

Independent reasonable assurance report

Titan USJE A.D. Skopje



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Independent reasonable assurance report¹

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To the Management of TITAN USJE A.D. Skopje

1. Scope of the reasonable assurance engagement

We were engaged by the Management of TITAN USJE AD Skopje (hereinafter “the Company”) to perform an independent reasonable assurance engagement regarding the process of approval by the Company’s shareholders of a related party transaction with Sharrcem SH.P.K., Republic of Kosovo (the related party).

On 24 April 2026, the Company’s Board of Directors will adopt a Draft Decision for the approval of transactions with its related party concerning the sale/purchase of cement, sharrmall, pet-coke, and clinker, which will be subject to approval by the Company’s shareholders at the upcoming Annual General Meeting of Shareholders. The Company’s transactions with the related party are governed by the following agreements and related annexes:

- Contract no.03-1200 dated 20.12.2022 for sale / purchase of cement and sharrmall;
- Annex 1 no. 03-207 dated 24.02.2023 to the contract for sale / purchase of cement and sharrmall;
- Annex 2 dated 31.07.2023 to the contract for sale / purchase of cement and sharrmall;
- Contract no.03-1482 dated 13.12.2023 for sale / purchase of cement and sharrmall;
- Contract no.03-1219 dated 23.12.2022 for sale / purchase of micronized petrol coke;
- Annex 1 no. 03-230 dated 02.03.2023 to the contract for sale / purchase of micronized petrol coke;
- Annex 2 no. 03-1276 dated 18.10.2023 to the contract for sale / purchase of micronized petrol coke;
- Contract no.03-826 dated 07.07.2023 for sale / purchase of micronized petrol coke;
- Contract no.03-1481 dated 18.12.2023 for sale / purchase of micronized petrol coke;
- Annex 1 no. 03-770 dated 24.06.2024 for sale / purchase of micronized petrol coke;
- Contract no. 03-1628 dated 20.12.2024 for sale / purchase of micronized petrol coke;
- Annex 1 no. 03-938 dated 27.08.2024 for sale / purchase of cement and sharrmall;
- Contract no 03-1627 dated 20.12.2024 for sale / purchase of cement and sharrmall;
- Contract no. 03-1480 dated 13.12.2023 for sale / purchase of clinker;
- Annex 1 no. 03-700 dated 03.06.2024 for sale / purchase of clinker;
- Annex 2 no. 03-985 dated 17.09.2024 for sale / purchase of clinker;
- Annex 3 no. 03-1325 dated 08.11.2024 for sale / purchase of clinker;
- Contract no. 03-1629 dated 20.12.2024 for sale / purchase of clinker;
- Annex 1 no. 03-506 dated 12.12.2025 for sale / purchase of clinker;
- Annex 2 no. 03-747 dated 17.07.2025 for sale / purchase of clinker;
- Annex 1 no. 03-539 dated 21.05.2025 for sale / purchase of micronized petrol coke;
- Annex 2 no. 03-564 dated 03.06.2025 for sale / purchase of micronized petrol coke;
- Annex 3 no. 03-748 dated 17.07.2025 for sale / purchase of micronized petrol coke;
- Annex 1 no. 03-123 dated 12.02.2025 for sale / purchase of cement and sharrmall;
- Annex 2 no. 03-139 dated 18.02.2025 for sale / purchase of cement and sharrmall;
- Annex 3 no. 03-139/2 dated 14.08.2025 for sale / purchase of cement and sharrmall; and
- Annex 4 no. 03-139/3 dated 10.11.2025 for sale / purchase of cement and sharrmall.

The Draft Decision for the approval of transactions with its related party, provided in Appendix 2, constitutes an integral part of our Independent reasonable assurance report.

¹ Translation of the original Independent Auditor’s Report issued in Macedonian language

2. Regulatory framework for related party transaction

The assurance engagement was performed in accordance with Article 460a of the Trade Companies Law (Official Gazette of the Republic of Macedonia No. 28/2004...191/2025). This regulatory provision requires the Company's Management to obtain a reasonable assurance report prepared by an independent auditor in cases where the value of the transaction, or the cumulative value of mutually related transactions realized during the previous 12 months from the date of approval of the related party transaction, amounts to 10% or more of the Company's assets determined on the basis of the latest audited annual financial statements. According to the Company's audited financial statements for the year ended 31 December 2025, the total assets of the Company amount to EUR 111,833 thousand. The cumulative amount of realized transactions for cement and sharmall under the agreements as of 31 December 2025 is EUR 16,637 thousand, representing 14.88% of the Company's total assets; the cumulative amount of realized pet-coke transactions under the agreements as of 31 December 2025 is EUR 289 thousand, representing 0.26% of total assets; and the cumulative amount of realized clinker transactions under the agreements as of 31 December 2025 is EUR 3,526 thousand, representing 3.15% of total assets.

The independent auditor is required, based on the procedures performed and the evidence obtained, to issue an opinion on whether the related party transaction is in compliance with the applicable regulations in the country, whether the related party transaction is fair, i.e., whether the value of the transaction has been determined under market conditions, whether there is any disproportion between the mutual benefits of the parties, and whether there are other facts and circumstances that could constitute grounds for causing harm, thereby recommending to the minority shareholders whether to support the related party agreement.

3. Responsibility of the Company's Management

The Company's Management is responsible for establishing, negotiating, and executing transactions with its related party in accordance with the regulatory provisions of Articles 460 and 460a of the Trade Companies Law (Official Gazette of the Republic of Macedonia No. 28/2004...191/2025); for the preparation, fair presentation, and accuracy of the relevant data and information necessary for the assessment and evaluation of compliance of related party transactions with Articles 460 and 460a of the Trade Companies Law (Official Gazette of the Republic of Macedonia No. 28/2004...191/2025). This responsibility also includes the selection and application of appropriate methods for the preparation of financial and non-financial data from the submitted documentation, as well as the use of assumptions and estimates for disclosures that are reasonable under the given circumstances. Furthermore, the Company's Management is responsible for maintaining records and adequate internal controls designed to support the process of preparing the Requests. In particular, the Company's Management is responsible for ensuring that internal controls are designed and implemented in such a way as to prevent the Report from containing material misstatements.

4. Responsibility of the Auditor

Our responsibility is to provide reasonable assurance on the compliance of the Company's transactions with its related party in accordance with the criteria set out in Article 460a of the Law, and to issue an independent reasonable assurance conclusion based on the evidence obtained.

We conducted the engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), applicable to assurance engagements other than audits or reviews of historical financial information, as adopted in the Republic of North Macedonia. This standard requires our compliance with the ethical requirements of the Code of Ethics for Professional Accountants in force in the Republic of North Macedonia, as well as planning and performing the independent reasonable assurance engagement in a manner that enables us to express a reasonable assurance conclusion.

The procedures selected depend on the auditor's judgment and include an assessment of the risks of material misstatement in the submitted documents related to the Draft Decision for the approval of transactions with its related party concerning the sale/purchase of cement, sharmall, pet-coke, and clinker. In assessing these risks, the auditor considers the Company's internal control relevant to the preparation and fair presentation of the submitted documents, in order to design procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

5. Out independence and quality control

We apply International Standard on Quality Management 1 (ISQM 1), adopted in the Republic of North Macedonia and published in the Official Gazette of the Republic of North Macedonia No. 273/24. The Company has designed, implemented, and operates a quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence requirements and other ethical standards in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code of Ethics), published in the Official Gazette of the Republic of North Macedonia No. 273/24 of 30 December 2024, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

In this context, the engagement team is independent of the Company and has not participated in the preparation of the submitted documents related to the Draft Decision for the approval of transactions with its related party concerning the sale/purchase of cement, sharmall, pet-coke, and clinker.

6. Sources of data

For the performance of our engagement, we used the following acts and sources of information and data:

- Reading the content and obtaining an understanding of the nature, scope, and terms of the transaction specified in the Agreements/Annexes for the sale/purchase of cement, sharmall, pet-coke, and clinker identified in Section 1 above;
- Source documentation supporting the recorded revenues, namely: customer invoices;
- Review and analysis of related party transactions regarding quantities sold, sales prices, and revenues realized in 2025 and planned for the next five years, as well as quantities produced, cost per product, and purchase value of products sold in 2025, average sales price and cost per product, income statement for 2025, and projected income statement for the following five years;
- Executed agreements with the related party;
- Price list for 2025;
- Review of sales in 2025;
- Auditor's report for 2025; and
- Transfer pricing report for 2024.

7. Criteria

The following methods are applied in assessing the regulatory compliance of related party transactions:

Transactional Net Margin Method (TNMM)

TNMM examines the net profit margin realized by an entity in a transaction or transactions with a related entity and compares it with the margin level determined by the same entity in transactions with independent entities or with margins determined in comparable transactions of independent entities.

TNMM is defined as the ratio between the net profit earned from the tested transaction and an appropriate financial base (most commonly net sales revenue, total costs, or assets employed). Net profit is calculated as the difference between the revenues generated from the specific transaction and all direct and indirect costs incurred to generate those revenues, including an appropriate portion of overhead costs allocated on a relevant and consistent basis.

The resulting net margin is compared with a reference range of margins achieved in comparable uncontrolled transactions, in order to assess compliance with the arm's length principle.

TNMM emphasizes the functions and risks undertaken by the tested party and is the most tolerant method with respect to differences that may exist in such performed functions and assumed risks between the tested party and comparable entities. Moreover, TNMM is less affected by potential differences in accounting standards under which financial information for potentially comparable entities may have been prepared, leading to more reliable results.

In view of the above, TNMM was selected as the most appropriate method for arm's length testing of the transactions under review.

Comparable Uncontrolled Price Method (CUP)

To assess the arm's length nature of the Company's transactions of cement, sharrmall, pet-coke, and clinker with Sharrcem, the Comparable Uncontrolled Price method was applied, since the Company sold the same products to both related and unrelated parties under comparable terms and conditions during the fiscal year under review.

The application of this method is possible only when one of the following conditions is met:

- Two independent enterprises are involved in the sale of the same products as those sold by the Company to Sharrcem, under comparable terms (external CUP);
- The Company processes and sells the same products under comparable terms to Sharrcem and to third independent entities (internal CUP); and
- The related party Sharrcem SH.P.K. purchases the same products under comparable terms from the Company and from third independent entities (internal CUP).

The application of the above methods and the evaluation of the results achieved are further disclosed in Appendix 1.

8. Procedures performed

Within the scope of our engagement, we performed the following procedures:

- Read the content and obtained an understanding of the nature, scope, and terms of the transaction specified in the Agreements referred to in Section 1 above;
- Conducted interviews with Management responsible for preparing the Draft Decision for approval of the related party transaction, as well as the related agreements and annexes with the related party;
- Verified and analyzed the Company's audited financial statements for the year ended 31 December 2025, and identified relevant data and information regarding the Company's transactions with its related party;
- Reviewed and analyzed data and information related to production costs and overheads relevant to the related party transactions, as disclosed in the Company's financial statements for the year ended 31 December 2025;
- Confirmed the value of cumulative related party transactions in accordance with the established criteria and adopted methods;
- Performed substantive testing, on a selective basis, of supporting documentation related to transactions with the related party, as well as with other unrelated customers, for the period January 2025 – December 2025;
- Calculated ratios and data relevant for assessing and evaluating compliance with the criteria established in the applicable regulatory provisions;
- Compared and analyzed the determined prices of finished products subject to the purchase and sale agreements and assessed whether the prices are fair and consistent with market conditions.

The Company's audited financial statements for the year ended 31 December 2025 were not subject to our audit in accordance with International Standards on Auditing (ISA). The procedures we performed do not constitute either an audit or a review of these financial statements; therefore, we are not responsible for issuing or updating any reports or opinions on the Company's historical financial information.

Our procedures were solely directed at obtaining evidence that the Company's transactions with its related party are in compliance with the applicable regulatory requirements identified above. The purpose of our work was not to assess the sufficiency of the data and information relevant to those transactions, nor to evaluate the accuracy and integrity of the information contained therein, particularly with respect to the disclosed amounts, including, where applicable, estimates made for prior years, figures, dates, analyses, allocation methods, and compliance with relevant regulations.

Our procedures also included an assessment of whether the subject matter of the engagement is appropriate and whether the criteria applied are suitable under the given circumstances.

9. Limitation of scope

The scope of our engagement was limited both in terms of the areas subject to our examination and the extent to which those areas were tested. Consequently, there may be other matters, beyond those disclosed in this Report, that could be relevant to our assessment of the objectivity and compliance (contractual and legal) of the evaluations made by the Company's Management in relation to the transactions of the Company Skopje with its related party Sharrcem SH.P.K.

We believe that the evidence obtained provides a satisfactory and appropriate basis for our reasonable assurance conclusion with reservation.

10. Basis for reasonable assurance conclusion

Our conclusion is formed on the basis of, and is subject to, the work described above and should be read in connection with these matters.

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

11. Reasonable assurance conclusion

Based on the procedures performed, we identified that the transactions of the Company TITAN USJE AD Skopje with its related party Sharrcem SH.P.K., as set out in the Draft Decision for approval of related party transactions concerning the sale/purchase of cement, sharmall, pet-coke, and clinker, together with the related agreements and annexes identified in Section 1 above, are:

- In compliance with the applicable regulations in the Republic of North Macedonia;
- Objective, meaning that the terms of the transaction are determined under market conditions;
- Free from any identified disproportionality between the mutual benefits of the parties;
- Not subject to any other facts or circumstances that could constitute grounds for causing harm;
- Properly disclosed in the audited financial statements for 2025, where related party relationships and transactions are fairly presented; and
- Without risk factors in the execution of the related party transaction.

12. Recommendation

Based on the above, we recommend that the minority shareholders of the Company support the related party transaction at the General Meeting of Shareholders, whose resolution represents an additional condition for the conclusion of this transaction and the delegation of authority for its implementation to the responsible persons of the Company.

This recommendation arises from the information disclosed above and is in connection with Article 3 of the Rulebook amending and supplementing the Regulation on the content and form of the opinion issued by the authorized auditor in the procedure for approval of a related party transaction in a public joint stock company (Official Gazette of the Republic of North Macedonia No. 182 of 21 October 2015).

13. Limitation of use

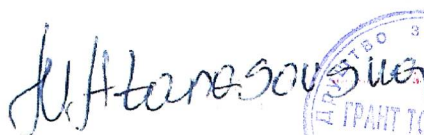

This Reasonable Assurance Report has been prepared and is intended solely for the purpose of reporting to the Management of the Company. Accordingly, this Report of factual findings is not suitable for use by any other party for any other purpose or in any other context. Any party other than the Company that gains access to our Report or a copy thereof, and chooses to rely on it (or parts of it), does so at its own risk. We do not accept any responsibility to any party other than the Company in relation to the engagement performed and our Report.

This engagement does not oblige us to provide further consultations or statements, and our Reasonable Assurance Report may not be used before judicial authorities except with our prior consent.

Skopje,

17 April 2026

Grant Thornton Doo Skopje

Director
Maja Atanasovska




Certified Auditor
Maja Atanasovska

Appendix 1

Appendix 1

– USJE – Summary comparison of realized transactions with interested party and third parties in the period 01.01-31.12.2025

| | CEM II/B-P 42.5R BG 25KG PL 1.8T | CEM II/B-M (P-L)42.5N BG 25KG PL 1.8T | CEM IV/B (V-P) 42.5 N 25KG | CEM IV/B (V-P) 42.5 N 50KG | CEM I 52,5 R bulk | CEM II/B-V 42,5 R bulk | CEM II/A-LL 42,5R_Bulk | CEM II/B-P 42,5 R bulk | Sharrmall bags | Pet coke | Clinker |
|--|----------------------------------|---------------------------------------|----------------------------|----------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|--------------------|------------------------------------|
| A. Realized transactions with Sharrcem - interested party | | | | | | | | | | | |
| 1. Quantity (tons) | 655.20 | 13,438.80 | 50.4 | 486.00 | 26,316.12 | - | 93,654.86 | 3,869.18 | 50,851.60 | 1,584.8 | 60,861.92 |
| 2. Sales revenues (EUR) | 68,082.37 | 1,361,052.62 | 5,278.48 | 48,876.29 | 2,480,343.41 | - | 7,815,463.79 | 331,960.87 | 4,525,787.67 | 289,242.03 | 3,525,536.66 |
| 3. Average sale prices (EUR) | 103.91 | 101.28 | 104.73 | 100.57 | 94.25 | n/a | 83.45 | 85.8 | 89.00 | 182.51 | 57.93 |
| 4. Price according Contracts and annexes (EUR/ton) | 103.8 | 98.4-103.8 | 103.8-105.44 | 100.02-101.53 | 90.2-97.03 | n/a | 80.4-85.75 | 85.75 | 82.8 – 90.2 | 175-188.2 | 57.00-58.5 (FAP) / 61.8-63.3 (CPT) |
| 4. Average realized transactional net margin - TNMM(%) | 58.40 | 72.08 | 64.55 | 58.01 | 43.11 | n/a | 46.67 | 40.25 | 72.08 | 21.15 | 12.13 |
| 5. Reference range of transactional net margin statistical data (%) * | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 | 1.00 – 9.00 |
| The reference interquartile range of transactional net margin for 2025 (1.0%–9.0%) was determined based on the existing benchmark from the 2024 Transfer Pricing Report (range 0.61%–10.43%), adjusted with a roll-forward economic analysis for 2025, taking into account the normalization of market conditions, stabilization of energy prices, and continuity in the functional profile of the tested entity, in accordance with the OECD Transfer Pricing Guidelines. | | | | | | | | | | | |

Appendix 1

– USJE – Summary comparison of realized transactions with interested party and third parties in the period 01.01-31.12.2025 (continued)

| | CEM II/B-P 42.5R BG 25KG PL 1.8T | CEM II/B-M (P-L)42.5N BG25KG PL 1.8T | CEM IV/B (V-P) 42.5 N 25KG | CEM IV/B (V-P) 42.5 N 50KG | CEM I 52,5 R bulk | CEM II/B-V 42,5 R bulk | CEM II/A-LL 42,5R_Bulk | CEM II/B-P 42,5 R bulk | Sharrmall bags | Pet coke | Clinker |
|---|---|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|----------|---------|
| B. Realized transactions with third parties on domestic market | | | | | | | | | | | |
| 1. Quantity (tons) | 17,053.20 | 118,963.80 | 4,494.60 | 628.00 | 28,952.30 | 3,699.98 | 317,913.08 | 149,836.86 | 16,638.20 | - | - |
| 2. Sales revenues (EUR) | 1,757,904.40 | 12,843,963.77 | 463,311.27 | 64,112.09 | 3,270,046.17 | 341,932.58 | 32,509,321.06 | 14,963,403.67 | 1,645,327.20 | - | - |
| 3. Average sale prices (EUR/ton) | 103.08 | 107.97 | 103.08 | 102.09 | 112.95 | 92.41 | 102.26 | 99.86 | 94.87-99.80 | n/a | n/a |
| C. Conclusion | | | | | | | | | | | |
| 1. Realized transactional net margin (TNM) compared to interested party in relation to the referenced TNM range | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | over upper level of reference TNM | n/a | n/a |
| 2. Average sale price towards Sharrcem compared to sales price to third parties on domestic market | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a | n/a |
| *Method is not applicable due to circumstances caused by the competitive prices on the market of Kosovo | | | | | | | | | | | |

Appendix 2

– Draft-Decision from Board of Directors



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