AND SAFETY AT WORK

- ☞ Quality, environmental protection, health and safety at work are among the values we care about, being integrated into the long-term development strategy of our organization and are some of the aspects that represent us.
- ☞ We are aware that the quality of products and services, care for the environment, continuous improvement of working conditions and prevention of occupational hazards as well as involvement in the life of the community to which we belong, in full compliance with the requirements of applicable law, are essential for our success
- ☞ In this sense, we are dedicated to the continuous understanding of the needs of all stakeholders so as to ensure the long-term sustainability of our activities, throughout the value chain: procurement → production and associated services → customers, government authorities and the local society / community.

PROCUREMENTS:

We take responsibility and are committed to ensuring sustainability for the entire life cycle of our products. We work closely with our suppliers to ensure the protection of the environment and the climate, the conservation and regeneration of the resources used, to respect human rights in our collaborative relationships and to ensure decent working conditions.

PRODUCTION AND ASSOCIATED SERVICES:

In the realization of our products and associated services, we are continuously committed to reducing energy consumption and the necessary resources, in this sense having implemented the most modern environmental management systems (ISO 14001). We are constantly concerned with improving the working conditions of our employees, being aware that they are our most important resource. For this, we strictly comply with the provisions of the latest standards in the field (ISO 45001). Promoting diversity and equal opportunities is another important aspect of our policies, considering that every human being can make a decisive contribution to the development and sustainability of the business, applying in this way

CLIENTS, GOVERNMENT AUTHORITIES, SOCIETY / LOCAL COMMUNITY:

One of our most important commitments is to guarantee our customers and government authorities products of the highest quality and with a high degree of safety of use, rigorously applying the highest standards in the field (ISO 9001 and IATF 16949).

We are an active member of society and the local community, being involved in a wide range of activities that support education, sports and environmental protection.

For the implementation of this integrated policy of quality, environment, health and occupational safety, we are guided by the following principles and values that we are firmly committed to:

Orientation towards thinking based on the identification, assessment and treatment of risks.

Customer orientation to demonstrate that its requirements and expectations are met.

Orientation towards our employees and partners by ensuring a friendly work environment and respecting an atmosphere of high professional ethics.

Orientation towards continuous improvement of effectiveness and efficiency integrated quality management system, environment, health and safety at work.

Orientation towards compliance with the legislation in force but also with the regulations and requirements of the interested parties which we assume and subscribe to.

Orientation towards society and the local community by voluntary involvement in providing the necessary support to increase living conditions.

Strategic directions in which we act to implement these policies throughout our value chain are the following: COMPA SA Sibiu has implemented an Environmental Management System according to the ISO 14001 standard. This system was first certified in 2003 and recertified in 2015 by the German certification body TÜV Rheinland. A new recertification of the system by the same certification body, TÜV Rheinland, was obtained in 2021. The activities regulated by this system are maintained and continuously improved, being systematically supervised by internal audit, but also by the certifying authority.

2.1. Environmental aspects

The company identifies and evaluates the environmental aspects determined by the technologies used, the products made and the services offered:

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

The main product groups made in COMPA are: injector subassemblies and components; windscreen wiper subassemblies and components; center housings, flanges and rollers for turbofans; steering gear sprockets; steering column components; arches; stamped, stamped parts; forged parts; cardan transmissions; mechanically welded metal fabrications; components for air conditioning installations; injection system components and valves, molds and tools.

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

Thus, the environmental aspects associated with these technologies, products and services take into account, as appropriate, air emissions, water discharges, soil contamination, waste management, resource consumption, noise, vibration, etc.

Environmental issues are assessed annually and whenever necessary, as a result of changes in execution technologies, the introduction of new raw materials / materials / equipment, changes in legal, regulatory and customer or other stakeholder requirements, specific conditions in points work, etc. Based on these analyzes, the ways of keeping under control the environmental aspects associated with the company's activities are updated.

The main environmental issues identified in 2023 refer to waste, accidental spillage of substances / mixtures, energy consumption and emissions into the atmosphere and noise, the rest of the environmental aspects being in a smaller share (Figure 1).

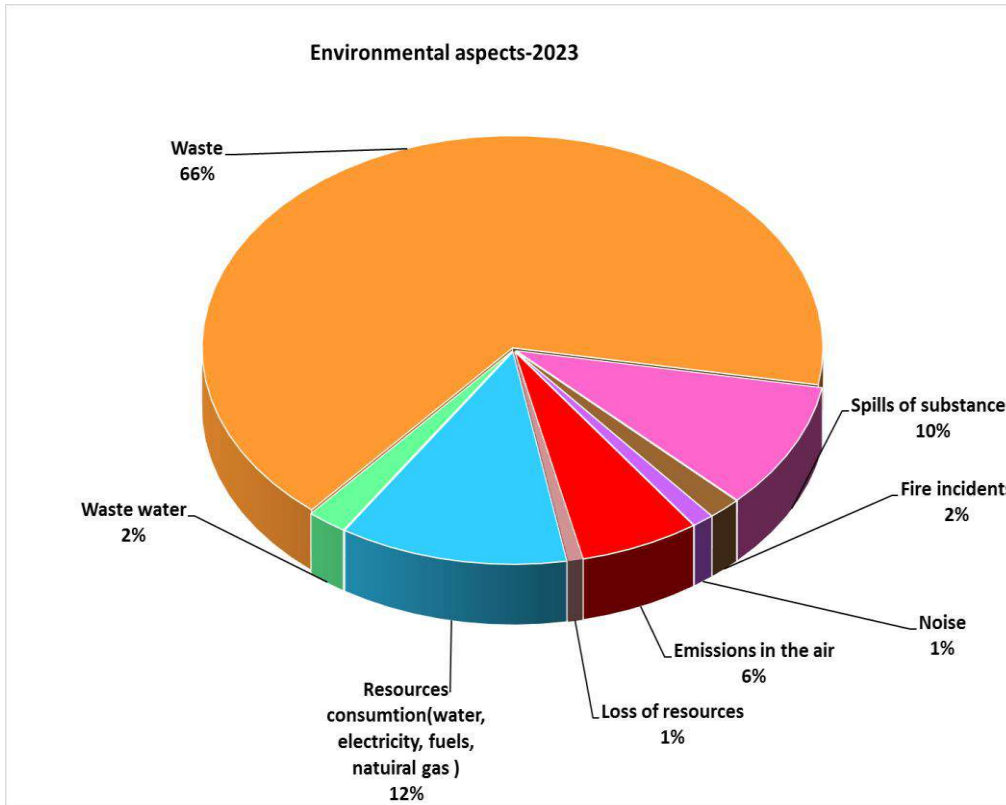


Figure No. 1

Of these, only 1 % were identified as significant in relation to legal requirements and internal risk analyzes. These are those aspects that have or may have a significant impact on the environment and are included as a priority in the risk analysis as the main sources of risk generation (Figure 2).

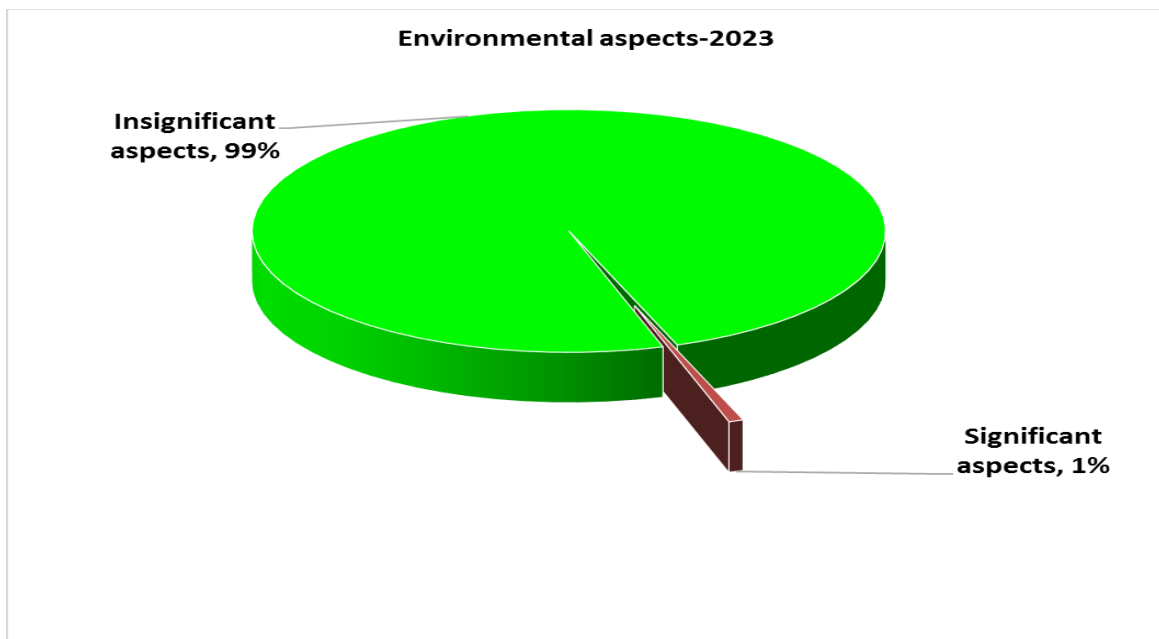


Figure No.2

2.2 Risks (negative / threats and positive / opportunities)

Following the environmental risk analysis (threats and opportunities), the main environmental risks identified at the level of 2023 are the following:

Non-compliance with compliance obligations related to waste management, namely:

- non-selectively collected waste
- waste delivered for recovery / disposal without compliant documents (approved transport annexes)
- risk of being left with waste on site (declared quantities no longer correspond to generated quantities)

Non-compliance with compliance obligations regarding wastewater management, namely:

- wastewater quality indicators discharged into the sewerage network above the maximum permitted limit

Non-compliance with compliance obligations on atmospheric emissions, namely:

- the risk of emitting quality indicators in the atmospheric air above the maximum allowed limit

Non-compliance with the requirements for the management of hazardous chemicals, namely:

- the existence of expired safety data sheets
 - unauthorized use of hazardous chemicals with special regime
 - **Recurrence of non-conformities identified in environmental inspections / operational inspections.**

Lack of competent staff to respond to environmental problems at the manufacturing level (frequent change of environmental managers in manufacturing)

Extension of emergency response times

For all these, the analysis of the potential causes was carried out, taking measures that would lead either to the decrease of the criticality of the negative impact, or to the increase of the degree of capitalization of the identified opportunities.

Negative risks / threats:

RISK	POTENTIAL CAUSES	ACTIONS
Potential non-compliance with legal obligations regarding waste management	Potentially low level of employees' knowledge of selective collection. Variety of waste types that could lead to failure to identify the expiration date on hazardous waste transport forms in a timely manner. New legal requirements potentially unidentified in time.	Awareness of staff through repeated training / Awareness of newly hired staff related to the importance of observing the method of selective collection Frequent verification of waste shipment approval forms. Verification of compliance obligations to identify new legal requirements more frequently.
Potential non-compliance with legal obligations regarding wastewater management	Potential damage to treatment plants. Potential improper handling of chemical means of transport. The potential lack of sufficiently aware staff.	Staff awareness through repeated training. Planning and performing simulations so that the intervention is performed in real time and with the necessary equipment, easily accessible.
Potential non-compliance with legal obligations regarding emissions into the atmosphere	Potential non-compliance with the change frequency of activated carbon filters. In the planned maintenance, potential inefficiency in identifying problems with the chimneys.	Timely replacement of filters. Performing preventive maintenance on the chimneys.
Potential non-compliance with the requirements for the management of hazardous chemicals	Potential non-compliance with the frequency of updating the documentation at the places of use. Potential ignorance of the regulatory requirements related to the chemical regime	Updating the documentation at the places of use Awareness of the regime of dangerous chemicals.
Potential recurrent non-conformities identified in environmental inspections / operational inspections / internal audits.	Ineffective potential in the analysis of actions by the team. Ineffective potential in rigorously establishing actions, potential ignorance of the correct way to identify root causes	Training staff on the correct way to analyze the root cause. Analysis of actions by the whole team.
Potential lack of competent personnel to respond to environmental issues at the manufacturing level	Potential frequent change of environmental managers / insufficiently trained staff from a professional point of view	Appointment of environmental officials with whom to be prepared to respond to environmental issues
Potential extension of the intervention period in case of emergencies	Potential lack of materials needed for the intervention	In internal audits, emphasis will be placed on monitoring the existence of intervention materials where necessary.

Positive risks / opportunities:

RISK	POTENTIAL CAUSES	ACTIONS
Existence of internal opportunities to design technologies to reduce air and soil pollution with metal powders and oil	Existence of specialized personnel within the maintenance department able to design technologies to reduce air and soil pollution with metal powders	Designing and implementing efficient capture and retention systems for powders and oil vapors.

2.3 Objectives and targets. Environmental management programs

Annually, at the level of each department, environmental objectives are set that take into account the significant environmental aspects, the compliance obligations and the identified risks and opportunities.

In setting environmental objectives and targets, the following are taken into account:

- the company's activities and services;
- compliance obligations;
- significant environmental issues;
- technological options;
- material, financial and human resources;
- the views of stakeholders

The main points of the Annual Environmental Management Program for 2023 are the following:

Objective	Actions
Reduction the amount of waste generated	<ul style="list-style-type: none"> - The reuse of plastic and steel waste from the manufacturing processes of SDVs; - The use of sheet metal waste resulting from laser cutting, for the execution of other milestones - Replacing the semi-finished product with a larger diameter with a semi-finished product with a smaller diameter for the manufacture of the NNC nozzle landmark; - Recovery of the processing oil from the retention trays and chip collection containers, from each machine, by using an absorption and filtration pump, adapted to each machine, in order to recover and reintroduce the processing oil into the machine; - Optimizing technological processes through improvement projects/proposals (e.g. Use of non-compliant parts due to appearance (pores), during the machine adjustment operation); - Semi-annual staff training on the importance of preventing the generation and minimizing the amount of waste; - Reduction of carbide waste resulting from technological processes. - Redevelopment of an area dedicated to selective collection

Reducing the consumption of raw materials and energy	<ul style="list-style-type: none"> - Reducing electricity consumption for lighting by replacing current bulbs with LED bulbs; - Stopping the electricity supply during meal breaks and during the preparation of the manufacturing shift; - The purchase and installation of two compressors and two high-performance transformers; - Reducing the consumption of abrasive paste, due to the elimination of the honing process in the soft phase (non-heat treated parts) of all parts
Reducing the amount of emissions in the atmosphere	<ul style="list-style-type: none"> - Reduction of oil vapor emissions by replacing the current capture systems with a power plant with an efficiency of 99.97%; - Decommissioning the dust removal room left after the relocation of the cold springs workshop
Hazardous Substance/Waste Storage Improvement	<ul style="list-style-type: none"> - Repair of the floor in the hazardous waste warehouse

2.4 Results of the Environmental Management Program

a. Results of water monitoring

The following categories of waters are monitored in COMPA:

Sewage in the sewer system;

Hydrocarbon separating effluent;

Groundwater from the observation well;

The table below lists the waters to be monitored, the number of indicators and the monitoring frequency

Water category	What is being monitored	Monitoring frequency
Wastewater in the sewer network	7 channels 15 indicators	Monthly with internal laboratory Quarterly with accredited laboratory
Hydrocarbon separating effluent	4 channels 3 indicators	Semester (2 samples / year) with accredited laboratory
Groundwater from the observation well	1 observation drilling 13 indicators	Semester (2 samples / year) with accredited laboratory The results of the chemical analyzes at the end of each semester, performed by an accredited laboratory, are sent to SGA Sibiu

The quality indicators of wastewater discharged into the sewerage network and the maximum allowed values are presented in the table below:

Water category	Parameter	Allowed values
Domestic and technological wastewater in the sewerage network	pH	6.5-8.5
	Total suspensions	350 mg / l
	CBO5	500 mg / l
	COD,	300 mg / l
	Extractable with organic solvents	30 mg / l
	Ammoniacal nitrogen	30.0 mg / l
	sulphides	1.0 mg / l
	Sulfates SO42-	600 mg / l
	Zinc Zn2 +	1.0 mg / l
	Total chromium Cr3 ++ Cr6 +	1.5 mg / l
	Hexavalent chromium Cr6 +	0.2 mg / l
	Total manganese	2.0 mg / l
	Copper With 2+	0.2 mg / l
	Nickel Ni2 +	1.0 mg / l
CN Cyanide	1.0 mg / l	

b. Results of monitoring emissions into the atmosphere

In 2023, a number of 41 chimneys for the emission into the atmosphere were monitored.

The pollutants monitored were:

- Volatile organic compounds (VOCs);
- Powders;
- Nitrogen oxides (NOx);
- Carbon monoxide (CO);
- Hydrochloric acid (HCl);
- Hydrofluoric acid (HF);
- Sulfuric acid (H2SO4);
- Phosphoric acid (H3PO4);
- Chlorine (Cl2);
- Trivalent chromium (Cr3 +)

No exceedances were found in the concentrations of pollutants emitted into the atmosphere.

c. Noise monitoring results

The main sources of noise are fans, cooling systems, machines plant transport, equipment, compressors, etc.

In general, noise sources are located inside halls or closed modules. Those that are exterior are provided with sound-absorbing panels so as to comply with the maximum continuous equivalent sound level (NAEC) allowed of 65 dB (A) at the limit of the company's functional space.

d. Results of monitoring substances and mixtures

In COMPA the management of hazardous substances and mixtures is regulated by the Environmental Procedure "Management of hazardous substances and mixtures in COMPA" which establishes the purchase, transport, handling, storage, use and management of hazardous substances and mixtures in COMPA SA, in order to ensure protection the environment, employee safety and the control and minimization of the risk of accidents involving hazardous substances and mixtures.

The purchase of hazardous substances / mixtures is done in accordance with the procedure "Market research, evaluation and selection of suppliers-Conclusion of the order / contract with suppliers". Before purchasing any substance or mixture, the supplier in the Order / Contract Safety Data Sheet (SDS) is required in accordance with REACH Regulation (EC) No 1907/2006 and Regulation 830/2015 amending Regulation No 1907/2006 (REACH).

On entry, it is checked whether the substances and mixtures are labeled in accordance with Regulation (EC) No 1272/2008 (CLP).

The company owns and updates annually the list of substances and mixtures used.

e. Results of waste monitoring

In COMPA, waste management is done according to a specific procedure that regulates the collection, storage, disposal, evidence, reporting and transport of waste generated in COMPA SA, to prevent environmental pollution.

This procedure applies to all manufactures and compartments in the company.

Each waste is identified and coded with a 6-digit code according to the activity from which it comes, in accordance with GD 856-2002 on waste management records. The company has a list of all identified waste.

Each waste generated is recorded in the Waste Management Record Sheet and is monitored monthly: quantity generated, quantity remaining in stock, quantity recovered and quantity disposed of.

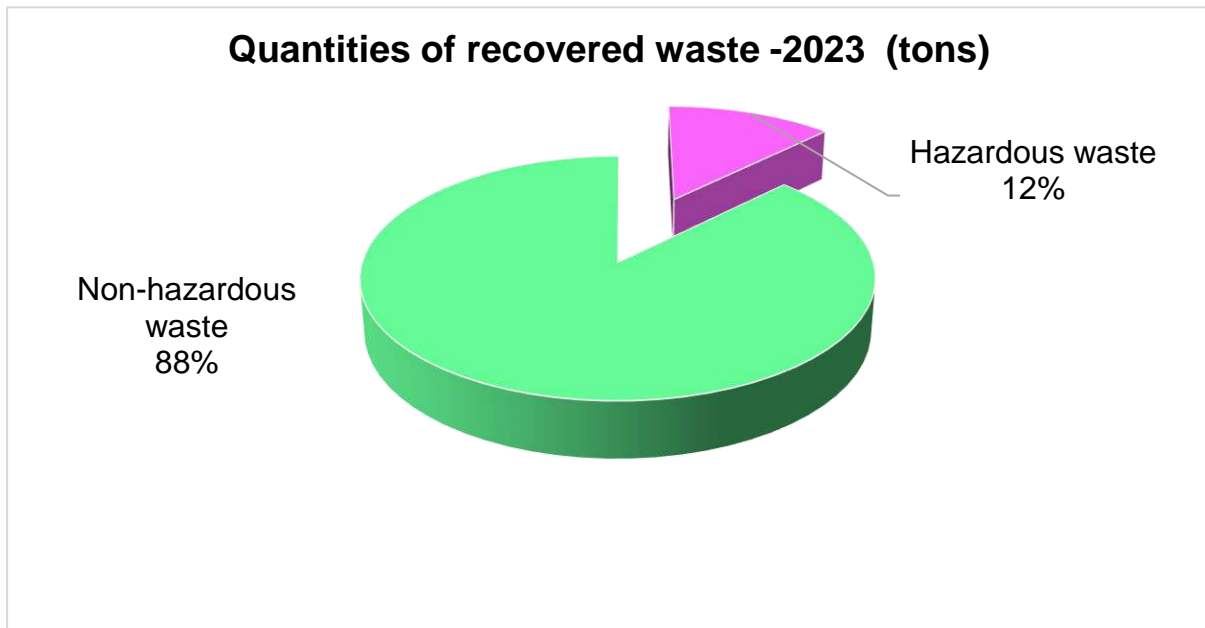
The waste identified in our company is non-hazardous waste and hazardous waste. Each waste is treated according to the waste management procedure.

In 2023, a number of 84 wastes were monitored.

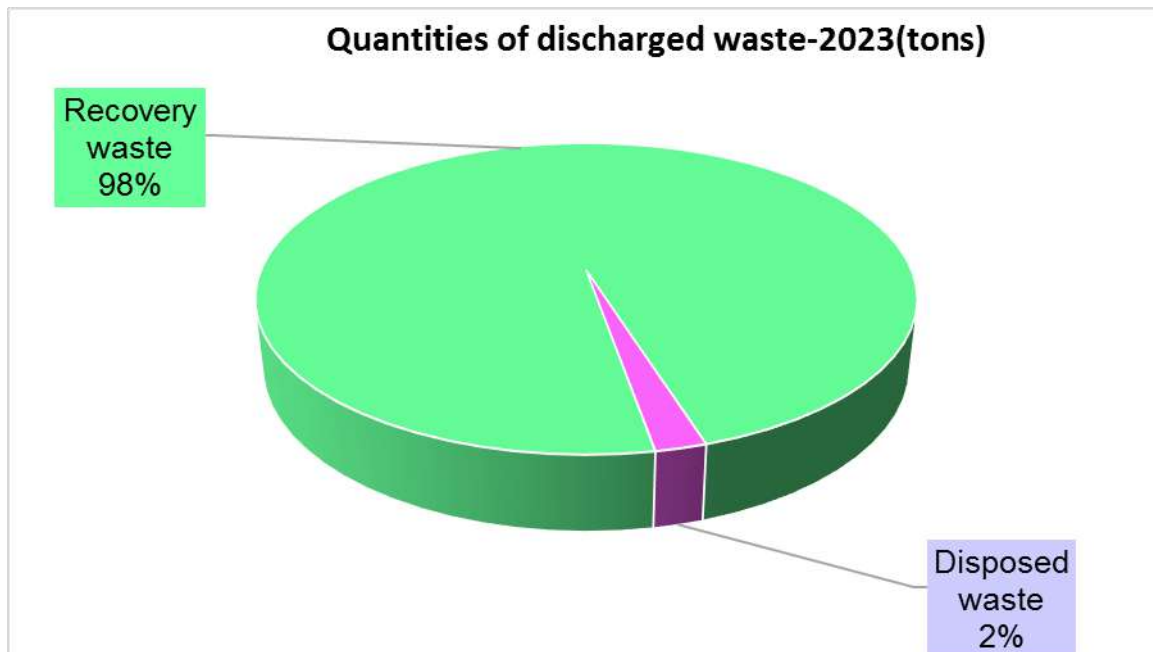
Of the total quantities of waste generated, 54 % is hazardous waste:



Of the total quantities of waste recovered, 12% is represented by hazardous waste and 88% by non-hazardous waste, in the same proportions as the waste generated.



Of the total quantities of generated waste, 99.6% is recovered and only a very small percentage of 0.4% is eliminated by controlled storage at authorized economic agents.



f. Results of global environmental performance

At the company level, an overall environmental performance indicator has been established that is calculated based on environmental management performance (provides information on management efforts to influence the environmental performance of the organization) and environmental operational performance (which provides information on results environmental performance of the organization’s activities).

The Global Environmental Performance Indicator (GEPI) is calculated annually as follows:

GEPI = 50% EMPI + 50% EOPI, where:

Where: EMPI = Environmental Management Performance Indicator. Provides information on management efforts to influence the environmental performance of the organization;

EOPI = Environmental Operational Performance Indicator. Provides information on the operational results of the environmental performance of the organization's activities.

The Environmental Management Performance Indicator (EMPI) is calculated as follows:

$EMPI = 35\% NA + 35\% CL + 30\% LAEO$, where

NA - aptitude level of the environmental management system resulting from the environmental audit = arithmetic mean of the aptitude levels obtained at the internal audit according to ISO 14001.

In 2023: NA =88 %

CL - level of compliance with the applicable compliance obligations = arithmetic mean of the compliance levels with the compliance obligations of the manufactures / directions.

In 2023: CL= 100%

LAEO - level of achievement of environmental objectives and targets in environmental management programs = number of objectives met / total number of objectives x 100.

For 2023 LAEO was 90.32 %

EMPI was un 2023=92.9%

The Environmental Operational Performance Indicator (EOPI) is calculated as follows

$EOPI = 33.3\% IPA + 33.3\% DCM + 33.3\% DC$, where

IPA - degree of compliance with the maximum permitted level of pollutants in water = no. pollutants emitted in water that comply with CMA / no. total pollutants emitted into the water) x 100.

IPA was in 2023= 94.44%

DCM - degree of compliance with the maximum level of pollutants in the atmosphere = no. of air pollutants complying with VLE / no. total pollutants emitted into the air x 100.

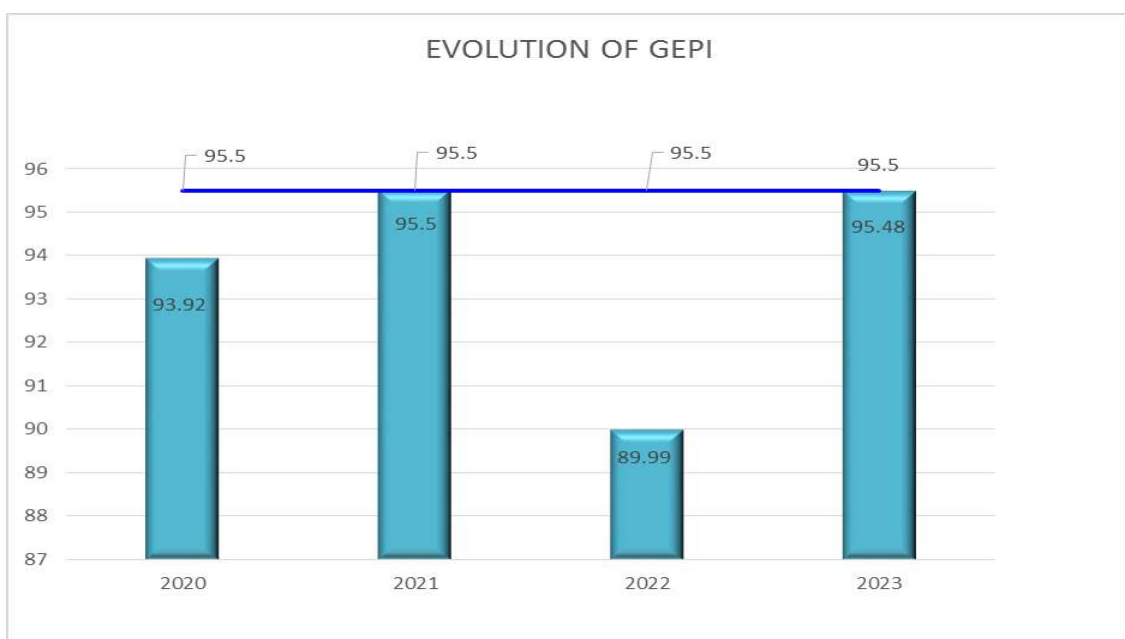
DC - degree of collection, recovery / selective disposal of waste = no. selectively collected waste (recovered / disposed of) / no. total waste generated x 100.

DC=100%

In 2023: EOPI = 98.05 %

In 2023 GEPI = 95.48 %

The evolution of GEPI in the last 4 years is presented in the graph below:



2.5 Environmental projects. Improvement

The main improvement project was to reduce the quantities of oils used as coolant by filtering the oils from the cooling tanks of the machines using the filtration system.

2.6 Internal audit of the environmental management system

Internal environmental audit

COMP A has implemented an environmental management system in accordance with the requirements of the international standard ISO 14001 from 2015.

The internal environmental audit is performed by the internal auditors of the "Systems Audit" department, every six months, to determine whether the requirements of the standard are implemented and maintained effectively and efficiently and to communicate to the top management the results of internal audits in analysis meetings.

The scheduling of the internal audit is done on the audit program prepared at the beginning of the year, and the manufacturing departments are announced through an audit plan on the elements to be audited. The actual conduct of the internal audit is carried out in accordance with the "Internal Audit" system procedure.

The results of the audits, the level of suitability, and the non-conformities identified / proposals for improvement are recorded on the audit report, which is sent to the auditee in order to establish the necessary measures.

The average level of aptitude of the environmental management system in relation to the requirements of the ISO 14001: 2015 standard was in 2023 of 88%

External environmental audit

The environmental management system implemented according to the ISO 14001: 2015 standard is certified and supervised by the TUV Rheinland certification body.

The external supervision audit of the environmental management system takes place annually and once every 3 years the recertification audit takes place.

In 2023, the surveillance audit for the environmental management system according to ISO 14001/2015 will follow.

Over the years, during the external audit of the environmental management system, no non-conformities were found, only proposals for improvement were identified.

THE IMPACT ON THE ENVIRONMENT GENERATED BY THE ENERGY CONSUMPTIONS IN THE COMPA
Measures to reduce energy consumption achieved and forecast to be achieved in the next years.

Through the production structure, COMPA Sibiu is an important consumer of energy.

Thus, at the level of the COMPA platform, the following energy resources were consumed in 2023:

Electricity = 43,924,294 Kwh, equivalent to 3,776.80 toe (tons of oil equivalent)

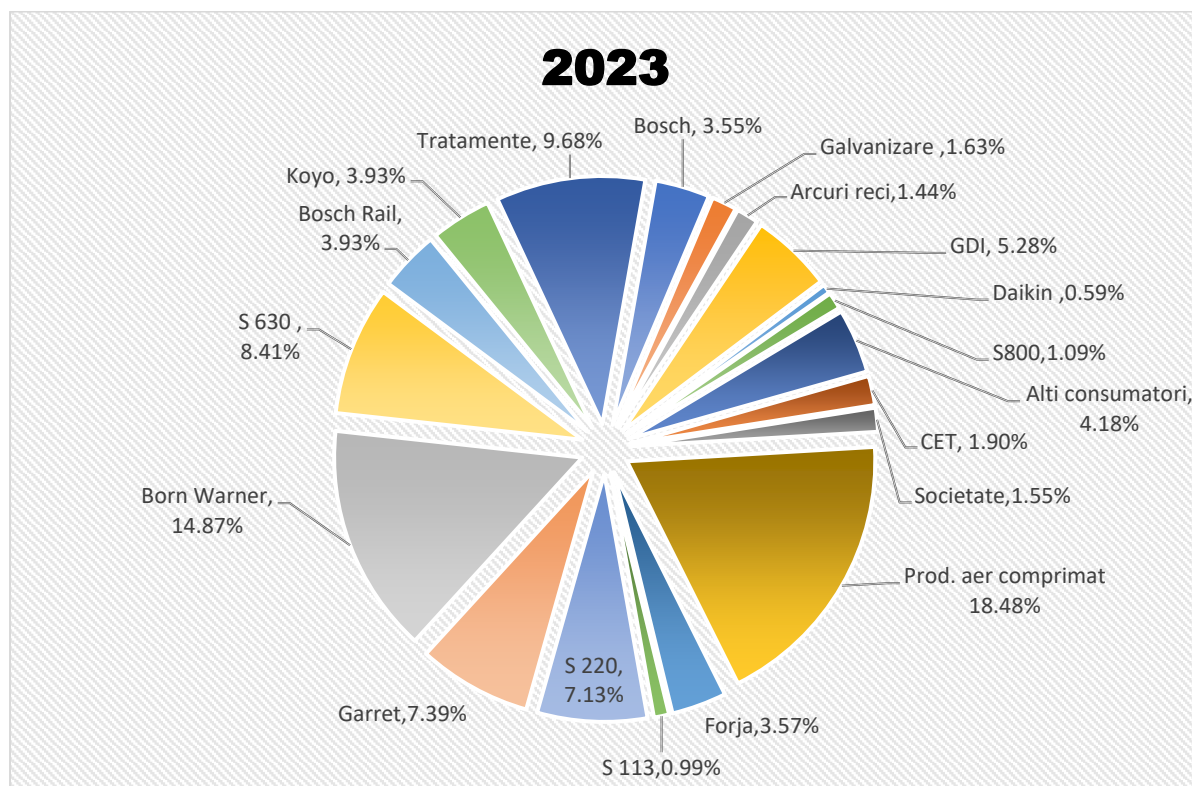
Natural gas = 3,852,634 m3, equivalent to 3,634.99 toe of which:

- Technological processes COMPA platform =508,819 m3, the equivalent of 480.07 toe
- Combined production of electricity and heat = 3,254,026 mc, equivalent to 3,070,20 toe
- Thermal energy 10,405 Gcal the equivalent of 1040,5 toe
- Compressed air 55,060 thousand cubic meters (produced in COMPA, the electricity consumption related to the production of compressed air is included in the total electricity consumption of the company)
- Water 75,592 mc

The consumption of these energy resources was released into the atmosphere in 2023:

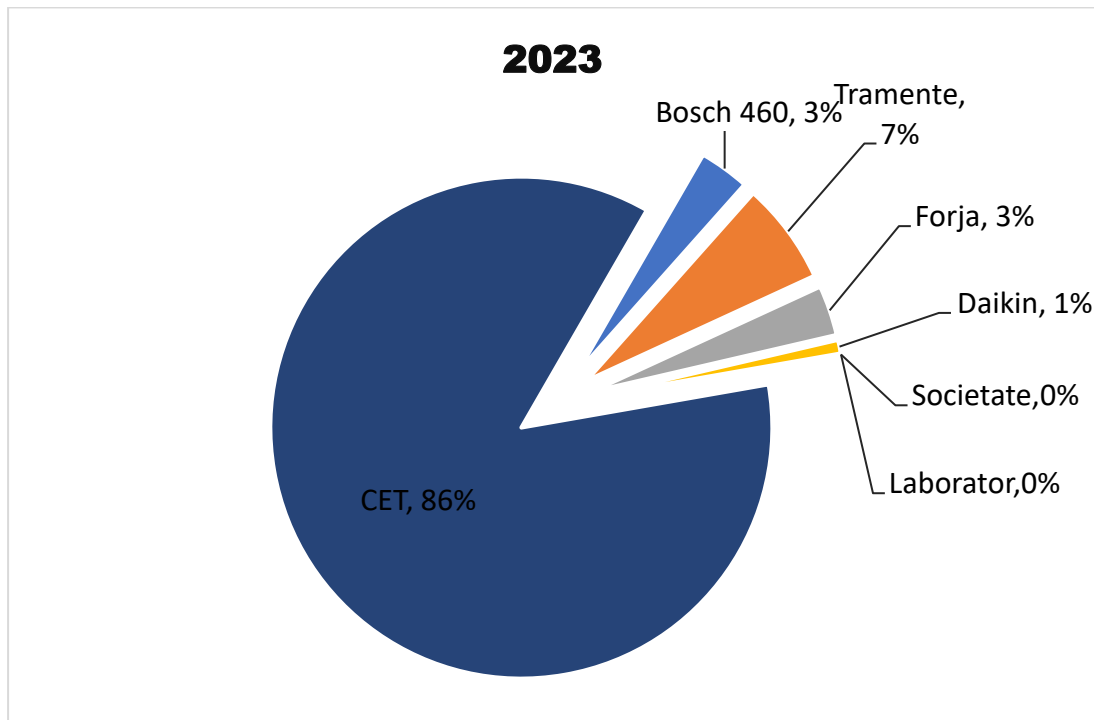
Electricity - In the electricity consumption achieved in 2023, 725 tons of CO₂ should have been released into the atmosphere, but all the electricity consumed was from hydro sources, it was practically green energy without CO₂ emissions. In addition, by putting the photovoltaic plant into operation in COMPA SA, a quantity of 1020 MWh was produced in 2023, which led to a reduction of CO₂ emissions by 225.10 tons.

Electricity

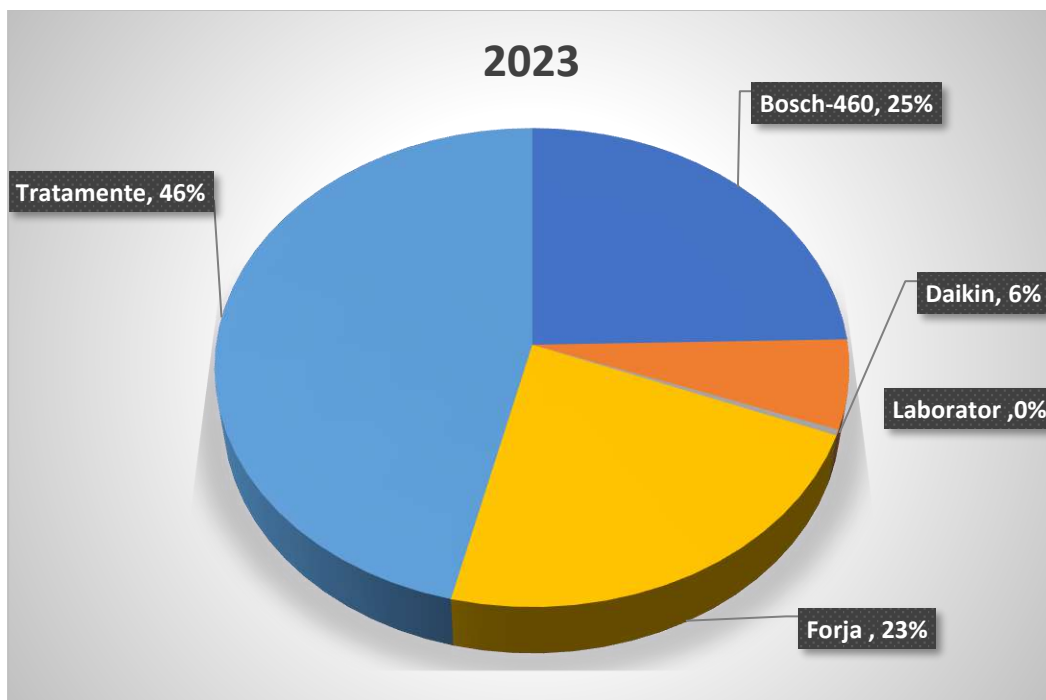


Natural gas for technological consumption and heat production

The structure of total natural gas consumption in COMPA in 2023 is as follows:



Regarding the consumption of natural gas for technological purposes, the structure of consumption in 2023 looks like this:



Aware that the reduction of energy consumption leads to a decrease in emissions into the atmosphere, COMPA Sibiu has established clear indicators of energy performance as well as a coherent policy of permanent implementation of measures to improve technologies (with reduced energy consumption and modernization of energy equipment).

I Energy performance indicators

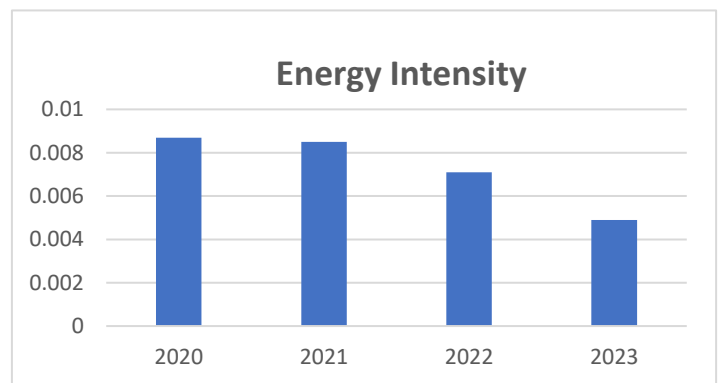
Good management of energy resources also involves establishing specific energy performance indicators with precise targets and clear responsibilities for departments and individuals.

The established indicators are the following:

The energy intensity of the manufacturing processes at COMPA Sibiu, an intensity that is determined by relating the energy consumption recorded by COMPA Sibiu to the value of goods production.

Corresponding to the recorded production and energy consumption, the situation of this indicator is as follows:

- Energy intensity year 2020 ----- 0.0087 tons of oil equivalent / thousand lei prod. goods (preliminary)
- Energy intensity year 2021 ----- 0.0081 tons of oil equivalent / thousand lei prod. goods (preliminary)
- Energy intensity year 2022 ----- 0.0071 tons of oil equivalent / thousand lei prod. goods
- Energy intensity year 2023 ----- 0.0049 tons of oil equivalent / thousand lei prod. goods



Note: In 2023, there was a decrease in energy intensity by 69% compared to 2022.

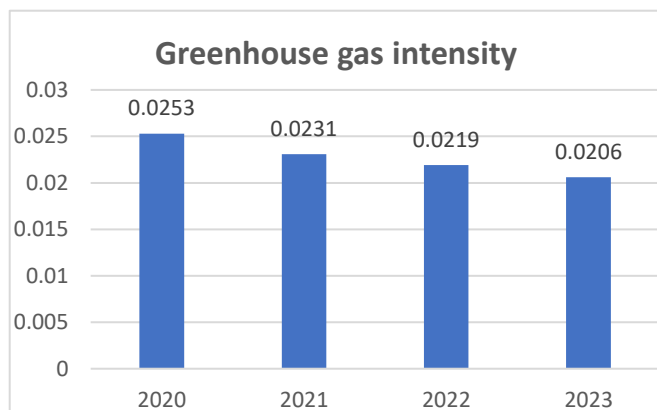
This decrease is justified by:

- assimilation of the new products
- the energy was used more efficiently.

The intensity of greenhouse gases- intensity which is determined by the ratio of CO₂ emissions to the value of production.

Corresponding to the recorded production, the situation of this indicator is as follows:

- intensity of greenhouse gases year 2020 --- 0.0253 tons of CO₂ / thousand lei of goods
- greenhouse gas intensity year 2021 ---- 0.0231 tons CO₂ / thousand lei prod. cargo (preliminary)
- greenhouse gas intensity year 2022 ---- 0.0219 tons CO₂ / thousand lei prod. cargo
- greenhouse gas intensity year 2023 ---- 0.0206 tons CO₂ / thousand lei product goods



In the case of this indicator, too, there is a decrease in the intensity of greenhouse gases (relative to commodity production) compared to previous years, partially, due to the acquisition of energy from regenerable sources.

Specific electricity consumption, consumption which is determined by relating the consumption of electricity to the production of goods.

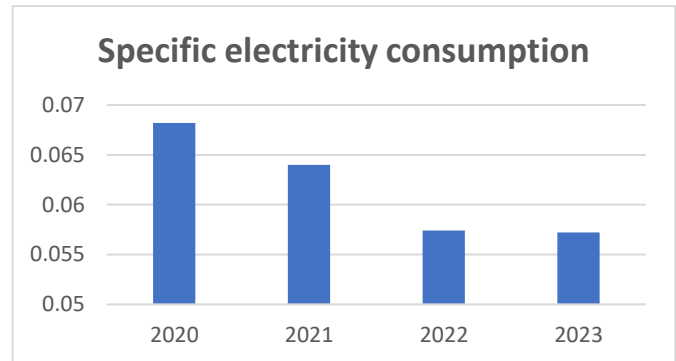
The situation by years is as follows:

Specific consumption year 2020 --- 0.0682 MWh / thousand lei of goods production

Specific consumption year 2021 ---- 0.0640 MWh / one thousand lei production of goods

Specific consumption year 2022 ---- 0.0574 MWh / one thousand lei production of goods

Specific consumption in 2023 ---- 0.0572 MWh / thousand lei of goods production



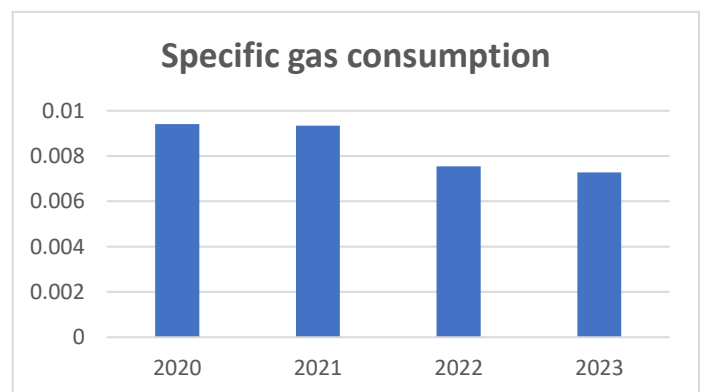
Specific gas consumption for technology, consumption which is determined by relating the consumption of natural gas to the production of goods. The situation by years is as follows:

Specific consumption year 2020 --- 0.00940 MWh / one thousand lei production of goods

Specific consumption year 2021 --- 0.00934 MWh / one thousand lei production of goods

Specific consumption year 2022 --- 0.00755 MWh / one thousand lei production of goods

Specific consumption year 2023 --- 0.00727 MWh / one thousand lei production of goods



II Measures to reduce energy consumption taken so far:

Realization of cogeneration installation

The combined production of electricity and heat is a concept that allows to obtain these energy resources at a high overall efficiency.

Considering the low efficiency of the boilers in the thermal power plant (put into operation in 1970) COMPA Sibiu installed on the site of the thermal power plant a cogeneration installation with an installed capacity of 3 x 1.01 Mw electric and 3 x 1.343 Mw thermal.

This cogeneration plant was qualified by ANRE as a high efficiency plant, benefiting from the bonuses related to this production.

In 2023, 8672 Mwh of electricity and 7692 Mwh of heat were produced in this plant.

The production of electricity in cogeneration in the condition of the volatility of the electricity prices on the market allowed in 2023 in COMPA Sibiu to balance the costs with the acquisition of electricity from SEN, thus leading to the reduction of the manufacturing costs.

Improving the energy efficiency of manufacturing processes at COMPA Sibiu

In 2013-2014 COMPA Sibiu through the POSCCE project Priority Axis 4 "Increasing energy efficiency and security of supply, in the context of combating climate change", the field of intervention "Efficient and sustainable energy", carried out the project "Improving energy efficiency manufacturing processes at COMPA Sibiu".

This project allowed the implementation of extensive measures to improve the energy infrastructure of COMPA Sibiu, so the following measures were implemented:

Central heating modernization. Through this project:

- 2 hot water boilers with a capacity of 2 x 3.5 MW were installed
- 2 steam boilers with a capacity of 2 x 2.5 t / h were installed
- a high-performance heat pump system was installed

Rehabilitation of electricity transmission and distribution system. Through this project:

- 86 medium voltage cells were rehabilitated
- 4 transformers of 20 / 0.4 Kv of 1600 Kva were replaced (high consumption areas)
- the internal electricity distribution system in the main areas of the Company was rehabilitated

Rehabilitation of compressed air production system. Through this project:

- a 160 kW variable speed compressor was installed
- a 132 kW fixed speed compressor was installed
- a compressed air monitoring and control system was installed
- a compressed air dryer / refrigerator was installed

Rehabilitations of water pumping system. Through this project, high-performance water pumping systems were installed in the company's hydrophore stations.

Implementation of energy management system. An important step in the digitization of energy networks is the installation of smart metering systems. Through this project, the monitoring of energy resources on the profit centers in the company (electricity, methane gas, thermal energy, compressed air) was performed. Thus, all consumption is recorded locally and is taken over in the company's intranet network, allowing: real-time management of energy consumption, preparation of hourly reports, daily monthly and taking measures to reduce unjustified energy consumption in real time.

Realization of saving system on the lighting installations in the production workshops

Realization of microclimate installation and technological water cooling Bosch workshop.

The implementation of this project allowed, according to the audit carried out by an ANRE authorized company, the obtaining of annual savings of:

Electricity 2108.84 Mwh - corresponding to CO₂ emissions of 558.19 tons / year

Natural gas 9215.86 Mwh - corresponding to emissions of 1809.89 tons / year

TOTAL EMISSIONS REDUCTION 2368.08 tons of CO₂

According to the energy balance, it is observed that electricity consumption was reduced by 5.8%, and natural gas by 23%.

The significant reduction in natural gas is justified by the reduction of natural gas consumption in the thermal power plant, so the old thermal power plant of the company was designed and executed as a zone thermal power plant with very large installed capacities:

- 2 hot water boilers CAF 5 of 2 x 50 Gcal / h
- 1 hot water boiler CAF 6 of 25 Gcal / h
- 3 steam boilers CR 9 of 3 X10 tons of steam / h

With the abandonment of the companies connected to this thermal power plant to purchase more thermal energy from COMPA (including residential neighborhoods), the provision of the thermal energy from old sources (put into operation in 1970) has become completely inefficient due to outdated technology and boiler charging. Well below rated capacity. The company's application to the POSCCE project Priority Axis 4" Increasing energy efficiency and security of supply, in the context of combating climate change" allowed the modernization of the thermal power plant with the purchase of new, high-performance boilers sized according to the company's thermal energy needs. Taking into account the energy efficiency of the local production of photovoltaic electricity and the opportunity to access non-refundable funds for the installation of such installations, COMPA Sibiu in 2023 realized through the Innovation Norway Program a photovoltaic power plant with an installed power in direct current of 1.126Mwp, respectively an installed power in alternating current

of 0.96Mw,the plant will produce a quantity of 1202.46Mwh/year, a fact that will lead to the reduction of electricity purchase costs and to the reduction of emissions of CO₂ with 318.28 tons/year.

III Projects generating energy savings with an impact on the reduction of CO2 emissions, preliminary to be carried out starting with 2023

For the year 2023, the following actions aimed at reducing energy consumption have been started:

- replacement of 2 screw compressors put into operation in 1997
- replacement of 2 power transformers of 20/0.4kW with an installed power of 2000KWA and 1000KWA

The following projects are also under evaluation and finding the possibility of financing with non-reimbursable European funds:

- the transformation of the COMPA cogeneration facility into a trigeneration facility
- modernization of the energy management system.

IV. Risks related to the provision of energy resources on the COMPA industrial platform

a) Electricity

By Romania's accession to the European Union, the entire energy system was put in front of the transition to free market conditions with the need to comply with the new environmental requirements / conditions.

Under these new conditions, many of the old energy capacities have been reduced or closed. This fact has led to a decrease in production capacity, and according to Transelectrica studies in the next period if no new investments are made in the construction of new power plants (energy capacity) there will be a deficit of power (energy) in the system. This power deficit is observed especially in the periods when the energy demand is high in the national energy system, and part of the electricity is taken from the outside (Romania is interconnected with the countries of the European Community).

The war in Ukraine also has a negative influence on the electricity market. This war led to a substantial increase in electricity prices. In order to reduce the impact of the increase in energy prices on the country's economy, the Romanian Government adopted the decision to capping until March 31,2025 of the price of electricity. Even if the price of electricity will be capped, compared to similar periods last year, the price of electricity invoiced by COMPA has increased by 37%,which will lead to an impact negative of manufacturing costs.

b) Natural gas

As in the case of electricity, through Romania's accession to the European Community, the liberalization of the natural gas market and the interconnection of the national natural gas transmission system with the transmission networks in neighboring countries.

Similar to electricity, due to the substantial increase in the trading price of natural gas on the European market, the Government took measures to cap the trading price of methane gas until March 31,2025.In the case of methane gas, this capping had a positive impact on production costs, the price of methane gas billed to companies being reduced by about 200% compared to the market price.

CYBER SECURITY

Cyber security is an area of great importance in today's digital age, as cyber threats are increasingly advanced and sophisticated. From cyber-attacks, phishing and cyber-crime to cyber-espionage and the spread of malware, cyber-security is a major concern for any organization, regardless of its size and nature.

COMP A SA recognized the importance of cyber security and aligned itself with global trends by using modern protection solutions.

Considering the increased level of digital exposure imposed by today's way of working, we had to increase the level of cyber security and the level of information of the company's employees.

To meet these requirements, we have implemented the solution from FortiNET that allows better firewall security as well as real-time access to databases with virus signatures and real-time protection by monitoring Internet traffic. The FortiMail module is also implemented within the solution, which allows the prevention and detection of email-based attacks including spam, phishing, malware, impersonation.

Although the risk of cyber-attacks is increasing, there have been no incidents that have impacted us. To keep risk as low as possible, we keep in touch with application and equipment providers to always have up-to-date solutions with security packages. Considering the need to increase the level of transparency and trust between COMP A S.A. and its partners, TISAX (AL2) was implemented within COMP A S.A., a certified aspect in the audit of November 23, 2022. TISAX is a cyber security standard developed by the industry German car that is recognized globally. This certification demonstrates COMP A SA's commitment to cyber security and compliance with international standards in this matter.

To diversify the strategies of the HR department, we have integrated the Success Factors solution within the company, which will enable finding, training, and managing the workforce, and also feedback with operational data about how people feel, thus creating exceptional experiences for employees. Also, as part of the strategy expansion, we implemented the SAP HCM solution that will allow time management and attendance tracking, standardized payroll processes and organizational management.

With the implementation in COMP A S.A. of the SAP solution (Software solution) we opened the way to new digitization solutions that allow integration with COMP A S.A. customers and suppliers. for better and more efficient collaboration. The automation of logistics, financial, production, human resources processes bring with it greater job satisfaction as well as a greater ability to create better products.

We also started the implementation of the process automation solution from Webcon that allows the automation of the registration of invoices from suppliers through OCR processes.

We are also considering expanding the EDI platform that will create faster and more efficient communication with our partners.



During 2023, COMP A did not have any incidents of cyber-attack or data leakage, nor did it receive any complaints regarding the violation of personal data management rules. Also, no fines, sanctions or warnings were applied as a result of the violation of the regulations in force.

Also implemented is Lansweeper, which is an IT management solution that provides automatic network inventory, monitoring, asset management and more. This solution can help identify vulnerabilities and ensure network security.

In conclusion, COMP A has aligned itself with global trends in cyber security by using modern protection solutions. This approach highlights the company's commitment and concern for cybersecurity, which can help keep the organization's information and assets, as well as those of its customers, safe.

MANAGEMENT AND HUMAN RESOURCES ACTIVITY

1. BUSINESS MODEL

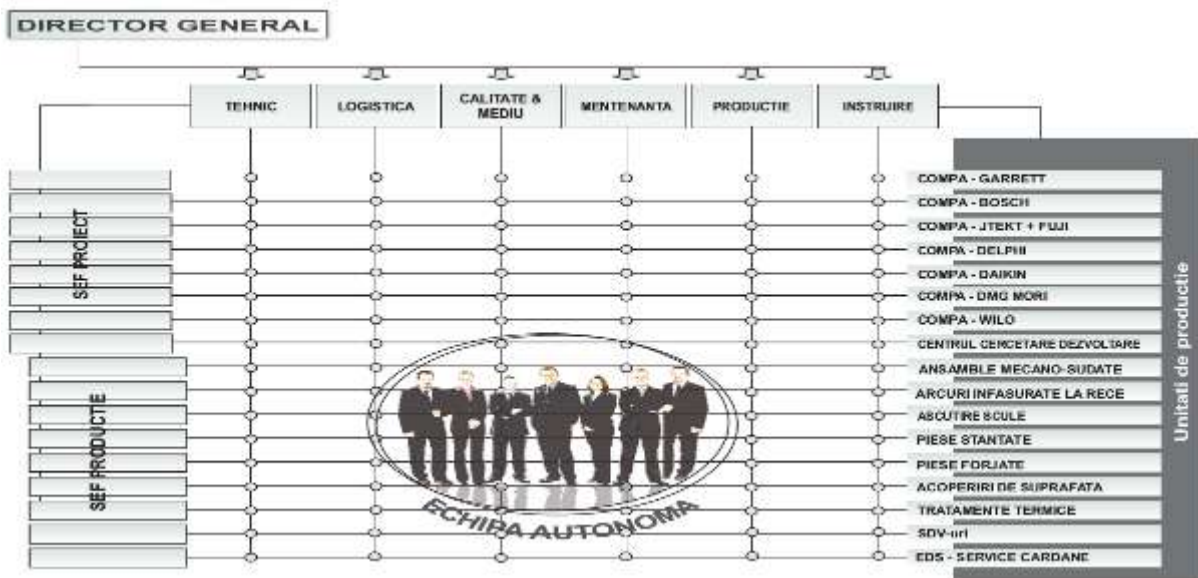
a) The organizational structure

The main elements that configure the organizational structure of COMP A are:

- ☞ defining and implementing the purpose and function of each compartment and workstation, as organizational subdivisions in a form as simple, flexible and easy to understand, endowed with clear objectives, broken down at the level of each relevant structural component and achieved through a synchronization of the three factors that form the golden triangle of a robust organization: the formal authority given by competence - task - responsibility;
- ☞ establishing and implementing in a documented way the way of communication between the compartments and the functions of the organizational structure as well as the collaboration relations between them.
- ☞ establishing and implementing the processes, technologies, and techniques used by the organization to transform internal organizational resources into products or services.
- ☞ defining and implementing management systems focused on quality, environment, health and safety of employees and continuous improvement of COMP A processes.

The organizational structure adopted by the company COMP A SA is a matrix structure, of mixed functional-divisional type. This type of organization chart provides a decentralized authority that strengthens a flexible organization that is able to respond quickly to manufacturing changes and customer demands. It is a structure that is based on a wide autonomy of the multifunctional team.

On the other hand, this dual, functional and divisional system must promote a focus on operational performance.



The matrix structure presents vertically the flow of functional responsibility (logistics, technique, maintenance, quality) and horizontally the flow of operational responsibilities (manufacturing).

The role of the staff assigned to represent the functions is primarily that of being a member of a multifunctional team, under the leadership of the head of manufacturing, responding directly through performance indicators to the specific activities they coordinate.

The multifunctional team consisting of the staff assigned to the support functions is subordinated to the head of manufacturing in terms of daily tasks, and from a methodical point of view is subordinated to the director of the department / department to which it belongs.

The head of the function has administrative authority over the staff. He is the owner of all the processes specific to the function he leads. With regards to decentralized staff, it makes decisions of a technical, methodological nature, involving them in the development and improvement of processes.

The organizational structure requires not only control and monitoring by the head of manufacturing but also by directors and heads of departments, aimed in particular at identifying drifts from performance indicators, meeting the deadlines set for development stages and improvement projects, major non-compliances and environmental incidents, events that may affect the customer.

The head of manufacturing has full authority over the multifunctional team regarding the current tasks and is responsible for its performance following the achievement of the indicators specific to each function. He is consulted by the team heads on significant costs assigned to the cost center.

b) Processes and their interaction

In the systematization of the organizational structure, in our company was used the so-called "process-based approach" which takes into account the process as a succession of activities that transform certain input data (usually requirements) into output data (usually a product or service), using various categories of resources (as standard, machinery / equipment, processing methods, materials and human resources). The performance of these processes is measured using performance indicators. The interaction between the various processes of the organization is based on the principle that some output data from certain processes are input data into other processes.

Based on this principle, the following categories of processes have been defined:

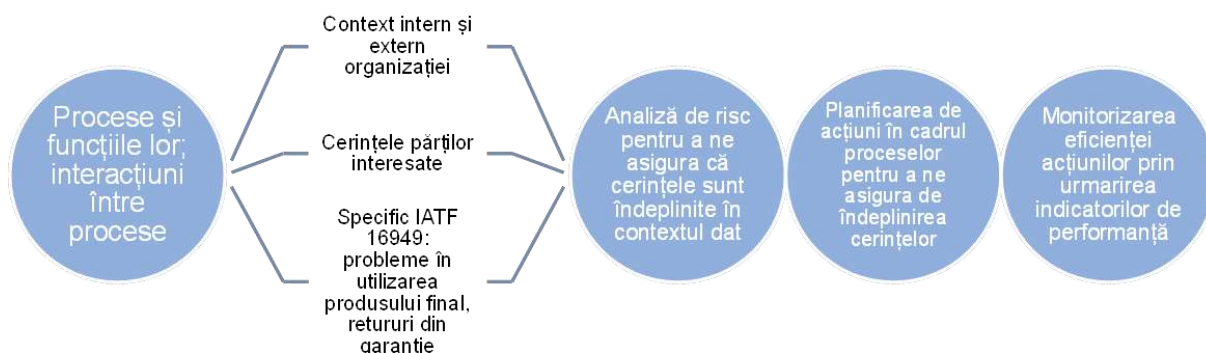
- management processes that refer to the activities of: coordination, analysis and decision, ensuring the necessary resources to carry out activities and improving activities and processes;
- the basic processes corresponding to the realization of the products (sale of products, supply, logistics of products, manufacture of products, design and development of products and processes);
- support processes (monitoring and control of compliant / non-compliant product, maintenance of equipment and machinery, internal audit);
- the interaction between processes and how to evaluate their performance.

The structuring of the processes and the interactions between them in a management system was done starting from the following principles:

Risk identification and treatment.

Carrying out activities according to the PDCA principle

Therefore, our management systems addressed in COMPA are structured as follows:



In this iterative cycle of activities (according to PDCA) the emphasis is on continuous improvement, namely on the permanent identification of problems / potential problems and then on the implementation of the necessary corrections (immediate and provisional solution of problems) and subsequently on corrective actions (permanent solution problems, eliminating the possibility of their recurrence) and preventive actions (performing a risk analysis on the problems that have occurred in order to prevent the occurrence of these

problems in other similar situations or other similar processes). The efficiency of the actions taken is constantly monitored, following, as a performance indicator, the recurrence of problems.

c) Staff, values and beliefs

Within COMPA, it is considered that the human factor is ultimately responsible for all the achievements of society, so it is particularly important to know and properly lead its values and beliefs, leading to the formation and development of a true cultures of our organization.

The following aspects are important and constitute development landmarks:

- Contribution to achieving the goals of the organization through people;
- Creating an optimal organizational structure;
- Ensuring competent human resources through recruitment and selection;
- Adaptation of human resources to requirements - development and training;
- Creating and strengthening motivation (material and non-material reward), performance management;
- Creating and maintaining fair relationships between employer and employees.

d) Management methods and techniques

COMPA usually uses modern management methods, such as:

- change and innovation management, to cope with competitiveness with a highly dynamic external environment, by implementing programs to improve the organization's processes and activities;
- goal-based management applied at all levels, to mobilize the intellectual and practical potential, in order to achieve the performance of the organization;
- strategic management, in order to make the connection between the opportunities of the environment and the possibilities of the company and the management of actions towards the fulfillment of the strategic goals;
- project management, to stimulate the development and efficient management of resources in order to quickly and efficiently assimilate new products, technologies;
- participatory management, in order to emphasize the active participation of employees in the functioning of the organization;
- the prospective dashboard, for measuring and keeping under control the critical parameters of the business (internal processes, human resources, customer satisfaction, economic and financial management, environment).
- cost management, by implementing cost reduction programs aimed at process improvement and optimization projects as well as monthly analysis and monitoring of cost categories.

2. MAIN RISKS AND THEIR MANAGEMENT

Risks identified in the Human Resources activity

In COMPA, there are ongoing coordinated actions to direct and control the organization regarding risks in all areas and at all levels.

Regarding the human resources activity, in the previous year the following risks were identified that could determine the non-fulfillment or defective fulfillment of the human resources insurance process:

- temporary lack of qualified staff for certain activities, either due to lack of supply in the labor market or mismatch between job requirements and educational background, educational supply with labor market;
- high staff turnover, mainly due to insufficient motivation of employees and salary not in line with the local labor market;
- competences of the staff below the level required for the service, due to the educational offer not correlated with the market requirements as well as due to the non-observance of the stages of the training process;

- difficult communication with staff from abroad.

The potential effects of the identified risks can be, mainly: delays in the activity of the workshops, respectively delays in the delivery of the products to the clients as well as inadequate quality of the works performed by the employees.

Therefore, for the risks with high criticality, ie with high probability of occurrence or with a significant impact on the company's activity, a series of measures have been taken, such as:

- involvement in the development of local technical education by providing resources for dual education and for technological, high school education;
- apprenticeship programs for new employees;
- effective internships for pupils and students;
- qualifications / requalification's / post-secondary school;
- career management; succession management for key positions;
- implementation of telework;
- restricting staff mobility by transferring activities online;
- providing qualified personnel from abroad.

Opportunities identified in the Human Resources activity

Regarding the opportunities identified in the process of securing human resources, they are:

- the existence of the COMPA Vocational Training Center, whose mission is to align with European training standards and which ensures professional qualification and retraining, the promotion of modern training techniques and methods as well as the development of the school-enterprise relationship;
- Training through the Vocational Training Center aims to reduce the integration period of new employees, the rapid accumulation of skills and experience, increase the performance of practical training, knowledge and adaptation to the industrial environment.
- involvement in correlating the educational offer with the requirements of the labor market.

COMPA, through the Management Director, is a member of the Local Development Committee of the Sibiu Social Partnership, a committee that deals with the administrative organization and policies in the field of education and training. In this capacity, COMPA is actively involved in the development of annual schooling plans for vocational and technical education, in facilitating the conclusion of agreements for the practical training of students, promoting actions aimed at the transition from school to work for socio-professional integration and in elaboration and implementation of projects for the development of vocational and technical education at national / regional / county level;

3. THEMATIC ASPECTS

a) Social Responsibility Policy

We define and assume the following principles as a way of understanding how to approach Social Responsibility within our organization:

Taking responsibility on the impacts we produce on society, the economy and the environment;

Transparency of decisions and of our activities, which can affect society and the environment;

Respecting and promoting ethical behavior: honesty, fairness and integrity, as values that concern us, in relation to people and the environment;

Respect for stakeholders of our decisions and activities;

Ensuring compliance to all applicable laws and regulations;

Compliance with international rules of conduct in business;

Respect and promotion of human rights, which we consider inalienable and having a universal character.

COMPA integrates the principles of Social Responsibility within the organization by conducting a management based on the principles of leadership and vigilant approach in relation to the impact of our decisions on society, the environment and economic factors.

With reference to the International Standard ISO 26000:2011, as well as the Ten UN Compact Global Principles and the ILO Labor Standards, we adopt the following guidelines as main themes for action:

Ensuring organizational management as a way of conducting and conducting activities in an ethical and responsible manner; all COMPA employees and contractors will adopt the Social Responsibility considerations described in this policy in their daily work. COMPA managers will act as role models by integrating these considerations into the decision-making process and into all activities.

Respect and promotion of human rights in the sense of recognizing the rights of all human beings, civil, political, economic, social and cultural rights; COMPA will not tolerate human rights abuses and will not engage in or be complicit in any activity that uses, or encourages, any abuse of human rights;

Applying work practices adequate to ensure working conditions and social protection in accordance with applicable legal standards and regulations; COMPA is committed to providing equal opportunities in all aspects of employment and will not adopt or tolerate illegal behavior in the workplace. COMPA ensures a safe and healthy work environment and will not compromise the health and safety of any person. All employees are responsible for promoting safe work attitudes;

Environmental protection as a way to respond to current environmental challenges and as a commitment to apply and promote environmentally responsible practices, including by encouraging the development of green technologies; COMPA works to continuously improve its environmental performance.

Applying fair practices as a form of ethical conduct in relations with other organizations and individuals, in compliance with applicable national and international laws and regulations; COMPA is committed to maintaining standards of integrity and corporate governance practices applicable to the capital market, in order to promote the trust in the systems with which it works. COMPA engages in a timely dialogue with all stakeholders, including shareholders, customers, employees and their representatives, government and other entities.

Responsibility to customers and consumers to ensure their right to security of use, information, choice, expression, correction, education, in relation to the products and services provided by our organization;

Involvement in community development as a way of recognizing that we are part of the community, of the rights due to its members, but also of the elements of culture, religion, tradition and history or of the partnership with it. COMPA will contribute to the quality of life in the community to which it belongs by supporting innovative programs in the fields of health, education, social and environmental services as well as cultural and civil projects. This involvement will always ensure the independence of individuals and communities from COMPA.

COMPA managers constantly ensure that there are and operate efficiently, adequate organizational structures to effectively identify, monitor and manage the aspects of Social Responsibility and performance relevant to our business. COMPA is committed to measuring, auditing and reporting on the performance of its Social Responsibility actions.

The lines of action are implemented in a credible way, through a wide action of communication with the stakeholders of our programs in this field and by engaging the entire staff of our organization in this regard.

COMPA will inform its partners, contractors and providers of the Social Responsibility Policy and will involve them to achieve coherence with this policy.

b) Social and related aspects workforce

In the context of the difficult labor market climate generated by the Covid-19 pandemic, COMPA has pursued a policy of increasing the adaptability of staff to the changes the company is going through. During this period, the company relies on the availability of employees to develop new skills as well as to take over additional responsibilities in case of restructuring certain activities.

With a staff of almost 1800 employees, COMPA is one of the main employers in Sibiu County.

3.1. Employment workforce

Total numbers as of December 31, 2021 - 2023

Between 2021 and 2023, COMPA staff decreased in 2023 by 5.1% compared to 2022 and by 7.5% compared to 2021, decreases mainly due to a reduction in the volume of work adapted to the business environment, but also to an increase in labor productivity.

The reduction of staff was made mainly due to natural losses (resignations, retirements).

	2021	2022	2023
Employees with ILC for an indefinite period	1654	1702	1566
Employees with ILC for a determined period	197	104	147
TOTAL STAFF	1851	1806	1713

3.2. Gender diversity - Share of women in total employment as of December 31, 2021 - 2023

The number of women in the total number of employees in the period 2021 - 2023 remained relatively constant, with a slight decrease in the share in 2023 of 30.94%. The relatively high share of women in an industrial environment is mainly due to technological changes, but also to the confidence given to the area of responsibilities and skills coverage.

	2021	2022	2023
Share of women in total employees (%)	31,71%	31,78%	30,94%

3.3. Age diversity

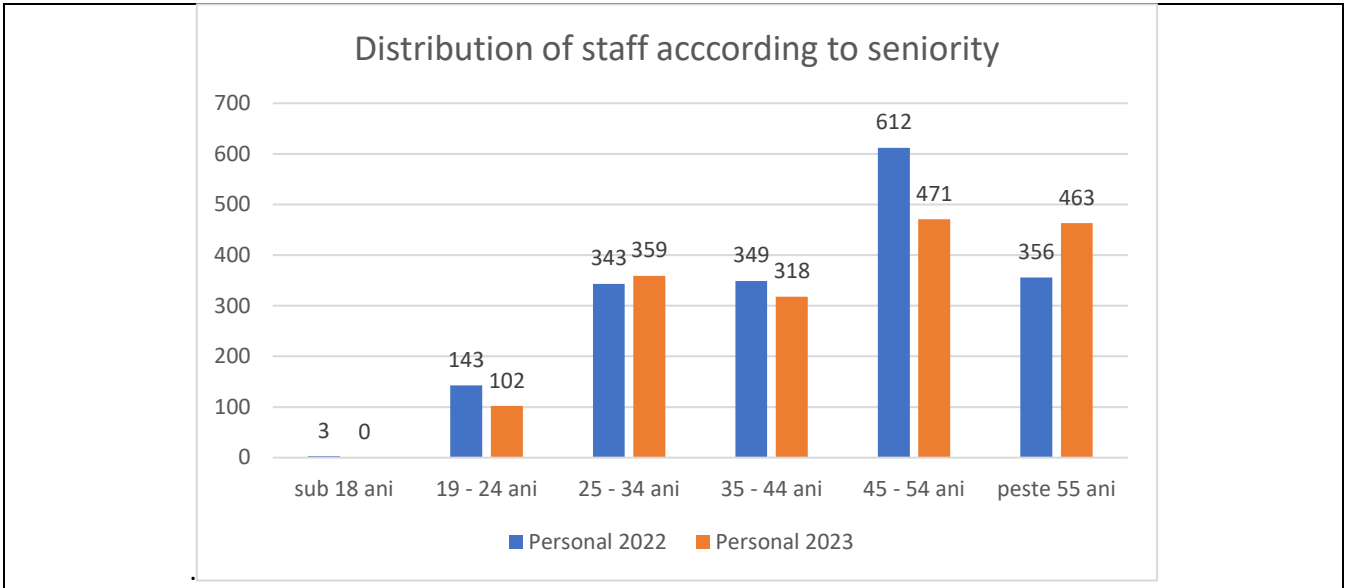
Breakdown by age and occupational category of the total workforce at 31 December 2023

The most representative age category for both men and women is staff aged over 45.

Age	TOTAL from which:	MDP	MIP	TESA execution	TESA management
Under 18	TOTAL, of which:	0	0	0	0
	Women	0	0	0	0
19 - 24 years	TOTAL, of which:	102	64	28	10
	Women	33	19	10	4
25 - 34 years	TOTAL, of which:	359	173	73	97
	Women	91	27	20	42
35 - 44 years	TOTAL, of which:	318	127	72	79
	Women	99	44	18	33
45 - 54 years	TOTAL, of which:	471	265	110	61
	Women	183	111	34	34
Over 55 years	TOTAL, of which:	463	245	132	58
	Women	124	68	27	28

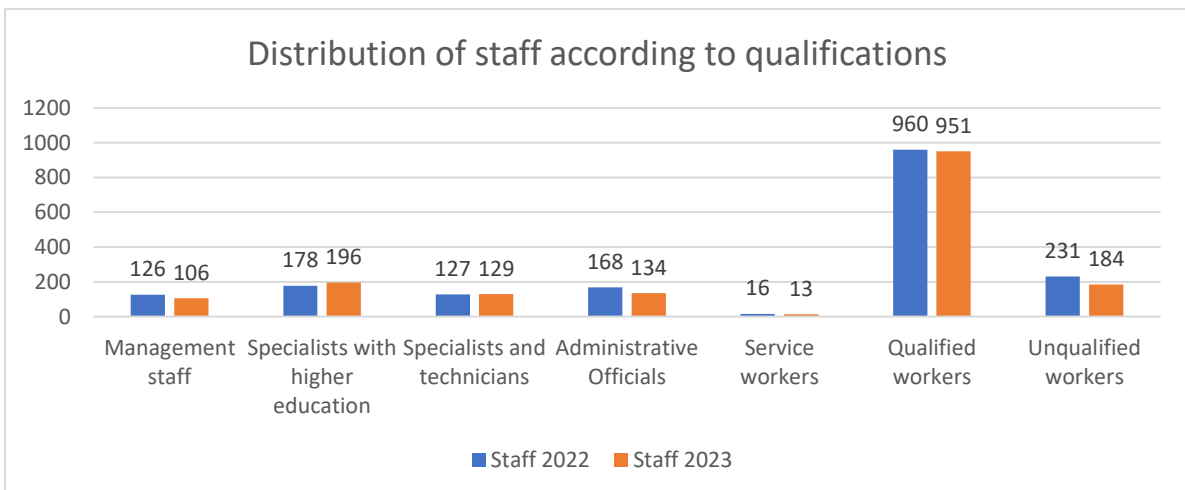
COMPA is concerned with the development of staff throughout its professional career, on the one hand helping young people to integrate as well as possible in organization, but also ensuring and using the experience of the elderly.

The graph below shows the age distribution of staff in 2023 compared to 2022. The analysis of the evolution shows a substantial decrease in the share of staff aged 45 to 54 years, compensated by a slight increase in the share of young staff (25 to 34 years) and experienced staff (over 55 years).



3.4. Distribution of the total staff at 31 December 2023 according to qualifications structure (according to COR - classification of occupations in Romania)

	TOTAL from which:	Women
Management staff	106	11
Specialists with higher education	196	79
Specialists and technicians	129	66
Administrative officials	134	118
Service workers	13	0
Qualified workers	951	187
Unqualified workers	184	69



3.5. Distribution of staff according to ethnicity

In order to make up for the lack of qualified staff on the Romanian labour market, COMPA has hired staff from abroad, mainly from India, since 2021. Their share has continuously increased and they now represent 7.71% of the total employees.

	2021	2022	2023
Share of staff from abroad	0,32%	3,70%	7,71%

3.6. Personnel fluctuation

An analysis of the evolution of staff turnover over the last 3 years showed a deterioration of this indicator in 2022, mainly due to a lack of manpower in the local market and insufficient staff motivation, followed by a substantial improvement during last year.

	2021	2022	2023
Staff turnover	22,16%	25,82%	19,14%

3.7. People with disabilities on December 31, 2022

Number of disabled workers by staff category and by sex

The number of employees with disabilities in COMPA, 33 people, was well below the 4% of total employees (72 people) required by law, despite COMPA's efforts to attract people with disabilities.

In addition, to compensate for the amount of money left by the difference in jobs not filled by people with disabilities, COMPA has purchased, on a partnership basis, products made from the work of disabled people employed in approved sheltered units.

		TOTAL from which:	MDP	MIP	TESA execution	TESA management
People with disabilities	TOTAL, of which	33	16	5	3	0
	Women	9	7	0	2	0

3.8. People on childcare leave

Number of employees on parental leave, by staff category and by sex

The situation presented below shows that the beneficiaries of parental leave are both women and men.

		TOTAL from which:	MDP	MIP	TESA execution	TESA management
Employed on parental leave	TOTAL, of which	35	14	14	7	0
	Women	31	11	13	7	0

3.9. Continuous training for staff

The staff training policy aims at the continuous development of human resources by training the staff's skills that support the company's development strategy.

By involving all staff in the continuous training process, the aim is to close the gap between the skills required by the job and the existing ones, to provide integrated, validated, certified staff at the job, to acquire/broaden the range of skills to meet the challenges generated by the new wave in the technological evolution of production (Industrialization 4.0, digitalization, etc.).

The training programs outgoing in COMPA aim to meet the needs of each employee. To achieve this objective, the Vocational Training Centre was set up in 2005. The programs developed through the center aimed at qualifying/re-qualifying employees in trades such as: numerically controlled machine tool operators, welders, locksmiths, machine mechanics, toolmakers, sculptors-matrixes, metrology technicians, drillers-spinners, etc. In 2021, the educational offer was diversified by authorizing the "Entrepreneurial Skills" course.

So far 3,276 people have acquired a qualification on the job.

The Vocational Training Centre is the place where new employees are familiarized with operating the MUCN and the specific requirements of the job, a necessary step in the process for integration and validation in the workplace.

For dual and technological high school students, the Training Centre is the place where they discover the mysteries of CNC machine operation in the laboratory and practical classes, prepare and take the skills certification exam.

The situation of the qualification/specialization courses held in the last three years is as follows:

QUALIFICATION / SPECIALIZATION COURSE TYPE	NUMBER OF CERTIFIED PERSONS		
	2021	2022	2023
NUMERIC CONTROL MACHINE TOOL OPERATOR	5	4(apprentices)	8(apprentices)
WELDER	20	19	8
METROLOGICAL TECHNICIAN	31		
FORKLIFT OPERATOR	46	57	51
CRANE OPERATOR		16	19
DRILLER-THREADER	0	1(apprentices)	
INDUSTRIAL MAINTENANCE AND REPAIR MECHANIC LOCKSMITH	22		
ENTREPRENEURIAL SKILLS	19	31	30

In order to ensure/maintain the skills of the employees at their jobs, individual training needs are collected annually and centralized in the Annual Training Plan, structured by areas, in which COMPA employees participated.

The main areas are:

THE FIELD OF QUALITY	NUMBER OF PARTICIPANTS		
	2021	2022	2023
Requirements Integrated Quality-Environment-OSH compliant management	1851	1871	1789
IATF 16949: 2016, ISO 14001: 2015 and ISO 45001: 2018			
Quality Management Industry 4.0			43
MSA+Skills			20
VDA Auditor 6.3	1		3
8D and 5 Why?	39	37	41
THE TECHNICAL FIELD			
STAUBLI/ABB ROBOTS robot training		3	3
InspectionXpert			11
FMEA /XFMEA		15	6
NX CAD/CAM		14	7

SuccessFactors/SAP		131	34
ISCIR AUTHORIZATIONS			
Lifting equipment operators (forklift operators, crane operators, handlers, etc.)	192	200	356
Training courses (forklift operators, crane operators)		38	31
ANNUAL CERTIFICATION OF SPECIAL PROCESS OPERATORS			
Thermists, galvanizers, painters, welders, brazers, etc.	89	85	135
INFORMATION SECURITY			
Policy, objectives, requirements, compliance issues			121
TRAIN ON CUSTOMERS SITE			
(5-axis Chiron machine programming; Mazarom CNC programming)	4		4
POSITION VALIDATION OF NEW/TRANSFERRED EMPLOYEES *			
Number of people trained	585	434	276
Number of training / employee hours	100.82	91.45	88.6

*Note that when calculating the indicator no. of training hours/employee/year, these hours have not been included.

The COMPA dashboard monitors the indicator number of hours/employee/year. We are interested in achieving this indicator and want to make COMPA a continuous learning organization.

Analyzing the evolution of the indicator over the last 3 years we notice a decrease in the value of this indicator in 2021 and 2022. The causes that contributed to the decrease of the indicators in the two years are related to difficulties in finding training providers willing to support the courses, restrictions imposed by the COVID 19 pandemic, insufficient financial resources. In 2023 the target was reached thanks to the diversification of the internal offer of programs, the organization of trainings at the COMPA Training Centre in Păltiniș, the participation in European funded programs and a closer monitoring of this indicator.

No. of training hours / employee / year	2021	2022	2023
Target	30	30	30
Achieved	27.83	18.70	31.8

3.10. Apprenticeship

For new employees wishing to acquire a qualification or a professional reconversion, COMPA develops apprenticeship programs that enable them to integrate easily into their new jobs, obtain a recognized certification, raise their level of knowledge, satisfaction and responsibility. Currently 4 COMPA employees are following these programs and at the end of their two years of study they will obtain the qualification of CNC machine tool operator.

In 2023, 8 people have been included in this program. Of the 8 people enrolled in this program, one has been certified as a MUCN operator, two people are continuing their apprenticeship and the rest have left the company. In the future, we aim to increase the number of new employees who take level 3 apprenticeship programs (CNC machine tool operator and welders).

3.11. Projects developed with European funds

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

In the period 2021 - 2023, projects aimed at developing the skills of its own employees have been or are being implemented in COMPA, projects aimed at facilitating the transition from school to working life of pupils and students. In the coming period we aim to conclude partnerships and attract new sources of funding dedicated both to the development of human capital skills in COMPA and to preparing future graduates to integrate as easily as possible into the labour market.

Project	Title	Implementation period
PROJECTS BEING IMPLEMENTED		
POCU/626/6/13/133017 Objective: To optimize the transition of 325 students from the education system to the professional environment	INSPIRE - Initiatives Needed for Innovative Internships for Economic Revitalization	18.10.2021 – 13.09.2023
POCU/633/6/14/132241 Objective: Development of sustainable skills through the organization and implementation of internships including dual technical education in a future workplace for 183 students.	Start for a qualification and a secure job!	09.09.2020 - 09.09.2022
POCU/469/3/12/128888 Objective: To develop the skills of 142 employees in order to adapt staff to the dynamics of economic sectors with competitive potential.	Skilled workers for a more secure future!	02.09.2019-15.05.2021

3.12. Sustainable school-business partnerships

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

The proximity to the university and vocational education institutions is part of COMPA's policy to train future generations of specialists, to develop the employability of young people by facilitating the transition from school to working life through practical training programs, internships, masters, private scholarships, implementation and development of projects benefiting from non-reimbursable funds, etc.

The partnerships concluded mainly aim at involving COMPA on two improvement-related directions:

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

3.13. The practical learning program of pupils and students in COMPA

Technological practice and laboratory classes for pupils and students have been held since 2005 both in the Vocational Training Centre, a modern technical platform equipped with state-of-the-art equipment, and also in the production workshops.

The Vocational Training Centre is the place where final-year students undertake laboratory classes regarding the CNC machine tool machining technology, and students discover the secrets of operating CNC machines, how to measure and maintain the equipment, and learn how to program the equipment. By equipping the center in 2021 with two welding simulators, dual education students who will become toolmakers and people who follow the "Welder" qualification course will have the opportunity to acquire the skills required by this profession.

The 3D printer, another machine acquired for the center, contributes to the development of students' digital skills, programming and physical realization of parts, various objects, helps to increase practitioners' interest and involvement in solving work tasks.

Since 2015 high school students and university students with specialization in mechatronics, automation, electronics, electrical engineering have the opportunity to complete their knowledge and form the necessary skills for troubleshooting electronic and automation components in the Laboratory for electronics and automation. This is the right place where students can always learn something new, experiment and develop their skills. Every year, around 30 students and more than 100 trainees can be found on the manufacturing lines, in the laboratories or in the design workshops.



3.14. COMPA and the dual education system.

COMP A, throughout its existence of over 135 years, has always relied on vocational education, being one of the companies that anticipated the need to implement the dual education system.

The start of dual education in COMP A was in 2005 with the opening of the Vocational Training Centre, a modern technical platform equipped with numerically controlled machines, which was placed at the disposal of the "Henri Coandă" Technological High School, with which we have had a partnership since its foundation.

Year after year, about 50 students have followed the CNC machine tool operator and mechatronics courses, studying in a traditional educational system, but with many dual elements: internships, laboratories, scholarships, various financial benefits (payment of fees for the accommodation, meals, transport, school supplies) and job offers for all graduates.

The campaigns to promote the educational system offer and the benefits of dual education in which COMP A has participated together with the "Henri Coandă" Technological High School have resulted in the constant attraction of students to vocational and technical education.



The following classes and specializations currently operate in the high school:

CLASS IX			No students	SPECIALTY	Qualification level	Practice contract with COMP A
Dual education			35	Machine tool operator with numerical control	3	16
Technological education	high school		22	Mechatronics technician	4	1
CLASS X						
Dual education			34	Machine tool operator with numerical control	3	23
Technological education	high school		20	Mechatronics technician	4	0

CLASS XI						
Dual education			21	Machine tool operator with numerical control	3	14
Technological education	high school		24	Mechatronics technician	4	8
CLASS XII						
Technological education	high school		26	Mechatronics technician	4	2

During the three years of study for students in dual education, specializing in numerically controlled machine tool operator, respectively 4 years of study for technical high school specializing in mechatronics technician, COMPA offers students the following benefits package:

Financial support / Incentive / Form of support provided to students	Value / student (lei / student)
Monthly scholarship	300 lei/ month – dual education 300-350/ month - highschool*
Compulsory occupational health examinations and medical examinations in preparation for the practical training period (depending on the field of activity)	95 lei / student
Work equipment	200 lei / student
Protection equipment	360 lei / student
Providing a meal / day at the combined practice site	15 lei / day
Necessary supplies during practice	100 lei
Accommodation for students	200 lei / month
Meal for the accommodated students	25 lei / day
Tools	810 lei / year / student
Semi-products	59 lei / year
The maintenance of the equipment from the COMPA Training Center is ensured	The costs are at the level of those actually incurred for these services as required

*The scholarship rate per student/month for secondary education is: 300 lei/month for classes IX, X, XI and 350 lei/month for senior year.

At the end of 2023, 74 high school students from the "Henri Coandă" Technological High School have concluded internship contracts. COMPA offers them educational support and, at the end of their studies, a job corresponding to their training.

Some of them will graduate from the dual education system and will be qualified as numerically controlled machine tool operators, while the graduates of the technological high school will become mechatronics technicians.

Please note that COMPA offers the same facilities and benefits to students in technological secondary education as to students in the dual education system, although the methodological rules for this level of qualification have not yet been approved.

Graduates seeking employment with COMPA can take up positions ranging across a broad spectrum of manufacturing, maintenance, control, etc. with career development prospects ranging from entry-level operator/technician to production line manager.

COMPA supports its partner educational institutions on an ongoing basis by contributing substantially to their material base through sponsorship, machinery, SDVs, semi-finished products and equipment for practical training.

Thus the "Henri Coandă" Technological High School has benefited from:

- three fully equipped locksmith stands with 18 workstations;
- a CNC lathe equipped with the necessary SDVs;
- two welding simulators were made available to the students;
- a 3D printer, and the support does not stop there.

In the future we aim to:

- implement tools to increase students' interest in practical work;
- that the practical test in the competence exam will give students the opportunity to show their ability to fulfill the job requirements, respecting the quality and quantity requirements demanded by customers;
- to improve student-instructor-practice teacher communication;
- to identify early on deviations from the performance standards set for students;
- to increase the role of COMPA representatives in competency examination committees;
- to enter into partnerships for the vocational training of students in the dual education system and with other technological secondary schools, with the goal to train students in electrical, electronics-automation - electromechanical and electronic appliance and equipment qualifications.

Also, COMPA, in partnership with higher education institutions in Sibiu, technical education institutions and economic agents, will implement the project "Integrated Campus for Dual Education - PRODUAL" which has obtained funding through the PNRR program and is still concerned with attracting new sources of funding aimed at improving the skills of employees, training through internships for pupils and students to ensure a smoother transition from school to working life.

3.15. Relationship with trade unions

Trade union membership on 31 December 2023

COMPA recognizes the free exercise of trade union rights, according to the legislation in force and the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee. In order to exercise trade union rights, COMPA also provides, free of charge, the material basis necessary for the functioning of trade unions.

The representatives of the employees elected in the management bodies of the trade unions benefit from the reduction of the working time by 5 days every month, for trade union activities. This right is also enjoyed by the representatives of non-union employees.

Also, for them, the employer undertakes to guarantee the maintenance of the job for the entire period of maintaining the position and two years after the expiration of the term.

In order to communicate well with the unions, the company's management organizes weekly meetings with them in order to solve the current problems that have arisen in the activity.

Freedom of association can be suggestively exemplified in the table below.

From the presented data it results that the number of personnel belonging to a union is 52,01%.

	No union	Independent Free Trade Union	Arsenal union	TESA union
Nr. pers. / Union	822	807	65	19
Trade union membership (%)	47,99%	47,11%	3,79%	1,11%

3.16. Human capital management

Regarding human capital management, we started from the premise that the achievement of strategic objectives depends primarily on the human factor. The development of the company involves elements that create long-term value and that can ensure the future performance of the organization.

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

- Ensuring the availability and continuity of the workforce by preserving the values of the organization;
- Early recruitment of graduates with higher education;
- Increasing the level of versatility by broadening the scope of competencies;
- Reducing the integration period of new employees, graduates of technical vocational education, through internships;
- Focusing on individual training to increase staff skills and efficiency;
- Consolidation of the performance pay system;
- Capitalizing on the expertise of experienced employees through mentoring programs;
- Staff awareness of job responsibilities;
- Involvement in the implementation of the Social Responsibility management system;

Strategic objectives

The main strategic axes pursued in the projection of the following years are:

- Involvement in the development of university, high school and professional technical education, by supporting the integration of theoretical knowledge with practical ones, through internships at a potential job;
- Providing human resources through involvement in supporting dual education, apprenticeship, qualification programs, including through programs funded by European funds;
- Working conditions and climate to ensure a high level of satisfaction;
- Creating a culture of coaching and mentoring;
- Development of soft skills and specific skills;
- Development of the framework in which communication with employees is carried out to support performance and trust, as well as in special crisis situations;
- Partial transfer of the training activity in the online environment;
- Reassessment of motivation strategies, including for staff involved in on-the-job training;
- Digitization and efficiency of HR processes;
- Re-professionalization and transformation of skills, including for digitization;
- Human resources development projects, financed from European funds;
- Career development programs.

Respecting the human rights

The human rights program implemented in COMPA includes an ensemble consisting of:

Code of business conduct

This code aims to define, for all COMPA affiliated entities - employees, shareholders, suppliers, customers, etc., the integrity standards and their observance in the company's activities. The code is an integrated element of the COMPA principles, which describes the basic rules of conduct, which we must follow and refers to: employees, company, customers, suppliers, shareholders, community and the world.

Procedure for receiving and resolving employee complaints

In COMPA there is a system for resolving employee complaints that regulates how they can address petitions filed in their own name. The petitions concern social issues related to work. The system stipulates how these petitions are recorded, distributed for settlement and dispatch of responses to petitioners.

The procedure for reporting and sanctioning acts of corruption

In COMPA, a reporting procedure was implemented where reports can be filed by employees, customers, suppliers, shareholders, third parties, etc., with respect to issues concerning corruption, acts of violation of the law and regulations, values, principles and applicable rules in society.

The procedure also establishes measures to protect those who report such violations. Its main purpose is to strengthen transparency and encourage the disclosure of actions giving rise to suspicions of serious breaches of the COMPA Policy, without fear of consequences.

There were no cases of corruption during COMPA 2023, but there is a constant concern in preventing such situations by making staff aware of ethical rules.

Procedure for applying disciplinary sanctions

This procedure allows the sanctioning of the company's employees in case of violation of the legal norms, of the provisions of the Internal Regulation or of the applicable Collective Labor Agreement, of the instructions, orders or legal dispositions of the hierarchical managers. These issues are dealt with in the Rules of Procedure, which contain specific provisions regarding their application.

During 2023, a number of 227 disciplinary sanctions were applied for various disciplinary offenses, as follows:

Type of disciplinary misconduct	Nr. sanctions applied
Non-compliance with the work schedule	16
Promotion of non-compliant parts	52
Failure to observe the way of working	46
Other disciplinary offenses (alcohol consumption, attempted theft, smoking in illegal places, circumvention of the access system, etc.)	22
Unmotivated absences	91

During the above-mentioned period, no disciplinary violation was reported related to the violation of the principle of equal treatment, respectively of discrimination of employees, of intimidating behaviors or of hostility towards any employee. Likewise, no acts related to sexual harassment or any other unwanted behavior at work were reported.

Type of sanction applied	Nr. sanctions applied
Written warning	113
Reduction of the basic salary for a period of 1 - 3 months by 5% - 10%	23
Disciplinary termination of the individual employment contract	91

Mainly, the latter were due to the fact that during the periods of reduction or interruption of activity, a fairly large number of people left the company, presenting themselves at work and accumulating unjustified absences.

Respect for freedom of association

The COMPA administration recognizes the free exercise of trade union rights, according to the international conventions to which Romania has acceded, as well as the freedom of opinion of each employee.

The COMPA administration undertakes to adopt an impartial position towards trade unions and their representatives in society.

The union is the official representative body of the union members, of the COMPA employees before the administration, and it recognizes the union as a democratic organization and a factor of progress and supports its activity. The connection with the unions is based on trust, good faith and promptness in informing.

Trade unions defend the rights of their members, arising from labor law, the Collective Bargaining Agreement within the company, individual employment contracts, before the courts, other institutions or state authorities through their own or elected defenders. The employer has the obligation to invite elected delegates

of the representative trade union organizations to participate in the boards of directors or in other bodies assimilated to them, in discussing the issues of professional, economic, social, cultural or sports interest.

4. OCCUPATIONAL HEALTH AND SAFETY

Maintaining good health, improving safety and ensuring motivating working conditions for COMP A employees is a legal and social obligation, and is also an essential element of the company's success.

The benefits of good occupational safety and health:

- helps to demonstrate that the company is socially responsible,
- protects and improves brand image and brand value,
- helps to maximize worker productivity,
- improves employees' devotion to the company,
- builds a more competent and healthier workforce,
- reduces costs and downtime,
- allows the company to meet customer expectations regarding OSH and
- encourages the workforce to stay active longer.

The main principles of applicable OSH are:

- Commitment and leadership to improve OSH
- Active OSH policies and procedures
- Proactive risk assessments
- Trained and competent workers
- Effective measures to keep young people under control
- Continuous monitoring and review processes

a. Accidents at work (with ITM> 3 days)

	2021	2022	2023
No. of work accidents complicated	3	2	3

The organization has established, implements and maintains a process of reporting, investigation and taking concrete actions to control and correct all occurrences.

Accidents at work with temporary incapacity for work were investigated, according to relevant regulations, by a commission which establishes the circumstances and causes that led to the occurrence of the event, the violated regulations and the measures that must be taken to prevent the occurrence of other similar cases. Corrective action is appropriate to the effects or potential effects of the incident.

b. Distribution of accidents at work by causes

	2021	2022	2023
No. of accidents related to serious risks	0	1	0
No. of accidents related to uneven areas complicated, slip uneven areas	0	0	1
No. of accidents caused machines malfunction	0	0	1
No. of traffic accidents - handling - storage of materials	1	1	0
No. of accidents due inadequate workload	0	0	1
Nr. of accidents due to wrong actions of the worker	2	0	0

Accidents at work in 2023 had as causes:

- inadequate training on the handling and positioning of parts on the platform of the interoperable means of transport
- the lack of adequate information regarding the way of working when handling equipment, in order to correct it

c. Slight accidents without ITM or with ITM <3 days

	2021	2022	2023
Head injuries	0	0	0
Eye injuries	0	0	1
Injuries to the trunk	0	0	0
Injuries to the upper limbs	0	0	10
Injuries to the lower limbs	0	0	2
No. of light accidents	0	0	13

Most minor accidents (50%) resulted in injuries to the upper limbs. The main cause is contact in the upper limbs with objects with sharp or moving edges (moving parts or components of moving machines, tools, chips). Actions have been taken to eliminate or control the causes that led to the accidents.

d. Occupational diseases

	2021	2022	2023
Nr.de occupational diseases	0	0	0

In the last three years, no occupational diseases have been reported due to the appropriate environmental conditions that comply with occupational health and safety requirements.

e. Number of days of temporary incapacity for work due to accidents at work

Temporary incapacity for work - temporary reduction of physical, psycho-sensory or intellectual potential due to an accident.

	2021	2022	2023
No. of days temporary incapacity of work	187	194	308
No. of incapacity temporary work	3	2	3

f. Number of permanent disabilities (partial and total) reported

Permanent, partial / total disability (disability) - permanent reduction of the physical, psycho-sensory or intellectual potential due to an accident.

	2021	2022	2023
No. of days incapacity partial permanent	0	0	0
No. of incapacity partial permanent	0	0	0
TOTAL incapacity permanent	0	0	0

Work accidents in 2023 did not have consequences requiring permanent work incapacity.

g. Number of fatal accidents: work, road

	2021	2022	2023
No. of fatal work accidents	0	0	0
No. of fatal road accidents	0	0	0
TOTAL fatal accident	0	0	0

h. Control and monitoring of activities in high and specific risk areas

High and specific risk areas are those areas where risks have been identified that may lead to accidents or occupational diseases with serious, irreversible consequences, respectively death or disability (eg explosion hazard, noise above the permissible limit and electrocution).

	hazards	No. of workers
Boiler room	explosion, hearing loss	4
Cogeneration station	noise	4
PA8 etand transformation points	electrocution	8
Pressure receptacle storage areas	explosion	0
Noise areas above the permissible limit complicated	hearing loss	292
TOTAL		308

Based on the risk assessment, technical and / or organizational measures are established and applied for these areas to reduce the exposure of workers such as: appropriate signaling of the area, delimitation of the area and limiting access to them. Actions to implement the measures established following the risk assessment for high and specific risk areas are a priority in the prevention and protection plan.

i. Number of accidents whose victims were employees of personnel leasing companies or companies providing services in the company

	2021	2022	2023
No. of accidents of temporary employees or service providers	0	1	0

The work accident was registered at the company providing services regarding the rehabilitation of a COMPA building.

j. Emergency situations and ability to respond

Possible emergencies are identified and plans are implemented for the planned response to these situations, including first aid. Measures are taken to train workers for planned responsiveness and for regular testing and exercise of responsiveness.

k. Number of fires

	2021	2022	2023
No. of fires recorded	0	1	4

The causes of the fires were non-compliance with legal regulations regarding smoking and ignition of the electrical installation at the work equipment.

In order to increase the response capacity, according to the legal provisions, a Private Service for Emergency Situations (SPSU), type P2, is set up, equipped with two intervention trucks.

l. Ensuring consultation and participation of workers in OSH issues

The organization has established and implemented a mechanism for consulting workers' representatives and which allows their balanced participation in discussing all issues related to safety and health at work. Emphasis is placed on consulting and participating in workers who do not hold managerial positions.

Consultation involves two-way communication based on dialogue and exchange of ideas
Participation allows workers to contribute to OSH decision-making processes

	2021	2022	2023
No. of CSSM meetings	2	2	4

The lower number of OSH meetings in 2020 and 2021 is due to the pandemic during 2020.

m. Monitoring the health of workers

Occupational medicine ensures the surveillance of the health of workers in order to ensure the prevention, detection, dispensary of occupational and occupational diseases, as well as the maintenance of the health and working capacity of workers.

1) Number of clinical examinations, by type of examination

	2021	2022	2023
Nr. clinical examinations at employment	183	543	353
Nr. transfer clinical examinations	200	150	130
Nr. exams consult occupational medicine	8	13	15
Nr. of clinical examinations at the resumption of work	-	10	12
Nr. of consultation exams for participation in trainings	-	21	18
Nr. periodic clinical examinations	1767	1631	1580

2) Number of employees declared fit / unfit for employment by the occupational physician

	2021	2022	2023
No. employees declared "conditioned fit" on the job	164	131	140
No. employees declared "unfit" for the job	0	0	0

Workers declared "fit" were made by the occupational physician recommendations on dispensary care to specialists, avoiding risk factors for workers' health.

n. Sensitive groups

Specific risk-sensitive groups, such as: pregnant women, young people under 18 and people with disabilities, are protected against the dangers that specifically affect them, according to the legislation in force.

1) Number of pregnant women and young people under 18 years

	2021	2022	2023
Nr. pregnant women	20	13	19
Nr. young people under 18	17	16	10

The working conditions, nature, degree and duration of exposure of persons belonging to sensitive groups and carrying out activities likely to present specific risks for them generated by chemical agents, processes and working conditions shall be assessed.

o. Hazard identification and risk assessment of occupational injury and illness

A continuous and proactive process for identifying hazards is established and implemented in the organization, a process that takes into account:

- non-routine activities and situations
- human factors
- relevant past incidents, including potential emergencies
- design of workspaces, processes, installations, machines / equipment, operational procedures and work organization, including their adaptation to the needs and capabilities of workers
- existing and proposed changes in organization, operations, processes, activities and OSH management system.

The essence of the method consists in identifying all hazards in the analyzed system (job, activity) based on predefined checklists and quantifying the size of the hazard based on the combination of severity and frequency of the maximum foreseeable consequence.

The hazards were identified and the risks related to all activities carried out in COMPA were assessed.

In order to eliminate, reduce or control the risk factors, measures have been proposed that are an integral part of the prevention and protection plans related to the compartments / workshops.

Level of occupational safety and health risk:

Global risk level	Low	Medium	High
Risk level by compartments / workshops (no.)	29	1	0

In conclusion, the results obtained from identifying and assessing the levels of safety risk at work and at the level of compartments / workshops indicate a good level of safety and health at work.

p. Working conditions

COMPAs pays constant and sustained attention to the conditions of the working environment with regard to measures to eliminate or minimize the risks posed by exposure to noxious substances, in particular by:

- compliance with the exposure limit values;
- the design of work processes and the use of appropriate equipment and materials in such a way as to avoid or minimize the emission of noxious substances which may present a risk to the safety and health of workers at work;
- the application of collective protection measures at the source of the risk, such as: adequate ventilation and appropriate organizational measures;
- the application of individual protection measures if exposure cannot be prevented by other means.

Annually the determinations of the quality indices of the work environment are made: mineral oil vapors, aliphatic hydrocarbons, powders, fumes, acids, bases, noise, microclimate (temperature, currents, lighting, humidity, CO), etc., and in the SSM management programs reduction targets are planned.

No exceedances of the quality indices of the working environment were found, except for the noise level in the processes of stamping, polishing or generated by some installations (eg boilers, compressors, etc.).

COMMERCIAL ACTIVITY

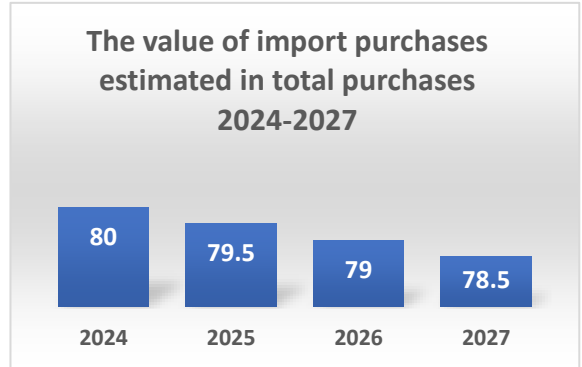
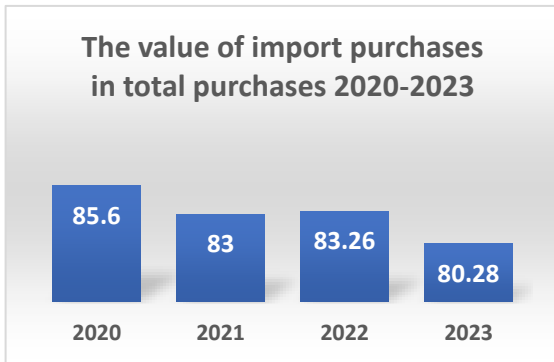
1. PURCHASING ACTIVITY:



The purchasing activity has developed continuously in recent years, with the development of the company. The company's focus on large customers in the automotive industry but also on those in the non-automotive industry, has led to a considerable expansion of the database of suppliers as well as an increase in the share of suppliers in imports, in total purchases. This is due to the high level of specialization required of suppliers.

COMPAs has gone from the purchase of mainly basic materials to the purchase of imported semi-finished products, due to the increase of the technological level of the company and implicitly of the specialization in certain fields. In the context of the current market, a continuation of the trend for the coming years can be estimated.

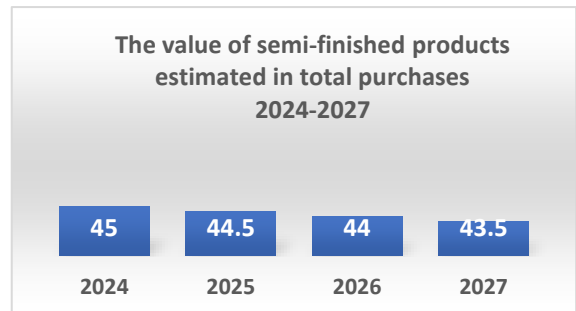
However, the company's strategy is to increase the share of domestic procurement in order to minimize transport costs and ensure better integration of suppliers. This has not been possible in the past, as the high degree of specialization of most of the products supplied has made it impossible to insure them domestically.



1.1 ESTIMATED EVOLUTION OF THE PURCHASE OF SEMI-FINISHED PRODUCTS

In the next period it can be estimated that the value of semi-finished products in total purchases will decrease in favor of basic materials, largely due to the development of new processes in both the automotive and non-automotive sectors for which most operations are done in-house.

The development of these projects will lead to an increase in raw material purchases, especially forging raw materials. The purchasing strategy is also based on finding internal suppliers, to shorten delivery times and reduce delivery costs.



2. RISKS AND OPPORTUNITIES IDENTIFIED WITHIN THE PURCHASING DEPARTMENT:

- Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.
- ❖ Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.
- ❖ Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMPA or its customers.



At the level of the Purchasing department, the following risks and opportunities are identified and treated:

- **RISKS:**

- The likelihood of entering a new global recession, which will affect the car industry more than in the past.
- Economic instability of certain suppliers as well as insolvency of some suppliers.
- Increased flexibility is required of suppliers, reference quantities are fewer and variety is greater; the accuracy and quality requirements are increasing and complex.
- Monopol position on the market of suppliers of components and raw materials with special characteristics.
- Quality problems generated by suppliers with an impact on end customers that affect the image of COMPA.
- Large number of suppliers at company level to be managed.
- Long supply times from some suppliers and minimum quantities imposed by them.
- The accelerated rise in prices generated by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.

- **OPPORTUNITIES:**

- Strengthen trade relations with existing suppliers.
 - Development of local suppliers for both ongoing and new projects.
 - Expanding the supplier base on existing products in series production or new projects.
 - Know-how in a wide range of processes and areas that offer a strategic advantage.
 - Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.
- Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization and development of opportunities.

3. THE MAIN OBJECTIVES OF THE PURCHASING DEPARTMENT ARE:

In the context of market globalization - the need to align the market with stock quotes for most products by obtaining a price index with 100% inclusion in MEPS. (Management Engineering and Production Services - price indicator on the metallurgical market, which provides price estimates).

Finding sources of supply to ensure the highest possible competitiveness of the prices of raw materials and materials supplied, stability and sustainability of the supply chain.

Market research and finding new supply solutions as well as the development of suppliers with whom there are collaborations in order to obtain the best level of price and quality in the supplied products.

Collaborate with suppliers that respect COMPA standards, principles and vision in the field of quality, environment and occupational health and safety by holding certifications, such as:



- ✓ **ISO 9001** (Formalized system that documents the structure, responsibilities and procedures needed to achieve quality management effectively).
Certification to the ISO 9001 standard is a minimum requirement, mandatory for all suppliers of COMPA products and services, this being an exclusion criterion in the market prospecting phase.
- ✓ **IATF 16949** (International Automotive Task Force - this standard aims to develop a quality management system that ensures continuous improvement, focusing on preventing defects and reducing variations and waste in the supply chain, regulations applicable and valid in the automotive industry).
 - ❖ COMPA wants all its suppliers of raw materials and materials whose products are part of the automotive sector to improve their quality management system by joining the IATF. To this end, COMPA provides support to its suppliers through the supplier development program. COMPA annually promotes a supplier development program, through which it selects an existing supplier, which it provides support in improving quality-environment systems by optimizing production and control processes, training on techniques applied in lean-manufacturing, 6sigma, quality core tools, Kaizen (continuous improvement), 5S, etc.
- ✓ **ISO 14001** (eco-management standard that allows organizations to minimize environmental effects and compliance with laws, regulations and other environmental requirements as well as the continuous improvement of these aspects).
COMPA suppliers must adopt a similar environmental policy by attesting to ISO 14001, this is one of the main criteria for selecting suppliers.
- ✓ **ISO 45001** (standard for occupational health and safety management systems, the objective of ISO 45001 is to reduce accidents at work and occupational diseases, but also to promote and protect physical and mental health).
COMPA suppliers must adopt a similar occupational health and safety policy, by attesting to ISO 45001. This is a second main criterion applied in the selection of suppliers.

▪ **ENVIRONMENT**

COMP A gives priority to environmentally friendly purchases and raw materials, materials, chemicals, parts, components, equipment and protective materials. A particularly important aspect for the protection of the environment is the proper management and management of chemicals and hazardous waste. For this reason, COMP A has aligned itself and requires its suppliers to align with a number of requirements in the field, such as:



REACH 1907/2006 (Regulation, Evaluation and Authorization of Chemicals) - a regulation of the European Union, adopted to improve the protection of human health and the environment against the risks posed by chemicals, while increasing the completeness of the EU chemical industry. It also promotes alternative methods for assessing the hazards of substances, in order to reduce the number of animal tests.

In principle, REACH applies to all chemicals; not only those used in industrial processes, but also in our daily lives, for example in cleaning products, paints, as well as in items such as clothes, furniture and electrical appliances. Therefore, the regulation has an impact on most

EU companies.

- ★ **CLP 1272/2008** (Classification, Labeling and Packaging of substances and mixtures) The Regulation on Classification, Labeling and Packaging is based on the United Nations Global Harmonized System (GHS) and aims to ensure a high level of protection of health and the environment; free movement of substances, mixtures and articles.
- ★ **Conflict Minerals** - a regulation aimed at stopping the financing of armed groups through trade in minerals from conflict zones. The regulation obliges EU companies to responsibly choose the source of their imports of tin, tantalum, tungsten and gold and to ensure that their supply chains do not contribute to the financing of armed conflicts.

COMP A suppliers must comply with these requirements and provide information on the products supplied, such as the content of elements and chemicals, the components of the products and the quantity and hazardous effects of the elements and chemicals contained, safety data sheets, warranty periods and regulatory compliance. to which COMP A aligned (REACH, CLP, Mineral Conflict, etc.).

All this information must be transmitted by COMP A as well as by COMP A suppliers throughout the supply chain.



- COMP A promotes and recommends its suppliers to promote voluntary activities to protect the environment, biodiversity, the natural environment, the conservation of energy and irrecoverable natural resources, reduce the amount of waste generated by their organization and improve the means of transport of their own materials and products. It also recommends reducing and streamlining packaging for products to be delivered to COMP A, especially the use of reusable packaging, the use of substitutes for single-use wooden pallets, and the implementation of the design and use of environmentally friendly packaging.
- COMP A suppliers must align themselves with a number of clear environmental protection objectives that COMP A requires, through the Green Procurement Guide:

- ✓ Compliance with legal and environmental requirements.
- ✓ Selection of raw materials and materials with low impact on the environment.
- ✓ Purchase of products with low energy consumption and natural resources, low pollution risks.
- ✓ Design of ecological / recoverable packaging eg: reusable boxes, reusable pallets.
- ✓ Use of recyclable materials with high energy efficiency.
- ✓ Establishment of a system for the collection / recovery of waste from the packaging provided.
- ✓ Selection of authorized companies for the recovery / disposal of waste from the packaging provided.
- ✓ Designing processes that generate small amounts of waste and scrap.
- ✓ Reducing the loss of materials and energy resources used.
- ✓ Promoting sustainable procurement.

COMPA is working diligently to further integrate environmental sustainability into all aspects of its supply chain functions, requiring suppliers to take a similar approach in this direction. COMPA and its suppliers maintain a collaborative supply chain that minimizes environmental impact and improves long-term sustainability for the planet and the communities it serves through innovation and performance. (A recent example of the change in sustainable packaging has been the provision of durable products for protective masks in response to the COVID-19 pandemic. COMPA, together with a local partner, has replaced disposable masks with reusable face masks. , the environmental impact of this type of waste has been considerably reduced).

COMPA ensures a continuous supply flow by using its own transport fleet, correlating deliveries with product supply, reducing the impact on the environment by reducing the carbon footprint.



COMPA suppliers must adopt progressive labor, health and safety, ethics and environmental policies that meet or exceed all applicable international human rights laws, norms and standards. Policy guided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the principles set out in the International Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

COMPA suppliers must have a policy that covers employees, suppliers, partners and communities. This policy must include ethical recruitment practices, diversity, anti-harassment, discrimination, support for women's rights and equal pay, individual confidentiality, reporting and anti-retaliation policies. Do not tolerate the use of child labor, forced labor or trafficking in human beings in any form - including slave labor, imprisonment, corporal punishment in its operations or in the supply chain.

Suppliers and business partners of COMPA must comply with the laws on safety, individual security, prohibitions on trafficking in human beings and the use of minor children, together with the laws ensuring freedom of association and collective bargaining rights and comply with the relevant minimum wage and maximum regulations. , including overtime pay, as appropriate, and provide decent living conditions.

All COMPA suppliers must comply with applicable laws and regulations. They must not have been sanctioned / penalized by law enforcement for non-compliance with the law or the occurrence of incidents that significantly affected the environment, or social incidents (work without legal forms, discrimination, etc.), these aspects being regulated in the policy of COMPA procurement.

To increase the impact on the local community, COMPA works and encourages its suppliers to work with protected unit entities as well as ECOVADIS certified suppliers. An example in this direction is given by the COMPA print fleet, which comprises over 90% EPSON equipment (platinum winner ECOVADIS 2020 - a verification tool for companies covering a wide range of non-financial management systems such as: environment; work and human rights; ethics but also the impact of sustainable procurement).

COMPA also works with suppliers in both the top CSR Romania 2020 and the top CSR Europe. (CSR - Corporate Social Responsibility).

The specific requirements for responsible supply chain practices are also found in the IATF 16949 quality standard through the item "Corporate governance". These requirements include an employee code of conduct, an anti-bribery policy and an ethics-raising policy ("warning policy"). Adopting the requirements for responsible supply chain practices and transmitting them throughout the supply chain as well as adopting the requirements of the IATF 16949 management system is a priority for COMPA and its suppliers.





The selection of COMPA suppliers, their monitoring and evaluation, is done in accordance with the rules of IATF 16949 and following a market prospecting and a comparative analysis. To this end, suppliers of products and services must demonstrate that they have adopted, or are willing to adopt, an approach similar to that of COMPA, in relation to the environment and social responsibility, and are achieving good results in this regard. This proof is made by certification to ISO 14001 and ISO 45001 and verification is done by completing the self-assessment questionnaires that COMPA sends annually to suppliers, through which suppliers declare whether there have been environmental or occupational health and safety incidents within their company. .

Through quality contracts and agreements concluded with its suppliers, COMPA ensures the transmission throughout the supply chain to

suppliers and sub-suppliers of the requirements of quality, environment, social responsibility of both COMPA and its customers.

Suppliers are monitored in a database of accepted suppliers in order to maintain ISO and IATF certifications and are required to notify COMPA in advance if they wish to waive one of the certifications registered at the beginning of the collaboration. COMPA will analyze and make a decision on the continuation of the collaboration with the supplier in question.

COMPA has developed and requires its suppliers to develop a contingency plan for key suppliers by diversifying the supply chain that can be put in place in case of emergencies. By implementing this requirement in the supply chain to suppliers as well, a constant production flow is ensured in order to meet customer requirements throughout the supply chain.

The evaluation of service suppliers is made taking into account the problems of quality, environment, health and safety at work and emergencies, related to the respective provider. The final score in the evaluation is given according to these indicators.

The monthly monitoring and evaluation of suppliers of products and services and their information on a quarterly basis by issuing a scorecard on the level of fitness recorded ensures an approach based on the principles and values of the quality of the automotive sphere. If the supplier is in the yellow or red zone, it will be placed in the database of suppliers with problems, requiring the preparation and follow-up of a corrective action plan with clear actions, deadlines and people responsible for solving problems and relocating the supplier to the green zone.

COMPA maintains and requires its suppliers to take a proactive approach to environmental impact management by maintaining and continuously aligning internal procedures and regulations with legal / environmental requirements regulated by national and international bodies as well as transmitting these requirements throughout the supply chain. In order to verify the alignment of suppliers to these procedures, the annual re-verification of COMPA suppliers is done on the basis of self-assessment questionnaires that include sections on environmental issues, occupational health and safety, local factors, transparency, etc.



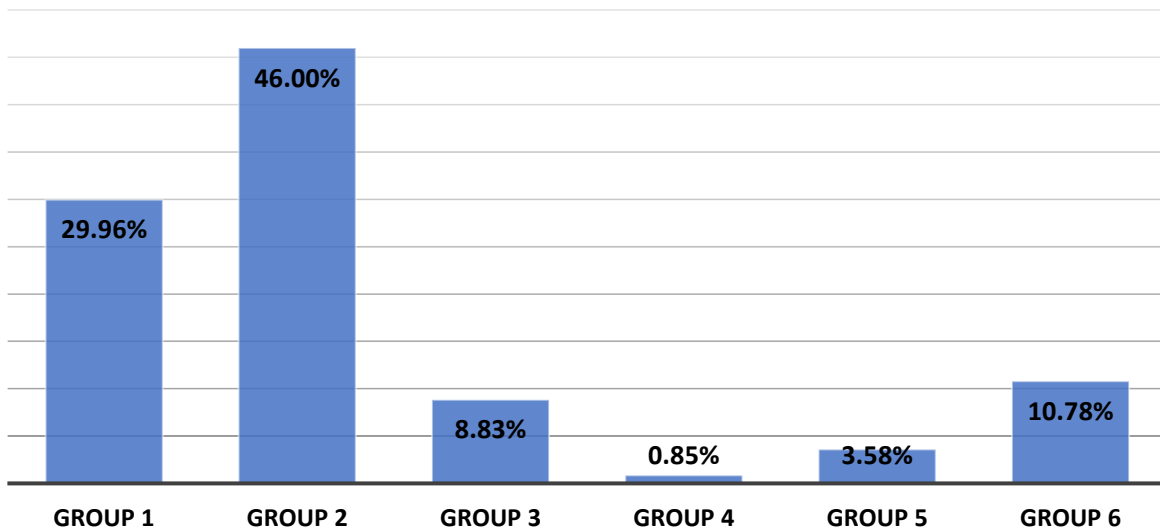
COMPA suppliers must comply with the requirements of quality, environment and social responsibility, COMPA ensures compliance with these aspects by drawing up an audit plan, which seeks to conduct audits of suppliers of raw materials and materials, as well as by annual survey of all suppliers. of products and services.

By annually recertifying approximately 100 suppliers of raw materials and supplies, COMPA ensures that product quality is maintained throughout the supply chain.

COMPA encourages and supports the local business environment through existing business relationships, existing contracts and new / future projects in which these partners are / will be involved. It prioritizes where possible business development with local partners and encourages its suppliers to do the same.

The distribution of COMPA suppliers is as follows:

Weight of purchases by groups of materials



Group description:

Group 1 - Sheet metal, Tape, Bar, Pipe, Wire, Stainless steel

Group 2 - Components & Semi-finished products

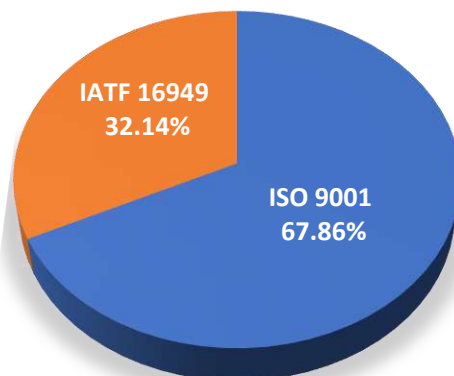
Group 3 - Tools & devices

Group 4 - Plastics, Rubber, Abrasives, Verifiers, Rubber parts, etc.

Group 5 - Chemicals, Lubricants, Paints, Gases, etc.

Group 6 - Miscellaneous, Packaging, Services, Maintenance, Labor Protection etc.

SUPPLIER CERTIFICATIONS



4. Future strategy:

In order to increase confidence in the Mineral Policy in conflict areas, starting with 2021, COMPA will require suppliers to prove their adherence to the Conflict Minerals policy by completing the “Responsible minerals initiative” questionnaire regulated by the relevant authorities.

In order to manage a responsible supply chain, COMPA implemented in 2021 a "Guide to social responsibility" which aims to encourage its partners and suppliers in terms of compliance with the principles of social responsibility. The terms and conditions of COMPA shall clearly provide for a prohibition against any use of child labor or any other form of forced or involuntary labor, ill-treatment of employees or corrupt business practices in the provision of goods and services. COMPA contracts with suppliers will set out the expectations regarding the legal observance of data protection and privacy, salaries, hours and conditions of employment, selection of subcontractors, anti-discrimination, health and safety at work.

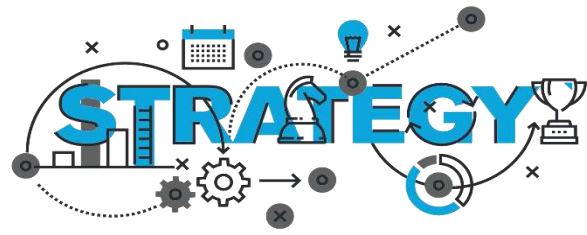
COMPA has integrate ethical, social, environmental and gender criteria, including occupational health and safety, into purchasing, distribution and contracting practices and policies to improve coherence with social responsibility objectives and will continue to pursue these issues throughout the supply chain. COMPA also supports the encouragement of supply chain organizations to adopt similar policies, without allowing anti-competitive behavior. These points will be included in the conditions of purchase and contracting of COMPA. Monitoring of supply chain organizations in order to prevent compromising the organization's social responsibility commitments will be done annually by completing a self-assessment questionnaire by suppliers that will include a set of questions assigned to social responsibility, as well as by direct audit of suppliers.

COMPA aims to support SMEs by raising awareness of the areas of action of social responsibility and good practice and providing additional assistance in achieving socially responsible goals. The organization's commitment to pay fair compensation for the goods it purchases or uses through contracts / purchase orders.

For better information on the social and environmental conditions in which the purchased goods and services are produced, COMPA is requesting the completion of a Self-Assessment Questionnaire of the potential supplier for products or services that will include issues related to social and environmental conditions.

In addition, COMPA suppliers will certify by survey the following points:

- Applying the company's business practices in accordance with the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt your own code of conduct or similar document expressing a commitment to conduct business ethically, honestly and in accordance with all applicable laws.
- Distribution to suppliers of the COMPA Supplier Code of Conduct or a similar code of conduct published by their company.
- Adopt a security policy that is in line with the principles set out in the COMPA Supplier Code of Conduct.
- Suppliers' responses to the survey will be reviewed and scaled, if necessary, to address the risk.



II. COMPA SALES ACTIVITY

1. SALES STRATEGY

The activity of the sales department consists in promoting the products and services offered in order to develop the company in an efficient, sustainable way and to of course increase the company's profitability.

Particular attention is paid to the promotion of new technologies in the field of hot forging and surface coating with ZnNi alloy in order to assimilate new products to cover existing production capacities.

COMPA currently operates in the automotive sector with a share of approximately 83.8%.

The partnerships developed with the major Tier 1 suppliers in this industry (PHINIA, BOSCH, GARRETT, JTEKT, ZF, DACIA-RENAULT, SCHAEFFLER, etc.) ensure a continuous and sustainable development of the company. The great variety of existing processes in COMPA ensures the constant expansion of the products offered. The resulting positive effect is to increase the level of know-how on each process and maintain a high degree of diversity in terms of products made.



However, the car industry is sensitive to global economic change. In response to the negative effects of the decline of diesel engines, COMPA, with relatively high exposure to component production for this application, has already established strategies to win new projects completely independent of diesel engines.

An important and noteworthy project in the above context is the manufacture of high pressure injection pump components for petrol and hybrid engines. It is a project that counterbalances the exposure on components for diesel and which also involved the successful realization of a fully automated production line within the

company. Other new types of products for the transmission system for 100% electric cars or steering gear have also been assimilated, products that are outside the diesel sphere and are of the future.

It is well known globally that the production of automotive components for diesel vehicles has decreased, due to the trend to encourage the production and use of petrol or electric vehicles. The pandemic caused by COVID 19, corroborated with the war in Ukraine, accelerated this process, transforming the automotive industry and, consequently, decreasing the demand for internal combustion engine components, especially diesel.

It is therefore a certainty that the car industry is currently undergoing a transformative process and a massive restructuring. A range of components that COMPA produces today have an uncertain future in the medium and long term. In this sense, our strategy must follow two directions:

Thanks to its experience in this field, COMPA will continue to invest in the production of future car components that align with the requirements of this new car industry with all its challenges.

Given the volatility of this industrial segment in the coming years, COMPA strategy must be one of diversification. Continuous efforts are being made by society to identify industrial areas that have potential in the future. In recent years, COMPA has started a series of production activities for other industrial segments, such as: the CNC machine building industry, water pump components, mechanical-welded assemblies for the marine industry, etc.

During 2023, contacts were also established with potential new clients from various other industries, which represents a huge potential for the development of COMPA in the future.

Given the high percentage of activity in the automotive sector, a strategic direction has also been established to ensure the reduction of dependence on this industry. In this context, the organization has also established a performance indicator that aims at an annual increase in turnover in the non-automotive sector.

The Marketing-Sales Department is directly responsible for this indicator, and with the support of the other functions involved, it has a continuous concern in identifying and developing new projects with clients from other industries.

Another strategic direction that COMPA places great emphasis on is development as an integrated supplier. Integrated supplier means the possibility to offer customers complex products and assemblies that involve the use of as many processes as possible in COMPA, these being listed here:

- ✓ Hot forging
- ✓ Mechanical processing (turning, milling, gearing, grinding)
- ✓ Machining on multi-axis machines
- ✓ Tool manufacturing
- ✓ Processing on special materials
- ✓ Manufacture of metal components through a 3D printing process
- ✓ Embossing
- ✓ Electrochemical deburring and abrasive paste deburring
- ✓ Welding
- ✓ Laser cutting of tubes, pipes and sheets
- ✓ Cutting sheets with large thicknesses up to 50mm with Oxigaz
- ✓ Spring Manufacturing
- ✓ Brazing
- ✓ Heat treatments
- ✓ Cataphoretic, liquid and powder coating
- ✓ Galvanic coatings (Zinc plating, ZnNi)
- ✓ Washing on special machines, including in a vacuum environment
- ✓ Automated cell assembly
- ✓ Measurements and control of parts on machines in 3D coordinates

By developing as an integrated supplier, more added value is generated, the level of know-how is automatically increased and implicitly the company's profitability. Starting from this strategy, considerable investments have been made in recent years in the hot forging process and in its optimization. Hot forging is a technological process that underlies many components required by the automotive industry and beyond. Having this technological process in the factory, we can offer complete / integrated solutions for making products to customers.

Some examples of forged parts, made or which could be produced in COMPA:



To ensure a prosperous business relationship with its partners, COMPA also strictly pursues another important indicator aimed at customer satisfaction. This activity or line of action is also imposed by the specific quality standard for the automotive industry, namely IATF 16949. Through this indicator, all customers in the automotive industry and all important customers of the company that generates a turnover are monitored on a monthly basis. significant. The main aim is performance in terms of quality, logistics, etc.

This indicator monitors the collaboration with each client in real time and can intervene quickly if certain problems are detected that may damage the business relationship with that client or, on the contrary, actions can be taken to improve the collaboration.

Another aspect worth mentioning regarding the satisfaction of customers requirements is the one related to social responsibility. COMPA's main customers are multinational companies with a minimum of 10,000 employees and who are aware of the role and impact of their business in society. Each of these customers has a code of conduct that defines their ethical and social responsibility principles to be respected throughout the supply chain. Thus, COMPA has also integrated these social responsibility requirements into its working procedures, acting accordingly.

2. RISKS AND OPPORTUNITIES IDENTIFIED WITHIN THE SALES DEPARTMENT

Risk and opportunity have one thing in common: uncertainty - Both are unpredictable events that can have negative or positive effects.

- ❖ Risk is an uncertain event that, if it occurs, has effects on the organization's objectives and strategy.
- ❖ Opportunities can lead to the adoption of new practices, the launch of new products, the opening of new markets, the approach of new customers, the development of viable partnerships to address the needs of COMPA or its customers.

At the level of the Sales department, the following risks and opportunities are identified and treated:



- **RISKS:**

- Volatility of the car market: Diesel decline where COMPA has an important portfolio of products, increasing the share of electric cars that have much fewer components.
- Global decrease in component orders for the automotive industry due to the COVID 19 pandemic and the semiconductor crisis.
- The accelerated rise in prices caused by inflation and especially by the unprecedented rise in the price of electricity and gas which have a strong influence on both domestic costs and supplies.- The likelihood of entering a new global recession, which will affect the car industry more than in the past in the context of a global pandemic.
- Economic instability of certain customers as well as the insolvency of some customers.
- Increased flexibility of deliveries is required, the quantities per reference are less and the variety is greater; the quality requirements being more and more complex.
- Quality issues generated with impact on end customers affect the image of COMPA.

- ✓ **OPPORTUNITIES:**

- Strengthen business relationships with existing customers.
- Identification and development of business with customers in the field of hot forging on specific HATEBUR, where COMPA has free production capacities.
- Expansion in other industries outside the automotive sphere, in order to diversify the range of customers (eg WILO, DMG MORI, VESTAS, AIRCOIL, DAIKIN, HAULOTTE).
- Extension of the customer range on products already existing in series production (eg: sprockets, forged axles and parts for the steering box, mechano-welded assemblies for various industries, etc.)

- Focus on the execution of parts-parts in order to increase the added value.
- Know-how in a wide range of processes and areas that offer a strategic advantage.
- Development of specific knowledge for the staff within the department, by participating in various training courses, workshops, etc.

Risks and opportunities are analyzed and treated periodically within each department of COMPA, through a procedural way of working. Processes are implemented regarding the identification, assessment and prioritization of risks and opportunities, followed by the economic application of resources for their elimination, reduction or promotion, as appropriate. In order to keep them under control, action plans and timeframes shall be drawn up for the treatment, prevention and mitigation of the impact of risks, as well as action plans and timelines for the development of a strategy for the materialization and development of opportunities.

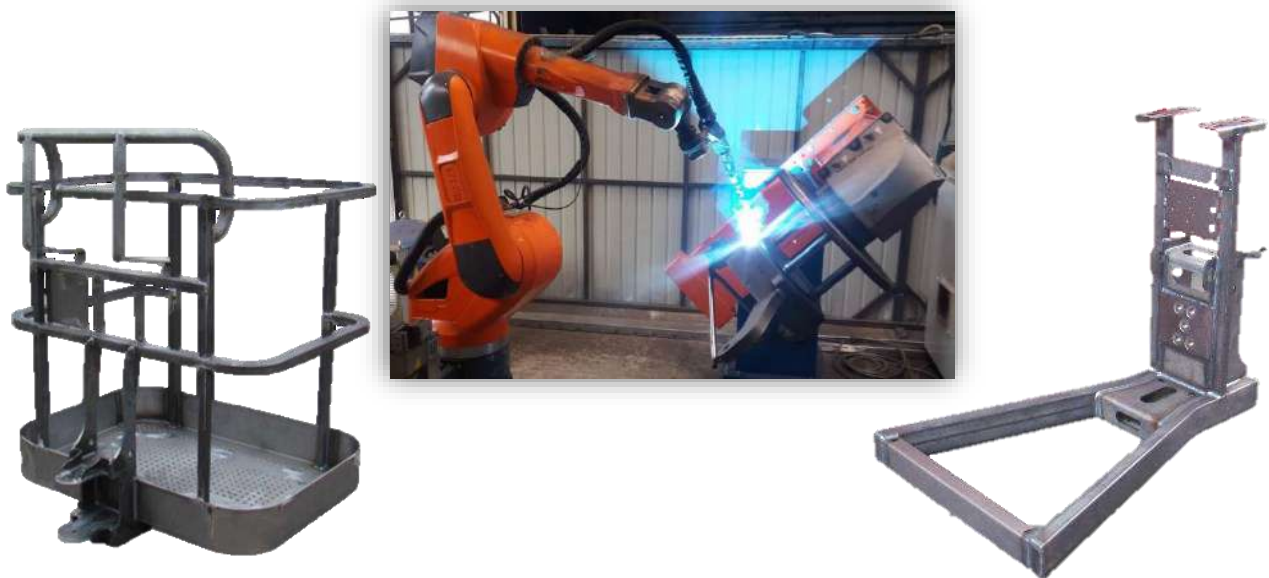


3. EXISTING NON-AUTO PROJECTS AND NEW NON-AUTO PROJECTS

Starting with 2018, the partnerships with various renowned companies from other industries have intensified. These new businesses bring a number of benefits to the company such as: increasing turnover, reducing dependence on a single industry, developing new technologies, increasing the level of know-how, increasing the level of flexibility, creating new jobs, and so on



3.1 THE HAULOTTE PROJECT - TRADITIONAL NON-AUTO PARTNER



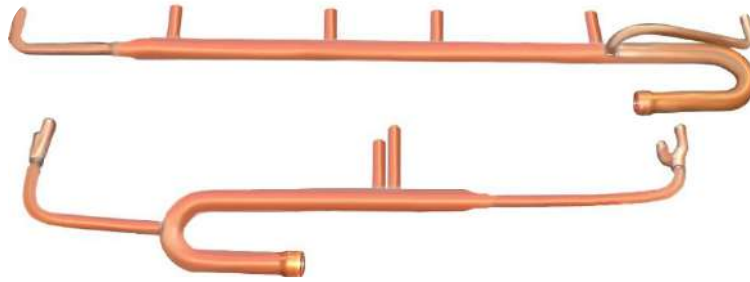
A successful non-auto project that has developed in recent years in COMPA is the one with the French company HAULOTTE. It is a world leader in the production of lifting equipment and materials. No less than 235 different mechanically-welded components and structures are made in COMPA, generating an annual consumption of > 6,000 tons of steel.

Several dedicated production areas have been allocated in COMPA for this type of products.

3.2 THE DAIKIN PROJECT - TRADITIONAL NON-AUTO PARTNER



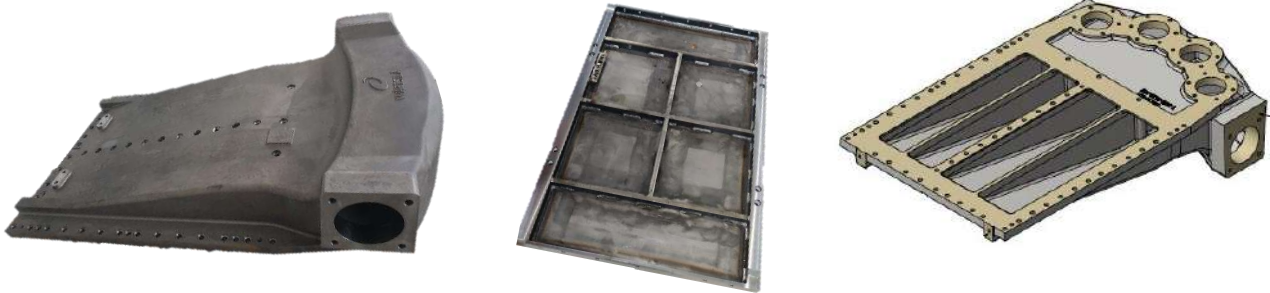
The partnership with DAIKIN started in 2005. The company is one of the world's largest manufacturers of air conditioning systems, and COMPA produces a wide range of copper pipes, through a special brazing process. This customer is delivered annually a number of ~ 185,000 pieces made from 23 different references. And in this relationship with DAIKIN, COMPA has set up a dedicated production workshop. During the year of 2022, DAIKIN expressed its intention to grow the business with COMPA and as such we offered and we won some new projects which will lead to a significant turnover increase in the following years. In this relationship with DAIKIN, COMPA has set up a dedicated production workshop too.



3.3 VESTAS AIRCOIL PROJECT - NEW NON-AUTO PARTNER

During 2020, a new business was started with VESTAS AIRCOIL, a Danish manufacturer, a leader in the production of cooling systems for the marine industry and other industrial applications. In COMPA, various precision mechano-welded assemblies are produced, which are then processed on CNC machines and protected against corrosion by a process of liquid painting or thermal galvanizing, depending on the final application.

A few examples of parts which are produced in COMPA for this client:



3.4 DMG-MORI PROJECT - NEW NON-AUTO PARTNER

A large-scale project was concluded between COMPA and DMG MORI, one of the world leaders in the production of CNC machinery and equipment.

COMPA has already arranged 2 dedicated workshops where both the complete cabins and a number of > 160 different components that are part of the CNC machines are produced, and the development plan continues. During 2021, a new, automated electrostatic painting line will be installed to ensure quality at the highest standards in an environmentally friendly process.

COMPA enjoys the recognition of efficiency from customers, the most recent event of this kind being the award of the strategic partner award in 2019 by DMG MORI during the 22nd edition of the EMO (Machine Tool World Exposition) in Hanover.





3.5 THE WILO PROJECT

Another important project outside the automotive sphere and which strongly strengthens the business and the future of COMP A is the partnership developed with WILO, one of the world's largest manufacturers of high-tech pumps and pump systems for residential and commercial construction, management water and other industries. This company offers innovative solutions and smart products for water transport in an intelligent, efficient and environmentally friendly way. Through the sustainability strategy and together with its partners, the company makes an important contribution to the protection of the climate and the environment.



COMP A has set up a production workshop dedicated to this customer, in which over 200 types of pumps are produced on lathes and state-of-the-art CNC machining centers, and then the parts are phosphated and painted cataphoretically for corrosion protection. Due to the war between Russia and Ukraine, the production for this customer registered a decrease as WILO closed its factories on the Russian territory. However, during the year 2023, several new packages of parts were won, which will go into series production during the year 2024.



Both above-mentioned customers are directly following global carbon reduction trends and have strong commitments in this regard.

3.6 RESEARCH & DEVELOPMENT CENTER



The research - development activity, component of the COMPA strategy on medium and long term, knows a significant intensification and allocation of resources in the last years. In this sense, a new Research & Development center was inaugurated. The main objectives of the center are to carry out machinability studies in order to optimize current technological processes, making prototype parts and to test alternative processing technologies to be implemented in mass production.

By using state-of-the-art technologies, such as 3D printing of metal components and ultrasonic processing on advanced materials,

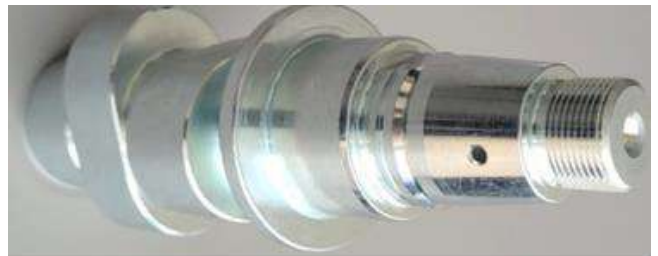
COMPA aims to develop new products.

Within the research and development center, various prototypes are produced using a wide range of processing processes.

The turnover on the non-automotive sector has doubled in value in the last 5 years. COMPA's intention is to maintain this trend in the future so that production for non-automotive components represents at least 25% of total turnover.



In the images below are some examples of prototype pieces made during 2023:



MANUFACTURING

The Manufacturing Department within COMPA SA carries out its activity in order to fulfill the general objectives of the company in the Strategic Dashboard.

The production activity within COMPA SA consists in the creation of a diversified portfolio of automotive components (injection components, subassemblies and turbocharger components, windscreen wiper subassemblies and components, cassette and steering column subassemblies, cold-wound springs, stamped parts, forged parts, etc.) as well as non-automotive (metal fabrications, air conditioning pipes, various machined components for machine tools, industrial pumps, etc.) which involve the use of various manufacturing processes as follows:

- Machining on numerically controlled machine tools
- Deep drilling
- Tothing
- Running grooves
- Reworking
- EDM processing
- Robot welding
- Processing of parts from strips and sheets by cold forming
- High accuracy wash
- Cataphoretic dyeing
- Electrostatic field painting with water-based paint or powder paint
- Galvanic coatings
- Brazing copper pipes
- Heat treatments
- Electrochemical deburring
- Assembly
- Forging
- Laser cutting
- Oxygen cutting
- Cold winding

Description of the objectives, targets and responsibilities established for the performance of the activity of the Manufacturing Department in performance conditions

The objectives of the manufacturing activity are mainly derived from the objectives of the company and refer to:

- increasing the company's profitability to cover operating costs and allow future developments
- reducing costs by identifying improvement projects
- reducing costs with non-quality
- increase process performance
- increasing the level of safety at work.

The indicators necessary to achieve the objectives of the Manufacturing Department were established following the decisions of the managerial analysis performed at the beginning of the year. It is necessary to constantly adapt to the conditions in which it operates, in order to reduce risks and establish development opportunities.

Following the audits carried out by the certified bodies, the Manufacturing Department contributed to maintaining the certifications of the Integrated Management System (according to ISO 9001, ISO 14001, ISO 45001, IATF 16949) valid for the period 2018-2022.

Compliance with the legal requirements regarding quality, environment and OSH as well as the reduction of occupational safety and health risks for all current and special activities, has been achieved through the use of appropriate techniques and practices, by ensuring adequate working conditions to reduce the number of accidents at work and / or occupational diseases.

The Manufacturing Department is organized on profit centers, structured to meet the requirements and needs of each customer, at the level of each workshop there are available all the necessary support functions: logistics, maintenance, technical, quality. Risks and opportunities are treated individually by each manufacture, depending on the specifics and requirements of existing processes. The following are the most important existing manufacturing workshops within COMPA SA.

Punched parts workshop 130

Types of machines

Presses from 16t to 400t

Automatic presses	Mechanical presses	Welding robot
Washing machines	Rotofinish	Lathe Machine
Guillotine scissors	Belt sanders	

Manual, excentric and hydraulic presses

❖ Workshop surface	2679 m²
❖ Direct workers	27
❖ Indirect workers	7
❖ Magnetic framework	583.380 pcs/year
❖ Dacia flywheel 2	1.079.468 pcs/year
❖ BOS levers	541.590 pcs/year
❖ BOS Toyota 9904407195	682.850 pcs/year

Injector machining and assembly workshop 620

Production area 6.646 m²

Number of direct productive workers 228

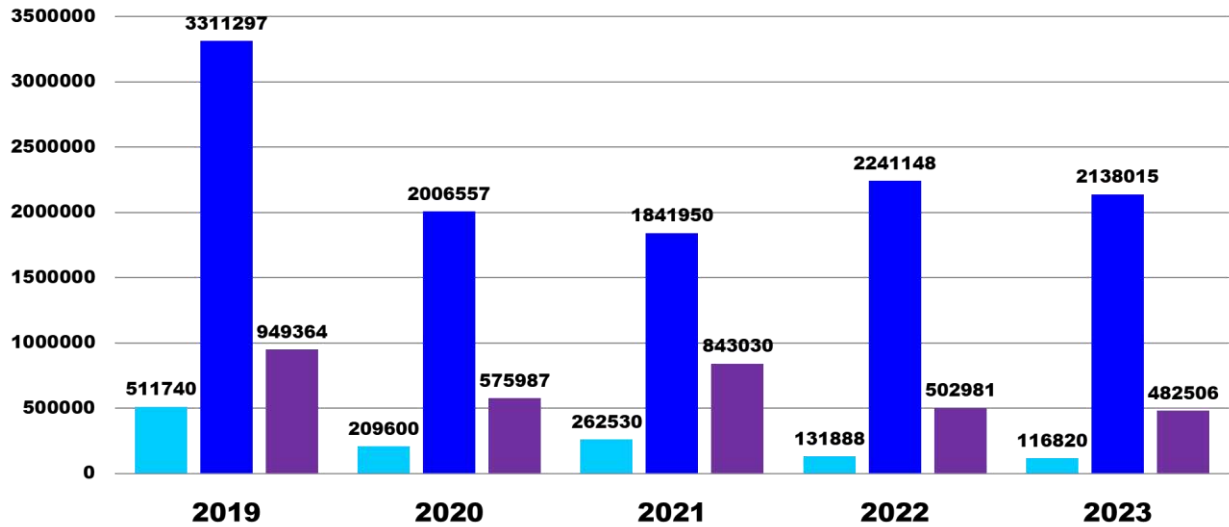
Number of indirect productive workers 53

Processes:

- Machining - CNC Chiron, Spinner, Mazak, Supfina, Rene Clement, SW, SMOC, Thielenhaus,
- Electrochemical deburring - Sermatec
- Abrasive Deburring - Kennametal
- Phosphating - COMPA SA
- Laser marking - SEF Touraine, ES TECHNOLOGY
- Assembly - CMO, CIMA, SANVER
- Washing - Aquaresse, Curtis, Durr, Ecoclean, Hidroem, Sermatec

Injector type	Processing lines	Assembly cells	No. of injector types
NHB 1.3	1/2	1	11
NHB 1.5 & 1.6	4	3	14
NHB DAF F2P	2	1	9

VOLUME PRODUCTIE



Direct injection pump body machining workshop 640

Production area 1.651 m²
 Number of direct productive workers 24
 Number of indirect productive workers 20
 Processing capabilities 2.000.000 pcs/year
 Customers: VW, PSA, Renault

The automatic production line served by robots, integrates the following processes:

- Machining – multispindle CNC Index turning machine with 6 spindles and counter-spindle (7 machines for machining op. 10 and op.20)
- Electrochemical deburring - Extrude Hone
- Laser engraving
- Washing - Eco Clean
- COMPA SA automatic control stands

Turned parts and abrasive deburring workshops 630 & 320

	Workshop 630	Workshop 320
❖ Direct workers	180	25
❖ Shopfloor area	3.216 m ²	781 m ²
❖ Auxiliary shopfloor area (logistics & maintenance)	706 + 155 m ²	
❖ Installed capacity	Pcs/ day	P/Ns
▪ NHB	12.000	10
▪ Nozzle GMC	35.000	35
▪ Nozzle ZBLN	2.400	2
▪ Nozzle NNC	12.000	6
▪ Nozzle (op.25)	12.000	8
▪ Piston Guide	750	2
▪ Axial NHB MX / JCB	3.000	6



▪ Capnut	2.400	2
▪ Spring Chambers	750	4
▪ AFM valve	18.000	14
▪ AFM Nozzle	7.000	4
▪ ZF intermediate shafts	8.000	4

<u>Equipment</u>	<u>Manufacturer</u>
Lathes	Spinner; Mazak
CNC machining centers	Spinner; Chiron
Washing machines	DÜRR
Lathes	Star; Citizen; Hardinge; Spinner; DMG MORI (Wasino)
Multispindle lathes	DMG GMC
Gundrilling machines	Mikron
Electrochemical deburring machines	Sermatec
Multispindle lathes	DMG Multisprint
Lathes	Okuma; Emco
CNC machining centers	Spinner
Honing machines	Vector Hone Kennametal; Extrude Hone;

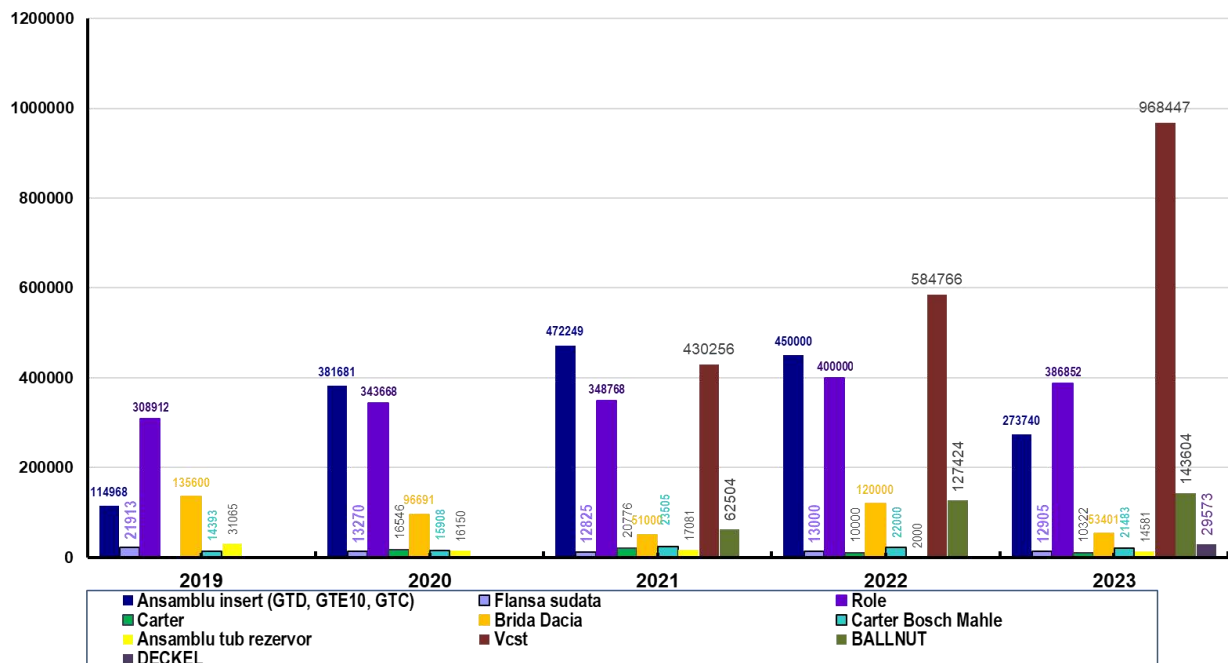
Turbo charger component machining and assembly workshop 750

Production area	4.319 m ²
Number of direct productive workers	86
Number of indirect productive workers	4

CAPACITY	pcs / day	P/Ns
Cartridge / Nozzle Ring	1.800	4
Nozzle Assembly (Cartridge / Insert & Nozzle Assembly)	1.400	26
Center Housing Assembly	600	15
Rollers	1.500	4
Output long trans line	570	1
VCST	4.600	2
BALLNUT ZF	600	1

Processes and facilities:

Products	Machinery	Manufacturer	SOP
Assembled flanges	Numerical control machine	Mazak	2019
Carters	Numerically controlled machine (horizontal + vertical)	Spinner	2014
Insert assembly		Mazak Gildemeister	
	Numerical control centers	Spinner Mazak	2003
	Mounting stands (marking; riveting; pressing; welding)	COMP SA	2003
	Marking - riveting - pressing unit	COMP SA	2018
	Washing machines	Unitech Annemasse	2003
Rollers	Numerically controlled machine	Swing	2004
Dacia flange	Numerically controlled machine	Spinner Mazak	2015
	Brooch machine	Klink	2015
	Washing machine	Mafac	2015
VCST	Numerically controlled machine	Mazak DMG	2018
	Inspection station	Compa	2023
BALLNUT	Numerically controlled machine	Mazak	2018 2021



Steering column pinion machining and heat treatment workshop 450 & 760

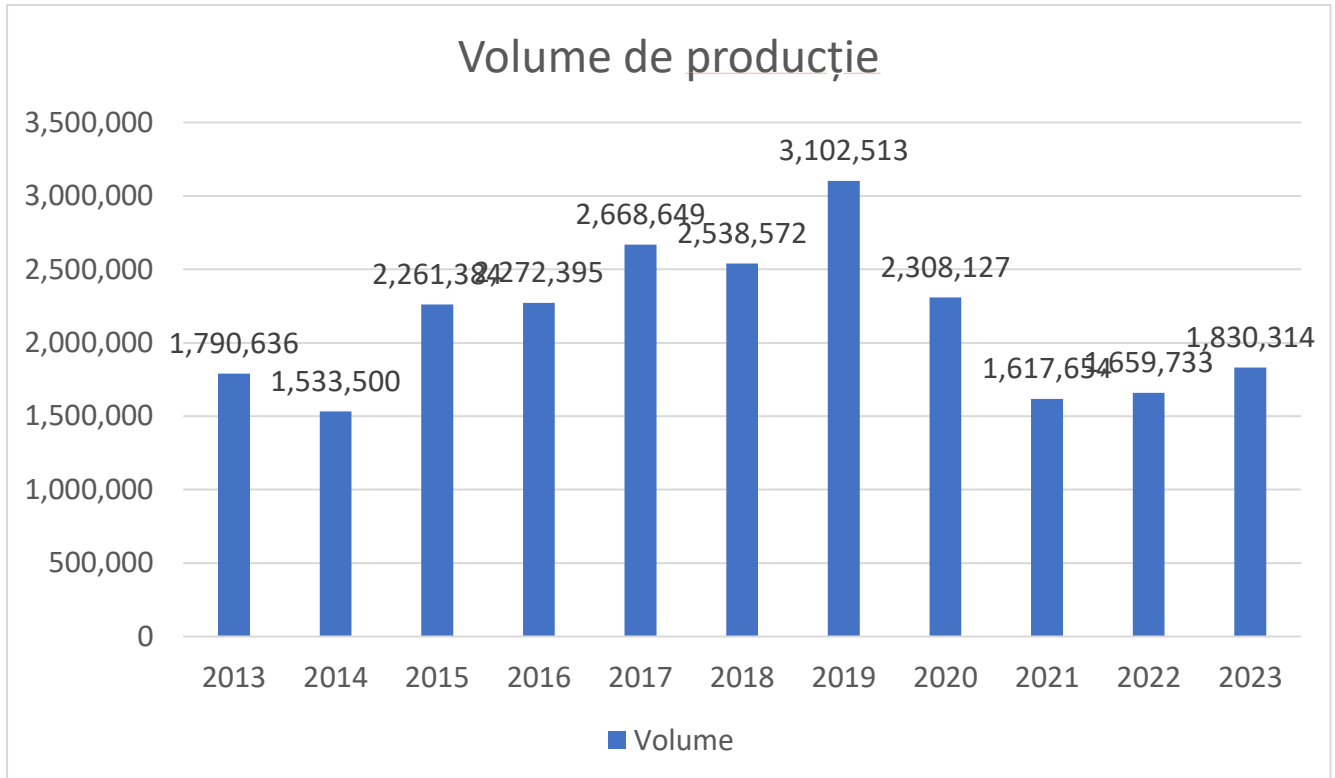
Production area	2.600 m ² + 1.700 m ² HT
Number of direct productive workers	83
Number of indirect productive workers	23
Production capacity	9.000 pcs / day
Pinion variants	10
ZF axis variant	2
Rack Stopper variant	1

Roughing processes

Line	Machine	Pcs	Line	Machine	Pcs
D	Disc saw	2	Traub	Traub lathe	2
	Milling and centering machine	2	XNCe	Mazak QTN 200	3
EP	Mazak QTN 200	2		Profiroll	1
	Chamfering machine	1	EPSe	Mazak QTN 200	4
	Profiroll	1		DMG	2
AEP	Mazak QTN 200	2	TD	Gleason Pfauter	2
	Rollex	1		Mazak QTN 100	1
	Marking station	1		Mazak QTN 200	1
				Deburring lathe	1
			E	EMCO	2

Finishing processes

Line	Machine	Pcs	Line	Machine	Pcs
XNCf	Galdabini	2		Gleason Pfauter	1
	Tacchella	1		Mazak VTC 200	1
	Studer S22	1		Mazak QTN 250	1
FP	Studer S22	1	DMG	DMG CTV 160	4
	Gleason Pfauter	4	Packaging	Uniflux	3
PF	DMG CTV 160	1		Java	2
PHf	Mazak QTN 100	4			
	Studer S22	1			



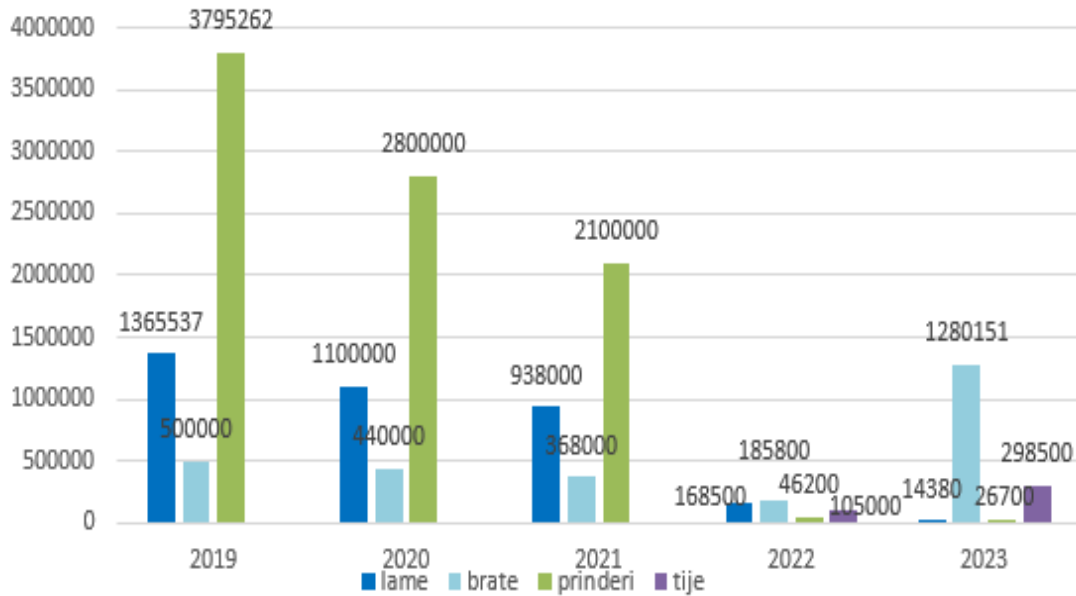
The forecast received from the client as well as the new ongoing projects have insured additional volumes in 2023.

Heat treatment machines

Cementing & carbonitriding furnaces	9	UTTIS
Return ovens	5	UTTIS
Vacuum tempering furnace	2	IPSEN; RUBIG
Induction hardening system	1	INDUCTOHEAT
Hardening installation below 0 degrees	2	

Windscreen wiper workshop 460

Production area 5.031 m²
 Number of direct productive workers 63
 Number of indirect productive workers 27



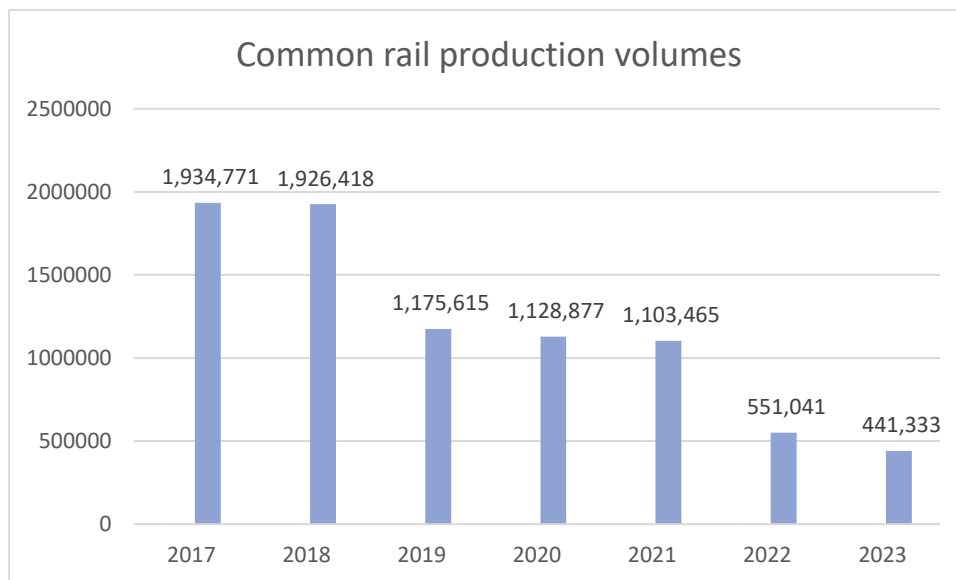
Machinery	Pcs.	Manufacturer
Wiper blade assembly lines	1	COMPA
Wiper arm mounting lines	4	Pekon, others
Preparation for painting (phosphating) + drying installation	1	Eisemann
Automatic cataphoretic painting line	1	Eisenmann
Automatic water-based paint installation	1	Eisenmann, Wagner GmbH
Drying oven	1	Eisenmann
Automatic wiper rod stamping line	1	Burger Felss

This workshop has continued to release assembly processes for various OEM wiper arms, most important customers being BMW, FCA and Renault, as well as developing new wiper rods for the European, Mexican and Brazilian markets.

Common rail machining workshop 770

Production area 2.160 m²
 Number of direct productive workers 21
 Number of indirect productive workers 10
 Investment in machinery 10 mil €
 Processing capabilities 720.000 pcs/ year
 P/Ns 24
 Customers FPT, BMW, HMC, Deutz, Iveco, Cummins, Mercedes

Machinery	Pcs.	Manufacturer
Percussion marking stand	6	COMPA SA
Chiron DZ18.2 KW Magnum 4 axys machining center	6	Chiron
Mollart Drillsprint MK4 LD2-750 deep hole drilling	6	Mollart
Deburring stand	6	COMPA SA
Washing machine	2	Mafac
Deep hole endoscope inspection posts	2	COMPA SA



Commercial vehicle steering column valve slide machining workshop 650

Production area	972 m ²
Number of directly productive workers	21
Number of indirectly productive workers	9
Investment in machinery	4 million €
P/Ns	12
Customers	Iveco, Mercedes
An SOP	February 2021
Annual capacities	350.000 pcs/ year

Process	Machinery	Manufacturer
Turning	Multispindle turning machine	Index
Marking	DMC marking stand	COMPA SA
Gear rolling	Gear rolling machine	Profiroll
Electrochemical deburring	Electrochemical deburring machine	Extrude Hone
Induction hardening	Electric induction hardening machine	Inductoheat
Grinding	Automatic grinding machine	Studer
Micro-crack inspection and demagnetization	Microcrack inspection stand	Uniflux
Washing	Closed chamber washing machine	Ecoclean
Endoscope internal inspection	Endoscope stand	COMPA SA

QUALITY - ENVIRONMENT ACTIVITY



COMP A quality and environmental system consists of policies, procedures, plans, resources, processes, practices, and specification of responsibilities and authority designed to achieve product quality levels, customer satisfaction and company objectives. The Quality and Environmental Department’s goal is to assure the quality and safety of COMP A products.

For several years now, COMP A has been certified according with IATF 16949: 2016 and ISO 9001: 2015 standards, and adapted the quality system to customer requirements, needs and expectations.

COMP A Quality-Environment organization chart is structured as follows:

- Process and Product Quality Department assigned to each workshop, with the following processes:
 - Incoming inspection and management of supplier quality complaints
 - Product/process checking and measurements
 - Carrying out final checks and audits before delivery
 - Production quality and environment non-conformities management
 - Quality customer service
 - Quality planning and process validation
 - Measurement laboratories equipped with state-of-the-art measuring equipment Fig. 1, 2, 3, 4
 - Cost of poor quality and managing the measures to reduce the material waste and additional controls.
- Product and process audit performed according with VDA 6.3 and VDA 6.5 standards
- Cleanliness expert responsible for improving the cleanliness condition and testing according with customer specifications and VDA 19
- Physical-chemical laboratory responsible for analyses and tests according with applicable norms and customer specification
- Heat treatment laboratory responsible for preparing and testing of heat treated products. In 2021 COMP A invested in new equipment for better process control and to prevent customer complaints. Fig 5, 6, 7, 8



Fig. 1 CMM Zeiss (COMP A has 20 machines available for complex measurements)



Fig 2. Precise and accurate optical machines



Fig. 3 Accretech form tester (0.5 μm accuracy)

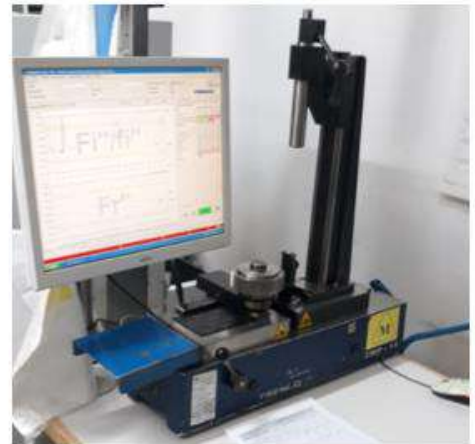


Fig. 4 Gear inspection machine



Fig. 5 MICROSCOP ZEISS AXIOSCOPE 5



Fig. 6 Cito-Press30



Fig. 7 Duramin-40 AC1



Fig. 8 Ammonia gas analyzer

Every year, we review the adequacy and effectiveness of our Management System and adapt it to customer requirements, changed risks, and new legal requirements.

COMP A monitor the processes during the year based on key performance indicators (KPIs) that include safety and quality performance. To figure out these indicators, we check, among other things, whether formal requirements are met, and the content is complete. We use these activities as a basis for defining any required improvement measures, which are implemented by the responsible functions and then checked on a regular basis. The relevant management levels of COMP A continuously receive reports on these monitoring activities.

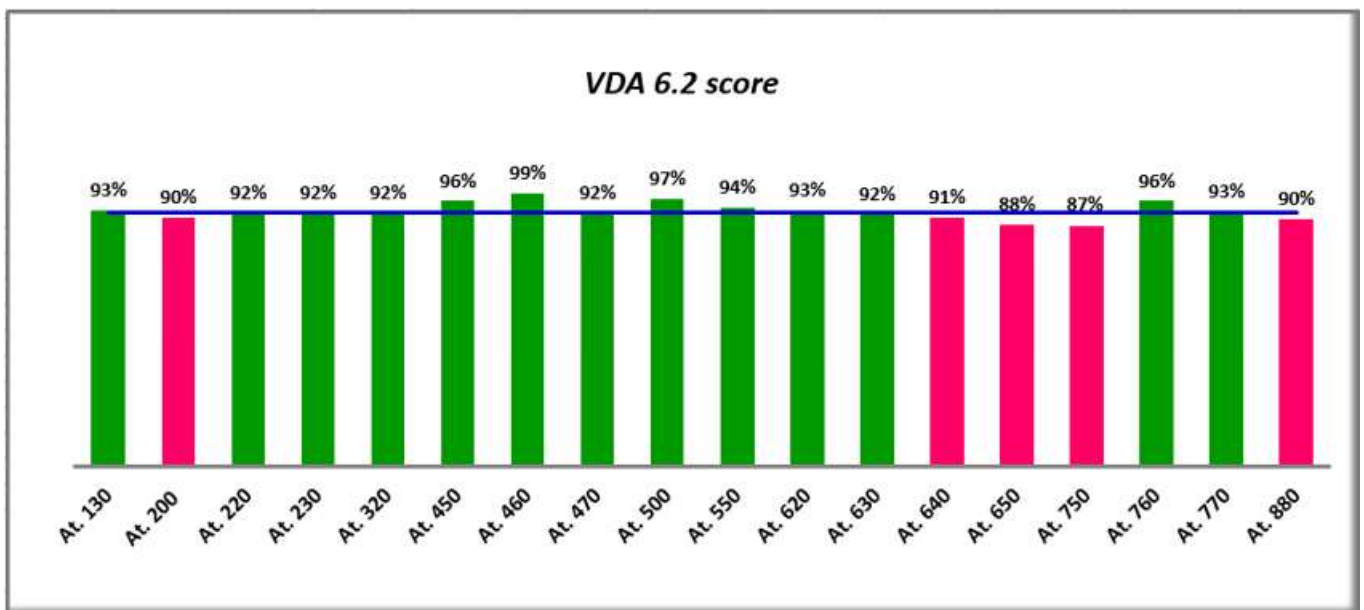
Although 2021-2023 period has been a difficult, with global crisis caused by pandemic, the results in terms of product safety and quality were maintained. In the table below, one of the most important quality indicator PPM (parts claimed per million delivered) shows a steady trend and it can be observed the remarkable result in automotive business where single digit PPM was achieved during the last two years.

	2020	2021	2022	2023
	Customer PPM			
Automotive	8	9	7	8
Non-automotive	336	420	336	211

In terms of customer satisfaction, in accordance with automotive practices, the performance is usually monitored on the customer portal which provides a monthly dashboard with COMP A evaluation. In particular, the scoreboard monitors the performance of several indicators (i.e., quality, procurement, logistics and responsiveness) and additional information about product development and available certifications. These results are then shared internally with the board of directors as part of a monthly quality report.

Any failure to meet the scorecard objectives is the subject of corrective action plans shared with the customer and their long processing times can trigger internal audits focused on specific issues.

Following the internal audit VDA 6.3, the distribution of the score on each workshop is presented below.



In 2023, COMPA revised the system for assessing and monitoring the risks related to product integrity (product safety and conformity). For this purpose, following the nominalization and training of PSO representative, the quality assurance system was updated with a matrix of responsibilities as can be seen in the table below.

#	Roles / Organizational units; R: Responsabil, A: Approvale, S: Support, I: Information							Input data	Action	Release dates	Applicable documents
	Quality - environmental	Technical responsible	Project manager	Quality Manager	Manager Operational	Audit	PSO				
1	I	R	R	I	I	I	I	Legal requirements / standard requirements / customer requirements	Identify and define special product or process characteristics	Identify the characteristics related to IP	Special characteristics treatment according internal documentation
2	S	R	S	I	S	I	I	IP characteristics - product-process	Risk Analysis - DFMEA / FMEA	Actions taken to eliminate or control risks	Special characteristics treatment according internal documentation
3	R	R	S	I	I	I	I	List of special characteristics	Identifying the characteristics in documents: PC, PO, Work Instructions etc	Marking and identification of risks in documents	Elaboration procedura of internal documents
4	S	S	S	A	A	R	I	Results of previous audits / documentation / customer satisfaction / IP incident history / risk analysis	Planning and perform the audit	Plan / audit program	Quality system audit and Process product audit according internal procedure
5	S	S	S	S	S	R	I	Audit Questionnaire	Perform audit	Audit results	Quality system audit and Process product audit according internal procedure
6	R	R	S	S	R	S	I	Identifying IP issues found following the audit	Measure Audit Plan	Establishing the actions, deadlines and people responsible for solving identified	Quality system audit and Process product audit according internal procedure
7	S	S	S	S	S	R	I	Re-audit of identified issues / products	Close audit report	Effective actions implemented - Closed action plan	Quality system audit and Process product audit according internal procedure
8	R	R	R	A	R	S	S	IP customer complaints	Treatment of internal or external non-conformities regarding IP following informations or customers complaints received	Closed action plan / 8D analysis with corrective actions implemented	Analysis and treatment of customer complaints internal instruction
9	R	I	I	I	I	I	S	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring specialized portals + customer satisfaction	Identify possible IP issues for similar	Product Integrity and Safety Procedure
10	R	I	I	I	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA / RAPEX)	Reporting IP issues that may affect COMPA products and convening the analysis team to prepare the analysis and	Identifying possible IP problems with similar products and treating them	Product Integrity and Safety Procedure
11	R	I	I	A	I	I	I	Data from specialized portals (NHTSA / KBA / DVSA /	Monitoring indicators	Achieving an indicator in the imposed targets	Product Integrity and Safety Procedure
12	I	I	I	R	I	I	I	Legal requirements / standard requirements / customer requirements	Nomination of PSO responsible and responsibilities definition	responsibilities defined in the internal procedures and job description	Product Integrity and Safety Procedure
13	S	S	S	I	S	S	R	Duties and responsibilities defined in the internal procedures and job description	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
14	R	I	I	I	I	I	S	Duties and responsibilities defined in the internal procedures and job description with reference to IP	Training personal involved in IP issue (multifunctional teams)	Training report	Product Integrity and Safety Procedure
15	R	I	I	I	I	I	S	Analysis of previous problems and actions taken	Applying the Lesson Learned	Prevent IP problems	Lesson Learned Procedure

The recalls reported on the RAPEX (Rapid Exchange Information System) portal are checked and similar risks are assessed. If potential problems are identified, an internal analysis is performed and the client's opinion is requested.

RISKS AND OPPORTUNITIES

RISKS:

Increase of customer complaints and internal scraps for the new projects developed in 2023 (intermediate shaft, NHB PSA and Deckel) due to failure modes not identified during PFMEA analyse.

Repetitive complaints received from final customers caused by unappropriated root cause analyse.

Customer complaints received for new projects with a high degree of complexity due to improper deployment of customer requirements.

Degradation of serial production not identified with statistical controls
Delayed responses to customer complaints and requirements due to insufficient resources and qualifications

Safety issues, caused by products not complying with customer and legal requirements

Inadequate training and integration of new operators

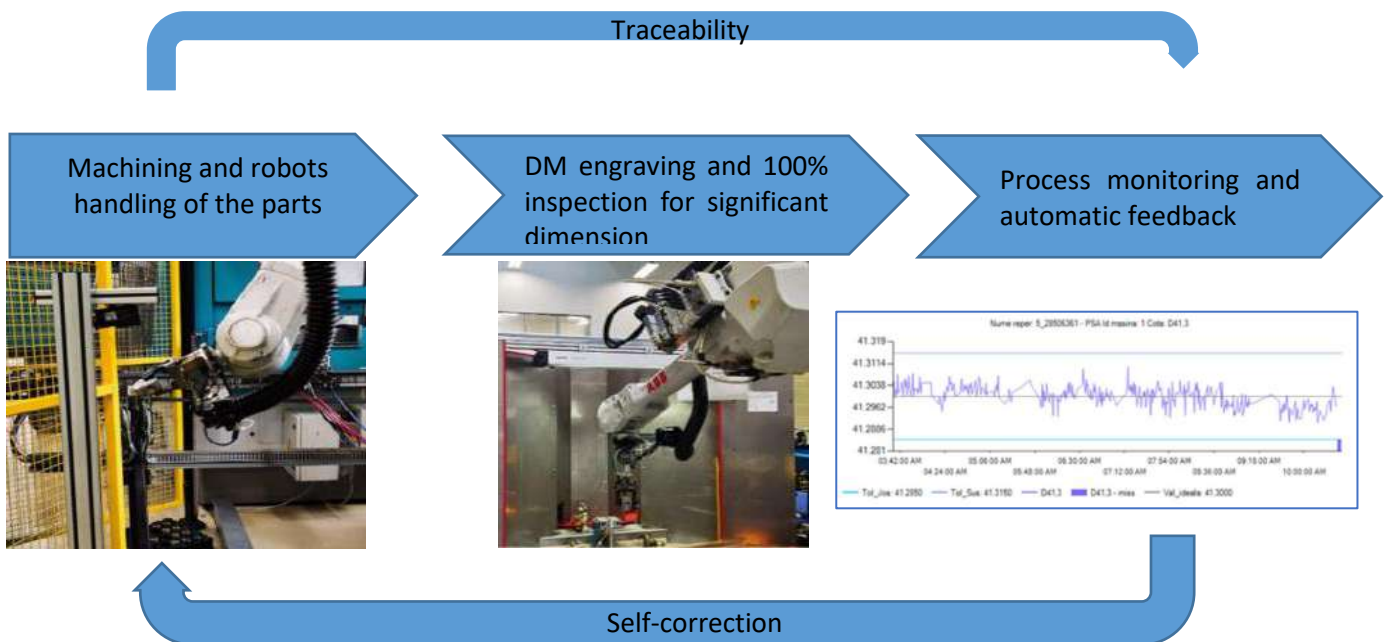
Quality complains not closed in time due to complexity of the issue.

All management levels evaluate the risks on a yearly basis to keep them under control. Based on risk evaluation, action plans are established in order to prevent and mitigate the impact.

OPPORTUNITIES:

COMP A continued to identify efficient and smart solutions applied in production and to take the opportunity to implement them in similar processes.

- New projects are designed with automatic controls located in between process operations, to minimize the time for reaction in case of non-conformity or process degradation.
- The next step was to create the algorithm used for self-correction of the machine if process degradation is detected on the control station. Automated systems have been developed that consist of devices (usually programmable logic controllers (PLCs) or other commercial hardware modules) that can acquire and transmit data and are integrated with an automated interface that provides centralized monitoring and control for many inputs and outputs of the process.



OPPORTUNITIES:

Continuous development of detection and prevention systems with the help of the design / automation team (aspect noticed by many customers)

Improving the statistical monitoring software of the processes.

Opportunities to change production processes that can eliminate the risk of certain quality complaints.

Digitization of quality management data (Pareto diagrams, process performance, capabilities, etc.)

Introduction of the Process Flow Control system for product engraved with Data Matrix. Under this system, if a non-compliant product is accidentally promoted, the next operation step will automatically isolate that product.

Lesson learned implementation.

Product quality and safety assurance is essential for Quality - Environment department activity and the goal is to obtain a high level of customer's satisfaction that can determine their loyalty.

LOGISTICS ACTIVITY

The activity of the Logistics Department within COMP A SA is subject to clear rules, in order to contribute to the achievement of the general objectives of the company and at the same time responding to the specifications requested by the customer.

The Logistics function currently integrates the activities on the logistics flow: Supply, Production Logistics, Warehousing / internal flow, Sales.

Among the most important activities within the departments of the Logistics Department we can list:

Supply

Orders of raw materials, materials, semi-finished products to COMP A accredited suppliers;

Reducing stocks of raw materials and materials by optimizing orders to suppliers.

Organizing the timely and safe transport of raw materials.

Customs Service.

Storage. Internal flow

Preparation of entry documents for raw materials and supplied materials

Storage / storage of products according to well-established rules, depending on their nature in specially designed spaces and using appropriate means of handling in order to preserve their integrity.

Release of raw materials and materials to production departments

Internal transport of raw materials and materials to production

Disposal of waste from production sections to the landfill service and the RVMR service

Semestrial Inventories

Production Logistics

Production planning according to orders received from customers.

Launch of products in manufacturing.

Elaboration of the necessary materials for the realization of the manufacturing program.

Production Tracking.

Inclusion in the production costs of raw materials and materials.

Sale

Launching orders received from customers in the SAP computer system.

Delivery of products according to delivery terms agreed with customers.

Organizing the timely and safe transport of finished products.

Ensuring the timely collection of receivables.

Description of potential risks associated with these activities

The results and activity of the Company may be influenced by specific operational risks, including within the Logistics Department the following risks:

Risks with major impact

Degradation of materials during transport

Delay in production due to lack of raw materials, materials.

Backlogs towards customers

Risk of accidental spillage of liquid hazardous substances / waste into the sewer system due to improper handling or uncontrolled storage

Failure to comply with compliance obligations related to waste management, i.e. delivery of waste for recovery/disposal without compliant documents (transport attachments)

Risks with medium impact

Supply of non-compliant material

Incorrect stocks in the integrated inventory system.

Failure to achieve the scheduled quantities on the manufacturing flow

Risk of waste generation of hazardous substances and mixtures if the expiry date expires.

Risk of accidental spillage due to improper handling or uncontrolled storage of hazardous waste

Efficient risk control has materialized through:

- measures to implement and comply with the documented procedures of the integrated system
- staff training,
- internal audits and controls of the integrated management system with verification of compliance with documented procedures;
- providing with human resources skills necessary to carry out the activities and processes within the COMPA SA.

Low impact risks

Degradation of materials / goods as a result of inadequate storage spaces

Stealing some materials / valuables

These risks have been minimized by measures to rehabilitate storage spaces as well as discouraging the criminal phenomenon through video monitoring and security.

Description of the objectives, targets and responsibilities established for the performance in conditions of performance of the activity of the Logistics Department

The objectives and targets of the logistics activity are mainly derived from the company's objectives and refer to:

- realization of the programmed BF (business figure) .
- achieving the turnover rate of trade receivables
- reduction of stocks of raw materials, tools and finished products
- delivery performance

The targets for the objectives of the Logistics Department were set following the decisions of the managerial analysis performed at the beginning of the year.

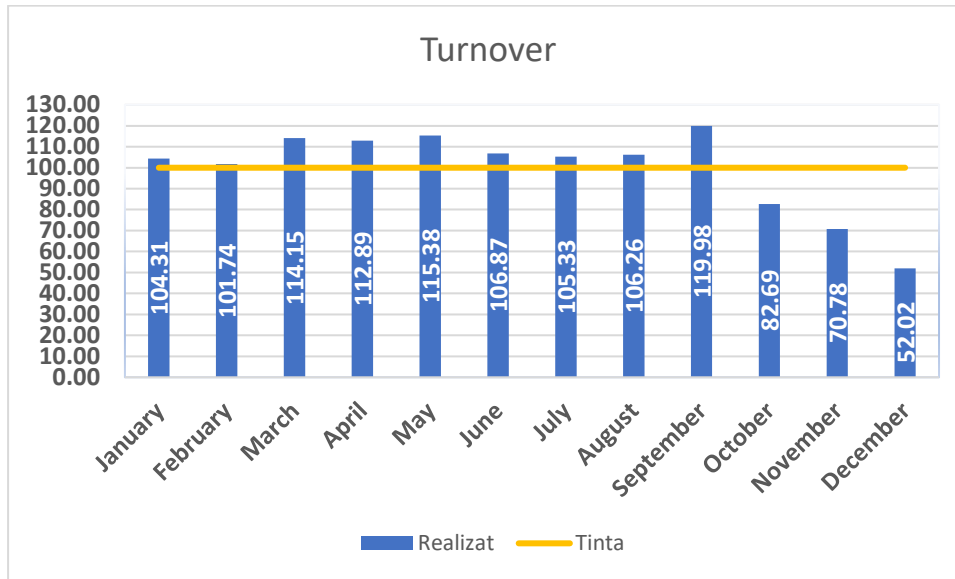
Year 2023 was a more prolific year than the year before but in the same time there were some problems due to the fact of political-economic that affected us.

As you can see also in the evolution of the below indicators these issues affected us for the whole 2023. Comparing with the year before we can see an improvement of the turnover, stocks of raw materials, but also keeping the other indicators, respective delivery performance, turnover rate of trade receivables, stocks tools and stocks of finished products this is why the logistics objectives for 2024 are in this way.

All objectives, related indicators and their target performances were analyzed during the monthly analysis sessions and monitored according to the graphs.

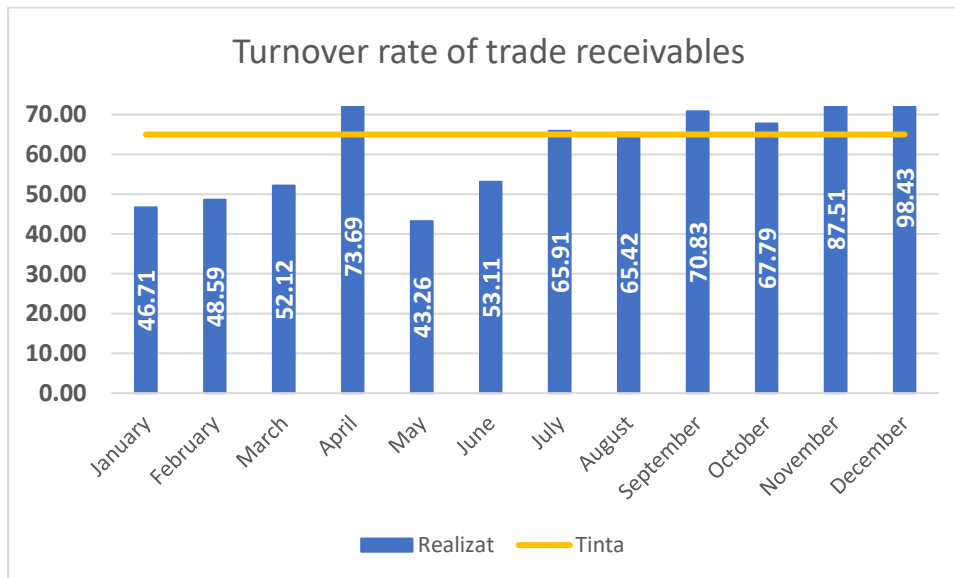
For the indicators that did not have acceptable performances, analysis reports, action plans and changes in the system were established so that their result is a positive one that tends to fit into the proposed target.

D1.1 Turnover



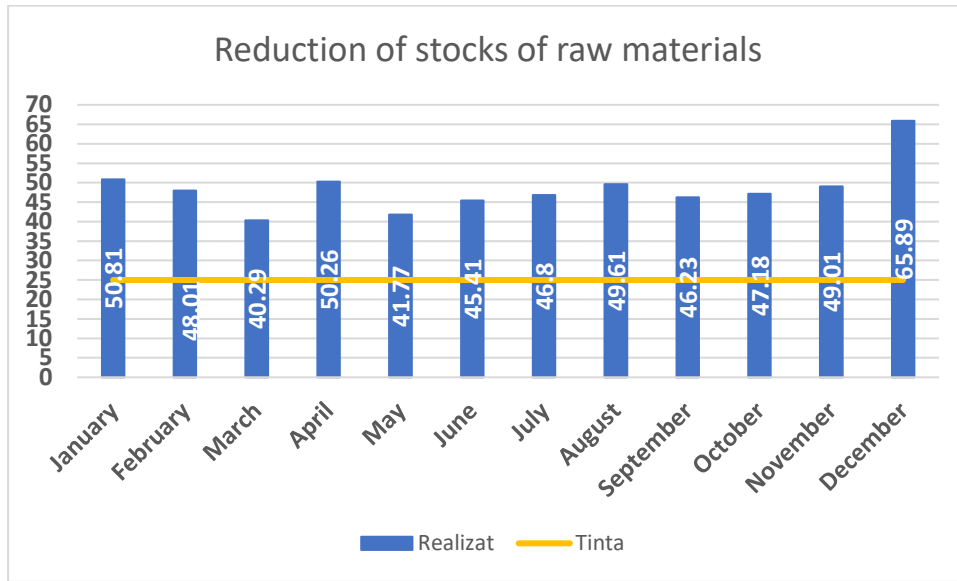
The realization of the turnover had a negative impact in the targeting period during October - December 2023 due to decreasing volumes from some clients.

D1.4 Turnover rate of trade receivables

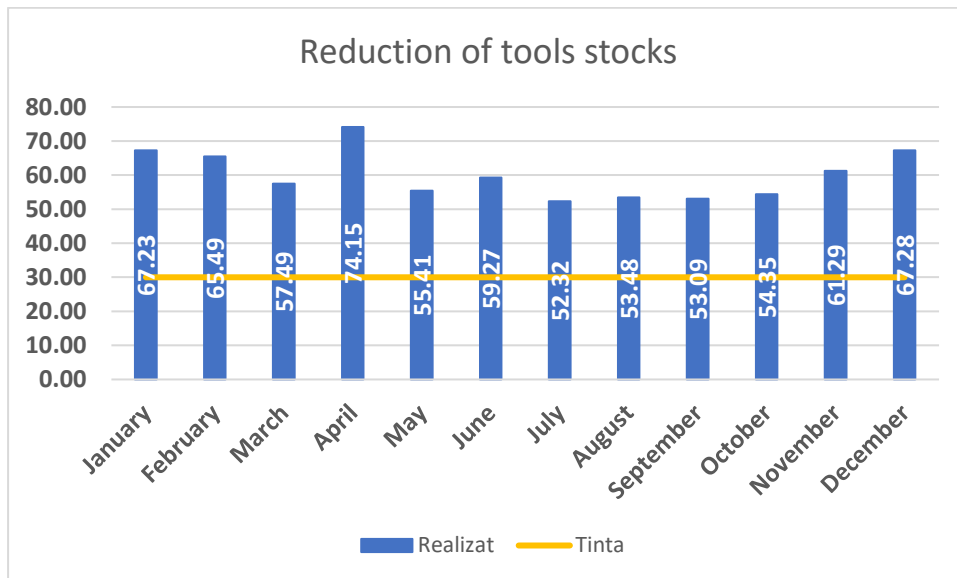


The turnover rate of trade receivables is keeping the trend compared to the year before, achieving the establish target for months January, February, March, May, June, July and August.

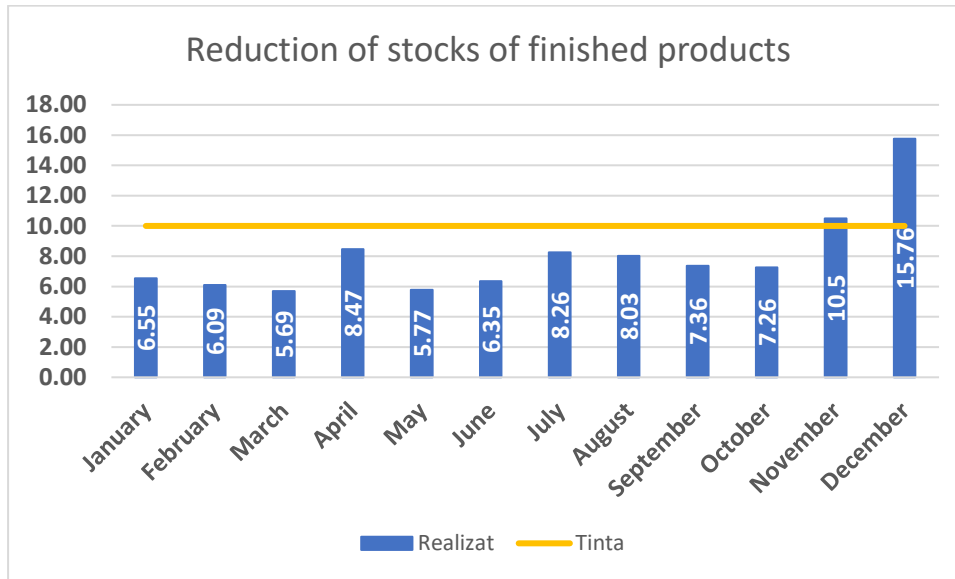
D3.9.1 Reduction of stocks of raw materials, materials



D3.9.2 Reduction of tool stocks



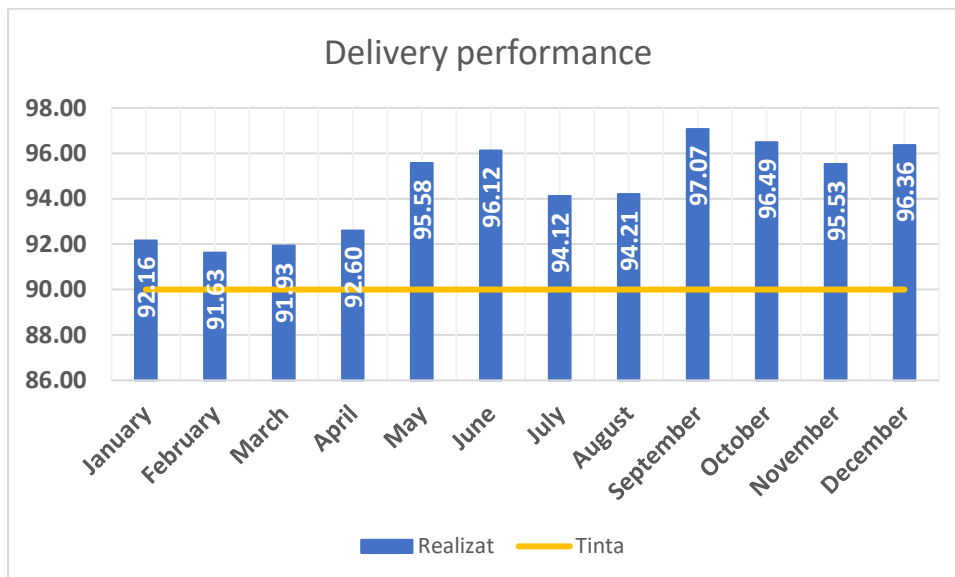
D10.1 Reduction of stocks of finished products



The level of stocks at COMPA in 2023 are at the same ascend trend compared to the last year which means that the actual way of working is good but also there is some room for improvement to achieve the establish target.

Due to the monthly analysis, adjusting the orders towards suppliers, optimization the raw material flux on the workshops level, seeking the optimal solutions for the stocks with no movement, the desire is to achieve the target planned for 2024.

D10.3 Delivery performance



Delivery performance been targeted throughout 2023, which indicates an intense concern of all those involved in customer satisfaction.

Means and methods used by the Logistics Department

In 2014, COMPA implemented the Applications and Products System (SAP), a high-performance management system, more reliable and more capacitive than the previous IT system. The SAP applications related to the Logistics Department aim at a better control of the logistics processes, as follows:

Materials management:

Elaboration of reports of necessity for auxiliary materials

Correct estimation of the need for raw materials, materials, which must be ordered from the supplier taking into account several variables, such as: stock, technological consumption, customer orders or supply period.

Accurate management and monitoring in real time, on all stocks of raw materials, materials.

Performing fast entries, exits and transfers of goods.

Warehouse management:

Defining and organizing complex storage structures with locations.

Optimizing the flow of goods by entering raw materials, materials in stock and collecting them from stock.

Production planning:

Production planning and necessary materials in the long, medium and short term. This is where both supply and production proposals are created, as well as their planning over time.

Operational production scheduling by allocating production orders to production lines and leveling production capacities.

Monitoring the execution of production orders, confirmation of activities performed and material consumption and their closing and settlement functions.

Cost control on each production order.

Sales and distribution:

Development and maintenance of nomenclatures: customers, contacts, products, services, etc

Creating sales orders for products or services based on orders received from customers

Creation and maintenance of delivery agreements for finished products.

Delivery of products with the following secondary activities:

- creating the delivery
- product packaging (if applicable)
- highlighting the removal of materials from stock
- issuing specific documents (packing list, shipping notice, etc.)

Preparation of the shipping notice and the tax invoice.

The creation and maintenance of delivery agreements is done automatically through EDI at the moment only for the Bosch customer, but its extension is intended for other customers as well.

For customers where there is no automatic interface, a specific interface will be used. Delivery requests will be downloaded from the customer's portal (Supply ON, Covisint, Garrett) and will be centralized by COMPA in a file that will be uploaded to the system through a transaction developed for this purpose.

Objectives 2024

Proposing and implementing plans to improve the results of the Logistics Department's activity is an ongoing process that is reviewed annually, thus setting new objectives and targets.

For 2024, the targets for the strategic objectives have been set according to the scoreboard:

No. Crt	The trial	COO 2024	The objective	COO 2023	Indicator	Target	Limita de alerta	Collection source	Measurement frequency
THE OBJECTIVES- STRATEGIC SCOREBOARD									
1	Sales Logistics	AS 1.1.	Achieving turnover	D 1.1	Turnover (mil. RON)	652	600	Sales Logistics/ Economic direction	monthly
2	Sales Logistics	AS 1.4.	Reducing the turnover rate of trade receivables	D 1.4	Turnover rate of trade receivables (day)	65	75	Economic direction	monthly
3	Purchasing Logistics/Production Logistics/Warehouses internal flow	AS 3.7	Reduction of stocks of raw materials, materials and components	D 3.9.1	Stock days	25	40	Purchasing Logistics/ Warehouses internal flow	monthly
4	Purchasing Logistics/Production Logistics/Warehouses internal flow	AS 3.8	Reduction of tool stocks	D 3.9.2	Stock days	30	55	Purchasing Logistics/ Warehouses internal flow	monthly
5	Sales Logistics/Production Logistics/Warehouses internal flow	AS 3.9	Reduction of stocks of finished products	D 3.10	Stock days	10	15	Sales Logistics/ Warehouses internal flow	monthly
THE OBJECTIVES- DIRECTION									
6	Sales Logistics	D 4.1	Compliance with delivery quantities agreed quantities agreed with customers	D 10.3	On time deliveries (%)	98	85	Sales Logistics	monthly
7	Production Logistics/ Sales Logistics	D 4.2	The fit in total planned transport cost	D 10.2	Transport costs(RON)	planned SAP	+10%	Production Logistics/ Sales Logistics	monthly

Health, safety and environmental aspects.

Underlying the occupational health and safety and environment policy is the identification and control of environmental issues and risks associated with all activities carried out within the Logistics Department, to ensure compliance with legal and other applicable requirements, pollution and accident prevention. occupational diseases, but also respect for the right of stakeholders to live in an unpolluted environment.

According to the laws, government decisions as well as the orders in force regarding health and safety at work, the list of legal requirements for SSO has been drawn up, from which we extract some of the most important obligations of the Logistics Department:

- measures for the operation of protection systems and devices, ventilation systems and other installations for the control of noxious substances in the work environment, as well as alarm, warning, emergency signaling and safety systems, if applicable
- first aid measures by designating workers applying first aid measures
- measures to maintain the technical condition of Logistics areas and premises, work equipment and related devices
- achieving a level of hygiene corresponding to the logistics areas and premises
- equipping the Logistics areas with medical kits for first aid
- signaling of emergency routes and exits, fire extinguishers, first aid kits related to Logistics areas
- making available to workers only work equipment appropriate to the work performed, which can be used by workers without endangering their safety
- training of workers in occupational safety and / or health in accordance with their own OSH instructions and the OSH training program
- maintenance and use, for the purpose for which they were made, the fire protection equipment provided
- compliance with fire protection rules, specific to the activities they organize or carry out
- ensuring the existence at each workplace of specific technical instructions for the normal use of the installation / equipment

The Logistics Department is committed to supporting actions aimed at limiting environmental risks by complying with applicable legislation, compliance with instructions and procedures, as well as training staff to know and learn their responsibilities regarding environmental issues and legal requirements.

Thus, the Logistics Department contributes to the positive change by supporting the staff to permanently improve their environmental practices.

The use of hazardous chemicals or biocides, the handling and storage of hazardous substances shall also be carried out in accordance with the safety data sheets submitted by suppliers and in compliance with the mandatory measures governing the purchase, transport, handling, storage, use and management of hazardous mixtures in COMPA, in order to ensure the protection of the environment, the safety of employees and to control and minimize the risk of accidents involving hazardous substances and mixtures.

The storage of various dangerous chemical substances and preparations is done taking into account the compatibility between the substances.

The record of hazardous substances and mixtures used is kept in the SAP (System of Applications and Products) program.

Persons handling, using, storing and transporting dangerous substances / mixtures are trained quarterly and know the measures to be taken in case of emergencies.

The Logistics Department carries out its activities in accordance with the environmental legislation, reflected in the company's environmental policy.

TECHNICAL ACTIVITY

Description of the activities realized by the Technical Direction

The technical and development activities carried out by the COMPA play an important role in the company's engagement for the development of the new processes and products according to the demand of the market and also the improvement of the processes existing in mass production.

In 2023 (new products; prototypes and homologation)

Percentage of new products in the last two years:

2022 semester I = 1.28%

2022 semester II = 0,15%

2022 semester I = 0,11%

2022 semester II = 1,04%

During 2023, new products were assimilated into manufacturing for which the necessary production capacities were ensured, with an impact on production in the following years. Despite the restriction due to Covid-19 we managed to approve new products presented in the list below:

- Injector body JCB(4 types of axial references and 2 types of radial references), customer Phinia ;
- Two types, components in body pumps, customer WILLO;
- Intermediate shafts for electric vehicles, customer ZF;
- "Ball nut" references, customer ZF
- Steering gear pinion, customer VCST;
- Fuel pump body, customer Phinia
- 3 parts insert(3PI), GTD and GTE generation, customer Garret
- Mechanical-welded assemblies, customer Interlit

The main activities of Technical Direction go in the following directions:

1. Process development of:

1.1. Cold forming: successive stamping and transfer stamping;

1.2. Hot forming: warm forging at high temperatures between 950°C and 1300°C , vertical and horizontal;

1.3. Cold coil springs;

1.4. Welded mechanical components;

- 1.5. Machining processes – the argest volume of processes ;
- 1.6. Special technologies: Heat Treatments, Painting, Electro-Chemical Coatings, Welding;
- 2. Development and design of special devices and other non-standard components required in COMPA processes;
- 3. Development and design of industrial automation and robotics carried out by COMPA;
- 4. Applied and experimental development research for COMPA manufacturing;
- 5. Continuous improvement of existing processes in COMPA;
- 6. Digitalization of production;
- 7. Creation and implementation of the Industry 4.0 standard.

The most important projects carried out during 2023, targeted:

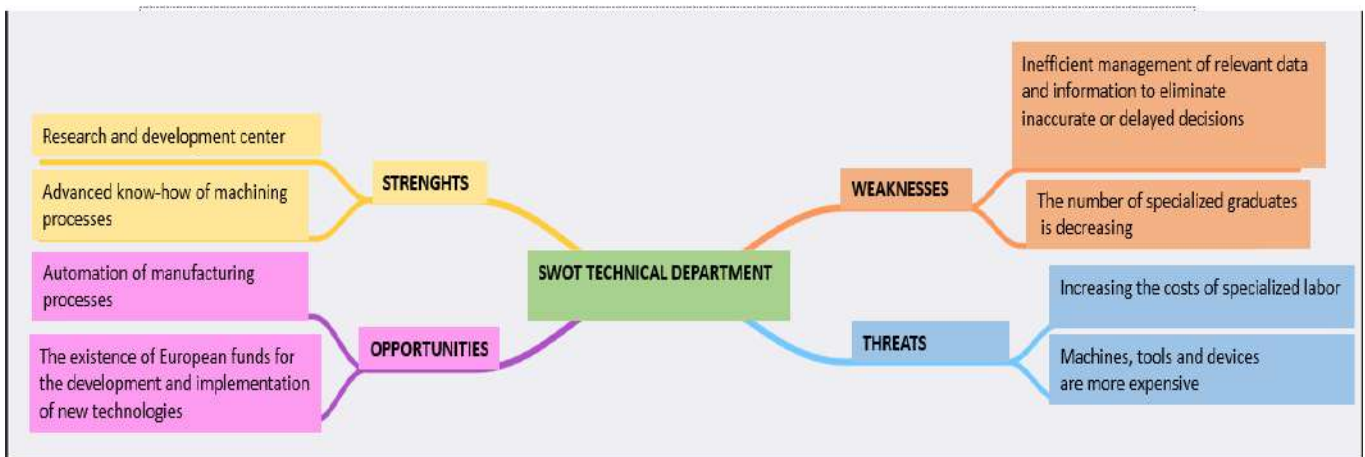
Pump Body Manufacturing Process, RENAULT reference: process based on multi-spindle lathes, interoperable transfer with automated machines, checking characteristics during the process and an extension to the existing manufacturing line, composed by five-axis machining.

Implementation of Additive Manufacturing, Ultrasonic technologies for prototyping and study of the optimization to the different phases of realization of machining technology, tools and active parts.

Optimization of horizontal forging processes with large volumes of parts.

Manufacturing cabin process with sheet metal cutting and bending operations, welding, sandblasting, phospho-degreasing, electrostatic painting, polymerization and assembly.

The potential risks of these activities



Objectives, targets, responsibilities

One of the major objectives is to diversify the type of products made by targeting non-diesel products for the automotive industry and targeting other non-automotive industries.

Medium and long term strategy:

- Implementation of the Industry 4.0.
- Robotization of cells and production lines, both for handling parts in machining, also for welding, assembly etc.
- Implementation of technologies with the lowest possible CO₂ footprint. The CO₂ footprint will need to be calculated for each process, new or old. It becomes an important point in the nomination of a project.
- Increasing the precision of processing and the accuracy of the products.
- Digitalization of manufacturing processes.
- Increasing the skills of process engineers and design engineers.

The Research and Development activity is a component of the medium and long term COMPA. It has received significant resources in recent years, becoming the COMPA Development Research Center, designed to test, validate, optimize and validate new technologies and improve existing technologies.

Objectives:**1. Machining:**

- a. Achieving negotiated process variables (cycle time, cutting tools, productivity, workers use, etc.) annually for the first 5 processes in which they are not fulfilled.
- b. Annual improvement of PRODUCTIVITY, with at least 3% for the main (5) processes, relative to the turnover.
- c. Redesign the manufacturing processes after Kaizen principles and techniques in order to achieve the best performance in terms of productivity, ergonomics, health and safety, automatization and robotics.

2. Forging:

- a. New and Reprofiled active parts execution technology:
 - i. Increasing the number of possible profiles;
 - ii. Manufacturing technology as simple as possible;
- b. Optimization of forging tool design:
 - i. Finite element analysis, using Forge software and using its facilities: semi-finished product optimization, „Die Analysis”, „Mastering the software” etc.);
 - ii. Geometric optimization of the active parts;
- c. Optimizing the execution of forging tools. Defining concepts to minimize the number of operations and execution time;
- d. Decreasing material consumption (semi-finished product optimization);
- e. Optimization of manufacturing change (of the reference):
 - i. Change of active parts;
 - ii. Change of reference;

3. Pressing:

- a. Use of specific carbons and surface coatings in making active parts;
- b. The study of the increase of the cadence of the pressing;
- c. Optimization of manufacturing change (of the reference):
 - i. Change of active parts;
 - ii. Change of reference;
- d. Determination of the algorithm for calculating the durability of the active parts.

4. Automation and Robotics:

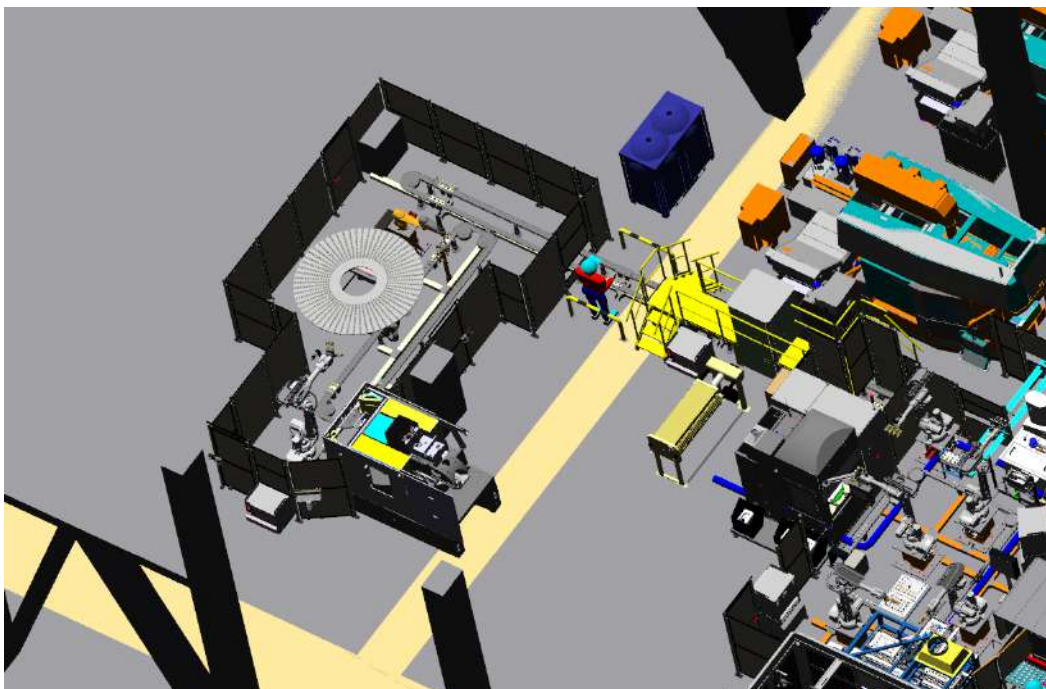
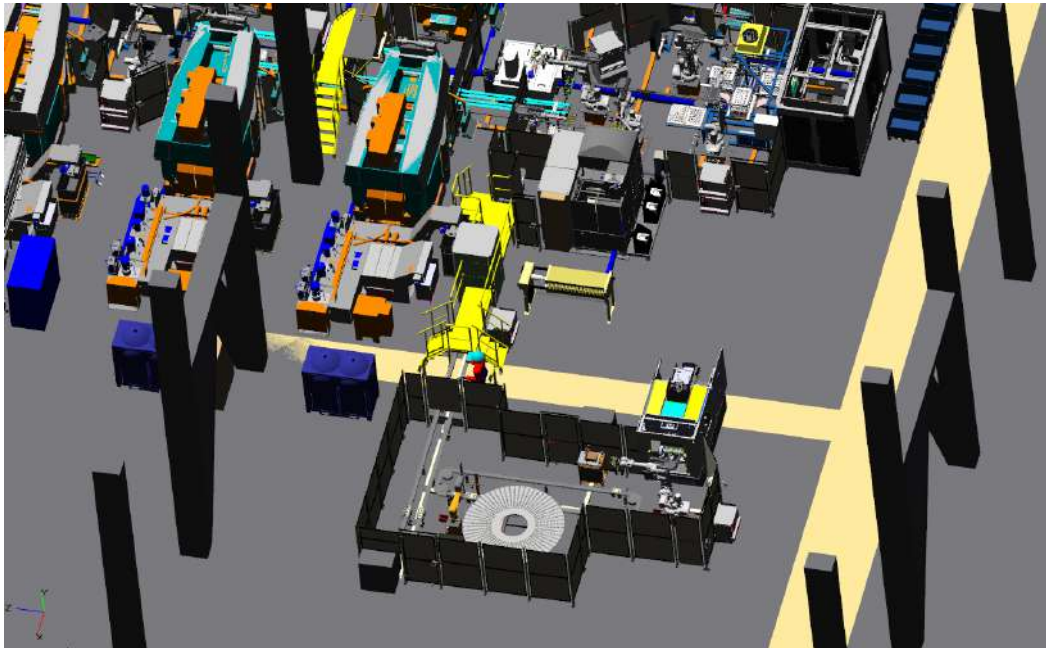
- a. Study of the implementation of robots in the operation and control of machine tools.

In 2021, several projects were carried out.

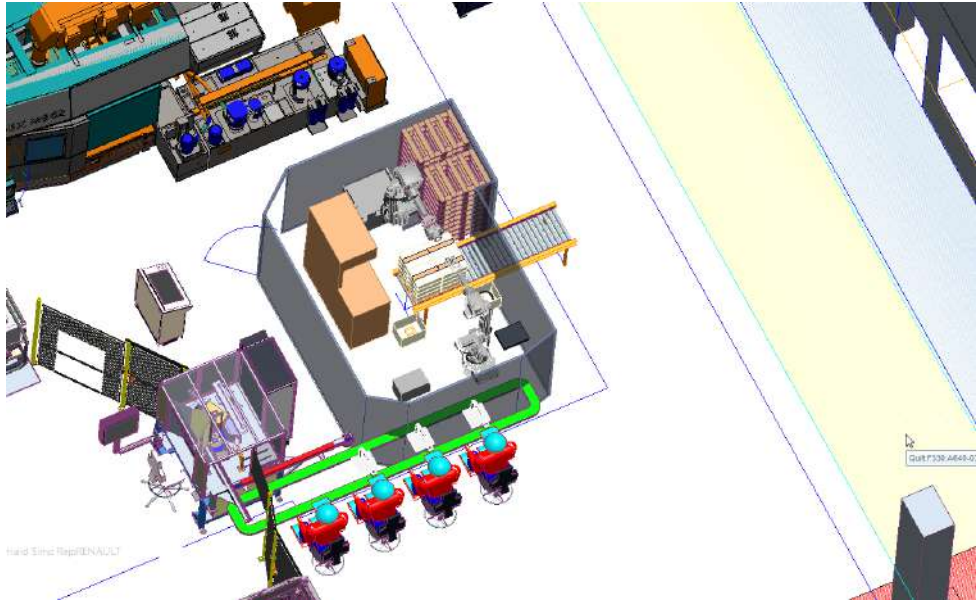
- b. Implementation the robots in scoring operations and continuous welding operations of large cords.

In 2023, several projects were carried out, which we briefly present below:

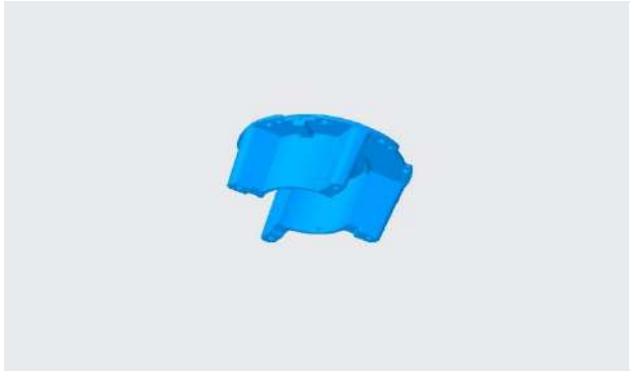
- In workshop 640 –GDI Pump Body, was performed the „Renault Extension” of the additional operation for the new Renault Pump Body reference. The extension is an automated appendix added to the Pump Body manufacturing cell:



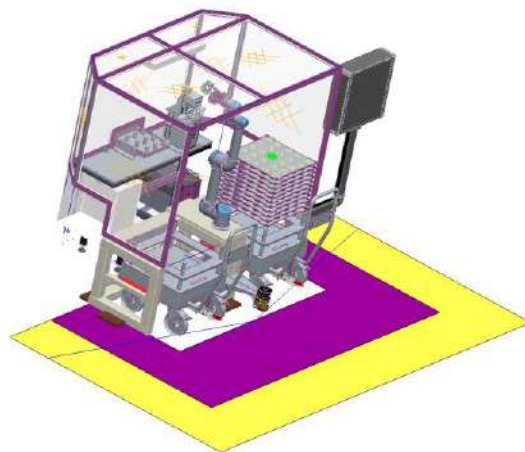
- The need for automation and robotization of manufacturing flows requires the realization of projects for automatic packaging of parts:



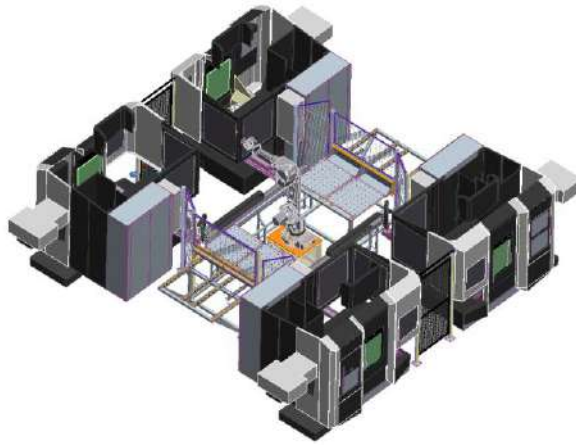
- In the WILLO workshop have been developed two types of housing which are components of a pump assembly:



- Robotic inspection and control stands implemented for VCST project



- For VCST project an automatic loading was implemented for DMG lathes for productivity increase.



MAINTENANCE ACTIVITY

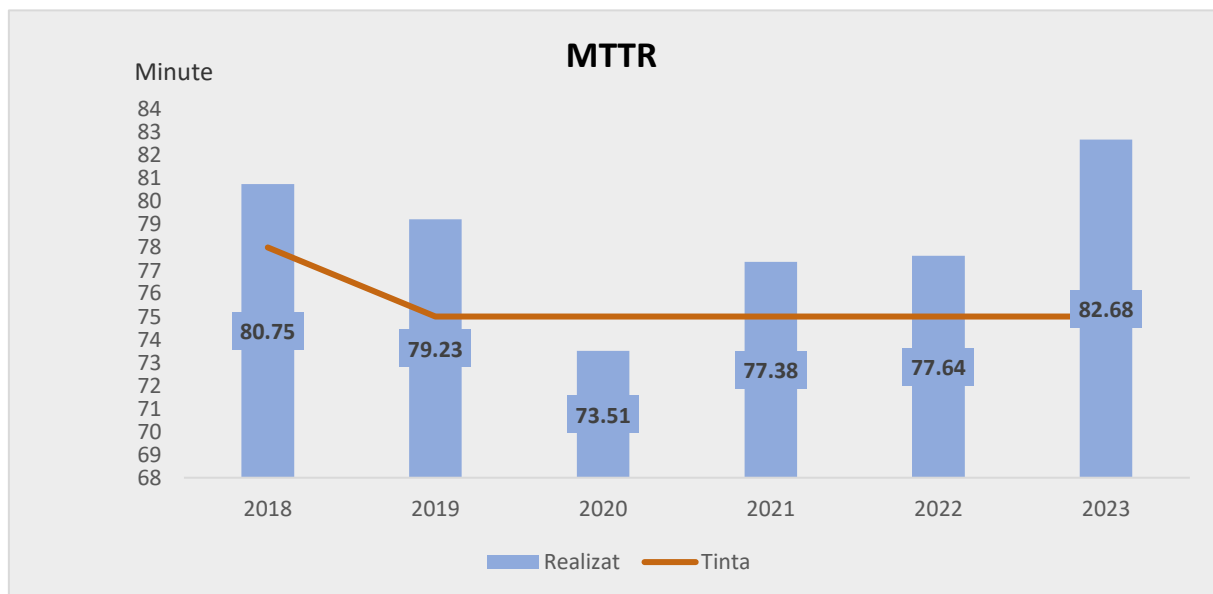
Description of Maintenance Department activities

The Maintenance Department's main objective is to keep the machinery and technological equipment in good working condition at COMPA. Maintenance activity is provided for approximately 1700 production vehicles with a wide variety, given the different production processes existing in COMPA. Among the types of machinery found at COMPA are:

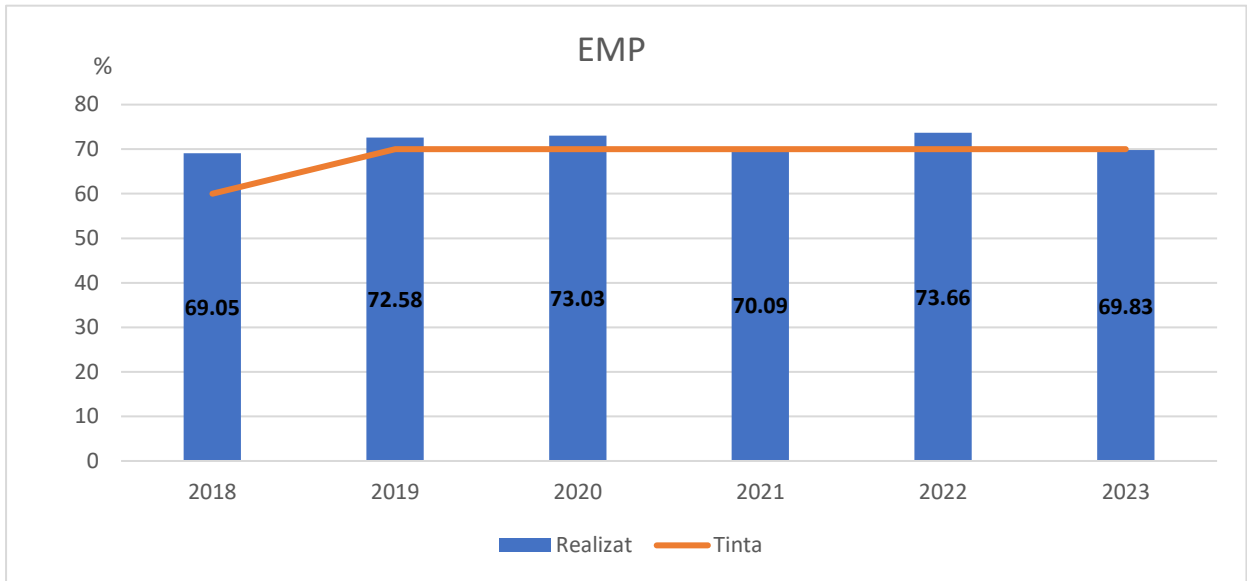
- CNC milling and turning machines by Mazak, Spinner, DMG, Okuma, Chiron, Traub, Index, Wasino, Mikron, Star, Fermat;
- Vertical CNC drilling machines by Rene Clement and Mollart;
- CNC grinding machines by Studer and Thielenhaus;
- CNC gear milling machines by Gleason Pfauter;
- Profiroll thread rolling machines;
- Laser cutting machines by Mazak and Bystronic;
- Schuller automatic presses;
- ABB welding robots;
- Electrostatic KTL and powder coating Durst painting installations;
- Heat treatment lines;
- Galvanizing and phosphating lines, etc.
-

The maintenance activities that ensure the planned production on these machines are:

Corrective maintenance monitored by the Total Repair Time Media indicator - MTTR.



Preventive maintenance monitored by the Preventive Maintenance Efficiency indicator - EMP.

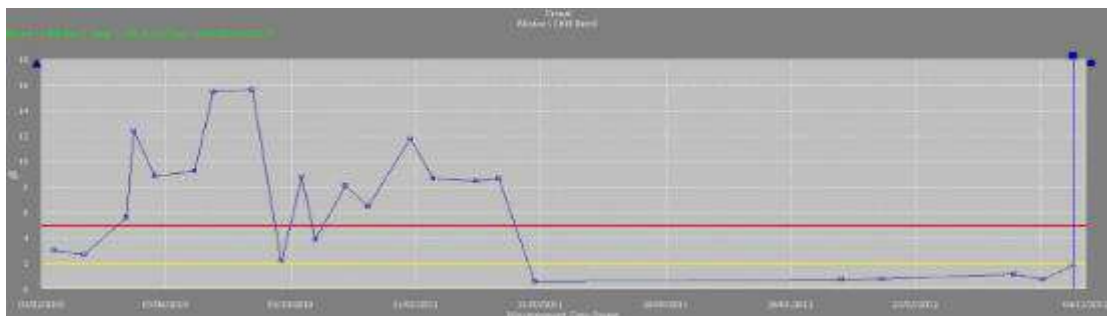


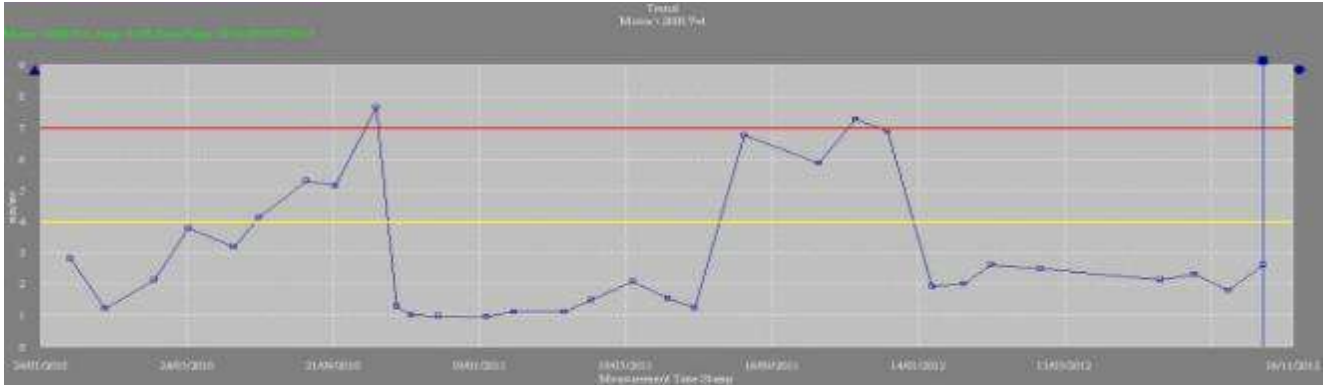
Predictive maintenance for critical machinery and technological equipment, carried out with:

- a. The SKF toolkit for analyzing vibrations of moving mechanical assemblies.

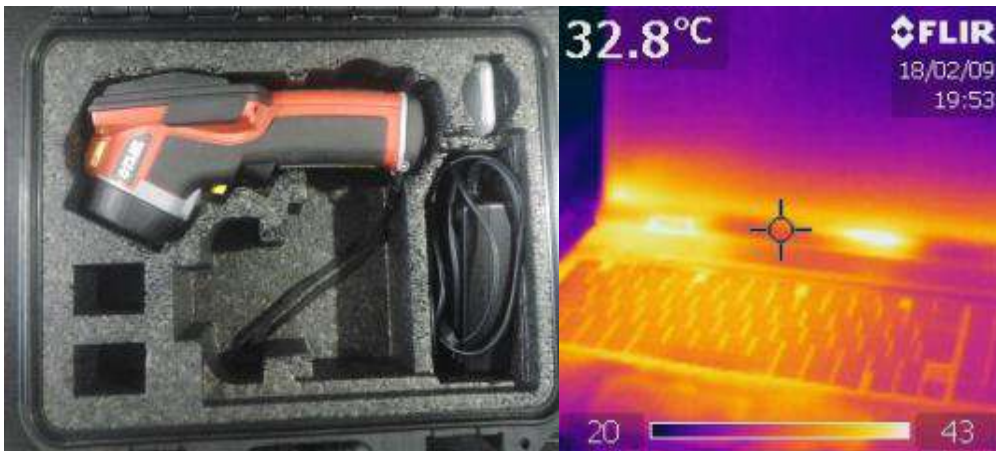


- producing vibration analysis reports in the following format:



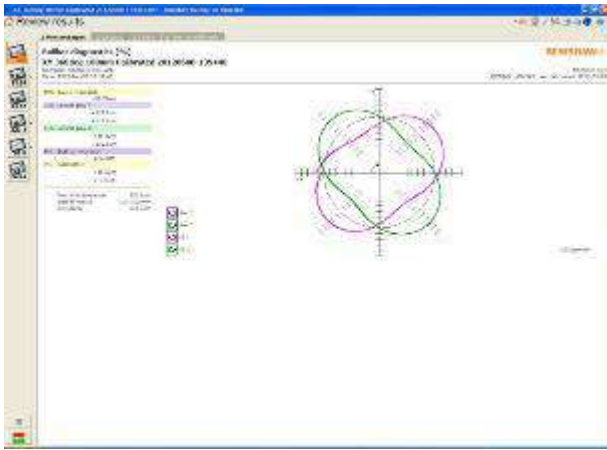


b. Thermographic analysis, carried out with a thermal imaging device.

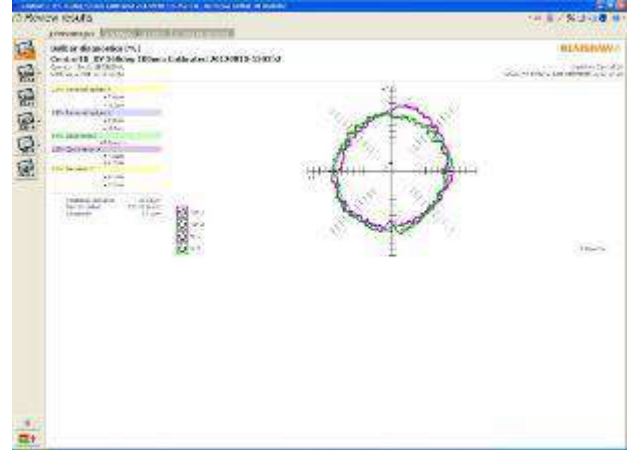


c. Qualitative analysis of the machine tool axis geometry, carried out with the Renishaw QC20 BallBar toolkit.





Problem



Corrected

And services:

Machine retrofitting and modification based on the needs of the parts that need to be processed.

Retrofitting and modification by implementing an additional X-axis on the Mazak VTC 200 machine, carried out internally by the maintenance department team at COMPA.



Repairs of electronic equipment in the Electronics Laboratory, which benefits from the following facilities:

- 11 workbenches equipped with tools and equipment for maintaining automation electronic equipment.



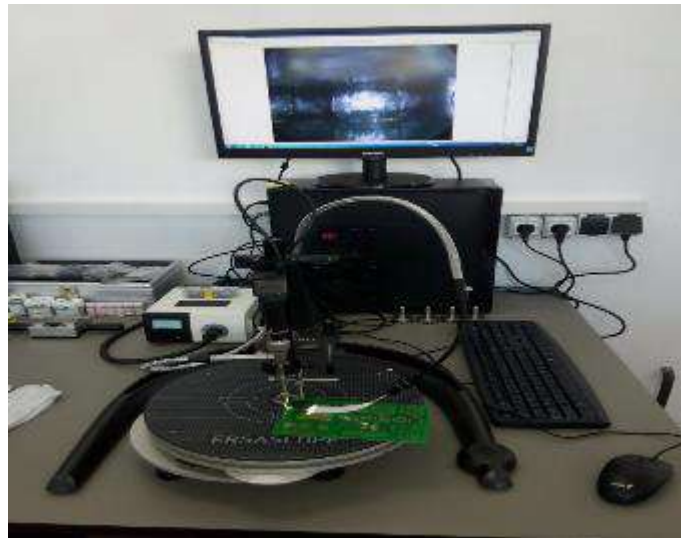
- 1 mechanical bench for dismantling and assembling automation electronic equipment.
- 1 washing and drying line consisting of:
 - 2 washing machines (the first one based on using a solution with microorganisms, the second one based on using alkaline solutions in an ultrasonic field);
 - 2 drying installations (the first one based on hot air circulation, the second one based on a dehumidification system).



- 1 station for soldering and desoldering components using infrared heating, with precise component positioning

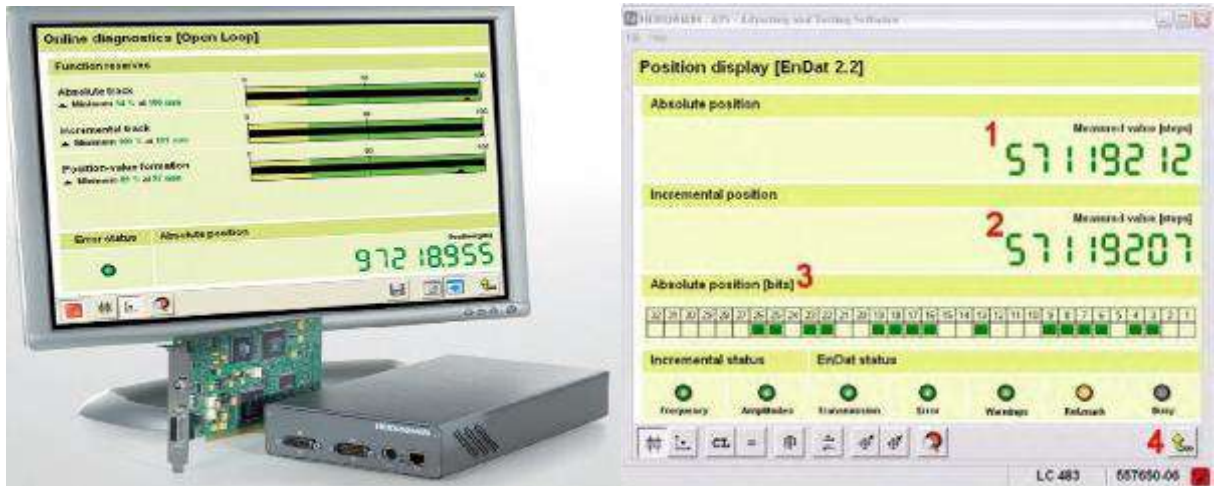


- 1 microscope for visual inspection of electronic circuits



- Data acquisition interfaces for diagnosing measurement systems such as encoders and optical rulers, namely the PWM20 and IK215 products from Heidenhain, and the PGT11 from Sick.



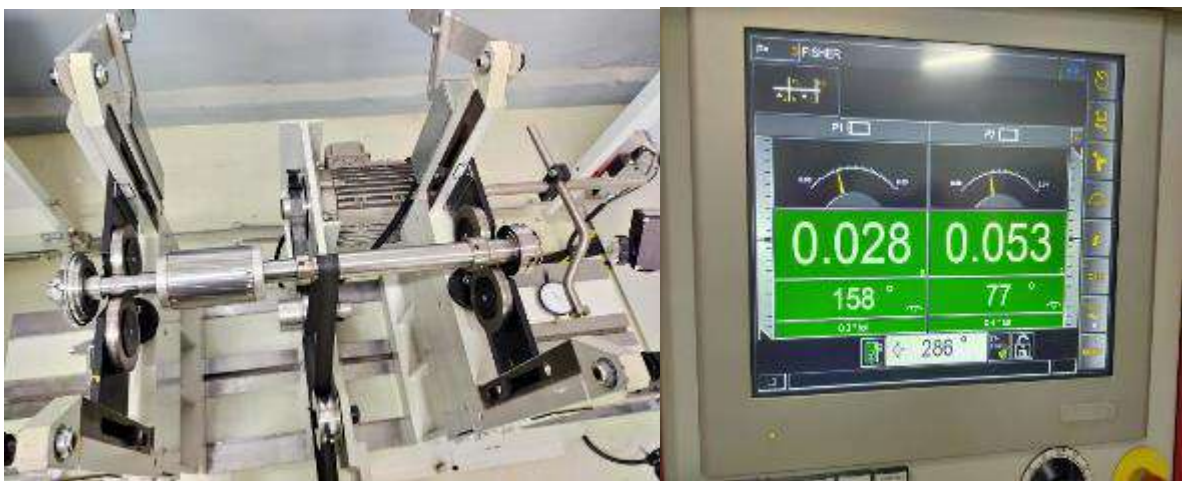


- Toolkits for predictive maintenance: the SKF toolkit for vibration analysis, a thermography camera, and the Renishaw QC20 ballbar toolkit.

Activities carried out in the laboratory:

- Repairs of electronic automation equipment regardless of type and manufacturer. Types of repaired equipment include: power supplies, frequency converters, servo drives, measurement systems, optical rulers, encoders, distributed peripheral modules, keyboards, display and operating panels, computers, numerical controls, programmable logic controllers, motors with attached measurement systems (alignments), and others, with the most represented manufacturers being Siemens, Fanuc, Mitsubishi, Rexroth (Bosch), Sew, Danfoss, Yaskawa, Heidenhain, Sick, Staubli, etc.
- Troubleshooting software, parameterization, and loading of programs into equipment.
- Testing of equipment.
- Training for maintainers.
- Organization of workshops with our supplier collaborators.
- Predictive maintenance through vibration measurements, thermographic measurements, and testing of axis geometry.

Repairs and balancing of spindles for machines such as Mazak, Chiron, cylindrical grinders, etc.



Transfer and relocation of machines and production lines. Over time, machines and production lines have been transferred from:

- France - Delphi Blois (see below for a picture of a grinding and deburring line transferred to COMPA from a section that was entirely relocated to COMPA).



- England - Delphi Sudbury,
- Turkey - Borgwarner Izmir (transfer of an entire manufacturing line),
- Romania - Borgwarner Iasi (transfer of two Sermatec electrochemical deburring machines),
- Germany - Wilo-Dortmund and
- Bosch Rexroth (see below for a picture of an automatic press for Bosch wiper rods)



- Italy - DMG (see below for a picture of CNC machining centers from a section in Bergamo that was entirely relocated to COMPA).

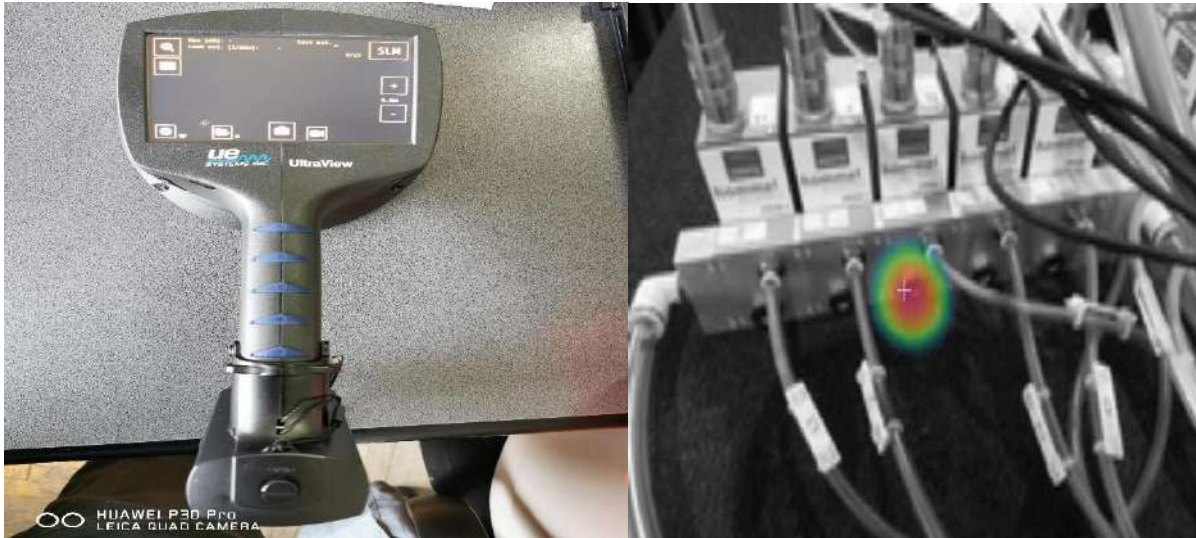


- Installation of a new machine in the year 2023, CNC reaming, drilling and milling-Fermat, machine used to process large parts.



Repairs and inspections for lifting and internal transport equipment according to ISCIR regulations.

Activities that have an impact on social and environmental aspects or resource conservation, such as installing air conditioning and filtering systems in COMPA workshops to create a better climate and the purchase of an ultrasonic air leak detector to reduce air consumption by eliminating leaks.



The Maintenance Department of COMPA SA had an average of 116 employees in 2023.

The Maintenance Department Objectives for 2024

The Maintenance Department objectives regarding maintenance activities are to achieve the established targets for maintenance indicators, namely:

- MTTR - 75 minutes
- EPM - 70%
- Adherence to planned maintenance budgets.

The maintenance department objectives regarding services for the year 2024 are:

- Completion of commissioning of the transferred line from Wilo-Dortmund - December 2024
- Relocation of the ZF production part workshop to a new location - May 2024
- Refurbishment of the runway for cranes in the Chief Mechanic Hall and installation of a new crane on this runway - May 2024

The quality policies of the Maintenance Department ensure full compliance with explicit requirements and expectations of collaborators, while also considering their implicit expectations, maintaining certifications of the Integrated Management System according to reference standards, and ensuring that products and services provided to collaborators are maintained at the same level of quality throughout their entire use. The department aims to achieve the following objectives:

- Maintaining certifications of the Integrated Management System according to reference standards
- Continuous improvement of collaborator satisfaction levels
- Maintaining maintenance costs in the efficiency zone for carried out activities

In terms of quality of maintenance activities, the following risks have been identified: Risks with a high initial impact (in case of hypothetical risk occurrence, these would have a major impact). This category includes the risk of audits ending with major non-conformities, which could lead to suspension/cancellation of certifications and loss of contracts. Risks with a medium initial impact (in case of hypothetical risk occurrence, these would have a moderate impact). This category includes the following risks: decreasing effectiveness of the Quality Management System. In case of these risks occurring, activity may be affected by decreased collaborator satisfaction, loss of competitiveness, production losses, etc. Risks are kept under control through

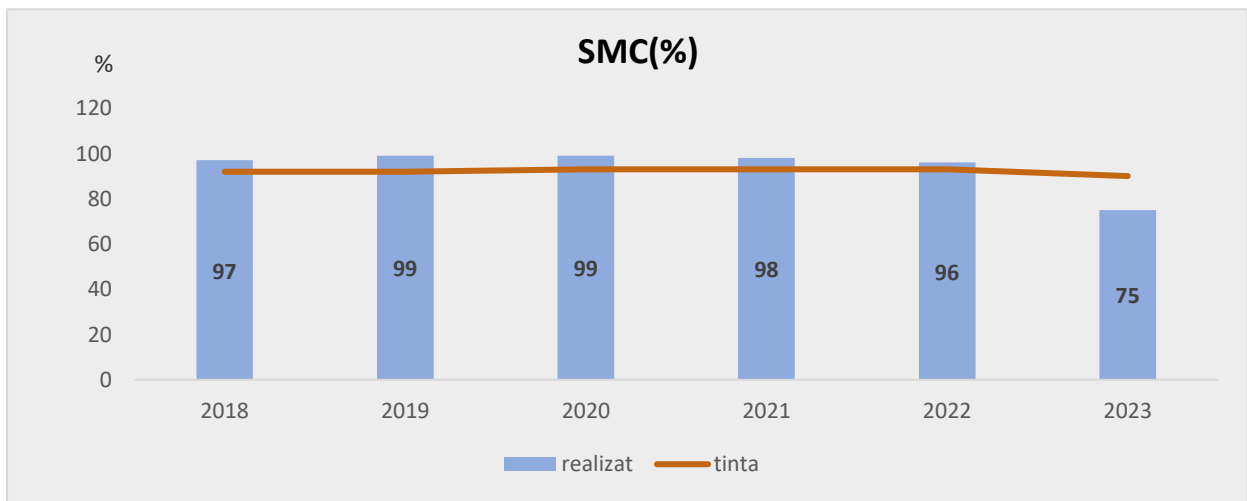
implementation and respect of analysis procedures carried out by company management and internal audits; monitoring and measuring customer satisfaction; and fulfilling the training program.

As a result of successful audits, the Maintenance Department did not create any issues in maintaining valid Integrated Management System certifications (according to ISO 9001, ISO 14001, OHSAS 18001, IATF 16949) for the 2018-2023 period in 2023.

The system audits of maintenance activities quality did not identify major non-conformities.

The main key performance indicator in the field of maintenance activity quality is:

Level of aptitude of the SMC



The policies regarding Environment and Health and Occupational Safety aim to identify and control environmental aspects and risks associated with all activities carried out by the organization, in order to ensure compliance with legal requirements and other applicable requirements subscribed to by the organization, prevent pollution and work accidents, occupational illnesses, and respect the rights of interested parties to live in an unpolluted environment.

The Maintenance Department's policy in this area aims to:

- Minimize the amounts of waste generated and manage them safely when their appearance cannot be avoided;
- Reduce the consumption of natural resources;
- Reduce the impact on the environment associated with the maintenance department's current and future activities by gradually replacing some technologies with others that have a reduced environmental impact;
- Prevent the occurrence of emergency situations with an impact on the environment and health and occupational safety by establishing and implementing coherent and effective measures to prevent major accidents involving hazardous substances;
- Adopt a preventive behavior towards environmental pollution to continuously improve environmental performance;
- Ensure an optimal working environment for employees in order to maintain, primarily through preventive activities, the health and safety of employees;
- Continuously monitor the health status of employees and take action to improve their health and prevent accidents and occupational illnesses.

In the field of environmental protection and occupational safety and health, the following risks have been identified:

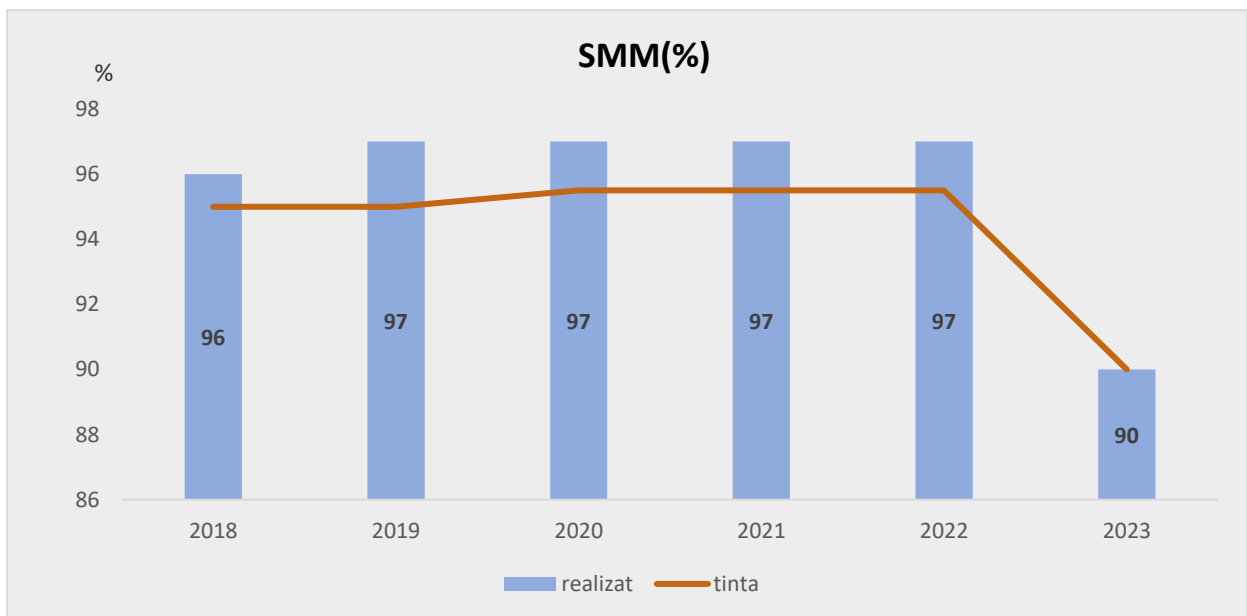
- Risks with a high initial impact (in the hypothetical case of risk occurrence, they would have a significant impact). This category includes emergency situations with an impact on the environment and occupational safety and health; unsafe waste management; non-preventive behavior, and increased environmental impact due to equipment wear and tear.
- Risks with a moderate initial impact (in the hypothetical case of risk occurrence, they would have a moderate impact). This category includes unjustified increases in natural resource consumption, lack of measures to monitor employee health, prevent accidents and occupational illnesses.

In the event of these risks occurring, sanctions may be applied for violating environmental norms, endangering the health and safety of employees and interested parties, and restricting production capacity by reducing the number of fit-for-work employees.

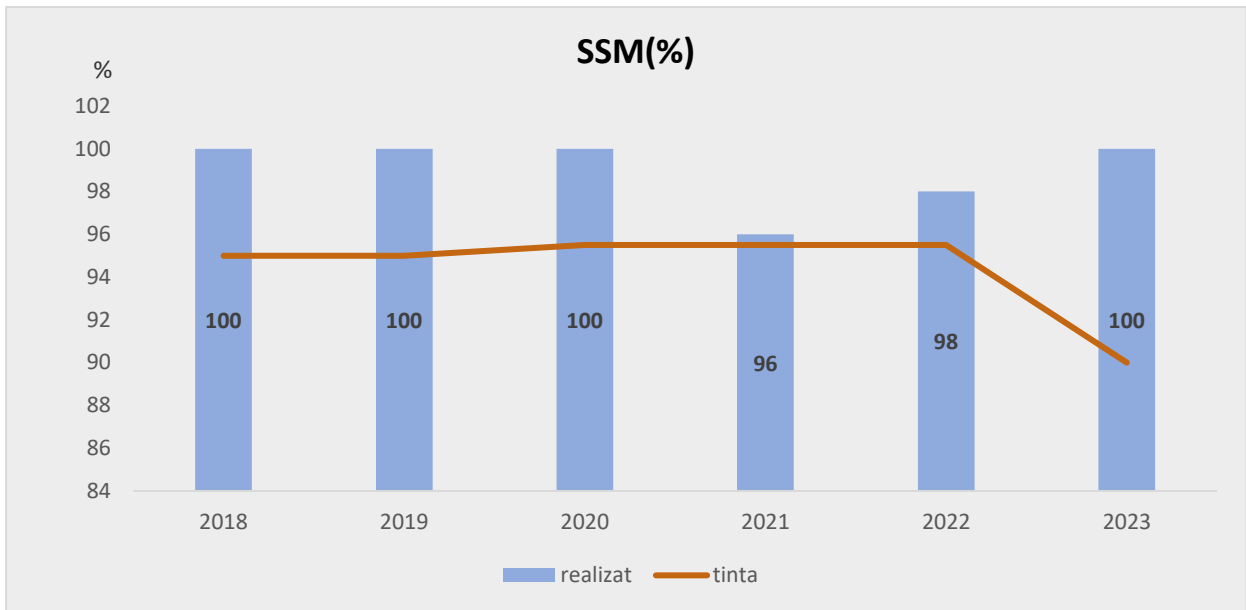
As a result of the measures taken in 2023, all the previously mentioned risks were kept at a low impact level. This effective control of environmental and occupational safety and health risks was possible through the implementation and compliance with waste management procedures, emergency procedures, maintaining an in-house medical cabinet, and periodic specific medical analysis.

The main key performance indicators of the maintenance department in the field of environmental protection and occupational safety and health are:

Level of aptitude of the SMM



Level of aptitude of the SSM



No new cases of occupational diseases, major environmental impacts or incidents with major effects on health and safety have been identified within the department, and audits have not identified any major non-conformities.

The Maintenance Department, through the Human Resources Department, develops and implements an internal regulatory system to organize department activities efficiently by allocating necessary resources, identifying risks and taking necessary measures to eliminate/reduce them to an acceptable level. The most important resource required to achieve objectives are well-trained, motivated, integral and adequately equipped employees. Socially, the department aims to maintain a constructive collaboration with the employees' organizations within the department and other stakeholders, based on relevant legislation, by:

- Supporting constructive union activity and concluding a Collective Labor Agreement specific to the employees of SC COMPA SA;
- Maintaining continuous communication with trade unions on all major aspects of organizational and business development, considering employees as a third party interested in the success of the business;
- Establishing and implementing ways to assist disadvantaged individuals and/or those in special family situations;
- Establishing and implementing various benefits for all employees, based on the potential of the organization and identified needs;
- Monitoring the health of employees through periodic specialized check-ups;
- Supporting employees and their families when facing difficult health situations;
- Covering at least 50% of the cost of spa treatment tickets for employees;
- Providing meal vouchers;
- Supporting disadvantaged individuals and/or communities through sponsorships, as requested by employees of COMPA SA.
- COMPA SA ensures equal opportunities for its current or potential employees by:
 - o Recruiting/promoting staff in a transparent manner, considering the necessary professional competence and experience, as well as the integrity of the candidates;

- Ensuring conditions for continuous training and improvement in the professions they work in, but also for environmental protection and occupational health and safety;
- Evaluating activities and skills based solely on objective, sustainable, measurable, appropriate, consistently and transparently monitored performance criteria for all employees;
- Creating optimal working conditions to stabilize staff.

The risks in this sector are initially moderate (in the hypothetical case of risk occurrence, they would have a moderate impact).

In 2023, the following identified risks remain relevant: decreased retention rate of existing personnel or new hires, and allocation of an insufficient number of professional training hours. In the event of these risks occurring, the company may face increased recruitment costs and decreased quality of maintenance activities and services provided.

Through the measures adopted, most of the identified risks have been kept at a low level, except for the risk of retention of existing and new employees, which is at a moderate level, influenced by the shortage of candidates on the labor market, especially with regard to qualified personnel.

For risk management in this field, measures have been taken to motivate personnel through financial incentives and creating a pleasant working environment, achieving the annual training and professional development plan, implementing a plan for the instruction and integration of new employees. The union organization has a high degree of representation among personnel, is a party to negotiating the collective contract, and is a partner in implementing social and personnel policies.

Among the actions of interest for the local community, we mention the agreement concluded several years ago with Henri Coanda and Energetic high schools, and Lucian Blaga University of Sibiu for conducting a number of practice hours by trainees within the company, and granting scholarships for the best among them, and conducting professional retraining courses through European projects with the participation of qualified personnel from the Maintenance Department.

The main performance indicators achieved in 2023 in this field will be presented by the Human Resources Department.

The description of the policy regarding human rights compliance, risk factors, key performance indicators, and the effect of implementing this policy:

The Maintenance Department of COMP A SA guarantees the respect of human rights, in accordance with legal provisions, for its employees and collaborators, as well as for stakeholders through:

- providing working conditions that respect individual dignity and appropriate job positions in terms of safety and health at work;
- prohibiting any form of intimidation through language, attitude, gestures, or any other form of personal attack;
- eliminating any form of discrimination based on gender/age/race/religion/political beliefs;
- firmly rejecting child exploitation;
- rejecting collaboration with organizations that do not respect human rights.

Violation of human rights can lead to falling under the law, protests from employees or the public, and loss of prestige in society. The risk of violating human rights has a medium initial impact, but through control measures, these risks have been kept at a low level. Provisions related to the respect of human rights have been included in the internal regulations and collective labor agreement.

In 2023, there were no reported cases of intimidation or personal attacks, nor cases of discrimination based on gender/age/race/religion/political beliefs for the personnel within the Maintenance Department.



The Building and Networks Maintenance Department is a support structure for all the processes and activities that take place within the company.

1 Description of the activity of the ICR Department

-The ICR department is organized and carries out its activity in three workshops

- maintenance, repairs and modernization of buildings, roads, sidewalks, platforms and parking lots
- maintenance, repairs and modernization of water networks, compressed air, domestic hot water, heating, hydrants and sewers
- maintenance, repairs and modernization of telephone networks, data, video, lighting, gates.

-The most important achievements according to the Performance Indicator refer to:

- the permanent maintenance of the production platform and all the functions of the company in optimal condition.
- solving emergency situations and requests, repairing and maintaining functional parameters of buildings, networks, installations, roads and access roads, which will streamline logistics, allow the production process to be carried out in appropriate conditions and provide staff with optimal security work according to SSM requirements.
- the modernization of the existing work spaces, the utility networks and the setting up of new objectives, which correspond to the company's requirements, in accordance with the legislation in force.

- In this regard, the following achievements should be highlighted in the last period:

- at the level of the Unit I production platform, H. COANDA str., in 2022, a number of 589 maintenance works, repairs, modernizations and investments were carried out, of which we mention a few:

- Arrangement of dormitory for workers in the rented space (all utilities for 80 places)
- Designing the space for service housing in the COMPA canteen space
- Installation of two new compressors in the compressor station
- Replaced the heating plant Central Pavilion -ground floor
- Rehabilitated the entrance stairwell and the service stairwell at the central pavilion
- Rehabilitated internal road at the intersection with the Hendrickson company
- Rehabilitated internal road in front of the research center
- Rehabilitated the connecting alley between the roads, in front of the new spring's treatments workshop
- Renovation of the Bosch wiper hall to complete the arm manufacturing line
- Decommissioning the old internal flyover next to the secondary road, which was no longer functional.

- Dismantling utility networks from old machines and connecting new transferred machines
 - Connecting (digitalizing) machines from the production departments to the company's data network.
 - Connection to coupler furnaces for cleaning the return pipes at the Treatment Workshop.
 - Insulated pipes and external ACM networks (there are still small portions that are still being worked on)
 - Replaced and insulated Estacada heating pipes (Atelier Sharpening area, At 220 and Hatebur)
 - Replaced the old 204 ml potable water pipe at the monobloc hall - At. DMG and At.460
 - Insulating old pipes, cooling water at Workshop 620 and Workshop 630 - the work continues
 - Replaced old and damaged storm sewer pipes at the DMG Workshop, Galvanization, Jtekt
 - Repaired skylights and replaced polycarbonate on 75% of the production halls - to be continued
 - Repaired and replaced 80% of the total number of drains on the halls - to be continued
 - Repaired and replaced waterproofing on sheds and buildings in damaged areas - to be continued
 - Repaired epoxy resins at At 620, At 630, At 650, At Bosch, Jtekt – to be continued
 - Replaced incandescent lighting fixtures, according to their failure, with LED lighting
 - Repaired or replaced gates and access doors and related automation in halls and buildings
 - Fixed, replaced fiber cabling and monitored data, telephony, video and GSM access networks
 - Enclosed and protected pool and cooling tower from thermal treatments
 - Renovated social groups at At 620 and At 900 - mechanically welded
 - Made a foundation for the Fermat machine and crane, for processing at the mechanical-welded workshop
- at the level of the production platform Unit II, B-dul Victoriei Nr. 42-44**
- The project of reconversion of the production space into space intended for housing, offices and a hotel complex is in full swing. 4 blocks with living spaces and annexes as well as the Mercure-Ibis hotel complex were put into operation.
 - The works have been executed and are being executed with specialized companies, and the ICR Department is monitoring the execution.
- at the level of the production platform Unit III, Cismadie**
- the unit was dissolved and the buildings and halls were demolished to receive another destination after completing the cadastral formalities.

2 – The main risks and their management

- Risks

- The activity of the ICR department can sometimes be negatively impacted by:
 - the long periods of supply with materials necessary for the works due to:
 - the supply circuit through SAP from the moment of the request until the approval and ordering of the materials or services
 - supply delays due to suppliers
 - Insufficient qualified personnel, who can perform the complex, diverse and most of the time urgent works, which are the responsibility of the ICR Department.

Risk management**The supply chain**

- The supply chain does not have a major impact on the development of the works that are executed according to the plans, but for emergency works, the decision-making supply chain and effective delivery can often negatively impact the development of the production process and especially the deadlines for completing the works

- Short, medium and long term perspectives. For normal supply through SAP, no other measures are required, but for materials that need to be supplied urgently, another, more flexible approach is needed.

Remedial measures

-A remedial measure could be to ensure a minimum buffer stock of the materials that have the greatest impact on emergency works and to be refreshed according to the consumption generated by these works.

-Another measure could be a direct line with a supplier and an open order within a capped amount, for materials with an urgent impact and to be checked weekly by the purchasing department and the general director.

-Regarding the lack of staff, in addition to attracting qualified workers from the labor market, the solution of schooling within the society of young people with skills and their job qualification for the jobs of welder, plumber and electrician should also be addressed.

3 . Description of the objectives, targets and responsibilities established for the performance of these activities**Strategy and objectives**

- The strategy and objectives of the ICR Dept. follows the general strategic line of the company and within it has in mind the following phased objectives. (short, medium and long term)

- Clarification of the legal, cadastral and topo situation of the company premises.
- Digitization of drawing data, situation plans and documentation Dep. I.C.R.
- Modernization, maintenance and repair of fences and access gates
- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms
- Maintenance and modernization of buildings, halls, warehouses and warehouses
- Maintenance, repair and renovation of water, air, thermal and canal networks
- Modernization and repair of data networks, telephony, video, lighting and access gates

The main factors that can affect future development.

The main factors that can affect future development are related to the general situation of the Romanian economy, of the automotive industry, but also of an internal nature, related to the lack of personnel, especially the qualified one, and the technical equipment that must be permanently completed and modernized.

4. Programs developed during this period to achieve these objectives

- In order to clarify the cadastral situation, the activity of registering in the eTerra platform of OCPI Sibiu - the Land Register of all the company's premises has been initiated. All the premises on the platform Unitatea I, Str. H. Coanda are registered and we still have two positions that are being processed and for which I have not yet received the registration.

- The digitization of documentation and data is a necessity and work is being done to update situation plans and drawings - permanently

- The modernization, maintenance and repair of the fences and access gates is done in stages following a project proposed by the architect.

- The modernization and rehabilitation of roads and access roads is planned to continue with connecting alleys, sidewalks and parking lots, which require interventions.

- The maintenance and modernization of buildings, halls, warehouses and warehouses is part of the object of activity and is a permanent concern of the ICR department.
- The COMPA canteen on the first floor, service quarters and the exterior fence will be renovated and are being finished.
- The dormitory with 80 places for workers was arranged (rented space)
- Interior and exterior fitting-out works are being carried out at the central warehouse and at the production halls.
- The maintenance, repair and renovation of water, air, thermal and sewage networks is also a permanent activity, but it also involves the phased replacement of old or morally worn pipes, especially those of drinking water.
- Modernization and repair of data networks, telephony, video, lighting and access gates is in full swing and is treated as a priority.

5. Permanent monitoring of the results obtained and the workplace policy

- All programs, projects and executed works are permanently monitored at the level of the three heads of workshops as well as by the head of the activity of the I.C.R. department.
- Analysis reports and proposals are made monthly in which the problems that have arisen, the stage of their resolution, those responsible for their follow-up and completion, as well as measures and proposals for the future are highlighted.
- The workplace policy takes into account the company's regulations, but also takes into account the specifics of the department, which is related to the fact that each work is performed in different locations and each intervention is specific (has a very low repeatability) and requires different dimensional and functional materials, as well as distinct and complex activities at each intervention.

6. Environmental problems, health and safety of the workplace

- Information regarding the prevention and control of pollution
- With regard to the prevention and control of pollution, the equipping and installation of the equipment is monitored and action is taken in an emergency regime to stop any damage and to prevent the replacement of defective parts or their remedy and the removal of the causes that could generate events, so that it is not affected the air and the soil so that substances with potential pollution do not reach the sewage network.
- The ICR Department collaborates with the other structures of SC COMPA SA for the implementation of the project, which has been executed, to produce energy from renewable sources (photovoltaic cells).
- Regarding the extraction of mineral resources, the ICR Department carries out the maintenance and repair of fireplaces, pipes related to wells for fire water, which supply the Water Tower with the reservoir for the company's hydrant network.

Workplace health and safety

The health and safety of the staff is a constant concern both at the level of society and of the ICR Department.

In this regard, at the ICR department, the equipment of the workers with protective and work equipment and the compliance with the labor protection rules are monitored and checked periodically, taking into account the fact that the works are performed at height or in hard-to-reach places such as sewage manholes, is performed in various locations near the machines while they are working and must be done without affecting the continuity of the production processes.

- Regarding the safety of buildings and halls, the ICR Department has generated a program for monitoring the behavior over time, for intervention where necessary and for reporting to the State Construction Inspectorate, to ensure the smooth development of the company's activity.

This current tracking program targets functionality, status and integrity:

- Facades, plinths, and walls
- Resistance structure (pillars, beams, caissons)
- Concrete floors (most are covered with epoxy resins)

- Covers, skylights and drain and ventilation openings
- Doors, gates, windows, and access roads
- Installations and networks of potable, industrial and cooling water
- Heating, steam and domestic hot water installations
- Compressed air installations
- Plumbing
- Electrical installations, lighting, telephony, and data networks
- Fire prevention and alarm installations
- Hydrant installations
- Roads, sidewalks, alleys, platforms, and parking lots

All activities were carried out according to the schedule and requirements and there were no delays in terms of tracking, evaluating, maintaining, and reporting their status or events that would target or affect the health and safety of the staff.

Starting from these evaluations of their condition and functionality, preventive intervention was carried out through current maintenance works, repairs or modernizations that ensure safe working conditions and health for all the company's personnel.

During the production processes, unforeseen situations occurred that required emergency interventions. They were executed every time in a timely manner, without affecting the good progress of production.

A special attention was given and is given to the sanitary installations related to the social groups, the toilets, showers and changing rooms, which are executed according to norms and standards and permanently maintained at quality parameters through current maintenance works, repairs, and renovations.

7. Objectives, targets and responsibilities for the 2025 program

All this fits into the general strategy and planned objectives:

- Clarification of the legal, cadastral and topo situation of the company premises

By the end of 2024, we propose that the legal status of all spaces on the platform Unit I Str. H. The queue should be clarified and entered in eTerra at the OCPI Sibiu Land Registry

Responsible – **Forsea Alexandru and Boabes Nicolae**

- Digitization of drawing data, situation plans and documentation Dep. I.C.R.

The situation plans and drawings are being worked on so that they are permanently updated.

Responsible - **Forsea Alexandru and Neghina Dorin**

- Modernizing and rehabilitating the interior and exterior of the central warehouse.

Interior renovation of the spaces, social groups, as well as the exterior walls is being implemented

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Modernization and rehabilitation of roads, sidewalks, parking lots and platforms - permanent

They propose the phased rehabilitation of the alley from gate 1 to gate 2.

It is proposed to partially rehabilitate the connecting alley in front of the school and in front of the central pavilion

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Maintenance and modernization of buildings, halls, warehouses and warehouses - permanently

Current waterproofing works are carried out in buildings and halls and replacement of skylights and rainwater drains

Responsible - **Forsea Alexandru and Stolnicu Emilian**

- Maintenance, repair and renovation of water, air, thermal and channel networks - permanent

Current works, repairs and modernizations and commissioning works are carried out at the workshops.

Responsible - **Forsea Alexandru and Boabes Nicolae**

- Modernization and repair of data networks, telephony, video, lighting and access gates

It is a permanent concern, especially when replacing incandescent lighting fixtures with LED lighting fixtures as the current fixtures break down.

Responsible: - **Forsea Alexandru and Neghina Dorin**

2. COMPA I.T. S.R.L.

It was established in 2000 for the purpose of designing and implementing an integrated IT system for the parent company and third parties, at international standards. The company offers IT solutions, services and software maintenance. By implementing the integrated system in the parent company, COMPA-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.



Social headquarters	Sibiu, Str.Henri Coandă Nr.8
The main object of activity	6201 "Custom software development activities"
Share capital (lei)	200,000 lei
Fiscal value	2,216,900 lei
Needlesole shareholder	COMPA SA company
Number of employees	9

2. COMPA IT

1. DESCRIPTION OF THE ACTIVITIES UNDERTAKEN:



The purpose of the establishment was to design and implement an integrated IT system for the parent company, to the existing international standards and to ensure the requirements imposed by the organization of profit centers of the company COMPA, as well as to ensure a computer network of computers extended throughout the company COMPA.

By implementing the integrated system in the parent company, COMPA-IT ensures the operation of this system at higher parameters, prepares reports and presents the new facilities of the system in order to capitalize at the highest possible level of opportunities that this very complex system can offer. and competitive.

The digital age has begun to change the way we work, produce and consume. Technology has become an integral part of our lives at work, at home and in the way we interact in society. Given the rapid change that occurs with the absorption of technologies in business processes, there is increasing pressure on competitiveness and response times as short as possible in relation to market requirements.



Through our activities we try to support the digital development of COMPA SA by implementing digital solutions to reduce repetitive working hours, reducing the use of information on paper by implementing solutions to achieve the goal of having "paperless" processes. We support the manufacturing processes, not only the administrative ones, by implementing connection solutions for all the machines and devices used in production, in order to be able to make SPC (statistical control) analyzes and not only, with the help of real-time data.

2. ANALYSIS AND DESCRIPTION OF RISKS AND OPPORTUNITIES

With the implementation in COMPA SA of the SAP solution (Software Solution) we opened the way to new digitization solutions that allow integration with COMPA SA customers and suppliers for a better and more efficient collaboration. Automation of logistics, financial, production, human resources processes brings with it greater job satisfaction and a greater ability to create better products.



Although the risk of cyber attacks is increasing, there have been no incidents that will impact us. In order to keep the risk as low as possible, we keep in touch with application and equipment suppliers to always have up-to-date solutions with security packages.

3. DESCRIPTION OF THE OBJECTIVES, TARGETS AND RESPONSIBILITIES SET

The main objective of the company is to support the digital development of COMPA SA by creating turnkey solutions that follow the principles of paperless and process automation. In addition, we deal with the maintenance, purchase of equipment and solutions to support the move towards the digital age.

In order to achieve our objectives, we aim to hire the best professionals available on the labor market to create and improve our products and services. In order to benefit from their expertise, we continuously improve working conditions, we have in mind discussions that highlight the evolution of each employee and align this evolution with the plan of professional stimulation and motivation.

4. FUTURE STRATEGY AND OBJECTIVES



We are updating the Electronic Data Interchange project with the possibility to introduce other messages, invoices, documents and other types to create a more diverse interface of communication with our customers and suppliers, thus increasing the productivity of our employees.

We have finalized documents management system that will allow the digitization of the administrative processes of receipt of goods by scanning and integrating the receipt documents within this system. We will integrate the physical archive into this system to allow better retention of documents. This system will allow us to introduce a virtual library, an enterprise scan solution, electronic registration as well as electronic archiving and automation and optimization of document flows.

Due to new legal reporting requests we have implemented the SAFT and E-Invoice into our systems.

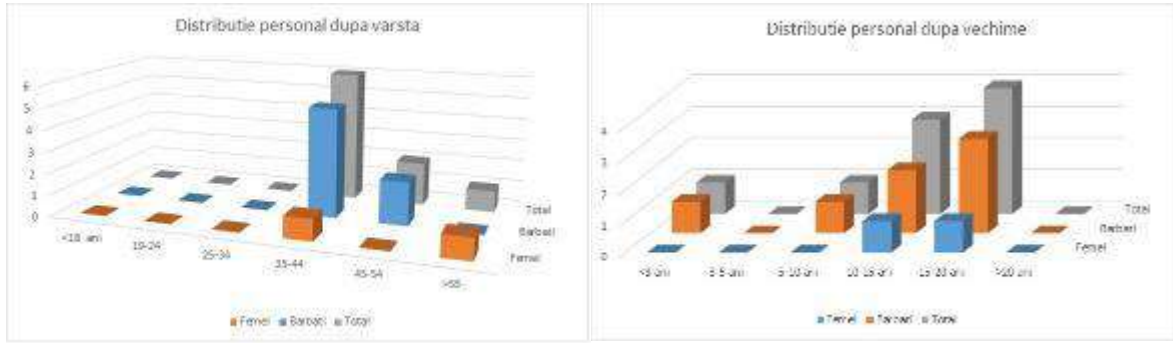
To diversify the strategies of the human resources department, we have integrated the Success Factors solution within the company, which will allow finding, training, and managing the workforce and also send a response with operational data about how people feel, thus creating exceptional experiences for employees. Also, within the extension of the strategies, we have implemented the SAP HCM solution that will allow time management and tracking of the present, standardized payroll processes and organizational management.

In the connectivity project we envisage the extraction of real-time data from the manufacturing and quality processes to allow multiple analyzes and visibility of data at the jobs that generate this data, by introducing tablets with software that give quick answers to the problems that arise in the process.

Also in the same connectivity project we have started to connect production machines, measuring stands and devices in a centralized platform, which will allow work time analysis, number of produced parts, and also other production indicators in real time, the number of machines and devices connected so far has reached over 80. In the next period of time we will try to add all our machines in this platform. This aspect will allow the maintenance department, production department and quality to get detailed real time data and analysis from the production processes.

To maintain a low number of bad parts and a predictability in changing the tools on the CNC machines we have validated and implemented a system for automated compensation, which will allow measuring analysis from every tool that has produced parts and send back the necessary correction to the machine. We have also integrated fabrication lines in our data collection process with the possibility to point out the products being produced directly to our SAP system. This integration will allow a better analysis of production and stocks which will eventually create an optimization of the acquisition processes.

Given that the company's core business is based solely on specialized human resources, we want to gradually increase the number of employees to be able to develop more products and services at the same time. One of the development directions that requires more and more effort due to the diversity of machines and devices within the production processes, is IoT type connectivity. Given this diversity, we need to consider an increase in the company's skills in connectivity and IoT by assimilating new employees within the company.



3. TRANS C.A.S. S.R.L.

Founded in 2002, by outsourcing the car transport activity within COMPA, the company offers freight and passenger transport services domestically and internationally. Some of the owned vehicles are the property of the parent company COMPA SA, rented, and some of them are the property of TRANS CAS SRL.

TRANS CAS SRL currently owns a number of over 53 vehicles, of which an important share is held by Mercedes-type trailer trucks, with a capacity of over 20 tons payload, intended for the transport of materials and finished products for both COMPA and other customers.

The overwhelming share of TRANS CAS's transport is held by international freight transport in almost all of Europe.



Social headquarters	Sibiu, 12 Henri Coandă Street
The main object of activity	4941 "Freight transport by road"
Share capital, of which:	1,500,000 lei
Needle: COMPA SA Sibiu	1,498,450 lei
Fiscal value	14,460,846 lei
Number of employees	45

3. TRANS CAS SRL



1. The activity of the company

TRANS CAS SRL, established in 2002, has as main object of activity INTERNAL AND INTERNATIONAL ROAD TRANSPORT OF GOODS. Transport services are provided by both its own fleet of vehicles and a well-organized network of contracted carriers. The services offered are efficient and reliable, being monitored by using the most advanced technologies on all vehicles. The drivers and staff involved in the organization are highly qualified and ensure the delivery of transport on time and safely. The solutions offered by TRANS CAS are in accordance with customer requirements and comply with international standards in the field, and the transported goods are insured with CMR insurance.

2. Company risks and opportunities

The company TRANS CAS SRL has identified the following risks:

- Fuel price developments, generally unfavorable
- The evolution of tolls
- The evolution on the insurance market of the insurance premiums by their increase, related to the car insurances, the goods insurances (CMR) as well as the health insurances
- Lack of qualified transport staff on the market
- Activity fluctuation

The company also identified the following opportunities:

- Diversification of the activity by accepting urgent delivery orders
- Orientation to customer needs to gain a competitive advantage
- Providing quality, integrated services
- Practicing competitive prices on the freight market

3. Objectives and responsibilities

The company's objectives for the next years are:

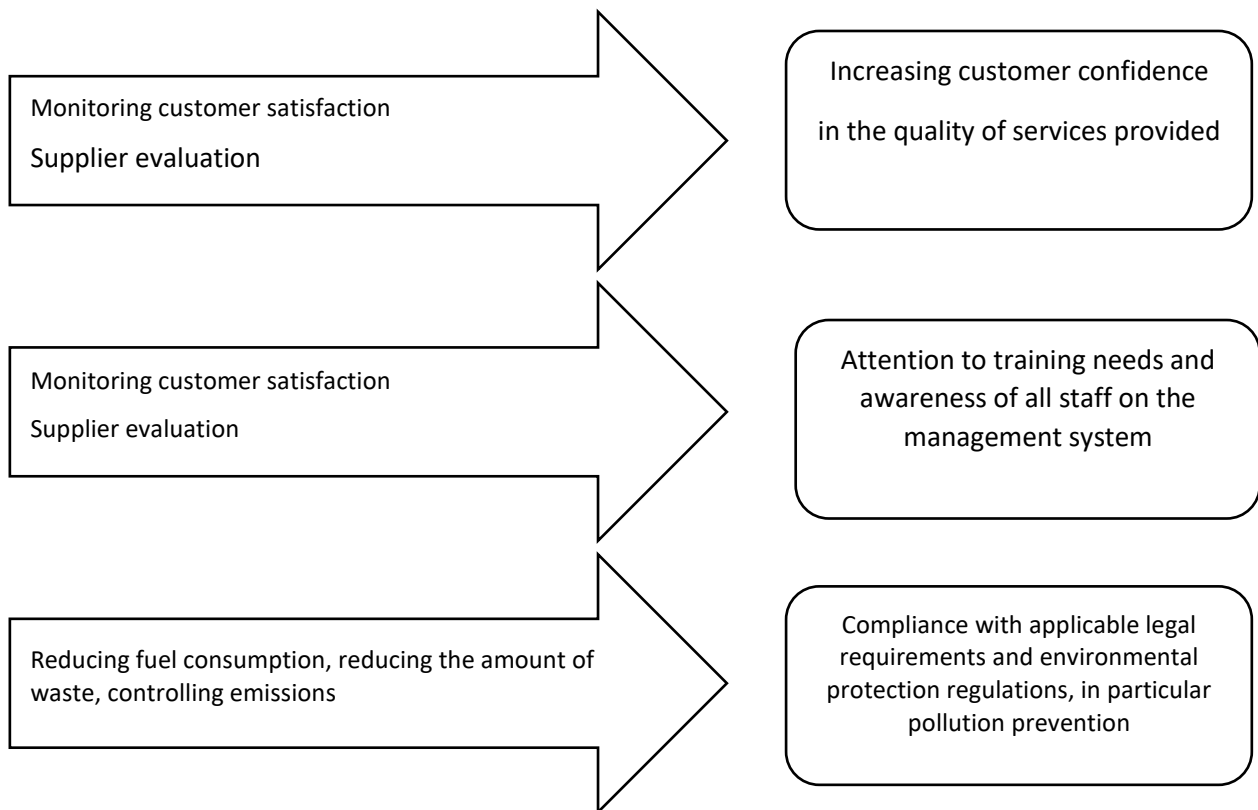
- Increase turnover by identifying new customers and increasing the fleet
- Reducing pollution by purchasing new and high-performance vehicles that meet all environmental requirements
- Protecting the environment, handing over the waste to authorized collectors

4. The evolution of the activity

The economic performance of the company is reflected in the following indicators:

Economic indicators	2021	2022	2023
Net turnover (lei)	17.698.300	16.450.778	15.473.865
Gross Profit (lei)	411.369	-256.600	-241.567
Average number of employees	48	48	45

The company considers a series of non-financial performance indicators relevant for its specific activity:



5. Corrective actions

The management of TRANS CAS pays special attention to ensuring a pleasant working environment for its employees. In this respect, principles such as equal opportunities and non-discrimination underpin the smooth running of the company and the performance of employees.

TRANS CAS also provides a work environment based on the principle of equal opportunities, discouraging discrimination and encouraging diversity among employees. Thus, society promotes diversity of gender, nationality and age.

At the base of all the activities carried out within the TRANS CAS company are the following fundamental values:

- ✓ **INTEGRITY** - the obligation to declare any personal interests that may contradict the objective exercise of the duties of the position within the company, as well as the refusal to accept any financial benefit

of any kind from persons or organizations that could influence the performance of duties. At the same time, the obligation of the company to take all necessary measures to avoid situations of conflict of interest and incompatibilities.

- ✓ **TRANSPARENCY** - adopting an open and transparent attitude in all decisions and actions taken by the company's staff.
- ✓ **OBJECTIVITY** - fulfilling the duties of the position, awarding contracts and orders by adopting an objective attitude, leading to correct decisions to achieve the interest of society.
- ✓ **PROFESSIONALISM** - promoting the fundamental values and principles in the company's activities through a responsible attitude in its interest.

Ethical conduct is one of the main criteria that define the way a company operates, consolidating or destroying its reputation in the market. It is imperative that both the company and all employees demonstrate:

- the highest standard of integrity and ethics in their work;
- compliance with all laws and regulations and the desire to be open and honest in all internal and external business relations;
- professionalism, through which the TRANS CAS staff has the obligation to fulfill the duties of responsibility, competence, efficiency, correctness and conscientiousness;
- honesty and fairness, showing good faith in the performance of duties.

Employees have the obligation that by their acts and deeds, to comply with the legislation and regulations in force and to act for the implementation of legal provisions, in accordance with their duties, in compliance with professional ethics.

6. Strategic objectives

➤ **VISION**

We operate in a community where there is respect and good law enforcement and where our customers are always satisfied with the quality of our services and products. These are the result of respect within the team, of each individual and we are respectful and equitable partners towards our community and the environment.

➤ **VALUES**

- Pursuing quality in everything we do.
- Strong partnerships based on respect.
- Forming the team by valuing each employee.

➤ **MISSION**

Our goal is to be recognized both in the country and abroad as a responsible business partner in the domestic and international freight transport market. We want our partners and employees to choose us for the quality of our services and for the relationship based on transparency and respect.

4. RECASERV S.R.L.

The company was established in 2004 by outsourcing from the parent company activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA, catering and cleaning services.

Social headquarters	Sibiu, Str. Henri Coandă No.51
The main object of activity	5629 "Other food service activities nec"
Share capital, of which:	100,000 lei
Needletonaries: COMPA SA Sibiu	70%
Boroş Daniela (individual person)	30%
Fiscal value	2,070,481 lei
Number of employees	32

4. SC RECASERV SRL



DESCRIPTION OF THE MAIN ACTIVITIES:

SC RECASERV SRL was established in 2004 by outsourcing from the parent company some activities such as: public catering made through the canteen and micro-canteens operating within the company COMPA SA, catering and cleaning services.

1.The main activity is the supply, delivery and serving of ready-to-eat food, daily to the industrial environment (the main working points being the micro-canteens within the company COMPA SA, and until 2019 various schools in Sibiu) as well as orders for various events. The company is included in the CAEN code under the name of “Other Food Units nec” respectively the production of food in catering system. The company operates in the location of the COMPA SA Canteen, in a renovated kitchen equipped to the standards required by European norms, located near the company COMPA SA, the HENRI COADĂ Technological High School and SC BILSTEIN SRL.

As the goal of SC RECASERV SRL is to include and satisfy a wide range of customers, the company includes in its menu both local and international dishes and niche cuisine (eg., fasting products, vegetarian and vegan dishes). Each menu focuses on healthy products, sourced as much as possible from local suppliers. In addition, the portions are portioned according to a caloric calculation, with great care, to avoid food waste, and the supply is well calculated to optimize the cost of transport and the amount of food stored. In order to protect the environment, the cutlery used is traditional and not plastic. In the kitchen, the company has an experienced staff, able to maintain a high quality of dishes, but also to adapt promptly to customer requirements and needs. So the results have always been up to their requirements.



2. The secondary activity involves general activities of interior cleaning of buildings, the main client being COMPA SA. In this segment the company SC RECASERV SRL provides services with professional equipment, cleaning products in accordance with environmental standards in force, and staff is properly trained in compliance with environmental standards and safety work.

In the field of services, the ultimate goal is customer satisfaction and maintaining a good customer-supplier relationship. The quality of the work is confirmed by the continuous demand and the good reputation of the company on the market, in the absence of any form of advertising.

3. ANALYSIS AND DESCRIPTION OF RISKS AND OPPORTUNITIES

Weak points which produce negative effects for SC RECASERV SRL are various:

- The continuous change of prices for raw material
- Energy crisis, with an increase in billing prices
- Customer reluctance
- Changes in customer needs, tastes and preferences
- Lack (temporary) of qualified personnel specific to the field of activity (eg., cooks), due to the lack of supply on the labor market and the non-correlation of the educational offer with the requirements of the labor market
- Slow growth, sometimes even stagnation of demands
- Decreased demand following the implementation of home office
- The war in Ukraine deepens the already existing food crisis

Strengths which produce the beneficial effect and lead to the exploitation of opportunities:

- Favorable liquidity and solvency values
- Expanding the range of B2B customers (eg., micro-canteen inside other companies)
- Expanding the range of B2C customers (eg., home delivery)
- Diversified range of products that fold according to the consumer segment
- Prices lower than the competition
- Choosing local food sources and collaborating with local farmers to reduce transportation distances and promote more sustainable agricultural practices
- Promoting vegetarian and vegan menu options (including fasting), which can be a more sustainable choice than meat-based options
- Reducing plastic materials

4. DESCRIPTION OF THE OBJECTIVES, TARGETS AND RESPONSIBILITIES SET

The objectives for the next years are reorganization in the context of the pandemic and maintaining a positive balance, as well as flexibility in choosing new collaborations. It also aims to reduce, where possible, disposable polyethylene objects and utensils by using environmentally friendly ones.

Also, for critical risks, ie with high probability of occurrence or with a significant impact on the company's activity, a series of measures were taken, aiming at the following:

- Business development in the area
- Diversifying and expanding the range of good quality products
- Negotiate prices with suppliers, where possible
- Establishing payment terms, invoices
- Purchase of raw materials at the lowest market price
- Introduction into new markets
- Finding cheaper sources of raw material supply



8. Policies applied to: OHS (occupational health and safety)

Monitoring, maintaining health and ensuring working conditions, according to current legislation, for employees is a legal and social obligation, which is also an essential element in the success of society.

9. Environmental Policy

The menu production process is carried out through a technological circuit in compliance with hygiene and storage rules, in accordance with food legislation. Their implementation and compliance is regularly evaluated by accredited institutions in the field.

Reducing water consumption in the food preparation process and efficiently managing water used in cleaning and washing activities can be beneficial for conserving water resources. By adopting sustainable practices, the company can not only reduce its environmental impact but also improve its image in the eyes of customers and be more competitive in a market where an increasing number of consumers are interested in sustainability aspects.

10. FUTURE STRATEGY AND OBJECTIVES

The company's mission is to provide excellent services that attract and satisfy customers. The strategic objectives for the next years involve the development of businesses in the area, as well as the diversification of the product range.

5. ARINI HOSPITALITY SRL

ARINI HOSPITALITY SRL is an SPV (special purpose vehicle), with the sole shareholder of COMPA SA. Established in 2021 in order to manage the construction and development of the MERCURE SIBIU ARSENAL & IBIS STYLES SIBIU ARSENAL

Due to the fact that the specificity of the hotel business is totally different from the automotive components production activity of the main company, COMPA management decided that it is much easier to manage by a new company having as main object of activity that of - Hotels and other accommodation facilities similar CAEN code 5510. This is how ARINI HOSPITALITY was born.

The company wants to enter the hotel market as a player in partnership with ACCOR with which it has concluded a hotel management contract. ACCOR is an international augmented hospitality group specializing in the hospitality industry, a world market leader with unique experiences in over 5,100 hotels in 110 countries with over 300,000 employees. The group has acquired hospitality expertise for more than 50 years, through a portfolio of 39 hotel brands.

Social headquarters	Sibiu, Str.Bulevardul Victoriei Nr.48
The main object of activity	5510 "Hotels and other similar accommodation facilities"
Social Capital, from which:	23.203.000 lei
Stakeholders: COMPA S.A. Sibiu	23.203.000 lei

1 .1 PROJECT DESCRIPTION

The project consists in the construction and development of a hotel complex - ARINI HOSPITALITY, which has a MERCURE hotel, which will have 4 stars and 121 rooms available as well as the conversion of the existing building into a 3-star IBIS STYLES hotel with 73 rooms . This hotel complex is located on a plot of 7,591 sq m located in Sibiu on Bd. Victoriei Street no. 48 opposite the Sub Arini Park. In addition to the accommodation rooms, the complex offers a SPA area with swimming pool, restaurant, lobby, bar, conference rooms as well as a multifunctional room with an area of over 400 square meters where various types of events can take place. Both hotels have a concept inspired by local tradition to present a unique image.





1.2 PROJECT DEVELOPMENT

In May 2021, the financing agreement was obtained based on GD 807/2014 (Government Decision for the establishment of state aid schemes, aimed at stimulating investments with a major impact on the economy). The value of the state aid amounts to 14,895,269 lei.

In September 2021, the building permit for the ARINI HOSPITALITY hotel complex was obtained following the fulfillment of all the legal requirements requested by the competent institutions as well as the completion of the technical project carried out by the ARHI GRUP company from Bucharest.

Throughout the design, ARHI GRUP collaborated with the technical and design specialists of the ACCOR partner, as well as with the support of VITALIS CONSULTING from Bucharest, a company with which ARINI HOSPITALITY has a project management contract. With the close collaboration of professional teams in the field, ARINI HOSPITALITY has the certainty that the technical design and design of the hotel complex will be at the highest quality standards and will offer future customers beautiful memories spent in a pleasant atmosphere.

In November 2021, the General Enterprise contract was signed for the construction of the MERCURE hotel with DAS SRL from Iași (a company that has in its portfolio large-scale works in the field).

In September 2022, the General Enterprise contract was signed for the construction of the IBIS hotel, again with DAS SRL from Iași,

1.3 STAGE OF THE PROJECT

The Verbal Process of Completion of the Works for the Mercure Hotel was signed. Only some interior finishes remain to be completed.

The Mercure Hotel started to receive customers starting from November, having all the approvals and agreements necessary for operation.

The Verbal Process of Completion of Works was signed for the Ibis Hotel, interior finishes and the finalization of the room furniture still remain to be executed.

The Ibis hotel will open in the first part of 2024.

MERCURE Hotel



IBIS HOTEL





1.4 RISKS AND OPPORTUNITIES OF THE COMPANY

The opportunities are first of all the state aid obtained as well as the deficiency of accommodation during this period on the market in Sibiu according to studies and statistics.

1.5 OBJECTIVES AND RESPONSIBILITIES

The main objective is to offer accommodation services at the highest level of quality, intended for both the domestic and international markets.

The hotel was taken over in a management contract by the ACCOR group, this ensures a high level of professionalism and expertise in the daily activities.

The target of this hotel complex is mainly business tourism and conferences, but we also foresee an important leisure component.

Although this investment was made with the allocation of minimal resources from COMPA, most of the resources coming from bank loans, the clear objective is self-support and development from own resources in the shortest possible time.