

TTS (Transport Trade Services) SA

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

**PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)
AS ADOPTED BY EU**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
TTS (Transport Trade Services) S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of TTS (Transport Trade Services) S.A. and its subsidiaries (the Group), with registered office in Vaselor 27, Bucuresti , Romania, identified by unique tax registration code 9089452, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and notes to the consolidated financial statements.
2. The financial statements as at December 31, 2021 are identified as follows:
 - Net assets / Equity RON 662,528,512
 - Net profit/(loss) for the financial year RON 66,405,127
3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (forth named "the Regulation") and Law 162/2017 ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | Audit approach related to Key Audit Matters |
|---|---|
| <p data-bbox="196 275 721 302">Revenue recognition in the proper financial period</p> <p data-bbox="196 331 721 768">The Group recorded in 2021 a net turnover related to the main activity actually carried out of 598,812,025 lei. The turnover mainly includes revenues from services rendered. These are mainly revenues from logistics services performed by the Company on the merchandise of the clients which are recognized over time in accordance with the contractual conditions considering the percentage of realization of the contracted distance using measures related to the position of the ship at period end. Taking into account the fact that revenue recognition and allocation between periods is based on estimates and data related to the position of the ship at year end, we have considered revenue recognition in the proper period namely the one ended December 31, 2021 as a key audit matter.</p> | <p data-bbox="721 275 1422 331">Our procedures related to the testing around the recognition of revenues in the proper period included the following:</p> <ol data-bbox="776 361 1422 1066" style="list-style-type: none"> 1. Obtaining and reconciling the revenues database with the trial balance for the year ended December 31, 2021. 2. Checking the accounting policy used with the contractual terms and the specific rules and principles in IFRS 15. 3. Analysis of the database in terms of reasonability at the level of each client, transported products in comparison to last year. 4. Understanding and testing the internal controls implemented by the Group to make sure that revenues are recorded in the proper period including the design elements (control owner and other people involved, experience, level of detail analyzed, complete analysis of the ongoing transportations, computation procedure, frequency) of the control and its efficiency. 5. Sending the confirmations for movements during the period to the selected clients and reconciling the movements confirmed, where the case, with the revenues recorded by the Company. 6. Performing cut-off tests at the beginning of 2022 and end of 2021 to make sure that the logistic services rendered to customers are recorded in the period to which they refer 7. Considering the completeness and accuracy of disclosures related to revenues. |

Other information

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Administrators' Consolidated report and the Remuneration report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2021, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrators' report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the Administrators' consolidated report and the Remuneration report for the financial year for which the financial statements have been prepared, is consistent, in all material respects, with these financial statements;
- b) the administrators' consolidated report has been prepared, in all material respects, in accordance with the provisions

of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, with subsequent amendments.

- c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, article no. 107.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at December 31, 2021, we are required to report if we have identified a material misstatement of this Administrators' consolidated report and the Remuneration report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain 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. Reasonable assurance is 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 arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

Report on compliance with the Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard ("ESEF")

We have undertaken a reasonable assurance engagement on the compliance with Commission Delegated Regulation (EU) 2019/815 applicable to the consolidated financial statements included in the annual financial report of TTS (Transport Trade Services) S.A. and its subsidiaries ("the Group") as presented in the digital files which contain the unique LEI code 5493008M458S2MG7GP03 ("Digital Files")

(I) *Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

Management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF;
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the consolidated financial statements to be submitted in accordance with Order 2844/2016.

Those charged with governance are responsible for overseeing the preparation of the Digital Files that comply with ESEF.

(II) *Auditor's Responsibilities for Audit of the Digital Files*

Our responsibility is to express a conclusion on whether the consolidated financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the Company's process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited consolidated financial statements of the Company to be submitted in accordance with Order 2844/2016;

- evaluating if all financial statements contained in the consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with the requirements of ESEF.

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

In our opinion, the consolidated financial statements for the year ended 31 December 2021 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion relating to the consolidated financial statements of the Company for the year ended 31 December 2021 is set out in the *“Report on the audit of the consolidated financial statements”* section above.

15. We have been appointed by the General Assembly of Shareholders on August 26, 2021 to audit the financial statements of TTS (Transport Trade Services) S.A. for the financial year ended December 31, 2021. From the date when the company became a public interest entity according to EU Regulation no. 537/2014, the uninterrupted total duration of our commitment is 1 year, covering the financial year ended December 31, 2021.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Company that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the audited entity.
- No prohibited non-audit services referred to in Article 5 (1) of EU Regulation no. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor’s report is Monica Guminski.

Monica Guminski, Audit Director

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 3614

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under FA 25

The Mark Building, 84-98 and 100-102 Calea Griviței, 9th Floor, District 1
Bucharest, Romania
March 28, 2022

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

| | Note | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|------|------------------------------------|------------------------------------|
| Revenue | 4 | 598,812,025 | 520,286,096 |
| Raw materials and consumables | | (79,687,294) | (68,101,396) |
| Cost of merchandise sold | | (44,074,060) | (17,612,705) |
| Subcontractors expenses | 8 | (208,671,374) | (191,214,213) |
| Payroll expenses | | (98,489,703) | (96,684,881) |
| Other expenses | 5 | (41,932,938) | (40,434,577) |
| Depreciation and amortization | | (61,586,646) | (51,993,771) |
| Other gain and losses | 7 | 15,532,629 | 8,001,387 |
| Total operating result | | 79,902,639 | 62,245,940 |
| Net of financial investment (cost)/ income | 6 | 895,209 | (624,988) |
| Net of finance (cost)/ income | 9 | (1,916,416) | (2,536,451) |
| Profit of the year from continuing operations | | 78,881,432 | 59,084,501 |
| Income tax expenses | 10 | (12,476,305) | (10,828,634) |
| Profit of the year | | 66,405,127 | 48,255,867 |
| Other comprehensive (loss)/ income | | 131,749 | (344,578) |
| Total comprehensive income for the year, net of tax | | 66,536,876 | 47,911,289 |
| Profit of the year attributable to: | | | |
| Owners of the Company | | 60,253,264 | 44,248,198 |
| Non-controlling interests | | 6,151,863 | 4,007,669 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 60,385,013 | 43,903,620 |
| Non-controlling interest | | 6,151,863 | 4,007,669 |

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

STEFANUT PETRU,
CHIEF EXECUTIVE OFFICER

Nicoleta Florescu
CHIEF FINANCIAL OFFICER

This is a free translation from the original Romanian version.
Notes attached are an integral part of the consolidated financial statements.

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

| | Note | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------|------------------------------------|------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 631,864,336 | 583,695,195 |
| Goodwill | 13 | 3,846,603 | 3,846,603 |
| Intangible assets | 14 | 1,669,707 | 1,937,840 |
| Investments in associates | 15 | 7,958,508 | 7,596,793 |
| Other long term assets | 16 | 3,336,998 | 4,101,983 |
| Total non-current assets | | 648,676,152 | 601,178,414 |
| Current assets | | | |
| Inventories | 17 | 30,982,426 | 22,990,259 |
| Trade and other receivables | 18 | 47,762,692 | 54,674,745 |
| Other current assets | 19 | 10,651,938 | 16,821,195 |
| Cash and cash equivalents | 28 | 58,900,794 | 55,160,530 |
| Assets held for sale | 20 | - | - |
| Total current assets | | 148,297,850 | 149,646,728 |
| Total assets | | 796,974,002 | 750,825,142 |
| EQUITY AND LIABILITIES | | | |
| Equity and reserves | | | |
| Share capital | 21 | 31,739,602 | 31,739,602 |
| Reserves | 22 | 239,881,529 | 223,522,014 |
| Retained earnings | | 284,562,363 | 244,420,990 |
| Equity attributable to equity holders of the parent | | 556,183,494 | 499,682,606 |
| Non-controlling interest | 23 | 106,345,018 | 105,299,772 |
| Non-current liabilities | | | |
| Interest-bearing loans | 24 | 26,815,528 | 23,113,632 |
| Deferred tax liabilities | 10 | 9,386,295 | 7,785,872 |
| Long term leasing | 3 | - | 160,086 |
| Other long term liabilities | 24 | 392,158 | 115,415 |
| Total non-current liabilities | | 36,593,981 | 31,175,005 |

This is a free translation from the original Romanian version.
Notes attached are an integral part of the consolidated financial statements.

TTS (Transport Trade Services) SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

| | Note | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---------------------------------------|------|------------------------------------|------------------------------------|
| Current liabilities | | | |
| Trade and other payables | 25 | 29,901,117 | 28,903,685 |
| Current portion of the leasing | 3 | - | 209,417 |
| Interest bearing loans and borrowings | 24 | 41,309,533 | 50,801,555 |
| Provisions for risks and charges | 26 | 1,534,564 | 5,008,685 |
| Other current liabilities | 27 | 25,106,295 | 29,744,417 |
| Total current liabilities | | 97,851,509 | 114,667,759 |
| Total liabilities | | 134,445,490 | 145,842,764 |
| Total equity and liabilities | | 796,974,002 | 750,825,142 |

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

NICOLETA FLORESCU,
FINANCIAL DIRECTOR

This is a free translation from the original Romanian version.
Notes attached are an integrant part of the consolidated financial statements.

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in "RON", unless specified otherwise)

| | Share capital | Legal reserves | Other Reserves | Retained earnings | Translation reserve | Attributable to owners of the parent | Non controlling interests | Total |
|---|-------------------|-------------------|--------------------|----------------------|------------------------|--|---------------------------------|--------------------|
| Balance as at January 1, 2021 | 31,739,602 | 6,000,000 | 217,522,014 | 244,765,567 | (344,578) | 499,682,606 | 105,299,772 | 604,982,378 |
| Profit for the year | - | - | - | 60,253,264 | - | 60,253,264 | 6,151,863 | 66,405,127 |
| Transfers between Reserves | - | - | 4,489,487 | (4,489,487) | - | - | - | - |
| Revaluation reserve | - | - | 12,082,857 | - | - | 12,082,857 | - | 12,082,857 |
| Share capital issued | - | - | - | - | - | - | - | - |
| Translation adjustments | - | - | - | - | 131,749 | 131,749 | - | 131,749 |
| Dividends distributed | - | - | - | (16,200,000) | - | (16,200,000) | - | (16,200,000) |
| Increase in percentage held in subsidiaries | - | - | - | 233,018 | - | 233,018 | (461,864) | (228,846) |
| Dividends distributed to minority interest | - | - | - | - | - | - | (4,644,753) | (4,644,753) |
| Balance as at December 31, 2021 | 31,739,602 | 6,000,000 | 234,094,358 | 284,562,363 | (212,829) | 556,183,494 | 106,345,018 | 662,528,512 |

As at December 31, 2021, the share capital was in amount of RON 30,000,000 divided into 30,000,000 shares with a nominal value of RON 1. All shares issued are paid in entirety.

In 2021, the shares issued by TTS (Transport trade Services) S.A. were admitted to be traded on the stock market administered by the Bucharest Stock Exchange, the first trading day was June 14, 2021, TTS issuer symbol.

On December 31, 2021, the Group revalued the ships, resulting in an increase in value of RON 12,082,857. The balance of the revaluation reserve as at December 31, 2021 is in the amount of RON 75,977,018 .

In April 2021, dividends were distributed in amount of RON 16,200,000, respectively RON 0.54 per share.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

ȘTEFĂNUȚ PETRU,
GENERAL DIRECTOR

NICOLETA FLORESCU,
FINANCIAL DIRECTOR

This is a free translation from the original Romanian version.
Notes attached are an integral part of the consolidated financial statements.

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in "RON", unless specified otherwise)

| | Share capital | Legal reserves | Other Reserves | Retained earnings | Translation reserve | Attributable to owners of the parent | Non controlling interests | Total |
|---|-------------------|-------------------|--------------------|----------------------|------------------------|--|---------------------------------|--------------------|
| Balance as at January 1, 2020 | 31,739,602 | 5,968,175 | 222,614,804 | 210,756,405 | - | 471,078,986 | 102,215,785 | 573,294,771 |
| Profit for the year | - | - | - | 44,248,198 | - | 44,248,198 | 4,007,669 | 48,255,867 |
| Transfers between Reserves | - | 31,825 | (5,092,790) | 5,060,965 | - | - | - | - |
| Share capital issued | - | - | - | - | - | - | - | - |
| Translation adjustments | - | - | - | - | (344,578) | (344,578) | - | (344,578) |
| Dividends distributed | - | - | - | (15,300,000) | - | (15,300,000) | - | (15,300,000) |
| Increase in percentage held in subsidiaries | - | - | - | - | - | - | (923,682) | (923,682) |
| Dividends distributed to minority interest | - | - | - | - | - | - | - | - |
| Balance as at December 31, 2020 | 31,739,602 | 6,000,000 | 217,522,014 | 244,765,567 | (344,578) | 499,682,606 | 105,299,772 | 604,982,378 |

As at December 31, 2020, the share capital was in amount of RON 30,000,000 divided into 30,000,000 shares with a nominal value of RON 1. All shares issued are paid in entirety.

On April 28, 2020, the Extraordinary Shareholders meeting decided to settle the loss resulted from redemption of their own shares partly with Other reserves of RON 5,138,376. As at December 31, 2019, the recorded as a result of the redemption of own shares were presented as retained earnings.

Other reserves includes revaluation reserves in amount of RON 63,894,161 as at December 31, 2020 (RON 63,894,161 as at December 31, 2019).

In 2020, dividends were distributed in amount of RON 15,300,000.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

ȘTEFĂNUȚ PETRU,
GENERAL DIRECTOR

NICOLETA FLORESCU,
FINANCIAL DIRECTOR

This is a free translation from the original Romanian version.
Notes attached are an integral part of the consolidated financial statements.

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

| Notes | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Profit before taxation | 78,881,432 | 59,084,501 |
| Adjustments for non-cash items: | | |
| Depreciation, amortization and impairment | 12 61,586,645 | 51,993,773 |
| Net increase in provision for fixed assets | 12 (2,628,254) | (4,307,358) |
| Net interest expenses | 1,281,689 | 2,055,104 |
| (Gain)/ Loss from disposals of fixed assets | (1,592,495) | (3,691,974) |
| Net increase in provision for current assets | (3,574,981) | 975,981 |
| Write off receivables | 6,996,084 | - |
| Net increase / (Decrease) in provision for risks and charges | (3,474,121) | (1,316,071) |
| Net increase / (Decrease) in value of associates | (361,715) | 586,580 |
| Exchange rates differences | - | - |
| Operating profit before working capital changes | 137,114,284 | 105,380,536 |
| Changes in operating assets and liabilities: | | |
| (Increase) / Decrease in trade and other receivables | 11,228,922 | 14,493,663 |
| Decrease / (Increase) in inventories | (8,664,148) | 7,976,793 |
| Increase / (Decrease) in trade and other payables | (4,716,552) | (14,620,363) |
| Cash generated from operations | 134,962,507 | 113,230,629 |
| Interests paid | (1,493,689) | (2,055,104) |
| Income tax paid | (11,390,369) | (3,673,185) |
| Net cash flow generated from operations | 122,078,449 | 107,502,340 |
| Investing activities: | | |
| Purchases of tangible and intangible assets | (97,242,932) | (73,108,110) |
| Payments for investments | (228,846) | (730,326) |
| Income from sale of fixed assets | 5,925,972 | 5,601,087 |
| Loans (granted) to associates | - | - |
| Encashment from sale of investments | - | 3,840,703 |
| Interest cashed in | 212,000 | - |
| Dividends paid to non-controlling interests | (4,644,753) | - |
| Cash flow used in investing activities | (95,978,557) | (64,396,646) |

This is a free translation from the original Romanian version.
Notes attached are an integral part of the consolidated financial statements.

TTS (Transport Trade Services) S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

| Notes | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|------------------------------------|------------------------------------|
| Financing activities: | | |
| Dividends paid | (16,200,000) | (15,300,000) |
| Loan (paid) / received | (6,159,628) | (35,038,556) |
| Shares bought back | - | - |
| | <u>(22,359,628)</u> | <u>(50,338,556)</u> |
| Cash flow generated by financing activities | | |
| Net (decrease) / increase in cash and cash equivalents | 3,740,264 | (7,232,862) |
| Cash and cash equivalents at the beginning of the year | <u>55,160,530</u> | <u>62,393,392</u> |
| Cash and cash equivalents at the end of the year | <u>58,900,794</u> | <u>55,160,530</u> |

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

ȘTEFĂNUȚ PETRU,
GENERAL DIRECTOR

NICOLETA FLORESCU,
FINANCIAL DIRECTOR

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

1. GENERAL INFORMATION

TTS (Transport Trade Services) SA (hereinafter referred to as ‘the Company’), is a company incorporated in Romania, in 1997 having its registered office at no 27, Vaselor Street, Bucharest.

The core business of the Company is represented by activities related to transports. TTS (Transport Trade Services) S.A. operates as sender of goods in domestic and international transport, on interior river ways, offering integrated/modular transport services.

The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as “Group” and individually as “Group entities”).

The consolidated financial statements of the Company as at and for the year ended December 31, 2021 were initially approved on March 28, 2022.

As at December 31, 2021 the Company owned directly or through other subsidiaries investments in the following entities:

CNFR NAVROM SA is a stockholding entity established in 1991 where TTS (Transport Trade Services) SA holds 92.13526% (2020: 92.0265%) of the share capital, the rest being owned by several individuals. The entity’s headquarters is at No 34, Portului Street, Galati County. The core business of the entity is transportation of goods on rivers (code CAEN 5040).

CANOPUS STAR SRL is a limited liability entity, established in 2001, where TTS (Transport Trade Services) SA owns 51% of the share capital. The entity’s headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).

TTS PORTURI FLUVIALE SRL (TRANS EUROPA PORT SA) is a stockholding entity, established in 1996, where TTS (Transport Trade Services) SA owns 100% from the total share capital. The entity’s headquarters is on Regiment 11 Siret Street, Galati County. The core business is represented by the river handling of goods (code CAEN 5224) which merged with Europort Logistics (another subsidiary) during 2014.

TTS OPERATOR SRL is a limited liability entity, established in 1994, where TTS (Transport Trade Services) SA owns 90% from the total share capital. The entity’s headquarter is in Incinta Port Digul de Nord Km1+ 100 Street, Cladirea Administrativa Et.1, Constanta County. The core business is represented by the river handling of goods (code CAEN 5224).

AGRIMOL TRADE SRL is a limited liability entity, established in 2010, where TTS (Transport Trade Services) SA owns 99.9772%. The entity’s headquarters is at no 34, Vaselor Street, Bucharest. The core business is sales of a variety of goods (cod CAEN 4619), the company being currently specialized in the export of wood products.

CERNAVODA SHIPYARD SRL was a limited liability entity, established in 2013, where TTS (Transport Trade Services) SA owned indirectly 92.0265% through Navrom S.A. The entity’s headquarters was at no 1, Canalului Street, Cernavoda. The core business was related to repair and maintenance of ships and boats (cod CAEN 3315). In December 2021, CERNAVODA SHIPYARD SRL merged by absorption with NAVROM SHIPYARD SRL.

Bunker Trade Logistics SRL is a limited liability entity, established in 2013, where TTS (Transport Trade Services) SA owns indirectly 92.13526% through CNFR Navrom SA . In 2020 CNFR Navrom SA acquired the 4.50% share capital of Bunker Trade Logistics SRL from TTS Operator S.R.L.. The entity’s headquarters is in Constanta, incinta Port. The core business is related river various services (cod CAEN 5222).

TTS (Transport Trade Services) GMBH is a liability entity established in 2014, where TTS (Transport Trade Services) SA owns 75% of share capital. The entity headquarters is at 15b Lerchengasse, Langerzersdorf, Austria. The core business is represented by forwarding services.

NAVROM BAC SRL is a limited liability entity, established in 1999, where TTS (Transport Trade Services) SA owns indirectly through CNFR Navrom SA 91.6998% from the share capital. The entity’s headquarters is at no. 1, Faleza Dunarii Street, Galati County. The core business is related to the transportation on rivers (code CAEN 5030).

NAVROM SHIPYARD SRL is a limited liability entity established in 1999, where TTS (Transport Trade Services) SA owns indirectly through CNFR Navrom SA 92.1275% from the share capital. The core business is related to the maintenance and repair of the ships and boats (code CAEN 3315).

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1. GENERAL INFORMATION (continued)

Navrom River S.R.L. was an entity established in 2011, where TTS (Transport Trade Services) SA owned indirectly through CNFR Navrom SA, at December 31, 2020 92.0265%. The entity's headquarters was at no. 23, Portului Street, Galati county. In February 2021, Navrom River S.R.L. merged by absorption with CNFR Navrom S.A..

SUPERQUATRO Grup SRL is a limited liability entity headquartered in Galati, str. Portului 20. TTS (Transport Trade Services) SA owns indirectly through CNFR Navrom SA 92.13526% from the share capital. The entity's core business is related to performance of hydrotechnical works (CAEN code 4291).

TRANSTERMINAL-S SRL is a limited liability entity, established in 2006, where TTS (Transport Trade Services) SA owns 20%. The entity's headquarter is at no. 14/3, Gradina Botanica Street, Chisinau. The core business is represented by the railway transportation of goods.

NAVROM PORT SERVICE SA is a stockholding entity, established in 1999, where TTS (Transport Trade Services) SA owns indirectly through CNFR Navrom SA 46,0466%. The entity's headquarter is at no 39, Portului Street, Galati County. The core business is represented by the goods transportation on rivers (code CAEN 5040).

PLIMSOLL Zrt is a stockholding entity, established in April 1992, where TTS (Transport Trade Services) SA owns directly 51%. TTS (Transport Trade Services) SA has acquired in 20 June 2016 the 51% stake. The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary. The core business is represented by railway and river transport and forwarding services.

FLUVIUS KFT is a limited liability entity where TTS (Transport Trade Services) SA indirectly owns 51% through PLIMSOLL KFT. The entity's headquarter is at no 1139, Frangepan street, Budapest, Hungary. The core business is represented by river transport.

PORT OF FAJSZ kft is a limited liability company set up in 2004, in which TTS (Transport Trade Services) SA holds 100% directly. TTS (Transport Trade Services) SA bought on June 27, 2019 100% of the shares of the company. The Headquarters of the company is Fajsz, lot nr 076/2, Ungaria. The core business is auxiliary services for water transportation. On acquisition date, the Company was named EZUSTBARKA kft, the change in denomination to PORT OF FAJSZ kft was done on 30.08.2019.

MANAGEMENT NFR SA is a stockholding entity, established in 2003, where TTS (Transport Trade Services) SA owns 20%. The entity's core business is at no 34, Vaselor Street, Bucharest. The core business is represented by the business and management consultancy services (code CAEN 7022). The Company is in advanced liquidation procedure.

GIF LEASING IFN is a limited liability entity, established in 2004, where TTS (Transport Trade Services) SA owns 7.7014% from the share capital. The entity's headquarters is at no. 24, Negustori Street, Bucharest. The core business is related to leasing (code CAEN 6491). The Company is in insolvency.

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

1. GENERAL INFORMATION (continued)

| <u>Name of investment</u> | <u>Core Business</u> | <u>Place of establishment and operations</u> | <u>Type</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-----------------------------|---|--|-------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | | % | % | RON | RON |
| CNFR Navrom S.A. | Transportation of goods on rivers | Galați, Romania | Subsidiary | 92.13526% | 92.0265% | 39,798,311 | 39,569,465 |
| Canopus Star S.R.L. | Handling of goods | Constanța, Romania | Subsidiary | 51% | 51% | 45,079,480 | 45,079,480 |
| TTS Porturi Fluviale S.R.L. | Handling of goods | Galați, Romania | Subsidiary | 100% | 100% | 25,206,269 | 25,206,269 |
| TTS Operator S.R.L. | Handling of goods | Constanța, Romania | Subsidiary | 90% | 90% | 1,706,207 | 1,706,207 |
| Navrom Bac S.R.L. | transportation on rivers | Galați, Romania | Subsidiary | 91.6998% | 91.5915% | 1,571,951 | 1,571,951 |
| Navrom Shipyard S.R.L. | Repair and maintenance of ships and boats | Galați, Romania | Subsidiary | 92.1275% | 92.009% | 21,065,260 | 9,114,875 |
| Navrom River S.R.L. | Hotels and similar activities | Galați, Romania | Subsidiary | - | 92.0265% | - | 20,577,000 |
| Superquatro Group S.R.L. | Hydrotechnical works | Galați, Romania | Subsidiary | 92.13526% | 92.0265% | 6,180,080 | 6,180,080 |

This is a free translation from the original Romanian version.

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

1. GENERAL INFORMATION (continued)

| <u>Name of investment</u> | <u>Core Business</u> | <u>Place of establishment and operations</u> | <u>Type</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-------------------------------------|---|--|-------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | | % | % | RON | RON |
| TTS (Transport Trade Services) Gmbh | Complementary activities related to transport | Austria | Subsidiary | 75% | 75% | 116,477 | 116,477 |
| Plimsoll Zrt | Complementary activities related to transport | Budapesta, Ungaria | Subsidiary | 51% | 51% | 9,066,000 | 9,066,000 |
| Fluvius Kft | Transportation of goods on rivers | Budapesta, Ungaria | Subsidiary | 51% | 51% | - | - |
| Port of Fajsz Kft | Handling of goods | Fajsz, Ungaria | Subsidiary | 100% | 100% | 1,293,500 | 1,293,500 |
| Agrimol Trade S.R.L. | Trading various products | București, Romania | Subsidiary | 99,9772% | 99.9771% | 5,305,870 | 15,352,500 |
| Cernavodă Shipyard S.R.L. | Repair and maintenance of ships and boats | Cernavoda, Romania | Subsidiary | - | 92.0265% | - | 17,083,000 |
| Bunker Trade Logistics S.R.L. | Complementary activities related to transport | Constanța, Romania | Subsidiary | 92,13526% | 92.0265% | 200,000 | 200,000 |
| Transterminal-S S.R.L. | Railway transportation of goods | Chișinău, Rep. Moldova | Associate | 20% | 20% | 147,339 | 147,339 |

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TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

1. GENERAL INFORMATION (continued)

| <u>Name of investment</u> | <u>Core Business</u> | <u>Place of establishment and operations</u> | <u>Type</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---------------------------|-----------------------------------|--|-------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | | | % | % | <i>RON</i> | <i>RON</i> |
| Navrom Port Service S.A. | River transportation of goods | Galați, Romania | Associate | 46.0466% | 45.9923% | 878,700 | 878,700 |
| Management NFR S.A. | Business and consultancy services | București, Romania | Investment | 20% | 20.00% | - | - |
| GIF Leasing IFN | Finance lease | Bucuresti, Romania | Investment | 7.7014% | 7.7014% | - | - |
| For Serv Drum S.R.L. | Construction | Argeș, Romania | Investment | 30% | 30.00% | - | - |

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TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

1. GENERAL INFORMATION (continued)

Consolidation perimeter

TTS (Transport Trade Services) SA prepares consolidated financial statements for the year ended December 31, 2021. Consolidated financial statements include the financial statements of companies TTS SA („the Company”) and its subsidiaries: CNFR Navrom S.A., Canopus Star S.R.L., TTS Porturi Fluviale S.R.L., TTS Operator S.R.L., Navrom Bac S.R.L., Navrom Shipyard S.R.L., Agrimol Trade S.R.L., Cernavoda Shipyard S.R.L, Bunker Trade Logistic S.R.L, TTS (Transport Trade Services) GMBH, Navrom River S.R.L., Superquatro Group SRL, Plimsoll Zrt and Fluvius Kft, Port of Fajzs kft known as “the Group”.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- **Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial Instruments: Recognition and Measurement”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 4 “Insurance Contracts” and IFRS 16 “Leases”** - Interest Rate Benchmark Reform — Phase 2 adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 16 “Leases”** - Covid-19-Related Rent Concessions beyond 30 June 2021 adopted by the EU on 30 August 2021 (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021),
- **Amendments to IFRS 4 Insurance Contracts “Extension of the Temporary Exemption from Applying IFRS 9”** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023).

The adoption of amendments to the existing standards has not led to any material changes in the Company’s financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IAS 16 “Property, Plant and Equipment”** - Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”** - Onerous Contracts - Cost of Fulfilling a Contract adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 3 “Business Combinations”** - Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022),
- **IFRS 17 “Insurance Contracts”** including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to various standards due to “Improvements to IFRSs (cycle 2018 -2020)”** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 28 June 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated).

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at [date of publication of financial statements] (the effective dates stated below is for IFRS as issued by IASB):

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
 - **Amendments to IAS 1 “Presentation of Financial Statements”** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
 - **Amendments to IAS 1 “Presentation of Financial Statements”** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
 - **Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
 - **Amendments to IAS 12 “Income Taxes”** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023),
 - **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- Amendments to IFRS 17 “Insurance contracts”** - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective for annual periods beginning on or after 1 January 2023)

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

According to the Company’s estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date.

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU.

3.2 Basis of preparation

The consolidated financial statements have been prepared at historic cost, except for certain assets that are stated at fair value as described in the accounting policies. The historic cost is generally based on the fair value of the provision supplied in exchange of the assets.

The financial statements are prepared on the basis of the statutory accounting records in accordance with the Romanian accounting principles, adjusted for compliance to IFRS, as adopted by EU.

The main accounting policies are presented below.

The going concern principle. The Company operates according to the going concern principle. This principle assumes that the entity will continue its activity normally, without entering liquidation or significantly reducing its activity.

The main accounting policies are presented below.

Functional and presentation currency

These financial statements are presented in RON, which is the functional currency of the Group. The financial statements are presented in RON, rounded, without decimals. The transactions realised in a foreign currency are stated in RON (lei) by applying the exchange rate at the transaction date. The monetary assets and debts stated in a foreign currency, at the year end, are stated in RON (lei) using the exchange rate at the respective date. Gains and losses from the exchange rate differences, realised or not realised, are stated in the profit and loss account for the respective year.

The exchange rates as at December 31, 2021 and as at December 31, 2020 are:

| | <u>December 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|-----|------------------------------------|------------------------------------|
| EUR | 4.9481 | 4.8694 |
| USD | 4.3707 | 3.9660 |

Non-monetary assets and liabilities measured in terms of fair value in a foreign currency are translated in functional currency at closing rate of the date when the the fair value has been determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash

All other assets are classified as non-current.

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(all amounts are expressed in “RON”, unless specified otherwise)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities

Fair value measurement

The Group measures and recognizes at fair value ships (presented within ships category).

As at December 31, 2021 ships were revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach (coupled with an impairment analysis) and market value approach. The impact of the revaluation methods used was an increase of RON 14,987,140 and a decrease of RON 1,037,192.

As at December 31, 2017 ships were revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach (coupled with an impairment analysis) and market value approach. The impact of the revaluation methods used was an increase of RON 72,116,901 and a decrease of RON 2,212,218.

Also, fair values of financial instruments measured at amortized cost are estimated for disclosure purposes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: market prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as land, buildings and for non-recurring measurement, such as assets held for sale from discontinued operations.

TTS (Transport Trade Services) S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation (continued)

Fair value measurement (continued)

External evaluators are involved for valuation of significant assets, such as land, buildings, equipment. Involvement of external evaluators is decided upon annually by the management.

Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's policies by verifying the major inputs applied in the latest valuation and assessing the changes from the previous valuation.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirer's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

TTS (Transport Trade Services) S.A.
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests.

When assets of the subsidiary are carried at revalued amounts or fair values, the related cumulative gain or loss is recognized in revaluation reserves in other comprehensive income. As PPE carried at fair value is disposed, the revaluation reserve corresponding to the respective asset is moved to retained earnings.

The fair value of any investment retained in the former subsidiary when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5 below.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Investments in associates (continued)

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate.

3.6 Non-current assets held for sale

Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Revenue from contracts with customers

IFRS 15 "Revenue from contracts with customers" introduces a comprehensive model for the recognition and measurement of income. The standard replaces the existing income recognition criteria, replacing IAS 18 "Income", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs". Under the new standard, revenue is recognized when the customer acquires control of the goods or services provided, at the amount that reflects the price that the company expects to receive in exchange for those goods or services.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The revenue is measured at the fair value of the counter value received or receivable. Revenue from sales is reduced for returns, commercial rebates and other similar reductions. The basic rule is that prices/tariffs are calculated based on costs + profit, under market conditions. Port prices are more stable, contracted mostly on yearly basis but usually same over a longer period of time. Tariffs for transport are more stable for minerals and part of chemicals, i.e. contracts valid one year (or more), spot contracts are calculated according to the basic rule. Tariffs for grains are agreed for main volumes, basis on one year long contract, level of tariffs being higher during season (July – December) and lower for off-season (January-June); spot contracts follows the basic rule. Prices for transport are adjusted with BAF (bunker adjustment fee) and LWS (low water surcharge).

The company has the following revenue streams:

3.7.1 . Revenue from logistic services

Revenue from logistic services (transport, expedition, port operations) are recognised over time according to the contractual conditions:

Revenue from logistic services are recognised as the transport is confirmed by the beneficiary based on the following documents:

- freight documents (bill of lading, other related transport documents);
- Documents attesting to the unloading operation from transport vehicles like barges, maritime ships or loading operation of loading the commodities (tally upon unloading / Out Turn Report – OTR / draft unloading survey).
- For the transportation services in progress at year end- the revenue is recognised as it is executed depending on percentage of execution of the service applying the output method based on:
 - the ships' location at the end of each month in the electronic ship monitoring system in Navrom's Dispatch Office;
 - the virtual route of the convoy (quantity x virtual distance) corroborated with the virtual trade of the order

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Revenue from contracts with customers (continued)

3.7.1 . Revenue from logistic services (continued)

Revenues are reflected in the forward segment (revenues generated by TTS (Transport Trade Services) SA, Plimsoll zrt Hungary and TTS (Transport Trade Services) gmbh Austria), the fluvial segment (revenues generated by CNFR NAVROM SA, Navrom Bac SRL and Fluvius kft Hungary) and port operation segment (revenues generated by Canopus Star SRL subsidiary and TTS Operator SRL from Constanta, the subsidiary TTS Porturi Fluviale SRL from Galati and Port of Fajsz kft from Hungary) detailed in Note 11. The forward segment is mainly involved in contracting the final clients and subcontracting the work to be done by transportation suppliers mainly from the fluvial segment but also third parties. Port operations are also doing services for the first two segments but also for other third parties clients. Revenues are recognized over time in line with contractual terms.

3.7.2. Sale of goods

Revenue from sales of goods is recognized when control of the goods are physically transferred being at the point the customer purchases the goods.

This is a secondary stream activity of the Group that it is mainly reflected in the activity of the subsidiaries Agrimol Trade SRL and Bunker Trade Logistic SRL, this activity being included in the segment “other activities” please see note 11.

The revenues are recorded based on approved contract between parties and parties being committed to perform their respective obligations. Each parties rights and payment terms can be easily identified. The contracts have commercial substance and it is probable that the entity will collect the consideration to which will be entitled in exchange for the goods or services transferred to the customer.

3.7.3 Revenues from construction contracts

Revenue and costs for construction contracts in Navrom Shipyard and Cernavoda Shipyard are recognized at a point in time when delivered to client based on acceptance from the beneficiary. As the project is executed, costs are capitalized as work in progress.

Costs capitalized for these work in progress are reflected in the “other revenues” and are generated by Navrom Shipyard Galati and Cernavoda Shipyard subsidiaries.

The Group is using the practical expedient in relation to the disclosure of the backlog as at December 31, 2021 and 2020 due to the nature of the framework contracts in place.

3.8 Retirement benefit costs

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees, for work insurance expenses. The cost of these payments is charged to the income statement in the same period as the related salary cost.

All employees of the Company are members of the Romanian State pension plan.

The Group does not operate any other pension scheme or postretirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Group is not obliged to provide further benefits to its employees.

3.9 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group’s policy is to establish tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such tax provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group’s domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been identified.

This is a free translation from the original Romanian version.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Taxation (continued)

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

A. Current tax

The tax currently payable is based on the taxable profit of the year. Taxable profit differs from the ‘profit before tax’ as reported in the consolidated statement of profit and loss, as it excludes the elements of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current income tax liability is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

B. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the Romanian laws that have been enacted or substantively enacted by the reporting date (2021 and 2020: 16%).

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax and deferred tax

Current and deferred tax are recognized in profit and loss, except when they relate to items that are recognized in other comprehensive income, or directly in equity in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The income tax for the period ending December 31, 2021 was 16% (December 31, 2020: 16%), in accordance with the Romanian legislation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.10 Property, plant and equipment

Land and buildings held to be used in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial statements at their cost less accumulated depreciation and accumulated impairment losses. Tangible assets in progress that will be used in production or in administration are stated at cost less any impairment. Costs include professional fees and, in case of qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policies. Such assets are classified under such categories of tangible assets when completed or ready for use for the purpose they were intended. The depreciation of such assets, on the same basis as other owned assets, commences when the assets are ready for use as intended by the management.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Property, plant and equipment (continued)

Land is not depreciated.

The depreciation of the property plant and equipment items is recorded in the statement of comprehensive income through the profit and loss of the year.

The depreciation commences when the assets are ready for their intended use.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. For ships, included in Plant and equipment, the revaluation model is used. They are depreciated on the estimated useful life of these assets which may be subject to revaluation report issued by an independent member of ANEVAR.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is no longer recognized further to its assignment or when no future economic benefits are expected from the continued use of the asset. Any gain or loss resulting from the assignment or disposal of an item of property, plant and equipment is determined as the difference between proceeds from sales and the carrying value of the asset and is recognized in the Group's profit or loss.

The average useful life of each category of property, plant and equipment is presented as follows:

| | <u>Years</u> |
|------------------------|--------------|
| Buildings | 3 – 60 |
| Plant and equipment | 2 – 30 |
| Fixtures and furniture | 2 – 16 |
| Ships | 8 - 20 |

3.11 Intangible assets

Intangible assets purchased separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated depreciation amortization and accumulated impairment losses. Amortization is calculated on a straight line basis throughout the useful life. The estimated useful life and the amortization method are revised at the end of each reporting period, effecting changes in the future accounting estimates.

The following useful lives are used in the calculation of amortization:

| | <u>Years</u> |
|-----------------------|--------------|
| Concessions & patents | 1 – 5 |

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of tangible and intangible assets other than goodwill

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

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash, inflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. .

Where there can be identified a consistent allocation basis, the Group’s corporate assets are also allocated to individual cash generating units or to the smallest group of cash generating units for which a consistent allocation basis can be identified.

The recoverable value means the highest of fair value minus sale costs and its value in use. When measuring the value in use, estimated future cash flows are discounted at their current value by using a discount rate determined prior to taxation, which reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates related to future cash flows have not been adjusted.

If the recoverable value of an asset (or cash-generating unit) is estimated to be lower than its carrying value, then the carrying value of the asset (or the cash-generating unit) is reduced to the level of the recoverable value. Impairment is recognized immediately in profit or loss, if the relevant asset is not registered at a re-measured value, in which case the impairment is treated as reduction of re-measurement.

When an impairment loss is subsequently reversed, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the respective asset (cash generating unit) in the prior years. A reversal of the impairment loss is immediately recognized in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including a part corresponding to the fixed and variable expenses are allocated to the inventories held through the method that is most adequate to the respective class of inventories, the weighted average basis. Net realizable value represents the sale price estimated for inventories less all the costs estimated for completion and the costs pertaining to the sale.

3.14 Provisions

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of a past event, and it is probable that an outflow of resources incorporating economic benefits will be required to settle that obligation and a reliable estimate of the value of the obligation may be made.

The value recognized as provision is the best estimate of the counter value required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties related to the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, the carrying value thereof is the present value of such cash flows (if the effect of the time value of money is material).

When expected that some of or all the economic benefits required to settle a provision be recovered from third parties, then the receivable is recognized as asset if it is almost certain that the repayment will be collected and the value of the receivable can be reliably assessed.

Taxation provisions

The Group records current tax provision relating to management’s assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the Romanian Tax Authorities. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. There are no such open issue with the tax authorities for the Group as at December 31, 2020 for which a provision would be needed.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Provisions (continued)

Onerous contracts

Present obligations generated under onerous contracts are recognized and measured as provisions. A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions for estimated costs of guarantee obligations according to local legislation concerning the sale of goods are recognized on the date when the relevant products are sold, at the best estimate made by the management as regards the expenses required to settle the Company's obligation.

3.15 Use of estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical accounting judgements

The following are the critical judgements that the management has used in applying the Group's accounting policies and which have a significant impact on the carrying values recognized in the financial statements.

i) Allowances for inventories

At the end of each reporting period, the Group revises the sufficiency of allowances for slow moving inventories as in Note 17.

ii) Useful life of tangible and intangible assets

The Company revises the estimated useful life of tangible and intangible assets at the end of each annual reporting period. The useful lives are presented in Note 3.12 tangible and intangible accounting policies.

iii) Deferred tax.

The carrying amount as at December 31, 2021 and December 31, 2020 is presented in Note 10.

iv) Provisions and contingent liabilities.

Provisions are reassessed annually – presented in Note 26 and contingent liabilities are also determined on annual basis - presented in Note 28.

3.16 Application of IFRS 9 *Financial Instruments*

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Application of IFRS 9 Financial Instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Financial assets resulting from the main operations of the company are presented as Trade receivables while receivables from secondary operations like sale of ships (PPE) are presented as sundry debtors.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the Net of finance cost/ income line item.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Application of IFRS 9 *Financial Instruments* (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Application of IFRS 9 *Financial Instruments* (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) the financial instrument has a low risk of default;
- (2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there is no past due amounts. For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Application of IFRS 9 *Financial Instruments* (continued)

Financial liabilities and equity (continued)

Leases (continued)

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 3 Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the *Group* recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the *Group* and payments of penalties for terminating the lease, if the lease term reflects the *Group's* exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the *Group* uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The *Group* applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The Group as lessor

The *Group* enters into lease agreements as a lessor with respect to some of its equipment.

Leases for which the *Group* is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the *Group* is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the *Group's* net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the *Group's* net investment outstanding in respect of the leases.

Subsequent to initial recognition, the *Group* regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the *Group* applies IFRS 15 to allocate the consideration under the contract to each component.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Application of IFRS 9 *Financial Instruments* (continued)

Segment reporting

An operating segment is a component of an entity: that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments, or
- the absolute measure of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss, or
- its assets are 10 per cent or more of the combined assets of all operating segments.

If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75 per cent of the entity's revenue is included in reportable segments

Settlement prices among segments are set objectively.

The results, assets and liabilities related to a segment include elements that may be allocated directly to one segment, and elements that may be allocated on a reasonable basis.

Capital expenses related to a segment represent the total costs registered over the period for purchasing tangible and intangible assets.

Contingent assets and liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events that is not recognized because:
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the Group's financial statements, but disclosed when an inflow of economic benefits is probable.

Subsequent events

Events occurring after the reporting date 31 December 2021, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the financial statements.

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4. REVENUE

The following is an analysis of the Group's revenue for the year from continuing operations:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---|---|
| Revenue from sales of merchandises | 58,429,562 | 20,946,816 |
| Revenues from sales of finished products | 20,406 | 9,055,561 |
| Revenue from rendering of services | 529,828,098 | 483,359,215 |
| Revenue from other activities | 10,533,959 | 6,924,504 |
| Total | 598,812,025 | 520,286,096 |

5. OTHER EXPENSES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|-----------------------------------|---|---|
| Electricity expenses | 6,329,476 | 4,636,139 |
| Repairs | 12,185,646 | 13,425,129 |
| Rent expenses | 8,874,243 | 8,448,480 |
| Insurance expenses | 6,216,122 | 6,337,416 |
| Training | 178,179 | 143,165 |
| Transportation services | 1,740,494 | 1,163,709 |
| Expenses with commissions | 1,135,853 | 1,301,213 |
| Advertising and protocol expenses | 974,981 | 900,461 |
| Travel expense | 294,221 | 373,916 |
| Communication expenses | 1,282,533 | 1,280,811 |
| Tax expenses | 2,721,190 | 2,424,138 |
| Total | 41.932.938 | 40,434,577 |

6. INVESTMENT EXPENSES / INCOME

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---|---|
| Expenses with associates | - | (610,977) |
| Financial investment gain / (loss) | 361,253 | 229,746 |
| Income from financial assets- dividends received | 343,220 | 208,352 |
| Other financial income | 520,567 | 220,388 |
| Other financial expenses | (329,831) | (672,497) |
| Income / (Expense) from financial investments | 895,209 | (624,988) |

In 2021, revenues and expenses from financial investments include mainly dividends received from the investments of the Group. Expenses from financial investment is the gain from recording the investments through equity method through profit and loss account.

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7. OTHER GAINS AND LOSSES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Other income | 17,272,082 | 13,775,940 |
| Net income / expenses from foreign exchange differences | 940,371 | 197,538 |
| Net income / (expenses) from adjustments for current assets | 3,574,982 | (983,226) |
| Net income from adjustments for non-current assets | 2,628,253 | 4,471,376 |
| Net income / (expenses) from adjustments for non-current assets - IFRS 5 | - | 13,449 |
| Net income / (expenses) from provisions | 3,509,077 | 1,316,071 |
| Net income / (expense) from services in progress | 75,576 | (3,943,899) |
| Own work capitalized in construction of PPE | 4,346,379 | 3,131,817 |
| Write off doubtful receivables | (6,933,488) | (474,613) |
| Other administrative expenses | (5,521,976) | (6,829,407) |
| Expenses related to fixed assets disposals | (4,358,627) | (2,673,659) |
| Total | 15,532,628 | 8,001,387 |

In 2021, as also 2020 in other income caption it is mainly included penalties invoiced to the final customers, income from sales of tangible assets (CNFR), there is also a gain in amount of RON 1,567,347 (2020: RON 2,927,428) from the sale/ disposal of property plant and equipment assets.

In 2021, an expense of RON 6,933,488 was written off because of uncertain receivables from some partners found in insolvency or bankruptcy. The related amount was fully provisioned previously.

In 2021, the line related to net income from adjustments for non-current assets includes the amount of RON 2,331,882 related to a resumption of impairment loss as a result of the removal of a tangible asset.

In 2020, the line related to adjustments for fixed assets includes the amount of RON 4,255,612, related to a resumption of an impairment loss related to the property owned by one of the Group's subsidiaries, Navrom River depending on the value in use, taking into account the new use as office space, not a hotel, in the context of leases already signed.

8. SUBCONTRACTORS EXPENSES

Subcontractor's expenses include expenses with third parties for the rendering of the transportation services.

9. NET FINANCE COST

An analysis of the Group's revenue from investments for the year is presented below:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---------------------------|------------------------------------|------------------------------------|
| Financial income | 226,850 | 421,120 |
| Bank fees and commissions | (649,577) | (532,834) |
| Interests on borrowings | (1,493,689) | (2,424,737) |
| Total | (1,916,416) | (2,536,451) |

The financial income relates to the interest gained by the Group for overdrafts and short-term deposits.

The interests on borrowings relate mainly to the loans received from Unicredit Bank SA by: TTS (Transport Trade Services) S.A., CNFR Navrom S.A., TTS Porturi Fluviale S.R.L., Canopus Star S.R.L., Navrom Bac S.R.L. and Fluvius kft, but also also to the overdraft received from Unicredit Bank and Citibank by: CNFR Navrom SA, de TTS (Transport Trade Services) S.A., Agrimol Trade S.R.L., Navrom Bac S.R.L., Navrom Shipyard S.R.L.

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10. INCOME TAX

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Current tax expense (note 10.2) | 12,742,973 | 11,035,313 |
| Expenses / (Income) with deferred tax recognized in the current year (note 10.1) | (266,668) | (206,679) |
| Total | 12,476,305 | 10,828,634 |

The tax rate applied for the reconciliation above for the years 2021 and 2020 is 16% in Romania.

10.1 Details regarding deferred tax

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Balance as at January 1 deferred tax liabilities | 7,785,872 | 7,992,551 |
| Deferred tax impact related to revaluation reserves | 1,867,091 | - |
| Expense / (Revenue) in the period: | | |
| - generated by the revaluation reserves | (266,668) | (206,679) |
| - borrowings and others | - | - |
| Total impact – Profit and Loss account | (266,668) | (206,679) |
| Total impact through comprehensive income | (266,668) | (206,679) |
| Balance as at December, 31 deferred tax liabilities | 9,386,295 | 7,785,872 |

10.2 Details regarding income tax

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|------------------------------------|------------------------------------|
| Profit before tax | 79,881,432 | 59,084,501 |
| Income tax calculated at 16% | 12,621,029 | 9,453,520 |
| Effects of the non-taxable expenses | 5,503,778 | 5,922,225 |
| Effects of income that are exempt from taxation | (4,038,588) | (4,546,446) |
| Effects of other elements similar to income | 242,435 | 206,013 |
| Current tax in respect of the current year before fiscal losses | - | - |
| Tax credit | (1,585,681) | - |
| Current tax in respect of the current year | 12,742,973 | 11,035,313 |

11. SEGMENT INFORMATION

The Group's core business is transportation of goods on the Danube and other complementary services related to the transportation of goods such as manipulation of goods, loading and unloading, storage.

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the type of activities - intermediation, river transport, operations services and other services (repairs of the transportation fleet, distribution of different goods (timber, oil, lubricants), hydro-construction, bunker services.

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11. SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segment:

| 2021 | Total | Forwarding | River transport | Port Operations | Other | Intersegments |
|--|--------------------|--------------------|------------------------|------------------------|-------------------|----------------------|
| Income | 598,812,025 | 418,519,372 | 315,914,917 | 89,515,050 | 74,839,043 | (299,976,357) |
| Merchandise sold | (44,074,060) | (384,342) | (1,637,722) | - | (42,126,306) | 74,310 |
| Raw materials and consumables | (79,679,908) | (192,800) | (68,708,573) | (8,648,170) | (2,571,699) | 441,334 |
| Depreciation and amortization | (61,586,646) | (2,865,850) | (42,167,095) | (13,837,840) | (2,715,861) | - |
| Packaging costs | (7,386) | - | (2,413) | (4,973) | - | - |
| Subcontractors expenses | (208,671,374) | (367,027,718) | (101,669,544) | (14,860,551) | (8,472,799) | 283,359,238 |
| Payroll expenses | (98,489,703) | (10,275,635) | (58,694,519) | (19,904,103) | (9,615,646) | 200 |
| Electricity, heating and water | (6,329,476) | (185,426) | (1,031,148) | (3,994,232) | (1,189,544) | 70,874 |
| Maintenance and repair expenses | (12,185,646) | (2,252,067) | (12,852,095) | (4,950,850) | (504,735) | 8,374,101 |
| Other administrative expenses | (23,417,816) | (7,081,020) | (10,668,112) | (8,139,267) | (2,854,504) | 5,325,087 |
| Other gains | 43,064,534 | 11,680,367 | 29,338,078 | 1,292,442 | 2,530,928 | (1,777,281) |
| Other loss | (27,531,905) | (10,215,710) | (16,088,410) | (867,711) | (4,305,450) | 3,945,376 |
| Total operating result | 79,902,639 | 29,719,171 | 31,733,364 | 15,599,795 | 3,013,427 | (163,118) |
| Net of financial investment (cost)/ income | 895,209 | | | | | |
| Net of finance (cost)/ income | (1,916,416) | | | | | |
| Profit of the year from continuing operations | 78,881,432 | | | | | |
| Income tax expenses | (12,476,305) | | | | | |
| Profit of the year | 66,405,127 | | | | | |

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11. SEGMENT INFORMATION (continued)

Segment revenue and results

| 2021 | Total | Forwarding | River transport | Port Operations | Other | Intersegments |
|--|-------------------|-------------------|------------------------|------------------------|--------------|----------------------|
| Other comprehensive (loss)/ income | 131,749 | | | | | |
| Total comprehensive income for the year, net of tax | 66,536,876 | | | | | |
| Profit of the year, | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the parent | 60,253,264 | | | | | |
| Non-controlling interests | 6,151,863 | | | | | |
| Total comprehensive income for the year, | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the parent | 60,253,264 | | | | | |
| Non-controlling interests | 6,151,863 | | | | | |

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11. SEGMENT INFORMATION (continued)

Segment revenue and results

| 2020 | Total | Forwarding | River transport | Port Operations | Other | Intersegments |
|--|--------------------|--------------------|------------------------|------------------------|--------------------|----------------------|
| Income | 520,286,096 | 393,436,582 | 294,256,801 | 68,500,267 | 47,740,468 | (283,648,022) |
| Merchandise sold | (17,612,706) | (1,424,880) | (1,471,980) | - | (14,715,846) | - |
| Raw materials and consumables | (68,089,411) | (618,129) | (54,101,674) | (6,368,722) | (6,997,887) | - |
| Depreciation and amortization | (51,993,771) | (2,575,167) | (33,136,318) | (13,428,276) | (2,854,010) | - |
| Packaging costs | (11,986) | - | (7,067) | (2,096) | (2,823) | - |
| Subcontractors expenses | (191,214,213) | (341,687,102) | (97,854,185) | (13,936,752) | (9,872,315) | 272,136,140 |
| Payroll expenses | (96,684,881) | (9,939,556) | (52,483,338) | (18,646,699) | (15,615,288) | - |
| Electricity, heating and water | (4,636,139) | (157,292) | (747,355) | (2,302,678) | (1,479,630) | 50,817 |
| Maintenance and repair expenses | (13,425,129) | (1,677,864) | (13,551,190) | (3,224,386) | (249,462) | 5,277,772 |
| Other administrative expenses | (22,373,308) | (6,877,820) | (10,130,229) | (8,117,215) | (2,629,364) | 5,381,319 |
| Other gains | 36,087,715 | 8,139,541 | 13,599,837 | 337,759 | 14,973,586 | (963,007) |
| Other loss | (28,086,329) | (6,991,910) | (11,830,603) | (981,722) | (9,792,078) | 1,509,985 |
| Total operating result | 62,245,940 | 29,626,403 | 32,539,698 | 1,829,481 | (1,494,647) | (254,995) |
| Net of financial investment (cost)/ income | (624,988) | - | - | - | - | - |
| Net of finance (cost)/ income | (2,536,451) | - | - | - | - | - |
| Profit of the year from continuing operations | 59,084,501 | - | - | - | - | - |
| Income tax expenses | (10,828,634) | - | - | - | - | - |
| Profit of the year | 48,255,867 | - | - | - | - | - |

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11. SEGMENT INFORMATION (continued)

Segment revenue and results

| 2020 | Total | Forwarding | River transport | Port Operations | Other | Intersegments |
|--|-------------------|-------------------|------------------------|------------------------|--------------|----------------------|
| Other comprehensive (loss)/income | (344,578) | - | - | - | - | - |
| Total comprehensive income for the year, net of tax | 47,911,289 | - | - | - | - | - |
| Profit of the year, | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the parent | 44,248,198 | - | - | - | - | - |
| Non-controlling interests | 4,007,669 | - | - | - | - | - |
| Total comprehensive income for the year, | | | | | | |
| Attributable to: | | | | | | |
| Equity holders of the parent | 43,903,620 | - | - | - | - | - |
| Non-controlling interests | 4,007,669 | - | - | - | - | - |

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11. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

The Group’s analysis of income and results from continued operations by reportable segments is presented below:

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 3.

| 2021 | TOTAL | Forwarding | River transport | Port Operations | Others | Intersegments |
|-----------------------|--------------|-------------------|------------------------|------------------------|---------------|----------------------|
| Total | 598,812,025 | 418,519,372 | 315,914,917 | 89,515,050 | 74,839,043 | (299,976,357) |
| Agricultural products | 172,204,757 | 138,762,287 | 73,451,168 | 58,595,051 | - | (98,603,749) |
| Chemical Products | 52,708,761 | 46,918,961 | 29,459,735 | 14,095,976 | - | (37,765,911) |
| Minerals | 226,577,950 | 185,352,350 | 175,366,822 | 11,287,183 | - | (145,428,405) |
| Other merchandise | 22,558,491 | - | 22,558,491 | - | - | - |
| Other services | 124,762,066 | 47,485,774 | 15,078,701 | 5,536,840 | 74,839,043 | (18,178,292) |
| 2020 | TOTAL | Forwarding | River transport | Port Operations | Others | Intersegments |
| Total | 520,286,096 | 393,436,582 | 294,256,801 | 68,500,267 | 47,740,468 | (283,648,021) |
| Agricultural products | 171,207,307 | 148,022,124 | 88,268,450 | 45,226,770 | - | (110,310,037) |
| Chemical Products | 45,143,789 | 42,288,781 | 28,383,101 | 10,178,070 | - | (35,706,163) |
| Minerals | 186,603,075 | 155,284,120 | 146,445,892 | 7,656,810 | - | (122,783,746) |
| Other merchandise | 15,485,084 | - | 15,485,084 | - | - | - |
| Other services | 101,846,841 | 47,841,557 | 15,674,274 | 5,438,617 | 47,740,468 | (14,848,075) |

Other services for the Other segment include mainly sales of goods, shipyards incomes, hydro-construction, bunker services.

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11. SEGMENT INFORMATION (continued)

Segment assets and liabilities

| | December 31, 2021 |
|----------------------------------|------------------------------|
| Segment assets 2021 | 2021 |
| Forwarding | 72,130,701 |
| River transport | 489,188,416 |
| Port operations | 181,914,624 |
| Others | 45,781,753 |
| Total segment assets | 789,015,494 |
| Assets held for sale | - |
| Unallocated assets | |
| Investment in the investee | 7,958,508 |
| Total assets | 796,974,002 |
| Segment liabilities | December 31, 2021 |
| Forwarding | 15,376,404 |
| River transport | 25,923,293 |
| Port operations | 6,911,420 |
| Others | 8,723,017 |
| Total segment liabilities | 56,934,134 |
| Unallocated liabilities | December 31, 2021 |
| Long-term borrowings | 26,815,528 |
| Deferred tax liabilities | 9,386,295 |
| Other non-current liabilities | - |
| Leasing | - |
| Short-term borrowings | 41,309,533 |
| Other current liabilities | - |
| Total liabilities | 134,445,490 |

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11. SEGMENT INFORMATION (continued)

Other segment information (continued)

| | December 31, 2020 |
|----------------------------------|------------------------------|
| Segment assets 2020 | 2020 |
| Forwarding | 75,163,265 |
| River transport | 434,123,426 |
| Port operations | 173,101,044 |
| Others | 60,840,614 |
| Total segment assets | 743,228,349 |
| Assets held for sale | - |
| Unallocated assets | |
| Investment in the investee | 7,596,793 |
| Total assets | 750,825,142 |
| Segment liabilities | December 31, 2020 |
| Forwarding | 15,609,439 |
| River transport | 34,864,670 |
| Port operations | 4,652,456 |
| Others | 8,530,222 |
| Total segment liabilities | 63,656,787 |
| Unallocated liabilities | December 31, 2020 |
| Long-term borrowings | 23,113,632 |
| Deferred tax liabilities | 7,785,872 |
| Other non-current liabilities | 369,503 |
| Leasing | 115,414 |
| Short-term borrowings | 50,801,555 |
| Other current liabilities | - |
| Total liabilities | 145,842,763 |

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, assets classified as held for sale and deferred tax assets
- all liabilities are allocated to reportable segments other than borrowings, other financial liabilities, leasing liabilities and deferred taxes

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11. SEGMENT INFORMATION (continued)

Other segment information

| Depreciation and amortization | 2021 |
|--------------------------------------|-------------------|
| Forwarding | 2,865,850 |
| River transport | 38,694,686 |
| Port operations | 13,685,641 |
| Others | 2,378,995 |
| | 57,625,172 |

| Additions to non-current assets net of commissioned assets from WIP | 2021 |
|--|-------------------|
| Forwarding | 486,363 |
| River transport | 67,941,007 |
| Port operations | 26,796,488 |
| Others | 2,019,829 |
| | 97,243,687 |

| Depreciation and amortization | 2020 |
|--------------------------------------|-------------------|
| Forwarding | 2,575,167 |
| River transport | 33,136,319 |
| Port operations | 13,428,276 |
| Others | 2,854,010 |
| | 51,993,772 |

| Additions to non-current assets net of commissioned assets from WIP | 2020 |
|--|-------------------|
| Forwarding | 2,211,051 |
| River transport | 54,261,855 |
| Port operations | 11,840,538 |
| Others | 1,293,791 |
| | 69,607,235 |

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12. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Plant and equipment | Ships | Fixtures and furniture | Tangible assets in progress and advances for fixed assets | Total |
|---|-------------------|--------------------|--------------------------------|--------------------|-----------------------------------|--|--------------------|
| COST | | | | | | | |
| Balance as at January 1, 2021 | 10,382,067 | 183,273,217 | 163,768,417 | 433,377,756 | 3,757,922 | 15,670,148 | 810,229,527 |
| Increases | - | 5,826,716 | 9,770,280 | 55,988,112 | 456,261 | 95,975,837 | 168,017,206 |
| Disposals | - | 129,166 | 2,324,982 | 3,667,692 | 160,699 | 71,132,984 | 77,415,523 |
| Revaluation impact reversal of depreciation | - | - | - | (119,885,770) | - | - | (119,885,770) |
| Net impact of revaluation | - | - | - | 13,949,948 | - | - | 13,949,948 |
| Balance as at December 31, 2021 | 10,382,067 | 188,970,767 | 171,213,715 | 379,762,354 | 4,053,484 | 40,513,001 | 794,895,388 |
| ACCUMULATED DEPRECIATIONS | | | | | | | |
| Balance as at January 1, 2021 | 156,337 | 44,730,617 | 91,917,258 | 87,254,702 | 2,475,417 | - | 226,534,332 |
| Depreciation and amortization | 12,579 | 9,454,691 | 15,931,119 | 35,174,789 | 385,869 | - | 60,959,047 |
| Disposals | - | 109,814 | 1,555,622 | 211,839 | 71,028 | - | 1,948,303 |
| Revaluation impact | - | - | - | (119,885,770) | - | - | (119,885,770) |
| Provision, reversal | - | - | 296,372 | 2,331,882 | - | - | 2,628,254 |
| Balance as at December 31, 2021 | 168,916 | 54,075,494 | 105,996,383 | - | 2,790,258 | - | 163,031,052 |
| NET BOOK VALUE | | | | | | | |
| As at December 31, 2020 | 10,225,730 | 138,542,599 | 71,851,158 | 346,123,055 | 1,282,505 | 15,670,148 | 583,695,195 |
| As at December 31, 2021 | 10,213,151 | 134,895,273 | 65,217,332 | 379,762,354 | 1,263,226 | 40,513,001 | 631,864,336 |

As at December 31, 2021 ships were revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach (coupled with an impairment analysis) and market value approach. The impact of the revaluation methods used was an increase of RON 14,987,140 and a decrease of RON 1,037,192. The line depreciation and amortization expense include the amount of RON 3,961,472 for non-current assets impairment, out of which RON 3,854,847 represents an additional impairment made to a building.

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Land | Buildings | Plant and equipment | Ships | Fixtures and furniture | Tangible assets in progress and advances for fixed assets | Total |
|--|-------------------|--------------------|------------------------|--------------------|---------------------------|--|--------------------|
| COST | | | | | | | |
| Balance as at January 1, 2020 | 9,631,811 | 160,934,885 | 149,084,502 | 386,475,673 | 3,597,053 | 35,810,296 | 745,534,220 |
| Increases | 1,037,341 | 22,558,815 | 16,732,477 | 48,769,721 | 432,731 | 65,913,031 | 155,444,117 |
| Disposals | 287,087 | 220,483 | 2,048,562 | 1,867,638 | 271,862 | 86,053,179 | 90,748,810 |
| Spin off cost | - | - | - | - | - | - | - |
| Held for sale reclassification | - | - | - | - | - | - | - |
| Revaluation impact | - | - | - | - | - | - | - |
| Balance as at December 31, 2020 | 10,382,067 | 183,273,217 | 163,768,417 | 433,377,756 | 3,757,922 | 15,670,148 | 810,229,527 |
| ACCUMULATED DEPRECIATIONS | | | | | | | |
| Balance as at January 1, 2020 | 140,931 | 43,444,582 | 78,496,005 | 57,971,532 | 2,376,979 | - | 182,430,028 |
| Depreciation and amortization | 15,406 | 5,690,892 | 14,561,351 | 30,636,409 | 356,461 | - | 51,260,519 |
| Disposals | - | 100,616 | 1,140,097 | 1,353,239 | 258,022 | - | 2,851,975 |
| Spin off effect depreciation | - | - | - | - | - | - | - |
| Revaluation impact | - | - | - | - | - | - | - |
| Provision | - | 4,304,240 | - | - | - | - | 4,304,240 |
| Balance as at December 31, 2020 | 156,337 | 44,730,617 | 91,917,258 | 87,254,702 | 2,475,417 | - | 226,534,332 |
| NET BOOK VALUE | | | | | | | |
| As at December 31, 2019 | 9,490,880 | 117,490,303 | 70,588,497 | 328,504,141 | 1,220,074 | 35,810,296 | 563,104,192 |
| As at December 31, 2020 | 10,225,730 | 138,542,599 | 71,851,158 | 346,123,055 | 1,282,505 | 15,670,148 | 583,695,195 |

As at December 31, 2017 ships were revalued by an ANEVAR member company, ELF Expert. The method used by the evaluator was the cost approach (coupled with an impairment analysis) and market value approach. The impact of the revaluation methods used was an increase of RON 72,116,901 and a decrease of RON 2,212,218.

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

As at December 31, 2021 the plant and equipment class (ships category) was revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach and market value approach. The impact of the revaluation methods used was an increase of 14,987,140 RON and a decrease of 1,037,192 RON. Total accumulated depreciation reversed amounts 119,885,770 RON

As at December 31, 2017 the plant and equipment class (ships category) was revalued by an ANEVAR member company, Elf Expert. The method used by the evaluator was the cost approach and market value approach. The impact of the revaluation methods used was an increase of 72,116,901 RON and a decrease of 2,212,218 RON.

The Group has recorded as at December 31, 2019, an impairment loss for fixed assets in amount of 6,108,502 RON for the hotel in Galati based on value in use fair value established through a valuation report and some ships owned by CNFR Navrom based on their current status. The impairment happened due to low usage of the hotel in the past years and low revenues estimated for the next years. During 2020, a reversal of 4,304,240 ron was recorded based on an update to the revaluation report due to change in value in use determined based on decision to use the hotel as offices and rent contracts signed already with some clients. The asset belongs to others segment.

13. GOODWILL

| COST | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---|---|
| | <u> </u> | <u> </u> |
| Balance at beginning of year | 3,846,603 | 3,846,603 |
| Combinations occurring during the year | - | - |
| Balance at end of year | 3,846,603 | 3,846,603 |

As at December 31, 2015, the goodwill was recognized for 2 of the subsidiaries consolidated: Canopus Star SRL in amount of RON 364,260 and TTS Porturi Fluviale SRL in amount of RON 348,882. During 2016, the Group invested in Plimsoll KFT, by buying 51% of its shares. Plimsoll KFT owns 100% of Fluvius KFT. In 2019, the Group acquired 100% of the company Port of Fajsz kft , Ungaria, resulting in an amount of RON 903.082.

The Group reviewed as at December 31, 2021 for impairment the goodwill and concluded that there is no need to adjust the amount booked based on management projections of cash flows for next periods.

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14. OTHER INTANGIBLE ASSETS

| | Other intangible assets | Total |
|---|------------------------------------|------------------|
| COST | | |
| As at December 31, 2019 | 6,250,751 | 6,250,751 |
| Additions | 216,297 | 216,297 |
| Disposals | 230,693 | 260,393 |
| As at December 31, 2020 | 6,236,355 | 6,236,355 |
| Additions | 359,463 | 359,463 |
| Disposals | 233,540 | 233,540 |
| As at December 31, 2021 | 6,362,278 | 6,362,278 |
| ACCUMULATED DEPRECIATION | | |
| As at December 31, 2019 | 3,730,497 | 3,730,497 |
| Amortization for the year | 733,253 | 733,253 |
| Amortization pertaining to disposals | 165,236 | 165,236 |
| As at December 31, 2020 | 4,298,514 | 4,298,514 |
| Amortization for the year | 627,597 | 627,597 |
| Amortization pertaining to disposals | 233,540 | 233,540 |
| As at December 31, 2021 | 4,692,571 | 4,692,571 |
| Net book value as at December 31, 2019 | 2,520,253 | 2,520,253 |
| Net book value as at December 31, 2020 | 1,937,840 | 1,937,840 |
| Net book value as at December 31, 2021 | 1,669,707 | 1,669,707 |

Management has analysed the impairment of the net book value of the tangible and intangible assets and decided that it is not necessary to calculate and record supplementary adjustments for their impairment, as the value in use exceeds the carrying amounts at which they are reflected in the financial position as at December 31, 2021 and December 31, 2020.

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15. INVESTMENTS IN ASSOCIATES

| <u>Name of investment</u> | <u>Core business</u> | <u>Holding percentage 12/31/2021</u> | <u>Cost of the investment 12/31/2021</u> | <u>Post- acquisition change in the investor's share of net assets of the investee</u> | <u>Carrying amount of the investment 12/31/2021</u> | <u>Cost of the investment 12/31/2020</u> | <u>Post- acquisition change in the investor's share of net assets of the investee</u> | <u>Carrying amount of the investment 12/31/2020</u> |
|--|-------------------------------|--|--|---|---|--|---|---|
| | | % | RON | RON | RON | RON | RON | RON |
| Transterminal-S S.R.L. | Transport feroviar de marfă | 20% | 147,339 | 4,669,596 | 4,816,935 | 147,339 | 4,317,259 | 4,464,598 |
| Navrom Port Service S.A. | River transportation of goods | 49.97% | 878,700 | 2,178,446 | 3,057,146 | 878,700 | 2,169,530 | 3,048,230 |
| For Serv Drum S.R.L. | | 30% | 559,493 | (559,493) | - | 559,493 | (559,493) | - |
| Alte investiții | | | 84,427 | | 84,427 | 83,965 | | 83,965 |
| TOTAL VALUE OF THE INVESTMENT IN THE ASSOCIATES | | | | | 7,958,508 | | | 7,596,793 |

Investment in associates is accounted using the equity method, putting through profit and loss the share of the result of the associate belonging to the Group. The Group exerts significant influence over the associates.

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16. OTHER LONG-TERM ASSETS

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|-----------------------|---|---|
| Long term receivables | 3,336,998 | 4,101,983 |
| Total | 3,336,998 | 4,101,983 |

As at December 31, 2021 long-term receivables is included the value to be recovered from Europolis RON 3,336,998 (2020: RON 4,101,983) related to the sale of fixed assets.

17. INVENTORIES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---------------------------------|---|---|
| Consumables | 20,375,608 | 16,572,646 |
| Small tools | 1,013,637 | 712,776 |
| Goods | 8,443,995 | 3,748,635 |
| Goods with third parties | 214,276 | 364,945 |
| Work in progress- | 2,875,948 | 4,715,119 |
| Services in progress- | 3,932,050 | 2,077,262 |
| Packages | 7,804 | 7,788 |
| Impairment of materials | (3,480,081) | (2,525,595) |
| Impairment for work in progress | (2,071,334) | (2,071,334) |
| Impairment for small tools | (328,859) | (611,365) |
| Impairment of packages | (618) | (618) |
| Total | 30,982,426 | 22,990,259 |

The line consumables contains mainly fuel used by the ships and cranes in the transportation operations.

The work in progress line is related mainly to the construction in progress of ships from Navrom Shipyard SRL and Cernavoda Shipyard SRL.

18. TRADE AND OTHER RECEIVABLES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---|---|
| Trade receivables | 67,058,428 | 74,552,043 |
| Allowance for doubtful receivables | (21,313,105) | (23,112,964) |
| Advances paid to suppliers of services | 2,017,369 | 3,193,180 |
| Other receivables | | 42,486 |
| Total | 47,762,692 | 54,674,745 |

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18. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for **doubtful debts**:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|------------------------------------|------------------------------------|
| Balance at the beginning of the year | 23,112,964 | 24,250,743 |
| Write off bad debts | (6,933,488) | (474,613) |
| Recovered/Constituted | 5,133,629 | (663,166) |
| Balance at the end of the year | 21,313,105 | 23,112,964 |

In determining the recoverability of a trade receivable, the Entity considers any change in the crediting quality of the loan up to the reporting date. The concentration of the recoverability risk of the receivable is limited due to the existence of a big number of non-affiliated clients. Thus, the management considers that no supplementary impairment adjustments are necessary for trade receivables to the ones already recognized in the current financial statements.

19. OTHER CURRENT ASSETS

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Amounts paid in advance | 1,287,872 | 1,764,505 |
| Sundry debtors | 10,602,185 | 12,847,808 |
| Allowance for sundry debtors | (8,322,392) | (10,769,495) |
| Taxes receivable from state budget (VAT) | 4,468,575 | 7,730,825 |
| Other current assets | 2,615,698 | 5,247,552 |
| Total | 10,651,938 | 16,821,195 |

Sundry debtors mainly includes sundry debtors from Comcereal SA in amount of RON 3,565,113, For Serv Drum S.R.L. in amount of RON 2,659,946, Masini-Hibrid Construct S.R.L. in amount of RON 749,953. All the mentioned amounts are also included in the allowance for sundry debtors. Another amount included in sundry debtors is also from the sale of two ships to Europolis.

Ageing analysis details of trade receivables is presented below:

| Year | Total | Not due | 0-30 days | 30-90 days | 91-180 days | 181-365 days | over 365 days (net of allowance) |
|-------------|------------|------------|------------|------------|-------------|--------------|-------------------------------------|
| 2021 | 58,414,630 | 39,651,649 | 14,770,597 | 1,480,779 | 864,770 | 458,353 | 1,188,482 |
| 2020 | 71,495,940 | 40,528,799 | 21,971,446 | 3,212,999 | 1,154,760 | 2,984,017 | 1,643,919 |

The average credit period on sales invoices is 45-60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% for all receivables past 270 days past due because historical experience has indicated these receivables are generally not recoverable.

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19. OTHER CURRENT ASSETS (continued)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g. when the debtor has been placed under liquidation.

The following table details the risk profile of amounts due from customers based on Group’s provision matrix. As the Group’s historical credit loss experience does not show significantly different patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between Group’s different customer base:

| | <u>December 31,</u> <u>2021</u> | <u>December 31</u> <u>2020</u> |
|--|------------------------------------|-----------------------------------|
| Expected total gross carrying amount at default amounts not past due | 39,651,649 | 40,528,799 |
| Net carrying amount | 39,651,649 | 40,528,799 |

20. ASSETS HELD FOR SALE

As at December 31, 2021 The Group has no assets held for sale.

21. ISSUED CAPITAL

| | <u>Number of shares</u> | <u>Share capital</u> |
|--|-------------------------|----------------------|
| Balance at 31 December, 2019 | 30,000,000 | 31,739,602 |
| No shares after reduction of the nominal value | | |
| Issue of shares | - | - |
| Balance at 31 December, 2020 | 30,000,000 | 31,739,602 |
| No shares after reduction of the nominal value | | |
| Issue of shares | | |
| Balance at 31 December, 2021 | 30,000,000 | 31,739,602 |

On April 28, 2020, the Extraordinary Shareholders meeting decided to settle the negative equity recognized as result of redemption of their own shares amounting RON 27,778,063 with reserves in amount of RON 5,138,376 and RON 22,639,686 from retained earnings.

By GMS Resolution no. 3 from March 2021, the shareholders approved the sale by the initial public offer 15,000,000 shares and the admission to trading on the stock market administered by the Bucharest Stock Exchange. By decision of ASF No 650 of 19.05.2021, the prospectus for the secondary initial public offer for the sale of 15,000,000 shares issued by TTS (Transport Trade Services) S.A. was approved together with admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A., a public offer from 24.05.2021 to 04.06.2021.

The shares issued by TTS (Transport trade Services) S.A. were admitted to be traded on the stock market administered by the Bucharest Stock Exchange, the first trading day was June 14, 2021, TTS issuer symbol.

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21. ISSUED CAPITAL (continued)

As at 31 December 2021, the Company’s shareholding structure is as follows:

| Shareholding structure | No. of shares | Share |
|--|----------------------|--------------|
| Mihailescu Alexandru Mircea | 7,578,150 | 25.2605% |
| NN Group NV | 3,053,668 | 10.1800% |
| Stanciu Ion | 2,121,200 | 7.0700% |
| Aegon Pensii - Societate de Administrare a Fondurilor de Pensii Private SA | 1,937,009 | 6.4600% |
| Paval Holding SRL | 1,600,000 | 5.3300% |
| Utilico Emerging Markets PLC | 1,500,000 | 5.0000% |
| Other shareholders | 12,209,973 | 40.6995% |
| Total | 30,000,000 | 100% |

As at 31 December 2020, the Company’s shareholding structure is as follows:

| Shareholding structure | No. of shares | Share |
|-------------------------------|----------------------|--------------|
| Mihailescu Alexandru Mircea | 15,120,000 | 50.4000% |
| Stanciu Ion | 4,242,400 | 14.1413% |
| Stefan Viorel | 3,030,300 | 10.1010% |
| Peter Hungerbuhler | 2,757,300 | 9.1910% |
| Hartan Constantin | 1,515,150 | 5.0505% |
| Stefanut Petru | 909,100 | 3.0303% |
| Petrea Silviu Catalin | 453,050 | 1.5102% |
| Stefan Jancovschi Daniel | 453,050 | 1.5102% |
| Stoean Antonio Gabriel | 453,050 | 1.5102% |
| Moldoveanu Aurel Florin | 303,050 | 1.0102% |
| Simion Daniela Camelia | 303,050 | 1.0102% |
| Alexandrescu Florin | 153,500 | 0.5117% |
| Cismec Aurelia Mihaela | 153,500 | 0.5117% |
| Miron Mihaela | 153,500 | 0.5117% |
| Total | 30,000,000 | 100% |

The inflated value of the share capital (resulting from hyperinflation in the past) at 31 December 2021 is RON 31,739,602 (2020: RON 31,739,602).

22. RESERVES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|----------------------|---|---|
| Legal reserves | 6,000,000 | 6,000,000 |
| Revaluation reserves | 75,977,018 | 63,894,161 |
| Share premiums | - | - |
| Other reserves | 157,691,107 | 153,627,853 |
| Total | 239,668,125 | 223,522,014 |

The main lines from reserves are related to the profits generated by the Group and from redemption of own shares that were transferred to reserves which can be used according to the fiscal regulations (other reserves are available to distribution to shareholders, legal reserves are available only to cover retained losses).

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23. NON-CONTROLLING INTERESTS

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---|------------------------------------|------------------------------------|
| Balance at 1 January | 105,299,772 | 102,215,785 |
| Share of profit for the year | 6,151,863 | 4,007,669 |
| Increase/ (Decrease) of the Non-controlling interest - contribution | (5,106,617) | (923,682) |
| Balance at 31 December | 106,345,018 | 105,299,772 |

24. INTEREST BEARING LOANS AND BORROWINGS

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|------------------------------------|------------------------------------|
| Secured borrowings | | |
| Short-term borrowings | 25,471,290 | 26,074,928 |
| Current part of long term borrowings | 15,838,243 | 24,726,627 |
| Long-term borrowings | | |
| Long-term borrowings | 26,815,528 | 23,113,632 |
| Total short- and long-term borrowings | 68,125,061 | 73,915,187 |

The variation in interest bearing loans and borrowings mainly refers to changes from financing cash flows.

TTS (Transport Trade Services) SA has the following loans contracted from Unicredit Bank SA:

Short term:

- Overdraft and bank letters of guarantee in amount of EUR 1,500,000, due on January 31, 2023, not drawn at December 31, 2021.
- Treasury line with a total value of 1,000,000 EUR, with a maturity date on 31.01.2023. The line is not used as at 31.12.2021
- As at December 31, 2021 the 7.000.000 EUR loan is fully paid (2020: outstanding balance EUR 1.750.000).

All loans from Unicredit Bank are secured by the mortgage on the buildings owned by the Company in Vaselor Street no. 27, the land in Bucharest, Silos in Giurgiu.

The following covenants were mentioned in the contract:

- Current ratio must be over 1
- Debt Service ratio over 1.1
- 70% of the annually turnover is to be routed through its current accounts.
-

The Company complies with the above covenants as at December 31, 2021.

The Company contracted a credit line in amount of EUR 1,000,000 from Citibank Europe PLC, Dublin-Romania Branch as per contract 8212/CB/2017 with automatic renewal for periods of 1 year, not drawn at December 31, 2021.

The Company it also warranting for the credit agreements concluded by its subsidiaries with Unicredit Bank S.A. and Citibank, respectively for CNFR Navrom S.A., Canopus Star S.R.L. (up to 51% under the share capital), TTS Porturi Fluviale S.R.L., Agrimol Trade S.R.L., Navrom Shipyard S.R.L and Fluvius kft.

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24. INTEREST BEARING LOANS AND BORROWINGS (continued)

Amounts due to credit institutions (continued)

CNFR Navrom has the following loans contracted from Unicredit Bank SA:

Short term:

- multi-purpose credit facility (umbrella with Navrom River) with an outstanding amount of RON 3,051,310, out of which the total amount drawn as at December 31, 2021 was EUR 801,908. The maximum available ceiling is EUR 3,000,000. The due date is January 31, 2023 for amounts drawn as overdrafts
- Treasury line with a total value of EUR 1,000,000 unused at December 31, 2021.

Long term:

- an investment loan to refinance the expenses related to the modernization of the pushers, the purchase and installation of barge hatches, loan guaranteed by TTS (Transport Trade Services) S.A. The loan value is EUR 3,000,000, (equivalent: RON 14,748,000) reimbursable in RON in 60 monthly instalments; the outstanding amount as at December 31, is RON 13,222,345, out of which the short-term RON 3,051,310, and the long-term RON 10,171,035.

The loans are secured by:

- mortgage on the real estate property of Navrom – land located in Galati on Strada Portului nr. 23, lot 2-5, Galati county;
- mortgage on the receivable of Navrom against debtor Arcelor Mittal;
- fidejussion issued by TTS;
- mortgage on all the receivables, bank accounts, collateral account.

CNFR Navrom registers the following loan contracts from Citibank:

- long term loan to finance the upgrading of the fleet and extension of its capacity, regarding the ships held. The amount granted is EUR 6,500,000 of which as at December 31, 2021 the company used EUR 1,368,421 equivalent of RON 6,771,084.
- overdraft loan available in RON and EUR – the maximum amount available is EUR 2,000,000 with an outstanding amount at December 31, 2021 of RON 6,609,892 equivalent of EUR 1,335,844.
- Treasury line with a total value of EUR 700,000 to be used as follows: EUR 400,000 EUR for hedging operations swap on debt rate and EUR 300,000 for hedging operations on exchange rate. The line is not used as at 31.12.2021

On October 15, 2013, Canopus Star SRL signed an agreement with Royal Bank of Scotland (RBS) for financing the ongoing investment of Canopus for extension of the deposit capacity of cereal terminal from Constanta harbour. Total value of the credit facility was of EUR 11,500,000, having a maturity date on August 31, 2018.

The loan was transferred during 2015 to Unicredit Bank SA and afterwards to Citibank Europe plc Dublin, in June 2016. Total value of credit facility is EUR 9,187,500, with the following destination:

- EUR 7,187,500 are related to refinancing of exposure to Unicredit Bank SA due in 31 May 2021, fully paid as at December 31, 2021 (outstanding at 31.12.2020 was EUR 718,750, equivalent of RON 3,499,866);
- EUR 2,000,000 are related to a credit line for treasury transaction (IRS transaction or swap on interest), not used at December 31, 2021.
-

In accordance with the contract with Citi Bank the following have to be complied by Canopus as of December 31, 2021:

- 80% of the annually turnover is to be routed through its current accounts
- total interest bearing debts divided by EBITDA of not more than 3
- total debt divided by equity of not more than 0.5
- Debt Service ratio of at least 1.20
- notification of Bank in case of change in shareholder structure

The Company complies with the above covenants as at December 31, 2021.

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24. INTEREST BEARING LOANS AND BORROWINGS (continued)

Amounts due to credit institutions (continued)

Fluvius KFT contracted a loan from Citibank due on October 31, 2025 to refinance lease balances. At December 31, 2021 the outstanding amount is EUR 2,187,500, (equivalent of RON 10,823,969) of which: short term EUR 125,000 (RON 618,513) and long term EUR 2,062,500 (RON 10,205,456).

In 2019 Fluvius kft received a loan of EUR 300,000 out of which EUR 25,000 (equivalent RON 123,703) on short term and long term the amount of EUR 275,000 (RON 1,360,728).

As at August 5, 2021, TTS Porturi Fluviale S.R.L. signed a loan agreement with Citibank in amount of EUR 1,500,000 used for the increase of the storage capacity and improvement of the terminals held in the Danube ports. As of December 31, 2021, the balance amount of the loan is EUR 1,342,105 (equivalent: RON 6,640,870).

The subsidiary has also an overdraft line in amount of EUR 500,000 and a treasury facility for EUR 100,000, both unused at December 31, 2021.

In 2019, Navrom Bac S.R.L contracted an investment loan from Citibank, EUR 1,500,000, the outstanding amount as at December 31, 2021 is EUR 750,000 (RON: 3,711,075) on short term.

Navrom Shipyard SRL has contracted a multi-purpose credit guarantee in amount of EUR 2,300,000 from Unicredit Bank of which the value used at December 31, 2021 is EUR 1,497,088 equivalent of RON 7,407,741.

At December 31, 2021, Agrimol Trade SRL had one non-binding credit facility in maximum approved amount of EUR 1,500,000 for working capital, drawings in USD, EUR or RON. The outstanding amount as at December 31, 2021 is USD 1,174,905 equivalent of RON 5,135,158.

As at September 2, 2021, Superquatro Grup S.R.L. contracted from Unicredit Bank a treasury line maximum amount of RON 2,000,000 used for financing execution works representing improvement of port infrastructure. As of December 31, 2021, the outstanding balance is RON 868,000.

25. TRADE AND OTHER PAYABLES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|--|---|---|
| Trade payables | 23,881,151 | 26,580,325 |
| Payables regarding invoices to receive | 3,408,397 | 1,304,093 |
| Advance payments from customers | 2,611,569 | 1,019,267 |
| Total | 29,901,117 | 28,903,685 |

26. PROVISIONS

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|----------------------------------|---|---|
| Provisions for risks and charges | 1,534,564 | 5,008,685 |
| Total | 1,534,564 | 5,008,685 |

As of December 31, 2021, the amount of RON 1,534,564 represents a provision for unpaid holidays.

As of December 31, 2020, the line “Provisions for risks and expenses” includes the amount of RON 3,119,511 with the partner APDF Galați related to the price differences currently in dispute and also RON 1,159,040 for the risk related to a sale transaction with Cristalmin. During 2021, the provision for litigation was reversed following a final court decision.

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27. OTHER CURRENT LIABILITIES

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|----------------------------------|------------------------------------|------------------------------------|
| | <i>RON</i> | <i>RON</i> |
| Employees related payables | 6,558,266 | 5,319,300 |
| Social security payable | 3,232,643 | 3,263,018 |
| Income tax payable | 1,878,337 | 3,646,963 |
| Tax on salaries payable | 765,519 | 740,578 |
| Interest payable | 52,080 | 51,836 |
| Other non-commercial liabilities | 6,841,688 | 7,693,414 |
| Liabilities related to VAT | 1,712,595 | 2,292,350 |
| Sundry creditors | 4,065,167 | 6,736,958 |
| Total | 25,106,295 | 29,744,417 |

Other non-commercial liabilities include: RON 6,321,178 (2020: RON 6,647,451) subsidies for fixed assets. During 2020, an amount of RON 5,457,561 was cashed in as subsidies for fixed assets by Navrom Bac.

The grant received is related to an investment made by Navrom Bac as a subsidy for an equipment. The grant was recognized as result of meeting the financing criteria. The liabilities in relation to subsidies for fixed assets are released to income (presented as other income in PL caption Other Gains and Losses of RON 187,526 (2020:RON 217,897) during the useful period of the assets acquired as the depreciation expense is recorded.

28. FINANCIAL INSTRUMENTS

a) Capital management

The Group manages its capital in order to make sure that it can continue as a going concern also ensuring a maximization of the shareholders' wealth by optimizing the balance of liabilities and equity.

The equity structure of the Group comprises of liabilities, which include the borrowings presented in note 24.

Equity includes share capital, reserves and retained earnings, as disclosed in notes 21 and 22.

The Group is not subject to any externally imposed capital requirements.

The Group monitors the equity based on gearing. Gearings is calculated as long term borrowings divided to net worth. Net worth is calculated as "Equity and reserves" as reported in the statement of financial position.

Gearing as at December 31, 2021 and December 31, 2020 was the following:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|---------------------------|------------------------------------|------------------------------------|
| Long term borrowings | 26,815,528 | 23,113,632 |
| Total equity and reserves | 556,183,494 | 499,682,605 |
| Gearing | 4.82% | 4.63% |

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28. FINANCIAL INSTRUMENTS (continued)

b) Foreign currency risk

The Group is exposed to fluctuations in the foreign exchange rates in the commercial and financing transactions. Foreign currency risk results from the recognized assets and liabilities, including borrowings, expressed in foreign currencies. Due to the high costs associated, the Group's policy is not to use derivatives to hedge this risk.

c) Interest rate risk management

The interest rate risk at fair value is the risk that the value of a financial instrument should fluctuate due to the variations in the market interest rates. Financial instruments are interest bearing at market rates and, as a result, it is considered that their fair values do not differ significantly from their book values.

d) Credit risk management

The Group is exposed to a credit risk due to its trade receivables and other receivables. The Group has policies in place meant to ensure that the sales are made to the clients with proper payment history. The due date of the liabilities is carefully monitored and the amounts outstanding after the expiration of the due date are promptly pursued. Trade receivables (clients) are presented net of the adjustments for the impairment of doubtful receivables. The Group develops policies that limit the value of the credit exposure to any financial institution.

e) Liquidity risk management

A prudent liquidity risk management involves maintaining sufficient cash and credit lines available, a continuous monitoring of the estimated and actual cash flow and correlation of the due dates of the financial assets and liabilities. Due to the nature of its business, the Group intends to be flexible in respect of the financing options with the support of the majority shareholder.

f) Fair value of the financial instruments

The fair values of the financial assets and liabilities are determined as follows:

- the fair value of the financial assets and liabilities under standard terms and conditions and traded active and liquid and active market is determined by reference to the listed market rates;
- the fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with the generally accepted price models, based on the analysis of the discounted cash flows, using prices from observable current market transactions; and
- the fair value of the derivatives is calculated using the listed prices. Where such prices are not available, the analysis of the discounted cash flows is applied using the yield curve applicable to derivatives that do not include options and option evaluation models for the derivatives based on options.

The financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short and long-term borrowings and other liabilities. The estimated fair values of these instruments approximate their book values. The book values represent the maximum exposure of the Company to the credit risk related to the existent receivables.

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28. FINANCIAL INSTRUMENTS (continued)

The carrying amounts of the Group’s currencies expressed in monetary assets and liabilities as at the reporting date are the following:

| 2021 | EUR | USD | HUF | GBP | RON | 31-Dec-21 |
|--------------------------------------|---------------------|-------------------|--------------------|----------------|-------------------|--------------------|
| | 1 EUR =4.9841 | 1 USD = 4.3707 | 100 HUF =1.3391 | 1 GBP = 5.8994 | 1 | Total |
| | RON | RON | RON | RON | RON | RON |
| ASSETS | | | | | | |
| Cash and cash equivalents | 11,730,537 | 3,617,165 | 817,573 | 1,520 | 42,733,999 | 58,900,794 |
| Receivables and other current assets | 16,597,722 | 11,442,314 | 2,491,321 | - | 27,883,273 | 58,414,630 |
| Other long-term receivables | - | - | - | -- | - | - |
| LIABILITIES | | | | | | |
| Trade payables and other payables | (17,011,069) | (5,773,156) | (10,156,385) | - | (22,066,802) | (55,007,412) |
| Short- and long-term borrowings | (38,170,705) | (5,135,158) | (148,541) | - | (24,670,657) | (68,125,061) |
| Net balance sheet exposure | (26,853,515) | 4,151,165 | (6,996,032) | 1,520 | 23,879,813 | (5,817,049) |
| | | | | | | |
| 2020 | EUR | USD | HUF | GBP | RON | 31-Dec-20 |
| | 1 EUR =4.8694 | 1 USD = 3.9660 | 100 HUF =1.3356 | 1 GBP = 5.4201 | 1 | Total |
| | RON | RON | RON | RON | RON | RON |
| ASSETS | | | | | | |
| Cash and cash equivalents | 19,188,643 | 3,626,527 | 724,519 | 117 | 31,620,724 | 55,160,530 |
| Receivables and other current assets | 39,956,222 | 12,114,160 | 1,990,693 | - | 17,434,865 | 71,495,940 |
| Other long-term receivables | - | - | - | - | - | - |
| LIABILITIES | | | | | | |
| Trade payables and other payables | (30,840,716) | (2,788,568) | (3,037,904) | (4,878) | (21,976,036) | (58,648,102) |
| Short- and long-term borrowings | (73,644,649) | - | - | - | (270,538) | (73,915,187) |
| Net balance sheet exposure | (45,340,500) | 12,952,119 | (322,692) | (4,761) | 26,809,015 | (5,906,819) |

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28. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

The Group is mainly exposed to the variations in the foreign exchange rates of EUR and USD against RON, The table below details the Group's sensitivity to a 10% increase or decrease of EUR / USD against RON, 10% is the sensitivity rate used when the internal reporting of the FX risk is made to the top management and represents the management's estimate regarding the reasonably possible changes in the FX rates, Sensitivity analysis includes only the remaining currency expressed in the monetary elements and adjust the translation at the end of the period for a 10% change in the FX rates, In the following table, a negative value indicates a decrease in profit when RON is impaired by 10% as against EUR / USD. A 10% increase of RON against EUR / USD would have an equal and contrary impact on profit and other equity and the balances below would be positive. The changes will be attributable to the exposures pertaining to the borrowings in EUR and USD at year-end.

The exchange rates as at December 31, 2021 and as at December 31, 2020 are:

| | December 31, 2021 | December 31, 2020 |
|----------------|---|---|
| EUR | 4.9481 | 4.8694 |
| USD | 4.3707 | 3.9660 |
| | Year ended December 31, 2021 | Year ended December 31, 2020 |
| Profit or loss | (2,969,685) | (3,271,583) |

The impact on the result according to each currency is the following:

| Currency | Year ended December 31, 2021 | Year ended December 31, 2020 |
|-----------------|---|---|
| EUR | (2,685,351) | (4,534,050) |
| USD | 415,117 | 1,295,212 |
| HUF | (699,603) | (32,269) |
| GBP | 152 | (476) |
| Total | (2,969,685) | (3,271,583) |

Tables regarding the liquidity risk and interest rate risk

The following tables detail the periods to the due dates of the financial liabilities of the Group.

The tables have been prepared based on the cash flows not updated of the financial liabilities as at the nearest date when the Group can be required to pay. The table includes both the interest and the cash flows pertaining to equity.

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28. FINANCIAL INSTRUMENTS (continued)

| 2021 | Less than 1 year | 1 – 2 years | 2 - 5 years | Total |
|--|-----------------------------|------------------------|--------------------|--------------|
| <i>Not bearing interest</i> | | | | |
| Trade payables and other current payables | 55,007,412 | - | - | 55,007,412 |
| Receivables and other current assets | 58,414,630 | - | - | 58,414,630 |
| Other long-term receivables | - | 3,336,998 | - | 3,336,998 |
| <i>Interest bearing instruments</i> | | | | |
| Long- and short-term borrowings | 41,309,533 | 7,799,608 | 19,015,920 | 68,125,061 |
| Cash and cash equivalents | 58,900,794 | - | - | 58,900,794 |
| | | | | |
| 2020 | Less than 1 year | 1 – 2 years | 2 - 5 years | Total |
| <i>Not bearing interest</i> | | | | |
| Trade payables and other current payables | 58,648,102 | - | - | 58,648,102 |
| Receivables and other current assets | 71,495,940 | - | - | 71,495,910 |
| Other long-term receivables | - | 4,101,983 | - | 4,101,983 |
| <i>Interest bearing instruments</i> | | | | |
| Long- and short-term borrowings | 50,801,555 | 13,313,964 | 9,799,668 | 73,915,187 |
| Cash and cash equivalents | 55,160,530 | - | - | 55,160,530 |

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28. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| December 31, 2021 | 1% increase | 1% decrease |
|--|--------------------|--------------------|
| Long and short term borrowings | (681,251) | 681,251 |
| Financial liabilities interest sensitivity | (681,251) | 681,251 |
| | | |
| December 31, 2020 | 1% increase | 1% decrease |
| Long and short term borrowings | (739,152) | 739,152 |
| Financial liabilities interest sensitivity | (739,152) | 739,152 |

29. CASH AND BANK ACCOUNTS

For the purposes of the cash flow statement, cash and cash equivalents include petty cash and bank accounts, Cash and cash equivalents at the end of the financial year, as presented in the cash flow statement can be reconciled with balance sheet elements as follows:

| | Year ended December 31, 2021 | Year ended December 31, 2020 |
|------------------|---|---|
| Cash in banks | 52,595,148 | 52,982,792 |
| Petty cash | 263,889 | 295,080 |
| Cash equivalents | 6,041,757 | 1,882,658 |
| Total | 58,900,794 | 55,160,530 |

30. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Taxation

Taxation system in Romania is still developing trying to consolidate and harmonize with the European legislation. In this respect, there still are various interpretations of the tax laws. In certain cases, tax authorities may treat differently certain aspects and calculate supplementary taxes and levies and related interests and penalties.

In 2021, the interest value is 0.02% for each day of delay; the delay penalties are 0.01% for each day of delay.

In Romania, the fiscal year stays open for verifications during 5 years. The management estimates that the tax liabilities included in these financial statements are adequate.

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30. COMMITMENTS AND CONTINGENCIES (continued)

Contingent liabilities (continued)

Taxation (continued)

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the tax regime of items of equity which have not been subject to income tax as at their accounting registration, due to their nature, should the Company change the destination of revaluation reserves (by covering losses or allocation to shareholders), it will incur additional income tax liabilities

Environmental matters

Environmental regulations are developing in Romania, and the Company did not register any liabilities as at December 31, 2021 or December 31, 2020 for any estimated costs, including legal and consulting fees, site surveys, the design and implementation of recovery plans as regards the environment.

Transfer prices

The tax regulations in Romania regarding transfer pricing have been established in Romania starting with the year 2000. The current legal frame defines the concept of „market price” for transactions between related parties as well as the methods to establish transfer prices. As a result, it is possible that the fiscal authorities start detailed verifications of the transfer prices, to insure that the fiscal result and/or the customs value of the imported goods are not affected by the prices used in transactions with related parties. The Company cannot assess the result of this verification, but the management considers that the Company does not have a significant exposure from this point of view, as there are documentations for the price transfers for the previous period, that will be further updated.

31. AUDIT FEES

The auditor of the Company is Deloitte Audit SRL.

The fee for the audit of the Group's consolidated financial statements as of 31 December 2021 prepared in accordance with the International Financial Reporting Standards adopted by the European Union and the audit of the individual financial statements as of 31 December 2021 prepared in accordance with the International Financial Reporting Standards adopted by the European Union (Transport Trade Services) SA amounted to EUR 87,500, excluding VAT and other expenses.

The fee for other insurance services performed in 2021 was in the amount of 7,000 EUR, excluding VAT

32. SUBSEQUENT EVENTS

During 2022, the Board of Directors convoked the GMS for April 1, 2022 with the proposal to approve the increase of the share capital with the amount of RON 30,000,000 by partially incorporating the undistributed profit from previous years (deferred result), with the issue in return of new shares and their free distribution to shareholders with an allocation rate of 1 newly issued share for each share held.

The ongoing military operation in Ukraine and related sanctions against the Russian Federation could have an impact on European economies as well as globally. The entity has no direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require a revision of certain assumptions and estimates.

In terms of exposure, the TTS Group has no financial exposure, no assets or agencies or branches in Ukraine or Russia. The TTS Group has also no trade relations with Russian companies and has insignificant contractual relations in weight with Ukrainian companies (especially through the ferry services provided by the Group at the Isaccea-Orlivka border crossing).

From a commercial point of view, in 2022 ongoing contracts for goods from Ukraine represent about 3% of total consolidated revenues (excluding raw materials for the Liberty Steel Galati steel plant), while contracts for goods from Russia represent about 2% of total consolidated revenues.

At the date of financial statements, the contracts are executed in the proportion of 17-25%. Fertilizers (with an extremely low weight of 1%), as well as raw materials from Ukraine, are currently completely shut down. However, these categories of goods in Russia are not yet subject to a transport ban, neither by the EU nor by Russia. Regarding the assets allocated under the TTS Group for the execution of contracts for goods from Ukraine and Russia, they have already been reallocated to other flows of goods, in particular via the port of Constanta.

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As for raw materials and finished steel products from Ukraine and Russia, destined for various countries in the Danube basin, they will certainly be replaced by products from nearby areas (Turkey, Egypt, the Caspian Sea) or from countries farther away. Most of these freight flows will inevitably pass through Constanța and then the Danube. As for goods from Ukraine, as in the case of agricultural products, alternative routes are being sought for exports from Ukraine.

At this stage, management cannot reliably estimate the impact, as events unfold on a day-to-day basis. The longer-term impact may affect profitability because of rising prices in general and energy prices in particular. At the date of these financial statements, the TTS Group is operating normally, the contractual obligations are being fulfilled as they mature and, therefore, the continuity of the activity is in full safety.

These consolidated financial statements have been approved by the Board of Directors, and authorized to be issued on March 28, 2022 by:

ȘTEFĂNUȚ PETRU
GENERAL DIRECTOR

NICOLETA FLORESCU,
FINANCIAL DIRECTOR

TTS 2021 (c)

Report of the Board of Directors on the
consolidated financial statements of
TTS (TRANSPORT TRADE SERVICES) SA for 2021

Annual report according to Annex 15, FSA Regulation no. 5/2018

based on consolidated financial statements drawn up in accordance with International Financial Reporting Standards as adopted by the European Union

For the financial year
2021

Date of report
25.03.2022

Name of company:
TTS (Transport Trade Services) SA

Registered office:
Str. Vaselor nr. 27, sector 2, Bucharest, Romania

Unique registration code
EN 9089452

Registration number in the Trade Register
J40/296/1997

The regulated market on which the securities issued are traded:
Bucharest Stock Exchange – Main Market Premium Category

| | |
|-----------------|-----------------------------|
| SYMBOL | TTS |
| ISIN: | ROYCRRK66RD8 |
| LEI code | 5493008M458S2MG7GP03 |

Subscribed and paid-up share capital
Lei 30,000,000

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1. Presentation of TTS group

1.1 Presentation of TTS (Transport Trade Services) S.A.

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

By GMS Decision no. 3 of March 2021, the shareholders approved the sale of 15,000,000 shares by secondary initial public offering and the admission to trading of the shares on a regulated market administered by the Bucharest Stock Exchange SA. By FSA decision no. 650 of 19.05.2021, the prospectus on the initial secondary public offering for the sale of 15,000,000 shares issued by TTS (Transport Trade Services) S.A. and for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A., a public offering carried out between 24.05.2021-04.06.2021 was approved.

The company was admitted to trading on 11 June 2021, bearing issuer's symbol TTS, the first trading day being June 14, 2021.

At 31.12.2021, the subscribed and paid-up share capital was lei 30,000,000 divided into 30,000,000 registered, ordinary, indivisible, freely transferable shares, issued in dematerialized form and evidenced by registration in the account, with the nominal value of 1 leu. The shares are of equal value and grant the owners equal rights, according to the law.

The inflated value of the share capital is lei 31,739,602.

The main object of activity falls under CAEN Code 5229 – Other activities associated to transport (of which, river transport of goods, namely: the organization of the dispatch of the goods on behalf of the consignor or consignee, international river dispatches, the preparation of transport documents, maritime and river transactions for carrying out and executing the transport of goods by sea or river).

TTS is active in the international freight forwarding segment and is organized into three divisions:

- Minerals – which provide logistics operations for raw materials and finished products of the metallurgical and equipment industries.
- Agri – which deals exclusively with the logistics of agricultural goods (cereals, seeds, vegetable oils).
- Chemical – dealing with the logistics of fertilizers and raw material for the production of fertilizers.

1.2 TTS Group

The Transport Trade Services group of companies ("TTS Group" or "Group") is one of the largest inland water freight carriers in the Danube basin and is composed of 16 companies, respectively: TTS (Transport Trade Services) S.A. ("TTS"), 13 companies in which TTS holds, directly or indirectly, more than 50% of the share capital and 2 in which it holds minority stakes. Eleven companies in the Group operate in the group's three main business segments:

International forwarding: TTS (Transport Trade Services) S.A. Bucharest,
TTS (Transport Trade Services) GmbH Vienna,
Plimsoll Zrt. Budapest

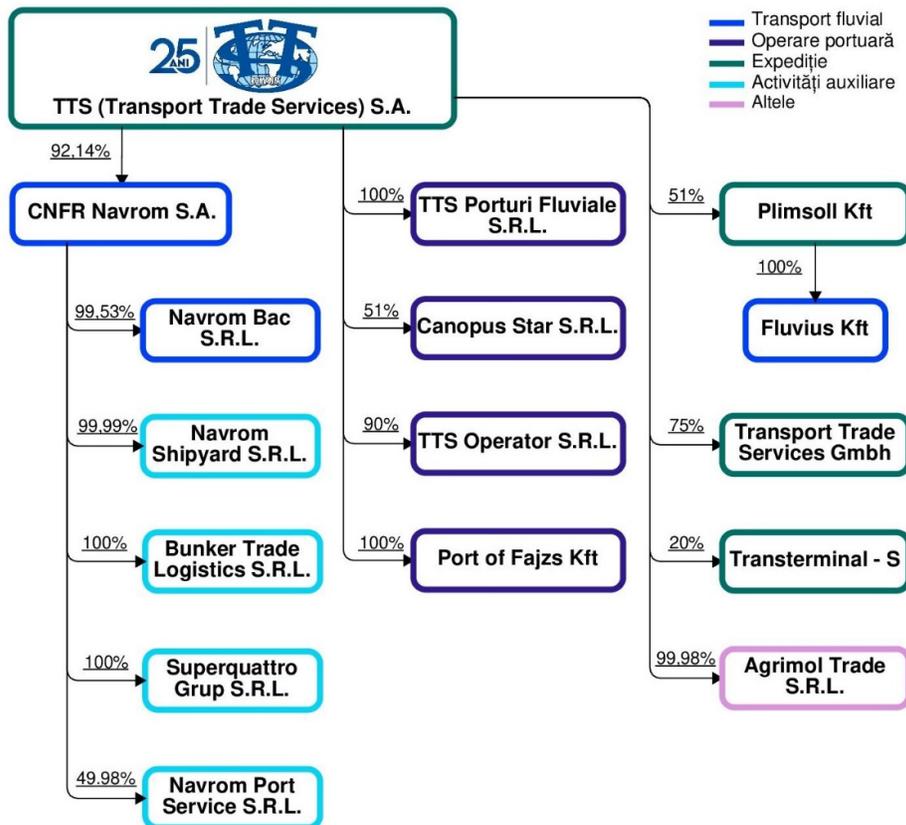
River transport: CNFR NAVROM S.A. Galați,
Navrom Bac S.R.L. Galați,
Fluvius Kft. Budapest

Port operation: Canopus Star S.R.L. Constanța
TTS Operator S.R.L. Constanța,
TTS Porturi Fluviale S.R.L. Galați
Port of Fajsz Kft. Fajsz (Hungary)

TTS holds direct participations as well as indirect shares through CNFR Navrom S.A. and Plimsoll Zrt.

STRUCTURA GRUPULUI TTS

(31.12.2021)



The main goods transported and operated in ports are: mineral products (raw materials for the steel industry and laminates), agricultural products (cereals, oilseeds and feed) and chemical products (phosphate rock and finished products of the chemical fertilizer industry).

The TTS Group owns the largest river fleet in the Danube basin, with a capacity of almost 800 thousand tons, 8 floating cranes, as well as port terminals in Constanta and in 7 Danube river ports.

The Group offers 3PL (Third Party Logistics) services, defined as an integrator of transport services (river, rail, road), transshipment (between transport units, from warehouses, silos, etc.), storage (warehouses, silos, river units type warehouse, etc.), agency (production of specific documents) and any other services specific to the management of the logistics chain.

TTS' shareholdings are as follows:

| Name | The basic activity | Registered office | Percentage of holding | |
|--------------------------------------|---|-------------------|-----------------------|------------|
| | | | 31.12.2021 | 01.01.2021 |
| CNFR Navrom S.A. | Transportation of goods on rivers | Galați | 92,1353% | 92,03% |
| Canopus Star S.R.L. | Handling of goods | Constanta | 51,00% | 51,00% |
| TTS Porturi Fluviale S.R.L. | Handling of goods | Galați | 100,00% | 100,00% |
| TTS Operator S.R.L. | Handling of goods | Constanta | 90,00% | 90,00% |
| Port of Fajsz Kft. | Handling of goods | Fajsz (Hungary) | 100% | 100% |
| Agrimol Trade Ltd. | Trading various products | Bucharest | 99,98% | 99,98% |
| Plimsoll Zrt. | Complementary activities related to transport | Budapest | 51,00% | 51,00% |
| TTS (Transport Trade Services) Gmbh. | Complementary activities related to transport | Vienna | 75,00% | 75,00% |
| Transterminal-S.R.L. | Railway transportation of goods | Kishinev | 20,00% | 20,00% |

Indirect holdings:

| Name | The basic activity | Registered office | Percentage of holding | |
|---------------------------------|---|-------------------|-----------------------|------------|
| | | | 31.12.2021 | 01.01.2021 |
| <i>Through CNFR Navrom S.A.</i> | | | | |
| Navrom Bac S.R.L. | Transportation on rivers | Galați | 99,53% | 92,53% |
| Navrom Shipyard S.R.L. | Repair and maintenance of ships and boats | Galați | 99,99% | 99,98% |
| Superquatro Group S.R.L. | Hydrotechnical works | Galați | 100% | 100% |
| Bunker Trade Logistics S.R.L. | Complementary activities related to transport | Constanta | 100% | 100% |
| Cernavoda Shipyard S.R.L. | Repair and maintenance of ships and boats | Cernavoda | - | 100% |
| Navrom River S.R.L. | Hotels and similar activities | Galați | - | 100% |
| Navrom Port Service S.R.L. | River freight transport | Galați | 49,98% | 49,98% |
| <i>Through Plimsoll Zrt.</i> | | | | |
| Fluvius Kft | River freight transport | Budapest | 100% | 100% |

Companies in liquidation

| Name | The basic activity | Registered office | Percentage of holding | |
|---------------------|----------------------|-------------------|-----------------------|------------|
| | | | 31.12.2021 | 01.01.2021 |
| Management NFR S.A. | Business consultancy | Bucharest | 20,00% | 20,00% |
| GIF Leasing IFN | Financial lease | Bucharest | 7,70% | 7,70% |

River transport on the Danube

CNFR NAVROM S.A. Galați

With a history of over 130 years, NAVROM is the backbone of the Group being the main provider of river transport services for the Group and, at the same time, the largest river transporter on the lower Danube.

NAVROM's entry into the Group was achieved by the takeover of the company by TTS started in 1998 and completed in 2005, when TTS became the majority shareholder with a holding of 53.71% of NAVROM's share capital). At 31 December 2021, TTS's shareholding reached 92.14% of NAVROM's share capital.

Port operation

CANOPUS STAR S.R.L. Constanța

Canopus Star S.R.L. is a company owned by Cargill (49%) and TTS (Transport Trade Services) S.A. (51%). This subsidiary owns and operates the Group's cereal terminal in Constanta Port, with a capacity of 110,000 tons.

Canopus Star S.R.L. joined the Group in 2004 when TTS took over 41.6% of the share capital.

The partnership with Cargill started in 2008 with the takeover of 49% of the share capital, the difference of 51% being held by TTS.

TTS PORTURI FLUVIALE S.R.L. Galați

TTS Porturi Fluviale owns the group's port terminals in Galați, Brăila and Turnu Severin.

TTS Porturi Fluviale joined the group in 2004 when TTS took over 41% of the share capital of Transeuropa Port S.R.L. (the old name of TTS Porturi Fluviale). TTS subsequently increased its stake, today holding 100% of the share capital of TTS Porturi Fluviale.

TTS OPERATOR S.R.L. Constanța

TTS Operator is the main provider of loading and unloading services for river and sea vessels (port operation) of the Group, with operations mainly in Constanta Port, owning and operating 6 floating cranes.

TTS Operator is the first company taken over by TTS by acquiring the majority stake in 1999. Today TTS holds 90% of the share capital.

PORT OF FAJSZ Kft

Port of Fajsz has the Group's only port terminal located outside Romania, on the Danube about 140 km downstream of Budapest in Fajsz (Hungary).

Port of Fajsz was taken over by TTS in 1019, with the acquisition of 100% of the share capital.

International operations

The Group's international operations are supported by two forwarding companies:

TTS (Transport Trade Services) GmbH. Vienna, international forwarding services on the upper Danube (TTS holds 75% of the share capital)

Plimsoll Zrt. Budapest, railway forwarding services on the relations from/to Hungary, to/from the North Sea, Adriatic Sea, Ukraine as well as logistics services in combined traffic. (TTS holds 51% of the share capital)

Non-core business

AGRIMOL TRADE S.R.L. Bucharest

Agrimol is a foreign trade company specializing in the export of timber products in which TTS holds 99.9772% of the share capital.

Investments in associates

Transterminal – S.R.L. Chisinau provides railway freight forwarding services on the relationship with CIS countries (TTS holds 20% of the share capital).

Navrom Port Services S.A. performs river freight transport services (TTS indirectly holds 49.98% of the share capital, through CNFR NAVROM S.A.).

The Group's business model has as its central point TTS, suppliers of integrated dispatch / river transport / port operation services and coordinator of the Group's activity. The transport and port operation services are further contracted mainly with the group companies, but also with third parties (especially in the port operation segment). The TTS activity is IT integrated with the activities of the main companies in the Group at accounting level (tracking contracts up to billing level and payment tracking) and being integrated at operational level (tracking volumes by types of goods, and by segments of operations), the system providing support for both internal and external reporting, including the reporting of transactions between affiliated entities.

1.3 Group restructuring in 2021

In February 2021, Navrom River S.R.L., a subsidiary of CNFR Navrom S.A., in which TTS indirectly owned 92.0265% as of December 31, 2020, was absorbed by merger by CNFR Navrom S.A..

In December 2021, Cernavoda Shipyard S.R.L. transferred its patrimony in the merger by absorption process to Navrom Shipyard S.R.L., both subsidiaries of CNFR Navrom S.A.

2. Key issues related to 2021

In 2021, the TTS Group's activity exceeded our expectations regarding the return of TTS activity to pre-pandemic levels, as a result of the gradual lifting of the pandemic restrictions imposed in 2020, ***both the results recorded by TTS and the consolidated results at group level exceeding the results recorded in 2019.***

Thus, the group's total revenues in 2021 amounted to 598.8 million lei, higher by 8.5% compared to the revenues recorded in 2019, respectively 551.8 million lei, and the profit attributable in 2021 was 66.4 million lei, 24.5% higher compared to the result recorded in 2019, respectively 53.3 million lei.

At individual level, the turnover of TTS in 2021 was 395.6 million lei, higher by 3.3% compared to the

turnover recorded in 2019, respectively 382.9 million lei, and the net profit in 2021 was 32.6 million lei, higher by 14.8% compared to the net profit recorded in 2019, respectively 28.4 million lei.

| Indicators [lei] | 31 December 2021 | 31 December 2019 |
|-------------------------------------|------------------|------------------|
| Consolidated TTS (TTS Group) | | |
| Total revenue | 598,812,025 | 551,794,655 |
| Attributable profit | 66,405,127 | 53,286,836 |
| Individual TTS | | |
| Net turnover | 395,578,550 | 382,991,030 |
| Net profit or loss for the year | 32,610,965 | 28,399,270 |

Operations with mineral products, especially raw materials for the metallurgical industries in Romania and Serbia, recorded the highest growth in 2021.

Thus, the total volume of mineral products transported and operated by TTS Group in 2021 was 8,612 million tons, higher by 22,6% compared to the total volume recorded in 2020, respectively 7,023 million tons.

The drought that affected the cereal harvests in southern Romania in 2020 was not repeated in 2021, which ensured a very good cereal harvest in Romania, good in Bulgaria and Serbia but very poor in Hungary. The effects of this situation were lower volumes in transport and operation in the first half of the year (sharper reduction in Q1, partially offset by the effects of the new harvest in Q2), followed by a return to historical normal in the third quarter of 2021.

In the fourth quarter, there followed a drastic reduction in the available volumes for transport and operation caused by the large differences between the prices of domestic suppliers and the Black Sea FOB (free on board) quotations (influenced by the prices of Ukrainian and Russian goods) that prompted domestic and Serbian grain traders to significantly reduce sales.

The effect of these variations of the volumes traded on the agricultural products market was reflected in the volume of agricultural products transported and operated by the TTS Group in 2021, which was of 4,647 million tons, lower by 2,4% compared to the total volume recorded in 2020, respectively 4,762 million tons.

The market for chemicals (fertilisers) had a normal evolution in the first half of the year, producing a reduction in volumes in the second half due to the substantial increase in the prices of these products (doubling, even tripling of prices), which discouraged consumption.

Thus, the total volume of chemicals transported and operated by the TTS Group in 2021 was 1,852 million tons, higher by 13.6% compared to the total volume recorded in 2020, respectively 1,631 million tons.

The volumes operated and transported by the Group increased in 2021.

Even in the less favorable conditions manifested on the cereals and fertilizers markets in the fourth quarter, the total volume of products transported and operated by TTS increased its growth in the second half of 2021, reaching 8.198 million tons, higher by 16.9% compared to the total volume recorded in the second half of 2020, respectively 7,015 million tons.

Under these conditions, the total volume of products transported and operated by the TTS Group in 2021 reached 15,552 million tons, higher by 12,1% compared to the total volume recorded in 2020, respectively 13,876 million tons

The total revenues of the group in 2021 amounted to 598.8 million lei, up by 15.1%, compared to 2020 (520.3 million lei), with the mention that all segments of activity contributed to this increase. Higher percentage increases offered the port operation segment, with almost 31% and the Other Activities segment, from the sale of cargo, but also from the increase in activity in shipyards.

The efficiency of the operations at the level of the entire Group allowed to obtain a consolidated operating result of 79.9 million lei, 28,5% higher than in 2020 (62,2 million lei), the increase coming entirely from the port operation segments and other activities.

The consolidated net profit attributable to shareholders was 60.3 million. Lei, up by 36,2% in 2021 compared to 2020 (44,2 million lei).

3. Prospects on the TTS Group's activity in 2022

Our expectations regarding the markets for which the TTS Group is a logistics provider are moderately optimistic:

1. The metallurgical industry, especially the ferrous metals industry, continues to show signs of growth, leading implicitly to an increase in the volume of raw materials and finished products requiring logistical services;
2. despite the drought conditions in Romania that may affect the 2022 harvest, the stocks existing in Romania, Serbia and Bulgaria guarantee a volume of transported and operational goods, in accordance with the 2021 achievement;
3. the fertilizer market is still affected by high prices, but the signals of transport volume and business volume are encouraging.

Rising inflation and the explosion in fuel, raw materials and energy prices are the main factors that will negatively influence energy and fuel costs, with salaries, taxes and tariffs charged by the authorities, as well as with services performed by third parties (including maintenance and repair of assets). These factors may affect the level of profitability of the Group when these costs cannot be fully recovered from the prices obtained for services or by specific measures for the efficient allocation of resources.

It is worth mentioning that the activity, both in terms of volume of goods transported and operated in ports, as well as economic efficiency, can be negatively affected by weather conditions, especially with influence in the level of the Danube waters, by the drought that can affect agricultural crops, but also by the regional and global geopolitical situation, which can influence the performance of the regional economies that the TTS Group serves.

4. Financials

4.1 Consolidated statement of profit and loss and other comprehensive income

| | 31 December 2021 | 31 December 2020 |
|---|-------------------------|-------------------------|
| | | – lei – |
| Income | 598,812,025 | 520,286,096 |
| Raw materials and materials | (79,687,294) | (68,101,396) |
| Cost of goods sold | (44,074,060) | (17,612,705) |
| Expenses related to subcontractors | (208,671,374) | (191,214,213) |
| Salary-related expenses | (98,489,703) | (96,684,881) |
| Other expenses | (41,932,938) | (40,434,577) |
| Amortisation and depreciation | (61,586,646) | (51,993,771) |
| Other gains and losses | 15,532,629 | 8,001,387 |
| Total operating result | 79,902,639 | 62,245,940 |
| (Cost) / Net income from financial investments | 895,209 | (624,988) |
| (Cost) / Net funding income | (1,916,416) | (2,536,451) |
| Profit for the year from continued operations | 78,881,432 | 59,084,501 |
| Income tax expense | (12,476,305) | (10,828,634) |
| Profit for the year attributable to | 66,405,127 | 48,255,867 |
| FX differences | 131,749 | (344,578) |
| Total comprehensive income for the year | 66,536,876 | 47,911,289 |
| Profit for the year attributable to: | | |
| Shareholders of the Company | 60,253,264 | 44,248,198 |
| Non-controlling interests | 6,151,863 | 4,007,669 |
| Total comprehensive income for the year attributable to: | | |
| Shareholders of the Company | 60,385,013 | 43,903,620 |
| Non-controlling interests | 6,151,863 | 4,007,669 |

In 2021, compared to 2020, the value of the operating result increased by 28.46% (17.7 million lei) as a result of the increase in revenues by 15.1% (78.5 million lei) and of the other gains and losses category.

The profit for the year registered an increase of 37.5% (18.1 million lei). The profit attributable to the shareholders of the company is 60.3 million lei, 36.4% higher than in 2020.

4.2 Consolidated statement of financial position

| | 31 December 2021 | 31 December 2020 |
|--|--------------------|--------------------|
| -lei - | | |
| ASSETS | | |
| Fixed assets | | |
| Property, plant and equipment | 631,864,336 | 583,695,195 |
| Goodwill | 3,846,603 | 3,846,603 |
| Intangible assets | 1,669,707 | 1,937,840 |
| Investments in associates | 7,958,508 | 7,596,793 |
| Other non-current assets | 3,336,998 | 4,101,983 |
| Total fixed assets | 648,676,152 | 601,178,414 |
| Current assets | | |
| Inventories | 30,982,426 | 22,990,259 |
| Trade receivables and other receivables | 47,762,692 | 54,674,745 |
| Other current assets | 10,651,938 | 16,821,195 |
| Cash and cash equivalents | 58,900,794 | 55,160,530 |
| Assets held for sale | - | - |
| Total current assets | 148,297,850 | 149,646,728 |
| Total assets | 796,974,002 | 750,825,142 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 31,739,602 | 31,739,602 |
| Reserves | 239,881,529 | 223,522,014 |
| Retained earnings | 284,562,363 | 244,420,990 |
| Equity attributable to the shareholders of the parent company | 556,183,494 | 499,682,606 |
| Non-controlling interests | 106,345,018 | 105,299,772 |
| Long-term liabilities | | |
| Interest-bearing loans | 26,815,528 | 23,113,632 |
| Deferred tax liabilities | 9,386,295 | 7,785,872 |
| Long-term leases | - | 160,086 |
| Other long-term payables | 392,158 | 115,415 |
| Total long-term payables | 36,593,981 | 31,175,005 |
| Short-term payables | | |
| Trade and other payables | 29,901,117 | 28,903,685 |
| The current portion of leases | - | 209,417 |
| Interest-bearing loans | 41,309,533 | 50,801,555 |
| Provisions for liabilities and charges | 1,534,564 | 5,008,685 |
| Other short-term liabilities | 25,106,295 | 29,744,417 |
| Total short-term payables | 97,851,509 | 114,667,759 |
| Total payables | 134,445,490 | 145,842,764 |
| Total equity and liabilities | 796,974,002 | 750,825,142 |

Fixed assets

Fixed assets increased by 7.9% to 648.7 million lei in 2021, the variation being mainly due to the increase of property, plant and equipment from 583.7 million lei in 2020 to 631.9 million lei in 2021, as a result of the continuation of investments in the modernization of ships, of TTS investments in Giurgiu and Oltenita

ports, of those made by TTS Fluvial Ports in Galati and Braila ports, as well as the investment in the grain terminal in Constanta Port.

Current assets

In 2021, current assets decreased by approximately 1% compared to December 31, 2020, following the decrease by 12.6% of trade receivables and other receivables, offset by the increase in cash and cash equivalents by 6.8%. Trade receivables and other receivables have declined due to better collection.

Long-term debts

Long-term debts, especially long-term loans, recorded a total increase of 17.4% in 2021, by 5.4 million lei, TTS (Transport Trade Services) S.A. being the guarantor for an investment credit agreement of CNFR Navrom S.A. for the refinancing of expenses related to the modernization of pushers, purchases and installation of caps for barges. On December 31, 2021, the loan was fully pulled.

Current liabilities

As of December 31, 2021, current liabilities decreased by 14.7%, this decrease being mainly due to the repayment of loans, as well as the reduction of provisions for risks and expenses.

Equity

As of December 31, 2021, the share capital was 30,000,000 lei divided into 30,000,000 shares with a nominal value of 1 leu. The inflated value of the share capital, according to the IFRS restatement, is 31,739,602 lei. All issued shares are paid in full.

In 2021, the shares issued by TTS (Transport Trade Services) S.A. were admitted to trading on the regulated market administered by the Bucharest Stock Exchange, the first trading day 14 June 2021, bearing issuer symbol TTS.

On December 31, 2021, the Group decided to reassess the ships, resulting in an increase of 12,082,857 lei. The balance as at 31 December 2021 of the revaluation reserve being in amount of 75,977,018 lei. During April 2021, dividends amounting to 16,200,000 lei, respectively 0.54 lei per share, were distributed.

The total increase of profit before tax was of 33.5% or 19.8 mil. lei, and the operating profit before the changes in the circulating capital increases by 30,1% or 31,7 million lei.

4.3 Consolidated cash flow statement

| | <u>31 December 2021</u> | <u>31 December 2020</u> |
|---|-------------------------|-------------------------|
| <i>Cash flows from operating activities:</i> | | |
| Profit before tax | 78,881,432 | 59,084,501 |
| <i>Adjustments for non-monetary items:</i> | | |
| Amortisation and depreciation | 61,586,645 | 51,993,773 |
| Net increase in provisions for fixed assets | (2,628,254) | (4,307,358) |
| Net interest expense | 1,281,689 | 2,055,104 |
| (Gains) / Losses on the sale of fixed assets | (1,592,495) | (3,691,974) |

| | 31 December 2021 | 31 December 2020 |
|--|----------------------------|----------------------------|
| Net increase in provisions for current assets | (3,574,981) | 975,981 |
| Losses on receivables | 6,996,084 | - |
| Increase/ (Decrease) net with provisions for risks and charges | (3,474,121) | (1,316,071) |
| Profit/loss on sale of investments held for sale | <u>(361,715)</u> | <u>586,580</u> |
| Operating profit before changes in working capital | <u>137,114,284</u> | <u>105,380,536</u> |
| <i>Changes in operating assets and liabilities:</i> | | |
| (Increase) / Decrease in trade and other receivables | 11,228,922 | 14,493,663 |
| Decrease / (Increase) in inventories | (8,664,148) | 7,976,793 |
| Increase / (Decrease) in trade and other payables | <u>(4,716,552)</u> | <u>(14,620,363)</u> |
| Cash from operating activity | <u>134,962,507</u> | <u>113,230,629</u> |
| Interest paid | (1,493,689) | (2,055,104) |
| Corporation tax paid | <u>(11,390,369)</u> | <u>(3,673,185)</u> |
| Net cash from operating activities | <u>122,078,449</u> | <u>107,502,340</u> |
| <i>Investment activities:</i> | | |
| Acquisitions of tangible and intangible assets | (97,242,932) | (73,108,110) |
| Payments related to investments | (228,846) | (730,326) |
| Income from the sale of fixed assets | 5,925,972 | 5,601,087 |
| Loans received from/ (granted to) associates | - | - |
| Proceeds from the sale of investments | - | 3,840,703 |
| Interest proceeds | 212,000 | - |
| Dividend payments to minority shareholders | <u>(4,644,753)</u> | <u>-</u> |
| Cash flows used in investing activities | <u>(95,978,557)</u> | <u>(64,396,646)</u> |
| <i>Financing activities:</i> | | |
| Dividends paid | (16,200,000) | (15,300,000) |
| Loans (paid) / received | <u>(6,159,628)</u> | <u>(35,038,556)</u> |
| Cash flows from financing activities | <u>(22,359,628)</u> | <u>(50,338,556)</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>3,740,264</u> | <u>(7,232,862)</u> |
| Cash and cash equivalents at the beginning of the year | <u>55,160,530</u> | <u>62,393,392</u> |
| Cash and cash equivalents at the end of the year | <u>58,900,794</u> | <u>55,160,530</u> |

The total increase of the profit before tax was of 33.5% or 19.8 million lei, and the operating profit before the changes in the working capital increases by 30.1% or 31.7 million lei.

Net cash from operating activities recorded an increase from RON 107.5 million in 2020 to RON 122.5 million, respectively an increase of 14%. This increase is due to the operating activity, which registered an increase of 20% in 2021, compared to the same period of the previous year.

Net flows from investment activities increased from (64.4) million lei in 2020 to (96) million lei in 2021, as a result of the increase of 24.1 million lei in purchases of tangible and intangible assets and dividend payments to minorities, compensated with proceeds from the sale of assets.

Net flows from financing activities decreased from (50.4) million lei in 2020 to 22.4 million lei, respectively by 27.9 million lei, as a result of contracting new subsidiary loans.

4.4 Consolidated statement of changes in equity

| | Share capital | Legal reserves | Other reserves | Retained earnings | Translation differences | Attributable to shareholders of the parent company | Non-controlling interests | Total |
|---|----------------------|-----------------------|-----------------------|--------------------------|--------------------------------|---|----------------------------------|--------------------|
| Balance at 1 January 2021 | 31,739,602 | 6,000,000 | 217,522,014 | 244,765,567 | (344,578) | 499,682,606 | 105,299,772 | 604,982,378 |
| Profit for the year | - | - | - | 60,253,264 | - | 60,253,264 | 6,151,863 | 66,405,127 |
| Reserves | - | - | 4,489,487 | (4,489,487) | - | - | - | - |
| Revaluation reserves | - | - | 12,082,857 | - | - | 12,082,857 | - | 12,082,857 |
| Issued share capital | - | - | - | - | - | - | - | - |
| The effect of FX translation | - | - | - | - | 131,749 | 131,749 | - | 131,749 |
| Dividends distributed | - | - | - | (16,200,000) | - | (16,200,000) | - | (16,200,000) |
| Increase in subsidiary ownership | - | - | - | 233,018 | - | 233,018 | (461,864) | (228,846) |
| Dividends paid to minority shareholders | - | - | - | - | - | - | (4,644,753) | (4,644,753) |
| Balance at December 31, 2021 | 31,739,602 | 6,000,000 | 234,094,358 | 284,562,363 | (212,829) | 556,183,494 | 106,345,018 | 662,528,512 |

As of December 31, 2021, the share capital was 30,000,000 lei divided into 30,000,000 shares with a nominal value of 1 leu. All issued shares are paid in full.

On December 31, 2021, the Group decided to revalue the ships, resulting in an increase of 12,082,857 lei. The balance as at 31 December 2021 of the revaluation reserve amounting to RON 75,977,018.

During April 2021, dividends of RON 16,200,000 and RON 0.54 per share were distributed.

5. Operations

5.1 Segmentation of operations

The volumes of cargo transported by river and operated in ports are shown below in millions of tonnes. There were total increases in volumes of 12.08%, supported by higher volumes of minerals and chemicals transported and operated.

| <i>Transported and operated volumes - total TTS Group (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|---------------|---------------|-------------------------|
| Agricultural products | 4,647 | 4,762 | (2,41) |
| Mineral | 8,612 | 7,023 | 22,63 |
| Chemicals | 1,852 | 1,631 | 13,55 |
| Other products | 0,441 | 0,46 | (4,13) |
| TOTAL | 15,552 | 13,876 | 12,08 |

The trend of increased transportation volumes continued (12.54%) in 2021 compared to the same period of 2020, due exclusively to mineral products for the metallurgical industry.

The volumes of agricultural products decreased (2.41%), after the rebound in the third quarter, due to the sudden and substantial reduction of exports in the fourth quarter, as a result of the discrepancy between the levels of purchase prices from farmers and the selling prices on the world market.

Chemicals also saw a drop, also due to prices, in the explosion in the second half of the year, which led to a reduction in demand.

Mineral products, especially raw materials for metallurgical industries in Romania and Serbia, recorded the highest growth (24.03%).

| <i>Volumes transported by river - total TTS (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|--------------|--------------|-------------------------|
| Agricultural products | 1,862 | 2,041 | (8,77) |
| Mineral | 6,767 | 5,456 | 24,03 |
| Chemicals | 0,714 | 0,737 | (3,12) |
| Other products | 0,441 | 0,460 | (4,13) |
| TOTAL | 9,784 | 8,694 | 12,54 |

An increase is observed on the three types of contracts.

| <i>River transport operations - TTS total - by type of contract (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|--------------|--------------|-------------------------|
| Contracted by the forwarding segment and transported by third parties | 0,337 | 0,140 | 140,71 |
| Contracted directly by the river transport segment | 2,653 | 2,218 | 19,61 |
| Contracted by the forwarding segment and transported by the river transport segment | 6,794 | 6,336 | 7,23 |
| TOTAL | 9,784 | 8,694 | 12,54 |

Compared to the decrease of almost 3% in H1 2021 compared to the same period of 2020, the volumes operated, recorded in 2021, compared to 2020, show the increase expected by TTS, as a result of the start of the grain season. Thus, the total volumes operated by the group is higher by 11.31% in 2021 in the balance with 2020.

| <i>Volumes operated in ports - total Group TTS (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|--------------|--------------|-------------------------|
| Agricultural products | 2,785 | 2,721 | 2,35 |
| Mineral | 1,845 | 1,537 | 20,04 |
| Chemicals | 1,138 | 0,894 | 27,29 |
| TOTAL | 5,768 | 5,182 | 11,31 |

The same increase in total is recorded in port operation operations 11.31% (2021 / 2020), the largest increase (58.49%) being by direct contract of the port operating segment.

| <i>Port operation operations - total TTS Group - by type of contract (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|--------------|--------------|-------------------------|
| Contracted by the forwarding segment and operated by third parties | 1,103 | 1,053 | 4,75 |
| Contracted directly by the port operating segment | 1,642 | 1,036 | 58,49 |
| Contracted by the forwarding segment and operated by the port operation segment | 3,023 | 3,093 | (2,26) |
| TOTAL | 5,768 | 5,182 | 11,31 |

5.2 Forwarding

The forwarding segment continued its general trend observed at H1 2021 at consolidated level, with an overall growth of over 10%, fully supported by the mineral segment (22.23%).

| <i>Volumes transported by river - Forwarding segment (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|--------------|--------------|-------------------------|
| Agricultural products | 1,830 | 1,988 | (7,95) |
| Mineral | 4,596 | 3,760 | 22,23 |
| Chemicals | 0,705 | 0,728 | (3,16) |
| Other products | 0,000 | 0,000 | - |
| TOTAL | 7,131 | 6,476 | 10,13 |

The slight decrease of 3.3% in H1.2021 compared to the same period of 2020, was reduced to 0.48% in 2021, compared to 2020, for the port operation carried out in the forwarding segment.

| <i>Volumes operated in ports - Forwarding segment (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|--------------|--------------|-------------------------|
| Agricultural products | 1,716 | 2,023 | (15,18) |
| Mineral | 1,551 | 1,340 | 15,75 |
| Chemicals | 0,859 | 0,783 | 9,71 |
| TOTAL | 4,126 | 4,146 | (0,48) |

The revenues registered by the forwarding segment from river transport show a slight increase (6.95%), the mineral segment bringing the largest contribution (18.11%), followed by the chemical segment (10.23%), both managing to cover the decrease represented by the agricultural segment (-7.65%).

| <i>Revenues realised by the freight forwarding segment of river transport (by type of goods) (million RON)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|----------------|----------------|---------------------|
| Agricultural products | 101.855 | 110.292 | (7,65) |
| Mineral | 159.005 | 134.625 | 18,11 |
| Chemicals | 35.830 | 32.504 | 10,23 |
| TOTAL | 296.690 | 277.421 | 6,95 |

Chemicals continue the increase reported in mid-2021, compared to 2020, with 13.32% at 2021, compared to 2020, the best performing segment remaining that of minerals with an increase of 27.53% (2021/2020).

The only decrease is in the segment of agricultural products (-2.18%), where in 2021 compared to the same period of 2020.

| <i>Revenues realised by the forwarding segment of the port operation (by type of goods) (million RON)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|---------------|---------------|---------------------|
| Agricultural products | 36.908 | 37.730 | (2,18) |
| Mineral | 26.347 | 20.659 | 27,53 |
| Chemicals | 11.088 | 9.785 | 13,32 |
| TOTAL | 74.343 | 68.174 | 10,67 |

5.3 River transport

Although the volume of agricultural products decreased by -16.28% followed by chemicals by -6.63% and that of other products by -4.13%, the mineral products segment (+23.51%) covers these decreases and maintains the total growth at 10.44%.

| <i>Volumes transported by river by the river transport segment (million tonnes)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|--------------|--------------|---------------------|
| Agricultural products | 1,635 | 1,953 | (16,28) |
| Mineral | 6,709 | 5,432 | 23,51 |
| Chemicals | 0,662 | 0,709 | (6,63) |
| Other products | 0,441 | 0,460 | (4,13) |
| TOTAL | 9,447 | 8,554 | 10,44 |

The flow of goods follows a slight decrease (-1.85%), it is strongly influenced by the segment of agricultural products (-27.96%), both due to the decrease in the transport volumes and due to the reduction of the transport distance due to the reduction of the volumes of goods in Serbia and, especially, Hungary compared to 2020.

| <i>Total goods flow made by the river transport segment (by type of goods) (mld to*km)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|--|-------------|-------------|---------------------|
| Agricultural products | 0,956 | 1,327 | (27,96) |

| | | | |
|-----------------|--------------|--------------|---------------|
| Mineral | 2,948 | 2,643 | 11,54 |
| Chemicals | 0,454 | 0,470 | (3,40) |
| Other products* | 0,001 | 0,001 | 0,00 |
| TOTAL | 4,359 | 4,441 | (1,85) |

* achievements are 208 thousand to*km 165 thousand to*km

The river transport segment shows an increase in revenues (7.99%) in 2021, compared to 2020, the only decrease recorded is for agricultural products by (-16.79%), in line with the volumes of goods transported.

| <i>Revenues from the river transport segment (by type of goods) (million RON)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|----------------|----------------|-------------------------|
| Agricultural products | 73.451 | 88.268 | (16,79) |
| Mineral | 175.367 | 146.446 | 19,75 |
| Chemicals | 29.460 | 28.383 | 3,79 |
| Other products | 22.558 | 15.485 | 45,68 |
| TOTAL | 300.836 | 278.582 | 7,99 |

5.4 Port operation

Compared to the total decrease of volumes of 1.6% in H1 2021 compared to H1 2020, due to the decrease in volumes of agricultural products, 2021/2020 shows an increase on all segments with a total increase of 12.96%.

| <i>Volumes operated in ports by the port operation segment (million tons)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|--------------|--------------|-------------------------|
| Agricultural products | 2,744 | 2,628 | 4,41 |
| Mineral | 0,784 | 0,607 | 29,16 |
| Chemicals | 1,136 | 0,894 | 27,07 |
| TOTAL | 4,664 | 4,129 | 12,96 |

The evolution of the volumes of cargo operated has also influenced the evolution of revenues from port operations, with the observation that all types of products have revenue increases, according to the table below.

| <i>Revenues realised by the port operation segment (by type of goods) (million RON)</i> | <i>2021</i> | <i>2020</i> | <i>Δ% 2021/2020</i> |
|---|---------------|---------------|-------------------------|
| Agricultural products | 58.595 | 45.227 | 29,56 |
| Mineral | 11.287 | 7.657 | 47,41 |
| Chemicals | 14.096 | 10.178 | 38,49 |
| TOTAL | 83.978 | 63.062 | 33,17 |

5.5 Financial information on segmentation

The information reported to the main decision-maker on operations for the allocation of resources and the evaluation of segment performance takes into account the type of activities – intermediation, river transport, port operation services and other services (transport fleet repairs, distribution of various goods - timber, fuel, hydrotechnical works, bunkering services).

We present below the analysis of the Group's revenues and results from continuous operations on reportable segments:

| 2021 | Total | Forwarding | River transport | Port operation | Other | Intersegments |
|---|--------------------|--------------------|--------------------|-------------------|-------------------|----------------------|
| Income | 598,812,025 | 418,519,372 | 315,914,917 | 89,515,050 | 74,839,043 | (299,976,357) |
| Cost of goods sold | (44,074,060) | (384,342) | (1,637,722) | - | (42,126,306) | 74,310 |
| Expenses related to consumables | (79,679,908) | (192,800) | (68,708,573) | (8,648,170) | (2,571,699) | 441,334 |
| Depreciation and depreciation | (61,586,646) | (2,865,850) | (42,167,095) | (13,837,840) | (2,715,861) | - |
| Packaging costs | (7,386) | - | (2,413) | (4,973) | - | - |
| | | (367,027,718) | | | | |
| Expenses related to subcontractors | (208,671,374) |) | (101,669,544) | (14,860,551) | (8,472,799) | 283,359,238 |
| Expenditure related to staff remuneration | (98,489,703) | (10,275,635) | (58,694,519) | (19,904,103) | (9,615,646) | 200 |
| Electricity costs | (6,329,476) | (185,426) | (1,031,148) | (3,994,232) | (1,189,544) | 70,874 |
| Repair costs | (12,185,646) | (2,252,067) | (12,852,095) | (4,950,850) | (504,735) | 8,374,101 |
| Other expenditure | (23,417,816) | (7,081,020) | (10,668,112) | (8,139,267) | (2,854,504) | 5,325,087 |
| Other earnings | 43,064,534 | 11,680,367 | 29,338,078 | 1,292,442 | 2,530,928 | (1,777,281) |
| Other losses | (27,531,905) | (10,215,710) | (16,088,410) | (867,711) | (4,305,450) | 3,945,376 |
| Total operating result | 79,902,639 | 29,719,171 | 31,733,364 | 15,599,795 | 3,013,427 | (163,118) |
| (Cost) / Net income from financial investments | 895,209 | | | | | |
| (Cost) / Net funding income | (1,916,416) | | | | | |
| Profit for the year on continued operations | 78,881,432 | | | | | |
| Income tax expense | (12,476,305) | | | | | |
| Profit/(loss) of the year attributable to | 66,405,127 | | | | | |
| Difference in translation | 131,749 | | | | | |
| Total overall result for the year | 66,536,876 | | | | | |
| Profit for the year, assignable: | | | | | | |
| Shareholders of the parent company | 60,253,264 | | | | | |
| Minority interests | 6,151,863 | | | | | |
| Total overall result for the year, assignable: | | | | | | |
| Shareholders of the parent company | 60,385,013 | | | | | |
| Minority interests | 6,151,863 | | | | | |

| 2020 | Total | Forwarding | River transport | Port operation | Other | Intersegments |
|--|--------------------|--------------------|------------------------|-----------------------|--------------------|----------------------|
| Income | 520,286,096 | 393,436,582 | 294,256,801 | 68,500,267 | 47,740,468 | (283,648,022) |
| Cost of goods sold | (17,612,706) | (1,424,880) | (1,471,980) | - | (14,715,846) | - |
| Expenses related to consumables | (68,089,411) | (618,129) | (54,101,674) | (6,368,722) | (6,997,887) | - |
| Amortization and depreciation | (51,993,771) | (2,575,167) | (33,136,318) | (13,428,276) | (2,854,010) | - |
| Packaging costs | (11,986) | - | (7,067) | (2,096) | (2,823) | - |
| Expenses related to subcontractors | (191,214,213) | (341,687,102) | (97,854,185) | (13,936,752) | (9,872,315) | 272,136,140 |
| Expenditure related to staff remuneration | (96,684,881) | (9,939,556) | (52,483,338) | (18,646,699) | (15,615,288) | - |
| Electricity costs | (4,636,139) | (157,292) | (747,355) | (2,302,678) | (1,479,630) | 50,817 |
| Repair costs | (13,425,129) | (1,677,864) | (13,551,190) | (3,224,386) | (249,462) | 5,277,772 |
| Other expenditure | (22,373,308) | (6,877,820) | (10,130,229) | (8,117,215) | (2,629,364) | 5,381,319 |
| Other earnings | 36,087,715 | 8,139,541 | 13,599,837 | 337,759 | 14,973,586 | (963,007) |
| Other losses | (28,086,329) | (6,991,910) | (11,830,603) | (981,722) | (9,792,078) | 1,509,985 |
| Total operating result | 62,245,940 | 29,626,403 | 32,539,698 | 1,829,481 | (1,494,647) | (254,995) |
| Net (cost) / income from financial investments | (624,988) | | | | | |
| Net (cost) / funding income | (2,536,451) | | | | | |
| Profit before tax | 59,084,501 | | | | | |
| Income tax expense | (10,828,634) | | | | | |
| Profit for the year from continued operations | 48,255,867 | | | | | |
| FX translation differences | (344,578) | | | | | |
| Total comprehensive income for the year | 47,911,289 | | | | | |
| Profit for the year, attributable to: | | | | | | |
| Shareholders of the parent company | 44,248,198 | | | | | |
| Minority interests | 4,007,669 | | | | | |
| Total comprehensive income for the year, attributable to: | | | | | | |
| Shareholders of the parent company | 43,903,620 | | | | | |
| Minority interests | 4,007,669 | | | | | |

We present below the analysis of the turnover on the main categories of goods and services provided.

| 2021 | TOTAL | Forwarding | River transport | Port operation | Others | Intersegments |
|-----------------------|--------------|-------------------|------------------------|-----------------------|---------------|----------------------|
| Total | 598,812,025 | 418,519,372 | 315,914,917 | 89,515,050 | 74,839,043 | (299,976,357) |
| Agricultural products | 172,204,757 | 138,762,287 | 73,451,168 | 58,595,051 | - | (98,603,749) |
| Chemicals | 52,708,761 | 46,918,961 | 29,459,735 | 14,095,976 | - | (37,765,911) |
| Mineral | 226,577,950 | 185,352,350 | 175,366,822 | 11,287,183 | - | (145,428,405) |
| Other products | 22,558,491 | - | 22,558,491 | - | - | - |
| Other services | 124,762,066 | 47,485,774 | 15,078,701 | 5,536,840 | 74,839,043 | (18,178,292) |
| 2020 | TOTAL | Forwarding | River transport | Port operation | Others | Intersegments |
| Total | 520,286,096 | 393,436,582 | 294,256,801 | 68,500,267 | 47,740,468 | (283,648,021) |
| Agricultural products | 171,207,307 | 148,022,124 | 88,268,450 | 45,226,770 | - | (110,310,037) |
| Chemicals | 45,143,789 | 42,288,781 | 28,383,101 | 10,178,070 | - | (35,706,163) |
| Mineral | 186,603,075 | 155,284,120 | 146,445,892 | 7,656,810 | - | (122,783,746) |
| Other products | 15,485,084 | - | 15,485,084 | - | - | - |
| Other services | 101,846,841 | 47,841,557 | 15,674,274 | 5,438,617 | 47,740,468 | (14,848,075) |

Other services for the Other segment mainly include trade revenue, shipyard revenues, hydrotechnical works, bunkering services.

6. Investment

The TTS Group's total investments in 2021 amounted to approximately RON 97.2 million, the largest share being represented by investments in the river transport segment RON 67.9 million and investments in the port operation segment RON 26.8 million.

Depending on the destination, RON 52.6 million represented development investments (both in the transport segment by continuing the modernization programs, as well as in the port operation segment, mainly the investments in the Oltenita port and in the Canopus Star terminal in Constanta port) and RON 44.9 million in maintenance investments (mainly in the river transport segment).

The main share in CAPEX 2021 at the level of the Group is represented by the investments of CNFR NAVROM SA which had several programs underway:

- Program for equipping barges with aluminum caps (12 barges completed or in various stages of execution, including 6 barges requiring constructive modifications)
- Modernization program of propulsion to pushers and floating cranes (3 pushers and 2 floating cranes, completed or in various stages of execution)
- Investment programme for ship recertification (4 pushers and 69 barges completed or in various stages of execution)

In November 2021, the investment made by TTS in the modernization of Oltenita port, operated by TTS Porturi Fluviale, with a total value of 5.6 million lei, was completed. The investment aimed at developing new port operating flows, optimizing the movement of freight vehicles for access to port facilities as well as diversifying the services offered (indirect transshipment).

Also in 2021, Canopus Star completed the first part of the investment aimed at expanding the operating capacity by creating the possibility of simultaneous operation of two sea-going vessels or a sea-going vessel with several river vessels. The investment is to be completed by the end of 2022 and will have an estimated value of 3 mil. EURO.

In December 2021, TTS started a project to modernize the Giurgiu port with European funds, by submitting an application for funding through the Large Infrastructure Operational Program for the project "Infrastructure modernization in Giurgiu port, Ramadan area, berths 1, 2 - port platform, utilities, access ways" within the POIM Call /642/1/3/ Increasing the use of waterways and ports located on the central TEN-T network / 3 / Increasing the use of waterways and ports located on the core TEN-T network, opened under the Large Infrastructure Operational Programme 2014-2020, Priority Axis 1, Specific Objective 1.3 "Increasing the volume of goods transited through intermodal terminals and ports". The project has a total value of EUR 4.8 million, of which EUR 1.9 million is the contribution of TTS. The application for funding is being evaluated by the managing authority.

7. Human resources

The average number of employees and other assimilated persons for the financial year 2021 was 1,327 persons (1,278 as of December 31, 2020), and the effective number at 31.12.2021 was 1,438 persons (1,330 at December 31, 2020).

The Group's personnel policy regarding the professional training of the staff was well supported in terms of internal training, and the trainings were carried out in accordance with the approved plan for 2021.

According to this during 2021, the company invested in training and attestation courses outside the company the amount of approximately 178,179 lei (143,165 lei in 2020).

| | 31 December 2021 | 31 December 2020 |
|--|-------------------------|-------------------------|
| Expenses with salaries and allowances | 88,036,029 | 88,471,289 |
| Insurance contribution for work | 2,319,656 | 2,133,732 |
| Other expenditure on insurance and social protection | 2,510,822 | 2,243,252 |
| The value of the meal vouchers granted | 3,355,977 | 2,637,983 |
| TOTAL | 96,222,484 | 95,486,255 |
| Allowances of the Board of Directors and executive directors | 2,267,219 | 1,198,626 |
| TOTAL | 98,489,703 | 96,684,881 |

8. Environment

The companies belonging to the TTS Group comply with the provisions and regulations of the Romanian law on health, safety, safety and environmental protection, being necessary in this regard to obtain, maintain and renew various authorizations.

Some of the companies belonging to the TTS Group hold environmental permits, in which certain conditions and obligations are imposed in relation to the object of activity and the facilities of each company. The environmental permits, the validity of which extends over a period of 5 years from the date of issue, with an annual visa, were issued by the competent territorial agencies for environmental protection as a result of fulfilling the conditions on environmental protection. In the process of evaluating the granting of these authorizations, the companies went through a rigorous process that

consisted in transmitting bulky documentation including lists of ships, vehicles and equipment, technical reports for environmental monitoring, contracts for the rental of the port infrastructure, contracts concluded with authorized economic operators for the collection, treatment, disposal / recovery of waste, water management authorizations, plans to prevent and combat accidental pollution and sketches, site plans and layout plans.

At the level of the TTS Group there is a well-developed strategy for environmental protection, through which the operations carried out are regularly monitored and evaluated. This strategy led to the ISO 9001: 2018, ISO 14001: 2015 and ISO 45001: 2018 certification of the facilities belonging to TTS Operator, TTS Porturi Fluviale, Navrom Shipyard, Bunker Trade Logistics, Cernavoda Shipyard, Agrimol and CNFR Navrom. These certifications are relevant for the port's areas of activity, the storage of goods, treatment, grain storage, rail freight transport, inland waterway transport, metal structure, naval and non-naval structures, and shipbuilding and shipbuilding.

The TTS Group has implemented various plans to combat and intervene in case of accidental pollution and has installed pollution control equipment. The TTS Group ensures the implementation and regular updating of the programs for the prevention and reduction of the quantities of waste generated from its own activities. The TTS Group also regularly reviews the plans for combating and intervening in the event of accidental pollution. The TTS Group also temporarily stores waste water and bilge water in the tanks of its vessels or in metal retention vats. Other measures that the TTS Group has taken consist of the installation of special receptacles for the collection of specific waste, as well as concrete platforms, cleaner absorbent products and anti-polluting dams.

At the same time, some of the companies belonging to the TTS Group have the obligation to submit to the competent authority for environmental protection, periodically, reports on the results of the monitoring of environmental factors, carried out by a subcontracted accredited laboratory. Such reports cover the analysis of domestic waste water, the analysis of the level of noise, emissions into the air, the record of the management of the waste produced or the evidence of freshly consumed oil and waste oils. This ensures effective monitoring aimed at preventing environmental pollution.

Each company member of the TTS Group has concluded with authorized economic operators contracts for the supply of drinking water, for the discharge of domestic wastewater, for the collection, treatment and neutralization of waste and for the collection, recovery and /or disposal of waste oils.

9. Risk management system

Currency risk

The group is exposed to currency fluctuations in commercial and financial transactions. Currency risk results from recognised assets and liabilities, including loans, denominated in foreign currency. Due to the associated high costs, it is the Group's policy not to use derivatives to hedge this risk.

Management of interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at market rates and therefore their fair values are considered not to differ significantly from carrying amounts.

Credit risk management

The group is exposed to credit risk due to commercial and other claims. The group has policies in place to ensure that sales take place to customers with an appropriate payment history. Debt maturities are carefully monitored and outstanding amounts are closely followed. Commercial receivables (clients) are net of impairment adjustments for intrigued customers. The group implements policies that limit the amount of credit exposure to any financial institution.

Liquidity risk management

Prudent liquidity risk management involves maintaining a sufficient amount of cash and sufficient available credit lines, continuously monitoring the estimated and present cash flows and matching the maturities of financial assets and liabilities. Due to the nature of its work. The group intends to be flexible on financing options, with the support of the majority shareholder.

Fair value of financial instruments

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on liquid asset markets is determined by reference to quoted market prices;
- the fair value of other financial assets and liabilities (excluding derivative instruments) is determined in accordance with generally accepted price models, based on the analysis of expected cash flows, using prices from observable current market transactions; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, the analysis of expected cash flows shall be used, using the yield curve applicable to the duration of derivative instruments that do not include options and options models for derivative instruments based on options.

Financial instruments on the balance sheet include trade receivables and other receivables, cash and cash equivalents, short- and long-term loans and other liabilities. The estimated fair values of these instruments approximate their carrying amounts. The accounting values represent the maximum exposure of the Company to the credit risk related to the existing receivables.

10. Administration and management of TTS (Transport Trade Services) S.A.

As of August 26, 2021, as a result of the entry into force of the new articles of incorporation of the company, TTS is managed by a five-member Board, one of whom is an executive and three members are independent. The composition of the Council was approved by OGMS Decision no. 1/26.08.2021. By 25 August 2021, the Board of Directors was composed of three members, one of whom was an executive member.

The Council shall be headed by a President appointed by decision of BoD No. 1/30.08.2021.

By BoD decision no. 1/30.09.2021 the Board of Directors constituted the Remuneration and Nomination Committee consisting of three non-executive members, of which two independent members and the Audit Committee consisting of three non-executive members, of which two independent members headed by an independent non-executive member.

The establishment, organisation and functioning of committees shall be governed by the 'CHAPTER VI. ADVISORY COMMITTEES. ESTABLISHMENT, ORGANIZATION AND FUNCTIONING OF ADVISORY COMMITTEES" OF THE BoD REGULATION.

The composition of the Board of Directors in 2021 was as follows::

| Name and surname | Status in BoD | Period in office |
|-----------------------------|--|-----------------------------|
| Alexandru-Mircea MIHĂILESCU | Non-executive member (BoD President from 30.08.2021, Chairman of the Remuneration and Nomination Committee, member of the Audit Committee, both from 30.09.2021) | Jan. 1, 2021 – Dec 31, 2021 |
| Ion STANCIU | Executive member | Jan 1, 2021 – Dec 31, 2021 |
| Elena BUTNARIU | Independent member (Chair of the Audit Committee and member of the Remuneration and Nomination Committee from 30.09.2021) | Aug 26, 2021 – Dec 31, 2021 |
| Ana-Barbara BOBIRCĂ | Independent member (member of the Audit Committee from 30.09.2021) | Aug 26, 2021 – Dec 31, 2021 |
| Dorin-Alexandru BADEA | Independent member (member of the Remuneration and Nomination Committee) | Aug 26, 2021 – Dec 31, 2021 |
| Ștefan SEVASTIAN | Member | Jan 1, 2021 - Aug 25, 2021 |

The Board of Directors appointed the BoD Secretary by BoD Decision No. 1/22.07.2021.

Since the date of admission to trading, the Board of Directors has met nine times, three times through the physical presence of members and six times through voting and email debates. Two decisions were adopted by signing by all the members without the Board meeting. Six meetings were held with the participation of all members of the Board, a meeting with the participation of two members out of three and one with the participation of four members out of five. All decisions were taken with the unanimity of the votes of the participating members.

The advisory committees set up on 30.09.2021 did not meet during 2021.

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

The executive management is provided by the Chief Executive Officer of the Company, the Chief Financial Officer and the Chief Operations Officer.

The management of TTS is delegated by the Board of Directors through the provisions of the Articles of Incorporation of the Company.

By Decision no. 1/15.06.2021 the Board of Directors has decided to take over the position of Chief Operations Officer by the Deputy Chief Financial Officer.

The composition of the TTS executive management during 2021 was as follows::

| Name and surname | Status in the executive management | Description of mandate contracts |
|-------------------|--|--|
| Petru ȘTEFĂNUȚ | Chief Executive Officer | Concluded on 26.05.2014, successively extended in 2016 and 2018, expires on 31.05.2022 |
| Ion STANCIU | Deputy Chief Executive Officer, Chief Operations Officer (from 15.06.2021) | Concluded on 26.05.2014, successively extended in 2016 and 2020, expires on 03.06.2024 |
| Nicoleta FLORESCU | Chief Financial Officer | Closed on 10.03.2021, expires on 10.03.2025 |

11. Important events occurring after the end of the financial year

During 2022, the Board of Directors convened the GMS for April 1, 2022 with the proposal to approve the increase of the share capital by the amount of 30,000,000 lei by partially incorporating the unshared profit from previous years (retained earnings), with the issue in consideration of new shares and their free distribution to shareholders with an allocation rate of 1 newly issued share for each share held.

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation may have an impact on European economies and globally. The company has no direct exposure in Ukraine, Russia or Belarus. However, the impact on the overall economic situation may require a review of certain assumptions and estimates.

In terms of exposure, the TTS Group has no financial exposure, no assets or agencies or branches in Ukraine or Russia. Also, the TTS Group has no commercial links with Russian companies and has insignificant contractual relations as a share with Ukrainian companies (especially through the ferry transport services provided by the Group at the Isaccea-Orlivka border point). There are contracts with EU companies, which refer in particular to raw materials for the metallurgical industry, from Russia and Ukraine, for the Danube plants.

From a commercial point of view, in 2022 the ongoing contracts for goods coming from Ukraine represent about 3% of the total consolidated revenues (exclusively raw materials for the Liberty Steel Galati steel plant), while the contracts for goods coming from Russia represent about 2% of the total consolidated revenues.

At the date of writing this note, the contracts are executed at a rate of 17-25%. Chemical fertilizers from Russia (with an extremely small share of 1%) are at the moment stopped at delivery entirely, while the raw materials from Ukraine, initially stopped, have resumed their deliveries, albeit with difficulty.

As for the assets allocated within the TTS Group for the execution of contracts for goods coming from Ukraine and Russia, they have already been reallocated to other cargo flows, especially via the port of Constanta.

As regards raw materials and finished steel products from Ukraine and Russia, destined for various countries in the Danube basin, they will certainly be replaced by products from nearby areas (Turkey, Egypt, the Caspian Sea) or from more distant countries. Most of these cargo flows will inevitably pass through Constanta and then the Danube. As for the goods coming from Ukraine, as in the case of agricultural products, alternative routes are being sought, with complex logistics (by land and waterway), with subsequent delivery via the port of Constanta.

At this stage, management cannot reliably estimate the impact, as events unfold day by day. The longer-term impact may affect profitability as a result of rising prices in general and energy in particular.

At the time of these financial statements, the TTS Group carries out its activity normally, the contractual obligations are fulfilled as they reach maturity and, therefore, the continuity of the activity is in complete safety.

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The Board of Directors of TTS (Transport Trade Services) S.A. considers that the consolidated financial statements together with the explanatory notes are correctly and legally drawn up, and propose to the General Meeting of Shareholders

- approval of the consolidated financial statements (statement of financial position, statement of comprehensive income, statement of change in equity, statement of cash flows, explanatory notes) drawn up at 31 December 2021,

- approval of the profit distribution and discharge of the administrators for the financial year 2021.

President of the Board of Directors

Alexandru – Mircea MIHĂILESCU