

AB AKOLA GROUP

AUDIT COMMITTEE ACTIVITY REPORT

For activities performed from 1st July 2023 until 30th June 2024

9th October 2024

INTRODUCTORY PART

Audit Committee (hereinafter referred to as – „Committee“) of AB Akola Group (hereinafter referred to as – „Company“) elected by Annual General Shareholders Meetings held on 28th October 2022 and on 27th October 2023 for the term of the office of 2023/2027.

There were 4 (four) members working in the Committee, out of which 3 (three) of them were independent during the reporting period:

1. Lukas Kuraitis (Chairman of the Committee, independent member);
2. Skaistė Malevskienė (independent member);
3. Arūnas Bartusevičius (independent member) (from 27th October 2023);
4. Irma Antanaitiene (until 16th October 2023).

While performing its activities the Committee acts according to Regulations of the Audit Committee of AB Akola Group approved by Annual General Shareholders Meeting held on 28th of October 2022, defining formation of the Committee and work procedures, rights and obligations, number of its members, requirements for education and professional experience, the principles of independence and other issues related to formation of the Committee and work organization thereof (hereinafter referred to as – „Regulations“).

ISSUES RELATED TO WORK ORGANIZATION OF THE COMMITTEE

The meetings of the Committee are convoked as such demand emerges.

They resolved issues assigned for the competence of the Committee.

Committee analysed and discussed uncorrected audit differences for financial year 2022–2023 and other recommendations made by the auditors. After getting acquainted with the data, the Committee provided its insights on the corrections of the identified uncorrected audit differences and the implementation of the recommendations.

The Committee was introduced to AB “Akola Group” and its subsidiaries (hereinafter referred to as – „Group“) transfer pricing documentation (hereinafter referred to as – "TPD") of both the financial years ended at 30th June 2022. and 30th June 2023. The Committee were briefed on the tax risks arising from intra-group transactions, which were identified in the Documentation, and measures were discussed which will be taken to minimize or eliminate the identified risks.

The Group's risk matrix was presented to the Committee, the matrix identified various risks that the Company and its subsidiaries face or may face. Committee discussed the extent of possible risks, and the risk management tools which are used by the Group and what additional tools are possible to use in the Group. Insights and recommendations from the Committee regarding the use and supervision of risk management tools were listened to. Further actions were agreed with the Committee on how risk management tools will be improved and implemented within the Company and the Group.

The Committee was introduced to the 'AB Akola Group Prohibited Non-Audit Services List and Non-Audit Service Procurement Procedure, and Independence Assessment Guidelines' (hereinafter referred to as 'NAS') and was briefed on the proposed updates to this procedure. They reviewed the required amendments to ensure that the NAS aligns with the Group's operational needs and regulatory requirements. The Committee also discussed how these updates could help in optimizing processes and reducing potential risks.

UAB "Ernst & Young Baltic" (hereinafter - "EY") presented to the Group and the Committee the best practices for NAS, along with recommendations regarding permissible and prohibited service procurements. The discussion focused on how these practices could be applied within the Group to ensure that service procurements comply with both internal and external regulatory requirements and to mitigate potential risks."

The Committee was introduced to the Group's policy on transactions with related parties, detailing instances where, according to the Lithuanian Republic Law on limited Companies, the approval and involvement of the Audit Committee are required. The discussion addressed the scenarios necessitating Audit Committee approval to ensure that transactions with related parties adhere to legal requirements and serve the Group's interests.

The Committee was presented with information regarding unusual and new transactions within the Group. The nature of these transactions, potential risks, and their impact on the Group's operations were discussed. An analysis was conducted to determine how these transactions align with established internal and external requirements. Additionally, the Committee discussed the additional measures needed to ensure transparency and compliance.

The Committee was briefed on the inspection conducted by the supervisory authorities and the findings received. The discussion focused on how the results of inspections might impact the Group's operations, and the associated risks were evaluated. Additionally, a remedy plans was presented to address the identified issues and ensure compliance with regulatory requirements.

The Committee was presented with the interim audit results and the status of the audit was discussed. Key audit findings were analysed and recommendations were made. Additionally, the audit process was reviewed, and critical aspects were addressed to ensure that the audit is conducted within the established deadlines.

On 16th January 2024 Committee had a meeting with EY audit team. The audit team has presented the audit plan and its scope for the financial year 2023-2024, the audit plan was coordinated with the Committee. The work schedule was presented, and all significant deadlines were agreed. Key audit matters were discussed, the audit team presented a methodology based on which these risks will be assessed and verified. During the meeting Committee was also introduced to the qualification of EY audit Committee has assessed the competence and independence of the members of the audit team.

On 5th June 2024 Committee had meeting with EY audit team, the primary results of the Group's audit were presented: key audit matters, uncorrected audit misstatements, audit status and unanswered questions adequacy of accounting policies, accounting estimates and control deficiencies and IT recommendations. During the meeting, it was discussed that there were no significant changes in the audit plan and strategy.

On 7th October 2024 Committee had meeting with UAB EY audit team, the results of the Group's audit were presented: key audit matters, uncorrected audit misstatements, audit status and unanswered questions, adequacy of accounting policies, accounting estimates and disclosures in the financial

statements, control deficiencies and IT recommendations. During the meeting, it was discussed that there were no significant changes in the audit plan and strategy. EY submitted an offer to sign the unmodified auditor's opinion.

In the Committee meetings held during the reporting period, it was observed how the Company complies with the EUROPEAN PARLIAMENT AND COUNCIL REGULATION (EU) No. 537/2014, on specific requirements regarding statutory audit of public-interest entities and repealing Commission decision 2005/909/EB (hereinafter referred to as – the Regulation).

The Company's management closely cooperated with the members of the Committee, timely and properly provided detailed information related to the specific accounting, financial and operational features of the Company.

During the reporting period Committee made 3 (three) decisions:

- 1) 15th February 2024
- 2) 26th February 2024
- 3) 8th March 2024

On 15th February 2024 Company's Committee decided to revoke the list of the prohibited purchase of non-audit services approved by the Committee's decision on 15th March 2023. The Committee approved a new "List of Prohibited Non-Audit Services and the Procedure for Acquiring Non-Audit Services and Independence Assessment Guidelines for AB Akola Group" (hereinafter referred to as – "NAS").

On 26th February 2024 Company's Committee decided, in accordance with the Regulation, to approve the purchase of NAS (Akola Aps tax consulting in Denmark based on a request from the Danish tax administrator) from EY's Denmark branch. Any issues related to independence were discussed with the audit team.

On 8th March 2024 Company's Committee decided, in accordance with the Regulation, to approve the purchase of NAS (for tax consulting on the global minimum taxation level for international corporate groups and large local entity groups) from UAB EY. Any issues related to independence were discussed with the audit team.

REVIEW OF CONFORMITY OF THE COMMITTEE MEMBERS TO THE REQUIREMENTS

Assessment of independence of the independent Committee members Lukas Kuraitis, Skaistė Malevskienė and Arūnas Bartusevičius was performed. After this assessment it was determined that all members satisfy all the independence requirements. Lukas Kuraitis, Skaistė Malevskienė and Arūnas Bartusevičius have also signed confirmations on their independence.

The key criteria for determining whether a member of the Audit committee can be considered independent were established on January 24, 2017, by resolution of the Board of the Bank of Lithuania No. 03-14 "Description of Requirements for Audit Committees" (Summary editorial as of 1st July 2018) as well as described by the requirements for the Audit Committee, the composition of the bodies of the Audit Committee and the composition of the Audit Committee.

During assessment it was also established that the qualification and work experience of all the members of the Committee satisfy the requirements of the Regulations (person is considered to have appropriate qualification when the person has a university degree in social sciences law, economics,

business, finance or management; person is considered to have appropriate experience if the person has at least 3 years experience in the field of audit, accounting, finance or law.).

PRESENTATION OF RECOMMENDATIONS

RECOMMENDATION TO THE MANAGEMENT BOARD OF THE COMPANY ON PRESENTATION OF ANNUAL INFORMATION FOR 2023/2024 FOR SHAREHOLDERS' APPROVAL

On 9th October 2024 The Committee prepared a recommendation to the Management Board of the Company on annual information for financial year 2023/24. In this recommendation the Committee proposed to the Management Board of the Company to present the consolidated and Company's financial statements for the financial year 2023/24 ended 30th June 2024 for shareholders' approval. Before presenting recommendation to the Management Board, the members of the Committee became familiar with audited annual information for 2023/24, analysed information presented by the Company's Chief Financial Officer Mažvydas Šileika, revised information and feedback on audit of annual financial statements for 2023/24 and any issues related to the audit presented by UAB „Ernst & Young Baltic“ audit executives. Committee also observed the process of carrying out the audit, analysed whether the auditors follow the principles of independence and objectivity.

EFFICIENCY OF INTERNAL AUDIT SYSTEM

The Committee did not have an opportunity to evaluate the efficiency of the internal audit system whereas there is no such function in the Company. However, the Committee recommends implementing this function as soon as such possibility emerges. The Committee also recommends implementing all stages of risk management: identification, management, effectiveness of risk management measures and implementation control.

Chairman of the Committee

(signature)

Lukas Kuraitis

Members of the Committee

(signature)

Skaistė Malevskienė

(signature)

Arūnas Bartusevičius