



# TTS (Transport Trade Services) S.A.

The report of the Board of Directors on the activity of the TTS Group in H1 2023

Tuesday, AUGUST 29, 2023

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## First semester of 2023, at a glance

### Results

- The financial results obtained in H1\_2023 have increased across the board compared to the results obtained in H1\_2022, and were mainly generated by the increase in the volume of agricultural goods transported and operated and the expansion of the Port Operations Segment.
- TTS registered in S1\_2023 a turnover of RON 440 million (▲ 61,4% H1\_2023 / H1\_2022) and a net profit of RON 74.1 million (▲ 138,8% H1\_2023 / H1\_2022) while the TTS Group recorded revenues of RON 571.5 million (▲ 42,0% H1\_2023 / H1\_2022) and a net profit of RON 154.9 million (▲ 152,7% H1\_2023 / H1\_2022).
- These results led to the further consolidation of the financial position at the end of the semester, both at TTS level and at the group level.
- The net asset of TTS on 06/30/2023 is RON 288.8 million (▲ 16,6% 06/30/2023 vs 12/31/2022), while the net asset at the level of the Group is RON 934.2 million (▲ 14,1% 06/30/2023 vs. 12/31/2022).
- The level of TTS debts increased almost exclusively due to commercial debts, registering an increase of 49.2% 06/30/2023 vs. 12/31/2022, while debts at Group level contracted by 1.6% 06/30/2023 vs. 12/31/2022.

### Investments

- The solid financial position of TTS and the Group allowed the launch in 2023 of the most ambitious investment plan in recent years.
- The total value of the investments planned for 2023 is €81.3 million, of which €48.1 million in the port operation activity and €30 million in the River Transport Segment.
- The concentration of the investment effort in port operation reflects the growth of this activity which, for the first time in the history of the group, exceeded the river transport activity in terms of cargo volumes and represents our response to the market conditions that indicate the need to strengthen the asset base operated by the Group in Constanta port.
- The main investments in the port are represented by the purchase of DECIROM S.A., a port operator specialized in general cargo, which operates 4 deep berths that allow the

operation of PANAMAX class ships (65,000 tons) and ample storage spaces, and the purchase of two high-performance floating cranes.

- The acquisition of DECIROM, in the amount of €21.8 million, was completed on July 13, 2023, and was followed by the approval on August 24 of a capital increase through which TTS will make a capital infusion worth of €5 million, with the aim of financing DECIROM's investment program with a total value of €10 million.

## Operations

- The volume of goods transported and operated is recovering after the contraction in 2022 caused by the logistical reconfigurations created by the effects of the war in Ukraine. The second quarter was the second consecutive quarter of growth. The volume of goods transported and operated in Q2\_2023 was 3.84 million tons (▲ 3,9% Q2\_2023 / Q1\_2023), while the volume in Q1\_2023 was 3.69 million tons (▲ 4,6% Q1\_2023 / Q4\_2022). Finally, the volume of goods transported and operated in S1\_2023 was 6.53 million tons (▼ 1,9% S1\_2023 / S1\_2022).
- The contraction in volumes was mainly caused by the significant decrease in transported volumes from 4.52 million tons in H1\_2022 to 3.47 million tons (▼ 23,2% H1\_2023 / H1\_2022) which was almost fully compensated by the increase in volumes operated in ports from 3.16 million tons in H1\_2022 to 4.06 million tons in S1\_2023 (▲ 28,5% H1\_2023 / H1\_2022).
- From the point of view of goods, in H1\_2023 agricultural products registered strong growth reaching a volume of 3.55 million tons (▲ 58,5% H1\_2023 / H1\_2022) and maintain in our estimate a moderate growth trend fueled by flows of Ukrainian agricultural products, despite the poor harvest in Romania and market conditions below the levels at which farmers are willing to sell.
- Mineral products, on the other hand, continued their negative evolution, the volume transported and operated in H1\_2023 being 2.91 million tons (▼ 29,9% H1\_2023 / H1\_2022), being the flows most affected by the rerouting caused by the effects of the war in Ukraine. However, these flows have stabilized, and in our opinion, there is a slight upward trend, including as a result of the return to the market of the flows contracted by the TTS Group in the third quarter.

## Capital market

- TTS shares recorded in H1\_2023 the best performance since listing, recording an increase of 39.2% (from 11.46 lei/share – closing price 12/30/2022, to 15.95 lei/share – closing price 06/30/2023), outperformed the market by 32.2%, with the BET index registering a growth of only 7% in the same period.
- Liquidity also recorded increasing values starting from May, when Raiffeisen International Bank started its activity as an issuing market maker, joining BRK Financial Grup, in June trading 961,442 shares, the highest monthly value recorded since the 2:1 split in May 2022.

## 1. Analysis of operational results

### 1.1. The volume of activity of TTS Group

The volume of goods transported and operated at group level in H1\_2023 was 7.53 million tons, 1.9% lower than the volume recorded in H1\_2022. The decrease in volume at the half-year level was caused, as it was in the whole period after the outbreak of the war in Ukraine, by the decrease in the volumes of minerals which has a large weight in the river transport activity.

However, if we take into account the fact that in H1\_2022 mineral volumes were only partially affected by the disappearance from the market of mineral flows affected by the war – its effects were felt in full only from Q2\_2022, the decrease of only 1.9% H1\_2023/ H1\_2022 of carried and operated volumes indicate a rebound trend in activity volume.

It is very important to note the change in the structure of TTS Group's operations, H1\_2023 being the first reporting semester in which port operations significantly exceeded river transport as a share of operations, the volume of goods operated in ports being +16% higher than the volume of goods carried.

<b>H1_2023: Transported and operated volumes – by types of operations</b>			
(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022 <sup>1</sup>
River transport	3,47	4,52	▼ -23,2%
Port operations <sup>2</sup>	4,06	3,16	▲ +28,5%
<b>Total</b>	<b>7,53</b>	<b>7,68</b>	<b>▼ -1,9%</b>

Both the change in the relative weight of operation/transport and the trend of the return of the TTS Group's activity volume were both more accentuated in Q2\_2023. Thus, the volume of activity increased – for the second consecutive quarter, reaching 3.84 million tons (+3.9% Q2\_2023/Q1\_2023, after +4.6% Q1\_2023/Q4\_2022), while the volume of goods handled in the ports of was 2.21 million tons, 36% higher than the transported volume.

<sup>1</sup> Throughout the H1\_2023 report, the percentage variations are the real ones, not those resulting using the values rounded to one or two decimal places from the tables.

<sup>2</sup> Throughout the H1\_2023 report, the values of the volumes of goods operated in ports in H1\_2023 and Q2\_2023, both aggregated and in the segment analysis, do not include volumes operated by DECIROM S.A. since the transaction by which TTS took over DECIROM was completed on 13.07.2023

**Q2\_2023: Transported and operated volumes – by types of operations**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
River transport	1,63	1,85	▼ -11,9%
Port Operations	2,21	1,85	▲ +19,8%
<b>Total</b>	<b>3,84</b>	<b>3,69</b>	<b>▲ +3,9%</b>

Regarding the structure of the flows of goods transported and operated in S1\_2023, the increase of 1.33 million tons (+58.5%) in agricultural products fully covered the reduction of 1.24 million tons (-29.9%) in the flows of mineral products.

**H1\_2023: Transported and operated volumes – by types of cargo**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	3,55	2,24	▲ +58,5%
Minerals	2,91	4,15	▼ -29,9%
Chemical products	0,88	1,09	▼ -19,4%
Others <sup>3</sup>	0,196	0,201	▼ -2,5%
<b>Total</b>	<b>7,53</b>	<b>7,68</b>	<b>▼ -1,9%</b>

The 3.9% Q2\_2023/Q1\_2023 increase was driven by the return of chemical flows which rose by 172,000 tonnes (+48.7% Q2\_2023/Q1\_2023) as lower mineral flows were offset by increased agricultural flows.

The increase in the volumes of chemical products is actually a consequence of the temporary reduction in the volumes of chemical products transported and operated in Q1\_2023 when, against the background of the allocation of resources of the River Transport Segment with priority for large, continuous cargo flows, the fleet availability was reduced for smaller flows or spot flows.

<sup>3</sup> Throughout the S1\_2023 report, the products in the "Other" category represent general goods transported by barge by NAVROM Bac S.R.L.



**Q2\_2023: Transported and operated volumes – by types of cargo**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	1,90	1,64	▲ +15,8%
Minerals	1,32	1,59	▼ -17,2%
Chemical products	0,53	0,35	▲ +48,7%
Others	0,091	0,105	▼ -13,3%
<b>Total</b>	<b>3,84</b>	<b>3,69</b>	<b>▲ +3,9%</b>

The port operation activity registered a sharp increase in H1\_2023 reaching 4.06 million tons (+28.6% H1\_2023 / H1\_2022), fueled by the increase of almost 1 million tons (+76.2%) in the volume of agricultural goods handled. This increase is almost exclusively due to the activity of direct transshipment of agricultural goods of Ukrainian.

**H1\_2023: Volumes operated in ports – by types of cargo**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	2,23	1,27	▲ +76,2%
Minerals	1,23	1,22	▲ +0,7%
Chemical products	0,61	0,68	▼ -10,4%
<b>Total</b>	<b>4,06</b>	<b>3,16</b>	<b>▲ +28,6%</b>

The influence of the direct transshipment Ukrainian grain operation is also reflected in the contract portfolio in H1\_2023, where the share of contracts brought by the Forwarding Segment increased to 85%, compared to 66% in H1\_2022.

**H1\_2023: Port operations – by contract types**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Shipment Segment Contracts - third parties	1,116	0,792	▲ +40,9%
Port Operations Segment Contracts - third parties	0,621	1,078	▼ -42,4%
Intra-group contracts (Shipping - Port operation)	2,323	1,286	▲ +80,6%

The increase in operating activity was more pronounced in Q2\_2023, when the cargo volume was 2.21 million tons (+36.1% Q2\_2023/Q1\_2023), as a result of the acceleration of

transshipment activity in particular for agricultural products, as well as in terms of chemicals, which registered an increase of 143,000 tons in Q2\_2023 (+61.9% Q2\_2023/Q1\_2023).

**Q2\_2023: Port operations – by contract types**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	1,29	0,94	▲ +36,1%
Minerals	0,55	0,67	▼ -17,7%
Chemical products	0,37	0,23	▲ +61,9%
<b>Total</b>	<b>2,21</b>	<b>1,85</b>	<b>▲ +19,8%</b>

The intensification of activity from intra-group operations (from the dispatch segment mandate) in Q2\_2023 is also reflected in the structure of contracts which registers a strong decrease in the share of flows contracted with third parties (22% compared to 34% in Q1\_2023) in the mirror with a similar increase of the share of intra-group contracts (63% compared to 51% in Q1\_2023).

**Q2\_2023: Port operations – by contract types**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Shipment Segment Contracts - third parties	0,485	0,631	▼ -23,1%
Port Operations Segment Contracts - third parties	0,339	0,282	▲ +20,2%
Intra-group contracts (Shipping - Port operation)	1,389	0,934	▲ +48,7%

River transport activity registered in H1\_2023 a decrease of 23.2% compared to H1\_2022, from 4.52 million tons to 3.47 million tons caused exclusively by the effect of the war in Ukraine, which was reflected in the reduction of mineral flows. Chemical flows decreased mainly due to limited fleet availability.

**H1\_2023: Volumes transported by river – by types of cargo**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	1,32	0,97	▲ +35,6%
Minerals	1,68	2,93	▼ -42,6%
Chemical products	0,27	0,41	▼ -34,1%
Others	0,196	0,201	▼ -2,5%
<b>Total</b>	<b>3,47</b>	<b>4,52</b>	<b>▼ -23,2%</b>

As a result, the structure of contracts also underwent changes in H1\_2023, with the TTS Group focusing on intra-group contracts whose share increased from 67% in H1\_2022 to 80% in H1\_2023.

**H1\_2023: River transport operations – by types of contract**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Shipment Segment Contracts - third parties	0,095	0,257	▼ -63,0%
River Transport Segment Contracts - third parties	0,591	1,246	▼ -52,6%
Intra-group contracts (Shipping - River Transport)	2,786	3,017	▼ -7,7%

The contraction in volumes was also recorded in Q2\_2023, with the exception of chemical volumes which returned to levels above the levels recorded in Q1\_2023 and Q4\_2022, with the mention that agricultural products suffered a slight decrease in Q2\_2023, from an unusually high volume in Q1\_2023.

**Q2\_2023: Volumes transported by river – by types of cargo**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	0,62	0,70	▼ -11,6%
Minerals	0,77	0,92	▼ -16,8%
Chemical products	0,15	0,12	▲ +23,8%
Others	0,091	0,105	▼ -13,3%
<b>Total</b>	<b>1,63</b>	<b>1,85</b>	<b>▼ -11,9%</b>

Q2\_2023: River transport operations – by types of contract

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Shipment Segment Contracts - third parties	0,049	0,046	▲ +6,5%
River Transport Segment Contracts - third parties	0,327	0,264	▲ +23,9%
Intra-group contracts (Shipping - River Transport)	1,250	1,536	▼ -18,6%

## 1.2. Port Operations Segment

H1\_2023 represented a period of accelerated expansion of the Port Operations Segment, with volumes operated reaching 2.94 million tons, up significantly from H1\_2022 (+24.5% H1\_2023/H1\_2022), fueled by strong growth in agricultural products +73.2% operated.

H1\_2023: Port Operations Segment – Volumes

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	2,18	1,26	▲ +73,2%
Minerals	0,16	0,43	▼ -63,0%
Chemical products	0,61	0,68	▼ -10,4%
<b>Total</b>	<b>2,94</b>	<b>2,36</b>	<b>▲ +24,5%</b>

The expansion was even more pronounced in Q2\_2023, when there was a 42.1% increase compared to Q1\_2023, with all product streams showing sharp increases.

Q2\_2023: Port Operations Segment – Volumes

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	1,26	0,92	▲ +37,7%
Minerals	0,09	0,07	▲ +33,8%
Chemical products	0,37	0,23	▲ +61,9%
<b>Total</b>	<b>1,73</b>	<b>1,22</b>	<b>▲ +42,1%</b>

### 1.3. River Transport Segment

In both H1\_2023 and Q2\_2023, the River Transport Segment was further affected by the rerouting of mineral and chemical product flows as a result of the war in Ukraine, recording volume decreases of 20.7% H1\_2023/H1\_2022 and 12.3% Q2\_2023 / Q1\_2023.

#### H1\_2023: River Transport Segment – Volumes

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	1,31	0,87	▲ +50,2%
Minerals	1,61	2,79	▼ -42,3%
Chemical products	0,27	0,40	▼ -33,7%
Others	0,196	0,201	▼ -2,5%
<b>Total</b>	<b>3,38</b>	<b>4,26</b>	<b>▼ -20,7%</b>

#### Q2\_2023: River Transport Segment – Volumes

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	0,62	0,69	▼ -10,9%
Minerals	0,73	0,88	▼ -17,6%
Chemical products	0,15	0,12	▲ +19,7%
Others	0,090	0,106	▼ -15,1%
<b>Total</b>	<b>1,58</b>	<b>1,80</b>	<b>▼ -12,3%</b>

Both in H1\_2023 and in Q2\_2023, the evolution of routes was in line with the evolution of transported volumes: increase in agricultural in H1\_2023 and chemical in Q2\_2023, decreases in all other flows by periods.

#### H1\_2023: River Transport Segment – Goods route carried out

(bln, tons*km)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	0,47	0,42	▲ +12,6%
Minerals	0,88	1,32	▼ -33,3%
Chemical products	0,14	0,27	▼ -46,9%
<b>Total</b>	<b>1,50</b>	<b>2,01</b>	<b>▼ -25,5%</b>



**Q2\_2023: River Transport Segment – Goods route carried out**

(bln, tons*km)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	0,23	0,24	▼ -1,7%
Minerals	0,37	0,52	▼ -28,9%
Chemical products	0,08	0,07	▲ +21,5%
<b>Total</b>	<b>0,68</b>	<b>0,82</b>	<b>▼ -17,0%</b>

#### 1.4. Shipping segment

The activity of the Shipping Segment in H1\_2023 and Q2\_2023 mirrored the evolution of the River Transport and Port Operation Segments: strong growth in shipping/port operation activity fueled in particular by growth in agricultural products (intra-group, buoy terminals/Ukraine) and significant decreases in shipping/river transport activity.

**H1\_2023: Shipping Segment – Volumes operated in ports**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	1,81	0,60	▲ +202,3%
Minerals	1,08	0,92	▲ +17,7%
Chemical products	0,53	0,56	▼ -6,4%
<b>Total</b>	<b>3,42</b>	<b>2,08</b>	<b>▲ +64,4%</b>

**Q2\_2023: Shipping Segment – Volumes operated in ports**

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	1,05	0,76	▲ +39,2%
Minerals	0,47	0,61	▼ -23,4%
Chemical products	0,33	0,20	▲ +66,2%
<b>Total</b>	<b>1,85</b>	<b>1,57</b>	<b>▲ +18,2%</b>

**H1\_2023: Shipping Segment – Volumes transported by river**

(mil tons)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Agricultural products	1,31	0,96	▲ +36,3%
Minerals	1,30	1,90	▼ -31,5%
Chemical products	0,27	0,41	▼ -34,3%
<b>Total</b>	<b>2,88</b>	<b>3,27</b>	<b>▼ -12,0%</b>

Q2\_2023: Shipping Segment – Volumes transported by river

(mil tons)	Q2_2023	Q1_2023	Δ Q2_2023 / Q1_2023
Agricultural products	0,62	0,69	▼ -11,3%
Minerals	0,54	0,77	▼ -30,4%
Chemical products	0,15	0,12	▲ +25,0%
<b>Total</b>	<b>1,30</b>	<b>1,58</b>	<b>▼ -17,8%</b>

## 2. Synthesis of financial results<sup>4</sup>

### 2.1. TTS - Financial results

H1\_2023: Profit and Loss Account – TTS

(mil. RON)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Turnover	440,0	272,7	▲ 61,4%
Operating income	78,8	28,7	▲ 174,7%
Net profit	74,1	31,0	▲ 138,8%
EBITDA	80,4	30,9	▲ 160,2%

H1\_2023: Balance Sheet – TTS

(mil. RON)	06/30/2023	12/31/2022	Δ 2023 / 2022
Total assets	425,0	339,0	▲ 25,4%
Total debts, of which	136,2	91,3	▲ 49,2%
Loans	-	-	N/A
Net assets	288,8	247,8	▲ 16,6%

### 2.2. TTS Group - Financial results

H1\_2023: Profit and Loss Account –TTS Group

(mil. RON)	H1_2023	H1_2022	Δ H1_2023 / H1_2022
Turnover	571,5	402,4	▲ 42,0%

<sup>4</sup> Throughout the report, the H1\_2023 financial data do not include the effects of the DECIROM S.A. takeover by TTS on the balance sheet data of TTS on 06/30/2023 and on the results and balance sheet data of the TTS Group, since the takeover transaction was completed on 07/13/2023

Operating income	181,1	73,9	▲ 145,2%
Net profit	154,9	61,3	▲ 152,7%
EBITDA	193,9	106,9	▲ 81,4%

#### H1\_2023: Balance Sheet – TTS Group

(mil. RON)	06/30/2023	12/31/2022	Δ 2023 / 2022
Total assets	1.117,7	1.005,0	▲ 11,2%
Total debts, of which	183,5	186,6	▼ -1,6%
Loans	62,1	68,0	▼ -8,7%
Net assets	934,2	818,4	▲ 14,1%

## 3. Investments

### 3.1. Intensifying investment activity

Following the very good results recorded both in 2022 and in H1\_2023, E-GSM TTS and O-GSM NAVROM approved the increase of investment budgets for 2023.

The investment budget of TTS at the individual level for the year 2023 approved in the E-GSM of 19.06.2023 is RON 226.5 million (€ 45.5 million), of which RON 202.8 million (€ 40.7 million) are aimed directly or indirectly to the port operation activity (purchase of DECIROM, purchase of floating cranes, investments in the modernization of DECIROM, modernization of the Giurgiu port terminal). At the consolidated level, the investment budget approved in E-GSM is RON 357.5 million (€ 71.8 million) of which RON 102.3 million (€ 20.5 million) are allocated to the River Transport Segment and RON 231.0 million (€ 48.1 million) will be aimed directly or indirectly to the port operation activity..

Compared to the consolidated budget of the group approved in E-GSM TTS of 19.06.2023, the O-GSM NAVROM of 04.08.2023 approved the increase of the own investment budget by €9.5 million - mainly from the purchase of barges in the amount of €5.75 million and investments worth €2.5 million in the shipyards owned by its subsidiary NAVROM Shipyard S.R.L., the total investment budget of NAVROM for the year 2023 amounting to €29.33 million.

### 3.2. Expansion of port operations

#### 3.2.1. Taking over the DECIROM terminal in the port of Constanța: strategic investment

Through the acquisition of DECIROM S.A., TTS Group achieved one of the most important strategic objectives, namely access to deep berths and storage spaces in the port of Constanța.



From a strategic point of view, the organization of a high-capacity logistics system based on river transport - as TTS Group is at the moment, requires the existence of strong port operating capabilities, with access to deep berths and adequate storage spaces, at both ends of the river transport system.

At the moment, TTS group has such operating capabilities in 6 Danube ports in Romania, three of them – Oltenița, Giurgiu and Bechet, being integrated into logistics routes with Constanța as their terminus.

In the port of Constanța, TTS owns the CANOPUS terminal - with very efficient operating facilities and aligned with the strategic objective mentioned above, but this terminal is exclusively dedicated to the operation of agricultural goods.

However, the group does not own any terminal in the port of Constanța that has deep berths and appropriate storage spaces and that can be used for the operation of the other categories of dry bulk goods.

The two buoy terminals of the group - operated by TTS Operator, are terminals with direct transshipment barge - marine vessel with floating cranes, and can be used in efficient conditions only as part of "just-in-time" logistics chains. These chains - such as those dedicated to Ukrainian grain - are difficult to organize and operate, because they require a very high level of coordination between all parties involved, a high degree of predictability over a reasonable time horizon to justify the efforts of organization and routes on which there is an adequate level of control over all intermediate stages.

In order to have a picture of the flows of goods operated in 2022 through the port of Constanța, TTS Group operated 5.57 million tons of cargo, of which 4.12 million tons in its own terminals and 1.46 million tons in third-party terminals. In the same period, of the 5.19 million tons transported by the group by river to and from Constanța, only 1.45 million tons were operated in its own terminals, the difference of 3.74 million tons being operated in third-party terminals.

Under these conditions, the acquisition of a port terminal for the operation of dry bulk goods in Constanța - apart from being a rare opportunity, given the extremely low frequency with which port terminals change owners, represents the achievement of the principal, and at the same time of the most difficult to achieve strategic objective of TTS group.





DECIROM S.A. is a port operator specialized in solid bulk goods located in the northern area of Constanța port. The company operates at six berths with a total berthing length of 1,480 ml, of which four deep berths (13-13.5 m) allow loading/unloading of Panamax class vessels (up to 65,000 tons), each berth being serviced of 2 railway lines each.



The company has 30,000 square meters of technological platforms, 68,000 square meters of storage platforms and 32,000 square meters of covered warehouses, all located in the port of Constanța. In addition to cargo loading/unloading operations, DECIROM can provide related services consisting of bagging, sorting, marking, reconditioning, repacking, packaging, palletizing, slinging.



The size of DECIROM's operations in relation to the Port Operations Segment of TTS Group is as follows:

**2022: Operated volumes – by types of goods**

(mil tons)	Port Operation Segment	Decirom	Decirom Weight
Agricultural products	2,98	0	0
Minerals	0,72	0,48	67%
Chemical products	1,12	0,39	35%
<b>Total</b>	<b>4,82</b>	<b>0,87</b>	<b>18%</b>

**2022: Financial indicators**

(RON mil)	Port Operation Segment	Decirom	Decirom Weight
Revenue	108,4	42,6	39%
Operating income	18,8	9,8	52%
Net income	34,9	12,3	35%

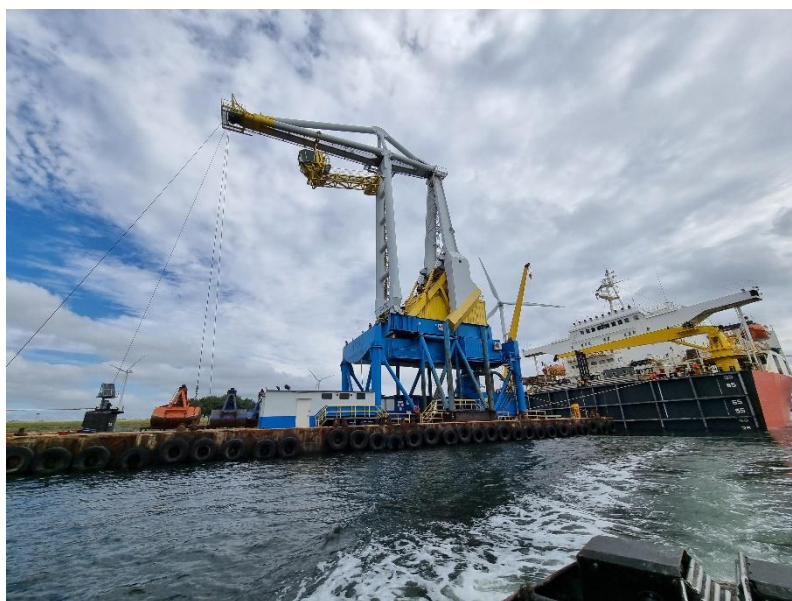
Through the acquisition of Decirom - which has operational capabilities complementary to the group: deep operational berths, large storage spaces, quay cranes, access to the railway and roads, TTS will expand its operating capacity, diversify its service offer and will increase the customer base, while the efficiency of the activity at the group level will increase significantly,

both as an effect of economies of scale, and above all, by increasing the operating efficiency of the fleet.

### 3.2.2. Acquisition of floating cranes: development of operations in the port of Constanța

The estimated increase in traffic through the port of Constanța makes the current technical equipment of TTS Group – 8 floating cranes, of which 3 of high capacity and 5 Ganz type – become insufficient. To increase the capacity and speed of operation in the port, investments are needed in the acquisition of high-performance floating cranes.

The two cranes purchased in H1\_2023, meet all the technical and operational conditions to ensure the substantial increase in TTS' capacity to carry out direct transshipment operations as well as the increase in the efficiency of this activity.



#### Floating crane 1:

- Type Lemniscate Nista, year of production 2005, capable of operating Cape Size ships, with Bureau Veritas class for open sea operations;
- The crane is entirely produced in the Netherlands;
- The lifting capacity is 25 tons for the grab and 32 tons for the hook - for general goods;
- The size of the pontoon of 60 meters in length allows much increased stability when

operating at buoy stations;

- Caterpillar engine – 2 engines;
- The electronic systems were modernized in 2021. The modernization included the placement on board of a hybrid energy regeneration and storage system, which allows the use of a single engine plus the alternative energy source during most of the operating time.
- The crane is delivered with all the inventory on board, including 3 grabs.
- The crane benefits from a remote control and monitoring system of operating parameters, based on a dedicated software;

- The crane was inspected in Amsterdam by TTS technicians and is in very good overall technical condition.

#### Floating Crane 2:

- Ganz type, year of production 1982, capable of operating Panamax type vessels;
- The crane was produced in Hungary;
- Caterpillar engines;
- In 1994, it was modernized by the Holland manufacturer NDC, the modernization aimed at increasing the operating speed - due to the reduction of the lifting capacity from 25 to 16 tons, thus being much more efficient than the Ganz cranes equipped with TTS;
- Electrical and electronic systems have been replaced and upgraded within the last 5 years
- The crane is delivered with all the inventory on board, including 3 grabs;
- The crane was inspected in Amsterdam by TTS technicians and is in very good overall technical condition.



The two cranes are to arrive in the port of Constanța in the first decade of September, the operationalization of the lot to be carried out by the end of the month.



### 3.2.3. Modernization of Giurgiu port: nearing completion

The modernization works of Giurgiu port - financed by European funds<sup>5</sup>, are in an advanced stage of execution, to be completed in 2023.

The amount invested by TTS until the end of H1\_2023 is RON 11,946,293 - of which RON 6,373,554 during the semester.

### 3.3. Expansion of transport capacities and recertification of ships

The value of the investments made in H1\_2023 by NAVROM was RON 47.6 million, broken down as follows:

- RON 16.7 million in the expansion of transport capacity, through ship purchases and modernizations (mainly 2 barges of 2,700 tons and 1 barge of 6,000 tons for storage in the port of Constanța).  
The value of the investments made in H1\_2023 includes a first installment of the contract for the construction of 4 EUROPA 2 barges with a total capacity of 6,800 tons by SEVERNAV.
- RON 30.9 million in works required for ship recertifications (47 non-propelled ships – of which 18 were completed in H1\_2022, the other 29 being in various stages of completion, 4 powered ships, and 5 technical/auxiliary ships).

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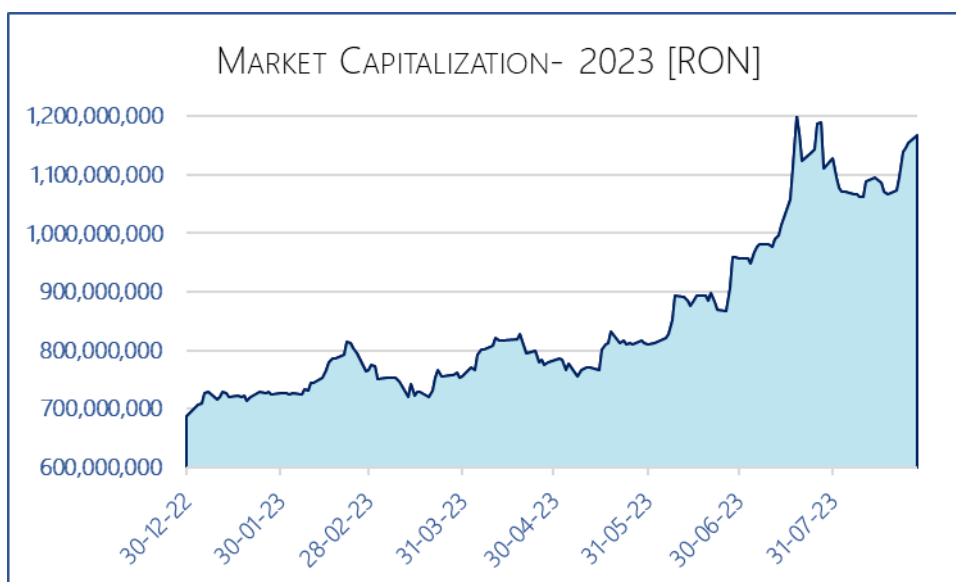
<sup>5</sup> The project "Modernization of the infrastructure in Giurgiu port, Ramadan area, berths 1, 2 - port platform, utilities, access roads" within the POIM Call/642/1/3/Increasing the degree of use of waterways and ports located on the TEN network - Central T/3/Increasing the degree of use of waterways and ports located on the central TEN-T network, opened within the Operational Program Large Infrastructure 2014-2020, Priority Axis 1, Specific Objective 1.3 "Increasing the volume of goods transited through terminals intermodal and ports" was started in 2022. The total value of the project is EUR 4.8 million, of which EUR 1.9 million represents the contribution of TTS.



## 4. Evolution of TTS shares

### 4.1. Market capitalization

In H1\_2023, the market capitalization of TTS increased by 39.2%, from RON 687.6 million - closing 30.12.2022, to RON 957 million - closing 30.06.2023, with a maximum of RON 990 million reached in the meeting of trading session of 06/29/2023, and continued to grow, exceeding RON 1 billion at the end of the trading session of 07/13/2023 and RON 1.1 billion at the end of the trading session of 07/18/2023.



The increase in the market capitalization was determined exclusively by the very good evolution of TTS shares in H1\_2023, increasing by 39.2% (from RON 11.46 /share - closing price 30.12.2022, to RON 15.95 /share - price closing 06/30/2023), 32.2% higher than the market growth which was only 7%.

The growth accelerated in Q2\_2023, during which the value of the shares increased by 26.6% (+23.5% compared to the BET index), from RON 12.6 /share (closing 31.03.2023) to RON 15.95 /share.

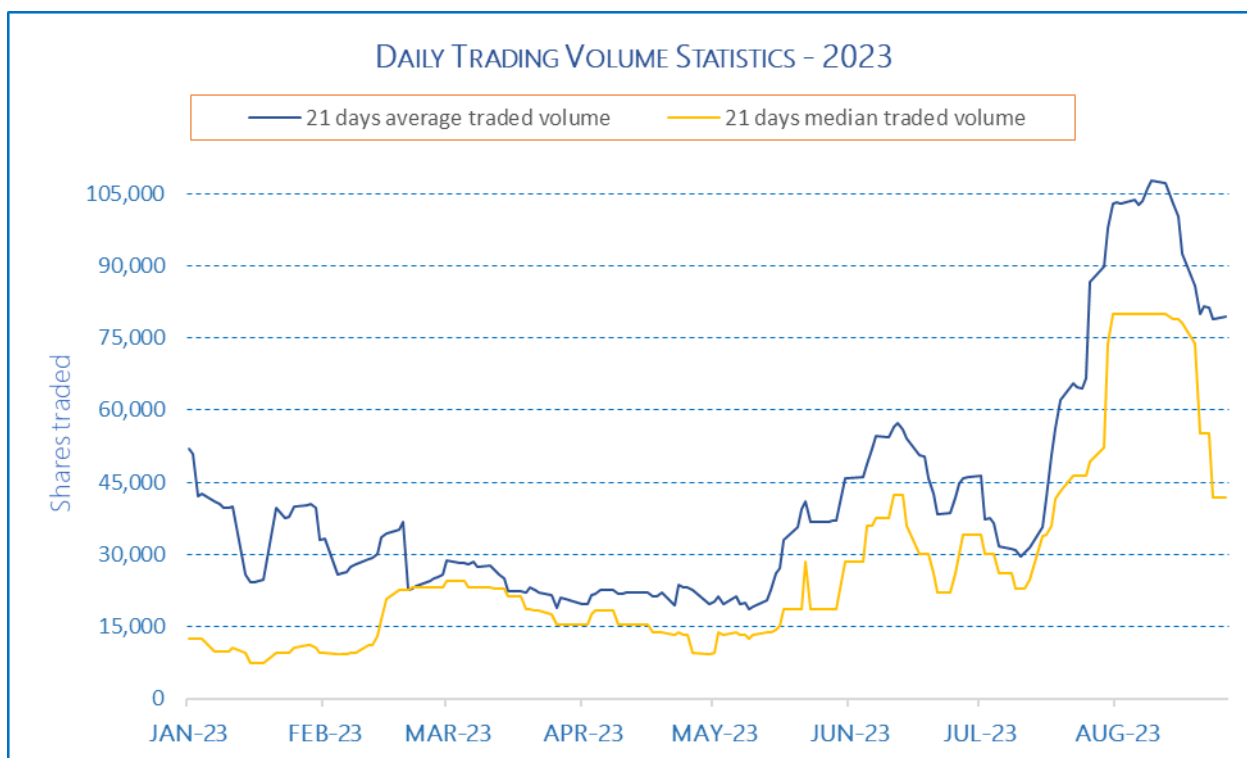


## 4.2. Stock liquidity

Liquidity also recorded very good values, especially since May, with the entry of the second market maker for the issuer on the exchange.

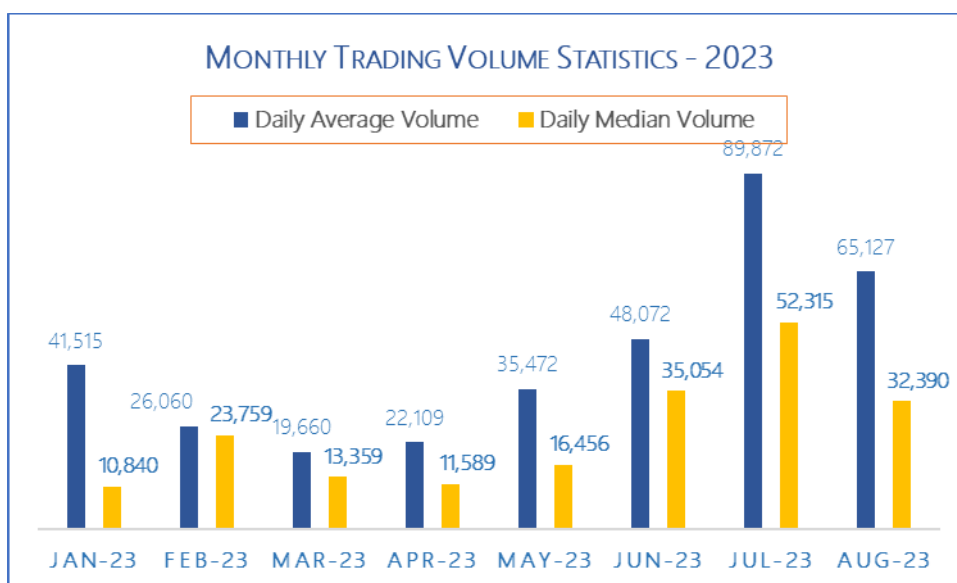
Thus, on May 10, 2023, Raiffeisen International Bank began its activity as an issuing market maker, and in June 2023 it issued two "call" Turbo Certificates with TTS shares as the underlying asset (tradable from July 2023).

The employment of the second market maker had the effect of a marked increase in the liquidity of TTS shares, the average volume of shares traded daily between May 10 and June 30 being 45,161 shares (with a median value of 32,064 shares), compared to values lowest recorded between January 3 and May 9: average daily volume 26,640 shares, median daily volume 15,325 shares.



The values of the average and the monthly median of the daily trading volumes also had a mirror evolution.

#### 4.3. Trading indices that include TTS shares



TTS shares are included in the BET index series, in the FTSE Global MicroCap index and, as of March 20, in the ROTX (Wiener Börse) index

Starting from September 1, 2023, the shares will be included in the MSCI Frontier IMI and MSCI Romania IMI indices (Investable Market Indices).

The increase in capitalization in H1\_2023 led to the exclusion of TTS shares from the FTSE Global MicroCap index as of September 1, 2023, as the market capitalization on 30.06.2023 exceeded the limit for inclusion in the SmallCap category both in terms of total capitalization (\$208.5 million compared to \$118.52 million) as well as in terms of free-float capitalization. At the same time, TTS shares could not be included in the higher index class - FTSE Global AllCap and FTSE Global SmallCap, as they did not meet the liquidity criterion (the monthly median of the daily trading volume greater than 22,408 shares, representing 0.05% from free-float, in 10 months from July 2022 – June 2023). As the liquidity criterion will not be met even in 2023 (median liquidity was less than 22,408 shares in January, March, April and May), TTS shares will not be included in the FTSE Global AllCap and FTSE Global SmallCap indices either on 1 March 2024.

Considering, however, the sharp increase in liquidity starting from May 2023 with the entry of the second market maker – TTS shares have marked 3 consecutive months, June, July and August with liquidity above the threshold of 22,408 shares, TTS shares will be able to be included in the FTSE Global AllCap and FTSE Global SmallCap indices from 1 September 2024, if in 8 of the remaining 10 months of the relevant period (September 2023 – June 2024), the shares will record a monthly median daily trading volume above the threshold of 22,408 shares.

## 5. Corporate actions and governance

### 5.1. 2022 dividend

From the net profit registered in 2022, in the amount of RON 81,189,859, TTS distributed a dividend in the total gross amount of RON 33,000,000, respectively RON 0.55/share, approved by O-GSM Decision no. 1 on 04/28/2023.

The dividend distributed was 84.9% higher than the dividend distributed in 2022 from the net profit of 2021, and is in accordance with both the Dividend Policy of TTS approved by CA Decision no. 1 on 09/30/2021 as well as with the dividend policy envisaged by the IPO Prospectus.

### 5.2. General Meetings of Shareholders held in H1\_2023

#### O-GSM 04/28/2023

The meeting was attended by shareholders holding 48,602,330 shares, representing 81.004% of the total voting rights and of the Company's share capital.

The subject of the meeting was the distribution of a dividend of RON 33,000,000.

The items on the agenda were approved with percentages between 97.66% - 100% of the votes cast.

#### O-GSM 06/19/2023

Those holding 48,540,851 shares participated in the meeting, representing 80.901% of the total voting rights and of the Company's share capital.

The subject of the meeting was the appointment of ERNST & YOUNG ASSURANCE SERVICES S.R.L. as the Company's financial auditor for auditing the individual and consolidated annual financial statements that will end on 12/31/2023 and 12/31/2024.

The items on the agenda were approved with percentages between 82.399% - 99.9997% of the votes cast.

#### E-GSM 06/19/2023

The meeting was attended by shareholders holding 48,537,921 shares, representing 80.897% of the total voting rights and of the Company's share capital.

The topics of the meeting were:

- the acquisition by the Company of a package of 18,997,938 shares issued by DECIROM S.A., representing 99.9% of DECIROM's share capital (hereinafter the Transaction);



- approval of contracting a loan of EUR 11.5 million to finance the Transaction;
- approval of the loan guarantee with the share package acquired through the Transaction;
- approval of the financing by the Company of the development investments carried out by DECIROM in the construction of warehouses, development spaces and the purchase of equipment with an aggregate value of up to EUR 10 million;
- approval of the purchase by the Company of two floating cranes intended to expand the operating capacity of the TTS Group in the port of Constanța;
- approving the supplement to the investment budget of TTS, individually and consolidated, for the year 2023 and mandating the BoD to identify opportunities and conclude transactions for new investments that support the development strategy of the company and the group.

The items on the agenda were approved with percentages between 97.66% - 100% of the votes cast.

### 5.3. TTS Management Transactions

In H1\_2023 there were no transactions with TTS shares carried out by the Company's management.

### 5.4. Transactions between related parties

In H1\_2023, 24 reports were published on transactions between affiliated parties with a total value of RON 322.971.018,22, prepared based on art. 108 of Law no. 24/2017 on issuers of financial instruments and market operations:

Related parties	Number of reports	Period covered	Total value
TTS; NAVROM	19	29.12.2022 – 28.06.2023	267.245.851,59
TTS; TTS Operator	3	21.09.2022 – 26.06.2023	34.200.709,21
NAVROM; NAVROM SHIPYARD	1	18.10.2022 – 02.05.2023	9.379.151,00
NAVROM; NAVROM PORT SERVICE	1	18.10.2022 – 20.03.2023	12.145.306,42

The published reports were the subject of the [independent limited assurance report on the information included in the reports](#), prepared by Deloitte Audit S.R.L., report published on 28.07.2023.

## 6. TTS Group's activity in H2 2023

### 6.1. Risks and uncertainties

Given that the forecasts do not currently indicate levels of the Danube's waters that would worry us, the main risk for TTS Group's activity is that determined by the evolution of the war in Ukraine, a fact confirmed by the recent attacks on the Ukrainian ports of Reni and Izmail.

Although the attacks also targeted some port facilities involved in the export operations of Ukrainian agricultural products, the activity of TTS Group was not affected until the time of this report, grain flows on the Izmail-Constanța route taking place without interruptions caused by the war.

However, the risk remains, and even if until today our work has not been affected in any way, we will live with this risk - impossible to assess, as long as the war in Ukraine continues.

The evolution of the war in Ukraine may have effects on the economies of the countries bordering the Danube, therefore also on the flows of goods transported and operated by TTS.

### 6.2. Expected developments regarding the Group's operations

#### Port Operations Segment

Since the takeover transaction of DECIROM S.A. ended on July 13, 2023, the financial and operational results recorded in H1\_2023 do not include the effects of DECIROM's activity. The influence of the DECIROM acquisition on the activity and results of TTS Group will be felt on two levels:

- An expected increase in the volumes of non-agricultural goods handled by the Port Operations Segment
- Inclusion of DECIROM results in the consolidated financial statements at 9 months.

Therefore, the first report in which the activity and results of Decirom within TTS Group will be reflected will be the Report on the activity of TTS Group in the first 9 months of 2023.

Regarding the contribution that the two purchased floating cranes will make by increasing the operating speed in the port of Constanța to the operational and financial

results of the TTS group, it will be felt starting from Q4\_2023, as their commissioning is scheduled for the last decade of September.

### **River Transport Segment**

A return of transported mineral volumes is expected starting from Q4\_2023 as an effect of the resumption of flows of goods transported on the Danube by Liberty Galati as a result of the two contracts concluded with TTS and NAVROM in the second half of August, the size of this increase in volume depending on the production schedule of the steel complex.

## **6.3. Anticipated developments in the flow of goods**

### **Agricultural products**

The transit of Ukrainian agricultural products through Constanța continues, in the conditions of the closure of the Odessa corridor and a harvest above expectations in 2023. Cargo volumes tend to increase, as a result of the relocation of activity by merchants from Odessa to the mouths of the Danube. An increase in Ukrainian cargo volumes is expected, both in transport and in operation.

At the same time, the drought affected the production of cereals in Romania, especially that of corn, leading – in conjunction with prices below farmers' expectations, to reduced levels of goods exported through the port of Constanța. As a result, commodity stocks in warehouses have increased in anticipation of market conditions closer to farmers' requirements.

On the other hand, the harvests in Bulgaria, Serbia and Hungary seem not to be affected by unfavorable weather conditions, being able to ensure export volumes to Constanta starting from Q4\_2023.

### **Mineral products**

In our view, mineral flows have stabilized, with execution according to contracts. Compared to H1\_2023, we estimate an increase in transport volumes for the Romanian market in the second half of the year, fueled by the flows contracted with Liberty Galati.

## Chemical products

Characteristic of the chemical products market is the significant share of "spot" flows of relatively small sizes operated and transported depending on the availability of fleets and port facilities.

TTS policy is to honor long-term contracts with priority, namely stable and continuous freight flows, the involvement in "spot" operations being dependent on the availability of transport and operating assets.

Our expectations are for growth as a result of DECIROM's integration into the group's structure, which opens up new opportunities by accessing streams that were not part of the TTS Group's portfolio.



## About TTS group

### *TTS (Transport Trade Services) S.A.*

TTS (TRANSPORT TRADE SERVICES) S.A. ("The Company" or "TTS") was established in January 1997 and is organized according to Law no. 31/1990 as a joint-stock company with full private capital.

The company was admitted to trading on the regulated market administered by the Bucharest Stock Exchange in June 2021 - the first trading day being June 14, 2021.

On 31.12.2022, the subscribed and paid-up capital was RON 60,000,000, divided into 60,000,000 registered, ordinary, indivisible, freely transferable shares, issued in dematerialized form and highlighted by entry in the account with the nominal value of RON 1. Shares are of equal value and give owners equal rights under the law.

*The main object of activity falls under CAEN Code 5229 – Other activities related to transport*

The main activity of the Company is represented by the shipment on the Danube of solid bulk goods, namely agricultural products, mineral raw materials and raw materials and chemical products.

TTS offers integrated logistics services consisting of river transport services, port operation services and any other services specific to logistics chain management.

Transport and port operation services are subcontracted by TTS to its subsidiaries or to third parties.

Considering the specificity of the three types of goods operated, the Company is operationally organized in three departments:

1. Minerals – logistics operations for raw materials and finished products of the metallurgical industries as well as for equipment.
2. Agri – logistics operations for agricultural goods, mainly cereals and oilseeds.
3. Chemicals – logistics operations for fertilizers and raw materials for fertilizer production.

### **Administration and management of TTS**

TTS is managed by a Board consisting of five members, of which one member is executive and three members are independent. The composition of the Board was approved by AGOA Decision no. 1/26/08/2021.

The Board is led by a President appointed by BoD Decision no. 1/30/08/2021.

The board of directors is assisted by three advisory committees:

- The **remuneration and nomination committee** consisting of three non-executive members, two of whom are independent members,
- The **audit committee** consisting of three non-executive members, two of whom are independent members led by an independent non-executive member,
- The **Governance and Sustainability Committee** consisting of three members, two of whom are independent members of the Board of Directors. The third member is the Director of Corporate Governance and Investor Relations.

The constitution, organization and functioning of the Committees is regulated by "CHAPTER VI. ADVISORY COMMITTEES. CONSTITUTION, ORGANIZATION AND FUNCTIONING OF ADVISORY COMMITTEES" from the BoD Regulation.

The composition of the Board of Directors is as follows:

Name and Surname	BoD Status
Alexandru-Mircea MIHĂILESCU	Non-executive member (Chairman of the Board of Directors, Chairman of the Remuneration and Nomination Committee, member of the Audit Committee)
Ion STANCIU	Executive member
Elena BUTNARIU	Independent member (Chairman of the Audit Committee and member of the Remuneration and Nomination Committee)
Ana-Barbara BOBIRCĂ	Independent member (member of the Audit Committee, Chairman of the Governance and Sustainability Committee)
Dorin-Alexandru BADEA	Independent member (member of the Remuneration and Nomination Committee, member of the Governance and Sustainability Committee)

The Board of Directors is assisted in its activity by a BoD Secretary.

The internal audit function is outsourced. The internal auditor of TTS is the company MBA EXPERT CONSULTING SERVICES S.R.L. Bucharest, independent third party.

The executive management is ensured by the General Director of the Company, the Deputy General Director and the Financial Director.

The management of TTS is delegated by the Board of Directors through the provisions of the Company's Articles of Association.

The composition of the executive management of TTS during semester 1 2023 was as follows:

Name and Surname	Position	Mandate contracts
Petru ȘTEFĂNUȚ	General Manager	Signerd on 05/26/2014, expires on 05/31/2026
Ion STANCIU	Deputy General Manager, Operational Director	Signerd on 05/26/2014, expires on 06/03/2024
Nicoleta FLORESCU	Financial Director	Signerd on 03/10/2021, expires on 03/10/2025

Holdings of TTS shares of the Company's administration and management on 30.06.2023

Name and Surname	Position	No. of shares	Equity participation
Alexandru-Mircea MIHĂILESCU	BoD President	15.184.333	25,307%
Ion STANCIU	Executive BoD member / Deputy General Director	4.287.400	7,146%
Petru ȘTEFĂNUȚ	General Manager	939.100	1,565%
Dorin-Alexandru BADEA	Independent BoD member	31.000	0,052%
Nicoleta FLORESCU	Financial Director	2.010	0,003%
Elena BUTNARIU	Independent BoD member	0	0%
Ana-Barbara BOBIRCĂ	Independent BoD member	0	0%

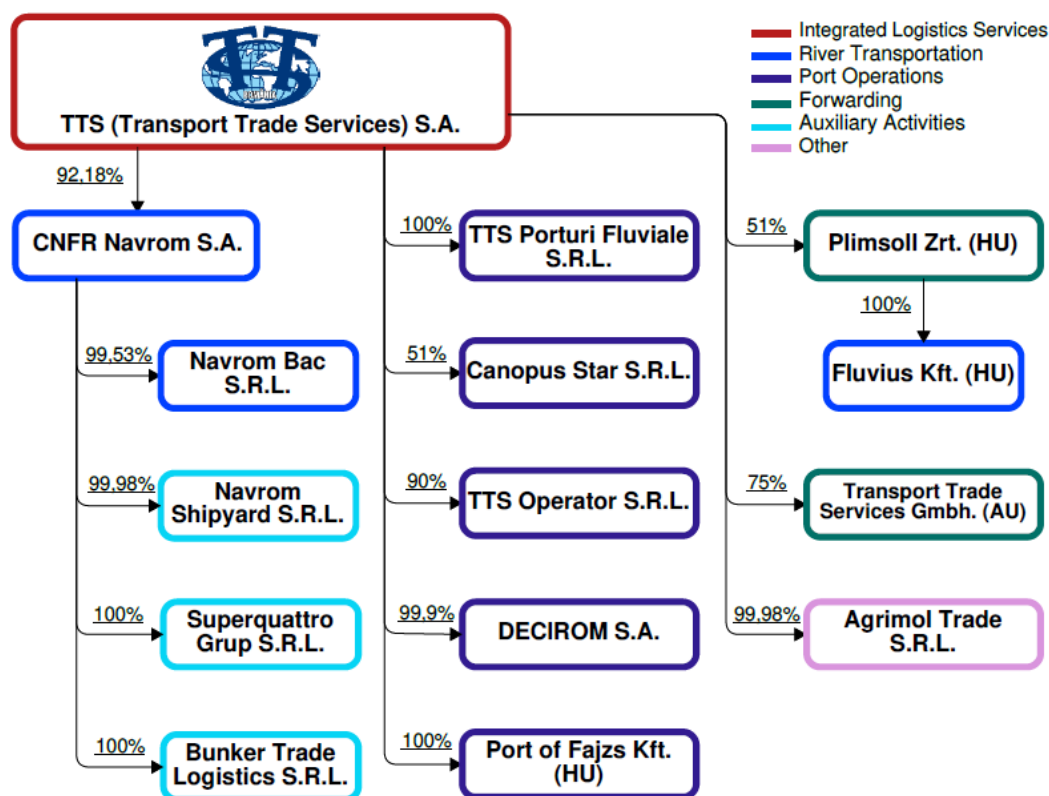
### The internal regulatory framework of TTS

The internal regulatory system of TTS is aligned with the corporate governance standards applicable to companies listed in the Premium category on the main market of BVB and consists of the following policies and regulations:

- **Regulation of the Board of Administration:** approved by BoD Decision no. 1 on 08/03/2021 and amended by BoD Decision no. 2 on 01/27/2023  
The constitutive provisions and operating rules of the advisory committees are included in the CA Regulation, it is no longer necessary to adopt separate regulations for each committee separately
- **GSM Regulation:** approved by BoD Decision no. 1 on 09/30/2021, published on the TTS website.  
The regulation mainly contains provisions related to how shareholders can exercise their legal rights as well as organizational provisions regarding the conduct of the GSM.
- **Internal audit regulation:** approved by BoD Decision no. 4 on 14/03/2022
- **Remuneration policy:** approved by O-GSM Decision no. 1 on 08/26/2021, published on the TTS website.
- **Dividend policy:** approved by BoD Decision no. 1 on 09/30/2021, published on the TTS website.
- **Forecast policy:** approved by BoD Decision no. 1 on 10/29/2021, published on the TTS website.
- **Privileged information policy:** approved by BoD Decision no. 1 on 11/12/2021

## TTS Group

The Transport Trade Services group of companies ("TTS Group" or "Group") is composed of 15 companies, respectively TTS (Transport Trade Services) S.A. ("TTS") and 14 companies in which TTS owns, directly or indirectly, more than 50% of the share capital. Eleven companies in the Group operate on the Group's three main business segments – Shipping, River Transport and Port Operations.



The main commodities transported and operated in the ports by TTS group are mineral products (raw materials for the steel industry and rolled products), agricultural products (cereals, oilseeds and feed) and chemical products (phosphate rock and finished products of the chemical fertilizer industry).

TTS Group owns a river fleet with a capacity of over 800 thousand tons, 10 floating cranes, as well as port terminals in Constanța and in 7 Danube river ports.

The group offers integrated logistics services, namely transport services (river, rail, road), transshipment (between transport units, from warehouses, silos, etc.), storage (warehouses, silos, warehouse-type river units, etc.) and any other services specific to logistics chain management.



The following companies are part of TTS group:

Shipping Segment

TTS (Transport Trade Services) S.A. Bucharest

Headquarters: Str. Vaselor, Nr. 27, Sector 2, Bucharest, Romania

Registered business no.: J40/296/1997

Unique registration code: RO9089452

NACE code: 5229 - Other activities related to transport

Main activity: Cargo shipping

Plimsoll Zrt. Budapest

Headquarters: str. Frangepan nr. 1139, Budapest, Hungary

Registered business no.: 01-10-049203

Unique registration code: 25871296

NACE code: 5229 - Other activities related to transport

Main activity: Shipment of goods by rail

Majority shareholder: TTS 51%

TTS (Transport Trade Services) GmbH. Viena

Headquarters: 15b Lerchengasse, Langerzersdorf Austria

Registered business no.: 22 274/2769

Unique registration code: 68895136

NACE code: 5229 - Other activities related to transport

Main activity: Cargo shipping

Majority associate: TTS 75%

River Transport Segment

CNFR NAVROM S.A. Galati

Headquarters: Galati Municipality, Portului street no. 34. Galati county, Romania

Registered business no.: J17/44/1991

Unique registration code: RO1639097

NACE code: 5040 - Freight transport on inland waterways

Main activity: River transport of dry bulk goods (all categories)

Majority shareholder: TTS 92,18%

Navrom Bac S.R.L. Galati

Headquarters: Municipality of Galati, str. Faleza Dunării no. 1. Galati county, Romania

Registered business no.: J17/595/1999

Unique registration code: RO12102950

NACE code: 5030 - Passenger transport on inland waterways

Main activity: Transport by ferry

Unique associate: NAVROM 99,53%

Fluvius Kft. Budapest

Headquarters: str. Frangepan nr. 1139, Budapest, Hungary

Registered business no.: 01-09-701582

Unique registration code: 12748622

NACE code: 5040 - Freight transport on inland waterways

Main activity: River transport of dry bulk goods (all categories)

Unique associate: PLIMSOLL

Port Operation Segment

Canopus Star S.R.L. Constanta

Headquarters: Constanta Municipality, Port Precinct Str. Digul de Nord Km1+100, administrative headquarters P+2, Constanta county, Romania

Registered business no.: J13/1742/2001

Unique registration code: RO14204639

NACE code: 5224 – Goods handling

Main activity: Port operation of dry bulk cargo (agricultural products)

Majority associate: TTS 51%

TTS Operator S.R.L. Constanta

Headquarters: Port Precinct, Digul de Nord Km1+ 100, Administrative Building, ground floor, Constanta county, Constanta

Registered business no.: J13/5008/1994

Unique registration code: RO6919047

NACE code: 5224 – Goods handling

Main activity: Port operation of dry bulk cargo (agricultural products)

Majority associate: TTS 90%

DECIROM S.A. Constanța

Headquarters: Constanța Municipality, Port Precinct, Constanța County

Registered business no.: J13/516/1991

Unique registration code: RO1890411

NACE code: 5224 – Goods handling

Main activity: Port operation of dry bulk cargo (all categories)

Majority shareholder: TTS 99,9%

TTS Porturi Fluviale S.R.L. Galati

Headquarters: str. Regiment 11 Siret, nr. 2-D, jud. Galati, Galati

Registered business no.: J17/1568/1996

Unique registration code: RO9000349

NACE code: 5224 - Goods handling

Main activity: Port operation of dry bulk cargo (agricultural products)

Unique Associate: TTS

Port of Fajsz Kft. Fajsz

Headquarters: lot nr 076/2, Fajsz, Hungary

Registered business no.: 03-09-132896

Unique registration code: 13399434-2-13

NACE code: 5222 - Service activities related to water transport

Main activity: Port operation of liquid and dry bulk cargoes

Unique Associate: TTS

Auxiliary activities

Navrom Shipyard S.R.L. Galati

Headquarters: Galati Municipality, PORTULUI street, No. 54, Galati County, Romania

Registered business no.: J17/507/1999

Unique registration code: RO12028030

NACE code: 3315 - Repair and maintenance of ships and boats

Main activity: Ship repair and maintenance (shipyard)

Majority associate: NAVROM 99,99%

**SUPERQUATRO GRUP S.R.L. Galati**

**Headquarters:** Galati Municipality, PORTULUI street, No. 20, section 1, NAVLOMAR building, ground floor, approx. 3, 4, 5, 6, Galati County, Romania

**Registered business no.:** J17/337/2001

**Unique registration code:** RO13924879

**NACE code:** 4291 - Hydrotechnical constructions

**Main activity:** Constructions for the maintenance of waterways and sea and river ports, dredging and ship displacements

**Unique Associate:** NAVROM

**Bunker Trade Logistics S.R.L.**

**Headquarters:** Constanta Municipality, PORT PRECINCT, Northern Dike km 1+100, Administrative Headquarters, ground floor, room P04, Constanta County, Romania

**Registered business no.:** J13/1816/2013

**Unique registration code:** RO32116993

**NACE code:** 5222 - Service activities related to water transport

**Main activity:** Services related to the bunkering and fueling services

**Unique Associate:** NAVROM

**Others (non-core business)**

**AGRIMOL TRADE S.R.L. Bucharest**

**Headquarters:** str. Vaselor nr. 34. Bucharest

**Registered business no.:** J40/5512/2010

**Unique registration code:** RO26997260

**NACE code:** 4619 - Intermediaries in trade with various products

**Main activity:** Trade in Romanian wooden products

**Majority associate:** TTS 99,98%

## TTS group's corporate governance

The governance structure and the rules on the basis of which TTS exercises control over the companies in the group are as follows:

- The companies in the group have the legal form of joint-stock company (S.A, Zrt.) or limited liability company (S.R.L., Kft., GmbH.)
- Each company has its own governing bodies, Board of Directors or Sole Administrator, depending on the provisions of the articles of incorporation, responsible for the proper functioning of the company.
- TTS exercises its control and appoints the persons in the management of the subsidiaries by voting in the general meetings of the shareholders/associates of the companies, or by decision of the sole associate, as the case may be.
- Companies have commercial autonomy, serving their own customer base in addition to orders placed within the group
- Voting mandates and representation of TTS in the general meetings of the shareholders/associates of the branches are approved by the Board of Directors of TTS, based on the informative materials made available to the shareholders/associates by each branch
- At the request of the subsidiaries, in case of situations that may affect the TTS group as a whole, the Board of Directors debates these situations and makes guidance and recommendation decisions that are communicated to the subsidiary that made the request
- Intra-group transactions, both those between TTS and a subsidiary and those between subsidiaries, are subject to reporting obligations based on art. 108 of Law no. 24/2017 on issuers of financial instruments and market operations, reports being made with a rhythm dictated by reaching or exceeding the TTS reporting threshold

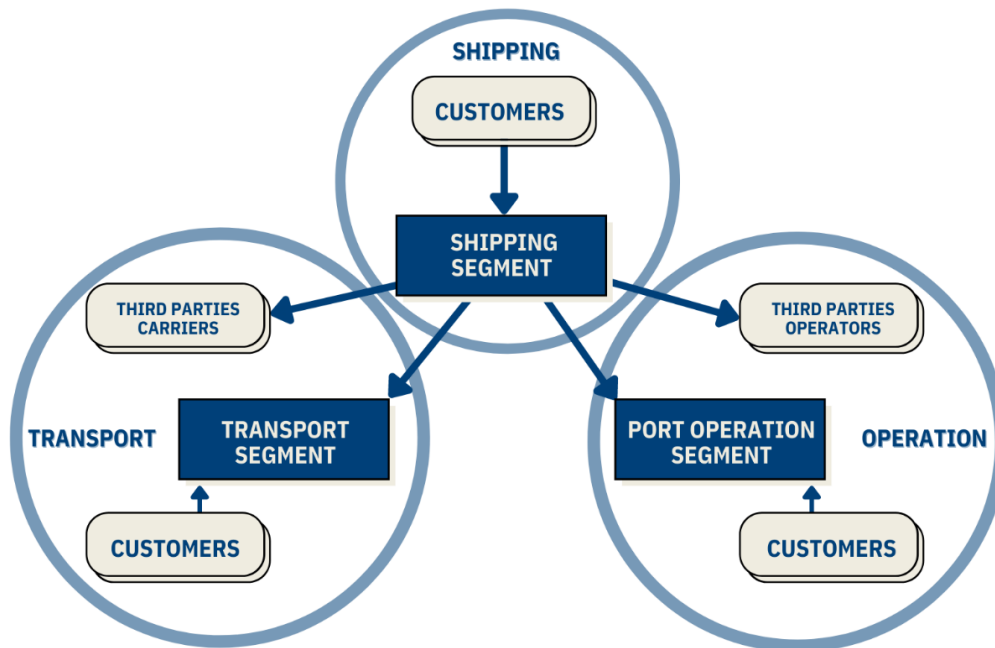
The activity of reporting transactions between related parties is the subject of two semi-annual reports drawn up by the statutory auditor of TTS.

## TTS' business model

TTS Group's business model is based on two principles:

- Commercial autonomy of the companies in the group

All TTS subsidiaries have their own customer base, independent of TTS's customer base. As a result, the companies in the transport and operation segments receive and execute orders both from their own customers and from TTS, their goal being to ensure a maximum degree of loading in conditions of maximum efficiency.



- Operational coordination between segments

In order to ensure the smooth execution of contracts at group level, TTS coordinates the activity of the companies in the shipping, transport and operation segments at the operational level with the aim of ensuring the maximum load for the companies in the transport and operation segments and optimizing the group's activity. Coordination is carried out on a permanent basis, and in situations where the companies in the group do not have the operational capacity to execute intra-group orders, TTS contracts transport and port operation services with third-party suppliers.



## Management statement

The report of the Company's Board of Directors for the 1st semester of 2023 regarding the economic and financial activity of the company is based on the simplified individual interim financial statements and the simplified consolidated interim financial statements prepared for the period ended on June 30, 2023 (hereinafter "Financial Statements").

The Financial Statements have been prepared in accordance with the recognition and evaluation principles of the International Financial Reporting Standards ("IFRS") adopted by the EU and in accordance with IAS 34 "Interim Financial Reporting".

The Financial Statements do not include all the information and elements presented in the annual financial statements and must be read in conjunction [the annual financial statements of TTS \(Transport Trade Services\) S.A. drawn up on December 31, 2022.](#)

The Financial Statements are not audited and have not been reviewed by an external auditor.

Alexandru-Mircea MIHĂILESCU  
President of the Board of Directors



# **TTS**

**TRANSPORT TRADE SERVICES S.A.**  
**BUCUREȘTI – ROMÂNIA**

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The Corporate Governance and Investor Relations Department of TTS (Transport Trade Services) is at your disposal for any further information. Contact person:

Gabriel-Andrei ȚECHERĂ, Director of Corporate Governance and Investor Relations;  
e-mail: [investor.relations@tts-group.ro](mailto:investor.relations@tts-group.ro);  
tel.: +40 37 224 5185

The simplified consolidated interim financial statements (unaudited) for the period ended 30.06.2023 are available by accessing the following links:

<https://www.tts-group.ro/financial-reports.html>;  
<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=TTS>