



2025 Annual Audit Report

Audit services
provided to TITAN USJE by TITAN Group Internal
Audit function

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TITAN USJE 2025 ANNUAL AUDIT REPORT

A. Introduction

Internal audit services are provided to *TITAN USJE* by TITAN Group Internal Audit (IA) independent function. According to the current organizational chart of TITAN Group, Group Head of Audit and Compliance reports functionally to TITAN Group Audit and Risk Committee, as well as administratively to TITAN Group Chief Financial Officer.

In respect to *TITAN USJE* Business Unit, the primary objective of TITAN Group IA function is to provide the Board of Directors of *TITAN USJE*, as well as the BoD and Audit and Risk Committee of TITAN Group with an independent and objective opinion concerning internal controls, risk management, and corporate governance systems, through the assessment of their effectiveness in achieving business objectives.

Additionally, Group IA provides consulting services, upon request of *TITAN USJE*'s General Management or TITAN Regional Management.

B. Internal Audit Assignments Completed in 2025

Cement Sales Audit

"Southeastern Europe and Türkiye" Audit team conducted an audit on the Cement Sales process, within May – June. The objective of the audit was to ensure that internal controls are adequate and contribute to improved effectiveness and efficiency of the Cement Sales function.

Key points assessed included the following:

- Sales of bulk and packed cement follow company policies.
- Orders are recorded correctly and fulfilled accurately.
- Loading and dispatching are properly controlled.
- Pricing strategies and discounts are developed and applied.
- Prices and discounts are approved, and invoicing is accurate.
- Credit memos or invoice cancellations have valid business justifications.
- Collection and credit control processes are effective.
- Cement transport is allocated as planned and closely monitored.
- Transporter invoices follow agreed rates and are correctly recorded

Marl Quarry Review

The objective of this engagement was to review the Marl Quarry operations of *TITAN USJE* and provide an advisory overview of the process.

The Quarry supplies *TITAN USJE* with marl, a raw material used in cement production. The scope included production, internal transportation and contractor-related aspects.

The following aspects of the Quarry operations were reviewed:

- Production of the material, including excavation, loading of trucks, transferring to the Crusher, and the storage location
- Monitoring and calculation of production
- Recording of production in SAP
- Contractor's invoices

SAP Post implementation Assignments

During 2025 “Southeastern Europe and Türkiye” and “IT Internal Audit” teams continued in *TITAN USJE* the Post Implementation Audit Assignment in the context of the transition from the previous ERP to the SAP S/4HANA.

Within 2025, we completed:

- **Data Migration review**, with the objective to assess the completeness and accuracy of the Data Migration performed as part of the UBRO (Unite Balkans Rollout Project) implementation, regarding opening-closing balances and master data for business partners, materials, and inventory.
- **SAP post implementation audit for the core modules of Materials Management (“MM module”) / Finance and Accounting (“FI module”)**. The objective was to review and assess the effectiveness of critical application controls in the respective SAP modules. The scope did not include the review of accuracy, correctness and completeness of transactions conducted since the implementation of SAP S/4HANA.
- **SAP post implementation audit for the core module of Sales and Distribution (“SD module”)**. The objective was to review and assess the effectiveness of critical application controls embedded in SD module of SAP S4/HANA and TSI weighbridge & loading software application.
- **SAP audit of Segregation of Duties conflicts per SD (Sales), FI (Finance and Accounting), and MM (Procurement and Warehousing) modules**. The objective of these projects was to review and assess the SAP access rights assignment and role design to ensure that appropriate Segregation of Duties is maintained in the respective SAP modules functioning effectively as a control.

C. Overall opinion

Based on the assignments completed in 2025, we have reached to the conclusion that the Internal Control System of the audited/reviewed function of Cement Sales, is well designed, to appropriately manage underlying risks and to ensure compliance with the statutory and internal framework in force. In addition, the examined application controls embedded within the SAP core modules of the Materials Management (“MM module”) / Finance and Accounting (“FI module”), Sales and Distribution (“SD module”) of SAP S4/HANA and the Titan SI weighting and loading system, are assessed as effective throughout the SAP implementation process. Finally, Segregation of Duties assessment was satisfactory; identified gaps were addressed with mitigating controls and access removal.