Transport Trade Services

Questions & Answers

Videoconference for the presentation of the financial results for H1 2025

September 3, 2025

1. How do you see the future of TTS, possibly the development on other verticals?

Answer:

The possible development on other verticals has been under analysis for quite some time. We have not yet identified areas of activity in which we could expand with full confidence, but we cannot say that we are not interested in the subject. Within the new Board of Directors, we are trying to create a broader committee, consisting of executive directors and colleagues from the field, which will establish, within a certain timeframe depending on how quickly we can move, a short-, medium- and long-term development strategy. Of course, when we reach a conclusion, we will make it public, together with this topic of other possible verticals worthy of consideration for our development.

For the first part of the question, regarding how we see the future of TTS, of course this depends a lot on the conclusions we will reach from the investigations we will carry out in the coming period. For now, we can say that we are following the line we set out in the prospectus. We are talking about broad directions here, because in 2021, up to date, many things have happened, and many of our strategies are somewhat outdated today, but the core pillars remain the same. Specifically, this organic development through the direct investments we are making in various areas of activity – today we have Canopus underway, an investment that will be completed next year, and it is an important investment not only for Canopus but for the entire group. It represents a 60% increase in development and operating capacity, which is highly significant. At the same time, we are continuing investments at Decirom, with asset modernizations, meaning directly productive assets such as cranes, but also other types, like warehouses, upgrades, and bringing various technologies up to date. There we also see growth. As Mr. Țecheră mentioned earlier, the footprint of Decirom is already becoming visible, at least in terms of the tons of cargo handled and its integration into the group's operating system. This would therefore be the first area of organic development, and I gave these two examples because they are flagship ones, but similar things are happening, more or less, across all activities. For example, we have been mentioning for years that we invested in the port of Giurgiu, with access to European funds.

The investment by the administration in the vertical tower has also been completed. We are now waiting for the finalization of the documents in order to take possession of a new plot of land and to

be able to complete other necessary investments so that we can fully start activity in Giurgiu. For the moment, there is an activity in cereals, which is being carried out in an improvised or semi-improvised manner. Thus, this type of investment, not necessarily in expansion but in optimizations and organization, is being carried out in all areas, and all of these fall under organic development. The integration of the Danube port, the Constanța port, and the fleet.

As for the commercial side, Mr. Țecheră has discussed some aspects, part of which we cannot disclose publicly until they have actually materialized. A few have already happened. As I mentioned, we have several ongoing projects regarding cargo flows in the minerals area. Some have already started to operate, hence the increase in the minerals segment this year compared to last year. There are a few others that are still in the seed phase at the moment, and we hope that by the end of the year they will begin to show the first signs of production.

We also still have, in the commercial area, some relationships in the chemicals segment to consolidate, and we are in the process of doing so. Hopefully, in the second half of the year, these could bring us again a small leap, an additional boost in the chemicals area. In the cereals segment, as Mr. Țecheră mentioned, the situation is unpredictable. We are trying to adapt to the current market conditions, and we are succeeding in doing so on the commercial side.

Again, as we also stated in the prospectus, we have always kept in mind the M&A side, acquisitions. Whenever an opportunity arose, we analyzed it. Recently we have also had several invitations to analyze some M&A projects. None of them convinced us enough to pursue directly. However, we remain attentive to the market and ready to invest in something new if it integrates well into the current structure.

In addition, two remarks related to the strategy committee - as a side note, the idea came from Mr. Viorel Ștefan, if I recall correctly. It was one of the first aspects he pointed out, and he is also the chairman of this committee. The first remark, and it is extremely important, is that this is a committee that is, if you will, predominantly executive. There are three members with exclusively executive responsibilities: Ms. Miruna Mihăilescu, Development Director of TTS, along with two very important directors in the system, Mr. Cătălin Țiganuș, Director of Navrom, and Mr. Dan Barbălată, who leads TTS Operator in Constanța and has a very good vision of the port, being very experienced there. As an anecdote, when we acquired TTS Operator, I don't recall what it was called at that time - Mr. Barbălată was already in the company at the moment of acquisition. Thus, on the one hand, there is significant weight given to the executive side, precisely because this is about optimizations, about thinking of the group as a whole. Mr. Stanciu, the General Director, who is also a member of the Board of Directors of TTS, and Chairman Mr. Viorel Ștefan, who has long experience at Navrom, having been General Director and later Chairman of the Board of Directors. And, as it always proves to be the case, an outside perspective can often see more clearly some things that are not necessarily obvious to us, as we are immersed in the day-to-day struggle. A fresh vision helps a lot, because, in fact, it tackles an issue we have faced throughout our history: how to harmonize 14 companies with 14 Boards of Directors, 14 management teams, each with legal autonomy, which therefore make decisions primarily in the interest of those companies and only afterward may consider, perhaps, the group as

a TTS shareholder. Therefore, a systematic, integrated approach to the group through such a committee, which, of course, like any advisory committee, only prepares recommendations and in fact supports the TTS Board of Directors, we estimate will help us achieve greater integration at the strategic level.

2. How has the price for port operators changed in the last 24 months?

Answer:

It is difficult to say. From our own experience and based on the information we have from the port, we could say that prices have generally decreased, because the direct and indirect impact of Ukrainian goods on the port has disappeared. Ukrainian goods were not represented only by cereals, but also by chemicals, steel products, and containers, and we are not even talking about the oil and liquid products area. Thus, in principle, prices have decreased.

In the last 24 months, prices have been in a much sharper fluctuation than before. Essentially, the effect comes from the situation in Ukraine, which triggered a wave of cargo on the transport market, which in turn triggered a wave of fleet that came to carry this cargo. After that, the cause disappeared, more precisely, the Ukrainian cargo disappeared. The fleet remained, and there was an increasingly steep sinusoid until the grain season started this year, when prices rose a little, and now they are once again in sharp decline for the same reason.

A stock exchange for port operators and river transport does not exist. The players are all private and are not listed on the stock exchange, and they mostly operate on the spot market and on some longer-term contracts. The information is public, and just as we know what prices the competition charges, so the competition knows what prices we charge. In the river transport area, prices are known within half an hour, but they are not written in a book. The idea probably comes from road transport. There, indeed, websites exist, you have a truck and you look for cargo to get to Germany. You have a truck, there are small or large batches of cargo depending on how much you can carry. There, indeed, because there are many players, the market is much more fragmented, and there are far more actors on both sides than in river transport or in port operations, where it is like a somewhat larger village. There are at most 50–60 operators.

3. Regarding agricultural goods, can you explain what the new reality is there and what are the realistically normalized volumes we can expect? And even with this crisis among grain producers and the excess of production, I understand from what you are saying that some have decided not to necessarily export or transport the goods because of low prices, but still those volumes of goods have been stored somewhere. Thus, I assume they will eventually be transported and that this is just a temporary situation, or is it a new reality, and we will witness some redirection of flows that will continuously impact TTS's activity. And what are the main factors that could restore TTS's profitability in the next 12 months? I noticed that one is cost reduction, which you have successfully

achieved, and another is the increase in mineral volumes. Are there others that should or would be worth monitoring?

Answer:

The grain segment could be an extremely long story, because it is an extremely complicated area. Traditionally, up until COVID, there were two harvests. One harvest that we called the summer harvest but, in fact, it is from autumn, as it is sown in autumn and harvested in summer, namely barley, rapeseed, and wheat, which all start being harvested around the same time nowadays, somewhere at the end of June-July. At that moment there is an increase in exports straight from the field, meaning the combine loads into the truck, the truck goes to the barge or the port, and the goods are shipped directly, without inland silos, without intermediate storage. This lasts about a month. It usually lasted until corn came in, which was at the end of August, beginning of September. This is the later harvest: corn and sunflower.

More recently, for example this year, because last year was an atypical year, as the harvests were poor enough that there was no longer a visible impact on these flows. But this year, the summer harvests, especially rapeseed and wheat, were phenomenal in Romania, in the truest sense. With record yields in the fields, historically high production. At the same time, Bulgaria has a very good harvest, Serbia also very good, and Hungary good as well for these summer crops. Thus, normally, the goods should have left like an avalanche in July, but instead they left like a semi-avalanche. Until yesterday, in July and August, through the port of Constanța, around two million tons of wheat had gone out. It seems like a lot but it is very little compared to what was available on the market.

The reason is that the river segment could not support these exports due to lack of water. Mr. Țecheră was very gentle earlier when he said there were some sporadic interruptions of navigation. No, July was a month in which navigation was almost impossible. Even if the water level allowed some passage with very small quantities of cargo, practically speaking, during the day almost no passage was possible for most of the month. Since transport on the Danube was not possible, it became the time of the trucks, because, somewhat oddly, in Constanța, Canopus had an exceptional July in terms of tonnage handled. The port was working, but the fleet was not, because the goods arrived at the port by truck and by train. The fleet was replaced by trucks, which have regained a very strong position in the market, and right now from Giurgiu, the Giurgiu area, and even a bit further west toward Oltenia, trucks, compared to barges, are absolutely unbeatable in terms of price. And nowadays, price is what matters most in determining transport routes.

Thus, at this moment, we are experiencing a situation where stockpiles of goods are large, and for rapeseed there are still large stockpiles, for wheat there are huge stockpiles in inland silos in Romania, and farmers are not selling. They are not selling because the price at which they could sell is much lower than the one they want and expect. Meanwhile, Russian goods have come onto the market, as they do every year. At this moment, yesterday for example, I met with a major grain client and we talked a bit, and the price right now is 10 dollars per ton in favor of Russia, meaning that the price in Constanța is 10 dollars per ton higher than the price in Russia, which means that no one in Romania

will want to take 10 dollars per ton out of their pocket in order to sell the goods. It is not that there is a blockade, but the quantities of goods coming onto the market right now are much smaller than what should have been coming out today, and the trend will continue. Thus, I am not saying there are no goods. There are goods, but much less than we would have liked. The water situation remains quite unfavorable, both now and for the foreseeable period, and these goods are being kept in inland silos. Across the country, many smaller silos have been built in recent years by farmers who store their goods there. There is no pressure on them, because this year's corn harvest is very poor, while last year's was catastrophic. Less corn was sown, as a form of self-protection by farmers, with areas reduced by, let's say, one million hectares, and this year's corn production is slightly higher than last year's, but much smaller than two or three years ago. Consequently, the pressure of corn on the storage situation is much weaker than before, so farmers still have space to keep their goods for an indefinite period, and this is in some ways good, but also bad. It means there is pressure on transport prices, in the sense that prices are going down right now, but on the other hand, the positive side is that there will still be goods left to transport in the coming period, meaning from January onwards.

Coming back to traditions, since you asked how it usually is, traditionally in the first half of the year corn would come onto the market. Now, with corn missing, there will be some corn, but not that much, it will be replaced by the wheat that is not coming out today, and we will hopefully have work to do both at the end of this year and next year.

Thus, the situation in the grain sector is extremely complicated due to global overproduction, due to high production costs in Romania, and due to the pressure from Ukrainian and Russian goods, both of which are forced to sell at any price just to sell, it is no longer a matter of economic efficiency and we are caught in the middle, as Serbia is also in this situation. Serbia has several good millions, 4–5, of exportable cereals and they only export when farmers need some cash. This situation seems likely to continue in the coming period, but no one knows for how long or in what form. But these goods, indeed, you were right, will come out of stock at some point. They will not come out in large volumes within three months, but rather little by little over a longer period. And regarding the second question on efficiency, as Mr. Țecheră mentioned earlier, we are trying to keep costs under control. We have managed to do some things, but even here it is not simple to maintain control. We are trying to keep costs under control also in the coming period, as was the case in the second quarter, which was a balanced area between activity, revenues, and production costs. We are trying to obtain as much as possible, in terms of market activity, so that we have sufficient revenues and an appropriate margin that remains at the level we projected for the third quarter. Unfortunately, the third quarter does not look the way we wanted it to in the transport area, but in the port area it is okay, and the only explanation is the water level. There is no other.

If we look strictly from a financial point of view, ignoring what TTS does, the fact that we are keeping costs under control, costs in the second quarter were almost at the level supported by tariffs. Losses were very small in the second quarter, and if April had not been disastrous in the port, we probably would have been in the black, in real terms. We have costs, if you will, at the lowest level currently seen in the market, so from this point on, any extra revenue should be reflected in profitability, precisely because costs may increase as they are direct costs when transporting more cargo, but

something should be visible in profitability, since the cost base is very healthy at the moment, this being one aspect.

The second aspect is that we have not yet completed this process. For example, to give one example I know in detail, at Decirom we are currently in the process of realigning the entire salary scheme closer to the tariff levels supported by the market, which are not great in the port either, and on the one hand, something may also appear at the profitability level from increased productivity. The second semester, in terms of equipment at Decirom, is better than the first semester. In the first semester, one of the large 20-ton cranes was in the process of modernization and we operated with only one of the old 20-ton cranes. Now, the modernization of the first crane has been completed and it entered production in August, and the second crane is entering modernization. We expect a small difference in productivity between the two. There are still such things, though no longer as spectacular. The impact on costs is no longer as spectacular as in Q4 2024 and Q1 2025, but the process is not finished, so something else may also come from there in terms of profitability.

4. What happened differently or negatively in April? And regarding the three categories of goods, which is the most profitable for TTS in terms of margin? What is the most profitable to transport?

Answer:

In April there was no cargo in the port, nor on the Danube. In general, April and May, at least for cereals, are waiting months, because in May the production level of the first three cereals I mentioned: barley, rapeseed and wheat, can be estimated with great accuracy, and so April is a month of waiting, in the sense that farmers, and even traders, decide whether they will keep more stocks or fewer stocks. Likewise, April is a month in which, traditionally, fertilizers are not in demand in the fields. The nitrogen season closes, urea and whatever else is there, ammonium nitrate and the other nitrogen-based fertilizers end in March, and in April only sporadically are fertilizers used in the fields, and they start later. And in the minerals segment, in general the large volumes come with big vessels from South Africa, from Australia, from Brazil, from Indonesia coal comes. 70 thousand tons is already a small vessel. They come with a vessel of 150 thousand tons. And if it happens that the vessel is delayed in loading or is chased by the Houthis through the Red Sea, then it will not arrive on April 15, but instead on May 3, and a 100 thousand ton imbalance is immediately visible in the fleet's performance. That is April. April in the port is a bad month. In fact, there are two: April and October. I do not know what the logic is, what the cyclicality is, because all possible goods are there, after the equinox, but April in the port of Constanța, as bad as it was this year, has not been seen for years. I do not know even during COVID times if it was like this. And under normal conditions, cereals bring the highest margin, for sure.

5. The harvest so far seems good. How do you think it will influence? Regarding CAPEX, are you on track with the Canopus and Decirom projects? How much is left to invest and when will it be reflected in the results?

Answer:

Regarding the harvest, we have spoken about it several times already and I think I have answered the question. It will depend on what the grain market in the region offers us, and especially the global market, because the surplus of grain worldwide is so large that it influences every corner, including us.

The investments are on track. Canopus will be operational for next year's harvest. We estimate that at the beginning of May 2026 it will be operational. Some of the Canopus metal silos have already started to rise and are already visible. Canopus will be producing for next year's harvest.

Unlike Canopus, where there is a clear major objective, full end-to-end expansion, at Decirom things are more fragmented. There are small objectives that are being implemented one by one. The last crane we had planned for modernization is now entering modernization. Storage conditions have been improved. We have brought in high-capacity forklifts, which help us a lot in the metallurgical products area. Storage spaces are on track, as much as possible. To give an example, for three months permits were stopped, there was the incident in February in the port, and nothing was signed for three months, because you know how these things work. Already the results are starting to be visible. Volumes this year at Decirom are significantly above last year's volumes, especially if we look month by month, perhaps with the exception of April, which was certainly bad, but otherwise significant differences can be seen, volume increases that are also supported by our integrated operating capacity in Constanța, because it is not only Decirom there. In fact, Decirom works very much, relatively much, with TTS Operator, which is a direct transport provider, as opposed to the indirect transport that Decirom does, but for direct transport they also rely on TTS Operator. Thus, operational capacity has increased and we continue to work on investments. If I were to make an estimate, probably in the second half of next year things will be fully operational, and in the meantime we are continuously hunting for new, better, and more efficient equipment, and when such equipment appears on the market, we evaluate it. We had such an opportunity, it did not materialize, but the focus remains on increasing productivity in the port as a whole.

6. Compared to the initial budget, is the budget revision mainly driven by tariffs or by volume? Can you explain the increase in long-term lease liabilities in H1 2025?

Answer:

The increase in long-term lease liabilities came from a reconsideration of the lease contracts in the ports. As is known, in the ports land is not purchased but leased on a long-term basis. At the time when we worked in Decirom as shareholders, when the price allocation was made, the criteria for recognizing these lease contracts as leasing contracts were not identified. This year new addendums

were signed. In accordance with IFRS 16 principles, we had to recognize these contracts as operational leasing contracts, and then all the contracts in the group that had as their object the leasing of land in the ports were reclassified, thus leading to an increase in these lease liabilities. In the financial statements at the end of the year we will have explanatory notes in which we will present all these changes in great detail, both on expenses and on assets and liabilities. Overall, both have an effect. It is true, the annual contracts have fixed tariffs and are not influenced. It is about the spot market tariffs, which are somewhat lower than those we estimated in January, and about the effects I mentioned earlier, of a new downward sinusoid in the grain market. The others are fixed tariffs, but the effect from here is smaller than the effect brought by the lower volumes. Which lower volumes? As Mr. Țecheră mentioned, April was an okay month, but the issue is related to the navigation situation along the entire Danube, with the Giurgiu–Zimnicea area being more complicated, which reduced our transported volumes significantly in July and August, and this continues into September. And so, with no revenues, expenses cannot decrease simultaneously with the drop in revenues, which would increase these estimates.

7. Can you explain what the 'right-of-use assets' position means on the assets side?

Answer:

It is about the land lease contracts in the ports, which, according to our latest analyses and the latest addendums signed with the port authority, led us to meet the criteria for recognizing them as finance lease contracts. And these are the assets that resulted from this operation.