

SORAINEN

Management report

(01 January 2023 to 31 December 2023)



Sorainen ZAB SIA
Reģ. nr. 50203349641
Kr. Valdemāra 21-11, Rīga,
LV-1010, Latvija



Activities of the company during the reporting period

A united team working together to achieve your goals

We are part of an international law firm, fully integrated and working towards a common goal: our clients' success.

15,000+ clients, one approach

We work closely with local and international companies to put our mission into practice: to promote prosperity in the Baltics by contributing to our clients' business success.

Sorainen Latvia was established in 1997 and advises clients in connection with important international and local transactions. We are proud that we reached a new peak in 2023 – hiring our 100th team member. By 31 December 2023, clients were supported on all business-related legal and tax matters by nine partners and a team of more than 102 people, a number which continues to grow (our average number of employees in 2023 was 69, but the total of practising sworn attorneys and sworn attorney assistants was 31).

In total, 17 new colleagues joined the Sorainen Latvia office in 2023, with five of them being lawyers and tax specialists. Our team is not only growing in number, attracting new talents, but we can also boast of the loyalty of our long-standing colleagues. Last year, we celebrated the 15th anniversary of one of our colleagues joining the team. Five colleagues reached their 10th anniversary, while seven reached their five-year anniversary.



Annual turnover dynami:

When compared with all published 2023 annual reports for Latvian law firms, Sorainen shows the highest annual turnover for the reporting period of 2022.

The profit of the Sorainen office for the 2022 report was EUR 1.46 million, which increased to EUR 2.14 million in 2023, showing a 46% increase compared to the previous period.



Office management: Eva Berlaus, the current managing partner at the Sorainen Latvia office, has held this position since 2010, having worked for Sorainen for 23 years. As of 1 January 2024, significant changes have taken place in the management of Sorainen as a whole as well as in the Latvian office, which will be reported in the section “Events after the last day of the reporting year”.

Introduction of new services: The Defamation & Reputation Protection practice was established within the Sorainen Dispute Resolution practice group in 2023. Our experts aim to be reliable advisors and advocates for our clients’ interests, managing various risks and coordinating on legal issues, including defamation; insult to honour, dignity and reputation; expressing offensive opinions; product disparagement; unfair commercial practices; online harassment; pursuance; and false accusations; as well as civil and criminal cases. We help our clients to prevent threats to their public image in the media, online and elsewhere. The practice is led by partner, attorney-at-law Andris Tauriņš, who has successfully represented clients who have been the victims of defamatory statements or publications, as well as expressing his views in the media and speaking out.

Insight in the most important client cases

- Our team successfully represented the insurance company If P&C Insurance AS during legal proceedings, which involved complicated issues of insurance law, regulation of consumer rights, competition law and the boundary between civil proceedings in court and supervision by supervisory authorities during administrative proceedings.
- With our support, our client Linstow has expanded its real estate portfolio in the vicinity of Riga Central Station by acquiring seven new properties from three different sellers. The total value of the transaction was EUR 4 million.
- We supported the client in the purchase of the largest real estate transaction in Latvia in 2023 and the largest purchase of a logistics building in the Baltics. Rimi Baltic has sold central logistics and office premises in Riga as part of the equity transaction, concluding a long-term lease agreement for 15 years.
- We assisted the owner of Sāga shopping centre with being successfully refinanced by Rietumu Banka. This was one of the largest loan-commitment-financing transactions in Latvia in 2023.



- We advised Bitė Lietuva on the separation of its telecommunications and media operations. Each will henceforth be managed by its own holding company. Bitė Group will merge telecommunication companies in Lithuania and Latvia, while All Media Group will merge media companies in the Baltics, including TV3 television, the streaming platform Go3 and the radio station Power Hit Radio.
- As local leading specialists in Estonia and Latvia, through the Helsinki office of the international law firm Bird & Bird, we are advising Patria, provider of international defence, security and aviation life cycle support services, technology solutions and pilot training services, in connection with updating the Patria Group guidelines on whistleblowing and ensuring compliance with the requirements of the EU Whistleblower Directive.
- We assisted Stena Line in the acquisition of ferry and RoRo terminal operations at the port of Ventspils, Latvia. This acquisition in Latvia is one of many steps to promote the long-term expansion of Stena Line in the growing Baltic Sea region.
- We are providing *pro bono* legal assistance to the journalist Inga Sprīģe, who has suffered from prolonged and repeated harassment by Jānis Sondars, including intimidation, threats and unwanted communication.
- Our team represented AS CATA before the Administrative Court in a dispute regarding the right to conclude a state contract for passenger transportation in the Vidzeme region. The court ruled that the Road Transport Administration was justified in withdrawing from state contracts worth EUR 200 million with the company Nordeka, which had not started passenger transportation in the lots of Cēsis, Limbaži and Sigulda within the period stipulated.
- Our colleagues supported Tietoevry in becoming the anchor tenant at the Verde office centre by concluding the largest office lease deal of 2022.

The most significant achievements:

- Sorainen was recognised as the Baltic law firm of the year at the Chambers Europe Awards 2023 ceremony. This award acknowledges the excellence of our law firm within our region. This award is based on research carried out for the latest edition of the *Chambers Europe Guide*. Photo: Partners Carri Ginter and Andris Tauriņš receive the prestigious Chambers Europa award.



- Sorainen ranks among the top firms in the Chambers ratings as a leader in legal consulting for private clients in the Baltics.
- Sorainen is the only top-ranked law firm in the *ITR World TAX 2024* Baltic rankings: our tax team is recognised among the leaders in all three Baltic countries, in the fields of both taxes and transfer pricing.
- The international *IFLR1000 Guide* recognised Eva Berlaus and Lelde Laviņa, partners at Sorainen Latvia, as prominent women leaders in 2023. Sorainen partner Eva Berlaus was named among the most outstanding women in the “Women of the Year in Law and Finance” category in *Pastaiga* magazine’s annual list of achievements.

Corporate social responsibility activities:

- We are delighted that the contribution of our partner, and head of the Tax practice, Jānis Taukačs has been recognised with the Order of the Three Stars. From the first days of the war, he was actively involved in the creation of the foundation Entrepreneurs for Peace and has continued active work to attract support and donations. Jānis's enthusiasm has inspired his office colleagues to participate with knowledge and donations.
- At the end of 2023, the commander of the 109th brigade of the Ukrainian army, Ruslans Trigubenko, expressed his appreciation to Sorainen partner Jānis Taukačs. Together with an Ukrainian colleague, Ilya Sverdlov, and the organisation Entrepreneurs for Peace, Jānis has helped with the organisation of donations and the purchase of necessary items for the brigadei.
- For the fourth year in a row, we invited organisations that develop innovative solutions to current environmental and social problems to participate in the Shared Mission programme. In 2023, the programme focused on innovative and sustainable energy projects.
- For more than 20 years, we have been cooperating with and supporting the library of the Riga Graduate School of Law.
- For the fourth year in a row now, we held a Christmas auction for charity at the office. We proved that with imagination, excitement, jokes and generosity, you can increase the good in the world! We dedicated the funds raised at the auction to the Children's Hospital Foundation, Dod Pieci 2023, the mental health support fund ES! and Entrepreneurs for Peace projects.
- We became cooperation partners of the Arts Support Project e.g. "BlackMarket 2023 initiated by the Contemporary Art Centre Kim? This exhibition, which is part of an art market campaign, continues the tradition started of democratising art sale activities and promoting forms of support for artists and art institutions. Half of the value of the artwork sold goes to the artist and the other half will be donated to Kim? for developmenti.
- Sorainen supported Baltic Sustainability-Awards 2023, an event that brings together 600+ business leaders and founders, sustainability experts, and opinion leaders from various sectors to discuss



practical sustainability strategies, expand their circle of contacts and promote the development of innovation throughout the Baltics.

- We continued our cooperation with the organisers of the Sustainability Conference. Our ESG team was represented at the event by Agita Sprūde, manager of the ESG practice group at the Latvian office, whose presentation drew attention to the problem of greenwashing.
- In November, our colleagues visited the most beautiful places in Līgatne and made sure that the nature trails were cleared of rubbish following the summer influx of visitors.
- As part of the programme Legal Clinic, we provided free legal advice to Latvian startups. In addition, the winners of the TechChill Fifty Founders Battle were announced on 28 April! We were happy to support the event by giving out prizes: free legal advice to three startups.
- Sorainen colleagues participated in the signing of an open letter supporting the decision to hang the rainbow flag at Riga City Council.
- We provided free legal assistance to the Children's Hospital Foundation, which implements a special support programme for adolescent pregnant women who lack peer support. They are among the most vulnerable groups in society, often facing intolerance, misunderstanding and family indifference.
- Sorainen has published its second annual Sustainability report.



Our activities to support the younger generation of lawyers and entrepreneurs:

- In the middle of June, our colleague, sworn attorney's assistant Krista Niklase participated in a training organised by the international law firm Addleshaw Goddard (the Global Connect Associate Development Programme) in London, with the participation of lawyers from elsewhere in Europe and also international law firms from other countries. The training was based on the professional growth of lawyers, developing management, communication and client relations and personal branding skills, as well as discovering innovative opportunities in a lawyer's daily work.
- The priorities of the University of Latvia Foundation are supporting the best students, researchers and projects and research led by them, in order to promote the creation of a modern learning environment, as well as to ensure the construction and reconstruction of university buildings. As part of this project, our office awarded a scholarship to the students at the Faculty of Law at the University of Latvia to conduct research. This year, student Artūrs Šupāns received a scholarship from us to support him improving his level of knowledge



in Germany. The purpose of the scholarship is to encourage academic excellence and activities benefiting society on the part of the students at the Faculty of Law at the University of Latvia.

- Twenty law students completed the Sorainen Student Academy in Latvia in its 12th year of operation. The Academy's programme included a series of eight lectures and an international cooperation project with teamwork entitled "Experience of transaction negotiations".
- Our Corporate Crime practice experts welcomed participants in the ELSA Latvia Lawyer@Work series of events to introduce the team and the specifics of the field.
- We provided support for the organisation of the Baltic Cup of the Phillip C. Jessup International Law Moot Court Competition. As supporters, organisers and judges, we took part in the 25th K. Dišlers Moot Court in Constitutional Law.



Innovation:

- upgrading the company's technology capabilities, introducing artificial intelligence (AI) tools, implementing a new policy regarding payment systems.
- a new Grammarly function – Grammarly GO, which takes into account the context of the text to generate drafts and provide text corrections.
- improvement of data management and reporting systems Qlik Sense.
- implementation of new functions in the clause database xLaw in creating legal documents and searching for legal acts and rulings.

Participation in the work of the Latvian Council of Sworn Advocates:

- On 25 January 2023, the 70th Council meeting of the Federation of Security and Defence Industries of Latvia took place, during which Sorainen was admitted to the membership after a vote. Our office considers it important to contribute to the security and defence sector, so we are very honoured to have become a member of this organisation.



- Since 30 May 2023, Sorainen has held the status of First North Certified Adviser on the Latvian market. Being a Certified Adviser permits our office to advise companies in Latvia who want to start trading on the Nasdaq Baltic First North market. The task of a Certified Adviser is to support the company during the preparation process, as well as after its inclusion in the First North market.
- As part of Advocacy Days in the spring of 2023, we provided free legal consultations across several branches of law.
- In order to create a fintech-friendly environment, promote innovative financial services in Latvia and attract new companies to provide these services, the Bank of Latvia and representatives of the financial industry have agreed on a plan of activities and tasks that each of the involved parties has undertaken to implement. For this important project, our office was represented by the head of our Finance and Insurance practice, Rūdolfs Eņģelis.
- After years of cooperation, in 2019 Sorainen became a global member firm of WTS Global – a network of tax professionals representing Europe across more than 100 countries. Over the years, this cooperation has grown even stronger, and at the end of 2023, the head of our Tax practice group, partner Jānis Tukačs, became a member of the WTS Global board.
- Members of the Latvian Chamber of Commerce and Industry (LCCI) in December reappointed Katrīne Pļaviņa-Mika to chair the “the Committee at the LCCI after two successful terms in office. The tasks of the Committee are to formulate the position of the LCCI on public procurement policy and legislation, and to promote good procurement practices. The purpose of the Committee in the medium term is to become a place of interaction between public procurement customers and suppliers.
- In the spring, we were joint organisers of the Baltic M&A and Private Equity Forum 2023 in Riga. The event brought together more than 250 companies interested in mergers and acquisitions and put the energy, health and defence industries in the spotlight. Our office also hosted the annual M&A Awards for the industry’s most impressive deals.



Financial results for the reporting year

The reporting period has concluded successfully. The turnover increased by 12% compared to the previous year and amounts to EUR 9.4 million. The office's profit amounts to EUR 2.14 million. The decision of the board about profit distribution has been postponed.

Net assets of the office increased by 14% – or EUR 285,000 – during the year.

Future prospects and development

The office plans to continue providing legal services to both Latvian and foreign clients, and will also continue to specialise in various market niches in order to advise our clients as best as possible.

Financial risk management

a) Foreign exchange risk:

The Company's foreign exchange risk is assessed as insignificant. Accordingly, the Company does not need to use foreign currency risk-hedging instruments.

(b) Liquidity risk:

Liquidity risk describes the possibility that obligations will not be met in a timely and efficient manner. As part of prudent liquidity-risk management, the Company maintains adequate cash in its current accounts with banks. The company controls its liquidity risk by planning repayment terms for loans received and supplier debts.

(c) Credit risk:

Credit risk is the risk of loss in the event that the Company's counterparty is unable or refuses to fulfil its obligations to the Company. The Company is exposed to credit risk related to cash and trade receivables. The management of the Company controls its credit risk by constantly evaluating customer debt repayment history and monitoring accounts receivable balances.

Events after the last day of the reporting year

In the time period between the last day of the reporting period and the day when the management board approved the annual report of the Company, Sorainen Latvia has experienced several important events:

- On 1 January 2024, Aija Lasmane joined the Sorainen partnership and together with the long-time tax leader Jānis Taukačs will lead the Tax Consulting practice at Sorainen Latvia.
- Eva Berlaus has become the new Sorainen managing partner, and Ieva Andersone has taken over the management of Sorainen Latvia office.
- In April 2024, Jānis Līkops, a former FORT partner, joined the Sorainen Latvian office with a team of experts – a total of nine people.

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Ieva Andersone
Chairman of the Management Board

Jānis Taukačs
Member of the Management Board

Lelde Laviņa
Member of the Management Board

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Andris Tauriņš
Member of the Management Board

Rūdolfs Eņģelis
Member of the Management Board

Eva Berlaus
Member of the Management Board

/ electronically signed/

/ electronically signed/

/electronically signed/

Jorens Jaunozols
Member of the Management Board

Valts Nerets
Member of the Management Board

Nauris Grigals
Member of the Management Board

In Riga, on 14 May 2024

SORAINEN

Sorainen ZAB SIA

Reg. nr. 50203349641
Kr. Valdemāra 21-11, Rīga, LV-1010, Latvia

Financial statements

(01.01.2023. – 31.12.2023)

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Information about the company

Name of the company	Sorainen ZAB SIA
Legal status of the company	Limited Liability Company
Registration number, place and date	50203349641, 29.09.2021, Riga
Registered address	Kr. Valdemāra 21-11, Riga, Latvia, LV-1010
NACE code	69.10 Legal services
Shareholders	<p>Class A 2500 shares Jointly owned by: Eva Berlaus, Jānis Taukačs, Rūdolfs Eņģelis, Lelde Laviņa, Ieva Andersone, Andris Tauriņš, Valts Nerets, Nauris Grigals, Jorens Jaunuzols</p> <p>Class B 500 shares Jointly owned by: Eva Berlaus, Jānis Taukačs, Rūdolfs Eņģelis, Lelde Laviņa, Ieva Andersone, Andris Tauriņš, Valts Nerets, Nauris Grigals, Jorens Jaunuzols, Violeta Zeppa-Priedīte, Renāte Purvinska, Andis Burkevics, Santa Rubīna, Inese Heinacka, Natālija Grāvele, Andris Vilisons, Māris Simulis, Zanda Frišfelde</p>
Composition of the Management Board	<p>From 29 September, 2021 till 5 February, 2024</p> <p>Eva Berlaus Chairperson of the Board Jānis Taukačs Member of the Management Board Rūdolfs Eņģelis Member of the Management Board Lelde Laviņa Member of the Management Board Ieva Andersone Member of the Management Board Valts Nerets Member of the Management Board Andris Tauriņš Member of the Management Board Nauris Grigals Member of the Management Board Jorens Jaunuzols Member of the Management Board</p> <p>From 6 February, 2024</p> <p>Ieva Andersone Chairperson of the Board Jānis Taukačs Member of the Management Board Rūdolfs Eņģelis Member of the Management Board Lelde Laviņa Member of the Management Board Eva Berlaus Member of the Management Board Valts Nerets Member of the Management Board Andris Tauriņš Member of the Management Board Nauris Grigals Member of the Management Board Jorens Jaunuzols Member of the Management Board</p>
Reporting year	1 January 2023 – 31 December 2023
Auditor's name and address	<p>Kristīne Graudiņa Responsible certified auditor Certificate No. 223</p> <p>“Merhels Revidenti Konsultanti” SIA Commercial company of certified auditors, licence no. 1 Republikas laukums 3-124, Riga, LV-1010, Latvia</p>

Profit or loss statement

	Notes	01.01.2023- 31.12.2023 EUR	01.01.2022- 31.12.2022 EUR
Net turnover ¹		9 412 692	8,394,222
Other operating income	2	26 773	7,746
		9,439,465	8,401,968
Personnel costs	3	(2,442,347)	(2,158,487)
Depreciation and amortisation costs of fixed assets and intangible assets	5, 6	(71,692)	(59,429)
Other operating expenses	4	(4,350,219)	(4,428,256)
Other interest and similar income		272	4,969
Profit before corporate income tax		2,575,479	1,760,765
Corporate income tax for the reporting period		(435,533)	(300,477)
Profit for the reporting year		2,139,946	1,460,288

The Notes on pages 8 to 15 are an integral part of this financial report.

¹ Net turnover from operating activities other than agricultural activity

Balance sheet

	Notes	31.12.2023 EUR	31.12.2022 EUR
Assets			
Long-term investments			
Intangible investments	5	2,750	12,952
Fixed assets			
Other fixed assets	6	86,369	113,523
		89,119	126,475
Current assets			
Debtors			
Trade receivables	7	2,532,845	1,783,187
Other receivables	8	15,713	12,481
Deferred expenses		68,692	96,505
Accrued income	9	74,896	136,854
		2,692,146	2,029,027
Cash	10	752,244	1,082,795
		3,444,390	3,111,822
Total asset		3,533,509	3,238,297
Liabilities			
Equity capital			
Equity capital	11	3,000	3,000
Retained earnings			
a) retained earnings of previous years		135,998	530,313
b) profit for the reporting year		2,139,946	1,460,288
		2,278,944	1,993,601
Short-term creditors			
Advance payments received from customers		50,495	81,312
Payables to suppliers and contractors		570,647	536,018
Taxes and social insurance contributions	12	231,787	260,891
Other creditors		3,181	5,730
Unpaid dividends		15,957	-
Accrued liabilities	13	382,498	360,745
		1,254,565	1,244,696
Total liabilities		3,533,509	3,238,297

The Notes on pages 8 to 15 are an integral part of this financial report.

Cash flow statement

	Notes	01.01.2023- 31.12.2023 EUR	01.01.2022- 31.12.2022 EUR
Cash flows from operating activities			
Profit or loss before corporate income tax		2,575,479	1,760,765
Depreciation charges	5,6	71,692	59,429
Interest income		(272)	(4,969)
(Profit)/loss from disposal of fixed assets		(1,077)	(5,815)
Profit before adjustments for changes in current assets and short-term payables			
		2,645,822	1,809,410
Changes in debtors		(658,188)	144,454
Changes in creditors		67,988	(916,923)
Gross operating cash flow			
		2,055,622	1,036,941
Expenses for corporate income tax payments		(498,582)	(247,799)
Net cash flow from the basic activities			
		1,557,040	789,142
Cash flow from investment activity			
Proceeds from the sale of fixed assets		1,077	6,125
Purchase of fixed assets and intangible investments		(34,337)	(81,910)
Proceeds from repayment of loans		-	150,000
Interest received		272	15,736
		(32,988)	89,951
Cash flow from financing activity			
Dividends paid		(1,854,603)	(1,139,865)
		(1,854,603)	(1,139,865)
Net increase/(decrease) in cash and cash equivalents			
		(330,551)	(260,772)
Cash and cash equivalents at the beginning of the reporting year			
	10	1,082,795	1,343,567
Cash and cash equivalents at the end of the reporting year			
	10	752,244	1,082,795

The Notes on pages 8 to 15 are an integral part of this financial report.

Statement of changes in equity

	Equity capital	Retained profit EUR	Total EUR
Balance 01.01.2022	3,000	1,670,178	1,673,178
Result for the reporting period	-	1,460,288	1,460,288
Dividends	-	(1,139,865)	(1,139,865)
Balance on 31.12.2022	3,000	1,990,601	1,993,601
Result for the reporting period	-	2,139,946	2,139,946
Dividends	-	(1,854,603)	(1,854,603)
Balance on 31.12.2023	3,000	2,275,944	2,278,944

The Notes on pages 8 to 15 are an integral part of this financial report.

Notes

1. Summary of the most important accounting principles

General principles

The financial statements have been prepared in accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia, and the Regulations of the Cabinet of Ministers of the Republic of Latvia on Application of the Law on Annual Statements and Consolidated Annual Statements. In the preparation of the financial report, the requirements and guidelines that apply to medium-sized companies within the meaning of the Law on Annual Statements and Consolidated Annual Statements have been observed. The company's annual report has been prepared in accordance with the going concern principle.

Use of estimates

When preparing the financial statements, the management makes certain estimates and assumptions that affect the reported amounts of certain balancesheet and income statement items and the amounts of contingent liabilities. Future events may affect the assumptions on the basis of which the relevant estimates have been made. The effect of any change in estimates is reflected in the financial statements at the time they are determined.

Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled in a transaction between well-informed, interested parties who are not financially related.

Transactions in foreign currencies

The accounting of the Company is carried out in the national currency of Latvia – the euro (EUR). Transactions in foreign currencies are recognised in the Company's functional currency in accordance with the euro reference rate published by the European Central Bank effective at the beginning of the day of the transaction. Monetary assets and liabilities in foreign currencies at the end of the reporting year are converted into euros at the euro reference rate published by the European Central Bank at the end of the last day of the reporting year. Gains or losses resulting from fluctuations in foreign exchange rates are reflected in the profit or loss statement for the relevant period.

Recognition of income and expenses

Revenue from legal consultancy services: revenues from consultations are recognised according to the amount of services provided in the reporting period.

Revenues relating to the reporting year, but for which invoices have not yet been issued, are reflected in the accrued revenue.

Expenses: Expenses are recognised on accruals basis when expenses incurred not when money rendered.

Net turnover

Net turnover is generated from the provision of legal consultancies, less value added tax and discounts directly linked to sales.

Intangible investments

The intangible investments include only those intangible investments that have been acquired for a fee. They are valued by deducting amortisation from the original value. Amortisation is calculated using the straight-line method over the estimated useful life of the relevant intangible assets, using the following rates determined by management:

	%
Intangible investments	35

Fixed assets

Purchases worth more than EUR 1,000, whose estimated useful life exceeds one year, are capitalised in fixed assets.

Fixed assets are recorded at their acquisition value, less depreciation and accumulated impairment, if any. Depreciation is calculated according to the straight-line method, using the following rates determined by management:

	%
Furniture	20
Computer equipment and other IT equipment	35
Other fixed assets	20

Fixed asset maintenance costs are included in the income statement of the period in which they are incurred. Expenses that extend the economic useful life of the fixed asset and/or increase its economic potential are capitalised.

Profit or loss on disposal of fixed assets is calculated as a balance between the balance sheet value of the asset and the income from sale and included in the income statement for the period incurred.

The remaining value and useful life of fixed assets are reviewed and, if necessary, changed at the end of each reporting year.

Loans

Issued loans are recognised as financial assets when cash is dispensed to borrowers. They are derecognised when the rights to receive cash flows from the financial assets have expired or the Company has transferred substantially all risks and rewards of ownership.

Loans are initially recognised at the amount of cash disbursed. Subsequently loans are carried at amortised cost using the effective interest rate method.

Trade receivables

Receivables are recognised at a net amount due, which is calculated by deducting provisions for doubtful trade receivable from the book value. Provisions are valued at the amount, which is unlikely to be received. The Company recognises provisions based on an individual assessment of the recoverability of each receivable.

Borrowings

Initially borrowings are recognised at an amount of funds received less net of transaction costs incurred. Interest charges and commissions related to the borrowings are recognized as costs, and they are included in the profit and loss statement in the period in which they were incurred.

Provisions

Provisions are recognised at the moment when past events have caused contractual or otherwise irrevocable liabilities to the Company, and the amount of these liabilities can be credibly estimated.

Recording of creditors

Amounts of liabilities are recognised in the balance sheet as long-term creditors or short-term creditors, depending on the debt payment or liability coverage deadline, which respectively falls later than 12 months after the end of the relevant reporting year or within 12 months of the end of the reporting year.

Tax

- The object of corporate income tax is distributed (for example, dividends) and conditionally distributed (for example, costs not related to economic activity) profit;
- The tax rate is 20% of the tax base, calculated by dividing the value of the tax object by 0.8 (or in other words, the tax rate is 25% of the value of the tax object);
- Expenses of the corporate income tax are recognised in the period when the tax object is created. Corporate income tax expenses on dividends are recognised at the time of distribution.

Accrued liabilities

Accrued liabilities consist of clearly known amounts of liabilities to suppliers and contractors for goods or services received in the reporting year, for which at the balance sheet date an invoice has not yet been received, and estimated amounts of liabilities to employees for unused vacation days accumulated in the reporting year, as well as estimated amounts of liabilities to employees for bonuses on the performance results for the reporting year.

The remuneration to be paid to employees for unused vacation is calculated based on the number of unused vacation days of employees at the end of the reporting year, which is multiplied by the average earnings of employees for the last 6 months spent at work.

Related parties

The Company's members, members of the Company's management board, their close family members and companies in which the mentioned persons have control or significant influence are considered related parties.

	01.01.2023- 31.12.2023	01.10.2022- 31.12.2022
	EUR	EUR
2. Other operating income		
Debt recovery from trade receivables for which provisions were made in prior periods	25,004	-
Result of disposal of computer equipment, net	1,077	1,941
Recovery of claims taken over as a result of a change of legal status process	608	1,621
Write-off of liabilities assumed as a result of the legal status change process	-	4,165
Other income	84	19
	26,773	7,746

3. Personnel costs

Remuneration for work	1,972,477	1,745,221
State social insurance contributions	469,568	413,001
Other personnel expenses	302	265
	2,442,347	2,158,487

4. Other operating expenses

Legal services from attorneys practising at the office and other law firms	1,854,240	1,890,897
Services received from other Sorainen international group Offices	1,112,723	1,221,842
Premises rent, utilities and maintenance costs	484,764	483,452
Marketing and membership fees	170,352	118,669
Personnel development, professional membership fees	124,590	103,834
Insurance expenses	88,330	52,755
Costs of staff sustainability, costs of ensuring working conditions	70,563	101,228
Allowances for doubtful accounts and write-offs for bad debts	47,488	85,383
Other expenses	397,169	370,197
	4,350,219	4,428,257

5. Intangible investments

EUR	Other intangible investments
Initial value	
01.01.2023	68,132
31.12.2023	68,132
Depreciation	
01.01.2023	55,181
Calculated for the reporting period	10,201
31.12.2023	65,382
Remaining balance sheet value 31.12.2022	12,951
Remaining balance sheet value 31.12.2023	2,750

6. Fixed assets

Initial value	
01.01.2023	277,413
Additions in the reporting period	34,337
Disposals in the reporting period	(15,333)
31.12.2023	296,417
Depreciation	
01.01.2023	163,890
Calculated for the reporting period	61,491
For excluded	(15,333)
31.12.2023	210,048
Remaining balance sheet value 31.12.2022	113,523
Remaining balance sheet value 31.12.2023	86,369

7. Trade receivables

	31.12.2023	31.12.2022
	EUR	EUR
Trade and other receivables, gross	2,627,875	1,855,842
Special provisions for bad and doubtful debts	(95,030)	(72,655)
	2,532,845	1,783,187

8. Other debtors

Tax overpayment	7,282	1,143
Other debtors	8,431	11,338
	15,713	12,481

9. Accrued income

Accrued revenue for legal services rendered	74,896	136,854
	74,896	136,854

10. Cash

Cash in banks*	752,244	1,082,795
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* The company's bank account inter-alia includes client money of EUR 940,016 (31.12.2022.- 2,521 EUR), separate from the firm's own funds, which may only be used for client purposes.

11. Equity capital

The registered and fully paid share capital consists of 3,000 shares with a nominal value of EUR 1 each.

Share capital consists of:

- 2,500 (two thousand five hundred) A category shares with a nominal value of EUR 1 each (one euro);
- 500 (five hundred) B category shares with a nominal value of EUR 1 each (one euro).

12. Taxes and social insurance contributions

	31.12.2023	31.12.2022
	EUR	EUR
Value added tax	135,610	118,094
State social insurance contributions	61,975	54,921
Personal income tax	34,176	29,736
Corporate income tax	-	58,119
Business risk duty	26	21
	231,787	260,891

13. Accrued liabilities

Accrued liabilities for unused vacations	197,340	156,620
Accumulated liabilities for services received during the reporting period	18,124	13,460
Other accrued liabilities	167,034	190,665
	382,498	360,745

14. Information about personnel

(a) Average number of the employed personnel

	2023	2022
Members of the Board	9	9
The other employees	69	60
Average number of persons employed at the Company	78	69

(b) Remuneration of the Members of Board

Members of board perform duties without remuneration.

15. Trademark (brand) agreement

On 29 September 2021, the Company took over the open-ended contract for the exclusive right to use the Sorainen trademark (brand). The agreement provides for a licence fee of a percentage of the Company's turnover. The licence fee is reviewed at the beginning of each year.

16. Events subsequent to the balance sheet date

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

Approval of the annual statement

The Management Board of the Company has approved the financial statement reflected on pages 4 to 15 on 14 May 2024.

/ electronically signed/

Eva Berlaus
Chairwoman of the
Management Board

/ electronically signed/

Jānis Taukačs
Member of the Management
Board

/ electronically signed/

Lelde Laviņa
Member of the Management
Board

/ electronically signed/

Andris Tauriņš
Member of the Management
Board

/ electronically signed/

Rūdolfs Eņģelis Member of
the Management Board

/ electronically signed/

Ieva Andersone Member of
the Management Board

/ electronically signed/

Jorens Jaunozols
Member of the Management
Board

/ electronically signed/

Valts Nerets
Member of the Management
Board

/ electronically signed/

Nauris Grigals
Member of the Management
Board

The annual report 2023 was prepared by the company's chief accountant Gunta Pāla.

/ electronically signed/

Gunta Pāla
Chief Accountant