

Approved on June 11, 2025

at the Supervisory Board meeting of the Joint Stock Company "Latvijas Jūras
medicīnas centrs"
(Protocol No. 2)

Audit Committee Report of the Joint Stock Company "Latvijas Jūras medicīnas centrs" for the Year 2024

The duties of the Audit Committee of the Joint Stock Company "Latvijas Jūras medicīnas centrs" (hereinafter – the Company or LJMC) are performed by members of the Supervisory Board. Chairman of the Board – M. Birks; Board members – V. Šiliņš, I. Gadzjus, J. Kalējs, U. Osis.

Internal Control System

The Management Board of the Company is responsible for organizing and overseeing the operation of the internal control system, ensuring the involvement of department heads in decision-making processes. In 2024, the Management Board evaluated the activities of the Company's structural units and assigned new tasks based on the analysis of operational performance and updated goals.

The Management Board continued in-depth monthly analysis of accounting and medical data to improve the quality and effectiveness of decision-making. Where necessary, proposals were developed and submitted to support the achievement of the Company's strategic and operational objectives, as well as to monitor the implementation of adopted decisions.

Systematic supervision of medical technologies and equipment was carried out, including monitoring compliance with usage rules. Internal control measures were focused on ensuring the quality of healthcare services across all departments. Compliance with mandatory requirements for healthcare institutions was also inspected by the Health Inspectorate under the supervision of the Ministry of Health of the Republic of Latvia.

Preparation and Supervision of Financial Statements

The Audit Committee supervises the financial reporting process of the Company. Financial statements are prepared quarterly, reviewed by the Management Board, and submitted to the Supervisory Board for consideration.

The Company prepares its quarterly and annual reports in accordance with International Financial Reporting Standards (IFRS). The audit is performed by the independent auditor – SIA "KPMG Baltics". Prepared reports are submitted to the stock exchange in a timely manner and published on the Company's official website.

The Audit Committee maintained regular communication with the auditor, discussing key risks related to financial reporting and their appropriate reflection in the auditor's reports.

Budget Planning and Performance Monitoring

Each year, the Management Board prepares the annual operational budget, including an operational plan, investment budget, and cash flow statement. Budget performance is regularly monitored on a quarterly basis, with performance results reported to the Supervisory Board.

The budgeting process is carried out in detail by service types, payer categories, and funding programs within departments. Expense tracking and budget control are performed by specific cost items and groups. Regular expenditure analysis is conducted, and, where necessary, timely decisions are made to ensure optimal cost management.

To improve operational efficiency and optimize resource use, decisions are made to enhance the effective use of premises and reduce operating costs in the provision of diagnostic services.

Based on analysis of economic trends and service demand, the Management Board adjusts prices for paid services flexibly and regularly reviews the range of medical services to enhance accessibility and increase client flow.

Principles of Corporate Governance

The Audit Committee is granted access to all necessary information to fully perform its supervisory duties. All decisions made by the Management Board are recorded in writing, with the execution of tasks assigned to responsible individuals, ensuring a transparent and traceable decision implementation process.

On behalf of the Audit Committee

Chairman of the Audit Committee

M. Birks