

# Consolidated Annual Report

31 December 2020



**SORAINEN**

[sorainen.com](https://sorainen.com)



# MANAGEMENT REPORT

25 years of helping clients succeed in business

## Four offices, one team

We are a fully integrated international business law firm with offices in Estonia, Latvia, Lithuania and Belarus



## 15,000+ clients, one approach

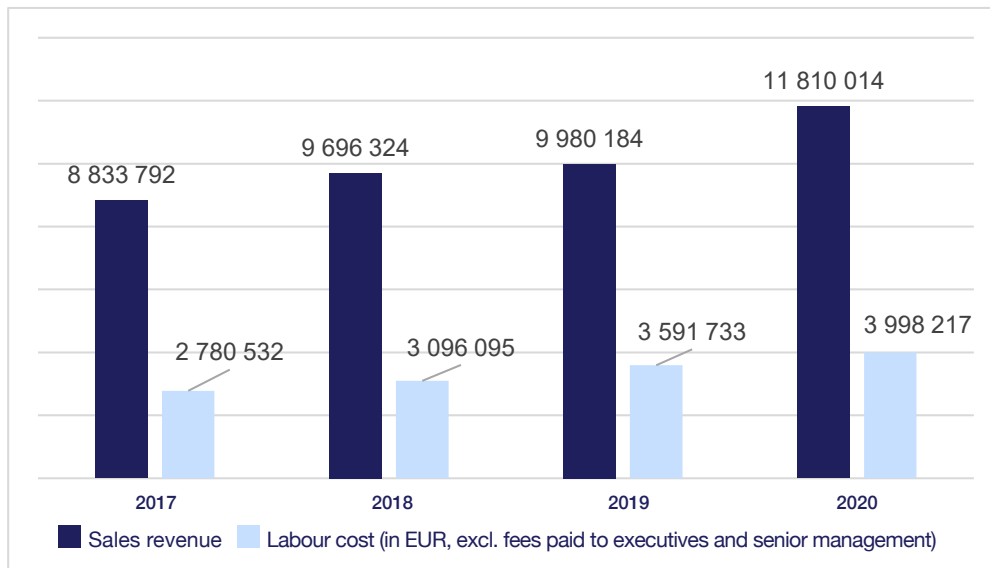
A strong partner for local and international businesses



## Diverse team, one purpose

Our core purpose is to increase prosperity in the Baltic States and Belarus by helping our clients succeed in business

## PROUD MOMENTS OF 2020



- **Quarter of a century of constant growth.** We have been growing organically since the firm was founded in 1995. Despite an uncertain economic environment, we saw record turnover in 2020.
- **Celebrating our 25th birthday in September 2020.** We celebrated our quarter-century with a series of online events focused on our core values: client focus, innovation, teamwork and our people. All of the Sorainen team were present, as well as over 1,000 guests from Singapore to the USA.



- **The best law firm in Estonia and the Baltics according to clients – Prospera no 1.** Improving client feedback and satisfaction has been at the core of our strategy for years. We aim to increase prosperity in the Baltic States and Belarus by helping clients succeed in business. We were ranked first in the Baltics in the Kantar Sifo Prospera survey 2020, which measures satisfaction with law firms. In Estonia, we ranked first for the second time in a row.



- **Prompt legal advice for businesses during the COVID-19 health crisis.** On 13 March 2020, a day after the emergency situation was declared in Estonia, we launched our international COVID-19 Solutions service line. We put together a dedicated Task Force and shared free-of-charge legal advice with thousands of participants, and collaborated with a number of organisations (the American Chamber of Commerce in Estonia, the British-Estonian Chamber of Commerce, the Estonian Chamber of Commerce and Industry, the Estonian Employers' Confederation, and rural development centres).

- **EUR 100,000 worth of pro bono legal advice.** In all four countries, we launched our Shared Mission programme and provided EUR 100,000 worth of pro bono legal services for projects helping to solve issues related to COVID-19. More than 40 of our lawyers across Estonia, Latvia, Lithuania and Belarus provided over 600 hours of legal services free of charge.



- **An innovative law firm. Our IT solutions in 2020:**
  - o Jarvis. We started tracking our sales electronically using Jarvis – a client and project management software we developed ourselves. In addition, we added functions for regulating workload and preventing money laundering.
  - o Green Meadow Document Drafter. This software for automating documents helps our lawyers to work more efficiently and to offer innovative services to our clients.
  - o FitekIN. We started using the online purchase invoice administration tool, which allows us to confirm purchase invoices, allocate costs and automate different processes more easily.
  - o xLaw. In collaboration with ExtendLaw, we are creating a database of contract clauses, which makes work even faster for our legal assistants and lawyers.
  - o iKnow. We created an e-coaching platform for our new employees. The platform gives flexible options for learning about our organisation's culture and policies through online lectures and tests. Our plan is to keep developing iKnow to make the learning process more accessible and compelling for all of our employees.
  - o Sage HR. In order to decrease the administrative workload and improve data analysis in HR, we are preparing to implement the cloud-based programme Sage HR. Operations related to employees joining and leaving, and to providing information about anniversaries, will be automated. On their mobile, employees will be able to see what kind of data has been collected about them, keep track of their vacation days, and even apply for vacations.

- We launched new services

- 💡 Compliance
- 💡 COVID-19 Solutions
- 💡 Leading counsel's service

- 💡 INTERPOL and EUROPOL
- 💡 Private client
- 💡 Contract lawyers in Lithuania

## RECOGNITION

### Awards received in 2020:

- Prospera client satisfaction survey: the best law firm in Estonia, and in the Baltics overall
- IFLR1000 "Baltic Law Firm of the Year"
- International Tax Review "Baltic States Tax Firm of the Year"
- Remote Work Prize 2020
- Responsible Business Forum of Estonia, Gold Mark

### Individual recognition:

- Who's Who Legal "WWL: Arbitration": Maria Pihlak and Carri Ginter
- The Global Arbitration Review "GAR 100": Maria Pihlak and Carri Ginter
- Chambers Fintech: Kätlin Krisak
- Chambers Global 2020: Aku Sorainen, Allar Jöks, Carri Ginter, Jane Eespõld, Kadri Härginen, Karin Madisson, Kaupo Lepasepp, Paul Künnap, Piibe Lehtsaar, Piret Jesse, Toomas Prangli
- Legal 500: Allar Jöks, Carri Ginter, Cathriin Torop, Jane Eespõld, Karin Madisson, Kaupo Lepasepp, Kärt Anna Maire Kelder, Mihkel Miidla, Paul Künnap, Piibe Lehtsaar, Piret Jesse, Tanel Molok, Toomas Prangli
- IFLR 1000: Karin Madisson, Kaupo Lepasepp, Paul Künnap, Piret Jesse, Toomas Prangli
- IFLR1000 "Women Leaders Guide" – elite ranking of 300 leading female transaction experts: Piret Jesse
- Medal of service from the Estonian Ministry of Foreign Affairs: Aku Sorainen
- Recognition by the Supreme Court of Estonia of the authors and supervisors of the best law student research papers: Lise-Lotte Lääne

## OUR PEOPLE

As of 31 December 2020, we had 91 employees in our Estonian office. 13 new employees joined us in Estonia in 2020 – 11 of them are lawyers. Seven of our new legal assistants participated in Sorainen Student Academy and were interns at Sorainen.



**Elina Mizerova**  
Legal assistant



**Kamilla Alma Vilderson**  
Associate



**Eva Lennuk**  
Legal assistant



**Karl Joonas Kendla**  
Legal assistant



**Jürgen Adamson**  
Legal assistant



**Katariina Kuum**  
Legal assistant



**Kati Rohtla**  
Legal assistant



**Pirkko-Liis Harkmaa**  
Counsel



**Lauri Liivat**  
Counsel



**Roberta Mark**  
Legal assistant



**Mario Sõrm**  
Associate



## Work anniversaries and career benchmarks

Norman Aas became a partner in January 2021.

Kaupo Lepasepp became a country managing partner in April 2021.

Our firm was founded in 1995. Two of our first employees – Aku Sorainen and Kristiina Härms – celebrated their 25th work anniversary.

5 years at Sorainen – 2 people (16 people have worked at Sorainen for 5+ years)

10 years at Sorainen – 1 person (24 people have worked at Sorainen for 10+ years)

15 years at Sorainen – 2 people (4 people have worked at Sorainen for 15+ years)

25 years at Sorainen – 2 people (5 people have worked at Sorainen for 20+ years, and 2 of them for 25+)

Average employee seniority is 5 years and 10 months.

Average employee age is 33 years.

8 lawyers successfully passed the attorney's examination.

We have 2 new sworn attorneys.



## WE VALUE OUR TEAM AND WELCOME YOUNG PEOPLE

**Flexible working arrangements.** Since the start of pandemic, all our employees have had the opportunity to work remotely. More and more of our people are working part of the time from outside Tallinn or even from outside Estonia. In 2020, we received the Remote Work Prize from Elisa, the Smart Work Association (Targa Töö Ühing) and the Estonian Human Resource Management Association PARE.

**Counselling service.** To stabilise our employees' workload, we started involving counsels who can offer us short-term services. Our employees who wish to have a more flexible work arrangement can also switch to working as a counsel.

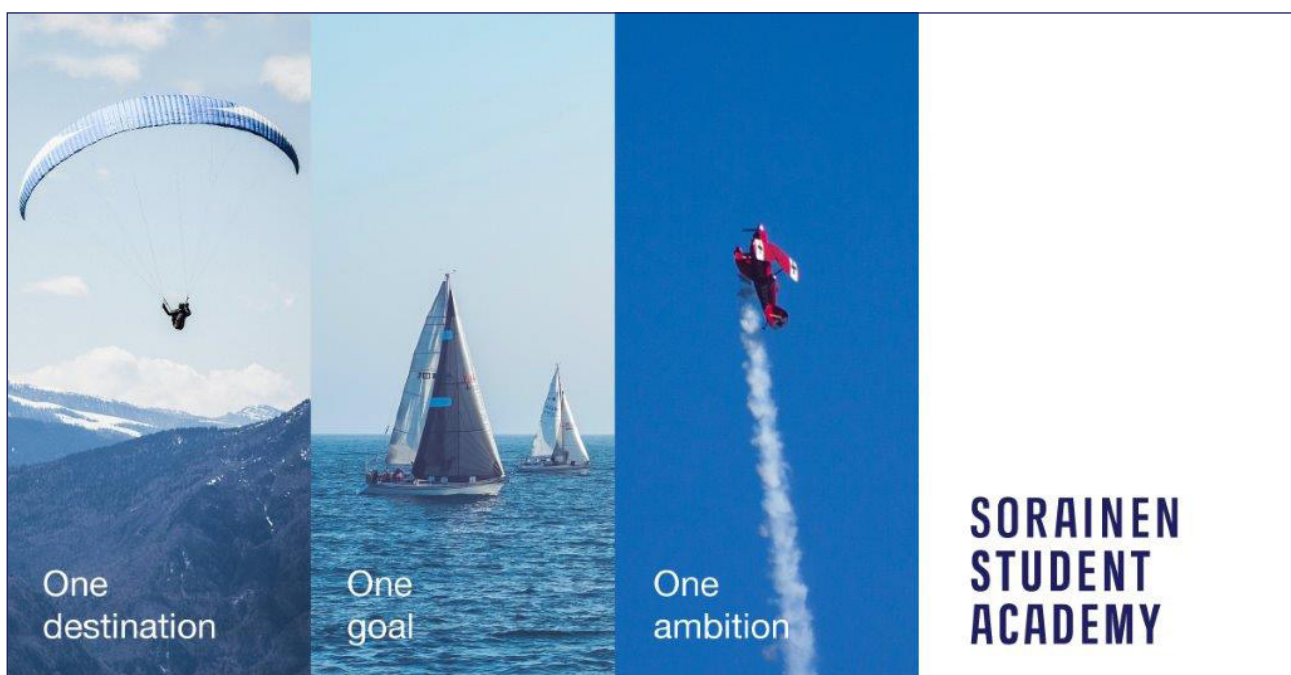
**Equal pay.** According to a salary survey conducted in 2020, men and women working in equivalent-level positions have equal salaries.

**Satisfaction surveys.** In addition to our yearly satisfaction and motivation surveys, we started conducting pulse surveys in 2020 to better understand how our team is doing in these difficult times and how the firm can provide more support to them.

**Mentoring.** We support both newcomers and employees who have been on longer periods of leave with a six-month mentoring programme delivered by experienced employees of ours.

**Sorainen Student Academy.** Law students receive practical training courses at Sorainen Student Academy, which began its ninth year in autumn 2020.

The courses take place from October to April, held simultaneously at all Sorainen offices in the Baltics and Belarus. The best students are invited to attend our internal training sessions and events and are encouraged to intern at Sorainen. Last time, the Estonian office enrolled 20 academy participants, who were introduced to the life of an attorney and to a selection of legal fields.



## Supervisors at hand

Many Sorainen professionals act as supervisors for student research papers, master's theses and doctoral theses; they also lecture at universities and assist foreign students with studies in Estonia.

- o Carri Ginter, associate professor of EU law at the University of Tartu, contributes every year to the master's and doctoral theses of the university's law students, while also heading the moot courts on EU and international law. He has twice been named Lecturer of the Year at the University of Tartu.
- o Many lawyers teach university courses – for example, Piret Jesse teaches corporate law at the University of Tartu, Kaido Künnapas delivers courses on tax law at TalTech and the University of Tartu. Kaido is also the head of TalTech's thesis defence committee. Heidi Rand and Liisa-Maria Puur give lectures on EU law at the University of Tartu; Mihkel Miidla is a guest lecturer on data protection law at the University of Tartu; Triin Toom teaches legal analysis and argumentation at the University of Tartu; Gerli Gritsenko coaches University of Tartu's Willem C. Vis competition team; Gerli Gritsenko and Elina Mizerova also teach the course "Preparation for international moot court" at the University of Tartu. Britta Retel gives lectures at TalTech on legislation related to the earth's crust.
- o Each year, we give a Youth for Understanding (YFU) scholarship to a high school student to support a year's study abroad.
- o We support the Estonian Moot Court Society, which organises simulated court proceedings known as moot court competitions, held for law students in various legal fields.
- o We support Salzburg summer university, which enables law students to attend international summer courses.
- o We take part in the "Children to Work" project, providing the children of our staff an overview of the jobs at our firm, such as that of an attorney.
- o We welcome ninth-grade students for job shadowing days throughout the year, enabling them to get a closer look at jobs they find appealing.

**Think Tank.** Young people working and interning at Sorainen are brought together at the Sorainen Think Tank, which gives them a chance to organise their work on their own terms.

**An attractive employer.** According to Instar, we continue to be an attractive employer to law students.

## MAKING SOCIETY A BETTER PLACE

- **A partner for startups.** We support startups every step of their way, aiming to create a better business environment for them:
  - o Toomas Prangli, Kaido Künnapas, Karin Madisson, Mirell Prosa, Monika Tomberg and Pirkko-Liis Harkmaa work closely with the Estonian Founders Society and Startup Estonia to improve legislation for the Estonian startup sector.
  - o In collaboration with Startup Estonia and colleagues from other law firms, we compiled a free-of-charge package of model documents. This package includes 22 main contracts and documents that startup founders and investors need the most at the beginning of their journey.
  - o We offer mentoring for startups; collaborate with accelerators, angel investors and venture capital unions; and help startups and investors find each other.
  - o We are a long-term supporter and partner of sTARTUp Day, the largest Baltic business festival, and also work together with the accelerator Wise Guys Fintech.
  - o Our lawyers regularly give free legal advice for startups in the “Legal Clinic for Startups: Start Up Smart” sessions which has also been popular during the pandemic virtually.

- **Speaking up when it matters.** Many Sorainen attorneys are opinion leaders and spokespeople in their field. We speak up in the media to show we are standing up for our values and improving laws and the economic environment. In 2020, we launched our own podcast called “Sorainen frequency” in order to speak our minds to society even more actively.

- Allar Jõks stood up in public against losing control over the financing of political parties and pointed out that the government can only establish coronavirus-related restrictions (e.g. obligation to wear face masks) if these are in accordance with the law.

- **More favourable laws for entrepreneurs.** Our lawyers fight for a legal environment that is more entrepreneur-friendly and less bureaucratic:

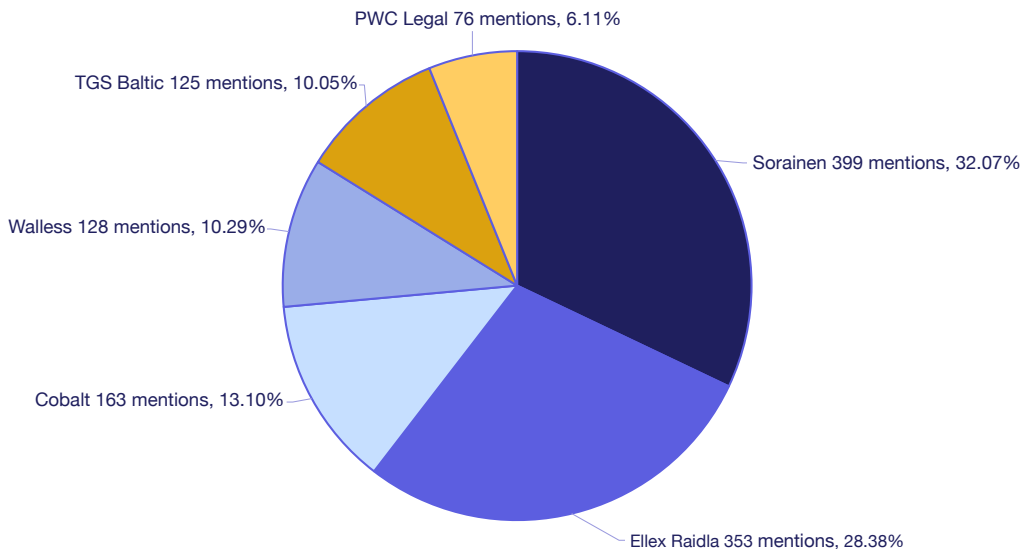
- o From 2018 to 2020, senior associate Mari Karja participated in the insolvency law audit committee working on amendments to the Estonian bankruptcy law, which entered into force on 1 February 2021.
- o Partners Piret Jesse and Karin Madisson are active on the Estonian Bar Association’s Business Law Committee, and partner Toomas Prangli is contributing to improving business law legislation at the Estonian Private Equity and Venture Capital Association EstVCA. For example, we contributed to amendments to the law which entered into



force on 24 May 2020, and, i.a., extended the deadline for filing annual reports and enabled all persons from businesses, non-profits and apartment associations to organise official meetings electronically.

- o Partners Toomas Prangli, Karin Madisson and Allar Jõks advised on amendments to the Estonian Commercial Code, which abolished the notarisation requirement for share pledge and transfer transactions.
- o Senior associate Sandra Mikli and associate Andra Grünberg analysed the implementation practice of the Building Code, and problems occurring during implementation, and compiled proposals for amendments to the Building Code and an analysis of the effects of the amendments.
- o Partner Paul Künnap, senior associate Sandra Mikli and associate Andra Grünberg made proposals for the Ministry of Economic Affairs and Communications for drafting a foreign direct investments trustworthiness act and an assessment of related impacts.
- o Counsel Kaido Künnapas made proposals to the Tax and Customs Board on the supplementation of guidelines regarding tax obligations arising from stock options.
- o Counsel Jane Eespõld contributed to the compiling of a draft bill for amendments to the pledge instruments act and its explanatory memorandum.
- o Senior associate Monika Tomberg, counsel Kätlin Krisak, and associate Krista Ševerev, together with FinanceEstonia, contributed to the preparation of the credit information act; gave feedback on the draft act on crowdfunding and other investment instruments and virtual currencies; and contributed to the evaluation of money laundering risks for creditors, to regulation of the use of IT-tools for identity and data verification, and to the amendment of the Money Laundering and Terrorist Financing Prevention Act.
- o Senior associate Britta Retel and counsel Piibe Lehtsaar contributed to the preparation of the draft Public Water Supply and Sewerage Act.
- o Partner Allar Jõks heads the jury for the Good Lawmaking Competition. At the competition every year, to highlight the importance of quality lawmaking, one law is selected as the best and one as the worst. The selection committee includes representatives from the Estonian Service Industry Association, the Estonian Employers' Confederation, the School of Law at the University of Tartu and the newspaper Postimees.

Media coverage of the top 6 law firms in Estonia 2020



## We actively participate in the work of the Estonian Bar Association and the committees and working groups of other organisations:

Partner Allar Jõks – member of the Fundamental Rights Committee

Partner Karin Madisson – member of the Estonian Bar Association Commercial Law Commission and the Estonian Employers' Confederation's Labour Force working group

Partner Kaupo Lepasepp – member of the Administrative Law Committee

Senior Associate Maria Pihlak – member of the Ethics and Methodology Committee

Partner Mihkel Miidla – member of the IP and IT Law Committee

Counsel Piibe Lehtsaar – member of the Competition Law Committee

Counsel Pirkko-Liis Harkmaa – member of the Employment Law Committee, as well as the Ethics and Methodology Committee

Partner Piret Jesse – board member of the Estonian Bar Association, member of the Business Law Committee and Estonian Corporate Law Audit Commission

## We contribute with passion

- o Sorainen Estonia joined the Green Tiger representative organisation created in January 2021. The organisation connects Estonian businesses in order to increase environmental awareness and lay the groundwork for a balanced economy.
- o We have long-standing cooperation with the Art Museum of Estonia.
- o We support Youth for Understanding, an organisation offering educational programmes.
- o In 2020, we decided to donate our Christmas present budget to charity – we supported the NGOs Peaasjad (Mind Matters) and Bethel's Centre of Pastoral Care.
- o We supported Tagasi Kooli (Back to School) project by taking part in JCI Tallinn's virtual charity run Rat Race 2020.



## SOME NOTABLE TRANSACTIONS WE ADVISED IN 2020

### Local

#### Škoda

We advised Škoda in a public procurement conducted by Eesti Liinirongid (brand name Elron) for purchasing 6 trains with an additional option to buy 10 more trains in the coming years.

#### Vista Equity Partners

We advised Vista Equity Partners in their majority investment in Pipedrive, a CRM platform for sales and marketing teams.

#### Bolt

We advised Bolt, a leading European mobility platform headquartered in Estonia, in raising EUR 150 million, its biggest funding round yet.

#### PlanB Labs

We advised PlanB Labs, an Estonian start-up developing the Language Drops language learning platform, in preparing for and closing the sale of Drops to Kahoot!, the world's leading game-based learning platform.

#### Atria

We successfully represented Atria, one of the biggest meat producers in Estonia, in their dispute with the Estonian Veterinary and Food Board (VTA).

#### Boku

We are advising Boku, a leading global mobile payment and mobile identity company, in the acquisition of Estonian fintech Fortumo.

#### Citi, Société Générale and Nordea Bank

We represented Citi, Société Générale and Nordea Bank as the joint lead managers in the EUR 1.5 billion 10-year government bond issue of the Republic of Estonia.

#### Tallinna Linnatranspordi Aktsiaselts

We represented Tallinna Linnatranspordi Aktsiaselts (TLT), a company fully owned by the City of Tallinn, in a procurement to purchase compressed gas for TLT's natural gas-powered buses.

#### Polybius Foundation

We represented Polybius Foundation – which had conducted an initial coin offering (ICO) – in a landmark dispute where one of the buyers, Maksim Velitško, attempted to force a reversal of his token purchase.

#### European Investment Bank

We advised the European Investment Bank in financing a project consisting of the renewal and modernisation of existing Estonian railway network, comprising modernisation of tracks, signalling and traffic control systems of Eesti Raudtee (Estonian Railway).

### International

#### Hexatronic

We advised Hexatronic, a Swedish industrial group, on the acquisition of Estonia-based Baltronic and Canada-based Toronics, acting as local advisors through Advokatfirman Vinge, one of the largest law firms in Sweden.

#### Infracapital and AMP Capital

We advised Infracapital and AMP Capital on the sale of their combined ownership interest in Adven, a leading provider of clean energy solutions across the Nordics and Baltics.

## DLA Piper

Our pan-Baltic team as local counsel working with DLA Piper as lead counsel assisted Polhem Infra on its acquisition of Telia Carrier, a world-leading provider in backbone connectivity for data traffic.

## Ignitis Group

Our team advised the state-owned energy company Ignitis Group in preparation for the initial public offering (IPO) and admission to trading on the Vilnius and London stock exchanges.

## AMC

We advised AMC, the world's largest movie exhibition group, in the sale of Forum Cinemas, which operates nine theatre locations in the Baltic countries.

## Bitè Group

We assisted Bitè Group, controlled by international asset management company Providence Equity Partners, as Lithuanian, Latvian and Estonian law counsel in a refinancing transaction.

## Vienna Insurance Group

We advised Vienna Insurance Group (VIG) – one of the biggest international insurers in Central and Eastern Europe – on consolidating the business of its group non-life insurance companies Compensa and Seesam in Lithuania, Latvia and Estonia.

## Kaamos Group, Kaamos Timber and Mozyr Sawmill

We advised Estonian Kaamos Group and its subsidiaries Kaamos Timber (Estonia) and Mozyr Sawmill (Belarus) on EUR 15 million debt financing from the European Bank for Reconstruction and Development.

## PPG

We advised PPG, the second largest paints producer in the world, on conducting a voluntary recommended public cash tender offer for all the shares in Tikkurila, a leading Nordic paint and coatings company.

## Structure and dividend policy of the regional Group

As of 31 December 2020, the Group consists of the parent company and the following entities:

- ASLO Konsultatsioonid OÜ (registered in Estonia, ownership: 100%)
- UAB SLOV SERVICES (registered in Lithuania, ownership: 100%)
- SIA SLOR (registered in Latvia, ownership: 100%)
- SLOH OY (registered in Finland, ownership: 100%)
- IOOO SORAINEN i Partnery (registered in Belarus, owned by SLOH OY (90%) and UAB SLOV SERVICES (10%))

The Group was also made up of the same entities on 31 December 2019.

IOOO SORAINEN i Partnery is engaged in the provision of legal services in Belarus. UAB SLOV SERVICES, SIA SLOR and ASLO Konsultatsioonid OÜ specialise in the provision of rental and administration services. SLOH OY has no active business activity.

The Group has not declared a dividend at a maximum rate from the consolidated profits of the year. The exact dividend amount depends on the Group results for the year ended, its liquidity position and its shareholders' decisions.

## KEY FINANCIAL INDICATORS OF ADVOKAADIBÜROO SORAINEN AS (PARENT COMPANY)

Key non-consolidated financial results of the parent company Advokaadibüroo SORAINEN AS in the current financial year, as compared to the 2019 results:

|  | <b>Growth(%)</b> | <b>2020</b> | <b>2019</b> |
|--|------------------|-------------|-------------|
| Sales revenue  | 18%              | 11 810 014  | 9 980 184   |
| Operating profit (EBIT)  | 55%              | 4 767 793   | 3 078 834   |
| Debt ratio<br>(total liabilities/assets)                         | (-14.5%)         | 21.2%       | 24.8%       |
| Liquidity ratio (total current assets/total current liabilities) | 22.5%            | 4.9         | 4.0         |

Labour cost and number of personnel of Advokaadibüroo SORAINEN AS:

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
| Labour cost (in EUR, excl. fees paid to executive and senior management) | 3 998 217   | 3 591 733   |
| Average number of personnel (excl. executive and senior management)      | 73          | 71          |

At the time of the preparation of the annual report, the Management Board of the parent company had 10 members and the Supervisory Council had three members.

The sales revenue of the Group increased by 12.0% compared to 2019 (2020: EUR 15,264,787; 2019: EUR 13,634,637). The operating profit of the Group increased by 48.9% (2020: EUR 4,661,458; 2019: EUR 3,130,355).

The business of Group entities is not seasonal. The management believes that it has taken all necessary measures to ensure the Group's sustainability and growth, under the current conditions and in the coming years as well.

In 2021, the Company plans to continue its core activities.



# SORAINEN



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