



## Transport Trade Services Questions and Answers

### Videoconference for the presentation of the financial results for H1 2024 September 6<sup>th</sup>, 2024, 2:00 PM

#### Introduction – summary of results from the management

First of all, the results are affected by the significant reduction in Ukrainian grain flows, which has been evident since the beginning of the year and was caused by the reopening of Ukrainian exports through Odesa. Regarding the results, what we see and have also communicated in the report is that the very positive impact that Ukrainian exports through Constanța had last year is diminishing significantly, and we are returning to a long-term normal trend of development. If you want a more accurate picture of what is to come, it is important to consider this evolution, which will likely continue, and we will return to a pre-Ukraine situation, that is, before the war.

#### Questions and answers

- 1. Is there a chance that you will meet the revenue and expenditure budget for 2024? Will you make a budget adjustment if you believe you will not achieve the budget?**

##### Answers:

The budget was drafted at the beginning of the year, in February, based on contractual data and information, as well as projections provided by our clients. Since then, many things have happened, including the evolution of the situation in Ukraine, which has affected all traffic on the Danube in the last two years. When we say "on the Danube," we also include the Port of Constanța, as it has been affected by both the volumes of goods transported and the high prices caused by those volumes. This led to a significant increase in assets, particularly in the river transport sector, with an indirect impact on traditional cargo flows along the Danube in the pre-war period. These effects of the war in Ukraine were partially felt in 2022 and fully in 2023.

The beginning of the year maintained the same trend, but its effects diminished at a pace that took us by surprise; we did not expect the situation to return to pre-war levels so quickly. The explanation for this is that Ukrainian ports resumed activity last fall, and since the beginning of this year, they have been operating at pre-war levels. We are talking about the volumes of goods they handle monthly in ports like **Ust-Danube** and Odesa, as well as the other ports that form the greater Odesa basin.

This impact was caused not only by the sudden and visible drop in the grain traffic from Ukraine, but also by the decline in mineral and metal traffic – all the goods that previously passed through Constanța and the Danube. In addition, an unprecedented drought, described in the press as the worst in the last hundred years, appeared suddenly in June and severely affected Romania's grain harvest, particularly corn and sunflower, though wheat was less affected. This drought also impacted grain harvests in other countries traditionally involved in the grain market, such as Serbia, although the effects there have been somewhat smaller.



Natural phenomena, along with other economic factors (such as the stagnation of metallurgical production starting in April-May and other data we presented in the report on page 14), have caused our activity to not evolve at the level we estimated in February. It is difficult to answer this question precisely because while we had certain elements to base our projections on in February, the market is currently extremely volatile in the short term. Some phenomena change from one day to the next. Therefore, we have not yet considered, and still do not consider, that we should revise the budget, as a budget revision would mean replacing certain figures with others. At this moment, we cannot estimate different figures from those we initially projected.

If we reach a situation where we have figures with a certain degree of certainty, we will immediately respond, inform the shareholders, and take the necessary measures in accordance with our corporate methodology. There is also another point to consider: at this moment, if we look only at the first half of the year, we are not at a level that justifies a budget adjustment. We are relatively close to the budget, and the differences are not significant enough to require a revision. As we monitor the results for the third quarter, we will assess the situation and make a decision. Before publishing the third-quarter results, we will consider a potential budget revision if necessary.

**2. Is there a reason why you did not report this quarter the breakdown of revenues by each business unit and volume type?**

Answers:

Normally, we do not provide this breakdown by segment and type of cargo when reporting revenues for a simple reason: if we were to go into this level of detail, it would reveal a lot of commercial information that we prefer not to make public, as it relates to the volumes and rates negotiated contractually. However, there is an indication in the consolidated financial statements where you can see a breakdown by our main business segments and draw general conclusions. Nevertheless, we cannot provide this level of detail as it involves commercial information, and our markets are highly competitive with a small number of competitors, so such information could be immediately exploited, undoubtedly leading to the loss of clients and contracts. It is not our usual practice to offer this breakdown; we did not provide it this quarter, nor in previous quarters.

**3. You mentioned that we are returning to the pre-war situation, but didn't the investments of over 400 million RON made last year and this year have a significant impact on the company? Have you not managed to increase the volume of business?**

Answers:

We will for sure return to the pre-war situation, to a normal evolution, with the effects of the investments, but without the impact generated by Ukraine. The equation is as follows: the pre-war situation minus the influence of Ukraine plus the investments. Obviously, these investments will have an effect and will be reflected in future results. Don't take the pre-war growth literally; the investments will be reflected in the results because they will start to have an impact, and we will see this in the future.



**4. How flexible is the cost structure? For example, were last year's salary increases, which you had to implement due to increased demand, temporary or permanent?**

Answers:

I believe we discussed this topic at our last meeting. The salary component, like all salary-related costs, includes, as probably in most industries, a fixed part and a variable part. It's clear that the variable part is tied to the production process, and measures have already been taken to reduce the impact of salaries. Each segment of activity, whether we're talking about the fleet or port operations, has taken possible steps to reduce costs, not just salaries, but also other types of expenses.

What we must keep in mind is that in all cases there is a threshold below which you cannot go. When it comes to salaries, since the question specifically refers to them, there is a minimum threshold below which you cannot go, as you risk losing personnel. It's a balance that must be maintained, but measures have been taken, and there are more measures currently being implemented. It's clear that there is a moment of inertia, with measures being taken slightly later than the impact of changes on revenue.

**5. Why do we have a net profit of RON 47 million at the individual level, while at the consolidated level, the profit is RON 37 million? Where does the RON 10 million loss come from? Wasn't Decirom supposed to contribute to increased profit?**

Answers:

Decirom has a high level of depreciation, considering it is in the middle of an investment process and has inherited investments made prior to the acquisition. Its balance sheet is loaded with depreciation, which, from our perspective, is beneficial as it frees up significant cash. However, this obviously doesn't reflect in profit. This situation will continue because the investments realized until 2023 won't be depreciated in just one year but over a longer period. The same applies to the new investments we have made and continue to make. From our point of view, Decirom's profit is less relevant; what matters is to have a strong EBITDA, and so far, we are relatively satisfied.

If you look at volumes, chemical products are the only type of cargo that saw growth in the first half of the year and also looks relatively positive for the second half. Here, Decirom made a significant contribution, so it is already contributing to the group's overall performance. The difference between the individual result of RON 47 million profit and the consolidated result is primarily due to the dividends that TTS individually received from its subsidiaries, around RON 9.7 million. This explains the difference between the individual and consolidated results.

**6. During the *Feel the Markets* show, you mentioned that Decirom is about to sign two contracts. Are these contracts capable of improving the current situation? Are these contracts from other fields than agriculture?**

Answers:

The two contracts I mentioned, both yesterday and today at the Wood conference, are for non-agricultural goods. The same applies to the other contracts. As I mentioned, there are three new flows: two of them are new for both the group and Decirom, and the third flow is unrelated to Decirom. All these flows are non-agricultural, including the three we are exploring to bring into the group. This is based on a business logic, namely that mineral products have a much higher degree of predictability and much smaller fluctuations than agricultural ones. The latter are subject to large fluctuations due to seasonality and downstream market blockages.



When the global agricultural market reaches prices that are not favorable for the Danube basin, it tends to wait for better prices. Minerals, however, have a dampening effect, flattening price curves; this is why we are focusing on non-agricultural flows. Indeed, there are situations where minerals disappear from the market, but these situations are caused by extreme phenomena, such as war, which took about 1.5 million tons out of the market. Almost 2 million tons disappeared and have not yet returned because their disappearance was tied to indirect effects, including the energy price caused by the war. In general, mineral volumes have greater stability than agricultural ones, which is why we are currently focusing on non-agricultural flows.

**7. Where is the TTS story heading to? We see there are challenges, you cannot provide a revised budget for the end of the year, and in general, we shrug our shoulders at most questions about the future because, indeed, the situation is full of uncertainties. So, where are we heading with the company? What are we hoping for? What are the factors you rely on and trust? What are the directions you can say the company is based on, and which will drive future earnings and profits? I know this may sound a bit romantic and perhaps even silly, but people generally need a story, not just quarterly or semi-annual figures. So, I'm asking you, the people who have put their heart, time, money, and mind into this company: where are we going with it?**

Answers:

I would start by saying that the company still has a future, and I'm not worried at all. The three directions we operate in correspond to bulk commodity flows, which are very solid and appropriate. River transport is becoming a necessity for agriculture. We indeed had a tough year due to the drought, but perhaps this situation has triggered greater concern at the national level, maybe even higher, highlighting the need to develop irrigation systems. If the irrigation plans are implemented, and the Siret Canal is completed—which will bring water to Bărăgan, along with other planned irrigation projects—Romanian agriculture could produce even in times of crisis.

This year, wheat production was practically unaffected. The impact came later and hit sunflower and corn crops hard. The main issue right now is the market situation, which does not allow for grain trading because prices are too low, and the existing stocks are being held, postponing commercial decisions.

Regarding the steel industry, I believe that the economy and the general context will eventually reach a point of rationality, realizing that Europe cannot function without the steel and metallurgical industries. On a lighter note, we can say that we need steel sheets for tanks, but we no longer produce those sheets in Europe—we buy them from the enemy. I am confident that, at the national level, both in Romania and Serbia, the steel industry will receive the necessary resources to continue its activity, and at the European level, solutions will be found. There are already quite strong demands, such as in Germany, where it is proposed that administrations should be required to buy and pay for green steel. If you want to make the steel industry more "green," then governments must also be obliged to pay this price so that suppliers can operate under the imposed conditions.

Regarding the chemical industry, especially in terms of fertilizers and the raw materials for them, we are focusing on and continuing to develop this business segment because the industry operates continuously, with a steady flow of raw materials coming in and finished products going out.

The seasonal business with agricultural products is more profitable, but there are periods of low activity depending on the season, and the industrial sector remains very important. In the steel



industry, in addition to raw materials like ores and other products necessary for production, we continue to transport finished products, such as rolled steel, from producers to beneficiaries.

At the moment, Romania, which 40 years ago produced 10 million tons of steel and was an exporter, is now an importer. We are working hard to reorganize the infrastructure we have in the Port of Constanța, especially at Deciom, to prepare the necessary facilities to meet the needs of a reverse flow of rolled steel from abroad to Europe, including Romania.

In the chemical industry, which we serve, we work with raw materials such as phosphate for the fertilizer industry and, later, with the finished product, fertilizers. The route has also changed significantly, shifting from exports to imports. Currently, we have fertilizers coming from Europe downstream; for example, fertilizer producers from Europe export to Austria and Serbia, and the Port of Constanța is a key entry point through which we bring goods from outside Europe into Europe. Our ships connect these supply points with the end users.

Overall, I see that we are in a moment where there is a market and price issue, but this can only be temporary. We have gone through similar crises, like the one in 2008-2009, characterized by a decrease in cargo volume due to the market and the very slow pace of trade, which operated on very small transport margins. At that time, 4 million tons disappeared from the market. Currently, the situation is somewhat similar, but I am confident that, after the storm, good times will come. We are in a period of market challenges and, unfortunately, also a period of military conflicts, but the future is bright.

We are not allowed not to believe in the future. We should first take a look at who TTS is. TTS is an integrated logistics operator with terminals in Constanța. We are very pleased that we managed to acquire Deciom last year because, in the long term, this acquisition has changed the company's profile and development potential. We have port terminals on the Danube and a fleet that serves the entire Danube along a length of 2,000 km, covering 10 economic markets that are more or less integrated and developed across the three industrial segments we serve. This is TTS: a geographically distributed, balanced structure of assets designed to serve a logistics network with entry and exit points in the Port of Constanța.

When we work and usually report post-factum to you, or when something important happens, our activity is not only about today or tomorrow, but is especially focused on the future. Our future is tied to the rise and fall of various industries in the Danube basin, all being influenced by that fundamental vector—economic development. In principle, the economy must grow overall, even if there are ups and downs, and that is true. Right now, we are facing an excess of volatility. It is a period of uncertainty, which does not lead to confusion, as mentioned earlier, but rather makes us cautious about communicating data that is unclear, uncontrollable, and unverifiable.

In the long term, we have no issues continuing to build new projects, as we have done so far. We are surrounded by 10 countries, with the three core components—agriculture, chemistry, and metallurgy—and everything related to raw materials and finished products. In all these countries, it's like the stock market: there isn't a year on the stock market without a top performer, a winner whose stock prices rise, and other companies that decline. The same is true for the economy, but just as the stock market calculates a BET index, we calculate our own growth vector for the economy.

We would love to share some of the secrets of our work with you, but we can't because there are 40 participants in this discussion. We don't know if there's a competitor among them; it wouldn't be a problem, but we need to be cautious with our production secrets. The conference is public, it's posted online, so we need to be mindful of these details. What is evident is the shift towards the port operation segment, and this will continue. Port operation as a business line will become increasingly important within the group and has a strategic logic. The port operation segment is less volatile than transport, primarily because operations in Constanța don't only involve Danube transport; about one-



third is by Danube, but we also have rail and road transport, while operations remain the same. Already, the volumes handled exceed the volumes transported, as we saw last year. A trend of reorientation and balancing is emerging. Ten years ago we were focused on transport, not operations, but gradually we made this transition. Last year presented an opportunity and the effects are already visible.

The second important point is that, as we've done in other situations where certain flows have disappeared, we are working to bring in new flows. We can't go into details now, but probably in six months or a year, we'll be able to clearly state which flows we are referring to. At the moment, although the volumes and timeframes are significant, we are talking about long-term contracts. We have the same client profile that we've historically had, but for now, we cannot provide more details. The reason is simple: until we have a concrete working period, we cannot disclose this information.

- 8. Considering these geopolitical developments in the region and the logistics chains that, while some have not yet emerged, are expected to—such as the vertical axis of Greece, Bulgaria, Romania, Moldova, Ukraine, and Hungary—how do you see the evolution from this perspective? What will be the role of the Port of Constanța and, potentially, the Danube in the new geopolitical framework that has been and will continue to be established in the region?**

Answers:

We are talking here about large flows, such as the Greece-Serbia-Hungary route, which mainly caters to finished products and containers. We were referring to bulk goods, especially of large volumes, which do not fit this route. Additionally, when we talk about steel plants, all of them are located on the Danube. This geographical positioning, proximity to water, and their assets are organized in such a way as to take goods from the Danube, process them in the plants, and then deliver the finished products both via the Danube and by trucks, etc. The major production centers we serve were initially built to have both entry and exit points on the Danube. It is an ongoing evolution, and we cannot say that one day this evolution will be completed and things will stabilize from that point onward. Probably, after the completion of a development phase on rail, road, and maritime routes, another development phase will follow. We do not foresee a negative impact for us. On the contrary, we may even see a positive impact in the future. For example, we have often tried to start container transport from Constanța to these mentioned countries, and one of the obstacles we encountered was the logistics of empty containers after unloading. If there are more inbound and outbound flows, then it is likely that a network of transport routes will be created that could balance the discrepancy between empty and full containers. This is just one example.

- 9. Can you share how the activity has progressed in the third quarter (up to this point) compared to the same quarter in the years before the war? We know that the third quarter is the most profitable, with EBITDA margins of over 25% recorded at that time.**

Answers:

What we can say at this moment, even about the entire semester, without going into details until the third-quarter report, concerns the market situation. In the minerals sector, we are still affected by the steel industry, which has "lifted his foot off the accelerator." Beyond the plants that are closed, which we all know about, we are talking about environmental conditions and high costs that are affecting the plants still in operation.





Regarding agricultural product flows, the blockage is real; Russia and Ukraine have flooded the market with goods, so international prices are not favorable for traders operating in the Danube basin, and they are waiting for better prices. This is the current situation.

As for chemical products, as we have already mentioned, they are showing good progress.

Regarding the markets themselves, the transport market is currently in a period of realignment, a result of last year's overcapacity. Our grain flows from Ukraine are continuing—obviously not at the 2023 level—but they are still ongoing because our contracts are long-term. The market is in a period of adjustment; I would even say we are in an "undershooting" phase, as the overcapacity created in 2023 has compounded the disappearance of Ukrainian flows. At that time, everyone rushed to buy fleets, betting that the volumes would remain large in 2024. These volumes have not been sustained, but the fleet remains, leading to this disruption in the transport market.

However, things will eventually realign because even in the medium term, you cannot operate below cost. You can go under costs for a while—it's understandable, as everyone is chasing cash right now and no longer focusing on profit. We're talking about the spot segment, which obviously has an impact on us as well, but this situation cannot continue for long. We don't know when conditions will improve, but this is the current situation we can present, without making any references to the third quarter, of course.

**10. How are the investments at Decirom progressing? When will the new warehouses be completed? What percentage of the revenue is generated by activities abroad (the companies in Hungary and Austria) in the total turnover? Will we expand abroad if opportunities arise, including through acquisitions of ports on the Danube?**

Answers:

We started this year with a warehouse project that was inherited and designed based on Decirom's old flows. We replaced the initial project with two new storage spaces intended to accommodate the two new flows that will come to Decirom, both based on long-term contracts. The first of these will become operational in a provisional form relatively soon, in about a month, and in a more stable form probably towards the end of the year; we cannot provide an exact date. The second warehouse is in a phase where we are discussing the concrete details. It involves a different type of client engagement. Both warehouses have a client backing them, and the first flow will be implemented more quickly, as the contract is already signed, so there are no more obstacles to start. For the second one, we need to agree on the final form and position for the flow.

In the meantime, two of Decirom's cranes have entered the modernization process: one of the large cranes and one of the smaller cranes from the shallow draft docks. For the flows we are currently preparing for, we made an acquisition that didn't exist previously, just as this flow didn't even exist on paper six months ago. We invested in two high-power forklifts, each with a capacity of 32 tons. This is the current status of the investments.

Regarding Austria, it mainly acts as a broker for TTS and as a representative in the local market for client contacts. Here, the turnover is relatively small. Hungary, on the other hand, has a significant turnover, representing almost 10% of the total. Most of this revenue comes from rail transport, where it acts as an intermediary, as a forwarder, without owning any assets. If opportunities to invest abroad arise, the answer is: "Yes, we will continue to invest." We are opportunistic in terms of investments and are always ready; our debt level is still very low. As we did last year, in a few months—around 6 months—we went through the entire process. When an opportunity arises, we will be there and will try to take advantage of it. The current challenge is finding opportunities; as you go further up the Danube, the existing ports are limited, and the fleets are even fewer. So, the answer is yes, whenever



an opportunity arises, we will be there, and there will be no problem in expanding further up the Danube.

**11. Which quarter has the highest revenues, and which quarter has the lowest revenues?**

Answers:

It is very difficult to say which quarter has the highest or lowest revenues because there is no perfect seasonality in our business. In theory, the order should be Q3, Q4, Q2, Q1, but reality is different. The downstream agricultural market can create blockages, and harvests can be better or worse. Primarily, blockages in the agricultural product market have an impact on both transport and operations. Therefore, we cannot offer a clear formula. Theoretically, yes, if everything around us went perfectly, the order should be Q3, Q4, Q2, Q1, but this remains a simple theory, a kind of guide, if we can call it that.

**12. When you say that we are returning to the pre-Ukraine situation, are you referring to 2021 or 2022 in terms of net profit?**

Answers:

2022 was the most unusual year of all because the first half was marked by the fear of war; everything stagnated, and people didn't know what to do. The second half of the year was completely dominated by Ukraine. We don't have a clear answer regarding 2022.

**13. What is the difference between Decirom and Socep?**

Answers:

Both companies are port operators. Socep is much larger than Decirom in every aspect: number of berths, area, number of warehouses, and, in addition, it has a substantial advantage because Socep is the old container terminal of the Port of Constanța. "Old" meaning it was the only container terminal in the port before the completion of the southern investment, where the main container terminal is now located. Socep continues to handle a large volume of containers today. I couldn't tell you the exact area of each, but Socep is many times larger than Decirom in all respects, including container handling capacity.

**14. What new lines of business could the company bring in over the next two years, considering the new European requirements to shift part of road freight transport to river transport?**

Answers:

The European Union's desire to shift freight to the Danube remains just that—a desire. At this moment, regarding the fleet, we don't have clear figures, but industry estimates indicate that the fleet has increased two to three times, both in number and capacity, due to the war in Ukraine. As for Romania's truck fleet, we don't know exactly how much it has grown, but it is estimated to be enormous. A few days ago, I took a long drive through Europe, and I must say, I was shocked. I hadn't driven in Central Europe for many years, and I was surprised by the number of trucks I saw, from Bucharest all the way past the Alps. It's overwhelming. Either the number of trucks is growing much faster than the number of fleets, or the navigable waterways are considered only on paper, or we simply don't know. At least on our section of the Danube, up to Hungary, including Hungary, there is





no significant shift of traffic from rail or road to river transport. What you see in the European Union is purely political and has no connection to the reality on the ground. The lobbying for transport, especially road transport, will never allow what is being declared to actually happen.

**15. If the volumes from Ukraine have decreased, where are the increasing volumes in port operations coming from?**

Answers:

The port operations market handles different flows that pass through port operations, flows to other destinations and coming from other points of origin, and it also serves the remaining 66% of transport from the Port of Constanța, which is done by road and rail. That's why operations are generally more stable, and we are focusing on this area. There are many sources and destinations, not just Ukraine.

When we refer to Ukrainian goods, we are talking about cargo transported by river fleet, loaded at Reni or Ismail, and arriving in Constanța by barges. Port operations in Constanța include handling grain. The Canopus terminal, for example, handles goods that arrive by both train and truck. Deciom handles 80%, or even more, of the cargo that arrives and departs by land, not by barges. This is where the discrepancy comes from.

**16. Regarding the upgrades announced last year, specifically covering barges and modernizing engines for pushers, what is the plan for this year? How many such upgrades are planned, and how many are included in the investments?**

Answers:

Engine modernization is a long-term plan. For now, we do not have this program underway. At the next major overhaul cycle, which is carried out after a certain number of operating hours, in 2026, we will likely need to decide whether to replace the engines or perform a major overhaul, keeping them in operation. Last year, we completed two maneuvering vessels, but this year we do not have any modernization plans in place.

As for the barges, the aluminum covering program has been paused. There are still a few to be covered, but we are not in a hurry. Instead, we have chosen to invest in several new barges—8 barges built at the Severin shipyard. Four of these are already in operation, and the remaining four are in the final stages of completion. These are the Europa 2 barges that continue the modernization process.

A few years ago, we mentioned that we wanted to phase out all the lighters from the fleet, as they are a more complicated model for navigation, and replace them with barges. Due to the current context—this year's activity, revenues, and profitability—we are being more cautious with new investments that are not necessary or urgent.

**17. In the context of the drought, do you believe that transport on the Danube will be much more affected in the second half of the year in terms of the company's profitability compared to the first half?**

Answers:

Navigation has not been interrupted. We are using what we call "țuguri", which means that a convoy of six barges is split up and passed through a certain portion, one or two barges at a time, depending on the specific situation. There are sandbars, and the pusher comes, disassembles the convoy, passes barge by barge, reassembles it, and moves a little further—this is the current situation. This year, it



started later; we weren't affected in June, only around July when the water levels began to drop. The situation isn't great. The Bulgarians did dredging last year, and they did it again this year, but it seems that they've also reduced their efforts.

#### **18. Has the second floating crane been put into operation?**

##### Answers:

Yes, it has been in operation since last year and is working very well. In Constanța, we have three older but high-performing cranes, plus two more that arrived recently, so there are five in total. Last year, we had three "Regular" type cranes with a capacity of 16 tons, and during the peak period of last year, we brought two more from Galați to support the activity in Constanța. The two cranes from Galați were sent back when the new ones arrived. Now we are working with the five large cranes and the three smaller ones, which are less efficient than the large ones, but we use them when needed.

Looking at the prepared and published information, the drop in cargo flows for operations was not as significant as it was for transport. On one hand, the cargo we handle is not only from Ukraine, and on the other hand, there are still goods—mainly grains and fertilizers—coming from Ukraine and along the Danube. This cargo is handled by other port operators in Constanța who do not have their own floating cranes, or if they do, they are smaller. Until last autumn, we were not able to offer direct transport services because we simply didn't have the capacity. Now, with our own operational capabilities, we handle our own cargo, but we also provide operational services to other port operators in the Port of Constanța. So, it is a balance that shifts every day.

The floating cranes are not only intended for offshore operations at buoys; they also work at the docks, at the quay. At Canopus, for example, we work simultaneously from the terminal and with a floating crane to increase the speed of operations. Where needed, whether at our terminal or with other port operators, they help one terminal or another operate faster. There are situations, like last year, where part of the operation was handled at Comvox and part at our facilities. They don't only function for Ukrainian grain or at buoy terminals; they can be used throughout the entire port and at any terminal.

Our contracts, in principle, are based on well-established work schedules according to clients. Generally, people know that, for example, next year seven ships will arrive—one in April, two in June, and so on. In practice, the activity takes place based on a schedule provided by the client, so it doesn't make sense to determine now how much of the turnover comes from each flow because it's not an appropriate approach. Over time, these flows are fairly stable. One of the flows we manage is planned by the client for a period of five years. There is no way to know exactly how much cargo will be transported two years from now because we can't precisely predict the arrival of ships. It's a matter of scheduling over time. However, we do have a clear picture of the necessary volume because we know exactly what storage spaces we need to ensure to meet the requirements. Still, we can't estimate an exact percentage of future turnover that will be generated starting next year. It simply isn't possible.

#### **19. Is it possible that, in the future, you will expand into maritime transport as well?**

##### Answers:

Regarding the possibility of expanding into maritime transport in the future, theory is always simpler than practice. Maritime transport is a different activity compared to the inland waterway transport we currently do. We are open to the idea, but the transition cannot be made so easily. It is a much larger and highly competitive market that requires dedicated specialists and a long-term or very long-



term project. Therefore, it is a subject of consideration for the future, but we cannot offer a concrete answer at this time.

**20. How many years will we see the negative impact of depreciation at Deciom?**

Answers:

There are two aspects to consider: first, they came with a high level of depreciation value. The inherited investments, such as the three cranes purchased before Deciom was acquired, will be reflected in depreciation over a period of 14 years. This doesn't mean that depreciation won't increase; it will, as we are also bringing in our own investments. However, from the group's perspective, it is not relevant that Deciom carries a high depreciation load. This simply means that it generates cash, which we can use for various activities. We didn't buy Deciom to collect dividends but to operate it and provide us with a strategic foothold in Constanța. That's why we say it is a long-term investment, even for the next hundred years, because we have no intention of selling in the next century.

**21. What advantages does the modernization of the Port of Giurgiu bring?**

Answers:

The modernization of the Port of Giurgiu has two phases: the first phase, which we have completed and reported as completed with European funds. The second phase is a project currently underway, initiated by the Ministry of Transport through the Giurgiu Port Administration, which involves replacing the sloped quay with a vertical quay and extending the platform by 20 meters in width. The advantage of the second phase of modernization, carried out by the Romanian state, lies in the expansion of the port platform, meaning a larger working area. Additionally, the existence of a vertical quay eliminates the problems we encountered during operations when the water level was low. With a sloped quay, low water levels push the barge away from the shore, creating difficulties. These are the two main advantages: the benefit of a straight quay and the expansion of the vertical surface.

**22. Can you provide an approximate estimate of volumes for this year and also a revised forecast for long-term growth?**

Answers:

In the long term, it's good to analyze the variations from previous years, 2021-2022. In 2022, a larger-than-normal growth can be observed because the second half of the year was influenced by the war in Ukraine. As time goes on, the impact caused by the increased activity from Ukraine will diminish, and the evolution will normalize to the levels we had before 2021-2022. It is difficult to estimate accurately at this moment because 2022 was an exceptional year. Regarding the volumes for this year, I don't think we can provide more information than what has already been presented in the report.

**23. Considering the solid financial position, do you believe that a share buyback program for cancellation would be appropriate at these prices?**

Answers:

At this moment, we do not plan to implement a share buyback program like those on the New York Stock Exchange, where many companies, instead of investing, repurchase shares to somehow artificially increase the dividend. We do not have plans for such buybacks aimed solely at supporting



the market price and increasing the dividend. Unlike the American market, we believe there are more long-term benefits in investing in the company's development rather than in our own shares.

**24. Are new company acquisitions being considered?**

Answers:

Gladly, when an opportunity arises, we are always ready, as we have mentioned. Our debt level is very low, and the banks are happy to finance us; it's just that the opportunities we are looking for haven't materialized yet.

**25. Approximately what percentage of the revenue and expenditure budget (BVC) do you expect to achieve this year?**

Answers:

As I mentioned, when the deviations become significant, we will be able to consider a revision, but not before the third quarter, until we have a clear picture of it and the report. Otherwise, it would mean acting before the report is published.

**26. There is a news in the press these days: "The Romanian government is competing with the Bulgarian billionaires from Ludogorets Razgrad to buy the Port of Giurgiulești in the Republic of Moldova." Will this situation have any impact on TTS?**

Answers:

It is not advisable to comment on such matters, not out of self-protection, but due to lack of knowledge. What we know about the Port of Giurgiulești is that we have worked there, loaded cargo, and have been physically on-site. Giurgiulești is a small port that serves the Republic of Moldova and handles various types of goods; they also have an oil terminal and operate containers, but essentially, it is a small port, similar to those on the Danube. What are our government's strategic interests in this acquisition or what interests does Ludogorets have? As TTS, we do not have an immediate, direct, or strategic interest in participating in this project.