



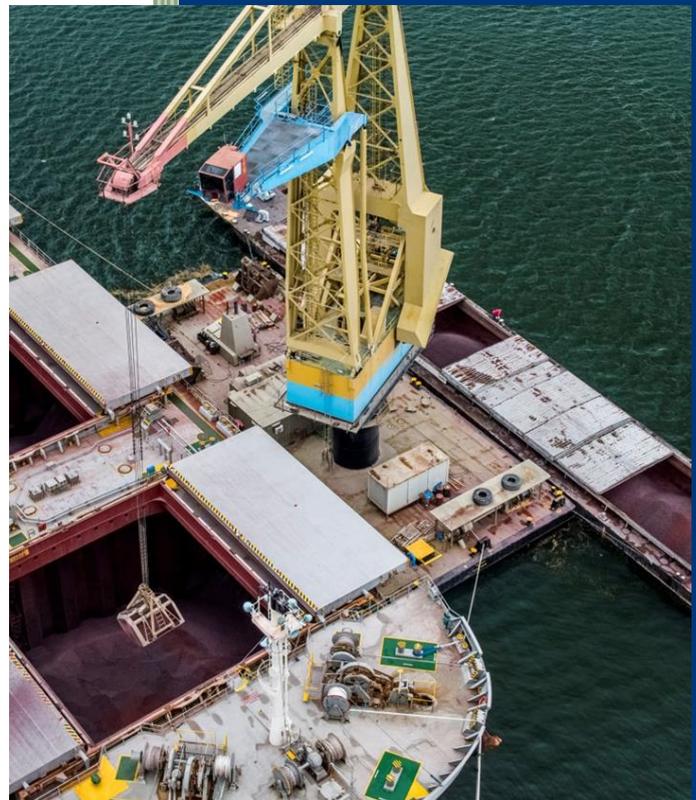
TTS (Transport Trade Services) S.A.

TTS – 2021

# 2021 Annual Report

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

**[BSE \(BVB\): TTS](#)**





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## CEO letter to Shareholders

Dear company shareholders,



The year 2021 for Transport Trade Services (Group, TTS) meant the listing on the Bucharest Stock Exchange (BVB) on June 14<sup>th</sup>, as a result of an initial public offering worth EUR 58.5 million. By means of the listing, we envisage a much broader future development of the company, based on transparency, credibility, access to funding and modernization of the management system. In just 6 months of

activity on the stock market, TTS shares have achieved inclusion in both the BET index, the main stock exchange index, and the global index dedicated to emerging markets, FTSE Global Micro Cap.

The markets in which the company operates have experienced a mixed development throughout 2021. The market of mineral products registered a robust development, as a result of the restart of the global economy. In the agricultural products market, the drought that affected grain crops in southern Romania in 2020 did not happen again in 2021 and, thus, ensured a very good grain harvest in Romania, Bulgaria and Serbia, with a weaker harvest in Hungary. The effects of this situation translated into lower transport and operation volumes in the first half of the year, a return to historical averages in the third quarter, followed by a significant reduction in the fourth quarter, due to differences between domestic suppliers' prices and FOB (free on board) quotations on the Black Sea. The chemical products market developed in line with the average of the first half of the year, witnessing a decrease in terms of volumes in the second half, due to a substantial increase in the prices of these products, which subsequently discouraged consumption.

From an operational point of view, 2021 was a year of recovery, in light of the reduction of the restrictions imposed by the COVID pandemic, a year in which the financial and operational results obtained by TTS Group were better than those recorded in 2019. The integrated business model, based on the vertical integration of operations, positioning business lines at the core of supply chains and strategic geographical coverage, have once again demonstrated resilience, and, thus, we have successfully met the challenges of 2021. The global logistics crisis, which significantly impacted players in the forwarding segment, did not affect the activity of TTS. Total transported and operated volumes increased by 12.1%, when compared to 2020, in the context of the increase in transported volumes of chemicals and minerals, especially raw materials for the metallurgical industries in Romania and Serbia. These volume increases were possible in light of the fact that the level of the Danube ensured, for most of the analyzed period, favorable navigation conditions.

**The Group's total revenues** increased by 15% in 2021, reaching RON 598.8 million, a performance supported by all three main segments in which the company operates: freight forwarding, river transport and port operations. In what concerns the **company's performance**, the measures undertaken to streamline operations supported the achievement of a consolidated operating result of RON 79.9 million, i.e. 28% higher than in 2020, with the increase stemming entirely from port



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operating segments and other activities. We ended 2021 with an increase of 36.2% of the consolidated net profit attributable to shareholders, when compared to 2020.

On the **capital market**, the price of TTS shares showed a very good development. As of July 23<sup>rd</sup> and until the end of the year, the price of TTS shares registered an increase of 18.5%, permanently above the BET index, which, in the same period, registered an increase of only 10.9%. This development came against in the context of four months of almost continuous increase of the price, from RON 19.05 / share (July 23<sup>rd</sup>) to RON 25.4 / share (November 26<sup>th</sup>), supported by the special interest of investors in what concerns TTS shares. In order to support the company's liquidity, TTS shares benefited from the market making service provided by BRK Financial Group shortly after listing, which is a program that supported inclusion in local and international indices. Joining listed companies also meant adapting the organization and internal processes, in order to meet new legal and reporting requirements, however, in the first months after listing, we gradually implemented tools to support transparency and easy access to investor information, by means of implementing modern ways of accessing the General Meeting of Shareholders and direct dialogue with analysts and investors during quarterly conference calls. The development of the company on the stock exchange so far gives us confidence in our course and we assure investors of our continuous drive to achieve good results for all TTS shareholders. We opted to partake in the assessment of investors' communication and we obtained a VEKTOR score of 8.5 points out of 10, calculated by the Association for Investor Relations on the Romanian Stock Exchange, thus placing us in the top of listed companies.

We are well positioned to meet our regional strategic priorities and have plans for the next few years to strengthen our presence and grow in all countries in which we operate. We aim to become the number one logistics supplier in the Danube basin and to act as a market integrator. The company's development strategy for the next four years will focus on three pillars - organic growth, growth by means of acquisitions and ESG (sustainability, social responsibility and corporate governance). Thus, in 2021, we continued our development projects, both in terms of geographical expansion and investments in modernizing existing assets, in order to continue the streamlining of operations. The listing on the stock exchange has granted the company additional international visibility, and sound financial stability is the basis for the sustainable growth strategy. In terms of sustainability, TTS aims to remain one of the lowest carbon dioxide pollutants among the participants in the Danube transport segment and continues to invest in greener ports and vessels, in order to integrate best practices of corporate governance and social responsibility. In 2022, we will conduct a non-financial reporting for the first time, which we will publish in June.

On behalf of the TTS Management Team, we would like to thank all stakeholders who contributed to the company's results in 2021 for their trust.

Sincerely,

Petru Ștefănuț



TTS (Transport Trade Services) S.A.

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## 1. About TTS

### 1.1. TTS Group

The Transport Trade Services group of companies ("TTS Group" or "Group") is one of the largest integrated inland waterway carriers in the Danube Basin and is comprised of 16 companies, namely TTS (Transport Trade Services) S.A. ("TTS" or "Company"), 13 companies in which TTS owns, directly or indirectly, more than 50% of the share capital and 2 in which it owns minority interests. Eleven companies in the Group operate in the three main business segments of the Group:

International Freight Forwarding:	TTS (Transport Trade Services) S.A. Bucharest, TTS (Transport Trade Services) GmbH. Vienna, Plimsoll Zrt. Budapest, Transterminal – S S.R.L. Chişinău
River transport:	CNFR NAVROM S.A. Galati, Navrom Bac S.R.L. Galati, Fluvius Kft. Budapest
Port Operation:	Canopus Star S.R.L. Constanta, TTS Operator S.R.L. Constanta, TTS Porturi Fluviale S.R.L. Galati, Port of Fajsz Kft. Fajsz (Hungary)

The main goods transported and operated in ports are: mineral products (raw materials for the steel industry and laminated products segment), agricultural products (grains, oilseeds and fodder) and chemicals (phosphate rock and finished products related to the chemical fertilizer industry).

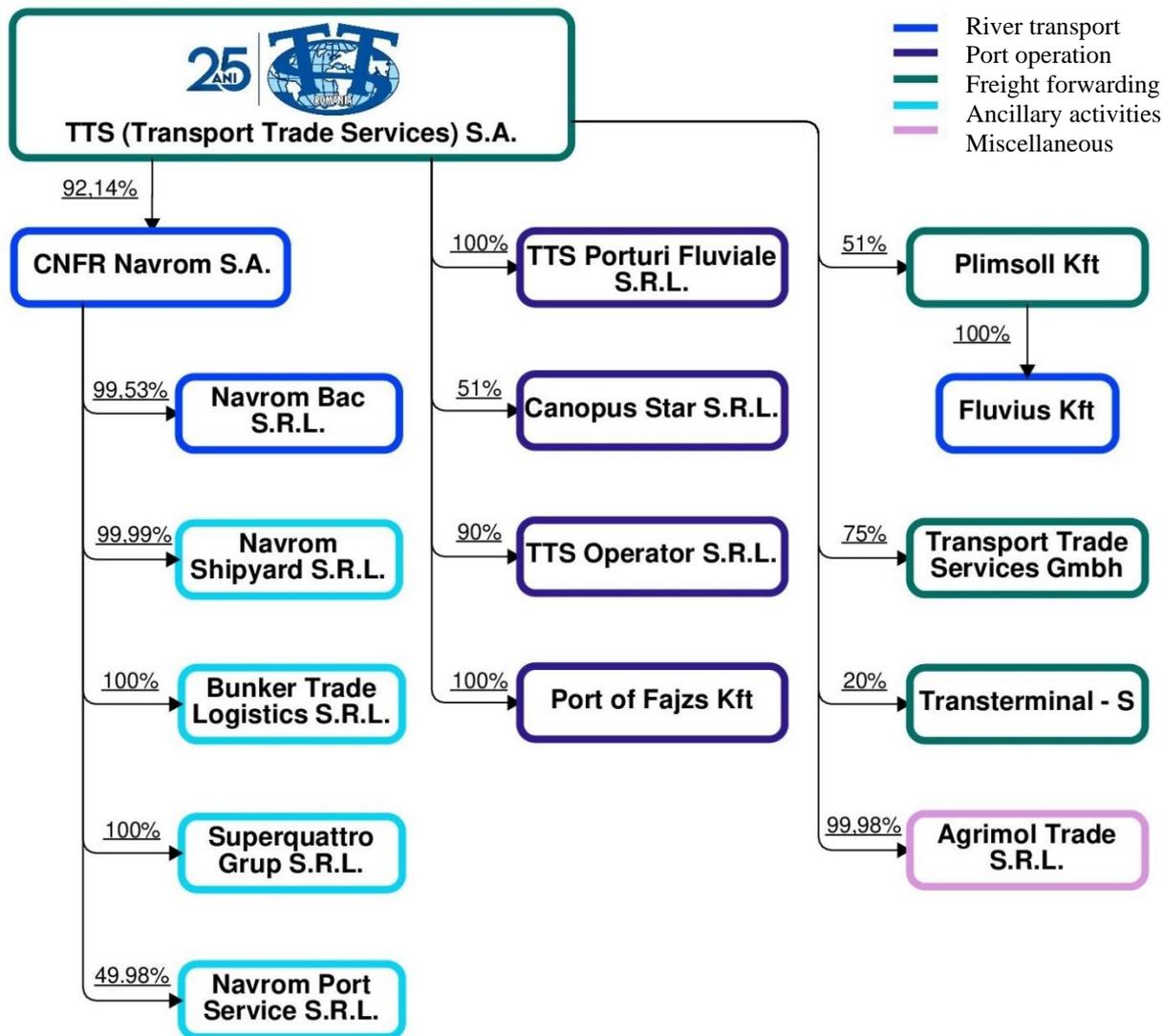
The TTS Group has the largest river fleet in the Danube basin, with a capacity of approx. 800 thousand tons, 8 floating cranes, as well as port terminals in Constanța and in 7 Danube river ports.

The group offers 3PL (Third Party Logistics) services, namely integrated transport services (river, rail, road), transshipment (between transport units, from warehouses, silos, etc.), storage (warehouses, silos, warehouse river units, etc.), agency services (production of specific documents) and any other services specific to the management of the supply chain.

The main member companies of the Group are owned by TTS and, with one exception, are integrated into the Group's business model.

**STRUCTURE OF TTS GROUP**

(31.12.2021)



Danube river transport

CNFR NAVROM S.A. Galați

With a history of over 130 years, NAVROM is the backbone of the Group, as it is the main provider of river transport services for the Group and, at the same time, the largest river freight carrier on the Lower Danube.

NAVROM's entry into the Group was achieved by means of the takeover of the company by TTS, started in 1998 and finalized in 2005, when TTS became the majority shareholder with a 53.71% participation in NAVROM). As of December 31<sup>st</sup>, 2021, TTS's participation reached 92.14% of NAVROM's share capital.



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### Port operations

#### CANOPUS STAR S.R.L. Constanta

Canopus is a joint venture between Cargill (49%) and TTS (51%) and operates the Group's grains terminal in the Port of Constanta, with a capacity of 110,000 tons.

Canopus joined the Group in 2004, when TTS took over 41.6% of the company's share capital. The partnership with Cargill began in 2008, with the acquisition of 49% of the company's share capital by the latter, with the difference of 51% being owned by TTS.

#### TTS PORTURI FLUVIALE S.R.L. Galați

TTS Porturi Fluviale owns the port terminals of the Group from Galați, Braila 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. (former name of TTS Porturi Fluviale). TTS subsequently increased its stake, currently owning 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 the Port of Constanta, owning and operating six floating cranes.

TTS Operator is the first company taken over by TTS, by means of the purchase of the majority stake in 1999. Today, TTS owns 90% of the company's share capital.

#### PORT OF FAJSZ Kft. Fajsz

Port of Fajsz owns the only port terminal of the Group located outside Romania, on the Danube, approx. 140 km downstream from Budapest in Fajsz (Hungary).

Port of Fajsz was taken over by TTS in 2019, who acquired 100% of the company's share capital.

### International operations

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

TTS (Transport Trade Services) GmbH. Vienna, international freight forwarding services on the Upper Danube (TTS owns 75% of the company's share capital)

Plimsoll Zrt. Budapest, rail freight services on routes from / to Hungary, to / from the North Sea, Adriatic Sea, Ukraine, as well as logistics services in combined traffic (TTS owns 51% of the company's share capital).



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Transterminal – S S.R.L.Chişinău, CIS-based rail freight forwarding services (TTS owns 20% of company's share capital).

### Non-core business

#### AGRIMOL TRADE S.R.L. Bucharest

Agrimol is a foreign trade company specialized in the export of wood products, in which TTS owns 99.9772% of the company's share capital.

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

Established in January 1997, TTS (Transport Trade Services) S.A. is active in the international freight forwarding segment. In its 25 years of activity, TTS pursued a prudent development strategy, focused in two directions:

1. Vertical integration by means of acquisition of companies active in the segments of river transport and port operation, as well as by means of direct acquisition or development of port terminals (Oltenița, Giurgiu, Bechet).  
The terminal in Oltenița was modernized, the investment was completed in 2021. Two new investment projects are envisaged, namely the modernization of the Giurgiu port terminal, with European funds to partially finance said investment, and scale up of the operating capacity of the Canopus terminal in Constanța.
2. Regional scale up by means of acquiring companies mainly active in the international freight forwarding segment, headquartered in countries from the Danube basin.

The Group's development efforts were supported by IFC, by means of investments of over EUR 35 million, transposed into three successfully completed operations:

- In 2005, IFC granted NAVROM a loan of EUR 14 million guaranteed by TTS for the modernization of pushers.
- In 2008, IFC granted TTS a loan convertible into shares amounting to EUR 10 million. The loan was not converted into capital and was repaid in full by TTS during 2009-2017.
- In 2012, IFC acquired a 10% stake in TTS's share capital, by means of a capital contribution, with the company valued at EUR 120 million. The shares were subsequently repurchased by TTS (6% in 2017 and 4% in 2018).

The Group's business model is centered on TTS, which provides customers with integrated freight forwarding / river transport / port operations services and coordinates the Group's business. The transport and port operation services are further contracted mainly with Group companies, but

also with third parties (especially in the port operation segment). TTS's activity is computer-integrated at accounting level with the activities of Group companies and is being integrated at operational level (tracking volumes and types of goods, per types of operations, up to the level of invoicing and payment tracking), and the system ensures support for both internal reporting, as well as external reporting, including reporting of related-party transactions.

## 2. TTS Group's activity in 2021

### 2.1. In 2021, the activity of TTS Group exceeded pre-pandemic levels

The year 2021 exceeded our expectations regarding the return of TTS's 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 exceeded the results recorded in 2019.

Thus, total revenues of the Group in 2021 were RON 598.8 million, higher by 8.5%, when compared to the revenues registered in 2019, namely RON 551.8 million, and the attributable profit in 2021 was RON 66.4 million, 24.5% higher than the result registered in 2019, namely RON 53.3 million.

#### Consolidated financial results - TTS Group

(mil. RON)	2021	2020	Δ 2021/2020	2019	Δ 2021/2019
Total revenues	598.8	520.3	↑ 15.1%	551.8	↑ 8.5%
Operating result	79.9	62.2	↑ 28.5%	69.2	↑ 15.5%
Net profit (overall result)	66.5	47.9	↑ 38.8%	53.3	↑ 24.8%

At individual level, the turnover of TTS in 2021 amounted to RON 395.6 million, 3.3% higher than the turnover registered in 2019, i.e. RON 382.9 million, and the net profit in 2021 totaled RON 32.6 million, 14.8% higher than the net profit recorded in 2019, i.e. RON 28.4 million.

#### Individual financial results - TTS

(mil. RON)	2021	2020	Δ 2021/2020	2019	Δ 2021/2019
Turnover	395.6	371.6	↑ 6.5%	382.9	↑ 3.3%
Operating result	28.0	27.6	↑ 1.4%	34.2	↓ (22.1%)
Net profit	32.6	29.9	↑ 9.0%	28.4	↑ 14.8%

### 2.2. Mineral products' operations - the driver of TTS Group's growth in 2021

Mineral operations, especially raw materials for the metallurgical industries in Romania and Serbia, witnessed their largest growth in 2021.

By positioning its business lines at the core of the supply chain, TTS Group fully benefited from the effects of the resumption of economic activity, as a result of the gradual lifting of post-pandemic restrictions, which led to a 22.6% increase in total volumes of minerals transported and operated by TTS Group in 2021, compared to the level recorded in 2020, i.e. 8.612 million tons in 2021, compared to 7.023 million tons in 2020.

### **2.3. Agricultural products' operations - affected by market distortions (Q4) and the 2020 drought (Q1)**

The drought that affected grain crops in southern Romania in 2020 was not repeated in 2021, which ensured a very good grain harvest in Romania, a good harvest in Bulgaria and Serbia, however, a very weak harvest in Hungary. The effects of this development translated into lower transport and operation volumes in the first half of the year (a more pronounced decrease in Q1, partially offset by the effects of the new harvest in Q2), followed by a return to the historical normal values in the third quarter of 2021.

The fourth quarter saw a sharp decline in the volumes available for transport and operation, due to large differences between domestic supplier prices and Black Sea FOB (free on board) quotations (influenced by Ukrainian and Russian commodity prices), which led domestic grain traders and those from Serbia to significantly reduce sales.

The effect of these variations in what concerns the volumes traded on the agricultural products market was reflected in the volume of agricultural products transported and operated by TTS Group in 2021, which totaled 4.647 million tons, 2.4% lower than the total volume recorded in 2020, i.e. 4.762 million tons.

### **2.4. Chemical products' operations - on the rise, although affected by Q4 price increases**

The market for chemical products (fertilizers) developed normally in the first half of the year, producing a reduction in terms of volumes in the second half of the year, as a result of the substantial increase in the prices of these products (doubled, even tripled prices), which subsequently discouraged consumption.

Thus, the total volume of chemical products transported and operated by TTS Group in 2021 was 1.852 million tons, 13.6% higher than the total volume recorded in 2020, i.e. 1.631 million tons.

### **2.5. The volumes operated and transported at Group level increased in 2021**

Even in the less favorable conditions manifested on the grains and fertilizers markets in the fourth quarter, the total volume of products transported and operated by TTS accentuated its increase in the second half of 2021, reaching 8.198 million tons, higher by 16.9%, when compared to the total volume recorded in the second half of 2020, i.e. 7.015 million tons.

In this context, the total volume of products transported and operated by TTS in 2021 reached 15.552 million tons, 12.1% higher than the total volume recorded in 2020, i.e. 13.876 million tons.

## 2.6. Very good financial results in 2021

The total revenues of the Group in 2021 amounted to RON 598.8 million, increasing by 15.1%, when compared to 2020 (RON 520.3 million), with the note that all business segments contributed to this increase. Higher percentage increases were provided by the port operations segment, with approx. 31%, and the Other activities segment, from the sale of goods, but also from the increase of activity in shipyards.

The streamlining of operations at the level of the entire Group facilitated a consolidated operating result of RON 79.9 million, 28.5% higher than in 2020 (RON 62.2 million), with the increase stemming entirely from the port operating and other activities segments.

The consolidated net profit attributable to shareholders amassed RON 60.3 million, increasing by 36.2% in 2021, when compared to 2020 (RON 44.2 million).

## 2.7. Investments

Total investments of TTS Group in 2021<sup>1</sup> amounted to approximately RON 97.5 million, the largest share thereof represented by investments in the river transport segment, RON 68.2 million, and investments in the port operation segment, RON 26.8 million.

Depending on their subsequent purpose, RON 52.6 million represented development investments (both in the transport segment, by continuing the modernization programs, and in the port operation segment, mainly investments in Oltenița port and in the Canopus Star terminal in Constanța port) and RON 44.9 million maintenance investments (mainly in the river transport segment).

The main weighting in CAPEX 2021 at Group level is owned by NAVROM investments, which benefitted from several programs:

- Program related to barge equipment with aluminum hatch covers (12 barges finalized or in various execution stages, including 6 barges that require structural modifications)
- Propulsion modernization program for pushers and floating cranes (3 pushers and 2 floating cranes, finalized or in various execution stages)- Investment program for vessel recertification (4 pushers and 69 barges finalized or in various execution stages)

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<sup>1</sup> The figures reflect the total investment effort at Group level, regardless of their stage. Therefore, both finalized investments, which are reflected in the IFRS financial statements, and ongoing investments that are not reflected as such in said financial statements are included



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

Also in 2021, Canopus Star finalized the first part of the investment, amounting to RON 12.9 million, which aims to expand operating capacity, by creating the possibility of simultaneous operation of two marine vessels or of a marine vessel and several river vessels. The investment is due to be finalized in the second half of 2022 and has an estimated value of EUR 3 million.

In December 2021, TTS started a project to modernize the port of Giurgiu with European funds, by submitting an application for funding via the Large Infrastructure Operational Program for the project "Modernization of infrastructure in the port of Giurgiu, Ramadan area, berths 1, 2 - port platform, utilities , access routes" within POIM Call Notice / 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 TEN -T central network, within the Large Infrastructure Operational Program 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 represents TTS's contribution.

### **2.8. Reorganized assets within the Group**

In December 2021, the merger by means of which NAVROM Shipyard S.R.L. absorbed Cernavoda Shipyard S.R.L. (both subsidiaries of CNFR NAVROM S.A.) was finalized. The operation was launched in 2020 and aimed to consolidate the operations of the two repair shipyards owned by NAVROM.

In November 2021, NAVROM began the process of taking over the ownership of the self-propelled vessel Melanie H and the non-propelled barge Melanie from Fluvius Kft, by means of a transaction totaling EUR 2.1 million, finalized in 2022. The transaction price was established on the basis of the assessment report elaborated by an authorized ANEVAR valuator. The value recommended in the assessment report was EUR 2,094,200. By means of this transaction, NAVROM took the first step for developing a fleet of self-propelled fast vessels. At the same time, the inclusion of the two vessels in the NAVROM fleet creates the context for a more efficient operation thereof, as a result of the scale economies transferred in the operation of the two vessels.

### **2.9. Admission to trading and development of TTS shares on the main market of the Bucharest Stock Exchange**

For TTS, the main event of 2021 relates to the admission to trading on the regulated market managed by BSE, in the Premium category, of the shares issued by TTS, following the successful conclusion of the initial secondary public offering for sale, carried out by Swiss Capital S.A., by

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means of which the company's shareholders sold 50% of the shares, the Company being valued at EUR 107 million.

In light of the fact that this was the first listing on this market after a period of almost 3 years, the trading of TTS shares on the main market operated by the Bucharest Stock Exchange naturally stirred the interest of investors. Thus, following the over-subscription of the offering, on the first trading day 2,061 transactions were registered, by means of which more than 3.5% of TTS shares changed their owner (1,061,602 shares), with a maximum trading price higher by 10.9%, when compared to the IPO price (RON 21.3 / share, compared to RON 19.2 / share).

A period of price consolidation subsequently followed (June 15<sup>th</sup>, 2022 - July 23<sup>rd</sup>, 2022), at the end of which the minimum trading price of 2022 was registered, i.e. RON 19.05 / share.

The post-listing development of TTS shares is a typical one, during this period a relatively high number of shares were traded (94,758 shares / day on average, more than three times the daily average of 30,254 shares registered between July 24<sup>th</sup>, 2021 - December 30<sup>th</sup>, 2021), with the price tending to decrease to the IPO price, due to the fact that the market is dominated by sellers (during this period, any individual who bought in the IPO made a profit).



Starting with July 24<sup>th</sup>, 2021 and until the end of the year, we witnessed a buyers' market, which materialized in a price increase of up to RON 25.4 / share (the maximum of 2021 was reached on November 26<sup>th</sup>, 2021), 33.3% higher than the minimum price recorded on July 23<sup>rd</sup>, 2021.

The development of TTS shares during this period is characteristic for situations in which there are large purchase orders relative to the size of the daily market (moderate, yet sustained growth in July-November), which, once executed, cause a relative decrease of the market price. A last growth period was registered after December 20<sup>th</sup>, probably determined by the portfolio

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

adjustments conducted before the end of the year, with a closing price on December 30<sup>th</sup>, 2021 of RON 22.3 / share.

Compared to the BET index, TTS shares performed better in the whole period after the post-listing period, registering an increase of 18.5% between July 24<sup>th</sup>, 2021 and December 30<sup>th</sup>, 2021, while the increase of the BET index in the same period totaled 10.9%.



TTS shares closed the year at a price of RON 22.3 / share - December 30<sup>th</sup>, 2021 (opening price RON 20.00 / share - June 14<sup>th</sup>, 2021, minimum price RON 19.05 / share - July 23<sup>rd</sup>, 2021, maximum price RON 25.4 / share - November 26<sup>th</sup>, 2021, average price RON 21.19 / share). The total volume of traded shares amassed 6,953,333 shares (23.2% of the total number of shares, 16,343 transactions, 30,254 shares / day), with a total value of RON 147.4 million.

### 2.10. Inclusion of TTS shares in the BET and FTSE Global Micro Cap indices

With the main objective of increasing the interest of market participants in what concerns TTS shares to a level that ensures good share liquidity, the first measures undertaken by TTS immediately after the listing were to establish the Corporate Governance and Investor Relations Department and to contract issuer market maker services from BRK Financial Group in early July 2021.

Then, in July and August, two systems with a very important role in investor relations were operationalized:

- Development of an internal affiliate transaction monitoring system, which informs the Corporate Governance and Investor Relations Department, on a daily basis, regarding the intra-group traded amounts and sends alerts when the limit amount is exceeded. Given the complex structure of the Group, which entails a significant number of transactions between affiliates, the automation of operations allows us to report any exceeding of the legal threshold, without delay. We are currently working on a module for the automatic issuance of current reports in the format in which they are transmitted to the market and ASF.
- Implementation of the online voting system in the general meetings of shareholders on the eVote platform developed by Governance Partners S.R.L. This system was highly appreciated by our shareholders, as evidenced by the fact that, at the first General Meeting of Shareholders from August 26<sup>th</sup>, a turnout of approx. 85% of the total voting rights was noted.

At the same time, TTS has laid the foundations for an internal corporate governance system, in accordance with the highest standards in the field, by means of implementing, in a short time, a number of internal regulations and governance policies: the Board of Directors regulation, the GMS regulation, the remuneration policy, the dividend policy, the forecast policy and the insider information policy.

The culmination of our efforts was the achievement, within 6 months of market presence, of the two main liquidity objectives:

- The first objective was achieved on September 20<sup>th</sup>, 2021, by means of the inclusion of the shares in the BET index of the most liquid shares traded on BVB
- The second objective was achieved on December 20<sup>th</sup>, 2021, by means of the inclusion of TTS shares in the Russell FTSE indices series dedicated to emerging markets, namely in the FTSE Global Micro Cap index.

## 2.11. Ordinary General Shareholders Meeting of August 26<sup>th</sup>, 2021

The first General Meeting of Shareholders post-listing had as its main topic the election of the new Board of Directors, as well as the establishment of the remuneration conditions for the members of the Board and the members of the executive management, and represented a first for the Company, from several points of view.

For the first time in its history, TTS applied the strict provisions of capital market-specific regulations regarding the organization and conduct of general meetings, whilst ensuring access and facilitating voting in the general meeting in three distinct ways: in-person participation, voting by mail (postal services or via e-mail) and online participation. In addition thereto, measures were undertaken to ensure the secrecy of the votes cast via mail in the organization of the meeting.

On this occasion, the Company successfully tested the most flexible and, at the same time, the most effective form of participation in general meetings: online participation. For this reason, TTS has made available to shareholders the eVote platform, which offers a degree of flexibility and ease in exercising shareholder rights that no other form of participation ensures. One of the most important features of the online voting system is that it allows shareholders to change their vote as many times as they want, until the voting procedure is declared closed by the chairman of the general meeting. This facility represents a significant extension of the exercise of the right to change one's vote expressly established by the law for shareholders who vote via mail.

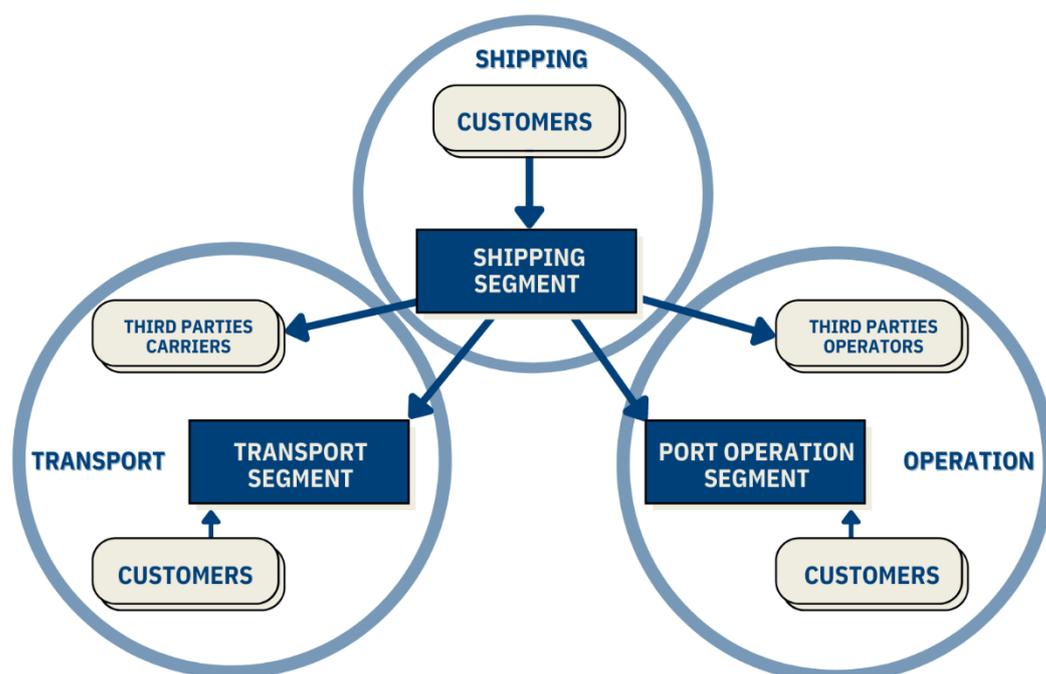
The Ordinary General Meeting of Shareholders on August 26<sup>th</sup> was successful and, thanks to the multiple forms of accepted participation, recorded a record turnout: 63 shareholders, covering 84.9% of total voting rights, of which 45 shareholders, covering 46.7% of all voting rights participated online via the eVote platform provided by the Company.

### 3. Analysis of the Group's operations in 2021

#### 3.1. General aspects

TTS's business model entails, in addition to mainly employing its own fleet (Navrom S.A. and Fluvius Kft.) and its own port terminals, contracting by the forwarding segment of transport or operating services from third parties.

At the same time, the Group's companies active in the river transport and port operations segments, in addition to the orders received from the companies active in the forwarding segment, may contract directly with their own customers.



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For these reasons, the total operated and transported volumes, analyzed in this section, are higher than the sum of volumes transported (analyzed in section 3.3) and operated (analyzed in section 3.4) directly by the TTS Group using its own resources.

Thus, the total volumes of goods transported by river and operated in ports (with own resources or with the help of third parties) increased at Group level by 12.08% in 2020, when compared to 2021, supported mainly by operations with mineral goods (+22.63%) and, to a lesser extent, by chemical products' operations (+ 13.55%), which, together, covered the deficits recorded in what concerns the other types of goods:

### Volumes transported and operated - TTS Group total

(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	4.647	4.762	↓ (2.41%)
Minerals	8.612	7.023	↑ 22.63%
Chemical products	1.852	1.631	↑ 13.55%
Other products	0.441	0.46	↓ (4.13%)
<b>Total</b>	<b>15.552</b>	<b>13.876</b>	<b>↑ 12.08%</b>

Regarding total transported volumes (with own resources or with the help of third parties) at Group level, the increase in 2021 was 12.54%, when compared to 2020, due exclusively to operations with mineral products, raw materials for the metallurgical industry. After the return observed in the third quarter in what concerns transported and operated agricultural products' volumes, their level fell sharply and substantially in the fourth quarter, due to reduction in exports, as a result of the differences between the prices of domestic suppliers and those on Black Sea FOB quotations (free on board). Chemical products also fell sharply, due to rapidly rising fertilizer prices in the second half of the year, leading to a decrease in demand. Operations with mineral products, especially raw materials for the metallurgical industries in Romania and Serbia, were the only ones that recorded an increase in terms of volume (24.03%):

### Volumes transported by river - TTS total

(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	1.862	2.041	↓ (8.77%)
Minerals	6.767	5.456	↑ 24.03%
Chemical products	0.714	0.737	↓ (3.12%)
Other products	0.441	0.460	↓ (4.13%)
<b>Total</b>	<b>9.784</b>	<b>8.694</b>	<b>↑ 12.54%</b>

The decrease of almost 3% in H1.2021 of the volumes operated in ports, when compared to the similar period of 2020, was fully recovered in the second half, and this increase was anticipated

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by TTS, as a result of the beginning of the grains' season and the good harvest in 2021. Thus, the total volumes operated by the Group are higher by 11.31% in 2021, when compared to 2020:

Volumes operated in ports - TTS Group total			
(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	2.785	2.721	↑ 2.35%
Minerals	1.845	1.567	↑ 17.74%
Chemical products	1.138	0.894	↑ 27.29%
<b>Total</b>	<b>5.768</b>	<b>5.182</b>	<b>↑ 11.31%</b>

In light of the business model of TTS Group, the analysis of volumes broken down per type of contract provides information on the degree of utilization of own capacities.

With regard to river transport, the almost 2.5 - fold increase in terms of volumes transported by third parties under TTS's mandate, and the 10.4% simultaneous increase in terms of volumes transported by the Group via the river transport segment, indicate that the Group's fleet operated at capacity:

River transport operations – break-down by contract type- TTS Group total			
(mil. tons)	2021	2020	Δ 2021/2020
• Contracted by the forwarding segment and operated 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%
<b>Total</b>	<b>9,784</b>	<b>8,694</b>	<b>↑ 12.54%</b>

Regarding the volume of port operations, the volume contracted by the forwarding segment remained practically constant (-0.5%). On the other hand, the volumes contracted directly by the port operators in the Group increased significantly (58.49%), leading to an increase in port operations by 11.31% (2021/2020):

Port operations – break-down by contract type - TTS Group total			
(mil. tons)	2021	2020	Δ 2021/2020
• 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 operating segment	3.023	3.093	↓ (2.26%)
<b>Total</b>	<b>5.768</b>	<b>5.182</b>	<b>↑ 11.31%</b>

### 3.2. Forwarding

The forwarding segment continued its general trend observed in H1.2021 at a consolidated level, with an overall increase of over 10%, fully supported by the minerals segment, which recorded an increase of 22.23%.

#### Volumes transported by river - Forwarding segment

(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	1.830	1.988	↓ (7.95%)
Minerals	4.596	3.760	↑ 22.23%
Chemical products	0.705	0.728	↓ (3.16%)
Other products	0.000	0.000	-
<b>Total</b>	<b>7.131</b>	<b>6.475</b>	<b>↑ 10.13%</b>

The slight decrease of 3.3% in H1.2021, when compared to the same period of 2020, recorded by port operations carried out based on the mandate of the forwarding segment decreased to 0.48% in 2021, compared to 2020, the main contribution in this regard coming from mineral goods.

#### Volumes operated in ports - Forwarding segment

(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	1.716	2.023	↓ (15.18%)
Minerals	1.551	1.340	↑ 15.75%
Chemical products	0.859	0.783	↑ 9.71%
<b>Total</b>	<b>4.126</b>	<b>4.146</b>	<b>↓ (0.48%)</b>

Revenues from the forwarding segment in river transport show a slight increase (6.95%), with the minerals segment bringing the largest contribution (18.11%), followed by the chemical products' segment (10.23%), both of which managed to cover the decrease of the agricultural products' segment (-7.65%).

#### Revenue generated by the forwarding segment from river transport (per type of goods)

(mil. RON)	2021	2020	Δ 2021/2020
Agricultural products	101.86	110.29	↓ (7.65%)
Minerals	159.01	134.63	↑ 18.11%
Chemical products	35.83	32.50	↑ 10.23%
<b>Total</b>	<b>296.69</b>	<b>277.42</b>	<b>↑ 6.95%</b>

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In what concerns the revenues generated by the forwarding segment from port operations, chemical products continue the growth noticed in the mid-year point, reaching a level of 13.32% in 2021, compared to 2020, the best performing segment remaining that of minerals, with an increase of 27.53% (2021 / 2020).

The only decrease was registered for agricultural products, i.e. -2.18% in 2021, compared to the same period of 2020:

Revenue generated by the port operation forwarding segment (per type of goods)			
(mil. RON)	2021	2020	Δ 2021/2020
Agricultural products	36.91	37.73	↓ (2.18%)
Minerals	26.35	20.66	↑ 27.53%
Chemical products	11.09	9.79	↑ 13.32%
<b>Total</b>	<b>74.34</b>	<b>68.17</b>	<b>↑ 9.05%</b>

### 3.3. River transport

The river transport segment was supported exclusively by the robust increase of 23.51% in the volumes of mineral products transported in 2021, compared to 2020. This increase is explained by the increase in demand for steel products generated by the global economic recovery, which led TTS's main customers in the mineral sector, the metallurgical plants Liberty Steel Galați and HBIS Smederevo, to record significant increases in production figures, and, thus, the volume of raw material for which TTS is the main provider of transport services. The large weighting of these volumes (more than 70% of total transported volumes), together with the increase recorded in 2021, were more than enough to cover the volume deficits recorded for all other types of goods (-16.28% for agricultural products, -6.63% for chemical products and -4.13% for other products), ultimately leading to an increase in cumulative transported volumes of 10.44% in 2021, compared to 2020:

Volumes transported by river by the river transport segment			
(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	1.635	1.953	↓ (16.28%)
Minerals	6.709	5.432	↑ 23.51%
Chemical products	0.662	0.709	↓ (6.63%)
Other products	0.441	0.460	↓ (4.13%)
<b>Total</b>	<b>9.447</b>	<b>8.554</b>	<b>↑ 10.44%</b>

However, the course of goods decreased slightly (-1.85%), strongly influenced by the agricultural products' segment (-27.96%), due to both the decrease in transported volumes and the reduction of the transport distance, due to the decrease of volumes of goods from Serbia and especially Hungary, when compared to 2020, which is an effect of weaker harvests, compared to 2020:

Total freight traveled performed by the river transport segment (per type of goods)			
(bil. tons*km)	2021	2020	Δ 2021/2020
Agricultural products	0.956	1.327	↓ (27.96%)
Minerals	2.948	2.643	↑ 11.54%
Chemical products	0.454	0.470	↓ (3.40%)
Other products <sup>2</sup>	0.001	0.001	-
<b>Total</b>	<b>4.359</b>	<b>4.441</b>	<b>↓ (1.85%)</b>

For the same reasons, the increase in revenues in the river transport segment (+ 7.99% in 2021, compared to 2020) did not reach the increase in volumes (+ 10.44%):

Revenues generated by the river transport segment (per type of goods)			
(mil. RON)	2021	2020	Δ% 2021/2020
Agricultural products	73.45	88.27	↓ (16.79%)
Minerals	175.37	146.45	↑ 19.75%
Chemical products	29.46	28.38	↑ 3.79%
Other products <sup>3</sup>	22.56	15.49	↑ 45.68%
<b>Total</b>	<b>300.84</b>	<b>278.59</b>	<b>↑ 7.99%</b>

### 3.4. Port operations

The only segment that recorded increases in all categories of goods was the port operating segment, the total increase in volumes amassing 12.96% in 2021, compared to 2020.

The main contribution stemmed from agricultural goods, which, after the decrease (27.31%) of volumes operated in H1.2021 compared to H1.2020 (caused by the reduced volume of agricultural products operated in Q1.2021) had a spectacular return in the second half of the year, as a result of the very good harvest in 2021, which finally led to an increase in the volume of agricultural goods operated of 4.41%, compared to 2020:

<sup>2</sup> The distances are 208 thousand tons \* km in 2021 and 165 thousand tons \* km in 2020, values high enough to have an influence in rounding the total distance to three decimal places

<sup>3</sup> Mainly transport by ferry made by NAVROM Bac S.R.L. in the Galați and Isaccea crossing points

Volumes operated in ports by the port operating segment

(mil. tons)	2021	2020	Δ 2021/2020
Agricultural products	2.744	2.628	↑ 4.41%
Minerals	0.784	0.607	↑ 29.16%
Chemical products	1.136	0.894	↑ 27.07%
<b>Total</b>	<b>4.664</b>	<b>4.129</b>	<b>↑ 12.96%</b>

The increases in volumes were reflected in the increases in revenues from port operations on all categories of goods, reflected in an increase of over 33% in revenues in 2021, compared to 2020:

Revenues generated by the port operating segment (per type of goods)

(mil. RON)	2021	2020	Δ 2021/2020
Agricultural products	58.60	45.23	↑ 29.56%
Minerals	11.29	7.66	↑ 47.41%
Chemical products	14.10	10.18	↑ 38.49%
<b>Total</b>	<b>83.98</b>	<b>63.06</b>	<b>↑ 33.17%</b>

## 4. TTS activity in 2022: the anticipated effects of the crisis caused by the war in Ukraine

### The general context

TTS Group is the main provider of integrated 3PL (Third Party Logistics) logistics services in the Danube basin, acting as an integrator of transport services (river, rail, road), transshipment, storage and agency for mineral goods, agricultural products and chemical products.

The geographical proximity of Ukraine and Russia, major exporters of mineral raw materials, agricultural products and chemicals, is causing the war in Ukraine to influence the business of TTS Group, even if our exposure to Russia and Ukraine is insignificant.

Our activity will be influenced mainly from two directions:

- Reconfiguration of the flow of goods from Russia and Ukraine and those that traditionally used Ukrainian ports to the Black Sea,
- economic sanctions imposed by the U.S. and the EU on Russia.

Changes in freight logistics flows are mainly due to the need to replace the standard supply chain through the Black Sea and Caspian ports affected by the war in Ukraine with logistics routes

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that will pass through the port of Constanța (or through the ports of Reni and Izmail, or combined land-Danube-Constanța routes). In this regard, sustained efforts are being made to establish alternative routes for Ukrainian export products (agricultural products, minerals), but also for Ukrainian imports.

At the same time, the economic sanctions have important effects on the markets located upstream of TTS in the supply chain, by means of the massive price increases in international markets, which produce changes in supply chains for raw materials and the sale of finished products.

### TTS Group exposure

TTS Group has no financial exposure, does not own assets, agencies or branches in Ukraine or Russia. The Group has no commercial ties with Russian companies, and has insignificant contractual relations in terms of overall weighting with Ukrainian companies.

From a commercial point of view, ongoing contracts in 2022 for goods stemming from Ukraine account for approx. 3% of total consolidated revenues (excluding raw materials for metallurgy), while contracts for goods from Russia account for approx. 2% of total consolidated revenues (overwhelming majority of raw materials for metallurgy, products not subject to sanctions, the difference being made up of chemical fertilizers). By the end of March, these contracts are performed at a rate of 17-25%.

### Current situation

With regard to goods from Ukraine and Russia, TTS Group provides mainly transport services, as well as certain port operations services, with the main share representing the raw materials for metallurgy. Relatively insignificant volumes of chemical fertilizers, coming from Russia, in transit via Constanța, for beneficiaries headquartered in the EU, are added thereto.

After a short period of interruption, deliveries for these products were resumed, with some logistical disruptions and under the conditions imposed by the sanctions in force and the export restrictions imposed by Russia on certain products.

The situation broken down per **main categories of goods** covered by the logistics services provided by TTS reads as follows:

**Minerals** - TTS Group provides the transport of raw materials for metallurgy on the Izmail-Galați route, and on the Constanța-Smederevo route. However, the raw materials from Ukraine and Russia represent only a small part of the raw material requirements for the two metallurgical plants, which, together, account for the largest share in the volume of minerals transported by TTS. Most of the required raw materials come from overseas sources, from major ore and coal producers. As for raw materials unavailable in the Ukraine-Russia routes, they will be easily replaced by reliable raw materials, and the groups to which the two main plants belong have globally developed supply chains. These volumes will transit through the port of Constanța.

In fact, from the information we have, the existing stocks in Constanța, together with the volumes of raw materials loaded on the ships en route to Constanța of both metallurgical plants allow their activity to be conducted in good conditions for the next period.

As a result, we expect TTS to continue to ensure the normal supply of Danube metallurgical plants, in accordance with the contracts in force.

Transports of raw materials (iron ore and manganese ore, metallurgical ore) and laminates from / to Ukraine to / from the port of Constanța and Romanian Danube ports are also in progress or in the negotiation phase:

- Ongoing contracts totaling at least 40,000 tons per month (achieved 57,000 tons as of the end of March), a volume that will increase to a minimum of 80,000 tons per month as of May
- In addition to these volumes, 32,000 tons were transported, another 35,000 tons are contracted for June
- We are in negotiations for an additional traffic of 10,000 tons per month as of June

Expected volumes for the upcoming months will be affected by the military and logistics situation in Ukraine.

**Fertilizers** - The phosphate transport and port operation contract for Serbia will continue to operate and, in the current situation, we expect an increase in volumes, as finished products (fertilizers) from Russia will have to be replaced, at least in part, by other sources with a similar price level (Caspian Sea, North African or Gulf countries).

We also sporadically transport chemical fertilizers of Russian origin to various destinations on the Danube, for beneficiaries from the EU.

**Agricultural goods** - The main risk relates to the possible protectionist measures that the governments of the region have taken or will take and which will have the effect of temporarily limiting the volumes of goods on the market, until the level of the new harvest is revealed, taking into account the decisions and involvement of the EU. At the same time, it should be noted that even before the outbreak of the conflict, starting with October 2021, the volumes of goods in Hungary and Serbia did not exist, and those in Romania and Bulgaria were at much lower levels than normally.

As of the date of this report, approximately 40,000 tones have been transported and operated from Ukraine, with shipments still underway, under the influence of the military and logistical situation in Ukraine.

Starting from the early days of the war, TTS focused its efforts on identifying logistical routes for Ukrainian grain exports, as a priority. At this time, TTS has secured three logistics routes (rail traffic, combined rail-river and river transport) leading from the Ukrainian borders to the port of Constanța. Two of them are operational and the first batches of goods are already underway.

The first shipments of Ukrainian origin ores to the port of Constanța are also underway.

Last but not least, the war in Ukraine has so far not created issues in what concerns navigation on the Danube.

#### Our estimations in what concerns the developments in the next period

The geopolitical context can increase the flows transited through the port of Constanța, with positive effects on the volumes of goods transported and operated by TTS.

Given that Ukraine and Russia are major exporters of **agricultural products**, the ban or restriction on the export of these products has led to rising prices at global level and a significant increase in the competitiveness of agricultural products from the Danube basin, in the sense of increase in volumes transported via Constanța, both before and in the 2022-2023 season.

At the same time, work is underway to find alternative logistic routes for their agricultural products, in combined railway-Danube traffic to the port of Constanța, to replace the Ukrainian ports on the Black Sea, some of which are already operational, within existing logistics capacity limits.

As for **raw materials and finished steel products** from Ukraine and Russia (which could be reduced in quantity or disappear completely, although no such situation is foreseen at this time), targeting various countries in the Danube basin, these will certainly be replaced by products from nearby areas (Turkey, Egypt, the Caspian Sea) or from more distant countries. Most of these freight flows will inevitably pass through Constanța and then the Danube. In terms of goods from Ukraine, as is the case of agricultural products, alternative routes are being analyzed for export via Constanța.

#### Regarding **chemical fertilizers**:

Russian exports of nitrogen products based on natural gas are likely to be replaced by exports from North Africa, the Gulf or Caspian countries, which, like Russia, benefit from cheap natural gas, or will be partially replaced by complex fertilizers produced in the Danube basin (Serbia, Austria).

**TTS Group has undertaken preventive measures to mitigate the effects of the general rise of prices in what concerns its costs and will continue to do so, depending on the market situation and the geopolitical context.**

In the context of the general increase in prices recorded as of the second half of 2021, the economic sanctions imposed by the E.U. and the U.S. on Russia, the export bans imposed by Ukraine and Russia and the uncertainties regarding economic activity caused by the war in Ukraine, led to an explosive rise in energy and fuel prices in the first quarter, as well as a sharp rise in prices for products, raw materials, materials and sub-assemblies used by TTS Group in its investment activity (especially in the planned maintenance of the Group's assets), as well as inflation, which has put pressure on government salaries, taxes and fees, as well as the costs of services provided by third parties.

As TTS operates in a competitive market, both in terms of tariffs and the level of provided services, the influence of external factors on profitability can be mitigated in particular by internal control of operating costs and by adapting to changes in logistics flows and new conditions of the markets served by TTS in the logistics chain.

With regard to fuels, after the start of the war, TTS improved the contractual conditions set out in the "BAF" (Bunker Adjustment Fee) protection clauses provided for in contracts with long-term partners, in order to reduce the period of exposure of TTS to price increases.

With regard to investments (mainly planned maintenance), TTS will aim to coordinate the requirements in terms of physical execution with the need for liquidity for these activities, including by means of investment loans.

TTS Group deploys significant efforts to closely monitor developments in relevant markets, leveraging its experience, reputation and position as a leading provider of integrated logistics services in the Danube basin, in order to be able to quickly adapt to changing conditions.

## **5. TTS corporate governance**

### **5.1. Corporate Governance and Investor Relations Department**

The coordination of the corporate governance activity and the facilitation of the investor relations are organized at departmental level, which is led by a director<sup>4</sup> subordinated to the General Manager of the Company.

The main tasks of the department relate to the organization, performance and documentation of General Meetings of Shareholders and meetings of the Board of Directors, facilitation of the internal regulatory framework on corporate governance and monitoring of compliance within the Company, organizing, implementing and monitoring the continuous and periodic reporting system, as per the provisions of Law no. 24/2017 and FSA Regulation no. 5/2018, implementation of support IT systems for corporate governance and investor relations activities.

### **5.2. The internal regulatory framework of the Company**

In view of the corporate governance standards applicable to the companies listed in the Premium category on the main market of the BSE, TTS laid the foundation of the internal corporate governance system, by implementing the following documents:

1. Board of Directors Regulation.

It was approved by means of Board of Directors (BoD) Decision no. 1 / 03.08.2021

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<sup>4</sup> The director of the department is not a member of the TTS management, in the sense of Law no. 31/1990

The founding provisions and operating rules of the Audit Committee and the Remuneration and Nomination Committee are included in the Board of Directors Regulation, and it is no longer necessary to implement separate regulations for each committee.

2. GMS Regulation

It was approved by means of Board of Directors (BoD) Decision no. 1 / 30.09.2021

The regulation mainly contains provisions on how shareholders can exercise their legal rights, as well as organizational provisions regarding the organization of the GMS.

The GMS Regulation is published on the TTS website.

3. Internal Audit Regulation

It was approved by means of Board of Directors (BoD) Decision no. 4 / 14.03.2022

4. Remuneration Policy

It was approved by means of OGMS Decision no. 1 / 26.08.2021

The Remuneration Policy is published on the TTS website.

5. Dividend Policy

It was approved by means of Board of Directors (BoD) Decision no. 1 / 30.09.2021

The Dividend Policy is published on the TTS website.

6. Forecast Policy

It was approved by means of Board of Directors (BoD) Decision no. 1 / 29.10.2021

The Forecast Policy is published on the TTS website.

7. Insider Trading Policy

It was approved by means of Board of Directors (BoD) Decision no. 1 / 12.11.2021

### 5.3. Administration and management of the Company

As of August 26<sup>th</sup>, 2021, as a result of the entry into force of the new Articles of Association of the company, TTS is managed by a Board comprised of five members, of which one member is an executive and three members are independent. The composition of the Board was approved by means of OGMS Decision no. 1 / 26.08.2021.

As of August 25<sup>th</sup>, 2021, the Board of Directors consisted of three members, one of whom was an executive member.

The Board is chaired by a Chairman, appointed by means of Board of Directors (BoD) Decision no. 1 / 30.08.2021.

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By means of Board of Directors (BoD) Decision no. 1 / 30.09.2021, the Board of Directors established 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, chaired by an independent non-executive member.

The establishment, organization and functioning of the Committees is regulated by the provisions of "CHAPTER VI. ADVISORY COMMITTEES. ESTABLISHMENT, ORGANIZATION AND FUNCTIONING OF ADVISORY COMMITTEES" of the Board of Directors 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	Chairman, Chairman of the Remuneration and Nomination Committee, member of the Audit Committee	Jan. 1 <sup>st</sup> , 2021 – Dec 31 <sup>st</sup> , 2021
Ion STANCIU	Executive member	Jan 1 <sup>st</sup> , 2021 – Dec 31 <sup>st</sup> , 2021
Elena BUTNARIU	Independent Member, Chairman of the Audit Committee, Member of the Remuneration and Nomination Committee	Aug 26 <sup>th</sup> , 2021 – Dec 31 <sup>st</sup> , 2021
Ana-Barbara BOBIRCĂ	Independent member, member of the Audit Committee	Aug 26 <sup>th</sup> , 2021 – Dec 31 <sup>st</sup> , 2021
Dorin-Alexandru BADEA	Independent member, member of the Remuneration and Nomination Committee	Aug 26 <sup>th</sup> , 2021 – Dec 31 <sup>st</sup> , 2021
Ștefan SEVASTIAN	Member	Jan 1 <sup>st</sup> , 2021 - Aug 25 <sup>th</sup> , 2021

The Board of Directors appointed the Secretary of the Board of Directors by means of Decision of the Board of Directors (BoD) no. 1 / 22.07.2021.

Since the date of admission to trading, the Board of Directors has met nine times, three times with the physical presence of members and six times via vote and e-mail debates. Two decisions were adopted by signature application by all members, without an actual Board meeting. Six meetings were held with the participation of all members of the Board, one meeting with the participation of two members out of three and one with the participation of four members out of five. All decisions were reached via unanimous votes of the participating members.

The advisory committees established on 30.09.2021 did not meet throughout 2021.

The Audit Committee established the internal audit plan and validated the calendar of the external audit mission and the individual and consolidated financial statements for 2021.

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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 ensured by the CEO of the Company, by the CFO and by the COO.

The management of TTS is delegated by the Board of Directors via the provisions of the Articles of Association of the Company.

By means of Decision no. 1 / 15.06.2021, the Board of Directors appointed Deputy CEO to be the COO of the company (cumulatively). The composition of the executive management of TTS throughout 2021 was as follows:

Name and surname	Status in the executive management	Description of mandate contracts
Petru ȘTEFĂNUȚ	CEO	Concluded on 26.05.2014, extended successively in 2016 and 2018, expires on 26.05.2022 ( <b>mandate contract undergoing extension</b> )
Ion STANCIU	Deputy CEO / COO (as of 15.06.2021)	Concluded on 26.05.2014, successively extended in 2016 and 2020, expires on 03.06.2024
Nicoleta FLORESCU	CFO	Concluded on 10.03.2021, expires on 10.03.2025

#### 5.4. Degree of compliance with the provisions of the BSE Governance Code

Provisions of the BSE Governance Code	Compliance	Clarifications
<b>Section A - Responsibilities</b>		
A.1. All Companies must have an internal regulation of the Board, which includes Terms of reference/ Responsibilities of the Board and key management positions of the Company and which apply, <i>inter alia</i> , the General Principles of this Section.	YES	
A.2. Provisions for the management of conflicts of interest should be included in the Board's regulation.	YES	
A.3. The Board of Directors should be comprised of at least five members.	YES	
A.4. Most members of the Board must not have an executive function. In case of companies from the Premium	YES	

Provisions of the BSE Governance Code	Compliance	Clarifications
<b>Section A - Responsibilities</b>		
category, at least two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a statement upon their nomination for election or re-election, as well as when any change occurs regarding their status, indicating the elements on the basis of which the latter is deemed independent from the point of view of character and judgment, as per the criteria set out under point A.4.1. – A.4.9. of the BSE Governance Code		
A.5. Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions on the Board of non-profit companies and institutions, should be disclosed to shareholders and potential investors, before nomination as also during the term of office.	YES	The CVs of the BoD members are published on the Company's website
A.6. Any member of the Board must submit to the Board information on any relation with a shareholder who directly or indirectly owns shares representing more than 5% of all voting rights.	YES	In 2021, this was not the case
A.7. The company must appoint a Secretary of the Board responsible for supporting the activity of the Board.	YES	
A.8. The Statement on corporate governance will notify if an assessment of the Board of Directors took place.	YES	No BoD assessment took place in 2021
A.9. The statement on corporate governance should contain information on the number of meetings of the Board and committees during the last year, the participation of directors and a report of the Board and committees regarding their activities.	YES	
A.10. The statement on corporate governance shall contain information on the exact number of independent members of the Board of Directors.	YES	
A.11. The Board of companies in the Premium category must set up a Nomination committee comprised of non-executive members.	YES	
<b>Provisions of the BSE Governance Code</b>		
<b>Section B - Risk management and internal control system</b>		
B.1. The Board must set up an Audit Committee.	YES	
B.2. The Chairman of the Audit Committee must be an	YES	

Provisions of the BSE Governance Code	Compliance	Clarifications
<p><b>Section B - Risk management and internal control system</b></p> <p>independent non-executive member.</p>		
B.3. Among its responsibilities, the Audit Committee must carry out an annual assessment of the internal control system	PARTIALLY	As the Audit Committee was set up on September 30 <sup>th</sup> , 2021, the first annual assessment of the internal control system and audit functions will cover the activity from 2022
B.4. The assessment shall take into account the effectiveness and purpose of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board's Audit Committee, the promptness and effectiveness with which the management manages to address the deficiencies or weaknesses thusly identified and the submission of relevant reports to the Board.	PARTIALLY	
B.5. The Audit Committee must assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties.	PARTIALLY	
B.6. The Audit Committee must assess the effectiveness of the internal control system and the risk management system.	PARTIALLY	
B.7. The Audit Committee should monitor the implementation of legal standards and generally accepted internal auditing standards. The Audit Committee shall receive and assess the reports of the internal audit team.	YES	
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic (at least annual) or ad-hoc reports, that are to be submitted to the Board afterwards.	YES	
B.9. No shareholder may be granted preferential treatment over other shareholders, in what concerns transactions and agreements entered into by the company with shareholders and their affiliates.	YES	There are no such agreements or transactions
B.10. The Board must adopt a policy in order to ensure that any transaction of the company with any of the closely related companies with a value equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Board, following a mandatory opinion of the Board's Audit Committee and correctly disclosed to shareholders and potential investors, insofar as these transactions fall into the category of events subject to reporting requirements.	YES	
B.11. Internal audits must be carried out by a separate structural division (department of internal audit) within the company or by an independent third party entity.	YES	
B.12. In order to ensure that the internal audit department	YES	

Provisions of the BSE Governance Code	Compliance	Clarifications
<p data-bbox="189 338 847 376"><a href="#">Section B - Risk management and internal control system</a></p> <p data-bbox="165 383 1002 577">performs its core functions, it shall functionally report to the Board by means of the Audit Committee. For administrative purposes and as part of the management's obligations to monitor and reduce risks, the department must directly report to the general manager.</p>		
Provisions of the BSE Governance Code	Compliance	Clarifications
<p data-bbox="189 696 711 734"><a href="#">Section C - Fair remuneration and motivation</a></p> <p data-bbox="165 741 1002 902">C.1. The company must publish on its website the Remuneration Policy and include in the annual report a statement on the implementation of the Remuneration Policy during the annual period under review.</p>	YES	
Provisions of the BSE Governance Code	Compliance	Clarifications
<p data-bbox="189 987 722 1025"><a href="#">Section D - Adding value via investor relations</a></p> <p data-bbox="165 1032 1002 2096">D.1. The company must organize an Investor Relations service – indicating to the general public the responsible person(s) or organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, available in Romanian and English, with all relevant information of interest to investors, including:</p> <ul style="list-style-type: none"> <li data-bbox="264 1375 951 1491">D.1.1. The main corporate regulations: Articles of Association, procedures regarding the General Meetings of Shareholders;</li> <li data-bbox="264 1509 940 1742">D.1.2. Professional CVs of the members of the company's governing entities, other professional commitments of the members of the Board, including executive and non-executive positions on Boards of companies or non-profit institutions;</li> <li data-bbox="264 1765 979 1845">D.1.3. Current reports and periodical reports (quarterly, half-yearly and annual);</li> <li data-bbox="264 1868 903 1944">D.1.4. Information regarding General Meetings of Shareholders;</li> <li data-bbox="264 1966 767 2002">D.1.5. Information on corporate events;</li> <li data-bbox="264 2024 1002 2096">D.1.6. The name and contact details of a person who will be able to provide relevant information, upon</li> </ul>	YES	

Provisions of the BSE Governance Code Section D - Adding value via investor relations	Compliance	Clarifications
request;		
D.1.7. Company presentations, financial statements, audit reports and annual reports.		
D.2. The company will have a policy on the annual distribution of dividends published on the company's website.	YES	
D.3. The company will adopt a policy in relation to the forecast activity, published on the company's website.	YES	
D.4. The rules of General Meetings of Shareholders must not limit the participation of shareholders in general meetings and the exercise of their subsequent rights. The changes to the rules will take effect, at the earliest, starting with the next meeting of shareholders.	YES	
D.5. External auditors will be present at the General Meeting of Shareholders, when their reports are presented during these meetings.	YES	
D.6. The Board will provide the Annual General Meeting of Shareholders with a brief assessment of the internal control and management systems for significant risks, as well as opinions on matters subject to the decision of the general meeting.	YES	
D.7. Any specialist, consultant, expert or financial analyst may participate in the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also attend the General Meeting of Shareholders, unless the Chairman of the Board decides otherwise.	YES	
D.8. The quarterly and half-yearly financial reports will include information in both Romanian and English on the key factors that influence changes in sales, operating profit, net profit and other relevant financial indicators, both on a quarter-on-quarter and year-on-year basis.	YES	
D.9. A company will hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the time of the meetings/ teleconferences.	YES	
D.10. If a company supports different forms of artistic and	YES	

Provisions of the BSE Governance Code Section D - Adding value via investor relations	Compliance	Clarifications
cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of the company are part of its mission and development strategy, it will publish the relevant policy regarding its activity in this field.		

## 6. Investor relations

### 6.1. Investors' communication channels

In addition to communication via e-mail or telephone, the contact details of the department published on the website in the sections "INVESTOR RELATIONS → Contact information" and "CONTACT", in 2021, TTS implemented systems in order to ensure direct communication with investors.

First of all, the system for organizing online meetings with TTS management members, open to all investors, was developed.

Thus, since the first periodic reporting as a listed company (H1 2022 report), TTS has organized online teleconferences with all interested investors and analysts. The purpose of these teleconferences was to discuss the results published in the regular reports with members of the Executive Management and the Board of Directors, and in addition, we responded to all investors' requests for dialogue. In total, in 2021, we organized 6 such teleconferences.

In parallel, TTS made available to the public video recordings and / or transcripts of regular teleconferences on the website, in the section "INVESTOR RELATIONS → Conferences with investors and analysts → [YYYY]".

As of 2022, regular online meetings with investors provide simultaneous translation into English.

Also in 2021, TTS implemented a bilingual newsletter (Romanian - English) on the Hubspot platform, dedicated exclusively to communication with shareholders and investors, to which all stakeholders are subscribed. The main purpose of this newsletter is to communicate both alerts (on the publication of current and regular reports, changes to the company's website, events organized or attended by TTS) and organizational issues mainly related to TTS's general meetings and teleconferences.

Last but not least, TTS provided support to all shareholders regarding the organization and conduct of the GMS, ensuring in advance that the documents submitted in connection with participation and voting in general meetings are correctly drafted, including the possibility of online change directly by shareholders of wrongly submitted votes, by means of the eVote voting

## 6.2. Implementation of the online platform for participation in General Meetings of Shareholders

In order to facilitate the participation in the General Meetings of Shareholders, TTS has implemented the online voting system in the General Meetings of Shareholders on the eVote platform developed by Governance Partners S.R.L.

By using this system, shareholders can participate in general meetings online, being able to watch the meeting live in video streaming. The main features of the eVote platform are the ability to vote before the start of the meeting and the ability to change one's vote.

Thus, the voting on the platform starts a few days before the date of the general meeting, as soon as the register of shareholders as of the reference date is uploaded to the system. After upload, all registered users who are identified in the shareholders' register are notified via e-mail that they can vote at the general meeting. From then on, users can vote on the items on the agenda, regardless of the time, until the chairman of the general meeting announces the close of the voting session for each item on the agenda.

Also, once submitted, the vote may be changed at any time and as many times as required, until the close of the voting session. As in the case of a postal vote, the rule of validity of the last submitted vote shall apply.

In addition, once registered in the system, users can vote at any of the future general meetings, if they are registered in the shareholders' register on the reference date of said meetings.

From the Company's point of view, the eVote platform greatly facilitates the process of managing general meetings. Thus, all the data regarding the presence and manner of voting are centralized in the system, the votes cast by mail are entered before the time of the meeting, immediately after receipt and validation of the voting forms.

As the three forms of participation are not mutually exclusive, a shareholder who voted by mail may also vote online and may vote at the meeting. All three votes are recorded in the system, but the last submitted vote is taken into account.

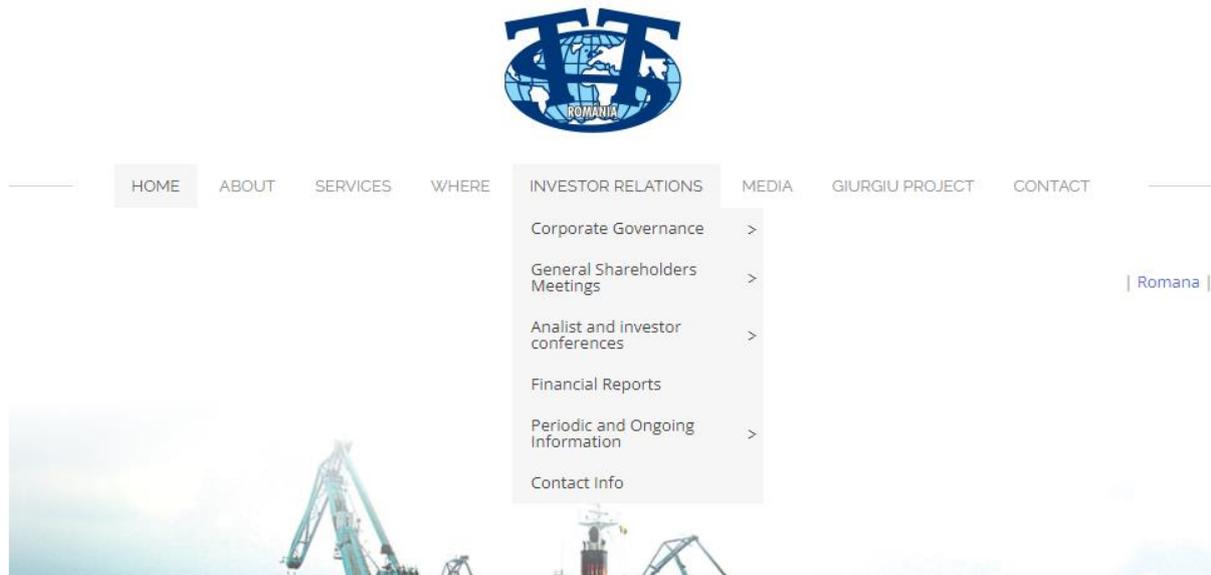
As a result, once the proceedings of the meeting are over, the complete documentation (minutes, decisions) is completed in less than 30 minutes, the quorum and vote data can be extracted from the system immediately.

## 6.3. Restructuring of the Company's website

In order to ensure a high level of transparency, TTS has introduced on the website the "INVESTOR RELATIONS" section dedicated to corporate governance and investor relations, in which it has systematized all information and documents of interest for investors and analysts, organized in three levels and with 6 sections in the submenu:

- Corporate Governance;

- General Meetings of Shareholders;
- Conferences with investors and analysts;
- Financial reports;
- Periodic and ongoing information;
- Contact information



The section is organized in such a way as to ensure access to documents and information relevant to shareholders in a maximum of two clicks.

#### 6.4. Reporting systems – related-party transactions’ reporting

One of the most difficult requirements for TTS after admission to trading was the reporting of affiliate transactions. Given the vertically integrated business model of TTS Group, by means of which the transport and port operation services, but also the repair and maintenance services are subcontracted mainly with Group companies, a very large number of intra-group orders / invoices are generated annually, subject to medium-term framework agreements between Group companies.

Starting from the integrated internal contract management system that is the basis of the accounting system, TTS has implemented a system for tracking and reporting transactions between affiliates, with aggregation at the level of the booking note of invoices and alerts, when the reporting level is exceeded. The aggregation was necessary, because the reporting at invoice level would have generated reports with a very high level of detail that did not bring any added value from the perspective of investors.



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As such, the size of the reports has been reduced, whilst maintaining a very high level of transparency.

Thus, in 2021, TTS published 23 reports on transactions between TTS and its subsidiaries, but also on transactions conducted by TTS subsidiaries amongst themselves, with the first report published on 05.07.2021, 3 weeks after the first trading day.

The reports were the subject of two half-yearly audit reports conducted by the Company's statutory auditor, which, in turn, were published on the BSE and FSA reporting platforms.

### 6.5. TTS joining ARIR - The Romanian Investor Relations Association

In October 2021, TTS became a member of ARIR - the Romanian Investor Relations Association, in light of the fact that the company is convinced of the importance of communicating with investors in ensuring a high level of transparency in relation to capital markets.

The VEKTOR index (index maintained and managed by ARIR, based on which an assessment of the quality of companies' activity in relation to investors is conducted) of TTS in 2021 was 8.5.