



JOINT STOCK COMPANY
“LATVIJAS JŪRAS MEDICĪNAS CENTRS”
(Unified registration number: 4003306807)

ANNUAL REPORT FOR THE 3 MONTHS OF 2024
(21th financial year)

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

Riga, 2024

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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 Anatolijs Ahmetovs – 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 – 31 March 2024	
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 7 to 27 are prepared based on accounting records and source documents and present fairly the financial position of the Company as at 31 March 2024 and the results of its operations, and cash flows for the 3-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.

On behalf of the Board:

Chairman of the Board
Jānis Birks

24 May 2024

Management Report

Type of activity

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 2023, the average number of employees of LJMC was 366. 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 12 months of 2023 and further development

The Company's activities in the 12 months of 2023

In 2023, LJMC continued to provide high-quality medical services and attract new patients. Similar to prior years, also in 2023 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 2023, LJMC placed information in the medical tourism catalogue created and supported by LIDA. In 2023, the war between Russia and Ukraine has not had a potentially material impact on the Company's operations. In 2023, LJMC had no business transactions with Russia, Belarus and Ukraine.

In 2023, 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 2023, 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 2023 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 2023 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 2023, LJMC signed agreements with the National Health Service for the provision of state paid medical services in the amount provided by the budget for 2023.

In 2023, 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 and day-care rehabilitation valid until 14 March 2025, and continued updating the hygiene and disinfection plan, and implementing ISO certification in other units of LJMC.

Management Report

Further development of the Company

In order to attract an increasing number of new patients, in 2024 LJMC plans to make investments to introduce innovative solutions for providing medical services, improve staff qualifications and enhance patient service. In 2024, 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 2024, 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 contribute to the increase in domestic and international patient flow when the safe patient flow is restored.

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 3 months of 2024 is a profit of EUR 91 329.

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 29.

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.

On behalf of the Board:

Chairman of the Board
Jānis Birks

24 May 2024

Financial statements

Profit and Loss Statement for 2024

	Note	2024 EUR	2023 EUR	31.03.2023.
1. Net sales	2	2 539 865	9 850 753	2 258 789
2. Cost of goods and services	3	(2 342 237)	(9 526 601)	(2 279 521)
3. Gross profit		197 628	324 152	(20 732)
4. Administrative expenses	4	(157 465)	(647 838)	(168 581)
5. Other operating income	5	50 789	271 399	54 703
6. Other operating expenses	6	(80)	(571 073)	(54)
Profit or loss before corporate income tax		91 329	(623 360)	(134 664)
7. tax				
Corporate income tax for the reporting year	7	-	(889)	-
9. Profit or loss of the reporting year		91 329	(624 249)	(134 664)
Number of shares		800 000	800 000	800 000
X Earnings or loss per share (EUR)*		0.11	(0.78)	(0.17)

* Profit or loss after corporate income tax / average number of shares during the reporting year.

The accompanying notes on pages 12 to 27 form an integral part of these financial statements.

On behalf of the Board:

Chairman of the Board
Jānis Birks

Chief Accountant
Gunta Kaufmane

24 May 2024

Balance Sheet as at 31 March 2024

	Note	31.03.2024 EUR	31.12.2023 EUR	31.03.2023 EUR
Assets				
Non-current assets				
I Fixed assets				
1. Land, buildings and engineering structures		4 820 721	4 855 003	4 750 650
2. Equipment and machinery		2 783 850	2 864 649	1 404 425
3. Other fixed assets		61 655	66 232	90 049
4. Construction in progress		-	-	566 022
Total fixed assets:	8	7 666 226	7 785 884	6 811 146
Total long term investments:		7 666 226	7 785 884	6 811 146
Current assets				
I Stock:				
1. Raw materials	9	176 480	161 511	147 789
Total stock:		176 480	161 511	147 789
II Receivables:				
1. Trade receivables	10	103 219	82 995	94 268
2. Other receivables	11	11 821	22 948	650 510
3. Prepaid expenses	12	301	11 364	10 161
4. Deferred income	13	352 104	312 389	284 738
Total receivables:		467 445	429 696	1 039 677
III Cash:	14	695 739	674 795	644 236
Total current assets:		1 339 664	1 266 002	1 831 702
Total assets		9 005 890	9 051 886	8 642 848

The accompanying notes on pages 12 to 27 form an integral part of these financial statements.

Balance Sheet as at 31 March 2024

	Note	31.03.2024 EUR	31.12.2023 EUR	31.03.2023. 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	2 472 973
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		2 445 201	3 069 450	3 149 450
b) profit/loss for the reporting year		91 329	(624 249)	(134 664)
Total shareholders' equity:		6 294 902	6 203 573	6 671 578
Liabilities:				
Long term liabilities:				
1. Deferred income	19	508 452	508 452	567 544
2. Accounts payable to suppliers and contractors	17	477 466	477 466	-
Total long term liabilities:		985 918	985 918	567 544
Short-term liabilities:				
1. Customer advances		51 606	51 606	51 606
2. Accounts payable to suppliers and contractors	17	329 132	623 985	318 202
3 Taxes and compulsory state social security contributions	19	241 538	234 900	266 049
4. Other liabilities	18	329 132	319 165	310 347
5. Deferred income	20	46 635	57 885	47 842
6. Accrued liabilities	21	574 854	574 854	409 680
Total short term liabilities:		1 725 070	1 862 395	1 403 726
Total liabilities:		2 710 988	2 848 313	1 971 270
Total equity and liabilities		9 005 890	9 051 886	8 642 848

The accompanying notes on pages 12 to 27 form an integral part of these financial statements.

On behalf of the Board:

Chairman of the Board
Jānis Birks

Chief Accountant
Gunta Kaufmane

24 May 2024

Statement of Changes to the Shareholders Equity for 2024

	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
Balance as at 31 December 2022	1 120 000	2 472 973	63 819	2 523 721	625 729	6580 6242
Profit of 2021 transferred to retained earnings of previous years				625 729	(625 729)	-
Dividends for 2017				(80 000)		80 000
Valuation account		101 580				101 580
Profit for the reporting year					(624 249)	(624 249)
Balance as at 31 December 2023	1 120 000	2 574 553	63 819	3 069 450	(624 249)	6 203 573
Profit of 2022 transferred to retained earnings of previous years				(624 249)	624 249	-
Valuation account						
Dividends						
Profit for the reporting year					91 329	91 329
Balance as at 31 March 2024	1 120 000	2 574 553	63 819	2 445 201	91 329	6 294 902

The accompanying notes on pages 12 to 27 form an integral part of these financial statements.

On behalf of the Board:

 Chairman of the Board
 Jānis Birks

 Chief Accountant
 Gunta Kaufmane

24 May 2024

Statement of Changes to the Shareholders Equity for 2024

	Note	31.03.2024 EUR	2023 EUR	31.03.2023 EUR
I. Cash flows from operating activities				
1. Profit/ loss before corporate income tax		91 329	(623 360)	(134 664)
<u>Adjustments for:</u>				
a) impairment of fixed assets	8	149 508	1 000 505	118 793
b) (gain)/loss on disposal of fixed assets	8	-	47 249	-
c) Increase of the long term investment revaluation reserve		-	101 580	-
2. Profit before adjustments for the effect of changes to current assets and short term liabilities		<u>240 837</u>	<u>525 974</u>	<u>(15 871)</u>
<u>Adjustments for:</u>				
a) decrease/ (increase) in trade receivables		(37 749)	598 169	(11 812)
b) decrease/ (increase) in stock		(14 969)	(18 310)	(4588)
c) increase/ (decrease) in accounts payable to suppliers and other liabilities		(137 325)	808 283	(68 776)
3. Gross cash flows from (used in) operating activities		<u>50 794</u>	<u>1 914 116</u>	<u>(101 047)</u>
Corporate income tax		-	(905)	-
Net cash flows from (used in) operating activities		<u>50 794</u>	<u>1 913 211</u>	<u>(101 047)</u>
II. Cash flows from (used in) investing activities				
a) purchase of fixed and intangible assets	8	(29 850)	(2 479 836)	(576 137)
6. Net cash flows used in investing activities		<u>(29 850)</u>	<u>(2 479 836)</u>	<u>(576 137)</u>
III. Cash flows from financing activities				
a) Dividends paid		-	(80 000)	-
7. Net cash flows used in financing activities		<u>-</u>	<u>(80 000)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents in the reporting year		<u>20 944</u>	<u>(646 625)</u>	<u>(677 184)</u>
Cash and cash equivalents at the beginning of the year		674 795	1 321 420	1 321 420
Cash and cash equivalents at the end of the year	14	<u><u>695 739</u></u>	<u><u>674 795</u></u>	<u><u>6 44 236</u></u>

The accompanying notes on pages 12 to 27 form an integral part of these financial statements.

On behalf of the Board:

Chairman of the Board
Jānis Birks

Chief Accountant
Gunta Kaufmane

24 May 2024

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 (Chairperson of the Board), Juris Imaks (Board Member) and Anatolijs Ahmetovs (Board Member). 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.
- 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 comprises the 3 months from 1 January 2024 to 31 March 2024.

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:

	31.12.2022	31.12.2023
USD	1.06660	1.10500

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 recognized 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 recognized 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.

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.

(iii) Valuation of receivables

Receivables are disclosed at amortised cost net of impairment allowances. Doubtful debt allowances are recognized based on an individual management assessment of the recoverability of each receivable. Impairment allowances are recognized when objective evidence exists that the Company

Notes to the financial statements

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 2023.

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.

Income from services

Income 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.

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.

Notes to the financial statements

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.

	2024	2023
	EUR	EUR
Medical and hospital outpatient services	2 335 217	9 074 108
Services covered by insurance	204 648	776 645
<i>Paid outpatient services</i>	<i>116 649</i>	<i>403 855</i>
<i>Paid inpatient services</i>	<i>87999</i>	<i>372 790</i>
	<u>2 539 865</u>	<u>9 850 753</u>

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.

	2024	2023
	EUR	EUR
Remuneration	1 246 029	4 895 480
Medicines, medical materials	253 572	995 448
Compulsory State Social Security Contributions	285 910	1 129 317
Non-deductible value added tax	108 120	417 769
Lease of equipment	17 416	80 104
Depreciation	149 509	551 282
Utilities and maintenance	118 541	523 116
Office items and equipment, other materials	16 252	164 127
Repair costs	40 645	169 421
Medical examinations and other services	26 437	104 916
IT expenses	10 204	40 513
Advertisement expenses	6 874	21 650
Security	6 876	41 414
Medical fund risk expenses	3 070	11 477
Transport expenses	1 241	14 702
Office expenses	4 012	8 492
Patient catering expenses	8 128	32 203
Real estate tax	-	6 172
Insurance	9 917	19 069
Staff training expenses	1 515	6 007
Risk duty	387	1 516
Benefits and gifts to employees	5 37	1 028
Changes in cost of accrued vacations	-	165 174
Other costs related to services	27 045	126 204
	<u>2 342 237</u>	<u>9 526 601</u>

Notes to the financial statements

(4) Administrative expenses

	2024	2023
	EUR	EUR
Remuneration	119 523	467 484
Compulsory State Social Security Contributions	27 084	99 381
Communication expenses	2 765	15 634
Audit of the financial statements	-	25 080
Office expenses	1 475	7 299
Bank services	3 106	14 367
Legal services	2 482	14 892
Representation expenses	258	1 304
Other administrative costs	772	2 397
	157 465	647 838

(5) Other operating income

	2024	2023
	EUR	EUR
Income from rent	30 531	120 303
Amortisation of funds received from EBRD	-	10 928
Other income - business related	20 715	115 135
Other income – cession*	-	-
Tax adjustment	-	25 033
	51 246	271 399

* During the course of several years, outstanding rent payments from tenant SIA Kodolmedicīnas klīnika accumulated.

In September 2022, a cession agreement was signed and all liabilities of SIA Kodolmedicīnas klīnika were eliminated. As a result of the cession, allowances for doubtful receivables were partly released.

(6) Other operating expenses

	2024	2023
	EUR	EUR
Donations	-	-
Fines	54	467
Other	-	19 803
Loss from revaluation of fixed assets	26	550 803
	80	571 073

(7) Corporate income tax for the reporting year

	2024	2023
	EUR	EUR
Current tax	-	889
	-	889

Notes to the financial statements

(8) Fixed assets

	Land, buildings and engineering structures EUR	Equipment and machinery EUR	Other fixed assets EUR	Intangible assets EUR	Construction in progress EUR	Total EUR
Historical cost						
31.12.2023	5 677 872	5 844 941	573 117	72 936	-	12 168 866
Additions		25 964	3 886			29 850
Transferred						
Revaluation						
Disposals		(18 629)	(4 908)			(23 537)
31.03.2024	5 677 872	5 852 276	572 095	72 936	-	12 175 179
Accumulated depreciation and amortisation						
31.12.2023	822 869	2 980 292	506 885	72 936	-	4 382 982
Depreciation and amortisation charge for the year	34 282	106 763	8 463			149 508
Depreciation of disposed fixed assets		(18 629)	(4 908)			(23 537)
31.03.2024	857 151	3 068 426	510 440	72 936	-	4 508 953
Balance as at 31.12.2022	4 784 474	1 401 099	92 020	-	76 209	6 353 802
Balance as at 31.12.2023	4 855 003	2 864 649	66 232	-	-	7 785 884
Balance as at 31.03.2024	4 820 721	2 783 850	61 655	-	-	7 666 226

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.

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 Rīga, Patversmes iela (2020: EUR 3 000 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m2 510 (2020: EUR 452) Rent rate per m2 – 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 m2 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 Rīga, Vecmīlgrāvja 5.līnija (2020: EUR 810 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m2 EUR 389 (2020: EUR 327) Rent rate per m2 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 m2 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 Rīga, Melīdas iela 10, Vecmīlgrāvja 5.līnija 22 (2020: 630 000)	Fair value was determined using a combination of the income approach and the market approach.	Price per m2 EUR 357 (2020: EUR 315) Rent rate per m2 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 March 2024 had revaluation not taken place would be EUR ??? (31.12.2023 – EUR 3 560 981).

Including:	31.03.2024	31.12.2023
	EUR	EUR
-historical cost	4 617 716	4 617 716
-increase	668 415	668 415
-accumulated depreciation	(1 725 150)	(1 725 150)

(9) Raw materials

	31.03.2024	31.12.2023
	EUR	EUR
Medicines in warehouse	152 849	138 129
Medicines in departments	22 385	22 978
Other materials	1 246	404
	<u>176 480</u>	<u>161 511</u>

(10) Trade receivables

	31.03.2024	31.12.2023
	EUR	EUR
Insurance companies	73 764	44 322
Other institutions, companies and individuals	37 443	46 611
Doubtful debt allowance	(7988)	(7 988)
	<u>103 219</u>	<u>82 995</u>

(11) Other receivables

	31.03.2024	31.12.2023
	EUR	EUR
Overpaid taxes (see Note 19)	21	3 713
Value added tax on unpaid services	1 352	8 566
Prepayment for fixed assets*		-
Other receivables	10 448	10 669
	<u>11 821</u>	<u>22 948</u>

*The prepayment was used to purchase a magnetic resonance device from Tradintek.

(12) Prepaid expenses

	31.03.2024	31.12.2023
	EUR	EUR
Insurance expenses	301	9 754
Other	-	1 610
	<u>301</u>	<u>11 364</u>

(13) Deferred income

	31.03.2024	31.12.2023
	EUR	EUR
Deferred income for invoices issued after the year end	352 104	312 389
	<u>352 104</u>	<u>312 389</u>

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

Notes to the financial statements

(14) Cash

By currency:	31.03.2024		31.12.2023		
	Currency	EUR	Currency	EUR	
Current account	USD	5840	5285	5 840	5 285
Current account	EUR	-	676 752	-	666 837
Cash on hand	EUR	-	13 702	-	2 673
			695 739		674 795

(15) Share capital

Share capital of the Company as at 31 March 2024 amounted to EUR 1 120 000 (31.12.2023: 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:

	31.03.2024		31.12.2023	
	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	2024 EUR	2023 EUR
Revaluation reserves as at 1 January	2 574 553	2 472 973
Decrease as a result of revaluation	-	(387 261)
Appreciation as a result of revaluation	-	488 841
Revaluation reserves as at 31 December	2 574 553	2 574 553

(17) Accounts payable to suppliers and contractors

	31.03.2024 EUR	31.12.2023 EUR
Long-term liabilities	477 466	477 466
Short-term liabilities	481 260	623 985
	958 726	1 101 451

Long-term and short-term liabilities consist of the deferred consideration payable to SIA Tradintek for the fixed asset of EUR 859 402. A monthly payment of EUR 31 830 should be made until 31 March 2026.

Notes to the financial statements

(18) Other liabilities

	31.03.2024	31.12.2023
	EUR	EUR
Salaries		318 608
Payments to the trade union/court orders		557
	<u> </u>	<u>319 165</u>

(19) Taxes and social contributions

	Balance as at 31.12.2023	Calculated for 2023	Paid in 2023	Balance as at 31.03.2024
	EUR	EUR	EUR	EUR
Corporate Income Tax	50	-	-	50
VAT	(3 693)	11 736	(1652)	6 391
Real estate tax	(21)	-	-	(21)
Natural Resources Tax	2 299	-	-	2 299
Risk duty	128	387	(389)	126
Social Security Contributions	142 969	452 320	(452 199)	143 090
Personal Income Tax	89 454	248 610	(248 437)	89 627
Total	<u>231 186</u>	<u>713 053</u>	<u>(702 677)</u>	<u>241 562</u>

Including:

Overpaid taxes	(3714)	(21)
Tax liabilities	234 900	241 583

Overpaid taxes are disclosed under "other receivables".

(20) Deferred income

	31.03.2024	31.12.2023
	EUR	EUR
The part of capital grants to be charged to profit or loss within 1 to 5 years*	54 640	54 640
The part of capital grants to be charged to profit or loss within for more than 5 years*	300 527	300 527
Lease payments to be charged to profit or loss within 1 to 5 years**	143 836	143 836
The part of capital grants to be charged to profit or loss within 1 to 5 years***	9 449	9 449
Deferred income, long term	<u>508 452</u>	<u>508 452</u>
The part of capital grants to be charged to profit or loss within one year*	10 928	10 928
Lease payments to be charged to profit or loss within one year**	33 750	45 000
The part of capital grants to be charged to profit or loss within one year***	1 957	1 957
Deferred income, short term	<u>46 635</u>	<u>57 885</u>

* In 2012, the Company received EBRD funding to purchase fixed assets. In 2023, the Company recognised revenue of EUR 10 928 (2022: EUR 10 928) (see Note 5).

Notes to the financial statements

** 2018, the Company received lease payments for the next 10 years amounting to EUR 450 000. In 2023, the Company recognised revenue of EUR 45 000 (2022: 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.

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). Revenue recognition started in 2022: EUR 3 164, in 2023: EUR 1 957.

(21) Accrued liabilities

	31.03.2024	31.12.2023
	EUR	EUR
Accrued expenses for unused vacations	574 854	574 854
	<u>574 854</u>	<u>574 854</u>

(22) Average number of employees by category

	2024	2023
Average number of employees in the reporting year:	366	366
incl. Members of the Board	3	3
Members of the Council	5	5
Other employees	358	358

(23) Personnel expenses

Type of costs	2024	2023
	EUR	EUR
Remuneration	1 366 552	5 362 964
Compulsory State Social Security Contributions	312 994	1 228 698
	<u>1 678 546</u>	<u>6 591 662</u>

(24) Remuneration to management

	2024	2023
	EUR	EUR
Members of the Board		
· remuneration (fixed and variable)	34 462	188 544
· compulsory state social security contributions	11 329	35 529
Members of the Council		
remuneration	9 000	36 000
· compulsory state social security contributions	1 989	7 959
Other members of the administration		
remuneration	76 061	242 940
· compulsory state social security contributions	13 766	55 893
	<u>146 607</u>	<u>566 865</u>

(25) Future liabilities

Notes to the financial statements

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 31 March 2024 (31.12.2023: none).

(26) Remuneration to the certified auditor

	2024 EUR	2023 EUR
Audit and translation of the financial statements	-	25 080
Other assurance services	-	-
	<u>-</u>	<u>25 080</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 2023 EUR 10 199
In 2024 EUR 5 624
In 2025-2028 EUR 19 685

(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.

Notes to the financial statements

No long-term investments are planned in 2024 that could impact the Company's profit. In the three months of 2024, the Company generated 91 329. No revaluation of real estate is planned in this year. 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.

On behalf of the Board:

Chairman of the Board
Jānis Birks

Chief Accountant
Gunta Kaufmane

24 May 2024