

**AB „Pieno žvaigždės“**

Perkūnkiemio g. 3, LT-12127 Vilnius

tel. +370 5 246 14 14, faks. +370 5 246 14 15

el. p. [info@pienozvaigzdes.lt](mailto:info@pienozvaigzdes.lt)

Attn:  
Board members

26th March 2021

Perkūnkiemio 3,  
Vilnius

## **ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Audit Committee, appointed by the Stock Company's Pieno Žvaigždės (hereinafter – the Company) General Shareholder Meeting held on the 29th of April 2020, hereby presents the Annual Report.

While performing its duties the Audit Committee acted in accordance with Article 52 of the Law on the Audit of the Republic of Lithuania and the Resolution of the Securities Commission of the Republic of Lithuania On the requirements for the Audit Committees, and the Regulations for the Audit Committee confirmed by the Stock Company's Pieno Žvaigždės General Shareholder Meeting held on the 29th of April 2020. The Audit Committee has performed its functions related to the monitoring and supervision on the Company's activities, as well as functions related to the external audit.

### **Functions performed by the Audit Committee related to the Company's activities**

The Audit Committee organizes its work taking into account the specifics of the Company's activities, changes in the economic environment and changes in the legal environment. The Audit Committee was monitoring the process of preparation of the Company's financial reports. The members of the Audit Committee were informed of any potential inconsistencies in accounting policy or disclosure issues, there was regular communication between the members of the Audit Committee and the persons responsible for the financial statements and there was regular provision of the information related to the independent audit work.

The management of the Company also cooperated with the Audit Committee, presented the information on the Company's activities and financial accounting, provided other data necessary for the proper functioning of the Audit Committee.

The Company prepares accounts and financial reports in accordance with the International Financial Reporting Standards. Company's accounting policy has not changed during 2020. In the opinion of the Audit Committee, it allows to reflect the Company's performance properly. The Company devotes sufficient attention to the timely implementation of all legislative changes, which regulate financial reporting. The Company has prepared its financial statements in accordance with all newly adopted and/or amended IFRSs. The company's ordinary shares are listed on the NASDAQ Vilnius Stock Exchange.

Taking into account that all branches of the company are integrated into the common production system and are significantly dependent on each other, from 2020 the management of Pieno Žvaigždės AB considers the whole company as one cash-generating unit.

**AB „Pieno žvaigždės“**, įmonės kodas (company code) 1246 65536, PVM mokėtojo kodas (VAT number) LT246655314, buveinės registracijos adresas (registered office address) Perkūnkiemio g. 3, LT-12127 Vilnius, tel. +370 5 246 14 14, faks. +370 5 246 14 15, el. p. [info@pienozvaigzdes.lt](mailto:info@pienozvaigzdes.lt). **Gamybiniai filialai** (Manufacturing branches): **AB „Pieno žvaigždės“ filialas Kauno pienas**, Taikos pr. 90, LT-51181 Kaunas, tel. +370 37 402500, faks. +370 37 453225, el. p. [kaunas@pienozvaigzdes.lt](mailto:kaunas@pienozvaigzdes.lt); **AB „Pieno žvaigždės“ filialas Mazeikių pieninė**, Skuodo g. 4, LT-89100 Mazeikiai, tel. +370 443 97509, faks. +370 443 97510, el. p. [mazeikiai@pienozvaigzdes.lt](mailto:mazeikiai@pienozvaigzdes.lt); **AB „Pieno žvaigždės“ filialas Panevėžio pienas**, Tinklų g. 9, LT-35115 Panevėžys, tel. +370 45 502064, faks. +370 45 502073, el. p. [panevezys@pienozvaigzdes.lt](mailto:panevezys@pienozvaigzdes.lt); **AB „Pieno žvaigždės“ filialas Pasvalio sūrinė**, Mūšos g. 14, LT-39104 Pasvalys, tel. +370 451 54522, faks. +370 451 54500, el. p. [pasvalys@pienozvaigzdes.lt](mailto:pasvalys@pienozvaigzdes.lt).

Banko sąskaita (IBAN) LT17 7044 0600 0356 5318; Bank: AB SEB Bankas, Vilnius, Lithuania; SWIFT (BIC): CBVILT2X; Beneficiary: AB Pieno Zvaigzdes.

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Company's internal control system ensures efficiency of Company's activities, execution of the Company's targets and strategic plans, asset protection as well as management of various risk factors.

The members of the Audit Committee, acquainted with all the activities of the company, recommended to consider the introduction of the internal audit function due to the strengthening of the internal control system.

*Impact of the Covid-19 pandemic*

The company's operations and results were not significantly affected by the Covid-19 pandemic (the first quarantine announced in Lithuania on March 16, 2020, and the second quarantine announced on November 7, 2020 until March 31, 2021). Risk factors related to the pandemic and quarantine did not adversely affect the preparation of the financial statements for 2020.

**Functions performed by the Audit Committee related to external audit**

Ernst & Young Baltic UAB, was engaged to perform the audit of the Stock Company's Pieno Žvaigždės Financial reports for 2020, prepared in accordance with the International Financial Reporting Standards. The Audit Committee performed the review of the documents that address the independence of the audit company. The Audit Committee has not identified any significant circumstances that might affect the independence, objectivity, efficiency and effectiveness of the audit.

Audit Committee and its group presented Declaration of Independence by the Stock Company Pieno Žvaigždės.

The Audit Committee monitored the process of external audit. The members of the Audit Committee were provided with all information about the progress of the Company's audit process for the financial year 2020. There was communication by e-mail and meetings using Microsoft Teams software (on 09-11-2020, 24-11-2020 and 12-03-2021, 15-03-2021).

The members of the Audit Committee, familiar with all information, recommended submitting audited financial statements to the shareholders of the Company for approval.

The Chairman of the Audit Committee

Aušra Joniūnienė