



**TTS**  
**TRANSPORT TRADE SERVICES S.A.**  
**BUCUREȘTI – ROMÂNIA**

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Report of the Board of Directors  
of TTS (Transport Trade Services) S.A.  
on TTS Group's activity in the 01/01/2022 –  
09/30/2022 period



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## The 3rd quarter at a glance

### Key developments

- Market conditions remained favorable and stabilized in Q3, both in terms of river transport services on the Danube and in terms of port operation services in Constanța, and determined the very good results obtained by TTS Group - at the level consolidated, and by TTS – at individual level.
- The main factor that determined this evolution was **the entry into the markets of the massive flows of grain exported by Ukraine**, against the background of the service offer limited by the existing capacities, both at the level of the fleets on the Danube and in the port of Constanța.
- Anticipating the lack of available capacity, **TTS Group operationalized two buoy terminals in the inner lane of the port of Constanța**, TTS1 at the beginning of July, and TTS2 in September. Both terminals ensure the independence of the logistics chains operated by TTS, from the existence of available port operation facilities, the loading and unloading of maritime vessels being carried out at sea, through direct ship-barge transshipment, without the ships having to dock at the quay and without need storage spaces for loading and unloading.
- The volume of activity of TTS was affected by the exit from the market of two important flows of mineral raw materials with a cumulative value of 1.25 million tons – steel raw materials on the Ismail-Galați route and bauxite for the alumina plant in Tulcea. These flows, however, took place over short distances with little added value. So that, although the aggregate volume of goods transported by the Group in the first 9 months was lower by 1.11 million tons compared to the similar period in 2021, the revenues achieved increased due to the new flows with high added value taken over by the Group.
- **Prolonged drought – the worst since 2003**, led to extremely low Danube levels. As a result, **navigation conditions were unfavorable throughout the quarter**, navigation being interrupted in the Zimnicea area for a period of 40 days.
- The operational flexibility provided by TTS Group's business model and the efforts made at group level meant that the effects of the drought were fully countered by the **end of the quarter**. The main measures taken in this regard were the partial replacement of the flows interrupted by the drought with flows in a combined railway/river regime, the rapid takeover by the remaining fleet downstream of Zimnicea

of the new flows of goods appearing in the market and the organization of new logistic chains.

- Investments in ship modernization and re-certification – mainly capacity increase and modernization of 2,000-ton barges, carried out by NAVROM in Q3 amounted to EUR 3.8 million. Accumulated for the first 9 months, **investments in the fleet reached EUR 14.273 million, exceeding the budgeted value for the entire year 2022.**

### Results 9 months 2022

- The financial results obtained at 9 months were increasing across the board compared to the similar period of 2021. TTS Group (consolidated) recorded in the first 9 months of the year revenues of 664.3 million lei (↑ 47,3% 9M\_2022/9M\_2021) and a net profit of 136.9 million lei (↑ 137,9% 9M\_2022/9M\_2021), while TTS (individual) recorded a turnover of 465.3 million lei (↑ 56,8% 9M\_2022/9M\_2021) and a net profit of 60.6 million lei (↑ 127,8% 9M\_2022/9M\_2021)

### Predictions for Q4

- Regarding the volume of activity, we mainly anticipate **a return to normal levels of the volume of mineral raw materials** handled and transported, and we expect **an increase in grain flows of Ukrainian origin.**
- Navigation conditions will remain sub-optimal throughout the quarter, but will be better than in Q3, which will allow river transport activity to run at closer to normal levels.
- **We do not anticipate a worsening of market conditions,** given that the imbalance between service demand and supply capacity constraints is still present.
- **The main risks** we see are related to the significant worsening of the macroeconomic situation and the entry into recession of the European economy as a whole as a result of the war in Ukraine, with potential direct negative effects on the demand for river transport services and port operations, the risk of worsening conditions of navigation and the risk of very low demand for grain transport services from the Lower Danube basin.
- Under these conditions, **we anticipate a maintenance of the operational and financial results in line with the levels recorded in the first 9 months,** with a minus if the risks and uncertainties indicated will materialize, and with a potential plus if our expectations regarding the volume of activity will be confirmed.

## 1. Analysis of operational results

### 1.1. TTS Group's activity

The volume of operations carried out by TTS Group in the first 9 months of 2022 was 10.7 million tons of goods, the group's activity being influenced by three factors:

- prolonged drought,
- the reconfiguration of logistics flows as a result of the war in Ukraine, and
- the unexpectedly low level of Romanian agricultural goods entering the market in Q3.

#### Operations<sup>1</sup> – 9 months 2022

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
River transport	6,14	7,41	↓ -17,1%
Port operation	4,55	4,41	↑ 3,4%
<b>Total</b>	<b>10,70</b>	<b>11,81</b>	<b>↓ -9,4%</b>

Operationally, the most important factor was the drought – **the worst since 2003**, which led to extremely low Danube levels. In this context, the navigation conditions were unfavorable throughout the quarter, reaching the point where navigation in the Zimnicea area was interrupted for a period of 40 days.

This situation led to the interruption of the flows of goods transported on the Danube by TTS Group in and from upstream of Zimnicea. The solution identified by TTS to reduce the effects of the interruption of navigation on its customers, was their partial replacement with flows in a combined rail/river configuration, necessary to reduce the effects of the interruption of navigation on our customers, requiring a substantial effort of internal organization at group level.

As a result, the volume of goods shipped in the first 9 months of the year by rail by the subsidiary Plimsoll Zrt. Budapest - transport services being contracted to third parties, reached 430,000 tons, more than double the similar period in 2021. This reconfiguration also ensured loading for the part of the NAVROM fleet remaining upstream of Zimnicea during the period in which navigation was interrupted. Other flows were taken over by the upstream fleet from the port of Drobeta Turnu Severin, with our customers as beneficiaries.

Through these efforts, on the one hand, and, on the other hand, through the rapid takeover by the remaining fleet downstream of Zimnicea of the new flows of goods appearing in the market, as well as through the organization of new logistics chains, both possible thanks to

<sup>1</sup> For reasons of internal organization of the group, the external subsidiaries of TTS (Transport Trade Services) GmbH are not included. Vienna, PLIMSOLL Zrt. Budapest, Fluvius Kft. Budapest, Port of Fajsz Kft. Fajsz and Transterminal-S S.R.L. Chișinău

operational flexibility ensured by TTS Group's business model, the effects of the drought on the group's volume of operations were fully offset by the end of the quarter.

Thus, the reduction in the aggregate volume of goods transported and operated by the group in the first 9 months of 2022 is, in fact, entirely attributable to **the second factor – logistic reconfigurations**. Caused, directly and indirectly, by the effects of the war in Ukraine, these reconfigurations had a much greater impact than the drought on operations as a whole.

On the one hand, since the second quarter, two massive flows of mineral raw materials have left the market:

- the flows of raw materials for the steel industry on the Ismail-Galați connection
- bauxite flows for the alumina plant in Tulcea

It should be noted that these flows were short-distance and had little added value, while the newly emerging flows are flows with high added value, the cumulative financial effect being net positive.

The reconfigurations also had positive effects. Thus, the large volume of Ukrainian agricultural exports entering the market was the determining factor for the increase in the volumes of agricultural products transported and operated by the group by 1% 9M\_2022/9M\_2021. Only these two flows caused in the first 9 months a deficit of 1.25 million tons of mineral products, greater than the aggregate deficit of 1.11 million tons.

It should be noted that these flows were short-distance and had little added value, while the newly emerging flows are flows with high added value, the cumulative financial effect being net positive.

The reconfigurations also had positive effects. Thus, the large volume of Ukrainian agricultural exports entering the market was the determining factor for the increase in the volumes of agricultural products transported and operated by the group by 6.4% 9M\_2022/9M\_2021.

#### Goods – 9 months 2022

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	3,72	3,50	↑ 6,4%
Minerals	5,33	6,63	↓ -19,6%
Chemical products	1,36	1,44	↓ -5,1%
Other	0,28	0,24	↑ 16,5%
<b>Total</b>	<b>10,70</b>	<b>11,81</b>	<b>↓ -7,9%</b>

The same factors had similar influences on river transport activity, but the variations compared to the volumes recorded in the first 9 months of 2021 were higher.

#### River transport – 9 months 2022

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	1,56	1,43	↑ 9,1%
Minerals	3,81	5,13	↓ -25,7%
Chemical products	0,49	0,61	↓ -19,1%
Other	0,28	0,24	↑ 16,5%
<b>Total</b>	<b>6,14</b>	<b>7,41</b>	<b>↓ -17,1%</b>

The third factor, which had a particularly negative impact on port operating activity, was the **unexpectedly low level of new cereal crops from Romania** new cereal crops from Romania entering the market in Q3. The recorded deficit was covered by the volume of grain exports to Ukraine, the volume of agricultural products operated in the ports finally registering an increase of 4.5% 9M\_2022/9M\_2021.

Under these conditions, port operation activity as a whole registered an increase of 140,000 tons (3.4% 9L\_2022/9L\_2021), registering increases in all categories of goods.

#### Port operation – 9 months 2022

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	2,16	2,06	↑ 4,5%
Minerals	1,52	1,51	↑ 0,9%
Chemical products	0,87	0,83	↑ 5,1%
<b>Total</b>	<b>4,55</b>	<b>4,41</b>	<b>↑ 3,4%</b>

Regarding the **allocation of volumes by contract types**, the shortage of mineral goods only affected the volumes on intra-group contracts, both in terms of river transport (-23.5% 9M\_2022/9M\_2021) and port operation (-15.3% 9M\_2022/9M\_2021).

On the other hand, thanks to the **operational flexibility of the group** that allowed the Port Operations Segment to benefit directly from the significant increase in the volumes of minerals and chemical products that transited the port of Constanța, the deficit of 380,000 tons on intra-group contracts was covered by the increase of 530,000 tons on contracts concluded directly by the Port Operations Segment and the Shipping Segment with third parties.

### Structure of river transport contracts – 9 months 2022

(cargo volume - mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Contracts concluded by the Shipping Segment <sup>2</sup> with third parties	0,30	0,23	↑ 31,4%
Direct contracts of the River Transport Segment <sup>3</sup>	1,79	1,89	↓ -4,8%
Contracts concluded by the Shipping Segment with the River Transport Segment (intra-group)	4,05	5,29	↓ -23,5%

### Structure of port operations contracts – 9 months 2022

(cargo volume - mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Contracts concluded by the Shipping Segment with third parties	0,98	0,85	↑ 14,8%
Direct contracts of the Port Operations Segment <sup>4</sup>	1,50	1,10	↑ 36,1%
Contracts concluded by the Shipping Segment with the Port Operations Segment (intra-group)	2,07	2,45	↓ -15,3%

## 1.2. Shipping segment

The total aggregate volume of goods transported and operated in ports under the mandate of the Shipping Segment reached 7.4 million tons in the first 9 months of 2022, down 16.1% compared to the same period in 2021.

The main cause was the reduction by 1.2 million tons of the volume of minerals transported, as a result of the disappearance from the market of the flow of bauxite for the alumina plant in Tulcea and of the flow of raw materials for the steel industry on the Ismail-Galați connection.

By contrast, the volume of agricultural goods transported under the mandate of the Shipping Segment increased in the first 9 months of 2022 by 130,000 tons (+9.5% 9M\_2022/9M\_2021), the decrease in Q3 2022 being less pronounced than in the case of minerals. This was due to the fact that reduced flows caused by the drought were partially offset by grain flows from Ukraine, the cumulative effect of which was a 100,000-tons reduction in the volume of agricultural goods transported by river under the Forwarding Segment's mandate in Q3 (-15, 2% Q3\_2022/Q3\_2021).

<sup>2</sup> For reasons of internal organization of the group, the Shipping Segment does not include the subsidiaries of TTS (Transport Trade Services) GmbH. Vienna, PLIMSOLL Zrt. Budapest and Transterminal-S S.R.L.. Chișinău

<sup>3</sup> Due to reasons of internal organization of the group, the River Transport Segment does not include the Fluvius Kft. Budapest subsidiary

<sup>4</sup> For reasons of internal organization of the group, the Port Operations Segment does not include the subsidiary Port of Fajsz Kft. Fajsz



By port operation, the volume of goods carried out in the first 9 months of 2022 under the mandate of the Shipping Segment decreased by 250,000 tons compared to the same period of 2021 (-7.5% 9M\_2022/9M\_2021). The deficit was recorded in full in Q3 and was determined by the decrease by 290,000 tons of the volume of mineral and chemical goods operated, a direct consequence of the decrease in the volume of minerals and chemical products transported under the mandate of the Shipping Segment.

By contrast, the volume of agricultural goods operated in Q3 under the mandate of the Shipping Segment reached 610,000 tons - higher than the volume operated in the entire 1st semester of the year, increasing by 6.1% Q3\_2022/Q3\_2021. The increase was mainly due to the flow of grain from Ukraine operated in the buoy terminal TTS1, which covered the shortfall in agricultural cargo operated under the mandate of the Shipping Segment as a result of unfavorable sailing conditions.

The revenues achieved in the first 9 months of the year by the Shipping Segment were higher by 133 million lei compared to the revenues recorded in the similar period of 2021, mainly due to operations with agricultural goods, which recorded higher revenues by 90.7 million RON in relation to the revenues recorded in the first 9 months of 2021.

**Shipping Segment – Goods transported by river – 9 months 2022**

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	1,54	1,41	↑ 9,5%
Minerals	2,32	3,52	↓ -34,0%
Chemical products	0,49	0,60	↓ -18,4%
<b>Total</b>	<b>4,35</b>	<b>5,52</b>	<b>↓ -21,3%</b>

**Shipping Segment – Goods operated in ports – 9 months 2022**

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	1,21	1,28	↓ -5,8%
Minerals	1,14	1,25	↓ -9,3%
Chemical products	0,71	0,77	↓ -7,6%
<b>Total</b>	<b>3,05</b>	<b>3,30</b>	<b>↓ -7,5%</b>

**Shipping Segment – Revenue from river transport – 9 months 2022**

(mln. RON)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	163,5	75,8	↑ 115,7%
Minerals	150,1	129,2	↑ 16,2%
Chemical products	33,0	29,4	↑ 12,0%
<b>Total</b>	<b>346,5</b>	<b>234,4</b>	<b>↑ 47,8%</b>

**Shipping Segment - Revenues from port operation - 9 months 2022**

(mln. RON)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	29,1	26,1	↑ 11,5%
Minerals	37,4	19,6	↑ 90,5%
Chemical products	9,5	9,4	↑ 1,4%
<b>Total</b>	<b>76,0</b>	<b>55,1</b>	<b>↑ 37,9%</b>

### 1.3. River Transport Segment

The aggregate volume of goods transported by river in the first 9 months of 2022 by the River Transport Segment was 5.84 million tons, down 18.6% compared to the similar period of 2021.

The main contribution to this decrease was the exit from the market of the flows of steel raw materials on the Ismail - Galați link and the flow of bauxite for the alumina plant in Tulcea.

By contrast, the volume of agricultural products transported in Q3 2022 remained practically at the level of 2021 (-2.1% Q3\_2022/Q3\_2021), the grain flows interrupted due to unfavorable navigation conditions being replaced by new grain flows on the Ismail – Constanta.

The effects of the unfavorable navigation conditions were also reflected in the journeys made, which decreased by 50% Q3\_2022/Q3\_2021, the long journeys, which would have crossed the Zimnicea area, being replaced by journeys over shorter distances. In the first 9 months of the year, routes recorded a decrease of 26.6% compared to the first 9 months of 2021.

The revenues achieved by the River Transport Segment increased by 42.3% 9M\_2022/9M\_2021. The increase was due to the maintenance of transport tariffs at high levels as a result of the increase in the demand for services against the background of the supply limited by the existing transport capacities in the market, an imbalance that manifested itself starting from the second quarter.

**River Transport Segment - Volumes - 9 months 2022**

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Produse agricole	1,42	1,28	↑ 11,3%
Minerale	3,65	5,10	↓ -28,5%
Produse chimice	0,49	0,55	↓ -12,3%
Altele	0,28	0,24	↑ 16,5%
<b>Total</b>	<b>5,84</b>	<b>7,18</b>	<b>↓ -18,6%</b>

**River Transport Segment - Volumes - 9 months 2022**

(bln. tons * km)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	0,662	0,769	↓ -13,9%
Minerals	1,594	2,367	↓ -32,7%
Chemical products	0,317	0,369	↓ -14,1%
<b>Total</b>	<b>2,573</b>	<b>3,505</b>	<b>↓ -26,6%</b>

**River Transport Segment - Revenue - 9 months 2022**

(mln. RON)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	127,9	56,7	↑ 125,5%
Minerals	147,9	133,6	↑ 10,8%
Chemical products	27,2	23,8	↑ 14,0%
Others	25,2	16,6	↑ 51,7%
<b>Total</b>	<b>328,2</b>	<b>230,7</b>	<b>↑ 42,3%</b>

#### 1.4. Port Operation Segment

The aggregate volume of cargo operated in ports in the first 9 months of 2022 by the Port Operations Segment was 3.57 million tons, remaining practically at the same level as that recorded in the similar period of 2021.

The revenues achieved by the Port Operations Segment increased by 19.2% 9M\_2022/9M\_2021 as a result of the maintenance of operating tariffs at high levels as a result of the increase in demand for services that has manifested itself since the second quarter against the background of the existing limited operating capacities in market.

**Port Operations Segment - Volumes - 9 months 2022**

(mln. tons)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	2,14	2,06	↑ 3,7%
Minerals	0,56	0,69	↓ -18,4%
Chemical products	0,87	0,80	↑ 9,0%
<b>Total</b>	<b>3,57</b>	<b>3,55</b>	<b>↑ 0,6%</b>

**Port Operation Segment - Revenue - 9 months 2022**

(mln. RON)	9 months 2022	9 months 2021	Δ 2022/2021
Agricultural products	48,9	40,0	↑ 22,2%
Minerals	9,4	9,3	↑ 1,2%
Chemical products	13,4	10,9	↑ 23,2%
<b>Total</b>	<b>71,7</b>	<b>60,2</b>	<b>↑ 19,2%</b>

## 2. Summary of financial results

### 2.1. Consolidated financial results – TTS Group

TTS Group (consolidated) – Profit and loss account – 9 months 2022  
(mln. RON)

	9 months 2022	9 months 2021	Δ 2022/2021
Turnover	664,3	451,0	↑ 47,3%
Operating income	163,1	69,7	↑ 133,8%
Net profit	136,5	57,3	↑ 137,9%
EBITDA	215,1	112,0	↑ 92,0%

TTS (consolidated) – Balance Sheet – 09/30/2022  
(mln. RON)

	09/30/2022	12/31/2021	Δ 2022/2021
Total assets	971,8	797,0	↑ 21,9%
Total debts, of which	195,4	134,4	↑ 45,3%
Loans	77,9	68,1	↑ 14,3%
Net assets	776,4	662,5	↑ 17,2%

### 2.2. Financial indicators – TTS Group (consolidated)

Current assets	283.742.277 RON
Current liabilities	140.440.829 RON
Current liquidity	2,02
Long-term borrowed capital	44.855.178 RON
Own capital	662.892.392 RON
Debt ratio <sup>1</sup>	6,77 %
Long-term borrowed capital	44.855.178 RON
Own capital	707.747.570 RON
Debt ratio <sup>2</sup>	6,34 %
Average customer balance	68.578.016 RON
Turnover 9 months 2022	664.335.905 RON
Number of days	270
Customer turnover rate (zile)	27,87
Turnover (9 luni 2022 annualized)	885.781.207 RON
Fixed assets	688.085.228 RON
Fixed asset turnover rate	1,29

### 2.3. Individual financial results – TTS

#### TTS – Profit and Loss Account – 9 months 2022

(mln. RON)	9 months 2022	9 months 2021	Δ 2022/2021
Turnover	465,3	296,7	↑ 56,8%
Operating income	62,2	20,6	↑ 201,9%
Net profit	60,6	26,6	↑ 127,8%
EBITDA	65,5	23,5	↑ 178,7%

#### TTS – Balance Sheet – 09/30/2022

(mln. RON)	09/30/2022	12/31/2021	Δ 2022/2021
Total assets	324,8	224,1	↑ 44,9%
Total debts, of which	97,6	39,7	↑ 145,8%
Loans	-	-	N/A
Net assets	227,2	184,4	↑ 23,2%

### 2.4. Financial indicators – TTS (individual)

Current assets	160.833.040 RON
Current liabilities	78.433.021 RON
<b>Current liquidity</b>	<b>2,05</b>
Long-term borrowed capital	0 RON
Own capital	227.186.132 RON
<b>Debt ratio1</b>	<b>0,00 %</b>
Long-term borrowed capital	0 RON
Own capital	227.186.132 RON
<b>Debt ratio2</b>	<b>0,00 %</b>
Average customer balance	39.308.323 RON
Turnover 9 months 2022	465.327.248 RON
Number of days	270
<b>Customer turnover rate (zile)</b>	<b>22,81</b>
Turnover (9 luni 2022 annualized)	620.436.331 RON
Fixed assets	162.461.228 RON
<b>Fixed asset turnover rate</b>	<b>3,82</b>

### 3. Extensions, modernizations and rehabilitation of transport and operating capacities

#### 3.1. Expansion of operations in the port of Constanța: TTS1 and TTS2 buoy terminals

In the third quarter, TTS operationalized two buoy terminals in the inner road of the port of Constanța that allow the direct transshipment of goods between barges and maritime vessels anchored in the port road, and not at the quay.

The two terminals represented TTS' response to the overloading of the port infrastructure in Constanta, which was not sized to handle the massive increases in cargo flows generated by Ukrainian exports and imports.

The use of buoy terminals in a logistics chain allows the traffic bottlenecks represented by the two limited resources in any port, namely berths and storage spaces, to be removed from the circuit.

Thus, unlike a standard logistics chain, in which the goods arriving at the port are temporarily stored in a warehouse until the target quantity is reached and only then loaded from the warehouse to the sea vessel moored at the berth, in a logistics chain based on terminals buoys, the loading is carried out by transshipment directly from the barges to the maritime vessel, without the need to moor at the berth.

For an integrated logistics service provider such as TTS Group, the most important effect of transshipment directly at the buoy terminals is streamlining the group's main activity, namely river transport, by eliminating long waiting times for loading and unloading barges.

The TTS1 buoy terminal started operating in July and is the key component of the logistics chain dedicated to Ukrainian grain exports operated by the TTS Group.

Given that the port of Constanța does not have enough storage space to handle the massive flows of Ukrainian grain appearing on the market, the buoy terminal was the solution found by TTS to have access to the transport and operation of these flows.



*TTS1 terminal: Loading grain, July 2022*

The terminal operated non-stop during the quarter and the volumes of agricultural cargo handled helped to maintain the total volume of cargo handled by the Port Operations Segment at a level very close to the volume achieved in the second quarter (1.21 million tons in Q3 of 1.23 million tons in Q2), despite the small volumes of Romanian agricultural products exported through Constanța. This fact led to an increase in revenues at the segment level by almost 23% compared to the second quarter (28.5 million RON in Q3 compared to 23.2 million RON in Q2).

More important, however, is the positive effect the terminal had on the River Transport Segment. The possibility of transshipping goods from barges directly to maritime vessels, without needing access to berths or storage spaces, ensured a maximum load for the part of the fleet remaining downstream of Zimnicea/Belene following the blockage of navigation on the Danube. As a result, the volume of agricultural goods transported in the third quarter was 8% higher than the volume transported in the second quarter, despite the disappearance of export flows from upstream countries as a result of the interruption of navigation on the Danube (553 thousand tons in Q3 compared to 512 thousand tons in Q2), which led to an increase in the revenues of the River Transport Segment by almost 63% compared to the second quarter (134 million RON in Q3 compared to 118 million RON in Q2).

The TTS2 buoy terminal was opened in September, with the objective of taking over new flows starting from the fourth quarter, in parallel with the grain flows that will continue to be carried out through the logistics chain that has TTS1 as a terminus point.



*Terminalul TTS2: Încărcare minereu în navă clasa "Capesize", octombrie 2022*

The first results appeared already in October when the TTS2 terminal was used for loading, in a combined berth - buoy terminal mode, a Capesize class ship with a capacity of 170,000 tons, a first operation for the port of Constanța, carried out in collaboration with COMVEX S.A.

### 3.2. NAVROM fleet modernization and ship recertification

Taking advantage of the very good results recorded, NAVROM accelerated in Q3 the pace of investments in the modernization and re-certification of ships - mainly the increase of capacity and the modernization of barges of 2,000 tons, the level of investments reached in Q3 being EUR 3.8 million.





# TTS

**TRANSPORT TRADE SERVICES S.A.**  
**BUCUREȘTI – ROMÂNIA**

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At the end of Q3, the accumulated value since the beginning of the year of the investments made by NAVROM reached EUR 14.273 million, exceeding the budgeted value for the whole year 2022, respectively EUR 14.269 million.

## 4. Corporate Governance

### 4.1. Corporate events and actions

In Q3 2022 no general meeting of shareholders was held and no corporate action took place.

### 4.2. TTS Management Transactions

In Q3 2022 TTS management members did not trade TTS shares

### 4.3. Affiliate Transactions

In Q3 2022, intra-group transactions carried out that were subject of 12 reports, covering transactions totaling RON 140,023,281.18 registered between December 28, 2021 and September 23, 2022, as follows:

Related parties	Number of reports	Period covered	Total value
TTS and NAVROM	9	28.06.2022 – 23.09.2022	109.500.816
TTS and TTS Operator	1	08.06.2022 - 21.09.2022	10.289.090
TTS and CANOPUS Star	1	28.12.2021 – 14.07.2022	9.254.632
NAVROM and NAVROM SHIPYARD	1	18.05.2022 – 28.07.2022	10.978.742

## 5. Forecasts, risks and uncertainties regarding the activity of the TTS Group in Q4 2022

### The volume of activity

- The main expectation of the Group is the **return to normal levels of the volumes of mineral raw materials** transported and operated, after the decrease recorded since the second half of Q2. The anticipated increase in mineral volumes has two sources: the evacuation of the stocks of raw materials for steelmaking accumulated in the port of Constanța with the Smederevo plant as its destination and the new flows of energy coal generated by the return of European energy systems to coal-based energy production.
- We do not anticipate an increase in the volumes of agricultural products originating from the Danube basin. The weak harvest in Hungary, the lack of grain available for export from Serbia and the weak market presence of the new harvest from Romania and Bulgaria, cumulatively, indicate a possible repetition of the situation from Q4 2021 – Q1 2022 characterized by the lack of demand for grain transport services from the Lower Danube basin.
- Instead, we anticipate an increase above the level recorded in Q3 in terms of exports of agricultural goods from Ukraine. In parallel with the increasing flows carried out on the Ismail-Constanța route through the TTS logistics chain with the TTS1 buoy terminal as its terminus, three other flows destined for Romania operate through the TTS port terminals in Brăila, Oltenita and, soon, Galați. To these flows is added the one consisting of export agricultural goods from Ukraine and the Republic of Moldova brought on the broad-gauge railway rehabilitated in the summer, flow through the silo and the TTS terminal in Galați, as well as the new logistic flow dedicated to Ukrainian grain exports whose operation by TTS started in November - transport on the Chilia - Constanța route being carried out by the Ukrainian river fleet UDP.

### Sailing conditions

- Although Danube levels are better than in Q3, they remain significantly below optimal levels and forecasts do not indicate an improvement. As a result we anticipate sub-optimal sailing conditions in T4, but better than in T3. This will, however, allow river transport activity to continue at closer to normal levels.

### Market conditions

- At this time **we do not anticipate a worsening of market conditions**, given that the imbalance between service demand and supply capacity constraints is still present.

### Risks and uncertainties

- The main risks and uncertainties that, if they materialize, will affect the activity of TTS are related to the effects of the war in Ukraine. The continuation of the war will lead to a significant worsening of the macroeconomic situation and the entry into recession of the European economy as a whole with potential direct negative effects on the demand for river transport services and port operation.
- Although forecasts do not indicate a worsening, the risk of less favorable sailing conditions than currently anticipated cannot be ruled out
- There is also a risk that, due to grain market conditions, demand for transport and handling services for agricultural commodities will remain at low levels, as was the case in Q4 2021 – Q1 2022.

### Results

- Considering the current conditions, **we anticipate maintaining the operational and financial results in line with the levels recorded in the first 9 months**, with a minus if the risks and uncertainties indicated will materialize, and with a potential plus if our expectations regarding the volume of activity will be confirmed.



## About TTS Group

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

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

1. Vertical integration through the acquisition of companies active in the river transport and port operation segments as well as through the direct acquisition or development of port terminals (Oltenița, Giurgiu, Bechet).  
The Oltenita terminal has been modernized, the investment being completed in 2021. Two new investment projects are being considered, namely the modernization of the Giurgiu port terminal with access to European funds to partially finance the investment and expansion of the operating capacity in the Canopus terminal in Constanța.
2. Regional expansion by acquiring mainly companies active in the international shipping segment based in countries in the Danube basin

The Group's development efforts were supported by IFC through investments of over 35 million EURO materialized through three successfully concluded operations:

- In 2005, IFC granted NAVROM a 14 million Euro loan guaranteed by TTS, for the modernization of pushers.
- In 2008, IFC granted TTS a loan convertible into shares in the amount of EUR 10 million. The loan was not converted into equity and was fully repaid by TTS during 2009-2017.

In 2012, IFC acquired a 10% stake in the share capital of TTS through a capital contribution, the company being valued at 120 Mn Euro. The shares were subsequently bought back by TTS (6% in 2017 and 4% in 2018).

The Group's business model is centered on TTS, which offers customers integrated shipping/river transport/port operation services and coordinates the Group's activity. Transport and port operation services are further contracted mainly with Group companies, but also with third parties (especially in the port operation segment). The activity of TTS is computer-integrated at the accounting level with the activities of the companies in the Group and in the process of



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integration at the operational level (tracking volumes and types of goods, by types of operations, up to the level of invoicing and tracking payments), the system ensuring support for both for internal reporting as well as for external reporting, including reporting of transactions between affiliated entities.

In June 2021, the shares issued by TTS were admitted to trading on the regulated market administered by the BVB, in the Premium category (symbol: TTS), following the successful conclusion of the secondary initial public offer for sale carried out by Swiss Capital S.A., through which the shareholders the company sold 50% of the shares, the Company being valued at 107 million euros.

On September 20, 2021, TTS shares were included in the BET index of the most liquid stocks traded on the BSE, and on December 20, 2021, they were included in the FTSE Russell index series dedicated to emerging markets, respectively in the FTSE Global Micro Cap index.



## TTS Group

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

International Shipping:	TTS (Transport Trade Services) S.A. București, TTS (Transport Trade Services) GmbH. Viena, Plimsoll Zrt. Budapesta, Transterminal – S S.R.L.Chișinău
River transport:	CNFR NAVROM S.A. Galați, Navrom Bac S.R.L. Galați, Fluvius Kft. Budapesta
Port Operation:	Canopus Star S.R.L. Constanța, TTS Operator S.R.L. Constanța, TTS Porturi Fluviale S.R.L. Galați, Port of Fajsz Kft. Fajsz (Hungary)

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

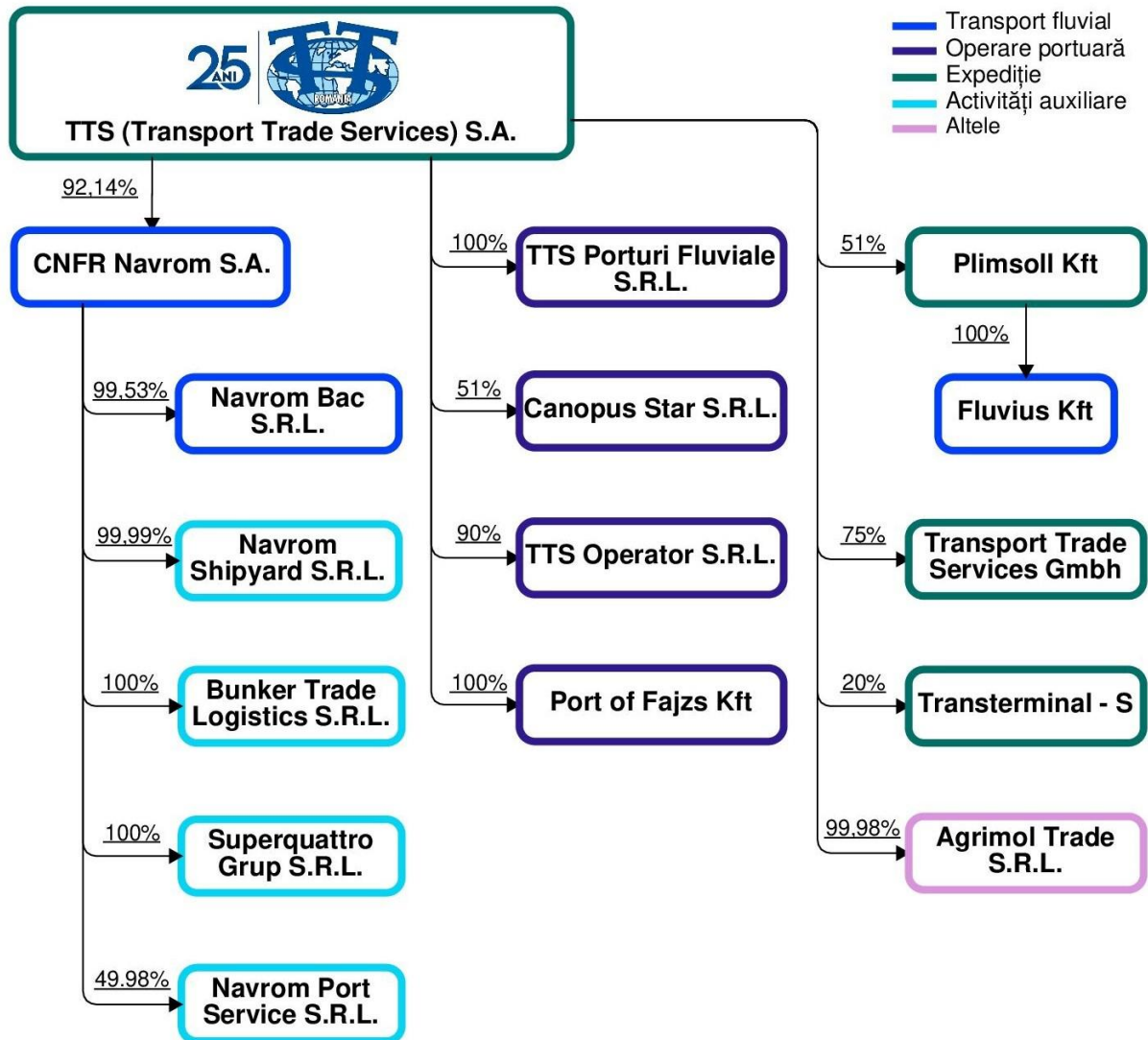
The TTS Group owns the largest river fleet in the Danube basin, with a capacity of almost 800 thousand tons, 8 floating cranes, as well as port terminals in Constanța and in 7 Danube river ports.

The Group offers integrated logistics services, namely transport services (river, rail, road), transshipment (between transport units, from warehouses, silos, etc.), warehousing (warehouses, silos, warehouse-type river units, etc.), agency (production of specific documents) and any other services specific to logistics chain management.

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

**STRUCTURA GRUPULUI TTS**

(31.12.2021)



River transport on the Danube

CNFR NAVROM S.A. Galați

With a history of over 130 years, NAVROM represents the backbone of the Group, being the main river transport service provider for the Group and, at the same time, the largest river carrier on the Lower Danube.

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



## Port operation

### CANOPUS STAR S.R.L. Constanța

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

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

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

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

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

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

### TTS OPERATOR S.R.L. Constanța

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

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

### PORT OF FAJSZ Kft. Fajsz

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

Port of Fajsz was taken over by TTS in 2019, by acquiring 100% of the share capital.

## International operations

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

TTS (Transport Trade Services) GmbH. Viena, international shipping services on the Upper Danube (TTS owns 75% of the share capital)

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

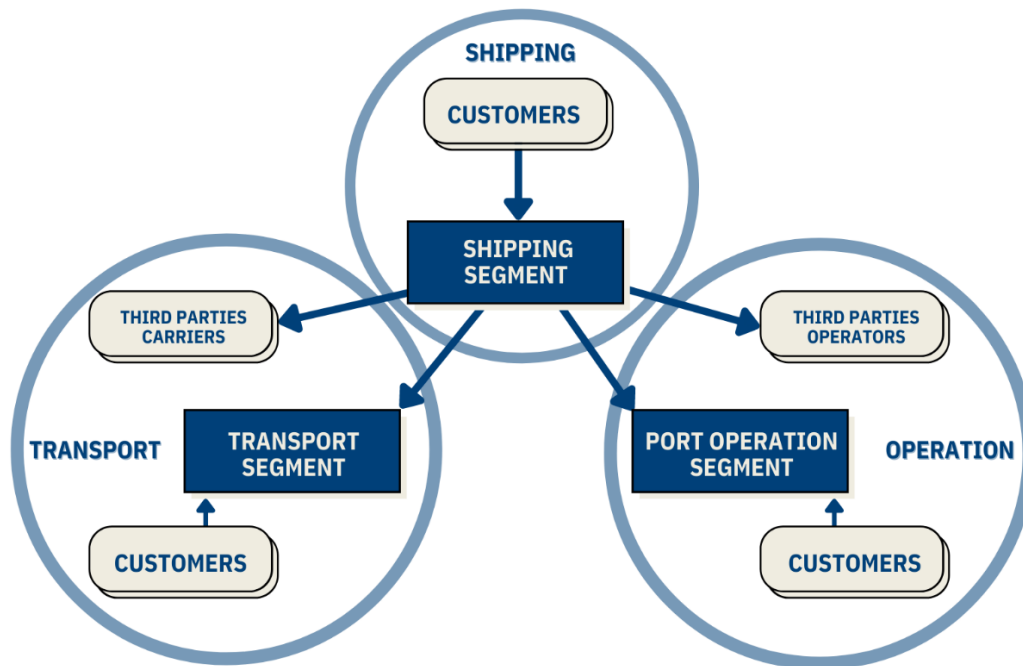
Transterminal – S S.R.L.Chişinău, rail forwarding services on CIS relations (TTS owns 20% of the share capital)

Non-core business

AGRIMOL TRADE S.R.L. București

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

The business model of TTS involves employing, mainly, its own fleet (Navrom S.A., Fluvius Kft.) and its own port operators (TTS Porturi fluviale S.R.L., TTS Operator S.R.L., CANOPUS Star S.R.L., Port of Fajsz Kft.), in parallel with the contracting by the Shipping Segment of transport or operation services with third parties.



At the same time, the companies in the Group active in the river transport and port operation markets, provide services directly to their own customers, in parallel with the execution of the orders received from the shipping companies in the Group.



## Management statement

The report of the Company's Board of Directors for the 3rd quarter 2022 regarding the economic and financial activity of the company is based on the simplified individual interim financial statements and the simplified consolidated interim financial statements drawn up for the period ended September 30, 2022 (hereinafter "Financial Statements").

The Financial Statements have been prepared in accordance with the recognition and evaluation principles of the International Financial Reporting Standards ("IFRS") adopted by the EU and in accordance with IAS 34 "Interim Financial Reporting"

The Financial Statements do not include all the information and elements presented in the annual financial statements and must be read in conjunction with the [annual financial statements of TTS \(Transport Trade Services\) S.A. drawn up on December 31, 2021](#).

The Financial Statements are not audited and have not been reviewed by an external auditor.

Alexandru-Mircea MIHĂILESCU  
President of the Board of Directors



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The Corporate Governance and Investor Relations Department of TTS (Transport Trade Services) is at your disposal for any other additional information. Contact person:

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The simplified consolidated interim financial statements (unaudited) for the period ended 30.09.2022 are available by accessing the links:

<https://www.tts-group.ro/periodic-reports.html>;

<https://www.bvb.ro/FinancialInstruments/Details/FinancialInstrumentsDetails.aspx?s=TTS>.