



Transport Trade Services

Questions & Answers

Videoconference for the presentation of the preliminary financial results for 2025

March 4th, 2025

1. What should we expect for 2026? How do you see the evolution of the EBITDA margin at the beginning of the year?

Answer:

We are working on this year's budget, both the operating budget and the CAPEX budget. We are in the finalization and fine-tuning stage, so we cannot provide figures or opinions at this moment. If you remember, last year both budgets included comments that analysed, based on the information available at that time, certain opportunities and risks that we estimated then. This year we will do the same. We are not referring to the war or other similar factors. In our sector we experience conditions that differ from previous years, especially in agriculture. This sector interests us and also affects us. A good agricultural year, not only in terms of harvests but also in the movement of goods, which is what matters to us, affects us positively. A poor agricultural year, when goods do not move in sufficient volumes for us, affects us negatively. Since the beginning of the war in Ukraine, changes have occurred in agricultural trade chains. These changes directly affected logistics chains. Toward the end of 2024 and throughout 2025, several negative trends intensified. Many intermediaries in the agricultural products trade faced financial problems. Some declared insolvency, including several large companies that the press mentioned. This situation leads us to believe that this year multinational agricultural companies may change their approach to sourcing goods within Romania. They may focus more on direct cooperation with farmers. We expect this change to affect us positively. We are still in a fine-tuning stage in this area. As last year, the materials we prepared include explanations. We see several key pillars that support our activity. The first pillar is port operations, where we aim to increase activity. I cannot say now whether the increase will be large or small, because I want to remain consistent in my explanations. What matters is that we aim for growth and we have the infrastructure to support it.

The second pillar is reducing the losses recorded in the river transport segment. This comes from strict control of expenses and their evolution, both human and rational control, as Mr. Țecheră also mentioned earlier and during previous conferences. It also comes from measures we implemented several years ago, without anticipating the crisis we face today. We previously mentioned new cargo



flows that appeared in our activity, especially mineral products. These flows now move into the maturity stage. This year, based on the contracts we already have, we expect to start capitalizing on them. We expect an improvement in the river transport segment, together with growth and improvement in port operations. Our estimates are positive. We still need to see the impact of the war that has just started in the Gulf region on other activities, especially exports of wood products and sawn timber.

Our main objective remains strict cash control. We do this through expense control and through careful management of investments. When we publish the 2025 report and call the General Meeting of Shareholders, we will attach the investment and operating budgets together with detailed explanations. At this moment, all the elements we mentioned, which we see as key pillars for this year's activity, remain well monitored and under control.

2. You mentioned changes in the way you work with farmers – what exactly are you referring to and what will the impact be for TTS?

Answer:

The market for products, and not only for agriculture products, showed the strongest impact here. A wave of intermediaries appeared in the relationship between producers and export buyers. This happened with chemical fertilizers and, to a lesser extent, with minerals. Minerals usually have very large consumers, such as metallurgical plants. In that area there is less space for many intermediaries. The situation differs in sectors where either the origin or the final destination involves a smaller entity, such as a farmer. Even a large farmer remains smaller compared to a multinational company. When we talk about fertilizers, the farmer is the final beneficiary. The farmer ultimately buys the fertilizers and uses them in the fields. In the case of grains, the situation is reversed. The farmer produces the agricultural goods and sells them through a chain that leads to a final buyer who, in Constanța, is usually one of the major players. These are generally well-known multinational companies operating in Romania. When the war started and goods of Ukrainian origin mixed with those from the Danube region, the situation changed. This discussion does not involve only Romania. It also includes Serbia and Bulgaria. Hungary is less involved because it has a different position in this region. In Serbia, Bulgaria and Romania the same phenomenon appeared. A chain of intermediaries with a certain financial capacity emerged, either created before the war or during the war. These intermediaries began to buy goods and sell them further to the final beneficiary or to export operators.

By entering this trading and logistics chain, these intermediaries created contact between the two ends of the market. This contact did not exist before. The traditional model involved large international companies that financed farmers and provided inputs such as fertilizers, pesticides and other materials. Over time this model lost part of its importance. Now some intermediaries face serious financial problems, and some are already in insolvency. It is natural that either other intermediaries will appear, which seems unlikely, or direct connections will increase. This may happen



between fertilizer buyers and large traders, although the effect here is smaller. The stronger effect will likely appear between farmers who sell grain and large multinational buyers.

For us this situation could become an advantage. Our relationships with multinational companies are long standing and very strong. If this shift happens, our access to the goods that will move through this system will become easier. Multinationals know their role very well and they operate as very strong traders. Our connections, our long-term contracts and the quality standards we provide could give us access to larger volumes of goods that will move from the Danube ports toward Constanța. Here we refer to transport along the Danube toward the port of Constanța.

3. On the cost side, we saw increases in Q4, I understand the fuel side, but on the third-party side, what was the cause? An increase in tariffs?

Answer:

The increase of 7.3 million was not entirely unexpected. We already had part of the picture for the fourth quarter regarding the level of subcontractor expenses. However, compared to the third quarter, there was indeed an increase of 7.3 million above what we had anticipated. This did not result from a sudden tariff increase in the fourth quarter. It was simply an estimation inaccuracy that was difficult to avoid. In our case, subcontractors are companies outside the group that provide services. This includes the port operator in Constanța that provides cargo handling services. If we refer to mineral products, in the metallurgical industry there is only one such operator in Constanța, called Comvex. There is no secrecy here. When there is significant cargo handled at Comvex, expenses related to that subcontractor naturally increase. Other examples include the Danube Black Sea Canal Administration, which is outside the group, and the Constanța Port Administration. The same applies to all entities that provide various services. A part of the third-party expenses results directly from the volume of activity we carry out. These third-party expenses are associated with revenues. Therefore, we did not see tariff increases in the fourth quarter compared with the other quarters. What increased was the number of tons handled.

If we look at the operations side, the cargo volume handled in Constanța by third parties in the fourth quarter was noticeably higher than in the third quarter. This explains the higher third-party expenses. The cause is not tariffs. In fact, overall tariffs in the fourth quarter were lower than in the third quarter. As a clarification, if we consider only the increase in diesel expenses and the impact of provisions, EBITDA returns to the forecast range of 96 to 100 million. The purpose of presenting these figures was not mainly to show the increase compared with the third quarter, which matters less, but to explain the sources of inaccuracy in the estimate we included in the annual report.

4. We were comparing with the results from Q3 which was a good quarter, which showed signs of recovery, and trying to understand what happened in Q4, what were the changes that impacted performance?



Answer:

In the nine months report we said that the outlook for the fourth quarter, toward the end of the year, was not very strong. I spoke with a colleague today and the main factor behind the fourth quarter has a clear name, agricultural products. The volume of agricultural products in the fourth quarter was much lower than we estimated. Tariffs were also lower than we expected, because operations in the fourth quarter took place mainly on a spot basis. There is a major distortion in the grain market. The bigger issue is that this distortion appeared in 2024, repeated in 2025, and today there is a high chance that it may repeat again this year. For this year we already see that the first quarter will not be strong. We return to the usual model. The first quarter is the weakest, the second quarter follows, the third quarter is the strongest, and the fourth quarter sits slightly below the third quarter. This year will probably follow the same pattern.

In the grain sector the situation changed completely. In the past we had what we called the grain season in the third and fourth quarters. This was the key period when the market was very active due to large volumes of goods. Even in weaker production years the same principle applied. There was a lot of activity in the third quarter and almost as much in the fourth quarter. In the first quarter some remaining contracts were still active. The second quarter could also become strong depending on expectations for the summer harvest, because storage stocks were cleared and then the cycle restarted. In 2022, when the war began, this cycle changed completely because of Ukraine. In 2024 the pressure from Ukraine eased around the first and second quarters. When the Danube harvest season started in Romania, Bulgaria and Serbia, the market had almost returned to normal conditions, without the pressure of Ukrainian goods, which had almost disappeared.

Harvesting of cereal crops started in June and July. Water levels dropped and part of the cargo moved by land transport toward Constanța. This meant that the peak moment for Danube transport was lost. By mid-August goods started to disappear from the market and only shipments that moved directly by truck remained. By September the phenomenon had become severe. After that, operations took place on a spot basis, with small lots and fragmented shipments, without the continuous flow we had been used to before.

Last year the same thing happened. In the second half of August the Danube grain market collapsed. Before that we had fifteen days in June when the Danube was closed. After that, navigation remained difficult until early August. In the second half of August goods almost disappeared from the market. At that point our contracts became only formal documents and negotiations moved to the spot market, lot by lot and in small quantities.

The fourth quarter continued this trend of lower prices and fragmented shipments. Under these conditions we had both lower prices and lower volumes. If we calculate the impact and multiply revenue per ton by the average price, the result is much lower than what we estimated when we prepared the budgets, including the forecast we made at the third quarter.

At the same time, we recorded higher revenues and higher expenses related to third parties, but there the relationship was almost one to one, with a margin for TTS. This increase in third party activity could



not compensate for the loss generated within the group, caused by lower grain volumes and lower tariffs. This year we are concerned that a similar situation may occur. We do not know what may happen with Ukraine. We do not know what may happen with Russia. For now, the harvest, at least in Romania, looks at least as good as last year. Water levels in the soil have recovered. In many areas there is even excess water. The situation from last year, when drought was the main concern, no longer exists. Now the soil shows saturation or even surplus water.

So, the summer harvest currently looks good. However, a good harvest alone is not enough if the market does not function properly. There is another important aspect. In our cargo mix, agricultural goods have the highest margins. When the mix changes against agricultural goods, as happened in the fourth quarter, EBITDA is automatically affected. Even if tariffs remain good, low volumes push EBITDA closer to the level generated by mineral cargo, where margins are generally lower.

5. What are your expectations for Q1 2026 compared to Q1 2025?

Answer:

It is still relatively early to talk about this. What I can say is that the first quarter last year was unexpectedly strong in terms of activity volume. I do not remember exactly what the financial results were in the first quarter last year, but our focus is mainly on cargo volumes and actual operational activity. Last year the first quarter was practically like spring, if I remember correctly. This year temperatures started to rise only a few days ago. We had a real winter, with ports closed at the beginning of the year, first because of low water levels and later because of high water levels. Ports were closed both in Constanța and on the Danube. At least in terms of expenses, the situation today looks much better than it did in the first quarter last year. The first quarter last year was still one of the weakest from a financial perspective because the measures we had taken within the group had not yet produced their effects. The first results were just starting to appear. Although revenues increased in the first quarter of 2025 compared with the fourth quarter, profitability remained low, even negative. In the meantime, we have worked extensively on the cost side. Now we need to see whether the market will support us as well, because we currently operate with a very good cost structure. The market still needs to move in a positive direction.

6. What impact do you estimate the conflict in the Middle East could have on TTS activity, considering the information or signals you currently have?

Answer:

At this moment, five days after the start, the effect is mostly psychological. This uncertainty affects everyone. For us, the only direct exposure relates to timber exports handled by our colleagues at Agrimol. They had several very attractive contracts for deliveries to the Gulf region. They now have hundreds of containers with timber already in transit and more than one hundred containers currently being loaded in Constanța. Their advantage is that these shipments travel through the Red Sea. They



do not go into the Gulf and do not need to pass through the Strait of Hormuz. Another possible effect could be an increase in diesel prices. At the moment there is nothing alarming. In terms of cargo flows, we do not have much cargo sold directly into that region. We handle chemical products and fertilizers, raw materials for the chemical industry, which come from Arab countries. However, these shipments do not come directly from the Gulf area. They come from areas closer to the Gulf of Suez.

Cargo that comes from more distant locations, such as coal from Indonesia, does not currently face direct effects. These routes do not pass through the Gulf. They bypass the conflict area. For now, we do not see direct or immediate effects. Still, these effects can spread through the market chain. We do not know where the situation will be in a week.

7. We noticed that you did not present the volume split by segments together with the preliminary results. Is there a reason for this absence and will we receive this information?

Answer:

The reason is that, on the one hand, traditionally, when we publish financial results, we do not include activity volumes. There is also a methodological reason. To present a coherent financial and operational picture, meaning the volume data broken down by segments as we usually do, we would also need to complete the full financial consolidation by the end of February. From our perspective this is physically impossible. Since we do not yet have financial consolidation at the level of detail required, we focus on ensuring that the figures published now have an extremely low probability of change. When we move to more detailed analysis, the reporting available in February does not yet provide that level of detail.

These data will be available in March, and the volumes will also be published then. Of course, we already have a good internal view of the volumes. However, since we have not completed the full financial consolidation, which again is impossible to finalize at this moment, we do not publish the volume figures together with the preliminary financial results.

8. Were navigation conditions unfavorable in the fourth quarter? What is the situation in the first quarter of 2026?

Answer:

We have a very solid data base at Navrom. Official data show that 2025 had by far the lowest Danube water flow for navigation at Baziaş, the point where the river enters Romania, compared with many previous years. We track how many days in a year the water flow at Baziaş reaches or exceeds the multiannual average. This average is calculated over about thirty years. Last year the flow reached or exceeded that average on only 27 days. I say this from memory. In previous years the numbers were around 140, 130 or at least 80 days. This shows the scale of the difference. Last year the Danube was closed in the well-known area between Giurgiu and Zimnicea. Navigation stops there when the water level drops too much. In total the river was closed for 15 days. For another 15 to 20 days navigation



was extremely difficult. After that vessels navigated with a draft of about 2.20 meters, while our barges normally operate at a draft of 3.80 meters. In some cases, we even navigated at 2.10 meters, which is close to the draft of a push boat.

Water levels were difficult throughout the entire year. In the third quarter the first half, from July to mid August, was particularly bad. After that, from mid August until December, navigation conditions remained difficult.

The problem was that the conditions did not stay constant for several months in a row. This created operational difficulties. When you load a barge in Constanța, after loading you wait several days before a push boat becomes available to depart. The trip itself can take seven days, ten days or even two weeks depending on the destination.

When you load a barge, you need a forecast of at least three weeks to decide the loading draft. You cannot adjust the load from one day to another. In such situations you prefer to load less rather than risk loading too much. If the vessel becomes stuck, it remains there until water levels rise. This situation also increased fuel expenses because vessels had to operate in conditions that allowed navigation.

You will see in the data that last year the average transport distance of the Navrom fleet reached the highest level in history, much higher than the previous record. The reason is that the agricultural cargo flow from the lower Danube dropped significantly. As a result, we expanded our operations toward Germany, a market we had abandoned when the war in Ukraine started. The distance to Germany is about 2,000 kilometers. Along this route there are several critical navigation points: Dunaföldvár and Nagymaros in Hungary, Wildungsmauer in Austria and Pfelling in Germany. These points are constantly monitored. According to official data from German navigation authorities, last year was the weakest year in many years at all four points in terms of the number of days when navigation at 2.90 meters draft was possible. A draft of 2.90 meters represents the normal operating draft of a line push boat. So, navigation conditions were difficult along the entire Danube, including in Germany.

The year started in a similar way. After the rains and snow at the beginning and middle of February, the Danube water level increased, sometimes even too much. The fourth quarter had difficult navigation conditions, except for the last days of December when water levels rose slightly and the situation improved for a short period.

9. Why did depreciation decrease in the second half of 2025?

Answer:

Depreciation decreased in the second half of 2025 due to the policy we implemented at the beginning of the year regarding vessel depreciation. This policy applies to vessels in the transport segment. We slightly adjusted the depreciation policy for these vessels, which led to the decrease in depreciation.



10. To what extent can you control subcontractor expenses?

Answer:

The issue is not about controlling subcontractor expenses, because these expenses are always covered by revenues and there is always a margin. Otherwise, the model would not work. What happened in the fourth quarter is that part of the growth we expected did not materialize at the level we had estimated. We anticipated certain good volumes that we planned to handle through third parties, but those volumes did not reach the expected level. That is the whole explanation. It was simply an estimation inaccuracy, not a lack of control over subcontractor expenses.

11. Considering the EUR 170 million tenders for FAST Danube 2, how long do you think the dredging will take? By how much do you expect cargo volumes toward Europe to increase in the future?

Answer:

This is a question where an exact answer is probably expected, because the question itself is very precise. We can only share what we know at this moment. There are ongoing tenders for the Romanian Bulgarian sector of the Danube, meaning the Romanian and Bulgarian sections of the river, for infrastructure works. These are part of modern development programs. Our colleagues from Galați participate in some of the bids. They do not participate as main contractors because they do not have the required expertise. They participate as subcontractors for other companies. In practical terms, the companies that will win the tenders will likely see higher subcontractor expenses.

These projects also include a design phase. For this reason, the execution stage will most likely take place around 2027 or 2028. The works will not start immediately. The issue is not only when the works will be carried out, but also how much cargo volume will increase and how that increase will happen. We will probably be able to discuss this around 2029 or 2030. This is not an exaggeration. These works will take several years before their effects become visible.

We should also remember that dredging the Danube is essential for us, but dredging alone is not enough. The Danube functions like a highway. A highway needs exits, fuel stations and connections with business areas and warehouses. In the same way the Danube also needs ports. Today many Danube ports are in a process of redevelopment. We see that port administrations along the river have started, at least at the level of plans, to develop modernization projects. Examples include Giurgiu, Bechet and Turnu Severin. There is interest in connecting this infrastructure with the broader economy. After that the cargo must also exist, such as grains and fertilizers. There is currently little industry directly connected to Danube ports, except for the potential in the Galați, Brăila and Tulcea area. This is a topic that we can realistically discuss starting around 2028. At that time, we will see the progress of investments in Danube ports. We will also see the progress of the tender procedures and the execution works on the river itself. At the same time, we will be able to see whether industrial projects appear that connect directly with the Danube.



The Danube is a transport corridor for bulk cargo. It is not used for containers or for very expensive or highly perishable goods. It serves bulk products. Bulk products mainly include agriculture, chemicals and industrial materials in general.

12. When will Deciom operate at full capacity?

Answer:

From the perspective of equipment and operational capability, full capacity will be reached in 2027. At that moment Deciom will operate with five modernized cranes. Today it operates with four cranes, while the fifth is under modernization. The same situation existed last year. One crane was under modernization then, and now the second one entered the modernization process. The crane modernized last year is already operating. Even under these conditions, the volume in 2025 reached a record level. It was the first year in many years when Deciom significantly exceeded one million tons. This happened despite two very weak months in the port overall. The port itself clearly recorded a decline in activity. As a result, we expect an increase in our market share in the port for 2025. We cannot provide the exact figures yet because the port authority has not published its official data. The port usually reports the previous year's traffic in April. Even with two weak months, not only for Deciom but for the port overall, Deciom still achieved record volumes. One weak month was April, during the period called Liberation Day, when many cargo flows stopped temporarily while companies clarified the situation related to tariffs imposed by the United States. Another very weak month was November, which was even weaker than April. Despite these conditions, Deciom exceeded all its previous volume records. This result did not come from Deciom alone. It came from integrated operations within the group, together with TTS Operator and TTS. The benefits of this integration already appear in the results. Maximum capacity will likely be reached only in 2027, when all five cranes are modernized and operational. There is also another project in progress. It is difficult to estimate the completion date. The project involves building a warehouse directly on the quay. This facility will significantly increase storage capacity and improve operating speed. A quay warehouse removes the need for internal transport from the quay to storage areas inside Deciom, which will make operations faster and more efficient.

13. Do you consider that the overcapacity in the Danube freight transport market still persists, or are there signs of rebalancing?

Answer:

Earlier we mentioned several market collapses. We do not take any satisfaction in anyone's difficulties. Some intermediary companies in the agricultural products sector, and also in the chemical products sector, have faced serious problems. In recent years there was a somewhat chaotic and uncontrolled expansion of assets in the transport sector, and also of port assets in the Port of Constanța. Some of these assets disappeared already last year. We now see a clear decrease in the number of vessels that



remain active on the Danube. Some vessels have disappeared completely. Others have been taken out of operation because current cargo volumes and prices do not allow them to operate even at break even level, let alone generate profit.

It is difficult to say exactly how many vessels remain active on the Danube today. What I can say is this. Last summer, before the harvest season began, when you crossed the bridge at Cernavodă on the way to Constanța, you could see vessels anchored or moored along both sides of the river as far as the eye could see. Today their number has dropped significantly. Only a few remain. This means that the others have moved somewhere else. They are not in Constanța because their presence there would be visible. Their number has clearly decreased. What we do not know is how many of those vessels were under Romanian flag and how many under Serbian flag. The Serbian fleet also expanded significantly last October, so it is possible that some vessels returned to Serbia.

We will be able to give a clearer answer during the summer when the new harvest season begins. At that moment we will see how much of the fleet that disappeared now returns to the market. For the moment we see far fewer players active in the market compared with the same period last year, and those that remain are much less active than they were last year. That is what we can observe now.

There is no precise central record. The Romanian Naval Authority publishes some statistics, but those data usually come with a one-year delay and refer mainly to vessels under Romanian flag. A large part of the fleet operating in Romania sails under other EU flags, and a significant number of vessels operate under non-EU flags as well. What we can clearly see today is a strong reduction compared with last year.

14. Can you explain the increase in the cost of goods sold in the fourth quarter?

Answer:

This relates to Agrimol. As Mr. Director Stanciu mentioned earlier, those very strong contracts generated significant sales volumes. The goods were sold and fully supported by corresponding revenues. However, if you look only at the expense side, you will see a significant increase. The source of this increase is Agrimol's activity. This growth in expenses effectively started in the fourth quarter.