

BDO ASSURANCE SIA

Transparency Report 2024





Vita Liberte

BDO LATVIA Managing Partner

Message from the Managing Partner of BDO LATVIA

Over the years, BDO Latvia has become one of the leading professional service providers in the Latvian market. In 2024, BDO ASSURANCE SIA has increased its revenue by more than 26 percent compared to prior year.

BDO Latvia serves more than 400 active clients, including major local and international companies.

Looking ahead, regulatory standards will remain a top priority and a key strategic focus for us. We are actively expanding and refining our policies, oversight procedures, and reporting mechanisms, strengthening a culture of quality across all our operations. Our goal is to ensure timely and effective action to support sustainability for all stakeholders - our clients, our employees, and our regulators.

The best way to predict the future is to create it.

Our motto - *people helping people* - will continue to guide us as we shape our present and future. We are a people-driven business, and our people and culture are the foundation of our organization.



Raivis Jānis Jaunkalns

BDO ASSURANCE Partner and Member of the Management Board



Irita Cimdare

BDO ASSURANCE Director and Member of the Management Board

BDO ASSURANCE Management Board Report

Approach

At BDO, we do not view audit services as “routine” — we take a relationship-oriented approach with each client who trusts our ability to deliver high-quality audits while providing valuable insights. The BDO network is an outstanding example of how a global organization with a presence in 164 countries can bring together leading industry experts from various fields and regions to provide an exceptional client experience for both international and local businesses, while working closely with our clients.

Quality

Quality is a strategic priority both for our firm and the BDO International network. It lies at the heart of our operations and is our core focus. In the field of audit, quality is the foundation of the trust and transparency that our stakeholders expect. It is also the way we serve the public interest.

2024 Report

The Management Board of BDO ASSURANCE is pleased to present an overview of our organization and operations during financial year 2024. We believe that our transparency report will be both - informative and engaging. We hope that gaining insight into who we are - and what ethics, independence, and quality assurance processes we have implemented to ensure the reliability and quality of our audit services - will help strengthen public trust in us.

In 2024, BDO has further strengthened its presence in the local market, both by expanding our audit client base and increasing our teams` size. We have successfully implemented and operated the International Standard on Quality Management 1 (ISQM 1), receiving the highest rating in quality review in summer of 2024 from BDO International quality reviewers` team, and completed the Latvian Association of Certified Auditors (LZRA) quality control review with no observations or recommendations. Overall, we view 2024 as a year full of challenges and success, confirmed by a 26.2% increase in revenue from provided services.

The Management Board of BDO ASSURANCE has prepared and approved this 2024 TRANSPARENCY REPORT.

This report is electronically signed and timestamped.

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BDO in Latvia

In the Latvian market, we have developed a client-focused approach to our service offerings, tailored to clients' needs and preferences. Respecting each client's specific requirements and values enables us to build long-term relationships.

We offer solutions that help clients focus on what matters most, simplify the complex, reduce and manage risks, and, when needed, outsource business support services.

BDO believes that the future of professional services is defined by:



Directness and Mutual Cooperation



Open Communication



Advancement in Management Accounting and Reporting



Application of Innovative Solutions



Fair Pricing



BDO in Latvia

We think globally but act locally

AS BDO Latvia (hereinafter “BDO Latvia”) is the sole official representative of the BDO international network in Latvia. BDO International is the fifth largest audit and financial services network in the world. All network firms use the BDO trademark in their names.

BDO in Latvia

Thanks to BDO's international network and long-term local experience, we can support the business environment in Latvia by providing:

- ▶ Audit and sustainability services
- ▶ Tax and financial advisory services
- ▶ Business Services & Outsourcing
- ▶ Legal services

400+ clients and 60+ professionals

Data as of December 2024

Over the years, BDO Latvia has become one of the leading providers of professional services in the Latvian market. BDO Latvia serves more than 400 active clients, including major domestic and international companies. BDO Latvia office with more than 60 professionals provides high-quality, industry-specific services that consider both the development of the industry and the latest international trends.

Commitment to Transparency

As a private entity entrusted with the statutory audit of public-interest entities, we recognize our unique professional position. Accordingly, a commitment to openness is embedded in BDO's corporate culture.



BDO in Latvia

Legal and management structure of BDO Latvia

SIA "BDO ASSURANCE" (hereinafter referred to as the "Firm" or "BDO ASSURANCE") is a sworn auditor commercial Firm established in Latvia and registered under No. 182 in the register of sworn auditor commercial companies. The office was located at 15 Kalku Street, Riga; as of January 2025, it is located at 1 Mihaila Tala Street, Riga. The share capital is owned by:

- ▶ 51% for sworn auditors;
- ▶ 49% to the professional services Firm AS "BDO Latvia".

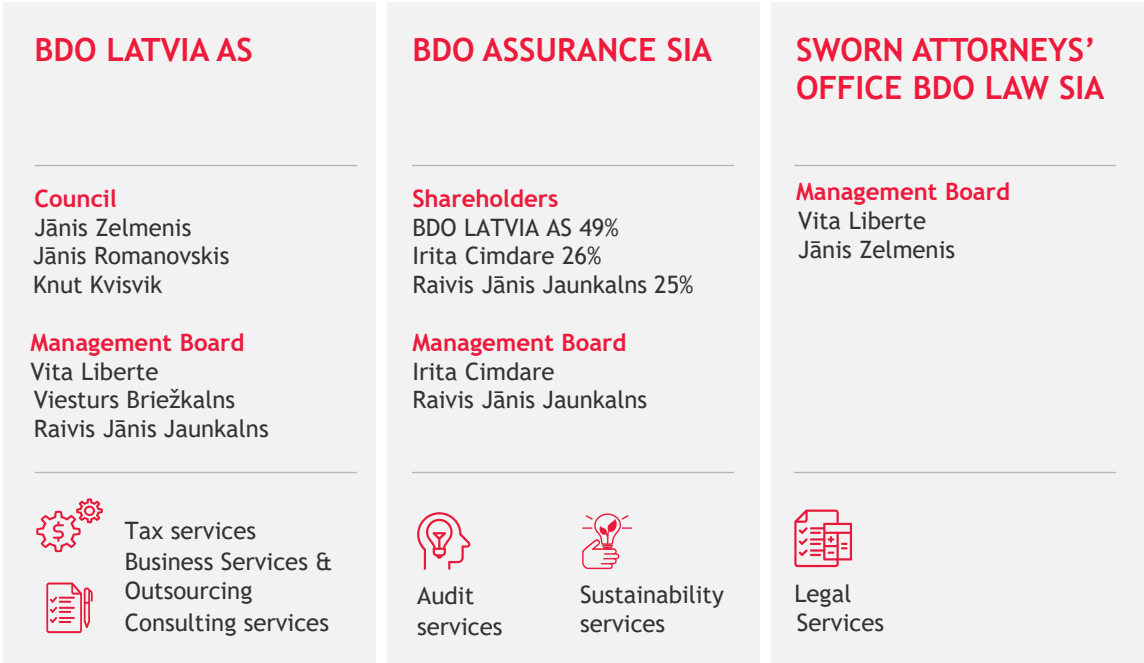


Figure 1. Data on officials at the time of this report



BDO Global Network

BDO since 1963

BDO is a leading global expert organization specializing in financial management for the small and medium-sized enterprise sector. The organization brings together more than 115,000 professionals across 166 countries and 1,776 offices. BDO's audit reports are recognized by all foreign companies and institutions. The network, founded in 1963, has a history of over 50 years. The BDO trademark is an acronym derived from the names of the network's original founding firms: Binder Hamlyn (United Kingdom), Dijkster & Co (Netherlands), and Otte & Co (Germany).

Governance Structure of the BDO Global Network

BDO International Council

BDO has one representative from each voting member on the International Council and represents the members of BDO International Limited at the general meeting. The Council approves the annual budget and changes to the articles and regulations and appoints a Global Council.

BDO Global Board

The Global Board, which is the Board of Directors of BDO International Limited, currently consists of representatives of the network's seven largest member firms, whose appointment is approved by the Board for a three-year term. The Global Council meets at least four times a year and more often, if necessary, oversees the work of the Global Leadership Team and sets the policies and priorities of the network.

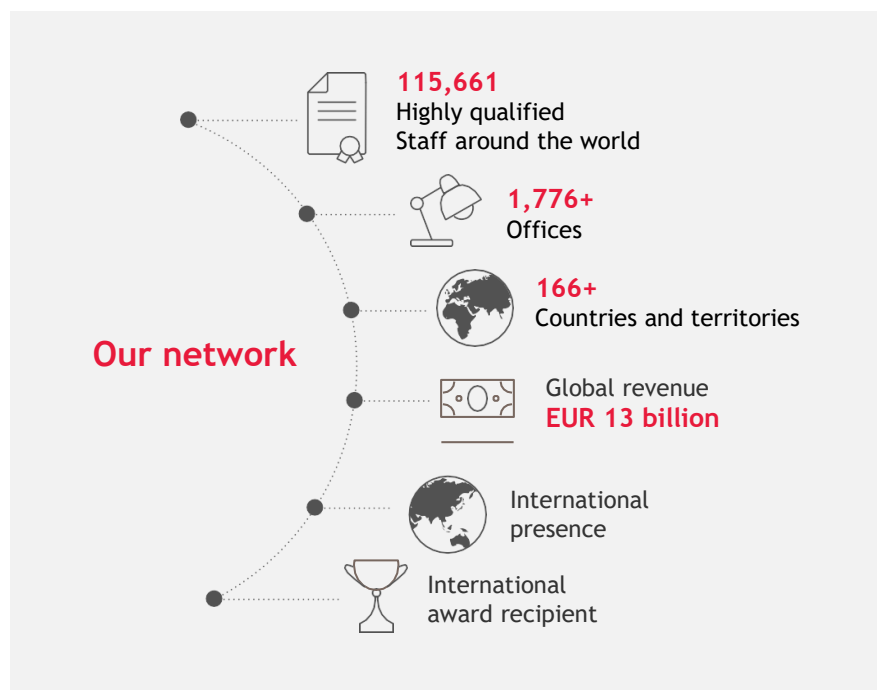
BDO Global Leadership Team

The Global Leadership Team fulfills the decisions of the Global Council within the approved budget. The group includes global leaders in audit and accounting, tax, personnel development, customer service, network development and support services.

Exchange of experience at international level

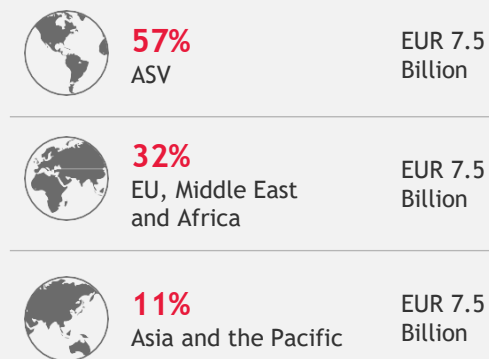
In addition to their extensive knowledge, all our professionals can use the knowledge of the BDO international network, highly recognized experts are only within phone call distance. By sharing knowledge, we complement each other to:

- ▶ help our clients;
- ▶ further improve our professional competence.



Our regions

Key Metrics Breakdown for 2024

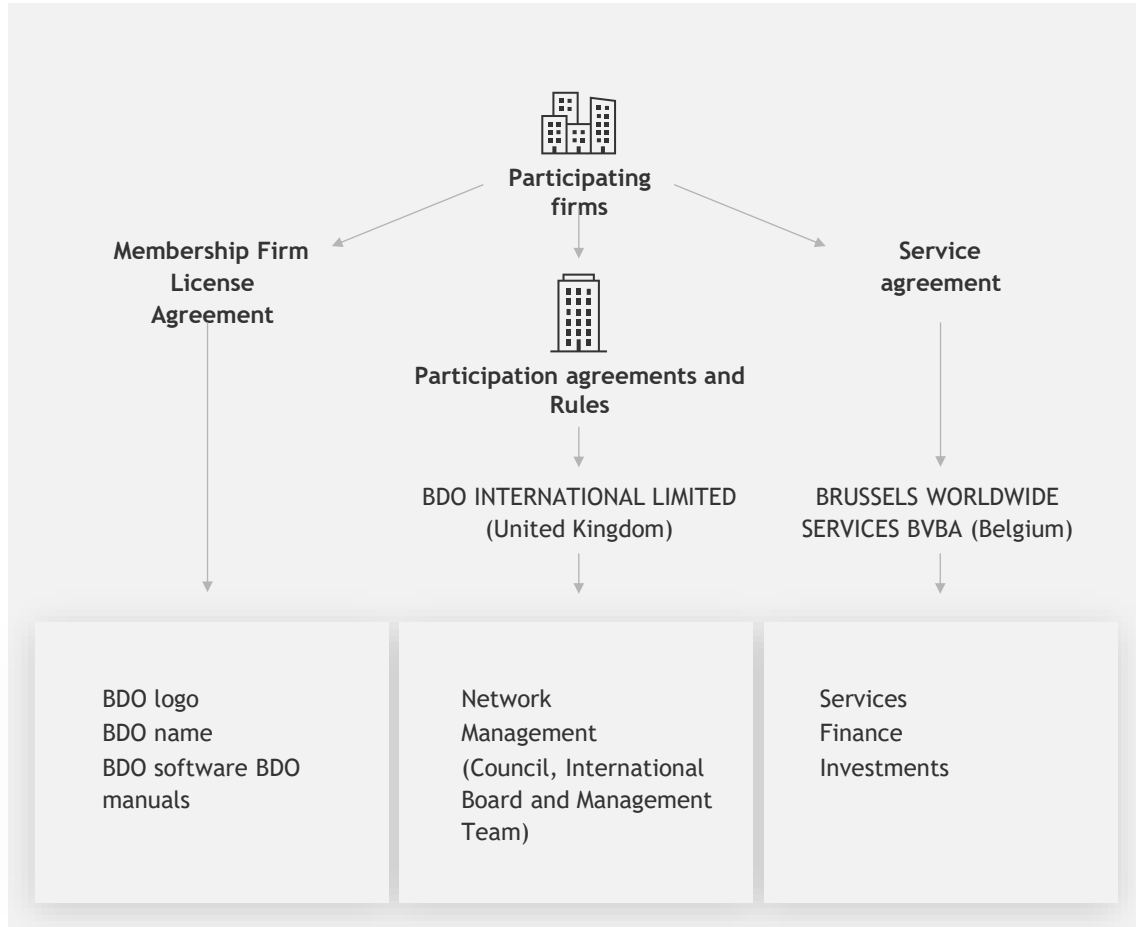


It's all about customer service

Global professional staff-partner ratio



BDO Global Network



- ▶ BDO is a global network of audit, tax, and financial advisory firms that, as members of BDO International Limited, provide services under the BDO name and logo (hereinafter referred to as a “BDO Member Firm”). BDO is the brand name of the global BDO network and all BDO Member Firms.
 - ▶ Each BDO Member Firm is a member of BDO International Limited. A member firm may be a voting member (one per country) or a non-voting member. BDO International Limited serves as the governing structure of the BDO network and defines the membership obligations of BDO member firms.
 - ▶ The Global Board, which is the Board of Directors of BDO International Limited, consists of representatives from the seven largest BDO member firms in the network. Their appointments (each for a three-year term) are approved by the Council. The Global Board sets the strategic priorities of the BDO network and oversees the work of the Global Leadership Team. The Global Board meets at least four times a year.
 - ▶ The Global Leadership Team is responsible for coordinating the activities of the BDO network. It is led by the CEO and includes the Chief Operating Officer, global heads of Risk, Quality, and Governance (who also serve as International Secretary and General Counsel), as well as leaders for Audit & Assurance, Tax, People, Business Development & Marketing, IT, the CEO for EMEA, the CEO for the Americas (currently also acting as Global Head of Advisory), and the CEO for Asia-Pacific.
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- ▶ The Global Leadership Team is supported by the Global Office of Brussels Worldwide Services BV. Brussels Worldwide Services BV, a Belgian limited liability Firm, provides services to help coordinate the BDO network. BDO International Limited and Brussels Worldwide Services BV do not provide any professional services to clients. They are solely owned by the BDO member firms.
 - ▶ Each of BDO International Limited, Brussels Worldwide Services BV, and the BDO member firms is a separate legal entity and is not liable for the acts or omissions of any other such entity. Nothing in the structure or activities of BDO shall be construed to create or imply any agency relationship or partnership between BDO International Limited, Brussels Worldwide Services BV, and/or the BDO member firms.
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BDO Global Network

EU/EEA Member State (as per Article 13(2)(b)(iii) of the EU Audit Regulation: countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration, or principal place of business). Audit firms operating as members of the BDO network - information provided in accordance with Article 13(2)(b)(ii)-(iv) of the EU Audit Regulation.

Territory	Audit firms acting as members of the BDO network
Austria	BDO Salzburg GmbH Wirtschaftsprüfungs - und Steuerberatungsgesellschaft
	BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	BDO Steiermark GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
	BDO Oberösterreich GmbH Wirtschaftsprüfungs - und Steuerberatungsgesellschaft
Austria	BDO ASSURANCE GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
Belgium	BDO Bedrijfsrevisoren BV / Réviseurs d'Entreprises SRL
Bulgaria	BDO Bulgaria OOD
Croatia	BDO Croatia D.O.O.
Albania	BDO Albania Sh.P.K.
Sarajevo	BDO BH d.o.o. Sarajevo
Cyprus	BDO Limited
Czech Republic	BDO ASSURANCE s.r.o
	BDO Group s.r.o.
	BDO Czech Republic s.r.o.
Denmark	BDO Statsautoriseret revisionsaktieselskab
	BDO Holding VI, Statsautoriseret Revisionsaktieselskab
Estonia	Aktsiaselts BDO Eesti
Finland	BDO Oy
	BDO Audiator Oy
France	BDO France
	BDO ASSURANCE DES ACTIVITES SOCIALES
	BDO PARIS ENTREPRISES
	BDO PARIS AUDIT PME
	BDO ATLANTIQUE
	BDO RENNES
	BDO LYON AUDIT
	BDO IDF
	BDO LES HERBIERS
	BDO FONTENAY LE COMTE
	BDO NANTES
	BDO LES ULIS
	BDO Paris Audit & Advisory
	BDO Méditerranée

Territory	Audit firms acting as members of the BDO network
Germany	BDO AG Wirtschaftsprüfungsgesellschaft
	BDO Oldenburg GmbH & Co KG Wirtschaftsprüfungsgesellschaft
	BDO DPI AG Wirtschaftsprüfungsgesellschaft
	BDO Dr. Daiber Audit GmbH
Gibraltar	BDO Limited
Greece	BDO CERTIFIED PUBLIC ACCOUNTANTS S.A.
	BDO Services SA
Hungary	BDO Hungary Audit Ltd
Iceland	BDO ehf.
Ireland	BDO
Italy	BDO Italia S.p.A.
Latvia	BDO ASSURANCE
Liechtenstein	BDO (Liechtenstein) AG
Lithuania	BDO ASSURANCEas ir Apskaita, UAB
Luxembourg	BDO ASSURANCE
Malta	BDO Malta CPAs
Netherlands	BDO ASSURANCE & ASSURANCE B.V.
Norway	BDO AS
Poland	BDO Spółka z ograniczoną odpowiedzialnością Sp. K.
Poland	BDO Legal Latała i Wspólnicy Sp.K.
Portugal	BDO & Associados, SROC, Lda
Romania	BDO ASSURANCE SRL
	BDO ASSURANCEors & Accountants SRL
	BDO ASSURANCEors and Business Advisors SRL
Slovakia	BDO ASSURANCE, spol. s r.o.
Slovenia	BDO Revizija d.o.o.
Spain	BDO ASSURANCEores, S.L.P.
	BDO Audiberia Abogados y Asesores Tributarios, S.L.P.
Sweden	BDO AB
	BDO Göteborg AB
	BDO Göteborg Intressenter AB
	BDO Göteborg KB
	BDO Mälardalen AB
	BDO Mälardalen Intressenter AB
	BDO Norr AB
	BDO Norr Intressenter AB
	BDO Stockholm AB
	BDO Sweden AB
	BDO Syd AB
	BDO Syd Intressenter AB
	BDO Syd KB

BDO ASSURANCE

General Information



In accordance with Article 13 of Regulation (EU) No 537/2014 of the European Parliament and of the Council and Article 33.1 of the Law on Audit Services, BDO ASSURANCE is obligated to publish an annual transparency report. This report demonstrates how we ensure the independence and quality of the audit process.



As a sworn auditor commercial Firm, BDO ASSURANCE provides services in accordance with the requirements set out in the Law on Audit Services and ensures compliance with the Professional Code of Ethics.



BDO ASSURANCE provides audit services under License No. 182, issued on February 21, 2018, by the Latvian Association of Sworn Auditors.



The Management Board of BDO ASSURANCE believes that the risk management and quality assurance environment described in the following sections of this report complies with all applicable regulatory requirements and ensures that BDO ASSURANCE's professional services meet all professional quality standards.



During the reporting period, personnel provided their annual confirmation of compliance with the requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) and the independence requirements set out in the Law on Audit Services.



BDO ASSURANCE confirms that the information disclosed in this report is, in all material respects, accurate as of the date of signing (April 30, 2025).



BDO ASSURANCE

Client Service Philosophy



BDO's goal is to provide outstanding service delivery.

- ▶ We are committed to building strong and lasting relationships.
- ▶ We listen.
- ▶ We respond.
- ▶ We are proactive.
- ▶ We tailor solutions to meet our clients' business needs.



As professionals, we seek and create opportunities for success

- ▶ We recognize and appreciate the strengths of every individual.
- ▶ We evaluate people based on their performance and offer flexibility in how working time is used.
- ▶ We keep the promises we make to our colleagues and clients.
- ▶ We treat one another as equals and value mutual trust.
- ▶ We support and encourage independent thinking and self-development.
- ▶ We prioritize a proactive approach to problem-solving.
- ▶ We strive to set an example for others.



BDO stands out through the development of close, personal relationships with clients.

Our goal is to understand both people and business, and to build long-term relationships based on mutual respect and trust. We care about our clients' success and are committed to delivering value. Our professional skills and expertise ensure effective and seamless collaboration.



BDO ASSURANCE

Client Service Philosophy

Value outside Traditional Audit

By applying BDO's most advanced international audit methodology, we do more than provide independent financial statement audits. We deliver fresh insights that help improve clients' internal controls and business systems, supporting growth.

What sets us apart? - Our approach creates added value for companies across various industries. Our audit professionals bring specialized skills and expertise that deliver comprehensive benefits to the business.

Customer-oriented

We understand that dealing with risk does not have to be a bureaucratic process. Our team of competent and experienced professionals responds appropriately to the client's circumstances and considers their professional risk, ensuring a flawless audit experience.

We provide valuable advice on improving financial reporting and overall business. We work closely with clients to achieve common goals and values that prioritize honesty, cooperation, responsibility and courage.

Our audit team is proud of one of the youngest and most dynamic teams in Latvia. Our team, which has an average age of 28, brings new perspectives and innovative ideas to each audit project using a deep set of knowledge and training.

Commitment to the Development of the Profession

The general public's understanding of the role of statutory auditors, as well as the nature and quality of their services, must be constantly improved. BDO believes that greater transparency increases public trust in statutory auditors and helps to improve the reliability of the services provided and the reputation of the profession. We publish detailed transparency reports to help raise awareness of the profession, improve the reputation of statutory auditors and meet all relevant legal requirements.



BDO ASSURANCE

The implementation and maintenance of the risk management and internal quality control system is the responsibility of the Firm's Management Board and the Audit Quality and Risk Management Partner. Information on policies and procedures, as well as feedback on outcomes, is communicated to staff in writing and/or through training. BDO ASSURANCE has implemented the requirements of International Standard on Quality Management 1 (ISQM 1), which came into effect on 15 December 2022, and compliance began from the date the standard took effect.

Our risk management and quality control system fully complies with the requirements set by the International Federation of Accountants (IFAC). The risk management and quality control system is an integral part of our daily operations.

As a member of the BDO network, we are required to adhere to the network's unified risk management and quality control standards, which are further complemented by local legal and regulatory requirements. The methodology is updated as needed to ensure it remains aligned with the demands of a changing environment.

We ensure service quality through the following measures:

- ▶ BDO's global audit software APT (Audit Process Tool) and the BDO Audit Manuals, along with policies and procedures developed by BDO ASSURANCE, and the BDO Latvia Risk Management Manual, among others;
- ▶ Regular quality assurance reviews by the global network, conducted by professionals from other member firms at least once every three years;
- ▶ The annual accreditation process for member firms, covering the following areas: audit and accounting services, tax services, advisory services, markets and clients, talent acquisition and development, risk management, and governance.

BDO ASSURANCE's risk management and internal quality control system consists of the following elements:

- ▶ Fundamental ethical requirements;
- ▶ Policies and conditions for client acceptance and continuance;
- ▶ Policies to ensure appropriately qualified engagement teams;
- ▶ Quality assurance responsibilities;
- ▶ Policies for proper engagement performance;
- ▶ Monitoring of client relationships and engagements.

The implemented policies and procedures require that all partners and employees:

- ▶ Take appropriate actions to ensure full compliance with relevant quality, ethical, and independence requirements, or refuse/withdraw from a client relationship or engagement if necessary;
- ▶ Immediately report any breaches of quality, ethical, or independence requirements to the risk management partner;
- ▶ Involve a competent person (a board member or another partner) to assess the scope of any potential breach;
- ▶ Provide an annual confirmation of compliance with the requirements of the international code of ethics for professional accountants (including the international independence standards) and the independence requirements set out in the law on audit services.

Partners responsible for risk and quality management at BDO ASSURANCE



Raivis Jānis Jaunkalns
BDO ASSURANCE
Member of the
Management Board,
Head of Audit



Irita Cimdare
BDO ASSURANCE
Member of the
Management Board



Torben Pedersen
BDO ASSURANCE
Head of Audit and Assurance
Quality Management, Risk
Management Partner

BDO ASSURANCE



Governance

- ▶ The Management Board of BDO ASSURANCE defines the operational strategy and ensures its implementation. The Firm's day-to-day operations and service delivery processes are overseen by the Head of Audit, appointed by the leading partners of AS BDO Latvia.
- ▶ The Head of Audit is supported by a management team consisting of senior-level leaders (sworn auditors and project managers) responsible for the Firm's key functional areas, including audit quality, training, risk management, client relations, and finance. Responsibilities are delegated to this management team.
- ▶ The Head of Audit works alongside the Head of Audit and Assurance Quality Management ("HAAQM"), who is responsible for the quality management system and is actively involved in the governance of the audit firm—participating in management meetings, department meetings, client onboarding, and other operational matters as needed.
- ▶ Following the implementation of ISQM 1 (International Standard on Quality Management 1), a new role of Head of Monitoring and Remediation ("HMR") has been introduced across the BDO International network, including BDO ASSURANCE. HMR is responsible for the implementation and monitoring of ISQM 1. The Council of AS BDO Latvia oversees key performance indicators on a quarterly basis, with the Head of Audit reporting directly to the Council during Council meetings.
- ▶ Daily, the management team led by the Head of Audit is responsible for delivering audit services. Each project manager is assigned a specific client portfolio based on their experience, tenure, availability, and focus industry.
- ▶ Audit project teams are led by a project manager, who is responsible for the execution of specific audit engagements. The project manager reports the project status to the sworn auditors and, where appointed, to engagement quality reviewers in accordance with BDO ASSURANCE's internal policies.
- ▶ In addition to our governance structure, we have implemented a range of policies and procedures designed to promote ethical behavior, maintain our independence, and ensure the quality of our audit services.



Internal Quality Management System

- ▶ We take our quality management responsibilities seriously and have implemented a comprehensive internal quality management system to ensure that our audit services consistently meet the highest standards expected by our clients and regulatory authorities. The system is designed to identify and manage risks that could impact the quality of our audit services and to continuously enhance the effectiveness of our quality management procedures.
- ▶ We regularly conduct internal reviews and assessments of our control system, which include evaluations of our audit methodology, policies and procedures, as well as the training and development of our personnel. These assessments have consistently shown that our internal quality control systems function effectively and that we are achieving our quality control objectives.
- ▶ We are committed to maintaining the effectiveness of our system and will continue to invest in the resources and processes necessary to achieve this goal.

BDO ASSURANCE

ISQM 1

As part of implementing ISQM 1, BDO ASSURANCE has defined eight components:

1. Risk Assessment Process
2. Governance and Leadership
3. Relevant Ethical Requirements
4. Acceptance and Continuance of Client Relationships and Engagements
5. Engagement Performance
6. Resources
7. Information and Communication
8. Monitoring and Remediation Process

The following pages provide a detailed overview of each stage of the process.

ISQM 1 requires, at a minimum, an annual evaluation of the quality management system. This process includes monitoring internal controls and procedures, conducting annual engagement reviews, and aligning the firm's self-assessment with the BDO network's quality management team.

Locally, BDO ASSURANCE has established a working group led by experienced professionals—sworn auditors and project managers. The key responsible individuals operate in accordance with the BDO network's quality management team's plan and regularly participate in the network's quality management meetings.

Personnel Responsible for ISQM 1



Raivis Jānis Jaunkalns

Head of Audit,
Ultimate responsibility for the quality management system,
Operational responsibility for compliance with independence and ethical requirements;



Torben Pedersen

HAAQM,
Operational Responsibility for the Quality Management System



Katrīna Kora Jaunkalne

HMR,
Operational Responsibility for the Monitoring and Remediation Process

BDO ASSURANCE

1. RISK ASSESSMENT PROCESS

- ▶ To drive consistency while providing BDO Member Firms with an approach that is scalable and adaptable based on the fact and circumstances of each Member Firm, BDO Global developed a set of quality objectives, of quality risks to the achievement of the quality objectives and of responses to address the quality risks that each Member Firm was required to establish.
- ▶ In addition, BDO Audit considered the nature and circumstances of the Firm, of its engagements, of its systems, processes, policies and procedures in order to establish additional quality objectives, quality risks and responses.

2. GOVERNANCE AND LEADERSHIP

- ▶ A SoQM is dependent upon a sound organizational structure that clearly defines the responsibilities of the various levels of management.
- ▶ The following key responsibilities have been assigned for the Firm's SoQM:
 - Ultimate responsibility for the quality management system, and operational responsibility for compliance with independence and ethical requirements - Raivis Jānis Jaunkalns
 - Operational responsibility for the quality management system - Torben Pedersen
 - Operational responsibility for the monitoring and remediation process - Katrīna Kora Jaunkalne
 - Operational responsibility for ethics and independence - Raivis Jānis Jaunkalns

3. RELEVANT ETHICAL REQUIREMENTS

- ▶ BDO Audit and its personnel understand, comply with and fulfil their responsibilities for relevant ethical requirements including, as a minimum, those set out in the Code of Ethics issued by the International Ethics Standards Board for Accountants (hereafter: 'IESBA') in its version published in the Handbook of the International Code of Ethics for Professional Accountants - 2023 Edition (hereafter: 'IESBA Code') by the International Federation of Accountants (hereafter: 'IFAC').
- ▶ The Ethics and Independence Leader ("EIL") of BDO in Latvia is primary responsible for:
 - maintenance of the ethics and independence policies
 - identifying required policy changes as they relate to ethics and independence
 - providing guidance and consultation on ethics and independence related matters to partners and professionals (for example conflict of interest)
 - maintenance of a client listing of all public interest entities (for independence purposes)
 - monitoring compliance with policy and procedures on all ethics and independence matters for BDO in Latvia
 - reporting assurance services related instances of non-compliance with policies and procedures of BDO in Latvia to the BDO International Ethics and Independence leadership team
 - coordinating ethics and independence related trainings with the partner in charge of training and/or the Human Resources function

Annual declarations are made by all partners and professionals to confirm their compliance with relevant ethical requirements.

BDO ASSURANCE

4. ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND ENGAGEMENTS

- ▶ Robust client and engagement acceptance procedures play a pivotal role in the Firm's ability to deliver a professional and qualitative service.
- ▶ Prior to the acceptance of any new client and consideration of continuance with that client, certain procedures to assess the risks associated with that client must be carried out
- ▶ These will include:
 - consideration of the client's business including its geographical spread and the industry it operates in
 - evaluation of information concerning the client, its management and its owners including obtaining evidence of the identity of the beneficial owners and officers of the business
 - compliance with anti-money laundering regulations
 - consideration of information regarding the character and reputation of the prospective client and key personnel
 - assessment of potential independence risks and potential conflicts of interest
 - if relevant, inquiry of the previous auditor regarding the reasons for the change in auditor
 - and if there is any reason why the appointment should not be accepted
 - assessment of our ability to serve the prospective client
 - reviewing filings of the Firm, including prior year financial statements
 - adverse media/ publicity review
- ▶ The acceptance and continuance of all clients requires an approval process that is appropriate to the perceived risk. Acceptance and continuance of client relationships and every engagement is confirmed by the audit partners. "High risk" clients require an additional validation by the HAAQM.
- ▶ In addition, consultation with BDO Global is required for the acceptance and continuance of specific assurance client relationships and specific assurance engagements.

5. ENGAGEMENT PERFORMANCE

- ▶ An engagement quality review is performed for audits of public-interest entities, listed entities and other high-risk engagements. The engagement quality reviewer (hereafter: 'EQR') will be familiar with the auditing and reporting practices used during the engagement, and is knowledgeable and familiar with the client's industry, but is not part of the audit engagement team. The EQR will be an experienced audit partner and not likely to be unduly influenced by the views of a particular engagement partner

Common methodology

- ▶ Our policies and procedures are designed to ensure that audits meet all applicable professional standards, regulatory requirements and that the Firm issues reports that are appropriate in the circumstances. To achieve this and to promote consistency in the approach to auditing and related fundamental application of professional skepticism throughout the BDO network, BDO Global has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation. This methodology is fully compliant with International Auditing Standards,
- ▶ APT Next Gen, BDO Global's in-house state of the art audit software, remains the single largest global project of its kind and it evolves with regular new releases and improvements
- ▶ By designing APT Next Gen to take advantage of recent technological advances, we will be able to:
 - safeguard the structural integrity of the tool for the future
 - provide us with a fully-integrated tool that reflects the latest interpretations of the auditing standards
 - enable teams to work efficiently on both large and small engagement

Supervision and review

- ▶ We require all professional work to be supervised by professionals who have appropriate knowledge and experience. It is the responsibility of the relevant partner to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority. The relevant partner must also ensure that professional work is carried out with appropriate professional skepticism and that it meets the Firm's standards in all respects. Our review procedures are designed to ensure effective control of the audit as it progresses.
- ▶ These policies are designed to ensure that:
 - the work is performed in accordance with applicable standards and regulations
 - significant matters have been raised for further consideration and appropriately addressed
 - appropriate consultations have taken place
 - the planned work has, where necessary, been reviewed and that the objective of all planned work has been achieved
 - the work performed and evidence obtained support the conclusions reached
 - the documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the procedures undertaken, the results of those procedures and the evidence obtained

BDO ASSURANCE

6. RESOURCES

Human Resources

- ▶ Human resources are a critical factor in our ability to provide professional services. To ensure that the Firm has sufficient personnel with the capabilities, competence, and ethical standards necessary to provide quality audits in accordance with professional and legal requirements we have established clear policies and procedures addressing the following areas:
 - Recruitment
 - Policies and procedures for recruitment are designed to provide reasonable assurance that those employed possess the appropriate characteristics to enable them to deliver a high-quality service and perform their duties with professional competence
 - We seek smart people with maturity, integrity, motivation, aptitude and leadership qualities appropriate to the role for which they are being hired
 - Performance evaluation
 - All our professionals are subject to formal performance appraisal, review and counselling on a regular basis, in order to evaluate the level of competence, monitor development and to help them reach their full potential. Performance appraisals includes a review of each individual's contribution to the quality of service(s) provided by our firm.
 - Capabilities and competence
 - Policies and procedures for assigning personnel to engagements are designed to provide a reasonable assurance that only those persons having adequate technical training, proficiency and competence will perform the work.
 - Career development, promotion and compensation
 - Staff grades at BDO are those of an assistant, senior, assistant manager, manager, senior manager and director. Employees are promoted only when they are deemed to have acquired the necessary knowledge, skills and experience to be prepared for the increased responsibilities. The decision for promotion is based on the result of the annual appraisal process.
 - Forecasting of personnel requirements
 - We recognize that ultimately it is the quality and commitment of the professionals and partners that really makes a difference and enables us to deliver a quality audit. Given this, our ability to attract the right number of high-quality people is of utmost importance.

Technological resources

- ▶ BDO ASSURANCE maintains oversight of all organizational decisions, technological resources, processes, and cooperation partners, with special focus on confidentiality, integrity, availability, cybersecurity, and data protection.
- ▶ Within the BDO network, information security management is carried out in accordance with the ISO/IEC 27001:2013 standard.
- ▶ Certificate No. ISC 410, issued to Brussels Worldwide Services B.V., confirms compliance with the requirements for an information security management system in the development, maintenance, and management of IT services and solutions.

Intellectual resources

- ▶ To operate its SoQM and promote consistency in the performance of engagements, BDO Audit and the BDO network have developed several written policies and procedures, methodologies, industry/subject matter specific guidance and tools.
- ▶ Such intellectual resources, available to all Firm employees on myBDO, include the following topics:
 - methodology and quality matters: BDO Audit Manual / BDO Audit SoQM Manual
 - trainings / guidance / templates for assurance engagement letters, representation letters and reports, etc
 - ethics and Independence: BDO Ethics & Independence Manual, the IESBA Code of Ethics
 - applicable professional standards and additional guidance
 - Risk Management: BDO Risk Management Manual, BDO Third Party Risk Management (TPRM) & Outsourcing Policy, Client and Engagement Acceptance and Continuance, Anti Money Laundering Policy
 - industry specific documentation (eg: banks, commercial companies, investment funds, etc.)

BDO ASSURANCE

7. INFORMATION AND COMMUNICATION

- ▶ The information and communication component is a new ISQM 1 component to obtain, generate, use or communicate information to support the design, the implementation and the operation of the SoQM.
- ▶ The objectives are to ensure an efficient two-way communication between the Firm and
 - Its employees
 - The BDO Member Firms
 - External parties (clients, service providers, etc.)
- ▶ An effective two-way communication is essential to the operation of a SoQM. BDO Global and BDO Audit have set requirements to effectively communicate internally and externally on the SoQM.

8. MONITORING AND REMEDIATION PROCESS

- ▶ The monitoring and remediation process is the key element for BDO Audit to monitor its SoQM. The objectives of monitoring and remediation process are:
 - to provide the Firm with reliable and timely information about the design, the implementation and the operation of its SoQM
 - to timely identify deficiencies
 - take appropriate corrective actions if a deficiency is identified
- ▶ Information gathered through the monitoring and remediation process is evaluated to conclude on the effectiveness of the Firm's SoQM.
- ▶ BDO Audit monitoring activities include:
 - internal inspections
 - external inspections (local regulators and BDO International)
 - test of responses designed, implemented and operated to address the identified quality risks
 - audit quality indicators
 - other monitoring activities such as:
 - quality criticism made by external regulators relevant to the SoQM
 - complaints and allegations reported to the Firm

EFFECTIVENESS OF THE SoQM FOR THE PERIOD

- ▶ The Board of Directors of BDO Audit is required to evaluate the SoQM on an annual basis and to conclude on its effectiveness. The evaluation is based on whether the SoQM of BDO Audit provides reasonable assurance that:
 - the Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements
 - engagement reports issued by the Firm or engagement partners are appropriate in the circumstances
- ▶ The evaluation of the effectiveness of the SoQM utilizes information gathered from monitoring activities conducted over a period.
- ▶ Professional judgement is used in evaluating the results of the monitoring activities, including in determining whether issues and findings, individually or in combination with other issues and findings, give rise to a deficiency of the SoQM that needs to be remediated.
- ▶ Based on the latest evaluation, BDO ASSURANCE SIA self-evaluation resulted in rating "A"*, which is the highest rating for SoQM evaluation based on BDO International methodology. The conclusion was reviewed by BDO International Audit Quality Management team, thus a concurrence on our conclusion was obtained.

**The system of quality management provides the firm with reasonable assurance that the objectives of the system of quality management are being achieved*

BDO ASSURANCE

Audit Service Process



BDO ASSURANCE has established strict guidelines and policies for the acceptance of new and potential clients, as well as for engagement risk assessment. The goal is to provide the audit firm with reasonable assurance that it will accept or continue relationships and audit engagements only when the auditors:

- ▶ Are competent to perform the task and have the necessary resources (including time and capabilities) to do so;
- ▶ Comply with the relevant ethical and independence requirements;
- ▶ The client's reputation and activities align with professional standards.

In BDO ASSURANCE client contracts (including contracts for audit services), the fee is agreed upon as a fixed amount. The fee for audit services depends on the estimated time required to complete the assignment and the hourly rates, which are based on the qualifications of the staff assigned to the task. The necessary time depends on the specifics of the engagement, the client's area of operation, and the qualifications of the engagement team.



BDO ASSURANCE

BDO Audit Services Process (based on professional standards)

	Identification of Client Needs	Customer acceptance	Acceptance of the Engagement	Preparation of the Proposal	Contract Signing	Project execution	Presentation of results	Post-Engagement Reporting
Client Activities	Communication with BDO, Defining the Task	Providing Information to BDO and Assessing Suitability; Acceptance of the Proposal, Signing of the Engagement and Documents					Management Representations and Feedback on BDO's Involvement	Feedback to BDO on Service and Opportunities for Continuing the Relationship
Common objectives	Understanding of Needs and Solution Development	Avoidance of Conflicts of Interest, etc.	Ensuring Independence and Quality	Agreement on the Type of Cooperation, Team, Schedule, and Payment	Signing of a Contract in Compliance with Legal Requirements	Obtaining Assurance on the Provision of an Independent Auditor's Report	Provision of an Appropriate Independent Auditor's Report	Analysis of Solution Compliance and Determination of Necessary Further Actions
BDO activities	Client Needs Analysis, Proposal of Solutions, Standard Selection	Client Relationship Analysis, Conflict of Interest Resolution, Responding to Legal Requirements	Engagement Analysis, Determining Resource Availability and Measures for Ensuring Independence and Quality	Submission of BDO Proposal and Client Contract Draft, Mutual Signing of the Agreement after Client's Approval			Preparation of the BDO Auditor's Report in accordance with the standards governing the engagement	Feedback to the Client on Service and Opportunities for Continuing the Relationship; Quality Check and Archiving of Engagement Files

BDO ASSURANCE

Development and Professionalism of the Audit Team



BDO's Greatest Value - Employees

We value the skills, dedication, and enthusiasm of our employees, as they are the driving force not only for the staff but also for the Firm. Therefore, BDO invests in a supportive work environment that fosters achievement, competitive compensation, and a wide range of training opportunities. In addition to professional accomplishments and development, we highly value good relationships among colleagues and organize events that allow employees to spend time together outside the office.

BDO's reputation and success depend on the professionalism and integrity of each partner and employee. Therefore, we have implemented measures designed to provide assurance regarding the staff's compliance, competence, and honesty, which are essential to:

- ▶ Perform tasks in accordance with the relevant professional standards and legal and regulatory requirements;
- ▶ Issue appropriate reports.

BDO ASSURANCE hires both the best experienced finance professionals and young individuals who wish to gain experience in the financial field and become certified auditors, business consultants, or financial directors. To be hired, a candidate must pass an interview, professional and language tests, problem-solving tasks, and written presentations.

The firm's professional development strategy aims to help employees maintain and improve their professional skills and increase their market value. Employees are encouraged to ensure that their professional development and qualifications align with their role, responsibilities, and professional requirements. In addition to practical development, BDO offers continuing education programs in pre-mapped professional and related fields, which employees can supplement with external training courses.

All new audit staff are provided with an induction program outlining BDO ASSURANCE's approach to delivering audit services and procedures, as well as the organizational structure of work. All audit staff, including managers and partners, regularly attend training sessions with the goal of acquiring new skills and technical innovations.



BDO ASSURANCE

Development and Professionalism of the Audit Team

Human Resources and Development

Human resources are a key factor in our ability to provide professional services. To ensure that BDO ASSURANCE employs staff with the necessary knowledge, skills, and competence required to deliver high-quality audit services in compliance with regulatory and professional standards, we have developed internal policies and procedures on the following topics:

- ▶ Clear and consistent practice policies and procedures;
- ▶ Clear job descriptions: tasks, responsibilities, expected outcomes;
- ▶ Recruitment procedure;
- ▶ Grades and levels: explanation of theoretical career opportunities (with the possibility to specialize or develop upwards);
- ▶ Workforce planning, managing the takeover of responsibilities; continuous performance evaluation and engagement in surveys; development plan and training policy.

Employee Training

Our training and development strategy ensures the Firm's competitiveness and employee motivation. It also includes the development of technical skills to meet the growing market demands. We provide employees with career development opportunities.

Integrity, honesty, and internal values of the staff play a decisive role. Although the technical skills and experience of employees vary, they are united by these three qualities:

1. Technical competence in the chosen area of activity;
2. Pride in oneself, BDO ASSURANCE, and the profession;
3. Strong leadership and staff engagement skills in the execution of important tasks.

BDO ASSURANCE has set the goal of a minimum annual training threshold for each employee - 40 hours. Training is provided both locally and through the training available within the BDO network.



BDO ASSURANCE

Auditor Independence and Compensation



Rotation

The mandatory auditor rotation for public-interest entities requires companies to change auditors after the time period specified in Regulation No. 537/2014. The regulation stipulates that the maximum duration of an audit engagement for a specific audited entity cannot exceed 10 consecutive years. Our internal policies specify that the responsible certified auditor for public-interest entities cannot audit for more than 7 years, followed by a 5-year break period. The rotation of certified auditors is overseen by the Quality Manager and the Risk Partner.



Compensation

The evaluation and compensation of partners fully comply with the compensation principles for professional accountants and the requirements of the Ethics Code. The overall compensation is influenced by factors such as: quality, workload, client base, profit, achievement of goals, and other assessed performance factors. BDO has salary partners and equity partners. Salary partners are employed by BDO and are compensated with salaries and bonuses based on performance. Equity partners are members of BDO's internal partnership and are entitled to a share of the profits. Profit is distributed to capital partners annually, and the compensation of salary partners is determined annually. The compensation model is approved by the leading partners of BDO Latvia. The model is performance-based, and individual efforts and contributions are evaluated. Quality is the primary parameter of the evaluation process, and each individual receives a specific assessment. Compensation models also include each partner's contribution to employee development, client portfolio, and overall business growth. The final compensation for equity partners consists of both compensation for work and a share of the profit.



BDO ASSURANCE

Independence and compliance with ethical requirements



Independence and adherence to ethical requirements are fundamental values of the Firm.

BDO ASSURANCE's independence policies and procedures are designed to ensure the independence of our employees in accordance with the requirements of the International Ethics Standards Board for Accountants (IESBA) Professional Code of Ethics for Accountants.

Compliance with internal policies and procedures is ensured through a range of monitoring and oversight activities, including:

- ▶ Bi-annually - completion of independence declarations by partners and employees;
- ▶ Documentation of independence declarations for partners and employees within each audit procedure;
- ▶ Other oversight activities concerning specific audit aspects.

All of the aforementioned monitoring and oversight activities have been carried out from the commencement of BDO ASSURANCE's operations until the preparation of this report.



Compliance with Ethical Requirements

BDO ASSURANCE's internal regulations, as well as employment contracts, contain ethical conduct rules and principles. These are supported by developed templates and training programs to ensure compliance with the internationally recognized International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (including the International Independence Standards) and the independence requirements outlined in the Audit Services Law. All partners and employees annually, and separately for each project execution, confirm their independence and adherence to the requirements of the International Code of Ethics for Professional Accountants (including the International Independence Standards) and the independence requirements specified in the Audit Services Law.



BDO ASSURANCE

Client Approval and Continuation of Cooperation Criteria

Client Approval

Before accepting a new client or commencing the provision of audit services, our team fills out questionnaires aimed at identifying potential conflicts of interest and threats to independence. The procedures also include a specially designed web tool for assessing the risks of conflicts of interest and threats to independence within the global BDO network.

Continuation of Cooperation Criteria

For BDO ASSURANCE to provide professional and high-quality services, it is crucial to adhere to both client and engagement approval procedures. Before accepting any new client or continuing cooperation with an existing client, appropriate procedures must be carried out to assess the risks associated with the client.

These include, for example::

- ▶ Evaluation of the client's business activities, considering geographic location and area of operation;
- ▶ Evaluation of information about the client, its management, and owners, including obtaining information about the identity of the owners and employees;
- ▶ Evaluation of information about the potential client's nature, reputation, and key employees;
- ▶ Assessment of potential independence risks and conflicts of interest;
- ▶ For new clients, obtaining information from previous auditors regarding the reasons for changing the audit service provider and any information about grounds for refusing potential cooperation;
- ▶ Evaluation of our ability to provide services to the potential client;
- ▶ Review of publicly available information about the Firm, including financial statements from previous periods

The assessment of risks associated with existing/potential clients allows us to determine whether we can accept the client or engagement. If we identify that the client is "high risk," additional procedures are conducted for a more in-depth examination of the client before a decision is made regarding the acceptance of the client.



BDO ASSURANCE

External Evaluations of the Risk Management and Internal Quality Control Systems



LASA regulatory review

The last regulatory review (inspection) of the audit service quality control requirements took place on November 10, 2024. BDO concluded the inspection with a positive result, with no recommendations or observations from the LASA quality control officers.



Ministry of Finance regulatory review

The last regulatory review (inspection) of the audit service quality control requirements set forth in Regulation No. 537/2014 took place on December 13, 2022. The result was Category 1 - Operating well: no deficiencies were found, or only minor deficiencies were identified that do not affect the internal quality control system of the audited certified auditor firm or sworn auditor.



BDO Global Network quality review

The last regulatory review (inspection) of the audit service quality control requirements, including BDO network requirements conducted by the BDO global network, took place in June 2024. BDO concluded the inspection with the highest rating from the quality control officers of the BDO Global Network. The following was evaluated during the inspection:

- Execution of audit engagements
- Management of the Firm
- Implementation, Operational Effectiveness, and Monitoring of the ISQM 1



BDO ASSURANCE

Key Financial Achievements of 2024

BDO ASSURANCE reports steady revenue growth in recent years. In 2024, revenue reached €1.85 million, which is a 26.2% increase compared to the previous year. This growth can be attributed to the hard work and dedication of our team, as well as our commitment to providing exceptional services to our clients. We are honored that our clients continue to trust us, and we will continue to work tirelessly to justify that trust. Our financial performance reflects our unwavering commitment to excellence in everything we do.

	2024
Revenue from the mandatory audit of annual reports and consolidated financial statements of public-interest entities and entities within a corporate group whose parent Firm is a public-interest entity.	141 980
Revenue from the mandatory audit of annual reports and consolidated financial statements of other entities.	1 413 325
Revenue generated from providing non-audit services to entities audited by the statutory auditor or audit firm.	30 720
Provision of non-audit services to other legal entities	268 615
Total revenue (EUR)	1 854 640



170+
Customers during the reporting period ended 31/12/2024



1.85€ million
Revenue for the reporting period ended 31/12/2024



BDO ASSURANCE

Mandatory audits performed in public-interest entities in 2024

According to Section 1 of the Audit Services Law, a public-interest entity is:

- ▶ Financial institutions and commercial companies whose transferable securities are listed on a regulated market in a Member State.

Public-interest entities for which BDO ASSURANCE conducted mandatory audits during the period from January 1, 2024, to December 31, 2024:

- ▶ Signet Bank AS
- ▶ Signet Asset Management IPAS
- ▶ Signet Pensiju Pārvalde IPAS
- ▶ Magnetiq Bank AS



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The activities and processes described in this report, applied by SIA "BDO ASSURANCE" with respect to mandatory audits of public-interest entities, comply with the requirements of the Audit Services Law of the Republic of Latvia and European Union Regulation No. 537/2014. All information included in the report pertains to SIA "BDO ASSURANCE" as of December 31, 2024, unless otherwise stated in the report.

The transparency report was published on April 30, 2025. BDO LATVIA, a limited liability Firm registered in Latvia, is a member firm of BDO International Limited. BDO International Limited is a limited liability Firm incorporated in the United Kingdom.

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