



LJMC

LATVIJAS JŪRAS MEDICĪNAS CENTRS

**JOINT STOCK COMPANY
LATVIJAS JŪRAS MEDICĪNAS CENTRS
(Unified registration number: 40003306807)**

**ANNUAL REPORT FOR THE 9 MONTHS OF 2025
(22st financial year)**

**PREPARED IN ACCORDANCE WITH THE ACCOUNTING LAW AND
ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORTS LAW
OF THE REPUBLIC OF LATVIA**

Riga, 2025

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Information on the Company

Name of the company	Latvijas Jūras medicīnas centrs	
Legal status	Joint Stock Company	
Number, place, and date of registration	40003306807 Rīga, 27 August 1996	
	Re-registered with the Commercial Register On 27 February 2004 under the unified registration number 4000 330 6807	
Core business:	Hospital activities (86.10) Retail sale of medical and orthopaedic goods in specialised stores (47.74) Other education n.e.c. (85.59) General medical practice activities (86.21) Special medical practice activities (86.22) Dental practice activities (86.23) Other human health activities (86.90) Residential nursing care activities (87.10) Other residential care activities (87.90) Other social work activities without accommodation n.e.c. (88.99) Physical well-being activities (96.04) Other personal service activities n.e.c. (96.09)	
Legal address	Patversmes iela 23 Rīga, LV-1005, Latvia	
Largest shareholders	Ilze Birka (17.50%) Mārtiņš Birks (17.50%) SIA POM (3.92%) Guna Švarcberga (10.36%) Jānis Birks (12.80%) Adomas Navickas (6.85%)	
Names of the Board members, their positions	Jānis Birks – Chairman of the Board Juris Imaks – Member of the Board Sergejs Zadorožnijs – Member of the Board	
Names of the Council members, their positions	Mārtiņš Birks – Chairman of the Council Viesturs Šiliņš – Deputy Chairman of the Council Ineta Gadzjus – Member of the Council Jevgeņijs Kalējs – Member of the Council Uldis Ōsis – Member of the Council	
Reporting year	1 January 2025 – 30 September 2025	
Name and address of the certified auditor in charge	KPMG Baltics SIA License No. 55 Roberta Hirša iela 1 Rīga, LV-1045, Latvia	Certified Auditor in charge: Rainers Vilāns Certificate No. 200

Statement of the Board's Responsibility

The Board of AS Latvijas Jūras Medicīnas Centrs (hereinafter – the Company) is responsible for preparing the financial statements of the Company.

The financial statements on pages 10 to 26 are prepared based on accounting records and source documents and present fairly the financial position of the Company as at 30 September 2025 and the results of its operations, and cash flows for the 9-month period then ended.

The above mentioned financial statement of the Company is prepared in accordance with the *Accounting Law* and *Annual Reports and Consolidated Annual Reports Law* effective in the Republic of Latvia, on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statement.

The management of the Company is responsible for the maintenance of a proper accounting system, safeguarding the Company's assets, and the prevention and detection of fraud and other irregularities in the Company. The management is also responsible for compliance with laws of the Republic of Latvia.

Board:

Chairman of the
Board

Jānis Birks

Member of the Board

Sergejs Zadorožnijs

Member of the Board

Juris Imaks

21 November 2025

Management Report

Line of business

A/S Latvijas Jūras medicīnas centrs (hereinafter - LJMC or the Company) is a certified and advanced private medical facility available to everyone, which consists of Sarkandaugava Ambulatory Healthcare Centre at 23 Patversmes iela, Rīga; Central Hospital at 23 Patversmes iela, Rīga; Vecmīlgrāvis Hospital and Northern Diagnostics Centre 26 Vecmīlgrāvja 5.līnija; Rīga, and Vecmīlgrāvis Primary Health Care Centre at 10 Melīdas iela, Rīga. In 2024, the average number of employees of LJMC was 364. The shares of A/S Latvijas Jūras medicīnas centrs are traded on the Baltic Secondary list of Nasdaq Rīga.

As of 5 September 2013, A/S Latvijas Jūras medicīnas centrs has been included on the list of medical facilities approved by the Health Inspectorate of Latvia, which provides medical tourism services, namely, LJMC provides medical tourism services as a reliable partner and this provides an insight into the overall Latvian health care system because the list only includes those healthcare institutions which have been registered with the register of health care institutions for at least 3 years and control has been carried out in the health care institution during the past three years.

LJMC has accredited Clinical Diagnostics Laboratory at 23 Patversmes iela with the Latvian National Accreditation Bureau.

LJMC has signed cooperation agreements with all health insurance companies operating in Latvia. LJMC has received certificate No. MSC-50-034 issued by Exova BM TRADA confirming compliance of the energy management system with ISO 50001:2018.

Activities in the 9 months of 2025 and further development

The Company's activities in the 9 months of 2025

In 2025, LJMC continued to provide high-quality medical services and attract new patients. Similar to prior years, also in 2025 LJMC employed excellent doctors from Latvia and competent medical personnel. The highly qualified and professional staff of LJMC is the driving force behind its competitive, high quality examinations and adherence to precautionary standards in the provision of healthcare services, so that interactions between patients and healthcare persons promote accessibility. LJMC is on the official list of providers of medical tourism services maintained by the Health Inspection of the Republic of Latvia. In 2025, LJMC placed information in the medical tourism catalogue created and supported by LIDA. In 2025, the war between Russia and Ukraine has not had a potentially material impact on the Company's operations. In 2025, LJMC had no business transactions with Russia, Belarus and Ukraine.

In 2025, when providing healthcare services, LJMC demonstrated flexibility in adapting to the regulatory documents issued by the Ministry of Health and their ever changing conditions. Both secondary outpatient and day hospital services, as well as paid healthcare services, were provided to the extent allowed by the regulatory documents, ensuring continuity of operations and stable monitoring of the impact of new events and circumstances.

In 2025, LJMC focussed on the promotion of paid medical services, which helped increase the number of patients living in Latvia and enhanced competitiveness and raised the profile of LJMC.

The Radiology Department in 2025 provided the full range of diagnostic services (magnetic resonance, X-ray examinations and ultrasonography) increasing the amount and quality of services (both state paid services and services paid by patients). PET/CT radiological examinations are available and payable both by private means and state funds.

In order to ensure compliance with the requirements of GDPR, in 2025 LJMC, in cooperation with an independent data protection officer, continued the improvement of documents in compliance with the laws and regulations, continued the improvement of the contract renewal procedure (digital access to medical examinations, use of health information systems, services of insurance companies, communication services), and began the training process for LJMC staff.

In 2025, LJMC signed agreements with the National Health Service for the provision of state paid medical services in the amount provided by the budget for 2025.

In 2025, LJMC continued working on ISO: 9001-2015. In 2022, LJMC received ISO 9001:2015 quality certification in functional diagnostics and radiological diagnostics, in-patient medical rehabilitation

Management Report

and day-care rehabilitation valid until 14 March 2028, and continued updating the hygiene and disinfection plan, and implementing ISO certification in other units of LJMC.

Further development of the Company

In order to attract an increasing number of new patients, in 2025 LJMC plans to make investments to introduce innovative solutions for providing medical services, improve staff qualifications and enhance patient service. In 2025, LJMC will also continue to participate in the national policy on the conversion of hospitals into outpatient facilities, by complementing the offer of healthcare services. In 2025, LJMC will continue to make sure that precautionary standards are adhered to in the provision of healthcare services, so that interactions between patients and healthcare persons facilitate accessibility.

Continuing to improve the available services with highly-qualified and professional diagnostics service, LJMC's Radiology Department as one of the most modern and innovative cancer diagnostics centre in Eastern Europe will promote the increase in the number of local and foreign patients.

By attracting patients not only from Latvia and other Baltic countries, but also from other EU countries and offering high-quality medical services, LJMC will increase its competitiveness in the Baltics medical market.

The Company will continue to operate in accordance with the going concern principle and accounting policies set out in the laws and regulations, its capital remains positive, there is no external financing and the operating cash flow is positive.

Financial results

The financial result for the 9 months of 2025 is profit of EUR 230 554 .

Risk Management

LJMC continues carrying out activities seeking to limit the negative impact of potential financial risks on the financial position of LJMC by implementing a set of control and analysis measures. Financial assets exposed to credit risk are mostly cash, trade receivables and other receivables. Credit risk is managed by LJMC by performing regular debtor control procedures and debt collection measures aiming to identify and solve any problems on a timely basis.

Liquidity risk is managed by LJMC in line with the principle of prudence ensuring that appropriate credit resources are available to cover liabilities as they fall due. For information on the going concern refer to Note 30.

Subsequent events

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements and disclosures added to the notes thereto.

Board:

Chairman of the
Board

Jānis Birks

Member of the Board

Sergejs Zadorožņijs

Member of the Board

Juris Imaks

21 November 2025

Financial statements

Profit and Loss Statement for 9 – month period of 2025

	Note	30.09.2025.	2024 EUR	30.09.2024 EUR,
1. Net sales	2	7 778 382	10 188 739	7 580 417
2. Cost of goods and services	3	(7 171 094)	(9 869 630)	(7 334 161)
3. Gross profit		607 288	319 109	246 256
4. Administrative expenses	4	(552 339)	(657 865)	(461 496)
5. Other operating income	5	178 296	528 304	164 712
6. Other operating expenses	6	(2 691)	(3 774)	(1 158)
 7. Profit or loss before corporate income tax		 230 554	 185 774	 (51 686)
8. Corporate income tax for the reporting year	7	-	(612)	-
9. Profit or loss of the reporting year		230 554	185 162	(51 686)
 Number of shares		 800 000	 800 000	 800 000
X Earnings or loss per share (EUR)**		0.29	0.23	(0.06)

The accompanying notes on pages 15 to 26 form an integral part of these financial statements.

Board:

Chairman of the
Board

Jānis Birks

Member of the Board

Sergejs Zadorožņijs

Member of the Board

Juris Imaks

Chief Accountant
Gunta Kaufmane

21 November 2025

Balance Sheet as at 30 September 2025

	Note	30.09.2025. EUR	31.12.2024 EUR	30.09.2024 EUR
Assets				
Non-current assets				
I Fixed assets				
1. Land, buildings and engineering structures		4 693 805	4 717 876	4 752 158
2. Equipment and machinery		2 525 182	2 832 509	2 869 151
3. Other fixed assets		27 388	43 000	52 990
Total fixed assets:	8	7 246 375	7 593 385	7 674 299
Total long term investments:		7 246 375	7 593 385	7 674 299
Current assets				
I Stock:				
1. Raw materials	9	137 969	133 622	140 625
Total stock:		137 969	133 622	140 625
II Receivables:				
1. Trade receivables	10	142 492	74 188	84 679
2. Other receivables	11	31 856	56 643	13 783
3. Prepaid expenses	12	16 109	3 897	2 441
4. Accrued income	13	363 238	337 405	327 733
Total receivables:		553 695	472 133	428 636
III Cash:	14	927 201	843 603	827 126
Total current assets:		1 618 865	1 449 358	1 396 387
Total assets		8 865 240	9 042 743	9 070 686

The accompanying notes on pages 15 to 26 form an integral part of these financial statements.

Balance Sheet as at 30 September 2025

	Note	30.09.2025. EUR	31.12.2024. EUR	30.09.2024. EUR,
Equity and liabilities				
Shareholders' equity:				
1. Share capital	15	1 120 000	1 120 000	1 120 000
2. Long-term investment revaluation reserve	16	2 574 553	2 574 553	2 574 553
3. Reserves:				
b) reserves set in the Articles of Association		63 819	63 819	63 819
4. Retained earnings				
a) retained earnings carried forward from previous years		2 326 730	2 221 568	2 445 201
b) profit/loss for the reporting year		230 554	185 162	(51 686)
Total shareholders' equity:		6 315 656	6 165 102	6 151 887
Liabilities:				
Long term liabilities:				
1. Deferred income		642 382	622 062	875 746
2. Accounts payable to suppliers and contractors	17	95 489	95 489	477 466
Total long term liabilities:		737 871	717 551	1 353 212
Short-term liabilities:				
1. Customer advances		2 423	23 151	52 607
2. Accounts payable to suppliers and contractors	17	270 589	647 225	310 409
3 Taxes and compulsory state social security contributions	19	270 589	232 263	262 132
4. Other liabilities	18	268 252	520 472	341 450
5. Deferred income	20	649 846	87 133	24 135
6. Accrued liabilities	21	53 383	649 846	574 854
Total short term liabilities:		1 811 713	2 160 090	1 565 587
Total liabilities:		2 549 584	2 877 641	2 918 799
Total equity and liabilities		8 865 240	9 042 743	9 070 686

The accompanying notes on pages 15 to 26 form an integral part of these financial statements.

Board:

Chairman of the Board

Jānis Birks

Member of the Board

Sergejs Zadorožņijs

Member of the Board

Juris Imaks

Chief Accountant
Gunta Kaufmane

21 November 2025

Statement of Cash Flows for the 9 months of 2025

	Share capital EUR	Long-term investment revaluation reserve EUR	Reserves set in the Company's statutes EUR	Retained earnings brought forward from previous years EUR,	Profit/loss of the reporting year EUR,	Total shareholder's equity EUR,
31 December 2023, Impact of correction	1 120 000	2 472 973	63 819	2 313 489	625 729	6 596 007
Balance as at 31 December 2023, restated	1 120 000	2 472 973	63 819	2 859 215	(637 647)	6 979 940
Profit of 2023 transferred to retained earnings of previous years				(637 647)	637 647	-
Dividends for the year				-	-	-
Valuation account				-	185 162	185 162
Loss for the reporting year						
Balance as at 31 December 2024	1 120 000	2 574 553	63 819	2 221 568	185 162	6 165 102
Loss of 2024 transferred to retained earnings of previous years				185 162	(185 162)	-
Dividends				(80 000)	-	(80 000)
Profit of the reporting year					230 554	230 554
Balance as at 30 September 2025	1 120 000	2 574 553	63 819	2 326 730	230 554	6 315 656

The accompanying notes on pages 15 to 26 form an integral part of these financial statements.

Board:

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Chief Accountant
Gunta Kaufmane

21 November 2025

Statement of Cash Flows for the 9 months of 2025

	Note	30.09.2025	2024 EUR	30.09.2024 EUR,
I. Cash flows from operating activities				
1. Profit/ loss before corporate income tax		230 554	185 774	(51 686)
<u>Adjustments for:</u>				
a) impairment of fixed assets	8	469 976	621 250	461 419
b) (gain)/loss on disposal of fixed assets	8	(5 334)	7 461	
c) Increase of the long term investment revaluation reserve			-	
2. Profit before adjustments for the effect of changes to current assets and short term liabilities		691 196	814 485	409 733
<u>Adjustments for:</u>				
a) decrease/ (increase) in trade receivables		(92 812)	(42 440)	1060
b) decrease/ (increase) in stock		(4 347)	27 889	20 886
c) increase/ (decrease) in accounts payable to suppliers and other liabilities		(306 139)	(194 305)	70 486
3. Gross cash flows from (used in) operating activities		287 898	605 629	502 165
Corporate income tax		-	(609)	-
Net cash flows from (used in) operating activities		-	605 020	-
II. Cash flows from (used in) investing activities				
a) purchase of fixed and intangible assets	8	(124 300)	(436 212)	(349 834)
6. Net cash flows used in investing activities		(124 300)	(436 212)	(349 834)
III. Cash flows from financing activities				
a) Dividends paid		(80 000)	-	-
7. Net cash flows used in financing activities		(80 000)	-	-
Net increase/(decrease) in cash and cash equivalents in the reporting year		83 598	168 808	152 331
Cash and cash equivalents at the beginning of the year		843 603	674 795	674 795
Cash and cash equivalents at the end of the year	14	927 201	843 603	827 126

The accompanying notes on pages 15 to 26 form an integral part of these financial statements.

Board:

Chairman of the Board

Jānis Birks

Member of the Board

Sergejs Zadorožņijs

Member of the Board

Juris Imaks

Chief Accountant
Gunta Kaufmane

21 November 2025

Notes to the financial statements

(1) Information on the Company's activities and summary of significant accounting principles

Information on the Company

The legal address AS Latvijas Jūras medicīnas centrs (LJMC or the Company) is 23 Patversmes iela, Rīga, Latvia. The Company was registered with the Commercial Register under the common registration number 40003306807. The largest shareholders of the Company are Ilze Birka (17.50%), Mārtiņš Birks (17.50%), Jānis Birks (12.80%), Guna Švarcberga (10.36%), SIA POM (3.92%), Adomas Navickas (6.85%).

The Board comprises Jānis Birks (Chairman of the Board), Juris Imaks (Member of the Board) and Sergejs Zadorožnijs (Member of the Board). The Chairperson of the Council is Mārtiņš Birks, Council Members are Viesturs Šiliņš, Ineta Gadzjus, Jevgēņija Kalējs and Uldis Osis.

The core business of the Company according to NACE rev 2. is Hospital activities (NACE 86.10); Retail sale of medical and orthopaedic goods in specialised stores (47.74); Education n.e.c. (85.59); General medical practice activities (86.21); Special medical practice activities (86.22); Dental practice activities (86.23); Other human health activities (86.90); Residential nursing care activities (87.10); Other residential care activities (87.90); Other social work activities without accommodation n.e.c. (88.99); Physical well-being activities (96.04); Other personal service activities n.e.c. (96.09).

Basis of preparation

The financial statements were prepared in accordance with the 'Accounting Law' and the 'Annual Reports and Consolidated Annual Report Law' (hereinafter – the Law).

The management believes that the accounting policies used in the preparation of these financial statements are largely consistent with those used last year.

According to Article 3(6) of the Annual Reports and Consolidated Annual Reports Law, the Company applies the requirements of the law applicable to large companies as its transferable securities are included in the regulated market of the Republic of Latvia.

The profit and loss statement was prepared according to the turnover costing method. The cash flow statement was prepared according to the indirect method. The financial statements are prepared on the historical cost basis except for the fixed assets disclosed under Land, buildings and engineering structures – land and buildings, which are measured using a revaluation method.

Accounting principles

The financial statements were prepared in accordance with the following policies:

- a) Going concern assumption that the Company will continue as a going concern;
- b) Consistent valuation principles with those used in the prior year;
- c) Items were valued in accordance with the principle of prudence, i.e.:
 - The financial statements reflect only the profit generated to the balance sheet date;
 - all incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the date of the balance sheet and preparation of the financial statements;
 - all amounts of impairment and depreciation have been taken into consideration and calculated irrespective of whether the financial result was a loss or profit;
- d) Income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received; Expenses were matched with revenue for the reporting period.
- e) Assets and liabilities have been valued separately;
- f) The opening balance agrees with the prior year closing balance, except for the adjustments described in Note 28.
- g) All material items, which would influence the decision-making process of users of the financial statements, have been recognised and insignificant items have been combined and their details disclosed in the notes.
- h) Business transactions are recorded taking into account their economic contents and substance, not the legal form.

Notes to the financial statements

Related parties

Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. Both entities are joint ventures of the same third party;
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a);
 - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity or any member of the group to which the entity belongs provides management personnel services to the entity or the parent of company of the entity.

Related party transaction – a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Financial instruments and financial risks

Financial instrument is an agreement that simultaneously results in financial assets of one party and financial liabilities of the other party.

The key financial instruments held by the Company are financial assets such as trade receivables, amounts due from related parties and other receivables, and financial liabilities such as prepayments from clients, accounts payable to suppliers and contractors and other creditors arising directly from its business activities.

Financial risks connected with the Company's financial instruments, financial risk management

Key financial risks related to the Company's financial instruments are:

- Credit risk is the risk that the Company may incur financial losses if parties to the transactions fail to fulfil their liabilities under the contracts, and credit risk is primarily connected with trade receivables;
- Currency risk – risk that the Company may suffer unexpected losses arising from fluctuations in the foreign exchange rates; the Company is not exposed to currency risk as it does not significant amounts of currencies other than EUR.
- Interest rate risk – risk that the Company may incur losses due to fluctuations in interest rates;
- Liquidity risk – risk that the Company will not be able to meet its financial liabilities in due time.

Management has implemented procedures to control the key risks.

Credit risk

The inability of insurance companies and patients to pay for the services provided by the Company in due time and in full amount. Most of the services are paid for within a short period of time after the provision of services or are funded by state or insurance providers, so the credit risk is low.

Interest rate risk

Management believes that interest rate risk is not material.

Notes to the financial statements

Liquidity risk

The Company has no external loans and it has significant financial resources to settle its liabilities. The Company mitigates liquidity risk through operational efficiency, reducing expenses, and increasing profits.

Liquidity risk is managed at the Company in line with the principle of prudence by way of liquidity monitoring and ensuring that appropriate credit resources are available to cover liabilities as they fall due.

The cash policy of the Company ensures availability of sufficient cash resources, and negative working capital does not give rise to operational risks of the Company. The Company will continue to have sufficient assets to maintain the Company's liquidity position. The Company has positive cash flow from operating activities.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Financial assets and financial liabilities are carried at cost which according to management approximates their fair value at acquisition plus any related additional expenses. Purchase costs are acquisition costs of goods or services (net of discounts received) with added additional costs related to the purchase.

Reporting period

The reporting period is the 9 months from 1 January 2025 to 30 September 2025.

Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the official currency of Latvia – euro (EUR), the functional currency of the Company.

Foreign currency transactions are translated into EUR according to currency exchange rates effective at the date of transaction and determined by reconciliation of the system of the European Central Bank and other central banks and which is published on the website of the European Central Bank.

As at the reporting date, all monetary assets and liabilities are translated into EUR according to exchange rates published on the website of the European Central bank. Non-monetary items of assets and liabilities are revalued to euros in accordance with the reference exchange rate published by the European Central Bank on the transaction date.

Exchange rate per EUR 1:

	31.12.2023	31.12.2024
USD	1.10500	1.03890

Gain or loss resulting from payments under transactions executed in foreign currencies and the translation of monetary assets and liabilities denominated in foreign currencies is reflected in the profit and loss statement of the respective period.

Estimates and judgements

The preparation of financial statements requires the management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognised in the period when those estimates are reviewed and in future periods.

Key sources of estimation uncertainty are the following:

(i) Useful lives of fixed and intangible assets

Management estimates the useful lives of fixed and intangible assets in proportion to the expected duration of use of the asset (its expected capacity or effectiveness) based on historical experience with similar fixed assets and future plans. Land is not subject to depreciation. For other assets, depreciation and amortization is calculated on a straight-line basis over the entire useful life of the

Notes to the financial statements

respective intangible asset and fixed asset in order to write their value or revalued value down to the estimated book value at the end of the useful life based on the following rates:

	%
Intangible assets	20
Buildings and constructions	2.5 – 4.0
Communication equipment and instruments	33.33
Equipment and machinery	10 – 15
Other fixed assets	20

Current maintenance and repair costs of fixed assets are recognised in the profit and loss statement as incurred.

(ii) Fixed asset valuation

Fixed assets other than land, buildings and constructions are carried at cost less accumulated depreciation and impairment losses.

Land, buildings and constructions are measured by the Company using the revaluation model. The balance sheet item Land, buildings and engineering structures of the financial statements of the Company is presented at revalued value, which equals fair value at the revaluation date net of subsequent accumulated depreciation and impairment loss.

Based on the Company's position as at 31 December 2023, the Company has estimated the value of the balance sheet item *Land, buildings and engineering structures*, and in accordance with the estimation, determined the carrying amount of all land, buildings and engineering structures in line with market value and based on evaluation of external certified valuers. For details on the revaluation please refer to Note 8. The management believes that there has been no material change in the value of land, buildings and engineering structures from the date of the last revaluation to 31 December 2024 and the fair value of land, buildings and engineering structures determined in 2023 is consistent with the fair value as at 31 December 2024, therefore no change was made to the valuation of property, plant and equipment in 2024.

According to the policy, revaluation of a single building or construction requires the whole category to be revalued. To determine the impact of revaluation at the date of revaluation accrued depreciation is netted of cost or other value, which replaces cost in the financial statements, and the carrying amount is increased or decreased according to the revalued value of the building or structure in the following manner: depreciation accrued to the date of revaluation is initially written-off of the current carrying amount of fixed asset, and afterwards the residual value is increased or decreased according to the fair value of fixed asset as a result of revaluation.

In case the fair value of fixed assets at the balance sheet date is lower than their carrying amount, and such impairment is expected to be permanent, fixed assets are recognized at the lower value. The revaluation result is recognized in the profit and loss statement except where a previously recognized increase in the value of fixed assets offsets an impairment loss. In that event, the long term investment revaluation reserve is decreased by the amount of impairment.

In case the value of fixed assets at the balance sheet date is higher than the valuation on the balance sheet, fixed assets are revalued to the higher value if the increase in value may be assumed to be other than temporary. The increase in value resulting from revaluation is recognized under 'Long term investment revaluation reserve'. If an increase in the value resulting from revaluation compensates for the impairment of the same fixed asset which was previously recognized as an expense in the profit and loss statement, then the increase resulting from revaluation is recognized as income in the profit and loss statement as incurred. The long term investment revaluation reserve is decreased when the revalued asset is disposed, is no longer utilized, or the increase of value is no longer reasonable.

The increase in value recognized in the long term investment revaluation reserve under equity is reversed by recognizing a decrease in the profit and loss statement upon liquidation or disposal of the revalued fixed asset.

Notes to the financial statements

(iii) Valuation of receivables

Receivables are disclosed at amortised cost net of impairment allowances. Doubtful debt allowances are recognised based on an individual management assessment of the recoverability of each receivable. Impairment allowances are recognized when objective evidence exists that the Company will not be able to recover the full amount of receivables according to the previously agreed repayment terms. The amount of allowance represents the difference between the carrying and recoverable amount of receivables. The allowance is charged to the profit and loss statement.

(iv) Provisions

Provisions are recognized when a past event has given rise to a present obligation or losses and the amount can be estimated reasonably. The likelihood of loss is assessed based on management assumptions. In order to determine the amount of loss management is required to select an appropriate calculation method and make specific assumptions connected with the specific risk. No provisions were made as at 31 December 2024.

Revenue recognition

Income from sales of goods

Revenue from the sales of goods is recognized in the profit and loss statement after the risks and rewards of ownership are transferred to the client.

No revenue is recognized if according to the provisions of the transaction the Company retains significant risks pertaining to the ownership of goods and the goods can be returned.

Revenue from services

Revenue from services provided is recognized in the profit and loss statement as generated. Income is received and recorded according to signed cooperation agreements.

Rental income

Rental income is recognised on a straight-line basis over the rental term.

Long and short term classification

Amounts with terms of receipt, payment, or write off due in more than one year after the reporting date are classified as long term. Amounts to be received, paid, or written off within a year are classified as short-term.

Lease transactions

Operating lease (the Company as a Lessor)

The Company leases premises, which are part of revalued fixed assets. Depreciation is calculated on a straight-line basis over the entire useful life of the respective fixed asset in order to write its value down to the estimated carrying amount at the end of the useful life based on the rates set for similar fixed assets. Income from operating lease and client prepayments is charged to the profit and loss statement on a straight-line basis over the period of lease.

Operating lease – (the Company as a lessee)

Payments for operating lease are recognized in the profit and loss statement on a straight-line basis over the period of lease.

Fixed assets

All fixed assets other than land, buildings and constructions are recognised on the balance sheet at historical cost less depreciation.

For other assets, depreciation and amortization is calculated in accordance with the straight-line method over the entire useful life of the respective intangible assets and fixed assets in order to write their value or revalued value down to the estimated book value at the end of the useful life.

The depreciation method is reviewed at least on an annual basis, at the year-end.

Subsequent expenses are added to the book value of the asset or recognized as a separate asset only where it is highly probable that future benefits related to this item would flow into the company and expenses of this item can be estimated reliably. Such expenses are written off over the entire useful life of the respective asset. When capitalizing the costs of installed spare parts, the book value of the spare parts is written off in the profit and loss statement.

Notes to the financial statements

Profit or loss from disposal of fixed assets is calculated as the difference between the carrying amount of the asset and income generated from sale, and income from the reversal of the revaluation reserve of the respective fixed asset, and charged to the profit and loss statement as incurred.

Accounting and valuation of stock

Stock is carried at the lower of cost and net realizable value. Stock has been valued according to the FIFO method. Stock accounting is based on the perpetual method. Stock has been counted during the annual stock take.

Remuneration costs

Remuneration costs are determined in accordance with effective employment contracts, taking account of changing labour market requirements and trends. The application of certain principles is mutually agreed: per cent, fixed figures, individual conditions, combined conditions. Employees have access to the payroll procedures (data selection algorithms, data processing procedures, data flow organisation). The Company provides only short-term remuneration benefits to its employees.

Donations

Grants received for special types of capital investments are treated as deferred income which is gradually recognised as revenue over the useful life of the fixed assets received or acquired using grants. Grants received to cover expenses are recognised in the same period when the related expenses have arisen, if all the conditions of receiving the grant are met.

Corporate Income Tax

(a) Current tax

On 1 January 2018 the Law on Enterprise Income Tax of the Republic of Latvia entered into force and set out a new regime for paying taxes. The tax rate is 20% from the taxable base determined by dividing the value of the amount taxable with corporate income tax by coefficient 0.8, includes:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends), and
- conditionally distributed profit (such as non-operating expenses and other specific cases provided for by the law).

The new tax regime is not applicable to the distribution of dividends from profit accumulated to 31 December 2017 and taxed under the previous taxation regime.

Notes to the financial statements

(2) Net sales

Net sales represents revenue generated during the reporting period from the Company's basic activities – sales of services, net of value added tax and discounts.

	2025 EUR	2024 EUR
Medical and hospital outpatient services	6 961 812	9 359 004
Services covered by insurance	816 570	829 735
<i>Paid outpatient services</i>	<i>465 444</i>	<i>448 056</i>
<i>Paid inpatient services</i>	<i>351 126</i>	<i>381 679</i>
	7 778 382	10 188 739

The Company provides services only in the territory of the Republic of Latvia.

The Company does not disclose information on distribution of net sales by lines of business in accordance with Regulation No. 1893/2006 (EK) of the European Parliament and European Council of 20 December 2006, with which the statistic classification of business activity NACE rev 2 is established, as its disclosure could have a severe negative impact on the interests of the Company.

(3) Cost of goods and services

The item represents costs incurred for generating net sales – such as costs of goods and services at acquisition cost, and costs related to purchase of goods and services.

	2025 EUR	2024 EUR
Remuneration	4 006 089	5 288 323
Medicines, medical materials	620 018	933 534
Compulsory State Social Security Contributions	921 442	1 203 479
Non-deductible value added tax	261 853	371 343
Lease of equipment	57 484	74 097
Depreciation	471 309	621 250
Utilities and maintenance	193 699	572 051
Office items and equipment, other materials	54 620	77 099
Repair costs	183 500	169 866
Medical examinations and other services	142 947	149 857
IT expenses	16 702	27 938
Advertisement expenses	29 481	34 793
Security	25 165	34 519
Medical fund risk expenses	13 744	12 283
Transport expenses	8 844	9 117
Office expenses	5 314	10 204
Patient catering expenses	29 521	34 192
Real estate tax	-	6 173
Doubtful debt allowance	-	11 903
Insurance expenses	8 068	25 097
Staff training expenses	9 208	5 042
Risk duty	1 106	1 511
Benefits and gifts to employees	1 074	1821
Changes in cost of accrued vacations	-	74 992
Other costs related to services	109 906	119 146
	7 171 094	9 869 630

Notes to the financial statements

(4) Administrative expenses

	2025 EUR	2024 EUR
Remuneration	420 526	471 775
Compulsory State Social Security Contributions	96 003	101 734
Communication expenses	10 603	15 688
Audit of the financial statements	-	27 042
Office expenses	2 816	5 685
Bank services	8 877	12 188
Legal services	9 928	19 011
Representation expenses	1 161	1 567
Other administrative costs	2 425	3 175
	552 339	657 865

(5) Other operating income

	2025 EUR	2024 EUR
Income from rent	113 763	125 510
Amortisation of funds received from EBRD	33 750	66 915
Other income - business related	27 628	39 489
Other income*	-	295 353
Tax adjustment	-	1 037
	175 141	528 304

* Other income - LJMC 2024 sold a permanent part of its laboratory services business to Centrālā Laboratorija SIA, ensuring continuity of services.

(6) Other operating expenses

	2025 EUR	2024 EUR
Fines	5	466
Other	2 686	3 308
Loss from revaluation of fixed assets	-	-
	2 691	3 774

(7) Corporate income tax for the reporting year

	2025 EUR	2024 EUR
Current tax	-	612
	-	612

Notes to the financial statements

(8) Fixed assets

	Land, buildings and engineerin g structures EUR	Equipment and machinery EUR	Other fixed assets and inventory EUR	Intangib le assets EUR	Constructi on in progress EUR	Total EUR
Historical cost						
31.12.2024	5 677 872	6 149 863	572 176	71 229	-	12 471 140
Additions	79 436	7 606	37 258	-	-	124 300
Transferred						
Revaluation						
Disposals		(743 774)	(56 267)	-	-	(800 041)
30.09.2025	5 757 308	5 413 695	553 167	71229	-	11 795 399
Accumulated depreciation and amortisation						
31.12.2024	959 996	3 317 354	529 176	71 229	-	4 877 755
Depreciation and amortisation charge for the year	103 507	309 600	52 869		-	465 976
Depreciation of disposed fixed assets		(738 441)	(56 266)		-	(794 707)
30.09.2025	1 063 503	2 888 513	525 779	-	-	4 549 024
Balance as at 31.12.2023	4 855 003	2 864 649	66 232	-	-	7 785 884
Balance as at 31.12.2024	4 717 876	2 832 509	43 000	-	-	7 593 385
Balance as at 30.09.2025	4 693 805	2 525 182	27 388	-	-	7 246 378

In December 2023, land, buildings and constructions were valued by independent experts. Fair value was determined using a combination of the income approach and the market approach.

The fair value of land and building was determined by an external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The management believes that the carrying amounts of land, buildings and constructions as at 31 December 2016 approximate their fair value.

Notes to the financial statements

The following table shows the valuation technique used in measuring the fair value of core real estate items included in position 'Buildings and land', as well as the significant unobservable inputs used:

Type	Valuation approach	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Buildings and land EUR 3 210 000 in Riga, Patversmes iela (2020: EUR 3 000 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m ² 510 (2020: EUR 452) Rent rate per m ² – 2.3 EUR – 9 EUR (2020: EUR 2.3 EUR - 9) Occupancy – 90% (2020: 90%) Capitalisation rate – 9% (2020: 9%)	The fair value would increase (decrease) if the price per m ² was higher (lower). The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher);
Buildings and land EUR 930 000 in Riga, Vecmīlgrāvja 5.līnija (2020: EUR 810 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m ² EUR 389 (2020: EUR 327) Rent rate per m ² 4.5 EUR – 5.5 EUR (2020: EUR 5) Occupancy – 90% (2020: 90%) Capitalisation rate – 9% (2020: 9%)	The fair value would increase (decrease) if the price per m ² was higher (lower). The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher).
Buildings and land EUR 715 000 in Riga, Melīdas iela 10, Vecmīlgrāvja 5.linija 22 (2020: 630 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m ² EUR 357 (2020: EUR 315) Rent rate per m ² below – 5.50 EUR (2020: EUR 5) Occupancy – 90% (2020: 90%) Capitalisation rate – 9.2% (2020: 9%)	Fair value would increase (reduce) if the price per m ² was higher (lower) The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher).

According to Section 52(2)(2) of the Annual Reports and Consolidated Annual Reports Law, disclosures are provided concerning revalued fixed assets indicating their value had revaluation not taken place:

Notes to the financial statements

The carrying amount of *Land, buildings, and constructions* as at 31 December 2024 had revaluation not taken place would be EUR 3 407 178 (31.12.2023: EUR 3 571 588).

Including:	30.09.2025.	31.12.2024
	EUR	EUR
-historical cost	5 286 131	5 286 131
-increase	-	-
-accumulated depreciation	(1 878 953)	(1 878 953)

(9) Raw materials

	30.09.2025.	31.12.2024.
	EUR	EUR
Medicines in warehouse	126 168	115 973
Medicines in departments	11 391	17 404
Other materials	410	245
	137 969	133 622

(10) Trade receivables

	30.09.2025.	31.12.2024.
	EUR	EUR
Insurance companies	122 392	54 181
Other institutions, companies and individuals	39 991	39 898
Doubtful debt allowance	(19 891)	(19 891)
	142 492	74 188

(11) Other receivables

	30.09.2025.	31.12.2024.
	EUR	EUR
Overpaid taxes	8 132	9 087
Value added tax on unpaid services	-	5 068
Other receivables	23 724	42 488
	31 856	56 643

(12) Prepaid expenses

	30.09.2025.	31.12.2024.
	EUR	EUR
Insurance expenses	13 169	2 890
Other	2 940	1 007
	16 109	3 897

(13) Accrued income

	30.09.2025.	31.12.2024.
	EUR	EUR
Accrued income for invoices issued after the year end	363 238	337 405
	363 238	337 405

Accrued income consists of invoices issued to the National Health Service after the reporting date.

Notes to the financial statements

(14) Cash

By currency:		30.09.2025		31.12.2024	
		Currency	EUR	Currency	EUR
Current account	USD	5840	5 621	5 840	5 621
Current account	EUR		908 156		829 243
Cash on hand	EUR		13 424		8 739
			927 201		843 603

(15) Share capital

Share capital of the Company as at 30 September 2025 amounted to EUR 1 120 000 (31.12.2024: EUR 1 120 000) and consisted of 800,000 shares with nominal value of EUR 1.40.

The share capital of the Company is owned by the following shareholders:

	30.09.2025.		31.12.2024.	
	Number of shares	Holding (%)	Number of shares	Holding (%)
Ilze Birka	140 000	17.50%	140 000	17.50%
Mārtiņš Birks	140 000	17.50%	140 000	17.50%
SIA POM	31 365	3.92%	31 365	3.92%
Guna Švarcberga	82 917	10.36%	82 917	10.36%
Jānis Birks	102 388	12.80%	102 388	12.80%
Adomas Navickas	54 811	6.85%	54 811	6.85%
Other shareholders (up to 5% shares per each)	248 519	31.07%	248 519	31.07%
Total	800 000	100.00%	800 000	100.00%
Share capital (EUR)	1 120 000		1 120 000	

All shares of the Company are name (publicly issued shares) shares.

(16) Revaluation reserves

Long-term investment revaluation reserve		
	2025	2024
	EUR	EUR
Revaluation reserves as at 1 January	2 574 553	2 574 553
Decrease as a result of revaluation	-	-
Appreciation as a result of revaluation	-	-
Revaluation reserves as at 31 December	2 574 553	2 574 553

(17) Accounts payable to suppliers and contractors

	30.09.2025.	31.12.2024.
	EUR	EUR
Long-term liabilities	95 489	95 489
Short-term liabilities	270 589	647 225
	366 078	742 714

Long-term and short-term liabilities consist of the deferred consideration payable to SIA Tradintek for the fixed asset of EUR 477 449. The monthly payment amounts to EUR 31 830. Payments should be made until 31 March 2026.

Notes to the financial statements

(18) Other liabilities

	30.09.2025. EUR	31.12.2024. EUR,
Salaries	566 976	519 597
Payments to the trade union/court orders	244	875
	567 220	520 472

(19) Taxes and compulsory state social security contributions

	30.09.2025. EUR	31.12.2024. EUR
Corporate Income Tax	-	53
Value Added Tax	15 418	3 066
Natural Resources Tax	-	902
Risk duty	120	124
Social Security Contributions	164 309	143 724
Personal Income Tax	88 405	84 394
Total	268 252	232 263

Overpaid taxes are disclosed under "other receivables".

(20) Deferred income

	30.09.2025. EUR	31.12.2024 EUR
The part of capital grants to be charged to profit or loss within 1 to 5 years*	207 093	189 187
The part of capital grants to be charged to profit or loss within for more than 5 years*	331 104	331 104
Lease payments to be charged to profit or loss within 1 to 5 years**	98 836	98 836
The part of capital grants to be charged to profit or loss within 1 to 5 years***	2 935	2 935
Deferred income, long term	642 382	622 062
The part of capital grants to be charged to profit or loss within one year*	39 104	39 104
Lease payments to be charged to profit or loss within one year**	11 250	45 000
The part of capital grants to be charged to profit or loss within one year***	3 029	3 029
Deferred income, short term	53 383	87 133

* In 2012, the Company received EBRD funding to purchase fixed assets. In 2024, the Company recognised revenue of EUR 8 299 (2023: EUR 10 928) (see Note 5).

** 2018, the Company received lease payments for the next 10 years amounting to EUR 450 000. In 2024, the Company recognised revenue of EUR 45 000 (2023: EUR 45 000) according to the terms of lease agreements that secured lease rights for a specified period and promoted operating activities in line with specific classification. Revenue is reflected under 'Income from rent', refer to Note 5.

Notes to the financial statements

In 2021, the Company received funding of EUR 17 578 from the CFLA for the purchase of fixed assets (contract No. 9.3.2.0/20/a/074). In 2024, the Company recognised revenue of EUR 3 029 (2023: EUR 1 957) (see Note 5).

* In 2024, after the EU Recovery Fund project No 4.1.1.3.i.0/1/23/l/CFLA/022 *Improving the infrastructure for health services* the Company received an amount of EUR 209 772 and charged to income EUR 10 587 (see Note 5).

(21) Accrued liabilities

	30.09.2025. EUR	31.12.2024. EUR
Accrued expenses for unused vacations	649 846	649 846
	649 846	649 846

(22) Average number of employees by category

	2025	2024
Average number of employees in the reporting year:	364	364
incl. Members of the Board	3	3
Members of the Council	5	5
Other employees	356	356

(23) Personnel expenses

Type of costs	2025 EUR	2024 EUR
Remuneration	4 426 615	5 760 098
Compulsory State Social Security Contributions	1 017 445	1 305 213
	5 44 060	7 065 311

(24) Remuneration to management

	2025 EUR	2024 EUR
Members of the Board		
· remuneration (fixed and variable)	195 957	202 077
· compulsory state social security contributions	44 318	36 664
Members of the Council		
remuneration	27 000	36 000
· compulsory state social security contributions	5 970	7 959
Other members of the administration		
remuneration	197 589	233 698
· compulsory state social security contributions	45 715	57 111
	516 529	573 509

(25) Future liabilities

The management has no information on issued guarantees, legal proceedings and other contingent liabilities, which could impact the financial position of the Company as at 30 September 2025 (31.12.2024: none).

Notes to the financial statements

(26) Remuneration to the certified auditor

	2025 EUR	2024 EUR
Audit and translation of the financial statements	-	27 042
	<u>-</u>	<u>27 042</u>

(27) Information on operating lease and rent agreements with a significant impact on the Company's activities

The Company has one effective operating lease agreement regarding a vehicle. Under these agreements lease payments, including VAT, are the following:

In 2024 EUR 5 634
In 2025 EUR 5 634
In 2026-2028 EUR 14 051

(28) Subsequent events

No significant subsequent events have occurred in the period from the year-end to the date of these financial statements that would require adjustments to be made to these financial statements and disclosures added to the notes thereto.

(29) Going concern

The short-term liabilities include deferred income not linked to an outflow of cash and the short-term portion of the liability will be settled during the year by making payments in accordance with the payment schedule. The Company's ability to continue as a going concern depends on the increased use of its infrastructure, while maintaining positive capital and operating cash flow. Management expects it will have no liquidity problems.

No long-term investments are planned in 2025 that could impact the Company's profit. In the 9 months of 2025, the Company generated a profit 230 554 of EUR . Management believes that the Company will be able to meet all liabilities as they fall due and continue as a going concern, and there is no significant uncertainty related to it. The management believes that the going concern basis is applicable in the preparation of these financial statements.

Board:

Chairman of the
Board

Jānis Birks

Member of the Board

Sergejs Zadorožņijs

Member of the Board

Juris Imaks

Chief Accountant
Gunta Kaufmane

21 November 2025