

TTS (Transport Trade Services) S.A.

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AS AT DECEMBER 31, 2022**

**PREPARED IN ACCORDANCE WITH
MINISTRY ORDER OF PUBLIC FINANCE NO. 2844/2016 APPROVING THE
ACCOUNTING REGULATIONS COMPLIANT 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 Separate Financial Statements

Opinion

1. We have audited the separate financial statements of TTS (Transport Trade Services) S.A. ("the Company"), with registered office in Vaselor 27, București, Romania, identified by unique tax registration code 9089452, which comprise the statement of financial position as at December 31, 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, including a summary of significant accounting policies and notes to the financial statements.
2. The separate financial statements as at December 31, 2022 are identified as follows:
 - Net assets / Equity RON 247,750,517
 - Net profit for the financial year RON 81,189,859
3. In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its 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 financial statements of the current period. These matters were addressed in the context of our audit of the separate 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>Revenue recognition</p> <p>The Company recorded in 2022 a net turnover related to the main activity actually carried out of 656,041,221 lei.. These revenues arise from logistics services performed by the Company using the services of subcontractors and 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 as a key audit matter.</p>	<p>Our procedures related to the testing around the recognition of revenues in the proper period included the following:</p> <ol style="list-style-type: none"> 1. Obtaining and reconciling the revenues database with the trial balance for the year ended December 31, 2022. 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 Company to make sure that revenues are recorded in the proper period . 5. Sending 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 2023 and end of 2022 to make sure that the logistic services rendered to customers are recorded in the correct period. 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' report and the Remuneration Report, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements for the year ended December 31, 2022, 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 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 financial statements, in our opinion:

- a) the information included in the administrators' 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' 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;
- 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 Company and its environment gained during the audit on the separate financial statements prepared as at December 31, 2022, we are required to report if we have identified a material misstatement of this Administrator's report and the Remuneration report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs / 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 financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements included in the annual financial report of TTS (Transport Trade Services) S.A. ("the Company") 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 ESEF

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

- the design, implementation and maintenance of internal controls relevant to the application of ESEF;
- ensuring consistency between the Digital Files and the 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 the Audit of the Digital Files

Our responsibility is to express a conclusion on whether the 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 with the audited financial statements of the Company to be submitted in accordance with Order 2844/2016;
- evaluating if the financial statements contained in the annual report have been prepared in a valid XHTML format.

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

In our opinion, the financial statements for the year ended 31 December 2022 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 separate financial statements. Our audit opinion relating to the separate financial statements of the Company for the year ended 31 December 2022 is set out in the “*Report on the audit of the financial statements*” section above.

15. We have been appointed by the General Assembly of Shareholders on January 11, 2023 to audit the separate financial statements of TTS (Transport Trade Services) S.A. for the financial year ended December 31, 2022. The uninterrupted total duration of our commitment is 1 year, covering the financial years ended 31 December 2022.

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 Andreea Gheorghe.

Andreea Gheorghe, Statutory Auditor

For signature, please refer to the original Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under AF 4579

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 27, 2023

TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no.	Note	Balance at December 31, 2022	Balance at December 31, 2021
A NON – CURRENT ASSETS				
I INTANGIBLE ASSETS				
1	1		-	-
2	2		93,017	116,545
3	3		-	-
4	4		-	-
5	5		-	-
TOTAL (rows 01 to 05)	6		93,017	116,545
II TANGIBLE ASSETS				
1	7		23,587,992	22,857,572
2	8		8,780,718	11,024,164
3	9		78,110	69,043
4	10		-	-
5	11		4,983,599	1,577,638
6	12		-	-
7	13		-	-
8	14		-	-
9	15		1,082,284	63,934
TOTAL (rows 07 to 15)	16	4	38,512,703	35,592,351
III BEARER BIOLOGICAL ASSETS (acc.241+227-284-294)				
	17		-	-
IV RIGHTS OF USE OF LEASED ASSETS (acc. 251* - 285* - 295*)				
	18		228,941	-
V FINANCIAL ASSETS				
1	19	5	126,868,860	128,248,111
2	20		-	-
3	21	5	147,339	147,339
4	22		-	-
5	23		-	-
6	24	6	131,880	485,816
TOTAL (rows 19 to 24)	25		127,148,079	128,881,266
TOTAL NON CURRENT ASSETS (rd. 06+16+17+18+25)	26		165,982,740	164,590,162
B CURRENT ASSETS				
I INVENTORIES				
1	27		301,780	605,887
2	28		-	-
3	29		-	-

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no.	Note	Balance at December 31, 2022	Balance at December 31, 2021
4 Finished goods and merchandise (acc. 326+327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - 4428)	30		-	-
5 Advances (acc. 4091 -4901)	31		231,248	-
TOTAL (rows 27 to 31)	32	7	533,028	605,887
II RECEIVABLES (amounts receivables in more than one year shall be presented separately for each caption)				
1 Trade receivables (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968 + 411 + 413 + 418 +4642- 491-494)	33		59,273,816	30,032,882
2 Advances paid (acc. 4092 - 4902)	34		-	35,761
3 Amounts receivable from affiliates (acc. 451** - 495*)	35		1,381,404	1,393,713
4 Amounts receivable from associates and jointly controlled entities (acc. 453** - 495*)	36		-	-
5 Receivables from transactions with derivatives (acc. 4652)	37		-	-
6 Other receivables (acc. 425 + 4282 + 431** + 436 + 437** + 4382 + 441** + 4424 + 4428** + 444** + 445 + 446 ** + 447** + 4482 + 461 + 4582 + 4662 + 473** + 4762 - 496 + 5187)	38		31,609,539	5,113,561
7 Capital subscribed and not paid in (acc. 456 - 495*)	39		-	-
8 Dividends receivable granted during the year (acc. 463)	40		-	-
TOTAL (rows 33 to 40)	41	8	92,264,759	36,575,917
III SHORT-TERM INVESTMENTS				
1 SHORT-TERM INVESTMENTS (acc. 505 + 506 + 507 + 508* - 595 - 596 - 598 + 5113 + 5114)	42		768,000	601,600
IV PETTY CASH AND BANK ACCOUNTS (acc. 508 + acc. 5112 + 512 + 531 + 532 + 541 + 542)				
	43	15	77,857,225	21,130,855
CURRENT ASSETS - TOTAL (rows 32+41+42+43)	44		171,423,012	58,914,259
C PREPAID EXPENSES (acc. 471+474) (rows 46 + 47)				
Amounts reversible within one year (acc. 471+474)	46		1,643,232	598,970
Amounts reversible in more than one year (acc. 471+474)	47		-	-
D PAYABLES WITHIN ONE YEAR				
1 Debenture loans, presenting separately the loans from convertible bonds (acc. 161 +1681 - 169)	48		-	-
2 Amounts due to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	49		-	-
3 Advances received on account of orders (acc. 419)	50		-	-
4 Trade payables (acc. 401 + 404 + 408+4641)	51		64,169,683	33,491,021
5 Bills of exchange payable (acc. 403 + 405)	52		-	-
6 Amounts due to group companies (acc. 1661 + 1685 + 2691 + 451***)	53		-	-
7 Amounts due to associates and jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***)	54		-	-
8 Payables from transactions with derivatives (acc. 4651)	55		-	-

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no.	Note	Balance at December 31, 2022	Balance at December 31, 2021
9 Other payables, including tax and social security (acc. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 473*** + 4761 + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	56		8,808,820	2,545,936
TOTAL (rows 48 to 56)	57	12	72,978,503	36,036,957
E NET CURRENT ASSETS/NET CURRENT LIABILITIES (rows 44 + 46 - 57 - 74 - 77 - 80)	58		97,521,546	20,710,570
F TOTAL ASSETS LESS CURRENT LIABILITIES (rows 26 + 47 + 58)	59		263,504,286	185,300,732
G LONG-TERM PAYABLES				
1 Debenture loans, presenting separately the loans from convertible bonds (acc. 161 + 1681 - 169)	60			-
2 Amounts due to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	61		-	-
3 Advances received on account of orders (acc. 419)	62		-	-
4 Trade payables (acc. 401 + 404 + 408 + 4641)	63		-	-
5 Bills of exchange payable (acc. 403 + 405)	64		-	-
6 Amounts due to group companies (acc. 1661 + 1685 + 2691 + 451***)	65		-	-
7 Amounts due to associates and jointly controlled entities (acc. 1663 + 1686 + 2692 + 453***)	66		-	-
8 Payables from transactions with derivatives (acc. 4651)	67		-	-
9 Other payables, including tax and social security (acc. 1623 + 1626 + 167 + 1687 + 2693 + 2695 + 421 + 422 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 4761 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	68		446,969	261,433
TOTAL (rows 60 to 68)	69	12	446,969	261,433
H PROVISIONS				
1 Provisions for pensions and similar obligations (acc. 1517)	70		-	-
2 Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	71		947,980	628,641
TOTAL (rows 70 to 71)	72	11	947,980	628,641

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no.	Balance at December 31, 2022	Balance at December 31, 2021
I DEFERRED INCOME			
1 Subsidies for investments (acc. 475) - total (rows 74 + 75), of which:	73	14,358,820	-
Amounts reversible within one year (acc. 475*)	74	-	-
Amounts reversible in more than one year (acc. 475*)	75	14,358,820	-
2 Deferred income (acc. 472) - total (rows 77 + 78), of which:	76	2,566,195	2,765,702
Amounts reversible within one year (acc. 472*)	77	2,566,195	2,765,702
Amounts reversible in more than one year (acc. 472*)	78	-	-
3 Deferred income pertaining to the assets received by transfer from clients (acc. 478) (rows 80+ 81), of which:	79	-	-
Amounts reversible within one year (acc. 478*)	80	-	-
Amounts reversible in more than one year (acc. 478*)	81	-	-
TOTAL (rows 73+76+79)	82	16,925,015	2,765,702
J CAPITAL AND RESERVES			
I CAPITAL			
1 Capital subscribed and paid in (acc. 1012)	83	60,000,000	30,000,000
2 Capital subscribed and not paid in (acc. 1011)	84	-	-
3 Capital subscribed representing financial liabilities (acc. 1027)	85	-	-
4 Company patrimony (acc. 1015)	86	-	-
5 Adjustments of share capital/company patrimony (acc. 1028)	87-88	1,739,602	1,739,602
6 Other items of equity (acc. 103) Cr balance/Dr balance	89-90	-	-
TOTAL (rows 83 + 84+85+86+87-88+89-90)	91	61,739,602	31,739,602
II SHARE PREMIUMS (acc. 104)	92	-	-
III REVALUATION RESERVES (acc. 105)	93	-	-
IV RESERVES			
1 Legal reserves (acc. 1061)	94	10,620,132	6,000,000
2 Statutory or contractual reserves (acc. 1063)	95	-	-
3 Other reserves (acc. 1068)	96	20,046,515	3,823,575
TOTAL (rows 94 to 96)	97	30,666,647	9,823,575
FX differences from conversion of annual standalone financial statements from a presentation currency different from the functional currency (acc. 1072) Cr balance/Dr balance	98 - 99	-	-
Own shares (acc. 109)	100	-	-
Gains on equity instruments (acc. 141)	101	-	-
Losses on equity instruments (acc. 149)	102	-	-

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no.	Note	Balance at December 31, 2022	Balance at December 31, 2021
V PROFIT OR LOSS CARRIED FORWARD, EXCEPT FOR PROFIT OR LOSS CARRIED FORWARD OBTAINED FROM FIRST-TIME ADOPTION OF IAS 29				
- Cr balance	103		80,995,337	112,389,883
- Dr balance	104		-	-
VI PROFIT OR LOSS CARRIED FORWARD OBTAINED FROM FIRST-TIME ADOPTION OF IAS 29 (acc. 118)				
- Cr balance	105		-	-
- Dr balance	106		2,107,776	2,107,776
VII PROFIT OR LOSS FOR THE YEAR (acc. 121)				
- Cr balance	107		81,189,859	32,610,965
- Dr balance	108		-	-
Allocation of profit (acc. 129)	109		4,733,152	45,591
EQUITY - TOTAL (rows 91 + 92 + 93 + 97 + 98 - 99 - 100 + 101 - 102 + 103 - 104 + 105 - 106 + 107 - 108 - 109)				
	110		<u>247,750,517</u>	<u>184,410,658</u>
Public patrimony (acc. 1023)	111		-	-
Private patrimony (acc. 1026)	112		-	-
CAPITAL - TOTAL (rows 110+111+112)				
	113		<u>247,750,517</u>	<u>184,410,658</u>

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023 by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no	Financial year ended December 31, 2022	Financial year ended December 31, 2021
1 Net turnover (rows 03 + 04 - 05 + 06)	1	656,041,221	395,578,550
- of which, net turnover corresponding to the main activity actually carried out	2	656,041,221	395,578,550
2 Goods sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708 - 6815*)	3	656,041,221	395,163,159
3 Income from sale of goods (acc. 707 - 6815*)	4	-	415,391
4 Commercial discounts granted (acc. 709)	5	-	-
5 income from operating subsidies relating to net turnover (acc. 7411)	6	-	-
6-7 Income corresponding to the cost of work in progress (acc. 711 + 712+713)	7	-	-
- Cr balance	8	-	-
- Dr balance	9	-	-
8 Income from production of non-current assets and investment property (rows 10+11)	10	-	-
9 Income from production of tangible and intangible assets (acc. 721 + 722)	11	-	-
10 Income from production of investment property (acc. 725)	12	-	-
11 Income from non-current assets (or disposal groups) held for sale (acc. 753)	15	-	-
12 Income from the revaluation of tangible assets (acc. 755)	16	-	-
13 Income from investment property (acc. 756)	17	-	-
14 Income from biological assets and agricultural produce (acc. 757)	18	-	-
15 Income from operating subsidies (acc. 7412 + 7413 + 7414 + 7415 +7416 + 7417 + 7419)	19	-	-
16 Other operating income (acc. 751 + 758), of which:	20	13,696,632	8,768,423
17 – income from investment subsidies (acc. 7584)	21	-	-
- gains on bargain purchases (acc. 7587)	22	-	-
18 TOTAL OPERATING INCOME (rows 01+07-08+09+12+13+14+15+16+17+18+19)	23	669,737,853	404,346,973
19 a) Expenses with raw materials and consumables (acc. 601 + 602)	24	508,311	155,097
20 Other material expenses (acc. 603 + 604 + 606 + 608)	25	30,221	33,362
21 b) Other external expenses (power and water supply) (acc. 605)	26	357,878	282,892
*- of which, expenses with power consumption (acc. 6051)	27	269,574	273.218
* expenses with power consumption (acc. 6053)	28	68,393	47,624
22 c) Marketing expenses (acc. 607)	29	-	410,058
23 Commercial discounts received (acc. 609)	30	-	-
24 Personnel expenses (rows 28+29), out of which:	31	10,224,199	8,363,416
25 a) Salaries and bonuses (acc. 641 + 642 + 643 + 644)	32	9,881,328	8,159,837
26 b) Social security (acc. 645+646)	33	342,871	203,579
27 a) Value adjustments on the tangible and intangible assets (rows 34+35-36)	34	5,328,566	3,982,829
28 a. 1) Expenses with the amortization/depreciation (acc. 6811 + 6813+6816+6817+ from acc. 6818)	35	5,324,478	3,982,829
a.2) Expenses with the amortization/depreciation of right-of-use assets leased (acc. 685)	36	4,088	-
29 a. 3) Income (acc. 7813+7816+ from acc. 7818)	37	-	-

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in “RON”, unless specified otherwise)

No.	Row no	Financial year ended December 31, 2022	Financial year ended December 31, 2021
30 b) Value adjustments on the current assets (rows 38-39)	37	(417,060)	916,348
31 b. 1) Expenses (acc. 654 + 6814 + from acc. 6818)	38	3,174,017	1,746,308
32 b. 2) Income (acc. 754 + 7814 + from acc. 7818)	39	3,591,077	829,960
33 Other operating expenses (rows 41 to 44+47 to 51)	40	566,049,270	362,081,600
34.1. External provisions (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	41	557,673,487	355,264,897
35.2. Other taxes, levies and similar payments; transfers and contributions due based on special acts of legislation (acc. 635 + 6586)	42	126,883	145,354
36.3. Environmental expenses (acc. 652)	43	-	-
37.4. Expenses with non-current assets (or disposal groups) held for sale (acc. 653)	44	-	-
38.5. Revaluation of tangible assets (acc. 655)	47	-	-
39.6. Expenses with investment properties (acc. 656)	48	-	-
40.7. Expenses with biological assets (acc. 657)	49	-	-
41.8. Natural disasters and other similar events (acc.6587)	50	-	-
42.9. Other expenses (acc. 651 + 6581 + 6582 + 6583 + 6584 +6585 + 6588)	51	8,248,900	6,671,349
43. Adjustments on provisions (rows 48-49)	52	319,339	128,993
44 - Expenses (acc. 6812)	53	319,339	128,993
45 - Income (acc. 7812)	54	-	-
46 OPERATING EXPENSES – TOTAL (rows 23 to 25+28-29+30+33+37+40+52)	55	582,400,724	376,354,595
OPERATING PROFIT OR LOSS			
47 - Profit (rows 22 - 55)	56	87,337,129	27,992,378
48 – Loss (rows 55 - 22)	57	-	-
49 Income from shares held in subsidiaries (acc. 7611)	58	4,921,578	8,498,047
50 Income from shares held in associates (acc. 7612)	59	148,470	291,040
51 Income from shares held in associates and jointly controlled entities (acc. 7613)	60	-	-
52 Income from transactions with securities and other financial instruments (acc. 762)	61	-	-
53 Income from transactions with derivatives (acc. 763)	62	-	-
54 Income from FX differences (acc. 765)	63	7,512,763	2,450,941
55 Interest income (acc. 766)	64	1,073,747	171,391
- of which, income from affiliates	65	-	-
57 Income from operating subsidies for interest payable (acc. 7418)	66	-	-
58 Income from short-term financial investments (acc. 7617)	67	294,958	-
Income from deferred collection beyond normal credit terms (acc. 7681)	68	-	-
59 Other financial income (acc. 7615 + 764 + 767 + 7688)	69	166,400	352,000
TOTAL FINANCIAL INCOME (rows 58 to 64+66 to 69)	70	14,117,916	11,763,419

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

No.	Row no	Financial year ended December 31, 2022	Financial year ended December 31, 2021
61 Value adjustments regarding the financial assets and financial investments held as current assets (rows 72-73)	71	1,450,386	(9,116,698)
62 - Expenses (acc. 686)	72	1,450,386	-
63 - Income (acc. 786)	73	-	9,116,698
64 Expenses with transactions of securities and other financial instruments (acc. 661)	74	-	-
65 Expenses with transactions with derivatives (acc. 662)	75	-	-
66 Interest expenses (acc. 666*)	76	-	114,317
- of which, expenses made with affiliates	77	-	-
67 Expenses with deferred collection beyond normal credit terms (acc. 6681)	78	-	-
Expenses with lease interest (acc. 6685)	79	963	-
68 Other financial expenses (acc. 663 + 664 + 665 + 667 + 6682 + 6688)	80	7,601,049	12,370,324
69 TOTAL FINANCIAL EXPENSES (rows 71+74+75+76+78+79+80)	81	9,052,398	3,367,943
FINANCIAL PROFIT OR LOSS			
70 - Profit (rows 70-81)	82	5,065,518	8,395,476
71 - Loss (rows 81-70)	83	-	-
72 TOTAL INCOME (rows 22+70))	84	683,855,769	416,110,392
73 TOTAL EXPENSES (rows 55+81)	85	591,453,122	379,722,538
GROSS PROFIT OR LOSS			
74 - Profit (rows 84-85)	86	92,402,647	36,387,854
75 - Loss (rows 85-84)	87	-	-
76 INCOME TAX (acc. 691)	88	21 10,985,870	3,924,319
77 Deferred income tax (acc. 692)	89	21 226,918	-
78 Income from deferred income tax (acc. 792)	90	-	147,430
Income tax expenses, determined by tax treatment uncertainties (acc. 693)	91	-	-
Tax specific to certain activities (acc. 695)	94	-	-
79 Other taxes not included in the captions above (acc. 698)	95	-	-
NET PROFIT OR LOSS OF THE YEAR			
80 - Profit (rows 86 - 88 - 89 + 90 - 91 - 92+93-94 - 95)	96	81,189,859	32,610,965
81 - Loss (rows . 87+88+89-90+91+92-93+94+95); (rows 88+89+91+92+94+95-86-90-93)	97	-	-

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023 by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<i>Cash flows from operating activities</i>		
Profit before tax	<u>92,402,647</u>	<u>36,387,854</u>
<i>Adjustments for:</i>		
Amortization of intangible assets	58,364	27,757
Depreciation of tangible assets	4,316,322	3,955,072
Impairment of property, plant, and equipment	953,880	-
Expenses/(Income) related to provisions for financial investments	1,450,385	(9,116,698)
Expenses/(Income) related to provisions for receivables and similar accounts	(417,060)	916,348
Expenses/(Income) related to provisions for risks and charges	319,339	9,128,993
(Net gains)/Net loss on the disposal of tangible assets	1,370,564	(50,924)
(Net gains)/Net loss on the disposal of financial investments	-	10,046,630
Adjustments for FX losses/(gains)	88,286	(127,247)
Income from dividends	(5,070,048)	(8,789,087)
Interest expenses	-	114,317
interest income	(1,073,747)	(171,391)
Cash flows from operations before changes to working capital	<u>94,398,932</u>	<u>33,321,624</u>
(Increase) / Decrease in receivables	(33,657,693)	1,515,098
(Increase) / Decrease in prepaid expenses	(1,044,262)	220,485
(Increase) / Decrease in inventories	72,859	68,395
Increase / Decrease in liabilities	18,175,399	(7,983,650)
Increase / (Decrease) in deferred income	(199,507)	(1,421,184)
Interest paid	-	(114,317)
Interest received	1,073,747	171,391
Income tax paid	-	-
Net cash from operating activities	<u>78,819,475</u>	<u>25,777,842</u>
<i>Cash flows from investing activities:</i>		
Purchase of tangible assets	(9,652,960)	(7,095,420)
Purchase of intangible assets	(34,836)	(135,968)
(Purchase)/Sale of non-current financial assets	282,802	(332,030)
Proceeds from sale of non-current assets	91,841	1,102,797
Dividends received	5,070,048	8,789,087
Net cash flows from investing activities	<u>(4,243,105)</u>	<u>2,328,466</u>

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless specified otherwise)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<i>Cash flows from financing activities</i>		
Receipt/(Repayment) of long-term loan	-	(8,521,450)
Dividends paid	(17,850,000)	(16,200,000)
Net cash flows from financing activities	(17,850,000)	(24,721,450)
Net (decrease)/increase of cash and cash equivalents	56,726,370	3,384,858
Cash and cash equivalents at beginning of the year	21,130,855	17,745,997
Cash and cash equivalents at the end of the year	77,857,225	21,130,855

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023 by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

TTS (Transport Trade Services) S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless otherwise specified)

	<u>Share capital</u>	<u>Share premiums</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Revaluation reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 1, 2022	31,739,602	-	6,000,000	3,823,575	-	142,847,481	184,410,658
Profit/(Loss) for the year	-	-	-	-	-	81,189,859	81,189,859
Transfers between reserves	-	-	-	1,507,566	-	(1,507,566)	-
Set-up of legal reserve	-	-	4,620,132	-	-	(4,620,132)	-
Set-up of other reserves	-	-	-	14,715,374	-	(14,715,374)	-
Dividends paid	-	-	-	-	-	(17,850,000)	(17,850,000)
Share capital issued	30,000,000	-	-	-	-	(30,000,000)	-
Deferred tax from revaluation reserve	-	-	-	-	-	-	-
Balance at December 31, 2022	61,739,602	-	10,620,132	20,046,515	-	155,344,268	247,750,517

During April 2022, dividends, were distributed for RON 17,850,000 , respectively RON 0.2975 per share.

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023 by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless otherwise specified)

	<u>Share capital</u>	<u>Share premiums</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Revaluation reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at January 1, 2021	31,739,602	-	6,000,000	3,777,984	-	126,482,107	167,999,693
Profit / (Loss) for the year	-	-	-	-	-	32,610,965	32,610,965
Transfers between reserves	-	-	-	-	-	-	-
Set-up of legal reserves	-	-	-	-	-	(45,591)	-
Set-up of other reserves	-	-	-	45,591	-	-	-
Dividends paid	-	-	-	-	-	(16,200,000)	(16,200,000)
Share capital issued	-	-	-	-	-	-	-
Deferred tax from revaluation reserve	-	-	-	-	-	-	-
Balance at December 31, 2021	31,739,602	-	6,000,000	3,823,575	-	142,847,481	184,410,658

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023 by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

Notes attached are an integral part of these financial statements.

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in “RON”, unless otherwise specified)

1. GENERAL INFORMATION

TTS (Transport Trade Services) S.A. (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, mainly inland waterway transport. The company offers integrated services, from taking the goods from river or seaport to the point of destination.

The Company is active on the international freight segment and is organized into three divisions:

1. Minerals - which provide logistics operations for raw materials and finished goods of the metallurgical and equipment industries;
2. Agri - which deals exclusively with the logistics of agricultural goods (cereals, seeds, vegetable oils);
3. Chemicals - which deals with the logistics of fertilizers and raw materials for fertilizer production;

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU

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:

Standard	Title
Amendments to IFRS 3	Reference to the Conceptual Framework with amendments to IFRS 3
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to various standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Improvements to IFRSs - Cycle 2018 -2020

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:

Standard	Title	IASB effective date
IFRS 17 Insurance Contracts	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	deferred indefinitely

The Company has elected not to adopt the new standard and amendments to existing standards in advance of their effective dates. The Company anticipates that the adoption of the standard and amendments to existing standards will have no material impact on the financial statements in the period of initial application.

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in “RON”, unless otherwise specified)

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU (continued)

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Society has applied several amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard	Title
Amendments to IFRS 3	Reference to the Conceptual Framework with amendments to IFRS 3
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to various standards (IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Improvements to IFRSs - Cycle 2018 -2020

The adoption of these amendments to the existing standards did not lead to significant changes in the Company’s financial statements.

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

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 financial statements date (the effective dates stated below is for IFRS as issued by IASB):

Standard	Title	EU effective date
IFRS 17	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 adopted by the EU as at date of authorization of these financial statements:

Standard	Title	EU adoption status
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current (IASB effective date: 1 January 2023)	Not yet adopted by EU
Amendments to IAS 1	Non-current Liabilities with Covenants (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in “RON”, unless otherwise specified)

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in preparing these financial statements are presented below. These policies have been applied consistently throughout all the years disclosed, unless otherwise presented.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, according to the Ministry of Public Finance Order no. 2844/2016, as subsequently amended.

Basis of preparation

The financial statements have been prepared at historic cost, except for certain financial instruments that are stated at restated value or 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 presented financial statements were prepared by taking into consideration the adjusted statutory financial statements to obtain a status in accordance with the recognition and measurement criteria of the International Financial Reporting Standards (IFRS), in compliance with the provisions of IFRS 1 ("First-time adoption of IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The financial statements have been prepared on a going concern basis, according to the historic cost convention adjusted for the effects of hyperinflation by December 31, 2003 for the share capital and reserves. The financial statements are prepared based on the statutory accounting records in accordance with the Romanian accounting principles, adjusted for compliance with IFRS as adopted by EU.

In this respect, the statement of financial position, an integral part of the annual financial statements, comprises information related to the end of the reporting financial year, the end of the financial year prior to the reporting year and beginning of the financial year prior to the reporting year. Moreover, the statement of comprehensive income comprises two information columns related to the current (reporting) financial year and the financial year prior to the reporting year.

For purposes of compliance with the international standards, the Company restated the amounts reported in the financial statements prepared in accordance with the standards approved by MoPFO 1802/2014 – see note 4.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Functional and presentation currency

These financial statements are presented in RON, which is the functional currency of the Company. The financial statements are presented in RON, rounded, without decimals. The transactions realised in a foreign currency are stated in RON 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 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.

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The exchange rates as at December 31, 2022 and as at December 31, 2021 are:

	December 31, 2022	December 31, 2021
EUR	4.9474	4.9481
USD	4.6346	4.3707

Foreign currency transactions

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 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 Company 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
- cash or cash equivalent

All other assets are classified as non-current.

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
- 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.

Accounting for the effects of hyperinflation

The Romanian economy was considered hyperinflationary until December 2003, therefore, the requirements of International Accounting Standard 29 (IAS 29) have been applied historically, with the non-monetary equity balance sheet items remeasured in RON at December 31, 2003. In order to prepare the financial statements, the Company adjusted its share capital and other reserves to inflation.

For the non-monetary assets of the Company acquired before December 31, 2003 and held at January 1, 2015, the Company uses the revalued amount as a default cost at the date of transition to IFRS.

Accounting estimates and professional judgments

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires the Company's management to use estimates, professional judgments and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income, and expenses. The estimates and assumptions associated with these estimates are based on historical experience, as well as other factors considered reasonable in the context of these estimates. The results of these estimates are based on professional judgments regarding the carrying amounts of assets and liabilities when those values cannot be obtained from other sources of information. Actual results may differ from estimated values.

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in “RON”, unless otherwise specified)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The assumptions underlying the estimates are periodically reviewed by the Company. The effect of these revisions is recognized in the period in which the estimates are revised, if the revisions affect only that period, or in the period in which the estimates are revised and future periods if the revisions affect both the current period and future periods.

The main accounting policies are presented below.

Intangible assets

Intangible assets acquired by the Company are presented at cost less accumulated amortization and impairment losses on intangible assets.

Intangible assets are recognized when the initial recognition criteria set out in IAS 38 are met, namely:

- whether the expected future economic benefits attributed to the asset are likely to be passed on to the entity,
- the cost of the asset can be measured reliably.

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:

Licenses **1 - 5 years**

Property, plant and equipment

Land and buildings, equipment deemed to be used in the production or supply of goods or services or for administrative purposes are registered in the balance sheet at cost less any accumulated impairment that is deemed implicit acquisition cost at the time of transition to IFRS.

The initial cost of property, plant and equipment is the acquisition cost that includes the price paid to the supplier, including customs duties on import and other irrecoverable taxes, as well as any other costs directly attributable to the commissioning of the asset and bringing it to its location and at the operating conditions.

The initial cost of a property, plant and equipment also includes the costs initially estimated with its dismantling and relocation, as well as with the restoration of the site where the asset is located, when these amounts can be estimated reliably and the Company has an obligation to dismantle, relocate the property and restore the site. Estimated costs of dismantling and moving property, plant and equipment, as well as the cost with the restoration of the site, are recognized in the value of the non-current asset, in correspondence with a provision account.

Costs include professional fees and, for eligible assets, borrowing costs capitalized in accordance with the Company's accounting policies. Such assets are classified in the respective categories of property, plant and equipment when they are completed or ready for use for the purpose for which they were intended. Impairment of these assets, on the same basis as other proprietary assets, begins when the assets are available for use in the manner desired by management.

The Company has applied one of the exemptions included in IFRS 1 which relieves first time adopters from the requirements to recreate cost information for the property, plant and equipment – “*IFRS1 - D8 allows event - driven fair value to be taken as the deemed cost as the date of that measurement*” In more detail the point refers allows a first time adopter to use and event driven fair value as deemed cost at the measurement date, for measurements events that occurred after the date of transition to IFRS and to specify accounting in such circumstances.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease previously recognized in the profit and loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

The depreciation of the buildings is recorded in the statement of comprehensive income.

Properties during construction for production, rental, and administrative purposes or for purposes not yet determined are recorded at historic cost. The depreciation of these assets, on the same basis as other tangible assets, commences when the assets are ready to be used.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of these assets is recorded such as to diminish cost, other than cost of land and properties under construction, throughout their estimated lifetime, on a straight-line basis.

The estimated useful service lives, residual values and the depreciation method are revised at each year end, resulting in changes to the future accounting estimates.

The assets held under financial leases are depreciated throughout the useful service life, similarly with the assets held with full title.

The loss or earning from the sale or decommissioning of a tangible asset are calculated as difference between the income from sales and the net book value of the asset and are recognized in the income statement.

Buildings and special constructions	8 - 60 years
Technical installations and equipment	3 - 30 years
Vehicles	4 - 6 years

Impairment of tangible and intangible assets

At the end of each reporting period, the Company 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). When the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where there can be identified a consistent allocation basis, the Company'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.

Intangible assets with a useful life not determined and intangible assets that are not yet available for use are tested for impairment at least once a year and anytime there is indication that the asset may be impaired.

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.

Investments in associates

A subsidiary is an entity over which the Company has control. An investor controls an investee when the investor is exposed to, or has rights to, variable returns from its involvement in the investee and can direct those returns through power over the investee.

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

The Company uses the historical cost method to account for investments in associates.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

For the purposes of subsequent valuation, the Company values investments in subsidiaries and associated entities at cost. The company assesses at the end of each reporting period whether there are indications that the investment in subsidiaries and associated entities may be impaired. If such exists, the Company estimates the recoverable amount of the investment in subsidiaries and associated entities. An annual impairment test is performed. For the impairment test, for each investment, the Company fair value, based on external valuation reports. For subsidiaries and associates for which there is no external valuation report, the Company uses the most reliable indicator of fair values, such as its share of IFRS net assets. An impairment loss is recorded in the profit and loss account and corresponds to the amount by which the book value exceeds its recoverable amount. Upon loss of significant influence, the Company evaluates and recognizes any investment held at its fair value through profit and loss in accordance with IFRS requirements.

Dividends from subsidiaries and associated entities In accordance with IAS 27, dividends from a subsidiary or an associated entity are recognized in an entity's separate financial statements when the entity's right to receive the dividend is established. The dividend is recognized in the profit or loss account.

Application of IFRS 9 Financial Instruments

Financial assets and financial liabilities are recognized in the statement of financial position of the Company when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

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

All recognized financial assets are subsequently measured in full at either amortized cost or fair value, depending on the classification of the financial assets. The financial assets resulting from the main operations of the company are presented as trade receivables, while the receivables from secondary operations are presented as miscellaneous receivables.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company 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.

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 Company 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 guaranteed 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 Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company'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 relates to the Company's core operations.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In particular, the following information is considered 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.

Irrespective of the outcome of the above assessment, the Company 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 Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company 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 Company 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 guaranteed contracts, the date that the Company 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 Company considers the changes in the risk that the specified debtor will default on the contract.

The Company 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 can identify 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 its liabilities. Equity instruments issued by the Company 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

When the Company exchanges with the existing lender one debt instrument for another with substantially different terms, this exchange is accounted for as an extinguishment of the original financial debt and the recognition of a new financial debt. Similarly, the Company accounts for the substantial change in the terms of an existing liability or part thereof as an extinguishment of the original financial liability and the recognition of a new liability. The terms are deemed to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the present value of the cash flows remaining cash of the original financial debt. If the change is not substantial, the difference between: (1) the book value of the debt before the change; and (2) the present value of the cash flows after the change is recognized in the income statement as a change gain or loss under Other gains and losses

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, respective 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.

Trade and other receivables

Trade and other receivables are initially stated at nominal value, which approximates the fair value and are subsequently written down by appropriate adjustments for the estimated non-recoverable amounts.

In the estimation, the Company is based on the age of the debt balances and on the historical experience.

The individual trade receivables are derecognised when the Company considers that they are not recoverable, and all legal steps have been taken. Significant financial difficulties of the debtor, the probability that the debtor will go bankrupt or enter the procedure of financial reorganization or payment incapacity or payment delinquency are considered indications for the depreciation of receivables. Impairment loss is recognized in profit or loss.

The value of the receivable is presented in the statement of financial position.

Non-refundable government grants

Government grants are not recognized until there is reasonable assurance that the grant will be received, and all conditions attached will be complied with by the Company. Non-reimbursable government funds, the primary condition of which is for the Company to purchase, construct or otherwise obtain fixed assets, are recognized as deferred revenue in the statement of financial position and presented as "investment grants". Deferred income is amortized in the statement of comprehensive income systematically and reasonably over the useful life of the related assets or when the assets acquired from the grant are worn out or disposed of.

Petty cash and bank accounts

Cash and cash equivalents include cash on hand and bank deposits that are immediately convertible into a known amount of cash and are subject to an insignificant risk of change in value. Account overdrafts are recorded at short-term payables in the balance sheet. Cash in foreign currency is revalued at the exchange rate at the end of the period.

Trade and other payables

Payables to suppliers and other payables are recorded at amortized cost and include the value of invoices issued by suppliers of products, works performed and services rendered.

The Company registers as accounts payable the operations regarding the purchases of materials and the services performed by third parties. Advances granted to suppliers are recorded in separate accounts.

Borrowings

Borrowings are initially recognized at fair value, net of related transaction costs.

Borrowings are subsequently registered at amortized cost; any difference between the amounts obtained from the sale and the recovery value is recognized in profit or loss over the period of the loans using the effective interest rate method.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowings are classified as short-term payables unless the Company has the unconditional right to defer debt settlement for at least 12 months after the balance sheet date.

Bank loans (all in the form of overdrafts) have no specific maturity and are classified as short-term payables.

In accordance with IAS 23 Borrowing Costs, the Company capitalizes on the costs of asset-related loans that require a long period of time to commission or sell.

The Company monitors the capital based on the gearing ratio. This rate is calculated as a ratio between net debt and total capital. Net debt is calculated as total loans (including both short-term and long-term loans) less cash and cash equivalents.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and when a reliable estimate can be made of the respective obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the estimated cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are grouped by categories in the accounting records and are set up for:

- a) legal disputes;
- b) restructuring;
- c) employee benefits
- d) other provisions

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.

Revenue recognition

Income is measured at the fair value of the amounts received or to be received. Revenues is reduced by estimated customers returns, commercial rebates and other similar allowances.

Revenue from contracts with customers

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 Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company 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. 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 follow the basic rule.

Prices for transport are adjusted with BAF (bunker adjustment fee) and LWS (low water surcharge)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has the following revenue streams:

Revenue from logistic contracts

Revenue from logistic services (transport, expedition, port operations) are recognised over time according to the contractual conditions, as the transport is confirmed by the beneficiary based on the following :

- 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).

Sale of goods

Revenue from sales of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are met:

- The entity has transferred to the buyer all the significant risks and rewards of ownership over the goods;
- The entity does not hold any managerial involvement associated to ownership or effective control over the goods sold;
- The amount of revenue can be measured in a reliable manner.
- It is probable that the economic benefits will flow directed to the Entity, and
- The costs incurred or to be incurred in respect to the transaction can be measured in a reliable manner.

Specifically, the revenue from sales of goods is recognized when the goods are delivered, and the ownership right is transferred.

This is a secondary stream activity. The revenues are recorded based on approved contract between parties and parties being committed to perform their respective obligations. Each party’s 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.

Financial income and expenses

Financial income includes interest income related to invested funds and other financial income. Interest income is recognized in profit or loss on an accrual basis, using the effective interest method.

The interest income is recorded on a time basis, by reference to the principal due and the applicable effective interest rate, which is the exact rate of discount of the future cash inflows estimated throughout the lifetime of the financial asset, up to the net book value of the respective asset.

Financial expenses include interest expense on loans and other financial expenses.

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in the income statement using the effective interest method.

Foreign exchange gains and losses on financial assets and liabilities are reported on a net basis as either financial income or financial expense, depending on currency fluctuations: net gain or net loss.

Other income - includes income from penalties, compensation, eg.

Leases

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

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company as a lessee

i) Right-of-use assets

The Company 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.

ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company'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 Company 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 Company 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 of 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 Company as lessor

Leases for which the Company 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 Company 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 Company'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 Company's net investment outstanding in respect of the leases.

After initial recognition, the Company 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company applies IFRS 15 to allocate the consideration under the contract to each component.

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 Company; 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 Company'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 Company.

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

FX transactions

The Company operates in Romania and its functional currency is RON.

Transactions in foreign currencies are translated to the respective currency of entity at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Costs related to long-term borrowings

The costs related to the long-term loans directly attributable to the acquisition, construction or production of assets, which are assets that necessarily take a substantial period of time in order to be used or for sale are added to the cost of those assets, until such time as the respective assets are ready to be used for their purpose or for sale. The income from the temporary investment of specific borrowings until such time as the borrowings are expensed on assets is deducted from the costs pertaining to the long-term borrowings eligible for capitalization.

All the other borrowing costs are recognized in the income statement in the period in which they are incurred.

Contribution for employees

The Company, in the normal course of business, makes payments to the Romanian State for work insurance contribution according to the levels established under the law and in effect during the year, calculated on the gross salaries on behalf of its employees. The value of that contribution is recorded in the income statement as the related salary expense.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The income tax expense represents the sum of the current tax and deferred tax.

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 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 Company’s liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding taxation bases used in the calculation of the taxable profit. The deferred tax liabilities are generally recognized for all the temporary taxation differences, to the extent where it is probable that taxable profit should exist on which those temporary differences can be used. Such assets and liabilities are not recognized if the temporary difference comes from goodwill or from the initial recognition (other than from a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit, nor the accounting profit.

Deferred tax liabilities are recognized for the temporary taxable differences associated with the investments in subsidiaries and associates and the interests in joint ventures. The deferred tax asset from the temporary deductible differences associated with such investments and interests is recognized only to the extent where it is likely to exist sufficient taxable income on which the benefits pertaining to the temporary differences can be used and it is estimated that they will be reversed in the near future.

The book value of the deferred tax assets is revised as at each balance sheet date and is reduced to the extent where it is no longer likely that taxable income should exist to allow the full or partial recovery of the asset.

Deferred tax assets and liabilities are measured at the taxation rate estimated to be applied in the period when the liability is settled or the asset is realized, based on the taxation rates (and tax laws) in effect or substantially in effect by the balance sheet date. The measurement of the assets and liabilities by the deferred tax reflects the fiscal consequences of the way in which the Company estimates, as at the reporting date, that it will recover or settle the book value of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is an applicable right to offset them in a similar way to the current assets and liabilities which are offset with the current tax and when they regard the income taxes levied by the same tax authority and the Company intends to offset its deferred tax assets with its deferred tax liabilities on a net basis.

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, 2022, was 16% (December 31, 2021: 16%).

Use of estimates

The preparation of the financial statements requires making estimates and assumptions by the management, which affect the reported amounts of the contingent assets and liabilities as at the balance sheet date, as well as the reported amounts of the income and expenses during the reporting period. Actual results may differ from those estimates. The estimates and assumptions on which the financial statements are based are revised on an ongoing basis. The reviews of the accounting estimates are recognized in the period when the estimate is revised, if such review affects only the respective period, or in the future periods, if the review affects both the current and the future periods.

Comparatives

Certain amounts in the statement of the financial position, statement of the comprehensive result, cash flow statement and statement of changes in shareholders’ equity for the prior year have been reclassified to be put in line with the current year presentation.

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4. PROPERTY, PLANT AND EQUIPMENT

	<u>Land at cost</u> <i>RON</i>	<u>Buildings at cost</u> <i>RON</i>	<u>Plant and machinery, equipment and motor vehicles at cost</u> <i>RON</i>	<u>Furniture, office equipment, protection equipment of human and material values and other tangible</u> <i>RON</i>	<u>Advances for Fixed Assets and Capital assets in progress</u> <i>RON</i>	<u>TOTAL</u> <i>RON</i>
At January 1, 2021	2,914,068	21,978,266	69,591,294	1,156,789	2,634,259	98,274,675
Additions	-	4,328,197	2,351,475	35,652	6,652,367	13,367,691
Transfer	-	4,321,132	1,918,116	33,024	(6,272,271)	-
Disposals	-	(217,715)	(2,033,466)	-	(7,645,054)	(9,896,235)
As at December 31, 2021	2,914,068	26,088,748	69,909,303	1,192,441	1,641,572	101,746,131
At January 1, 2022	2,914,068	26,088,748	69,909,303	1,192,441	1,641,572	101,746,131
Additions	3,208,708	101,465	933,864	26,643	5,391,630	9,662,310
Transfer	-	-	13,439	-	-	13,439
Disposals	-	(1,882,481)	(610,727)	(7,061)	(13,439)	(2,513,707)
Transfer	-	-	-	-	(13,439)	(13,439)
As at December 31, 2022	6,122,776	24,307,733	70,232,440	1,212,023	7,019,763	108,894,734

In 2022, the company continued its investments in Giurgiu port, and the investment consisted of infrastructure and equipment, for which a non-refundable grant is approved for RON 14,358,820.

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land at cost <i>RON</i>	Buildings at cost <i>RON</i>	Plant and machinery, equipment and motor vehicles at cost <i>RON</i>	Furniture, office equipment, protection equipment of human and material values and other tangible <i>RON</i>	Advances for Fixed Assets and Capital assets in progress <i>RON</i>	TOTAL <i>RON</i>
At January 1, 2021	-	5,319,873	57,815,380	1,111,671	-	64,246,923
Depreciation expense	-	920,629	3,022,716	11,727	-	3,955,072
Disposals	-	95,258	1,952,958	-	-	2,048,216
As at December 31, 2021	-	6,145,244	58,885,139	1,123,398	-	66,153,780
At January 1, 2022	-	6,145,244	58,885,139	1,123,398	-	66,153,780
Depreciation expense	-	6,145,244	58,885,139	1,123,398	-	4,312,234
Impairment	-	-	-	-	953,880	953,880
Disposals	-	1,117,348	3,177,310	17,576	-	1,037,862
	-	-	-	-	-	-
As at December 31, 2022	-	420,075	610,727	7,061	953,880	70,382,032
Carrying amount						
At December 31, 2021	2,914,068	19,943,504	11,024,164	69,043	1,641,571	35,592,351
At December 31, 2022	6,122,776	17,465,216	8,780,718	78,110	6,065,883	38,512,703

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5. PROPERTY, PLANT AND EQUIPMENT

a) Tangible assets pledged

As at December 31, 2022, the net book value of the tangible assets pledged in favour of banks in respect of the bank borrowings contracted by the Company amounts to RON 13.357.854 (2021: RON 13,008,190).

b) Tangible assets purchased under financial leases

On December 31, 2022, the Company concluded an operational leasing contract in the total amount of EUR 52,953, with a duration of 57 months from the date of handing over the asset.

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 net value at which they are reflected in the financial position as of December 31, 2022 and December 31, 2021 is their value in use.

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5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

For individual financial statements the Company considers that the cost method would be relevant for the user of its separate financial statements, as presented in the table below:

Name of investment	Set -up year	Core business	Place of operations	Holding percentage 31.12.2022	Holding percentage 31.12.2021	Carrying amount of the investment 31.12.2022	Carrying amount of the investment 31.12.2021
CNFR Navrom S.A.	1991	Freight transport by inland waterways	Galati, Romania	92.16913%	92.1353%	39,869,445	39,798,310
Canopus Star S.R.L.	2001	Loading and unloading of merchandise, storage and port operation	Constanta, Romania	51.00%	51.00%	45,755,398	45,755,398
TTS Porturi Fluviale SRL	1996	Loading and unloading of merchandise, and port operation	Galati, Romania	100.00%	100.00%	25,206,269	25,206,269
TTS Operator S.R.L.	1994	and port operation	Constanta, Romania	90.00%	90.00%	1,706,207	1,706,207
Portul Fajsz (EZUSTBARKA KFT)	2004	Water transportation related activities	Fajsz, Hungary	100.00%	100%	1,293,580	1,293,580
Agrimol Trade SRL	2010	Wood wholesale transport	Bucharest, Romania	99.98%	99.98%	5,305,870	5,305,870
Plimsoll ZRT	2016	Freight transport by railway and river Complementary activities related to river	Budapest, Hungary	51.00%	51.00%	7,615,614	9,066,000
TTS (Transport Trade Services) Gmbh	2014	transport	Viena, Austria	75.00%	75.0000%	116,477	116,477
Transterminal-S.R.L.	2006	Freight transport by railway	Chisinau, Republic of Moldova	20.00%	20.00%	147,339	147,339
Management NFR S.A.	2003	Consulting for business	Bucharest, Romania	20.00%	20.00%	-	-
GIF Leasing IFN	2004	Financial leases	Bucharest, Romania	7.70%	7.70%	-	-
						127,016,199	128,395,450

On December 31, 2022, the Company evaluated investments in subsidiaries and associated entities at cost and recorded an impairment loss in the amount of RON 1,450,386, which was recorded in the profit and loss account and corresponds to the amount by which the accounting value exceeds the recoverable amount.

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6. OTHER LONG-TERM ASSETS

	Year end December 31, 2022	Year end December 31, 2021
Commercial guarantees	131,880	485,816
Total	131,880	485,816

7. INVENTORIES

	Year end December 31, 2022	Year end December 31, 2021
Consumables	257,320	585,080
Inventory	44,460	20,807
Advance paid	231,248	-
Total	533,028	605,887

8. TRADE AND OTHER RECEIVABLES

	Year end December 31, 2022	Year end December 31, 2021
Trade receivables	59,949,028	31,285,346
Value adjustments for doubtful receivables	(675,212)	(1,252,464)
Advances paid to suppliers of services	-	35,761
VAT recoverable	15,968,844	4,264,654
Subsidy	14,103,367	-
VAT not payable	11,695	4,270
Settlement between related parties	1,760,853	1,773,162
Other receivables to the state budget	232,196	455,655
Sundry debtors and other receivables	5,721,385	7,735,244
Value adjustments for sundry debtors	(4,807,397)	(7,725,711)
Total	92,264,759	36,575,917

Amounts to be collected from related parties are disclosed in note 15.

VAT to be recovered includes the amount to be received from the state budget for VAT related for the last 3 months of the 2022 year.

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8. TRADE AND OTHER RECEIVABLES (continued)

Changes to the allowance for doubtful receivables	Year end December 31, 2022	Year end December 31, 2021
Balance at the beginning of the year	1,252,464	1,259,456
(Decrease) / Increase in adjustments recognized in the income statement	(577,252)	(6,992)
Balance at the end of the year	675,212	1,252,464

During 2022, the company adjusted for clients older than 270 days in the amount of RON 95,612 and reversed the allowance made in prior year in the amount of RON 672,801. The balance of customers older than 1 year on December 31, 2022 is RON 675,212 (2021: RON 1,252,464).

Changes to the provision for doubtful receivables	Year end December 31, 2022	Year end December 31, 2021
Balance at the beginning of the year	7,725,711	7,455,923
(Decrease) / Increase in adjustments recognized in the income statement	(2,918,314)	269,788
Balance at the end of the year	4,807,397	7,725,711

Sundry debtors represent amounts paid for goods and services based on commercial contracts, but not honoured at the terms provided in the contract, assigned customer receivables and penalty interest. For the above bad debt amount, the Company makes every effort to recover these amounts.

In 2022, the company reversed value adjustments relating to the various debtors debts totalling RON 2,918,276 following the closure of bankruptcy.

9. ISSUED CAPITAL

Issued capital comprises	No. of Shares	Share capital
Balance on December 31, 2020	30,000,000	31,739,602
Balance on December 31, 2021	30,000,000	31,739,602
Increase of capital	30.000.000	30.000.000
Balance on December 31, 2022	60,000,000	61,739,602

The inflated IFRS amount of the share capital as at December 31, 2022 1 is RON 61,739,602 (2021: RON 31,739,602).

On April 1, 2022, AGOA TTS approved the increase of the Company's share capital by the amount of RON 30,000,000, from RON 30,000,000 to RON 60,000,000, without subscription and contribution, by incorporating in the share capital the amount of RON 30,000,000 from the benefits recorded as a carried forward result and the counterpart issue of several 30,000,000 shares with a nominal value of RON 1 each, as well as their free distribution to all shareholders, registered in the Shareholders' Register on the date of registration of the share capital increase, with the allotment rate of 1 new share for each share held.

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9. ISSUED CAPITAL

As of 31 December 2022, the Company’s shareholding structure is as follows:

Shareholding structure	No. of shares	Share
Mihailescu Alexandru Mircea	15,184,333	25.3072%
Other shareholders – juridical persons	25,268,292	42.1138%
Other shareholders – individuals’ persons	19,547,375	32.5790%
Total	60,000,000	100 %

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%
Other shareholders – juridical persons	12,871,829	42.9061%
Other shareholders – individuals’ persons	9,550,021	31.8334%
Total	30,000,000	100%

10. RESERVES

	Year end December 31, 2022	Year end December 31, 2021
Legal reserves	10,620,132	6,000,000
Revaluation reserve	-	-
Other reserves	20,046,515	3,777,984
Total	30,666,647	9,777,984

According to the AGM dated 29.04.2022, the amount of RON 14,715,374 was distributed to other reserves for future investments.

11. PROVISIONS

The Company recorded a provision for untaken holidays in amount of RON 947.980 1 (2021: RON 628,641).

	Year end December 31, 2022	Year end December 31, 2021
Other provisions	947,980	628,641
Total	947,980	628,641

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12. TRADE PAYABLES AND OTHER PAYABLES

	Year end December 31, 2022	Year end December 31, 2021
Trade payables	62,185,190	31,933,638
Invoices not received - suppliers	1,984,494	1,557,383
Employees' salaries	294,235	245,614
Social security	860,208	1,033,839
Corporate tax owed	7,509,954	964,940
Other borrowings and similar payables	492,078	261,433
Other taxes, levies and similar payments	99,313	301,543
Total	73,425,472	36,298,390

Trade payables and other payables with related parties are disclosed in note 15.

13. FINANCIAL INSTRUMENTS

a) Capital risk management

The Company manages its capital 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 Company has liabilities, reserves and retained earnings, as disclosed in Notes 11 and 12.

The Company 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.

The company has no contracted bank loans, as a result the debt ratio on December 31, 2022, and December 31, 2021 is nil.

b) Foreign currency risk

The Company is exposed to fluctuations in the FX 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 Company'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 Company is exposed to a credit risk due to its trade receivables and other receivables. The Company 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 Company 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 Company intends to be flexible in respect of the financing options with the support of the majority shareholder.

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13. FINANCIAL INSTRUMENTS (continued)

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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13. FINANCIAL INSTRUMENTS (continued)

The book values of the Company’s currencies expressed in monetary assets and liabilities as at the reporting date are the following:

2022	EUR	USD	CHF	GBP	HUF	RON	December 31, 2022
	1 EUR = 4.9474	1 USD = 4.6346	1 CHF = 5.0289	1 GBP = 5.5878	100 HUF = 1.2354	1	Total
	RON	RON	RON	RON	RON	RON	RON
ASSETS							
Cash and cash equivalents	11,750,770	19,730,347	3,744	121	-	47,140,243	78,625,225
Receivables and other current assets	28,967,797	18,314,640	-	-	-	43,600,918	90,883,355
Other long-term receivables	-	-	-	-	-	131,880	131,880
Loans to related parties	1,236,850	-	-	-	144,554	-	1,381,404
LIABILITIES							
Trade payables and other payables	(43,767,035)	(5,465,479)	-	(1,255)	-	(23,744,734)	(72,978,503)
Other payables	(309,814)	-	-	-	-	(137,155)	(446,969)
Short- and long-term borrowings	-	-	-	-	-	-	-
Net balance sheet exposure	(2,121,432)	32,579,508	3,744	(1,134)	144,554	66,991,152	97,596,392

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16. FINANCIAL INSTRUMENTS (continued)

2021	EUR	USD	CHF	GBP	HUF	RON	December 31, 2021
	1 EUR = 4.9481	1 USD = 4.3707	1 CHF = 4.7884	1 GBP = 5.8994	100 HUF = 1.3391	1	Total
	RON	RON	RON	RON	RON	RON	RON
ASSETS							
Cash and cash equivalents	4,135,167	3,086,477	5,121	128	-	14,505,562	21,732,455
Receivables and other current assets	9,982,540	9,827,463	-	-	-	15,372,201	35,182,204
Loans to related parties	-	-	-	-	-	485,816	485,816
Other long-term receivables	1,237,025	-	-	-	156,688	-	1,393,713
LIABILITIES							
Trade payables and other payables	(12,447,338)	(4,667,633)	-	-	-	(18,921,986)	(36,036,957)
Other payables	-	-	-	-	-	(261,433)	(261,433)
Short- and long-term borrowings	-	-	-	-	-	-	-
Net balance sheet exposure	2,907,394	8,246,307	5,121	128	156,688	11,180,160	22,495,798

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13. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

The Company is mainly exposed to the variations in the FX rates of EUR and USD against RON. The table below details the Company'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 of December 31, 2022 and as at December 31, 2021 are:

	December 31, 2022	December 31, 2021
EUR	4.9474	4.9481
USD	4.6346	4.3707
	Year end December 31, 2022	Year end December 31, 2021
Profit or loss	3,060,524	1,131,562

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

Currency	Year end December 31, 2022	Year end December 31, 2021
EUR	(212,143)	290,739
USD	3,257,951	824,630
CHF	374	512
HUF	14,455	15,669
GBP	(113)	12
Total	3,060,524	1,131,562

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 Company.

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

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13. FINANCIAL INSTRUMENTS (continued)

2022	Less than 1 month	> 1 month – 1 year	1–2 year(s)	2-5 years	Total
Not bearing interest					
Trade payables and other current payables	72,978,503	-	-	-	72,978,503
Interest bearing instruments					
Long- and short-term borrowings	-	-	-	-	-
Long- and short-term leases	-	45,109	97,072	88,474	230,655
Cash and cash equivalents	78,625,225	-	-	-	78,625,225
Loans to related parties	1,381,404	-	-	-	1,381,404
Receivables and other current assets	76,779,988	14,103,367	-	-	90,883,355
Other long-term receivables	-	131,880	-	-	131,880
2021	Less than 1 month	> 1 month – 1 year	1–2 year(s)	2-5 years	Total
Not bearing interest					
Trade payables and other current payables	36,036,957	-	-	-	36,036,957
Interest bearing instruments					
Long- and short-term borrowings	-	-	-	-	-
Other payables	-	-	-	-	-
Cash and cash equivalents	21,732,455	-	-	-	21,732,455
Loans to related parties	1,393,713	-	-	-	1,393,713
Receivables and other current assets	35,182,204	-	-	-	35,182,204
Other long-term receivables	-	485,816	-	-	485,816

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14. RELATED PARTY TRANSACTIONS

Balances and transactions with the related parties are the following:

	Amounts receivable from related parties		Amounts payable to related parties	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
CNFR Navrom S.A.	3,166	1,505	42,363,922	14,763,463
TTS Operator S.R.L.	410,550	-	3,191,279	3,491,481
Canopus Star S.R.L.	-	228,230	6,800,237	6,927,671
TTS Porturi Fluviale S.R.L.	379,449	379,449	362,562	407,928
Plimsoll ZRT	95,968	300,561	-	-
TTS (Transport Trade Services) gmbh	-	655,791	59,369	59,342
Port of Fajsz kft	913,449	86,592	-	-
CNFR Navrom S.A.	3,166	1,505	42,363,922	14,763,463
Total	1,802,582	1,652,128	52,777,369	25,649,885

Loans granted

Port of Fajsz	1,381,404	1,393,713
Total	1,381,404	1,393,713

	Sales of goods and services		Acquisitions of goods and services	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
CNFR Navrom S.A.	384,859	376,968	380,885,440	245,136,781
TTS Operator S.R.L.	4,140,000	4,140,000	26,488,880	22,742,300
Canopus Star S.R.L.	-	191,790	20,038,981	17,296,852
TTS Porturi Fluviale S.R.L.	-	803,708	4,163,075	3,420,729
Agrimol Trade S.R.L.	-	102,676	-	-
Fluvius KFT	-	-	-	291,275
Plimsoll ZRT	2,962,256	1,639,509	-	-
TTS (Transport Trade Services) gmbh	5,303,890	6,790,542	180,483	550,105
Total	12,791,005	14,045,193	431,756,859	289,438,042

	Purchase of securities / Capital increase		Sale /Decrease of share capital	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
CNFR Navrom SA	71,135	228,846	-	-
Agrimol Trade SRL	-	-	-	10,046,630
Total	71,135	228,846	-	10,046,630

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in "RON", unless otherwise specified)

15. 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 end December 31, 2022	Year end December 31, 2021
Cash in banks	77,852,545	21,126,995
Petty cash	4,680	3,860
Cash equivalents	768,000	601,600
Total	78,625,225	21,732,455

16. INCOME

An analysis of the Company's income for the financial year is given below:

	Year end December 31, 2022	Year end December 31, 2021
Income from sales of goods	-	415,391
Income from services provided	651,881,475	390,947,793
Income from other activities	4,159,746	4,215,366
Total	656,041,221	395,578,550

The income from services provided is represented mainly by fluvial transportation services provided to third party customers together with CNFR Navrom SA, but also handling operations and cargo storage.

This is the core business of the Company and represents around 99% from the total income for the years ended. As at December 31, 2022 and December 31, 2021, the segment information was not presented since the rest of the business generating revenues for the Company is not significant for the financial statements.

	Year end December 31, 2022	Year end December 31, 2021
Sales to the domestic market (Romania)	227,268,798	183,247,297
Sales to foreign markets	428,772,424	212,331,253
Total	656,041,221	395,578,550

TTS (Transport Trade Services) S.A.
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(all amounts are expressed in “RON”, unless otherwise specified)

17. INCOME

The following table classifies the proceeds from the sale of services in 2022 according to the timing of revenue recognition:

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue recognized over time	651.881.475	390.947.793
Revenues recognized at a point in time	4.159.746	4.630.757
Total	656.041.221	395.578.550

18. INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATION, MANAGEMENT AND SUPERVISORY BOARDS

a) **The Company does not register contractual obligations towards former managers or directors.**

No advances or loans were granted to officers and directors other than those for business travels. The Company has concluded a professional liability insurance contract for its officers and directors on December 31, 2021.

At December 31, 2022 and December 31, 2021 personnel expenses were as follows:

	Financial year ended December 31, 2022	Financial year ended December 31, 2021
Salaries and allowances	6,871,167	5,717,778
Insurance contribution to labour force	217,553	177,927
Other insurance and social security expenses	125,318	25,652
Meal vouchers granted	224,740	174,840
TOTAL	7,438,778	6,096,197
Allowances for Board of Directors	2,785,421	2,267,219
TOTAL	10,224,199	8,363,416

The average number of employees and other assimilated persons related to the financial year 2022 was 46 persons, and the actual number on 31.12.2022 was 47 persons.

The average number of employees and other assimilated persons related to the financial year 2021 was 44 persons, and the actual number on 31.12.2021 was 48 persons.

TTS (Transport Trade Services) S.A.
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19. THIRD PARTY PROVISIONS

	Financial year ended December 31, 2021	Financial year ended December 31, 2021
Maintenance and repair expenses	2,133,355	2,331,683
Royalties and rental expenses	1,885,997	4,503,092
Insurance premiums	829,772	790,607
Staff training	19,111	16,964
Externally contracted manpower	-	65,493
Commissions and fees	545,256	629,554
Entertainment, promotion and advertising	769,922	640,931
Transport of goods and personnel	12,386	9,430
Travels	83393	44,816
Post and telecommunications	117,337	197,314
Bank commissions and similar charges	76,283	64,945
Other third-party services	551,200,674	345,970,068
Total	557,673,487	355,264,897

In the category of other expenses with services performed by third parties are the services received from transport and port operators, as well as other services..

20. ALLOCATION OF PROFIT

	Balance at December 31, 2022	Balance at December 31, 2021
Net profit to allocate	81,189,859	32,610,965
- legal reserves	4,620,132	-
- tax facilities	113,020	45,591
- dividends etc.	-	-
Profit not allocated	76,456,707	32,565,374

The legal reserve and the reserve for tax facilities cannot be allocated to shareholders.

21. EARNINGS PER SHARE

	Balance at December 31, 2022	Balance at December 31, 2021
Earnings per share		
Net profit or loss for the year	81,189,859	32,610,965
Number of shares	60,000,000	30,000,000
Basic earnings per share	1.35	1.09

TTS (Transport Trade Services) S.A.
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(all amounts are expressed in "RON", unless otherwise specified)

22. INCOME TAX

	Year end December 31, 2022	Year end December 31, 2021
Current tax		
Current tax expense	10,985,870	3,924,319
Deferred tax		
Expenses/(Income) with deferred tax recognized in the current year	226,918	(147,430)
Total	11,212,788	3,776,889

The taxation rate applied for the reconciliation above for the years 2022 and 2021 is 16%.

	Year end December 31, 2022	Year end December 31, 2021
Total income	683,855,769	416,110,392
Total expenses	(591,453,122)	(379,722,538)
Profit before tax	92,402,647	36,387,854
Income tax calculated at 16%	14,784,424	5,822,057
Effects of the non-taxable expenses	(670,340)	1,346,427
Effects of income that are exempt from taxation	(1,353,244)	(2,957,881)
Effects of other elements of income that are exempt from taxation	-	-
Credit fiscal	-	-
Current tax in respect with the current year before fiscal losses	12,760,840	4,210,603
	Year end December 31, 2022	Year end December 31, 2021
Fiscal losses carried forward	19,035	45,591
Discount	1,529,017	388,123
Current tax in respect with the current year	11,212,788	3,776,889
Revaluation reserve not taxed	-	-
Income tax expenses recognized in the profit and loss accounts in the other comprehensive income	11,212,788	3,776,889

TTS (Transport Trade Services) S.A.
NOTES TO THE FINANCIAL STATEMENTS
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(all amounts are expressed in “RON”, unless otherwise specified)

23. COMMITMENTS AND CONTINGENCIES

The company is a guarantor in the credit contracts concluded by its subsidiaries with Unicredit Bank S.A. and Citibank, respectively for the companies CNFR Navrom S.A., TTS Porturi Fluviale S.R.L., Agrimol Trade S.R.L., Navrom Shipyard S.R.L. and Fluvius kft.

Contingent liabilities

Taxation

Taxation system in Romania is still developing and is subject to various interpretations and constant changes, which may sometimes be retroactive. Although the tax due for a transaction can be low, penalties can be significant, as they can be calculated at the value of the transaction plus a ratio. In Romania, the statute of limitation for audits by the tax authorities is of 5 years. Management considers that the tax obligations included in these financial statements are adequate.

In accordance with the provisions issued by the Ministry of Public Finance, which regulate the fiscal regime of the elements of equity that have not been subject to the calculation of the income tax at the date of being entered in the accounts, due to their nature, if the Company changes the destination of the revaluation reserves (to cover losses or to distribute to the shareholders), this will lead to supplementary income tax liabilities.

Environment

The regulations regarding the environment are still developing in Romania and the Company did not record any obligations as at December 31, 2022 or December 31, 2021 for any anticipated costs, including legal and consulting fees, surveys of the location, design and implementation of remedial plans regarding the environment.

24. AUDIT FEES

The auditor of the Company TTS (Transport Trade Services) SA is Deloitte Audit SRL.

The fee for the audit of the Group's consolidated financial statements as of December 31, 2022, prepared in accordance with the International Financial Reporting Standards adopted by the European Union and the audit of the individual financial statements as of December 31, 2022 amounts EUR 96,500, excluding VAT and other expenses.

The fees for other insurance services performed for the year 2022 amounts EUR 7,400, excluding VAT.

25. SUBSEQUENT EVENTS

On February 17, 2023, the Board of Directors of TTS approved the mandate of the executive management to conclude a preliminary transaction agreement and negotiate the contractual conditions for the acquisition of a company registered in Romania with activity in the field of port operations, a company, that has operational capabilities complementary to the group activity, respectively: operational berths, quay cranes, railway lines, and fall into the port operation segment of the TTS group, contributing to the expansion of capacity and the diversification of the services provided by the group. Also, this company uses strategically positioned port land and has storage platforms, covered warehouses, and types of equipment that allow scaling the activity of TTS and its subsidiaries. According to the terms of the preliminary agreement, the price of the transaction is EUR 21.8 million, payable in a single instalment.

The financial statements were approved by the Board of Directors and authorized to be issued on March 27, 2023, by:

STEFĂNUȚ PETRU,
CHIEF EXECUTIVE OFFICER

FLORESCU NICOLETA,
CHIEF FINANCIAL OFFICER

TTS 2022 (i)

The report of the Board of Directors on the individual financial statements of TTS (TRANSPORT TRADE SERVICES) S.A. related to the year 2022

The annual report according to Annex 15, ASF Regulation no. 5/2018

based on the individual financial statements prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards

For the financial year
2022

Report date
27.03.2023

Name of the company:
TTS (Transport Trade Services) S.A.

Registered office:
Str. Vaselor, Nr. 27, Sector 2, București, România

Unique registration code
RO9089452

Registration number in the Trade Register
J40/296/1997

The regulated market on which the issued securities are traded:

Bucharest Stock Exchange – Main Market, Premium category

SYMBOL	TTS
ISIN:	ROYCRRK66RD8
LEI code	5493008M458S2MG7GP03

Subscribed and paid-up share capital
RON 60.000.000

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1. Presentation of TTS (Transport Trade Services) S.A. company

1.1. Organizational form

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

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

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

1.2. The main object of activity

NACE code 5229 – Other activities related to transport

1.3. The organization and activity of the Company

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

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

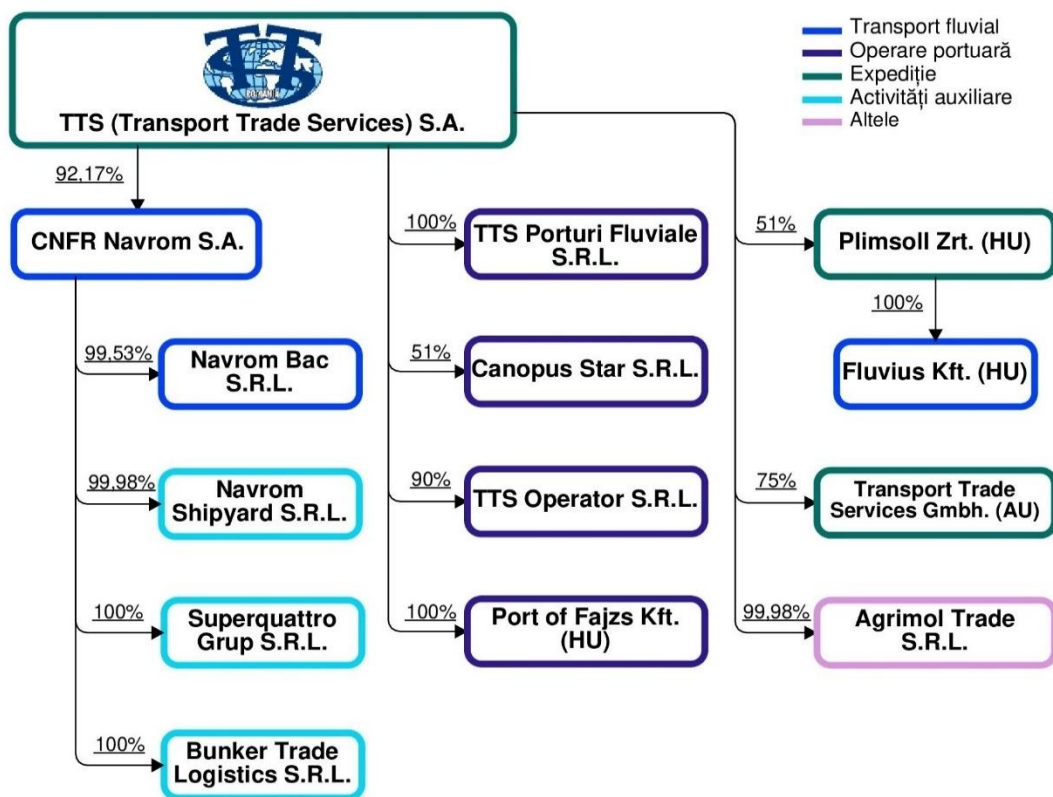
Transport and port operation services are subcontracted by TTS to its subsidiaries or to third parties.

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

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

1.4. TTS subsidiaries and holdings in other companies

The company directly or indirectly holds majority stakes in a number of 13 companies:



The companies in which TTS directly holds a majority interest are the following:

Name	Main activity	Headquarters	Ownership percentage	
			31.12.2022	01.01.2022
CNFR Navrom S.A.	Freight transport on inland waterways	Galati	92,17%	92,14%
Canopus Star S.R.L.	Loading, unloading of goods, storage, port operation	Constanta	51,00%	51,00%
TTS Porturi Fluviale S.R.L.	Loading, unloading of goods, port operation	Galati	100,00%	100,00%
TTS Operator S.R.L.	Loading, unloading of goods, port operation	Constanta	90,00%	90,00%
Port of Fajzs Kft.	Services auxiliary to water transport	Fajsz (Hungary)	100%	100%
Agrimol Trade SRL	Wholesale of wood material	Bucharest	99,98%	99,98%
Plimsoll Zrt.	Shipment of goods in rail and river transport	Budapest	51,00%	51,00%
TTS (Transport Trade Services) GmbH	Activities associated with river transport	Vienna	75,00%	75,00%

The companies in which TTS indirectly holds a majority interest are as follows:

Name	Main activity	Headquarters	Ownership percentage	
			31.12.2022	01.01.2022
<i>Through CNFR Navrom S.A</i>				
Navrom Bac S.R.L.	River transport of persons	Galați	99,53%	99,53%
Navrom Shipyard S.R.L.	Repair and maintenance of ships and boats	Galați	99,99%	99,99%
Superquatro Group S.R.L.	Hydrotechnical works	Galați	100%	100%
Bunker Trade Logistics S.R.L.	Complementary transport services	Constanța	100%	100%
<i>Through Plimsoll zrt</i>				
Fluvius Kft	River freight transport	Budapesta	100%	100%

TTS holds interests in two associated companies, in which TTS does not have control, and in two companies in the process of dissolution/liquidation:

Name	Main activity	Headquarters	Ownership percentage	
			31.12.2022	01.01.2022
Navrom Port Service S.R.L. (indirect prin CNFR NAVROM S.A.)	River freight transport	Galați	49,98%	49,98%
Transterminal-S.R.L.	Freight forwarding by rail	Chișinău	20,00%	20,00%

Companies under liquidation

Name	Main activity	Headquarters	Ownership percentage	
			31.12.2022	01.01.2022
Management NFR S.A.	Business consulting	București	20,00%	20,00%
GIF Leasing IFN	Financial leasing activity	București	7,70%	7,70%

2. Key aspects regarding TTS activity in 2022

The turnover of TTS in 2022 was higher by 65,8% compared to 2021 reaching RON 656,0 million.

The profitability of TTS also increased, as the main indicators increased significantly. The operating result reached RON 87.3 million (+212% compared to the value recorded in 2021), EBITDA¹ was RON 91.7 million (+186.8% compared to the value recorded in 2021), while the net profit was RON 81.2 million (+149% compared to the value recorded in 2021).

¹ EBITDA = Operating result + Depreciation

TTS – Statement of Profit and Loss – 2022, 12 months

(ron mln.)	12 months 2022	12 months 2021	Δ 2022/2021
Net turnover	656,0	395,6	↑ 65,8%
Operating result	87,3	28,0	↑ 212,0%
Net profit	81,2	32,6	↑ 149,0%
EBITDA	91,7	32,0	↑ 186,8%

In these circumstances, the net asset of TTS reached RON 247.8 million (+34.4% compared to 31.12.2021), the total asset value of RON 339.0 million (+51.3% compared to 31.12.2021) and the debt level of RON 91.3 million (+51.3% compared to 31.12.2021). Total liabilities include the amount of investment subsidies (related to the Giurgiu Port modernization project) and the amount of deferred income, the difference being trade and other payables generated by the strong increase in turnover.

TTS – Statement of financial position – 2022, december 31

(ron mln.)	31.12.2022	31.12.2021	Δ 2022/2021
Total assets	339,0	224,1	↑ 51,3%
Total liabilities ² , from which	91,3	39,7	↑ 130,0%
Loans	-	-	N/A
Net assets	247,8	184,4	↑ 34,4%

The main factor underlying the exceptional results achieved by TTS in 2022 was the opening of new logistics routes organized for the operation of high-value-added flows, which replaced a number of low-value-added mineral commodity flows temporarily off the market. These logistics routes were opened in the lower Danube area, where the water level is more stable and deeper, allowing the operation of convoys loaded to capacity, which led to lower costs per ton*km compared to the costs recorded in the case of operated convoys on routes to the upper Danube area.

After a difficult first quarter, marked by the disruption of contracted cargo flows and cost increases, caused by explosive price increases – direct and indirect effects of the war in Ukraine, and suboptimal navigation conditions – large barges in convoys on routes to the area The Upper Danube could be used at full capacity only 35% of the time, and the smaller ones only 70% of the time, in the second quarter the effects of the war in Ukraine on the market for river transport services on the Danube and on the market for port operation services in Constanta manifested themselves in full. We witnessed, on the one hand, the massive increase in the flows of agricultural products, fueled by Ukrainian grain exports, and on the other hand, the reduction to the complete exit from the market

² Including Investment Subsidies and Deferred income

of some flows of mineral raw materials (bauxite and raw materials for the steel industry) and to the disappearance of some flows of chemical fertilizers, as an effect of the economic sanctions applied to Russia.

The consequence of the reconfiguration of the flows of goods transported on the Danube and those operated in the port of Constanta was the massive increase in the demand for services on these markets, which, in the conditions of a service offer limited by the available physical transport and operating capacities, led to a general increase in market rates.

Thanks to the operational flexibility of its business model, **TTS group was able to respond quickly to new market conditions. Thus, the dismissed fleet was reallocated to the new logistics chains, and two buoy terminals were operationalized in the inner lane of the port of Constanta.**

Both measures allowed the group to benefit from favorable market conditions, characterized by a **general increase in transport and port operating rates**, increases which have been evident since the first part of the year and which have stabilized and consolidated in the second semester of 2022.

In 2022, TTS registered the following financial indicators:

<u>Indicators [RON]</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Total income, of which:	683.855.769	416.110.392
Operating income	669.737.853	404.346.973
Total expenses, of which:	591.453.122	379.722.538
Operating expenses	582.400.724	376.354.595
Net turnover	656.041.221	395.578.550
Gross profit	92.402.647	36.387.854
Current profit tax	10.985.870	3.924.319
Deferred tax - expense	226.918	-
Deferred tax - income	-	147.430
Net profit or loss for the year	81.189.859	32.610.965
Total assets, from which:	339.048.984	224.103.391
Receivables	92.264.759	36.575.917
Total liabilities	73.425.472	36.298.390
Loans	-	-
Subscribed and paid in share capital	60.000.000	30.000.000
Inflated share capital	61.739.602	31.739.602
Equity	247.750.517	184.410.658

3. Prospects on TTS activity in 2023

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

1. The metallurgical industry, especially the ferrous metals industry, continues to show signs of growth compared to 2022, both in Romania and globally, leading to an expectation of an increase in the volume of raw materials and finished products that require logistics services;

2. Despite the drought conditions that affected the Danube basin in 2022, and which may also affect the year 2023, as well as the unfavorable market conditions, the stocks of agricultural products existing in Romania, as well as in the current estimates for the grain harvest in summer allow the estimation of a volume of agricultural goods transported and operated in ports higher than 2022. To these volumes will be added the volumes of grain from Ukraine, transported on the Danube and operated in Constanta, which maintain their levels recorded in 2022;

3. The fertilizer market is still affected by high prices, but the signals of transport volume and business volume are gratifying, especially for goods transited through Constanta to Serbia and Ukraine.

In line with these developments, as was publicly announced, TTS concluded for the year 2023 two contracts for the supply of integrated logistics services (shipping, river transport and port operation) with a total estimated value of 300 million lei.

With inflation still rising and high prices for fuels, raw materials and energy are the main factors that can negatively influence operational and repair costs as well as asset maintenance costs.

These factors may affect the level of profitability of TTS in the conditions where these costs cannot be fully recovered from the prices obtained for the services or through specific measures of efficient allocation of resources.

It should be noted that the activity, both in terms of the volume of goods transported and operated in the ports, as well as in terms of economic efficiency, can be negatively affected by weather conditions, especially with influence on the Danube water level, by the drought that can affect agricultural crops, but also by the situation regional and world geopolitics, which may influence the performance of regional economies and the commodity flows that TTS serves.

At the same time, the Company, through the services and economic relations it has at its disposal, constantly analyzes with its own methods all the natural changes that occur along the Danube basin in order to find the best solutions to cushion the impact of these events.

On the other hand, the financial results of 2022 allow TTS to grant a dividend of 33 million lei, representing 40.6% of the net distributable profit, simultaneously with the **acceleration in 2023 of the pace of investments** in new capacities or in the modernization of existing capacities, both at the level of the fleet, as well as, above all, **at the level of port operation capacities**.

In parallel with the investment in the modernization of Giurgiu port - a project co-financed by European funds and which was started in 2022, the **main investment** planned for 2023 is the **purchase of a port terminal**. In recent years, the target company has registered a **continuous increase**

in turnover, which allowed the start, in 2022, of some significant investments that will be put into operation in 2023. The acquisition process will be completed after the issuance by the Competition Council of a no-objection decision and after the approval of the transaction by EGSM TTS, the expected deadline for the completion of the transaction being June 30, 2023.

4. Financials

4.1. Income Statement

	- RON-	
	31 December 2022	31 December 2021
TURNOVER	656.041.221	395.578.550
Other operating income	13.696.632	8.768.423
TOTAL OPERATING INCOME	669.737.853	404.346.973
Material expenses	(538.532)	(188.459)
Energy and water costs	(357.878)	(282.892)
Expenditure on goods	-	(410.058)
Personnel expenses (includes social contributions)	(10.224.199)	(8.363.416)
Depreciation	(5.328.566)	(3.982.829)
Value adjustments in respect of current assets	417.060	(916.348)
Expenditure on external benefits	(557.673.487)	(355.264.897)
Expenses related to other taxes, fees and similar payments	(126.883)	(145.354)
Other operating expenses	(8.248.900)	(6.671.349)
Allowances for provisions	(319.339)	(128.993)
TOTAL OPERATING COSTS	(582.400.724)	(376.354.595)
OPERATING PROFIT	87.337.129	27.992.378
Investment income	5.365.006	8.789.087
Net income/(cost) financing	1.072.784	57.074
Net other financial income/(costs)	78.114	(9.567.383)
Value adjustments in respect of financial fixed assets	(1.450.386)	9.116.698
FINANCIAL PROFIT OR (LOSS)	5.065.518	8.395.476
PROFIT BEFORE TAX	92.402.647	36.387.854
CORPORATE INCOME TAX	(10.985.870)	(3.924.319)
Deferred income tax	(226.918)	-
Income from deferred income tax	-	147.430
NET PROFIT OR (LOSS) OF THE YEAR	81.189.859	32.610.965

For the financial year January 01 – December 31, 2022, compared to the same period in 2021, the value of the operating income increased by 65.6% or RON 265.4 million, being influenced by the increase in turnover.

The net turnover registered an increase of 65.8% for the above-mentioned period, respectively RON 260.5 million.

Operating expenses increased by RON 59.3 million compared to 2021, or by 54.7%.

The net profit for the reporting period increased from RON 32.6 million to RON 92.4 million, the income tax was RON 11 million, respectively with 179,9% or RON 7,1 million higher than in 2021.

4.2. Statement of financial position

	31 December 2022	- ron- 31 December 2021
ASSETS		
FIXED ASSETS		
Intangible assets	93.017	116.545
Property, plant, and equipment	38.512.703	35.592.351
Rights of use	228.941	-
Financial fixed assets	127.148.079	128.881.266
TOTAL FIXED ASSETS	165.982.740	164.590.162
CURRENT ASSETS		
Inventories	533.028	605.887
Trade receivables	59.273.816	30.032.882
Advances paid	-	35.761
Receivables from group companies	1.381.404	1.393.713
Other claims	31.609.539	5.113.561
Cash and cash equivalents	78.625.225	21.732.455
TOTAL CURRENT ASSETS	171.423.012	58.914.259
PREPAID EXPENSES	1.643.232	598.970
TOTAL ASSETS	339.048.984	224.103.391
CAPITAL AND LIABILITIES		
CURRENT PAYABLES		
Trade payables	64.169.963	33.491.021
Other payables	8.808.820	2.545.936
TOTAL CURRENT LIABILITIES	72.978.503	36.036.957
NON-CURRENT LIABILITIES		
Other non-current liabilities	446.969	261.433
TOTAL NON-CURRENT LIABILITIES	446.969	261.433
PROVISIONS	947.980	628.641
DEFERRED INCOME		
Subsidies for investments	14.358.820	-
Amounts reversible within one year	-	-
Amounts reversible in more than one year	14.358.820	-
Deferred income	2.566.195	2.765.702
CAPITAL AND RESERVES		
Paid-up subscribed capital	60.000.000	30.000.000
Share capital adjustments - IAS 29	1.739.602	1.739.602

	31 December 2022	- ron- 31 December 2021
Reserves	30.666.647	9.823.575
Losses on equity instruments	-	-
Retained earnings	80.995.337	112.389.883
Retained earnings from the first-time adoption of IAS 29	(2.107.776)	(2.107.776)
Profit or loss for the financial year	81.189.859	32.610.965
Profit allocation	(4.733.152)	(45.591)
TOTAL EQUITY	247.750.517	184.410.658
TOTAL EQUITY AND LIABILITIES	339.048.984	224.103.391

Property, plant and equipment

During the year, the investment for Giurgiu port modernization began, for which was approved a European funding. The total value of the project is RON 23.8 million, of which non-refundable financing is RON 14.4 million. The investment consists in the modernization of the port Giurgiu infrastructure, namely the port platform, utilities, access roads.

Current assets

Trade receivables increased from RON 30.0 million in 2021 to RON 59.3 million in 2022, respectively by 97.4% in line with the growth of economic activity.

The "Other receivables" category includes, in 2022, a subsidy for investments worth RON 14.4 million.

Cash and cash equivalents increased from RON 21.7 million in 2021 to RON 78.6 million in 2022.

Short-term payables (< 1 year)

Short-term payables increased by 102.5% in 2022, compared to 2021, from RON 36.0 million to RON 73.0 million in line with the normal course of business.

Short-term payables (< 1 year)

Short-term payables increased by 102.5% in 2022, compared to 2021, from RON 36.0 million to RON 73.0 million in line with the normal course of business.

Long-term payables (> 1 year)

Long-term payables increased from RON 0.26 million to RON 0.45 million. These are mainly good performance guarantee resulting from the construction contracts for Giurgiu port modernization and a debt arising from operational lease.

Profit for the financial year

The profit for the financial year increased by 149.0% or RON 48.6 million, registering an exponential growth.

Equity

The total equity of the company increased from RON 184.4 million to RON 247.8 million, respectively 34.3%.

During 2022, the share capital was increased from RON 30 million to RON 60 million, by incorporating the profits carried forward from previous years.

As of December 31, 2022, the share capital was RON 60,000,000. The inflated value of the share capital, according to the IFRS first-time adoption, is RON 61,739,602.

4.3. Statement of cash flows

- ron -

	31 december 2022	31 december 2021
<i>Cash flows from operating activities:</i>		
Profit before tax	92.402.647	36.387.854
<i>Adjustments for:</i>		
Amortisation of intangible assets	58.364	27.757
Depreciation of property, plant and equipment	4.316.322	3.955.072
Expenses/(Income) related to financial investment	1.450.385	(9.116.698)
Expenses/(Income) related to the provision of customers and similar accounts	(417.060)	916.348
Expenses/(Income) relating to provisions for risks and charges	319.339	128.993
(Net gain)/Net loss on the outflow of property, plant and	1.370.564	(50.924)
(Net gain)/Net loss on financial investment outflow	953.880	-
Adjustments for FX loss/(gains)	-	10.046.630
Dividend income	(88.286)	(127.247)
Interest expense	(5.070.048)	(8.789.087)
Interest income	-	114.317
Amortisation of intangible assets	(1.073.747)	(171.391)
Cash flows from operations before changes to working capital	94.398.932	33.321.624
(Increases)/Decreases in receivables	(33.657.693)	1.515.098
(Increases)/Decreases in prepaid expenses	(1.044.262)	220.485
(Increases)/Decreases in inventories	72.859	68.395
Increases/(decreases) in payables	18.175.399	(7.983.650)
Increases/(decreases) in deferred income	(199.507)	(1.421.184)
Interest paid	-	(114.317)
Interest received	1.073.747	171.391
Corporation tax paid	-	-
Net cash from operating activities	78.819.475	25.777.842
<i>Cash flows from investment activities:</i>		
Acquisitions of tangible assets	(9.652.960)	(7.095.420)
Acquisitions of intangible assets	(34.836)	(135.968)
(Acquisition)/Sale of long-term financial assets	282.802	(332.030)
Proceeds from the sale of non-current assets	91.841	1.102.797
Dividends received	5.070.048	8.789.087
Net cash flow from investment activities	(4.243.105)	2.328.466
<i>Cash flows from financing activities:</i>		
Collection/(Repayment) of long-term loan	-	(8.521.450)
Dividends paid	(17.850.000)	(16.200.000)
Net cash flow from financing activities	(17.850.000)	(24.721.450)
(Decrease)/Net increase in cash and cash equivalents	56.726.370	3.384.858

Cash and cash equivalents at the beginning of the financial	21.130.855	17.745.997
Cash and cash equivalents at the end of the financial year	77.857.225	21.130.855

For 2022, profit before taxation increased by 153.9% or RON 56.0 million. For the same period, cash and cash equivalents increased from RON 21.1 million to RON 77.9 million, i.e. 268.5%.

Net cash flows from operating activities recorded an increase from RON 25.7 million in 2021 to RON 78.8 million, respectively 205.8%. This is mainly due to the profitable operating activity (59.3% growth in 2022 vs 2021) and the evolution of working capital elements.

Net cash flows from investment activities have a negative value of RON 4.2 million in 2022, compared to a positive value of RON 2.3 million in 2021, because of the RON 3.7 million decrease in dividends received, together with the decrease from fixed assets sales, from RON 1.1 million to RON 0.09 million lei. Regarding the level of dividends received from the subsidiaries in 2022, they have been matched with the cash needed to finance the investment programs. Cash outflows representing payments for the acquisition of tangible and intangible assets increased from RON 7.2 million in 2021 to RON 9.7 million in 2022.

Net cash flows from financing activities increased from RON (24.7) million in 2021 to RON (17.9) million, as a result of the decrease in payments for bank loans by RON 8.5 million partially compensated by the increase in dividend payments by RON 1.7 million.

4.4. Statement of changes in equity

	<u>Share capital</u>	<u>Share premium</u>	<u>Legal reserves</u>	<u>Other reserves</u>	<u>Revaluation reserves</u>	<u>Retained earnings</u>	<u>Total</u>
Blance as at January 1, 2022	31,739,602	-	6,000,000	3,823,575	-	142,857,481	184,410,658
Profit/(Loss) of the year	-	-	-	-	-	81,189,858	81,189,858
Transfers between reserves	-	-	-	1,507,566	-	(1,507,566)	-
reserve	-	-	-	-	-	-	-
Set-up of legal reserve	-	-	4,620,132	-	-	(4,620,132)	-
Set-up of other reserves	-	-	-	14,715,374	-	(14,715,374)	-
Dividends paid	-	-	-	-	-	(17,850,000)	(17,850,000)
Share capital issued	30,000,000	-	-	-	-	(30,000,000)	-
Deferred tax on the revaluation reserve	-	-	-	-	-	-	-
Balance as at December 31, 2022	61,739,602	-	10,620,132	20,046,515	-	155,344,268	247,750,517

On January 1, 2022, the company's retained earnings were RON 142.8 million, increasing by 8.7% at the end of the year (December 31), to the amount of RON 155.3 million.

Total equity as of December 31 is RON 247.8 million, up 34.3% compared to January 1, 2022.

On April 1, 2022, AGOA TTS approved the increase of the Company's share capital by the amount of RON 30,000,000, from RON 30,000,000 to RON 60,000,000, without subscription and without contribution, by incorporating in the share capital the amount of RON 30,000,000 from the benefits recorded as a carried forward result and the counterpart issue of a number of 30,000,000 shares with a nominal value of RON 1 each, as well as their free distribution to all shareholders registered in the Shareholders' Register on the date of registration of the share capital increase, with the allotment rate of 1 new share for each share held.

On December 31, 2022, the share capital was RON 60,000,000 divided into 60,000,000 shares with a nominal value of RON 1. All issued shares are fully paid.

The inflated value of the share capital, according to the IFRS first-time adoption, is RON 61,739,602.

During April 2022, dividends were distributed in the amount of RON 17,850,000, respectively 0.2975 lei per share. The last three dividend distributions were as follows:

- for the 2018 financial year, a total gross amount of RON 7,200,000 (RON 0.24/share);
- for the 2019 financial year, a total gross amount of RON 15.300.000 (RON 0,51/share);
- for the 2020 financial year, a total gross amount of RON 16.200.000 (RON 0,54/share).

4.5. The main efficiency ratios of TTS in 2022

	Year ended 31.Dec. 2022	Year ended 31.Dec. 2021
1. Liquidity ratios		
a) Current liquidity ratio	2,3	1,5
Current assets	173,066,244	58,974,156
Current liabilities	75,544,698	38,802,659
2. Risk ratios		
The company doesn't have bank loans on December 31, 2022, and December 31, 2021.		
3. Activity ratios		
a) Customers Turnover ratio (days)	24,3	30,1
Average customer balance	43,599,723	32.589.857
Turnover	656,041,221	395.578.550
b) Supplier Turnover ratio (days)	32,5	37,4
Average supplier balance	50,813,773	43.694.314
Purchases of goods (without services)	570,099,580	426.399.366
c) Non-current Turnover ratio	4,0	2,4
Turnover	656,041,221	395.578.550
Non-current assets	165,982,740	164.590.162
d) Total assets Turnover ratio	1,9	1,8
Turnover	656,041,221	395.578.550
Total assets	339,048,984	224.103.391

4. Profitability ratios

a) Return on equity		37,3%	19,8%
Profit before payment of interest and corporate tax		92.402.647	36.535.284
Equity		247.750.517	184.410.658

5. Operational aspects

The physical indicators achieved by TTS in 2022 are as follows:

Operations – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
River transport	5,62	7,14	↓ -21,3%
Port operations	4,32	4,13	↑ 4,6%
Total	9,94	11,27	↓ -11,8%

Goods – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	3,86	3,55	↑ 8,7%
Minerals	4,56	6,15	↓ -25,9%
Chemical products	1,52	1,57	↓ -3,2%
Total	9,94	11,27	↓ -11,8%

The volume decreases were mainly caused by the disappearance from the market of important mineral flows (bauxite and raw materials for the steel industry), totaling 1.25 million tons - as a direct or indirect effect of the war in Ukraine, as well as a reduction in flows transported upstream from Romania – as an effect in the event of severe droughts in the summer of 2022.

Goods shipped by TTS, transported by river – 12 months 2022

(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	2,08	1,83	↑ 13,7%
Minerals	2,94	4,60	↓ -36,1%
Chemical products	0,60	0,71	↓ -15,5%
Total	5.62	7,14	↓ -21,3%

The port operation activity recorded increases, mainly due to the increases in the flows of goods of Ukrainian origin that transited the port of Constanta:

Goods shipped by TTS, operated in ports – 12 months 2022			
(mln. tons)	12 months 2022	12 months 2021	Δ 2022/2021
Agricultural products	1,78	1,72	↑ 3,5%
Minerals	1,62	1,55	↑ 4,5%
Chemical products	0,92	0,86	↑ 7,0%
Total	4,32	4,13	↑ 4,6%

From the point of view of the structure of the contracts, in response to the market conditions, the volumes subcontracted with third parties increased simultaneously with the decrease of the volumes subcontracted in the group:

Structure of river transport contracts – 12 months 2022

(cargo volume - million tons)	12 months 2022	12 months 2021	Δ 2022/2021
Contracts concluded with third parties	0,38	0,34	↑ 11,8%
Intra-group contracts	5,24	6,79	↓ -22,8%

Structure of port operations contracts – 12 months 2022

(cargo volume - million tons)	12 months 2022	12 months 2021	Δ 2022/2021
Contracts concluded with third parties	1,46	1,10	↑ 32,7%
Intra-group contracts	2,85	3,02	↓ -5,6%

6. Human resources

The average number of employees and other assimilated persons in the financial year 2022 was 46 persons (44 as of December 31, 2021), and the effective number on December 31, 2022 was 47 persons (48 as at December 31, 2021).

Out of the total number of staff as of December 31, 2022, 27 people are male and 20 females, 37 have higher education, the remaining 10 have secondary education.

Between January and December 2022, 5 employees terminated their employment relations with the company and 4 people were employed.

The Company'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 2022.

According to the plan, in 2022, the company invested in training and certification courses outside the company the amount of approximately 19,111 lei, 5 employees participated in various training courses.

The company has no contractual obligations related to pensions towards former directors and administrators.

No advances and credits were granted to directors and administrators other than those for travel in the interest of the service. The company has concluded a professional liability insurance contract for its directors and administrators on 31.12.2022.

On December 31, 2022, and 2021 respectively, the staff costs were as follows:

	31 December 2022	31 December 2021
Expenses with salaries and allowances	6.871.167	5.717.778
Insurance contribution for work	217.553	177.927
Other expenses with insurance and social protection	125.318	25.652
The value of the meal vouchers granted	224.740	174.840
TOTAL	7.438.778	6.096.197
Allowances of the Board of Directors and executive directors	2.785.421	2.267.219
TOTAL	10.224.199	8.363.416

7. Risk management system and internal control

Risk management and internal control were carried out in 2021 directly by the specialized department within the Company and by the BoD.

The Audit Committee has been set up and carries out its activity according to the provisions of the BoD Regulation.

The company has carried out all aspects of the management of conflicts of interest, the publicity of transactions, the audit, the equal treatment of shareholders, under the supervision of the BoD and in accordance with the legal provisions applicable to companies whose shares are traded on a regulated market.

Regarding the internal audit, the Company has implemented the policies and conditions provided by the law.

The Company provides services necessary for the activity, coordinates the access to the national financial market, monitors and manages the financial risks related to the Company's operations through internal risk reports, which analyze the exposure through the degree and size of the risks. These risks include market risk (including currency risk, interest rate risk), credit risk, liquidity risk and the fair value of financial instruments.

Currency risk

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

Managing 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 company is exposed to credit risk due to commercial and other claims. The company has policies in place to ensure that sales take place to customers with an adequate payment history. Debt maturities are carefully monitored and outstanding amounts are closely followed. Commercial receivables (clients) are net of impairment adjustments for uncertain customers. The company 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 activity, the Company 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;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, using the yield curve applicable to the duration of non-option derivatives and option valuation models for option-based derivatives.

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.

8. Proposal of the Board of Directors on the distribution of the net profit achieved in 2022

The net distributable profit for 2022 is in the amount of RON 81,189,859, of which RON 5,365,006 represents profit from the dividends received from the subsidiaries from their profit, which was achieved in 2021.

Therefore, Canopus Star S.R.L. Constanta paid a dividend in the amount of RON 4,471,578, TTS Operator S.R.L. paid a dividend in the amount of RON 450,000, and Transterminal-S.R.L. Chisinau paid a dividend of RON 148,470.

The proposal of the Board of Directors of TTS (Transport Trade Services) S.A. submitted for approval to the Ordinary General Meeting of Shareholders, regarding the distribution of the net profit achieved in 2022 is as follows:

- RON 113,020 – distributed as "Other reserves" set up for the profit reinvested in the purchase of technological equipment according to art. 22, paragraph (1) of the Tax Code, highlighted in account 1068, corresponding analytical account,
- RON 4,620,132 – distributed to legal reserves,
- RON 33,000,000 – distributed as dividends,
- RON 43,456,707 – distributed as "Profit carried forward".

9. TTS' corporate governance system

9.1. Internal regulatory framework of the Company

Considering the corporate governance standards applicable to listed companies from the Premium category on the BVB main market, TTS implemented the internal corporate governance system by adopting the following documents:

- **Regulation of the Management Board.**

Was approved by Decision of the BoD no. 1/03.08.2021 and ammended by Decision no. 2/27.01.2023.

The constitutive provisions and operating rules of the advisory committees are included in the BoD Regulation, it is no longer necessary to adopt separate regulations for each committee.

- **GSM Regulation**

It was approved by Decision of the BoD 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 conduct of the GSM.

The GSM rules are published on TTS' website.

- **Internal audit regulations**

Was approved by Decision of the BoD no. 4/14.03.2022

- **Remuneration policy**
Was approved by OGSM Decision no. 1/26.08.2021
The remuneration policy is published on TTS' website.
- **Dividend policy**
Was approved by BoD decision no. 1/30.09.2021
The dividend policy is published on TTS' website.
- **Forecast policy**
Was approved by BoD decision no. 1/29.10.2021
The forecast policy is published on the TTS website.
- **Inside information policy**
Was approved by BoD decision no. 1/12.11.2021

9.2. Company administration and management

In 2022, TTS was managed by a Board consisting of five members, of which one member is executive and three members are independent. The composition of the Board was approved by OGSM Decision no. 1/26/08/2021.

The Board is headed by the President appointed by the BoD Decision no. 1/30/08/2021.

The Board of Directors was assisted by two advisory committees: the Remuneration and Nomination Committee consisting of three non-executive members including two independent members and the Audit Committee consisting of three non-executive members including two independent members led by an independent non-executive member.

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

The composition of the Board of Directors in 2022 was as follows:

Name and Surname	BoD status	Period in office
Alexandru-Mircea MIHĂILESCU	Non-executive member (Board Chairman from 30.08.2021, Chairman of the Remuneration and Nomination Committee, member of the Audit Committee, both from 09.30.2021)	1 Jan 2022 – 31 Dec 2022
Ion STANCIU	Executive member	1 Jan 2022 – 31 Dec 2022

Name and Surname	BoD status	Period in office
Elena BUTNARIU	Independent member (Chairman of the Audit Committee and member of the Remuneration and Nomination Committee)	1 Jan 2022 – 31 Dec 2022
Ana-Barbara BOBIRCĂ	Independent member (member of the Audit Committee)	1 Jan 2022 – 31 Dec 2022
Dorin-Alexandru BADEA	Independent member (member of the Remuneration and Nomination Committee)	1 Jan 2022 – 31 Dec 2022

The Board of Directors was assisted in its activity by a Secretary of the Board of Directors.

In 2022, the Board of Directors met 13 times, 2 times in the physical or online presence of the members and 11 times through voting and debates by remote electronic means. 11 meetings were held with the participation of all members of the Council and 2 meetings with the participation of four out of five members. All decisions were adopted with the unanimous votes of the participating members. The advisory committees met 12 times during 2022.

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

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

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

The composition of the executive management of TTS during 2022 was as follows:

Name and Surname	Status in the executive management	Dates regarding the mandate contracts
Petru ȘTEFĂNUȚ	General Director	Concluded on 26.05.2014, extended successively in 2016, 2018 and 2022, expires on 31.05.2026
Ion STANCIU	Deputy General Director, Operational Director (from 15.06.2021)	Concluded on 26.05.2014, successively extended in 2016 and 2020, expires on 03.06.2024
Nicoleta FLORESCU	Financial Director	Concluded on 10.03.2021, expires on 10.03.2025

9.3. Holdings of TTS shares of the Company's board and management on 31.12.2022

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

9.4. Transactions with TTS shares of the Company's board and management in 2022

In 2022, the following transactions for the purchase of TTS shares by members of the TTS board and management were recorded:

Name	Position	Transaction date	Quantity	Average price [RON/share]
Ion STANCIU	Deputy General Manager, executive member of the Board of Directors	19.05.2022	25.000	8,80
		20.05.2022	10.000	8,88
		25.05.2022	10.000	8,88
Alexandru-Mircea MIHĂILESCU	President of the Board of Directors	26.05.2022	28.033	8,90
Dorin-Alexandru BADEA	Independent member of the Board of Directors	10.10.2022	11.461	9,71
		11.10.2022	7.539	9,58
		12.10.2022	3.000	9,62
		13.10.2022	8.000	9,60

9.5. Corporate Governance Statement

The provisions of the BSE Governance Code	Compliance	Clarifications
Section A - Responsibilities		
A.1. All companies must have internal rules of the Board which include the terms of reference / responsibilities of the Board and the key management functions of the company, and which apply, inter alia, the General Principles of this Section.	YES	Details in Section 9.1.
A.2. Provisions for the management of conflicts of interest should be included in the Council regulations.	YES	
A.3. The Board of Directors must be composed of at least five members.	YES	
A.4. The majority of the members of the Board of Directors must not hold executive office. In the case of Premium companies, no less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors must submit a statement at the time of his / her nomination for election or re-election, as well as when any change of status occurs or, indicating the elements on the basis of which he / she is considered to be independent in terms of character. and its judgment according to the criteria set out in point A.4.1. - A.4.9. from the Governance Code of BSE	YES	Details in Section 9.2.
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 corporations and institutions, must be disclosed to potential shareholders and investors prior to nomination and during his term of office.	YES	CVs of BoD members are published on the Company's website
A.6. Any member of the Board shall submit to the Board information on any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights.	YES	In 2021 that was not the case
A.7. The company must appoint a secretary of the Board responsible for supporting the work of the Board.	YES	Details in Section 9.2.
A.8. The corporate governance statement will state whether an evaluation of the Board of Directors has taken place.	YES	
A.9. The corporate governance statement must contain information on the number of meetings of the Board and the committees during the last year, the participation of the	YES	Details in Section 9.2.

The provisions of the BSE Governance Code	Compliance	Clarifications
Section A - Responsibilities		
directors and a report by the Board and the committees on their activities.		
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors.	YES	3 independent members
A.11. The Board of Premium Companies must set up a nomination committee consisting of non-executive members.	YES	

The provisions of the BSE Governance Code	Compliance	Clarifications
Section B - Risk Management and Internal Control System		
B.1. The Board must set up an audit committee.	YES	Details in Section 9.2.
B.2. The chair of the audit committee must be an independent non-executive member.	YES	
B.3. Among its responsibilities, the audit committee must carry out an annual evaluation of the internal control system.	PARTIAL	The 2022 annual review is due to be completed in April 2023
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 identified and the submission of relevant reports to the Council.	PARTIAL	The 2022 annual review is due to be completed in April 2023
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.	YES	
B.6. The audit committee must evaluate the effectiveness of the internal control system and the risk management system.	PARTIAL	The 2022 annual review is due to be completed in April 2023
B.7. The audit committee should monitor the application of legal standards and generally accepted internal auditing standards. The audit committee shall receive and evaluate 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 annually) or ad-hoc reports to be subsequently submitted to the Board.	YES	In 2021 that was not the case

The provisions of the BSE Governance Code	Compliance	Clarifications
Section B - Risk Management and Internal Control System		
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	YES	There is no such agreement or transaction
B.10. The Board must adopt a policy 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 binding 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 that are subject to reporting requirements.	YES	
B.11. Internal audits must be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third party entity.	YES	Details in Section 9.2.
B.12. In order to ensure that the internal audit department performs its core functions, it shall report functionally to the Board through the audit committee. For administrative purposes and as part of the management's obligations to monitor and reduce risks, he must report directly to the general manager.	YES	

The provisions of the BSE Governance Code	Compliance	Clarification
Section C - Fair reward and motivation		
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.	YES	

The provisions of the BSE Governance Code	Compliance	Clarification
Section D - Adding value through investor relations		
d.1. The company must organize an Investor Relations service - indicating to the general public the person (s) responsible or the organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including: d.1.1. The main corporate regulations: the articles of incorporation, the procedures regarding the	YES	

The provisions of the BSE Governance Code	Compliance	Clarification
<p data-bbox="193 208 778 241">Section D - Adding value through investor relations</p> <p data-bbox="325 253 783 286">general meetings of shareholders;</p> <p data-bbox="268 309 887 544">D.1.2. Professional CVs of members of the company's management bodies, other professional commitments of members of the Board, including executive and non-executive positions on boards of directors of companies or non-profit institutions;</p> <p data-bbox="268 566 956 645">D.1.3. Current reports and periodic reports (quarterly, half-yearly and annual);</p> <p data-bbox="268 667 804 745">D.1.4. Information on general meetings of shareholders;</p> <p data-bbox="268 768 716 801">D.1.5. Corporate event information;</p> <p data-bbox="268 824 946 936">D.1.6. Name and contact details of a person who will be able to provide relevant information upon request;</p> <p data-bbox="268 958 930 1025">D.1.7. Company presentations, financial statements, audit reports and annual reports.</p>		
D.2. The company will have an annual dividend distribution policy published on the company's website.	YES	
D.3. The company will adopt a forecast policy, 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 rights. The changes to the rules will take effect at the earliest, starting with the next shareholders' meeting.	YES	
D.5. The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.	YES	
D.6. The Board will present a brief assessment of the internal control and significant risk management systems to the annual general meeting of shareholders, as well as opinions on issues subject to the decision of the general meeting.	YES	The 2022 annual review is due to be completed in April 2023
D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting at the prior invitation of the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES	

The provisions of the BSE Governance Code	Compliance	Clarification
Section D - Adding value through investor relations		
D.8. The quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales, operating profit, net profit and other relevant financial indicators, both quarterly, as well as from one year to the next.	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 date of the meetings / teleconferences.	YES	In 2022, the Company organized 4 online meetings with investors, in a videoconference system.
D.10. If a company supports various forms of artistic and 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 development mission and strategy, it will publish the activity policy. in this area.	YES	

10. The non-financial statement regarding the year 2022

TTS prepares and publishes an annual sustainability report that covers the environmental, social and governance aspects of TTS group's activity with the application of GRI (Global Reporting Initiative) reporting standards. According to the Company's [2023 Financial Calendar](#), the Sustainability Report on the activity of TTS group in 2022 will be published on June 30, 2023.

All the information required for the non-financial statement, as provided for in point 44 of the Accounting Regulations in accordance with the International Financial Reporting Standards of 12.12.2016 approved by Order no. 2844/2016, as well as those provided for in point 48² of the same normative act, will be included in the Sustainability Report on the activity of TTS group in 2022.

11. Significant events occurring after the financial year end

TTS has concluded a preliminary transaction agreement and is going to negotiate the contractual terms in order to acquire a block of shares ("The Transaction") representing 99.9% of the share capital of a company registered in Romania with activity in the field of port operations ("Target Company").

It has operational capabilities complementary to TTS group's (including operational berths, quay cranes, railway lines), contributing to the expansion of capacity and the diversification of the services provided by TTS group through the port operation segment. The target company uses strategically positioned port land, and owns storage platforms and covered warehouses, as well as equipment that allows the scaling of TTS's activity and its subsidiaries.

The main conditions of the preliminary agreement are:

- Price: 21.8 million EURO
- Payment in one installment at the conclusion of the contract

The Company has carried out due diligence procedures regarding the Target Company. The transaction will be financed through a combination of bank credit facilities and funds from the Company.

The contract will be concluded after the Competition Council issues a no-objection decision regarding the economic concentration operation carried out through the Transaction and the prior approval of the transaction by the Extraordinary General Meeting of TTS Shareholders.

* * *

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

- approval of the separate financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, explanatory notes) drawn up at 31 December 2022,

- approval of the profit distribution and discharge of the administrators for the financial year 2022.

President of the Board of Directors

Alexandru – Mircea MIHĂILESCU